

Viacom Inc.
Form SC 13D/A
October 02, 2015

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934 (Amendment No. 5)

Viacom Inc.
(Name of Issuer)

Class A Common Stock
(Title of Class of Securities)

(CUSIP Number)

92553P102

Daivd Goldstein
GAMCO Investors, Inc.
One Corporate Center
Rye, New York 10580-1435
(914) 921-7732

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

September 30, 2015

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§ 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box .

CUSIP No. 92553P102

1 Names of reporting persons
 I.R.S. identification nos. of
 above persons (entities only)
 Gabelli Funds, LLC
 I.D. No. 13-4044523
 Check the appropriate box if
 a member of a group (SEE
 INSTRUCTIONS) (a)

2
 (b)

3 Sec use only

4 Source of funds (SEE
 INSTRUCTIONS)
 00-Funds of investment
 advisory clients

5 Check box if disclosure of
 legal proceedings is required
 pursuant to items 2 (d) or 2
 (e)

6 Citizenship or place of
 organization
 New York

Number Of :⁷ Sole voting power

Shares : 1,882,000 (Item 5)

Beneficially :⁸ Shared voting power

Owned : None

By Each :⁹ Sole dispositive power

Reporting : 1,882,000 (Item 5)

Person :¹⁰ Shared dispositive power

With : None

11 Aggregate amount
 beneficially owned by each
 reporting person

12 1,882,000 (Item 5)
Check box if the aggregate
amount in row (11) excludes
certain shares

13 (SEE INSTRUCTIONS)
Percent of class represented
by amount in row (11)

14 3.74%
Type of reporting person
(SEE INSTRUCTIONS)
IA

2

CUSIP No. 92553P102

1 Names of reporting persons
 I.R.S. identification nos. of
 above persons (entities only)
 GAMCO Asset
 Management, Inc. I.D.
 No. 13-4044521
 Check the appropriate box if
 a member of a group (SEE
 INSTRUCTIONS) (a)

2
 (b)

3 Sec use only

4 Source of funds (SEE
 INSTRUCTIONS)
 00-Funds of investment
 advisory clients

5 Check box if disclosure of
 legal proceedings is required
 pursuant to items 2 (d) or 2
 (e)

6 Citizenship or place of
 organization
 New York

Number Of :⁷ Sole voting power

Shares : 2,911,075 (Item 5)

Beneficially :⁸ Shared voting power

Owned : None

By Each :⁹ Sole dispositive power

Reporting : 3,054,425 (Item 5)

Person :¹⁰ Shared dispositive power

With : None

11 Aggregate amount
 beneficially owned by each
 reporting person

12 3,054,425 (Item 5)
Check box if the aggregate
amount in row (11) excludes
certain shares

13 (SEE INSTRUCTIONS)
Percent of class represented
by amount in row (11)

14 6.07%
Type of reporting person
(SEE INSTRUCTIONS)
IA, CO

3

CUSIP No. 92553P102

1 Names of reporting persons
 I.R.S. identification nos. of
 above persons (entities only)
 Gabelli Securities, Inc.
 I.D. No.

13-3379374
 2 Check the appropriate box if
 a member of a group (SEE
 INSTRUCTIONS) (a)

(b)

3 Sec use only

4 Source of funds (SEE
 INSTRUCTIONS)
 00 – Client Funds

5 Check box if disclosure of
 legal proceedings is required
 pursuant to items 2 (d) or 2
 (e)

6 Citizenship or place of
 organization
 Delaware

Number Of :⁷ Sole voting power

Shares : 11,200 (Item 5)

Beneficially :⁸ Shared voting power

Owned : None

By Each :⁹ Sole dispositive power

Reporting : 11,200 (Item 5)

Person :¹⁰ Shared dispositive power

With : None

11 Aggregate amount
 beneficially owned by each
 reporting person

11,200 (Item 5)

12 Check box if the aggregate
amount in row (11) excludes
certain shares

(SEE INSTRUCTIONS)

13 Percent of class represented
by amount in row (11)

0.02%

14 Type of reporting person
(SEE INSTRUCTIONS)

HC, CO

4

CUSIP No. 92553P102

1 Names of reporting persons
 I.R.S. identification nos. of
 above persons (entities only)
 MJG Associates,
 Inc.
 I.D. No. 06-1304269
 Check the appropriate box if
 a member of a group (SEE
 INSTRUCTIONS) (a)

2
 (b)

3 Sec use only

4 Source of funds (SEE
 INSTRUCTIONS)
 00-Client Funds

5 Check box if disclosure of
 legal proceedings is required
 pursuant to items 2 (d) or 2
 (e)

6 Citizenship or place of
 organization
 Connecticut

Number Of :⁷ Sole voting power

Shares : 5,000 (Item 5)

Beneficially :⁸ Shared voting power

Owned : None

By Each :⁹ Sole dispositive power

Reporting : 5,000 (Item 5)

Person :¹⁰ Shared dispositive power

With : None

11 Aggregate amount
 beneficially owned by each
 reporting person

12 5,000 (Item 5)
Check box if the aggregate
amount in row (11) excludes
certain shares
(SEE INSTRUCTIONS)

13 Percent of class represented
by amount in row (11)

14 0.01%
Type of reporting person
(SEE INSTRUCTIONS)
CO

5

CUSIP No. 92553P102

Names of reporting persons
I.R.S. identification nos. of
above persons (entities only)

1 MJG-IV Limited
Partnership

I.D. No. 13-3191826
Check the appropriate box if
a member of a group (SEE
INSTRUCTIONS) (a)

3 (b)
Sec use only

4 Source of funds (SEE
INSTRUCTIONS)
Funds of a private entity

5 Check box if disclosure of
legal proceedings is required
pursuant to items 2 (d) or 2
(e)

6 Citizenship or place of
organization
New York

Number Of : 7
: Sole voting power

Shares : 3,000 (Item 5)

Beneficially : 8
: Shared voting power

Owned : None

By Each : 9
: Sole dispositive power

Reporting : 3,000 (Item 5)

Person : 10
: Shared dispositive power

With : None

11 Aggregate amount
beneficially owned by each
reporting person

3,000 (Item 5)

12 Check box if the aggregate
amount in row (11) excludes
certain shares

(SEE INSTRUCTIONS)

13 Percent of class represented
by amount in row (11)

0.01%

14 Type of reporting person
(SEE INSTRUCTIONS)

PN

6

CUSIP No. 92553P102

1 Names of reporting persons
I.R.S. identification nos. of
above persons (entities only)

Gabelli Foundation, Inc.
I.D. No. 94-2975159

2 Check the appropriate box if
a member of a group (SEE
INSTRUCTIONS) (a)

(b)

3 Sec use only

4 Source of funds (SEE
INSTRUCTIONS)
WC

5 Check box if disclosure of
legal proceedings is required
pursuant to items 2 (d) or 2
(e)

6 Citizenship or place of
organization
NV

Number Of :⁷ Sole voting power

Shares : 13,000 (Item 5)

Beneficially :⁸ Shared voting power

Owned : None

By Each :⁹ Sole dispositive power

Reporting : 13,000 (Item 5)

Person :¹⁰ Shared dispositive power

With : None

11 Aggregate amount
beneficially owned by each
reporting person

12 13,000 (Item 5)

Check box if the aggregate
amount in row (11) excludes
certain shares

(SEE INSTRUCTIONS)

13 Percent of class represented
by amount in row (11)

0.03%

14 Type of reporting person
(SEE INSTRUCTIONS)

00-Private Foundation

7

CUSIP No. 92553P102

Names of reporting persons
I.R.S. identification nos. of
above persons (entities only)

1 GGCP, Inc.

I.D. No.

13-3056041

Check the appropriate box if
a member of a group (SEE
INSTRUCTIONS) (a)

2

(b)

3 Sec use only

Source of funds (SEE
INSTRUCTIONS)

4

None

Check box if disclosure of
legal proceedings is required
pursuant to items 2 (d) or 2
(e)

5

Citizenship or place of
organization
Wyoming

6

Number Of :⁷ Sole voting power

Shares : 14,500 (Item 5)

Beneficially :⁸ Shared voting power

Owned : None

By Each :⁹ Sole dispositive power

Reporting : 14,500 (Item 5)

Person :¹⁰ Shared dispositive power

With : None

11 Aggregate amount
beneficially owned by each
reporting person

14,500 (Item 5)

12 Check box if the aggregate
amount in row (11) excludes
certain shares
(SEE INSTRUCTIONS) X

13 Percent of class represented
by amount in row (11)

0.03%

14 Type of reporting person
(SEE INSTRUCTIONS)
HC, CO

8

CUSIP No. 92553P102

Names of reporting persons
I.R.S. identification nos. of
above persons (entities only)

1 GAMCO Investors, Inc.

I.D. No.

13-4007862

Check the appropriate box if
a member of a group (SEE
INSTRUCTIONS) (a)

(b)

3 Sec use only

4 Source of funds (SEE
INSTRUCTIONS)
None

5 Check box if disclosure of
legal proceedings is required
pursuant to items 2 (d) or 2
(e)

6 Citizenship or place of
organization
Delaware

Number Of :⁷ Sole voting power

Shares : 600 (Item 5)

Beneficially :⁸ Shared voting power

Owned : None

By Each :⁹ Sole dispositive power

Reporting : 600 (Item 5)

Person :¹⁰ Shared dispositive power

With : None

11 Aggregate amount
beneficially owned by each
reporting person

600 (Item 5)

12 Check box if the aggregate
amount in row (11) excludes
certain shares
(SEE INSTRUCTIONS) X

13 Percent of class represented
by amount in row (11)

0.00%

14 Type of reporting person
(SEE INSTRUCTIONS)
HC, CO

9

CUSIP No. 92553P102

1 Names of reporting persons
I.R.S. identification nos. of
above persons (entities only)

Mario J. Gabelli

2 Check the appropriate box if
a member of a group (SEE
INSTRUCTIONS) (a)

(b)

3 Sec use only

4 Source of funds (SEE
INSTRUCTIONS)

00 – Funds of Family
Partnerships

5 Check box if disclosure of
legal proceedings is required
pursuant to items 2 (d) or 2
(e)

6 Citizenship or place of
organization
USA

Number Of :⁷ Sole voting power

Shares : 49,900 (Item 5)

Beneficially :⁸ Shared voting power

Owned : None

By Each :⁹ Sole dispositive power

Reporting : 49,900 (Item 5)

Person :¹⁰ Shared dispositive power

With : None

11 Aggregate amount
beneficially owned by each
reporting person

49,900 (Item 5)

12 Check box if the aggregate
amount in row (11) excludes
certain shares

(SEE INSTRUCTIONS) X

13 Percent of class represented
by amount in row (11)

0.10%

14 Type of reporting person
(SEE INSTRUCTIONS)

IN

10

Item 1.

Security and Issuer

This Amendment No. 5 to Schedule 13D on the Class A Common Stock of Viacom Inc. (the "Issuer") is being filed on behalf of the undersigned to amend the Schedule 13D, as amended (the "Schedule 13D"), which was originally filed on January 13, 2006. Unless otherwise indicated, all capitalized terms used herein but not defined herein shall have the same meaning as set forth in the Schedule 13D.

Item 2.

Identity and Background

Item 2 to Schedule 13D is amended, in pertinent part, as follows:

This statement is being filed by Mario J. Gabelli ("Mario Gabelli") and various entities which he directly or indirectly controls or for which he acts as chief investment officer. These entities, except for LICT Corporation ("LICT"), CIBL, Inc. ("CIBL") and ICTC Group, Inc. ("ICTC"), engage in various aspects of the securities business, primarily as investment adviser to various institutional and individual clients, including registered investment companies and pension plans, and as general partner or the equivalent of various private investment partnerships or private funds. Certain of these entities may also make investments for their own accounts.

The foregoing persons in the aggregate often own beneficially more than 5% of a class of equity securities of a particular issuer. Although several of the foregoing persons are treated as institutional investors for purposes of reporting their beneficial ownership on the short-form Schedule 13G, the holdings of those who do not qualify as institutional investors may exceed the 1% threshold presented for filing on Schedule 13G or implementation of their investment philosophy may from time to time require action which could be viewed as not completely passive. In order to avoid any question as to whether their beneficial ownership is being reported on the proper form and in order to provide greater investment flexibility and administrative uniformity, these persons have decided to file their beneficial ownership reports on the more detailed Schedule 13D form rather than on the short-form Schedule 13G and thereby to provide more expansive disclosure than may be necessary.

(a), (b) and (c) - This statement is being filed by one or more of the following persons: GGCP, Inc. ("GGCP"), GGCP Holdings LLC ("GGCP Holdings"), GAMCO Investors, Inc. ("GBL"), Gabelli Funds, LLC ("Gabelli Funds"), GAMCO Asset Management Inc. ("GAMCO"), Teton Advisors, Inc. ("Teton Advisors"), Gabelli Securities, Inc. ("GSI"), G.research, LLC ("G.research"), MJG Associates, Inc. ("MJG Associates"), Gabelli Foundation, Inc. ("Foundation"), MJG-IV Limited Partnership ("MJG-IV"), Mario Gabelli, LICT, CIBL and ICTC. Those of the foregoing persons signing this Schedule 13D are hereinafter referred to as the "Reporting Persons".

GGCP makes investments for its own account and is the manager and a member of GGCP Holdings which is the controlling shareholder of GBL. GBL, a public company listed on the New York Stock Exchange, is the parent company for a variety of companies engaged in the securities business, including those named below.

GAMCO, a wholly-owned subsidiary of GBL, is an investment adviser registered under the Investment Advisers Act of 1940, as amended ("Advisers Act"). GAMCO is an investment manager providing discretionary managed account services for employee benefit plans, private investors, endowments, foundations and others.

GSI, a majority-owned subsidiary of GBL, is an investment adviser registered under the Advisers Act and serves as a general partner or investment manager to limited partnerships and offshore investment companies and other accounts. As a part of its business, GSI may purchase or sell securities for its own account. GSI is a general partner or investment manager of a number of funds or partnerships, including Gabelli Associates Fund, L.P., Gabelli Associates Fund II, L.P., Gabelli Associates Limited, Gabelli Associates Limited II E, ALCE Partners, L.P., Gabelli Capital Structure Arbitrage Fund LP, Gabelli Capital Structure Arbitrage Fund Limited, Gabelli Intermediate Credit Fund L.P., Gabelli Japanese Value Partners L.P., GAMA Select Energy + L.P., GAMCO Medical Opportunities L.P., GAMCO Long/Short Equity Fund, L.P., Gabelli Multimedia Partners, L.P, Gabelli International Gold Fund Limited and Gabelli Green Long/Short Fund, L.P.

G.research, a wholly-owned subsidiary of GSI, is a broker-dealer registered under the Securities Exchange Act of 1934, as amended ("1934 Act"), which as a part of its business regularly purchases and sells securities for its own account.

Gabelli Funds, a wholly owned subsidiary of GBL, is a limited liability company. Gabelli Funds is an investment adviser registered under the Advisers Act which provides advisory services for The Gabelli Equity Trust Inc., The Gabelli Asset Fund, The GAMCO Growth Fund, The Gabelli Convertible and Income Securities Fund Inc., The Gabelli Value 25 Fund Inc., The Gabelli Small Cap Growth Fund, The Gabelli Equity Income Fund, The Gabelli ABC

Fund, The GAMCO Global Telecommunications Fund, The Gabelli Gold Fund, Inc., The Gabelli Multimedia Trust Inc., The Gabelli Global Rising Income & Dividend Fund, The Gabelli Capital Asset Fund, The GAMCO International Growth Fund, Inc., The GAMCO Global Growth Fund, The Gabelli Utility Trust, The GAMCO Global Opportunity Fund, The Gabelli Utilities Fund, The Gabelli Dividend Growth Fund, The GAMCO Mathers Fund, The Gabelli Focus Five Fund, The Comstock Capital Value Fund, The Gabelli Dividend and Income Trust, The Gabelli Global Utility & Income Trust, The GAMCO Global Gold, Natural Resources, & Income Trust, The GAMCO Natural Resources Gold & Income Trust, The GDL Fund, Gabelli Enterprise Mergers & Acquisitions Fund, The Gabelli SRI Fund, Inc., The Gabelli Healthcare & Wellness Rx Trust, The Gabelli Global Small and Mid Cap Value Trust and Gabelli Value Plus+ Trust (collectively, the "Funds"), which are registered investment companies. Gabelli Funds is also the investment adviser to The GAMCO International SICAV (sub-funds GAMCO Merger Arbitrage and GAMCO All Cap Value), a UCITS III vehicle.

Teton Advisors, an investment adviser registered under the Advisers Act, provides discretionary advisory services to The TETON Westwood Mighty Mitessm Fund, The TETON Westwood Income Fund, The TETON Westwood SmallCap Equity Fund, and The TETON Westwood Mid-Cap Equity Fund.

MJG Associates provides advisory services to private investment partnerships and offshore funds. Mario Gabelli is the sole shareholder, director and employee of MJG Associates. MJG Associates is the Investment Manager of Gabelli International Limited and Gabelli Fund, LDC. Mario J. Gabelli is the general partner of Gabelli Performance Partnership, LP.

The Foundation is a private foundation. Mario Gabelli is the Chairman, a Trustee and the Investment Manager of the Foundation. Elisa M. Wilson is the President of the Foundation.

LICT is a holding company with operating subsidiaries engaged primarily in the rural telephone industry. LICT actively pursues new business ventures and acquisitions. LICT makes investments in marketable securities to preserve capital and maintain liquidity for financing their business activities and acquisitions and are not engaged in the business of investing, or trading in securities. Mario J. Gabelli is a director, and substantial shareholder of LICT.

ICTC is a holding company with subsidiaries in voice, broadband and other telecommunications services, primarily in the rural telephone industry. ICTC makes investments in marketable securities to preserve capital and maintain liquidity for financing their business activities and acquisitions and are not engaged in the business of investing, or trading in securities. Mario J. Gabelli is a director, and substantial shareholder of ICTC.

CIBL is a holding company with interests in telecommunications operations, primarily in the rural telephone industry. CIBL actively pursues new business ventures and acquisitions. CIBL makes investments in marketable securities to preserve capital and maintain liquidity for financing their business activities and acquisitions and are not engaged in the business of investing, or trading in securities. Mario J. Gabelli is a director, and substantial shareholder of CIBL. Mario Gabelli is the controlling stockholder, Chief Executive Officer and a director of GGCP and Chairman and Chief Executive Officer of GBL. Mario Gabelli is also a member of GGCP Holdings. Mario Gabelli is the controlling shareholder of Teton.

MJG-IV is a family partnership in which Mario Gabelli is the general partner. Mario Gabelli has less than a 100% interest in MJG-IV. MJG-IV makes investments for its own account. Mario Gabelli disclaims ownership of the securities held by MJG-IV beyond his pecuniary interest.

The Reporting Persons do not admit that they constitute a group.

GAMCO and G.research are New York corporations and GBL, GSI, and Teton Advisors are Delaware corporations, each having its principal business office at One Corporate Center, Rye, New York 10580. GGCP is a Wyoming corporation having its principal business office at 140 Greenwich Avenue, Greenwich, CT 06830. GGCP Holdings is a Delaware limited liability corporation having its principal business office at 140 Greenwich Avenue, Greenwich, CT 06830. Gabelli Funds is a New York limited liability company having its principal business office at One Corporate Center, Rye, New York 10580. MJG Associates is a Connecticut corporation having its principal business office at 140 Greenwich Avenue, Greenwich, CT 06830. The Foundation is a Nevada corporation having its principal offices at 165 West Liberty Street, Reno, Nevada 89501. LICT is a Delaware corporation having its principal place of business as 401 Theodore Fremd Avenue, Rye, New York 10580. CIBL, Inc. is a Delaware corporation having its principal place of business as 165 West Liberty Street, Suite 220, Reno, NV 89501. ICTC Group Inc. is a Delaware corporation having its principal place of business as 556 Main Street, Nome, North Dakota 58062.

For information required by instruction C to Schedule 13D with respect to the executive officers and directors of the foregoing entities and other related persons (collectively, "Covered Persons"), reference is made to Schedule I annexed hereto and incorporated herein by reference.

(d) – Not applicable.

(e) – Not applicable.

(f) – Reference is made to Schedule I hereto.

Item 5. Interest In Securities Of The Issuer

Item 5 to Schedule 13D is amended, in pertinent part, as follows:

(a) The aggregate number of Securities to which this Schedule 13D relates is 5,033,625 shares, representing 10.00% of the 50,323,739 shares outstanding as reported in the Issuer's most recent Form 10-Q for the quarterly period ended June 30, 2015. The Reporting Persons beneficially own those Securities as follows:

| Name | Shares of Common Stock | % of Class of Common |
|----------------|---------------------------|-------------------------|
| Gabelli Funds | 1,882,000 | 3.74% |
| GAMCO | 3,054,425 | 6.07% |
| GSI | 11,200 | 0.02% |
| MJG Associates | 5,000 | 0.01% |
| GGCP | 14,500 | 0.03% |
| Foundation | 13,000 | 0.03% |
| Mario Gabelli | 49,900 | 0.10% |
| MJG IV | 3,000 | 0.01% |

Mario Gabelli is deemed to have beneficial ownership of the Securities owned beneficially by each of the foregoing persons. GSI is deemed to have beneficial ownership of the Securities owned beneficially by G.research. GBL and GGCP are deemed to have beneficial ownership of the Securities owned beneficially by each of the foregoing persons other than Mario Gabelli and the Foundation.

(b) Each of the Reporting Persons and Covered Persons has the sole power to vote or direct the vote and sole power to dispose or to direct the disposition of the Securities reported for it, either for its own benefit or for the benefit of its investment clients or its partners, as the case may be, except that (i) GAMCO does not have the authority to vote 143,350 of the reported shares, (ii) Gabelli Funds has sole dispositive and voting power with respect to the shares of the Issuer held by the Funds so long as the aggregate voting interest of all joint filers does not exceed 25% of their total voting interest in the Issuer and, in that event, the Proxy Voting Committee of each Fund shall respectively vote that Fund's shares, (iii) at any time, the Proxy Voting Committee of each such Fund may take and exercise in its sole discretion the entire voting power with respect to the shares held by such fund under special circumstances such as regulatory considerations, and (iv) the power of Mario Gabelli, GBL, and GGCP is indirect with respect to Securities beneficially owned directly by other Reporting Persons.

(c) Information with respect to all transactions in the Securities which were effected during the past sixty days or since the most recent filing on Schedule 13D, whichever is less, by each of the Reporting Persons and Covered Persons is set forth on Schedule II annexed hereto and incorporated herein by reference.

(e) Not applicable.

Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: October 1, 2015

GGCP, INC.
MARIO J. GABELLI
MJG ASSOCIATES, INC.
GABELLI FOUNDATION, INC.

By: /s/ Douglas R. Jamieson

Douglas R. Jamieson
Attorney-in-Fact

GAMCO ASSET MANAGEMENT INC.
GAMCO INVESTORS, INC.
GABELLI SECURITIES, INC.
GABELLI FUNDS, LLC

By: /s/ Douglas R. Jamieson

Douglas R. Jamieson
President & Chief Operating Officer – GAMCO Investors, Inc.
President – GAMCO Asset Management Inc.
President – Gabelli Securities, Inc.
President & Chief Operating Officer of the sole member of
Gabelli Funds, LLC

Schedule I

Information with Respect to Executive

Officers and Directors of the Undersigned

Schedule I to Schedule 13D is amended, in pertinent part, as follows:

The following sets forth as to each of the executive officers and directors of the undersigned: his name; his business address; his present principal occupation or employment and the name, principal business and address of any corporation or other organization in which such employment is conducted. Unless otherwise specified, the principal employer of each such individual is GAMCO Asset Management Inc., Gabelli Funds, LLC, Gabelli Securities, Inc., G.research, Inc., Teton Advisors, Inc., or GAMCO Investors, Inc., the business address of each of which is One Corporate Center, Rye, New York 10580, and each such individual identified below is a citizen of the United States. To the knowledge of the undersigned, during the last five years, no such person has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors), and no such person was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which he was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities law or finding any violation with respect to such laws except as reported in Item 2(d) and (e) of this Schedule 13D.

GAMCO Investors, Inc.

Directors:

Edwin L. Artzt Former Chairman and Chief Executive Officer
Procter & Gamble Company
900 Adams Crossing
Cincinnati, OH 45202

Raymond C. Avansino Chairman & Chief Executive Officer
E.L. Wiegand Foundation
165 West Liberty Street
Reno, NV 89501

Richard L. Bready Former Chairman and Chief Executive Officer
Nortek, Inc.
50 Kennedy Plaza
Providence, RI 02903

Marc Gabelli Chairman of The LGL Group, Inc.
2525 Shader Road
Orlando, FL 32804

Mario J. Gabelli Chief Executive Officer of GGCP, Inc., and Chairman & Chief Executive Officer of
GAMCO Investors, Inc.; Director/Trustee of all registered investment companies advised by
Gabelli Funds, LLC.

Elisa M. Wilson Director
c/o GAMCO Investors, Inc.
One Corporate Center
Rye, NY 10580

Eugene R. McGrath Former Chairman and Chief Executive Officer
Consolidated Edison, Inc.
4 Irving Place
New York, NY 10003

Robert S. Prather President & Chief Executive Officer
Heartland Media, LLC
1843 West Wesley Road
Atlanta, GA 30327

Officers:

Mario J. Gabelli Chairman and Chief Executive Officer

Douglas R. Jamieson President and Chief Operating Officer

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| | |
|---------------------|---|
| Henry G. Van der Eb | Senior Vice President |
| Bruce N. Alpert | Senior Vice President |
| Agnes Mullady | Senior Vice President |
| Robert S. Zuccaro | Executive Vice President and Chief Financial Officer |
| Kevin Handwerker | Executive Vice President, General Counsel and Secretary |

GAMCO Asset
Management Inc.
Directors:

Douglas R. Jamieson
Regina M. Pitaro
William S. Selby

Officers:

| | |
|----------------------|---|
| Mario J. Gabelli | Chief Executive Officer and Chief Investment Officer – Value Portfolios |
| Douglas R. Jamieson | President, Chief Operating Officer and Managing Director |
| Robert S. Zuccaro | Chief Financial Officer |
| David Goldman | General Counsel, Secretary & Chief Compliance Officer |

Gabelli Funds, LLC
Officers:

| | |
|----------------------|--|
| Mario J. Gabelli | Chief Investment Officer – Value Portfolios |
| Bruce N. Alpert | Executive Vice President and Chief Operating Officer |
| Agnes Mullady | President and Chief Operating Officer – Open End Fund Division |
| Robert S. Zuccaro | Chief Financial Officer |
| David Goldman | General Counsel |

Gabelli Securities, Inc.
Directors:

| | |
|-----------------|--|
| Robert W. Blake | President of W. R. Blake & Sons, Inc. 196-20 Northern Boulevard |
|-----------------|--|

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Flushing, NY 11358

Douglas G. DeVivo Co-Chairman of the Board and
DeVivo Asset Management Company LLC
P.O. Box 2048
Menlo Park, CA 94027

Marc J. Gabelli Co-Chairman of the Board

Douglas R. Jamieson President

Daniel R. Lee Chief Executive Officer
Full House Resorts, Inc.
4670 South Ford Apache Road, Suite 190
Las Vegas, NV 89147

William C. Mattison, Jr.
Salvatore F. Sodano Vice Chairman

Officers:

Douglas R. Jamieson See above
Robert S. Zuccaro Chief Financial Officer
Diane M. LaPointe Controller
Kevin Handwerker Secretary
David M. Goldman General Counsel & Assistant Secretary
David Fitzgerald Chief Compliance Officer

G.research, Inc.

Directors:

Daniel M. Miller Chairman

Cornelius V. McGinity President

Officers:

Daniel M. Miller See above
Cornelius V. McGinity See above
Bruce N. Alpert Vice President
Diane M. LaPointe Controller and Financial & Operations Principal
Douglas R. Jamieson Secretary
David M. Goldman Assistant Secretary

Josephine D. LaFauci Chief Compliance Officer

Gabelli Foundation, Inc.

Officers:

| | |
|--------------------|--|
| Mario J. Gabelli | Chairman, Trustee & Chief Investment Officer |
| Elisa M. Wilson | President |
| Marc J. Gabelli | Trustee |
| Matthew R. Gabelli | Trustee |
| Michael Gabelli | Trustee |

MJG-IV Limited Partnership

Officers:

| | |
|------------------|-----------------|
| Mario J. Gabelli | General Partner |
|------------------|-----------------|

GGCP, Inc.

Directors:

| | |
|--------------------|---|
| Mario J. Gabelli | Chief Executive Officer of GGCP, Inc., and Chairman & Chief Executive Officer of GAMCO Investors, Inc.;; Director/Trustee of all registered investment companies advised by Gabelli Funds, LLC. |
| Marc J. Gabelli | Chairman of The LGL Group, Inc. 2525 Shader Road Orlando, FL 32804 |
| Matthew R. Gabelli | Vice President – Trading G.research, Inc. One Corporate Center Rye, NY 10580 |
| Michael Gabelli | President & COO Gabelli & Partners, LLC One Corporate Center Rye, NY 10580 |
| Charles C. Baum | Secretary & Treasurer United Holdings Co., Inc. 2545 Wilkens Avenue Baltimore, MD 21223 |

Fredric V. Salerno
Chairman;
Former Vice
Chairman and
Chief Financial
Officer
Verizon
Communications

Officers:

Mario J. Gabelli
Chief Executive
Officer and Chief
Investment
Officer

Marc J. Gabelli
President
Vice President,

Silvio A. Berni
Assistant
Secretary and
Controller

GGCP Holdings LLC
Members:

GGCP, Inc.
Manager and
Member

Mario J. Gabelli
Member

Teton Advisors, Inc.

Directors:

Howard F. Ward

Nicholas F. Galluccio Chairman of the Board

Vincent J. Amabile Chief Executive Officer and President

John Tesoro

Officers:

Howard F. Ward

See above

Nicholas F. Galluccio See above

Robert S. Zuccaro Chief Financial Officer

David Goldman General Counsel

Tiffany Hayden Secretary

SCHEDULE II
 INFORMATION WITH RESPECT TO
 TRANSACTIONS EFFECTED DURING THE PAST SIXTY DAYS OR
 SINCE THE MOST RECENT FILING ON SCHEDULE 13D (1)

| DATE | SHARES SOLD(-) | AVERAGE PRICE(2) |
|------------------------------|-------------------|---------------------|
| COMMON STOCK-VIACOM INC CL A | | |
| MARIO J. GABELLI | | |
| 8/26/15 | 500 | 40.2100 |
| 8/06/15 | 25,000 | 44.3371 |
| GAMCO ASSET MANAGEMENT INC. | | |
| 9/30/15 | 400 | 44.5625 |
| 9/30/15 | 1,100 | 44.2710 |
| 9/30/15 | 6,000- | *DO |
| 9/29/15 | 400 | 43.9650 |
| 9/29/15 | 39,998- | *DO |
| 9/29/15 | 1,000 | 44.1611 |
| 9/28/15 | 3,100 | 44.2266 |
| 9/28/15 | 1,300 | 44.1469 |
| 9/28/15 | 300- | 44.2134 |
| 9/24/15 | 200 | 44.1300 |
| 9/24/15 | 2,500- | 44.3032 |
| 9/24/15 | 3,250- | 44.2628 |
| 9/24/15 | 300- | 44.2700 |
| 9/24/15 | 4,000- | 44.2775 |
| 9/23/15 | 2,500 | 44.8420 |
| 9/23/15 | 250- | 44.7000 |
| 9/23/15 | 6,000- | *DO |
| 9/22/15 | 400 | 44.8800 |
| 9/21/15 | 300 | 46.3500 |
| 9/18/15 | 400 | 46.9100 |
| 9/18/15 | 300- | 46.2000 |
| 9/18/15 | 500 | 45.9063 |
| 9/16/15 | 200- | *DO |
| 9/15/15 | 300- | *DO |
| 9/15/15 | 150- | 45.6600 |
| 9/15/15 | 200 | 45.7550 |
| 9/10/15 | 100- | 45.4372 |
| 9/09/15 | 51- | *DO |
| 9/09/15 | 1,500- | *DO |
| 9/09/15 | 50- | *DO |
| 9/08/15 | 500 | 45.1316 |
| 9/08/15 | 800- | *DO |
| 9/04/15 | 300 | 44.2700 |
| 9/02/15 | 600 | 43.5983 |
| 9/02/15 | 601- | *DO |
| 9/01/15 | 400- | *DO |
| 9/01/15 | 100 | 42.7400 |
| 8/31/15 | 1,400 | 43.5635 |
| 8/31/15 | 17,467 | *DI |
| 8/28/15 | 160,000- | *DO |

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| | | |
|---------|--------|---------|
| 8/28/15 | 500 | 42.6331 |
| 8/27/15 | 850- | *DO |
| 8/26/15 | 1,000 | 40.3450 |
| 8/26/15 | 200- | 40.9200 |
| 8/26/15 | 200 | 40.3690 |
| 8/25/15 | 500 | 40.6500 |
| 8/24/15 | 600 | 40.4433 |
| 8/24/15 | 300 | 39.7799 |
| 8/24/15 | 500 | 40.1100 |
| 8/24/15 | 1,200 | 39.6505 |
| 8/24/15 | 2,700 | 38.9989 |
| 8/24/15 | 500- | *DO |
| 8/24/15 | 200 | 39.8800 |
| 8/21/15 | 150 | 41.3767 |
| 8/21/15 | 500 | 41.3360 |
| 8/20/15 | 400- | 41.2001 |
| 8/14/15 | 277- | 46.1300 |
| 8/14/15 | 1,000- | 44.4390 |
| 8/14/15 | 200 | 45.5200 |
| 8/13/15 | 2,000 | 45.7177 |
| 8/12/15 | 1,000- | 46.4000 |
| 8/11/15 | 200 | 46.9800 |
| 8/11/15 | 1,400 | 46.3732 |
| 8/11/15 | 300 | 46.6600 |
| 8/10/15 | 100- | 46.8800 |
| 8/10/15 | 1,500 | 47.3500 |
| 8/10/15 | 40 | 46.9900 |
| 8/07/15 | 500 | 45.7850 |
| 8/07/15 | 1,800 | 45.7689 |
| 8/07/15 | 4,250 | 45.6013 |
| 8/07/15 | 2,700 | 45.6923 |
| 8/06/15 | 3,000 | 43.7633 |
| 8/06/15 | 15,000 | 42.8048 |
| 8/05/15 | 150- | 51.6767 |
| 8/04/15 | 1,000 | 56.3800 |

GABELLI FUNDS, LLC.

THE GABELLI SRI GREEN FUND INC

| | | |
|---------|-------|---------|
| 8/06/15 | 1,000 | 43.6240 |
|---------|-------|---------|

GABELLI VALUE PLUS TRUST PLC

| | | |
|---------|--------|---------|
| 9/02/15 | 2,000 | 43.6670 |
| 9/01/15 | 1,000 | 42.6000 |
| 8/31/15 | 1,000 | 43.8900 |
| 8/26/15 | 1,000 | 40.2000 |
| 8/06/15 | 10,000 | 45.4726 |
| 8/05/15 | 5,000 | 51.7492 |

GABELLI VALUE FUND

| | | |
|---------|------|---------|
| 9/15/15 | 500- | 45.5913 |
| 8/28/15 | 500- | 42.7510 |
| 8/28/15 | 500- | 43.7020 |
| 8/25/15 | 500- | 40.5530 |
| 8/04/15 | 500- | 56.8460 |

| | | |
|-------------------------------|--------|---------|
| GABELLI MULTIMEDIA TRUST INC. | | |
| 8/06/15 | 1,000 | 44.9440 |
| GABELLI EQUITY TRUST | | |
| 9/02/15 | 1,000- | 43.5310 |
| GABELLI ASSET FUND | | |
| 9/15/15 | 500- | 45.1500 |
| 9/10/15 | 500- | 45.2787 |
| 9/02/15 | 500- | 43.4900 |
| 8/17/15 | 1,000- | 44.5762 |
| 8/04/15 | 500- | 56.6500 |
| 8/03/15 | 500- | 56.6900 |
| GAMCO ALL CAP VALUE | | |
| 8/06/15 | 1,400 | 42.8714 |
| GABELLI SECURITIES, INC. | | |
| ALCE PARTNERS | | |
| 9/08/15 | 2,000- | 44.8690 |
| 8/06/15 | 2,000 | 44.5289 |

(1) UNLESS OTHERWISE INDICATED, ALL TRANSACTIONS WERE EFFECTED ON THE NYSE.

(2) PRICE EXCLUDES COMMISSION.

(*) RESULTS IN CHANGE OF DISPOSITIVE POWER AND BENEFICIAL OWNERSHIP.

17
 N-US style="FONT-SIZE: 8pt" color=black face=arial,sans-serif> Receivables from clients of developments

186,897

199,317

1.02.01.04

Inventories

336,511

339,797

1.02.01.04.01

Properties for sale

336,511

| | |
|---------------------------------------|---------|
| | 339,797 |
| 1.02.01.09 | |
| Others non current assets | |
| | 91,568 |
| | 86,351 |
| 1.02.01.09.03 | |
| Other assets | |
| | 68,377 |
| | 64,172 |
| 1.02.01.09.04 | |
| Receivables from related parties | |
| | 23,191 |
| | 22,179 |
| 1.02.02 | |
| Investments | |
| | 479,445 |
| | 479,126 |
| 1.02.02.01 | |
| Interest in associates and affiliates | |
| | 479,445 |
| | 479,126 |
| 1.02.03 | |
| Property and equipment | |
| | 23,440 |
| | 22,342 |
| 1.02.03.01 | |

Operation property and equipment

23,440

22,342

1.02.04

Intangible assets

17,565

18,280

1.02.04.01

Intangible assets

17,565

18,280

12

CONSOLIDATED FINANCIAL STATEMENTS - BALANCE SHEET - LIABILITIES AND EQUITY (in thousands of Brazilian Reais)

| CODE | DESCRIPTION | CURRENT QUARTER 3/31/2018 | PRIOR YEAR 12/31/2017 |
|---------------|--|--------------------------------------|----------------------------------|
| 2 | Total Liabilities | 2,885,384 | 2,878,138 |
| 2.01 | Current liabilities | 955,491 | 1,213,686 |
| 2.01.01 | Social and labor obligations | 29,714 | 27,989 |
| 2.01.01.02 | Labor obligations | 29,714 | 27,989 |
| 2.01.01.02.01 | Salaries, payroll charges and profit sharing | 29,714 | 27,989 |
| 2.01.02 | Suppliers | 99,165 | 98,662 |
| 2.01.03 | Tax obligations | 52,016 | 46,430 |
| 2.01.03.01 | Federal tax obligations | 52,016 | 46,430 |
| 2.01.04 | Loans and financing | 335,784 | 569,250 |
| 2.01.04.01 | Loans and financing | 324,376 | 481,073 |
| 2.01.04.01.01 | In Local Currency | 324,376 | 481,073 |
| 2.01.04.02 | Debentures | 11,408 | 88,177 |
| 2.01.05 | Other obligations | 336,824 | 355,041 |
| 2.01.05.01 | Payables to related parties | 64,011 | 63,197 |
| 2.01.05.02 | Others | 272,813 | 291,844 |
| 2.01.05.02.04 | Obligations for purchase of properties and advances from customers | 142,766 | 156,457 |
| 2.01.05.02.06 | Other payables | 99,449 | 104,386 |
| 2.01.05.02.07 | Obligations assumed on the assignment of receivables | 30,598 | 31,001 |
| 2.01.06 | Provisions | 101,988 | 116,314 |
| 2.01.06.01 | Tax, labor and civil lawsuits | 101,988 | 116,314 |
| 2.01.06.01.01 | Tax lawsuits | 728 | 194 |
| 2.01.06.01.02 | Labor lawsuits | 14,504 | 19,300 |
| 2.01.06.01.04 | Civil lawsuits | 86,756 | 96,820 |
| 2.02 | Non current liabilities | 992,989 | 905,048 |
| 2.02.01 | Loans and financing | 647,684 | 535,648 |
| 2.02.01.01 | Loans and financing | 491,051 | 416,112 |
| 2.02.01.01.01 | Loans and financing in local currency | 491,051 | 416,112 |
| 2.02.01.02 | Debentures | 156,633 | 119,536 |
| 2.02.02 | Other obligations | 192,539 | 212,864 |
| 2.02.02.02 | Others | 192,539 | 212,864 |
| 2.02.02.02.03 | Obligations for purchase of properties and advances from customers | 134,924 | 152,377 |
| 2.02.02.02.04 | Other payables | 9,723 | 7,095 |
| 2.02.02.02.06 | Obligations assumed on the assignment of receivables | 47,892 | 53,392 |
| 2.02.03 | Deferred taxes | 74,473 | 74,473 |
| 2.02.03.01 | Deferred income tax and social contribution | 74,473 | 74,473 |
| 2.02.04 | Provisions | 78,293 | 82,063 |
| 2.02.04.01 | Tax, labor and civil lawsuits | 78,293 | 82,063 |
| 2.02.04.01.01 | Tax lawsuits | - | 565 |
| 2.02.04.01.02 | Labor lawsuits | 42,867 | 39,682 |

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| | | | |
|---------------|--------------------------------------|------------|------------|
| 2.02.04.01.04 | Civil lawsuits | 35,426 | 41,816 |
| 2.03 | Equity | 936,904 | 759,404 |
| 2.03.01 | Capital | 2,521,319 | 2,521,152 |
| 2.03.02 | Capital reserves | 307,664 | 56,359 |
| 2.03.02.05 | Treasury shares | -29,089 | -29,089 |
| 2.03.02.07 | Capital reserves | 250,599 | - |
| 2.03.02.09 | Reserve for granting stock options | 86,154 | 85,448 |
| 2.03.05 | Retained earnings/accumulated losses | -1,894,747 | -1,821,954 |
| 2.03.09 | Non-controlling interest | 2,668 | 3,847 |

CONSOLIDATED FINANCIAL STATEMENTS - INCOME - (in thousands of Brazilian Reais)

| CODE | DESCRIPTION | YEAR TO DATE | YEAR TO DATE |
|-------------|---|-------------------------------------|--|
| | | 01/01/2018 to 03/31/2018 | FROM PREVIOUS YEAR 01/01/2017 to 03/31/2017 |
| 3.01 | Gross sales of goods and/or services | 213,397 | 136,539 |
| 3.01.01 | Revenue from real estate development | 234,484 | 147,521 |
| 3.01.03 | Taxes on real estate sales and services | -21,087 | -10,982 |
| 3.02 | Cost of sales of goods and/or services | -190,535 | -153,706 |
| 3.02.01 | Cost of real estate development | -190,535 | -153,706 |
| 3.03 | Gross profit | 22,862 | -17,167 |
| 3.04 | Operating expenses/income | -59,783 | -109,994 |
| 3.04.01 | Selling expenses | -24,279 | -19,056 |
| 3.04.02 | General and administrative expenses | -18,696 | -27,369 |
| 3.04.05 | Other operating expenses | -16,190 | -28,410 |
| 3.04.05.01 | Depreciation and amortization | -3,985 | -8,708 |
| 3.04.05.02 | Other operating expenses | -12,205 | -19,702 |
| 3.04.06 | Income from equity method investments | -618 | -35,159 |
| 3.05 | Income (loss) before financial results and income taxes | -36,921 | -127,161 |
| 3.06 | Financial | -19,950 | -28,560 |
| 3.06.01 | Financial income | 5,344 | 7,870 |
| 3.06.02 | Financial expenses | -25,294 | -36,430 |
| 3.07 | Income before income taxes | -56,871 | -155,721 |
| 3.08 | Income and social contribution taxes | -232 | -1,346 |
| 3.08.01 | Current | -232 | -1,346 |
| 3.09 | Income (loss) from continuing operation | -57,103 | -157,067 |
| 3.10 | Income (loss) from discontinuing operation | - | 107,720 |
| 3.10.01 | Net income (loss) from discontinued operations | - | 107,720 |
| 3.11 | Income (loss) for the period | -57,103 | -49,347 |
| 3.11.01 | Income (loss) attributable to the Company | -55,924 | -49,397 |
| 3.11.02 | Net income attributable to non-controlling interests | -1,179 | 50 |
| 3.99 | Earnings per Share – (Reais / Share) | - | - |
| 3.99.01 | Basic Earnings per Share | - | - |
| 3.99.01.01 | ON | -1.47421 | -1.84110 |
| 3.99.02 | Diluted Earnings per Share | - | - |
| 3.99.02.01 | ON | -1.47421 | -1.84110 |

CONSOLIDATED FINANCIAL STATEMENTS - COMPREHENSIVE INCOME (LOSS) - (in thousands of Brazilian Reais)

| CODE | DESCRIPTION | YEAR TO DATE | YEAR TO DATE |
|-------------|--|-------------------------------------|--|
| | | 01/01/2018 to 03/31/2018 | FROM PREVIOUS YEAR 01/01/2017 to 03/31/2017 |
| 4.01 | Consolidated Income (loss) for the period | -57,103 | -49,347 |
| 4.03 | Consolidated comprehensive income (loss) for the period | -57,103 | -49,347 |
| 4.03.01 | Income (loss) attributable to the Company | -55,924 | -49,397 |
| 4.03.02 | Net income attributable to the noncontrolling interests | -1,179 | 50 |

CONSOLIDATED FINANCIAL STATEMENTS - CASH FLOWS - INDIRECT METHOD - (in thousands of Brazilian Reais)

| CODE | DESCRIPTION | YEAR TO DATE | YEAR TO DATE |
|------------|--|-----------------------------|---|
| | | 01/01/2018 to 03/31/2018 | FROM PREVIOUS YEAR 01/01/2017 to 03/31/2017 |
| 6.01 | Net cash from operating activities | -62,761 | 69,998 |
| 6.01.01 | Cash generated in the operations | -48,803 | -68,302 |
| 6.01.01.01 | Income (loss) before income and social contribution taxes | -56,871 | -48,001 |
| 6.01.01.02 | Income from equity method investments | 618 | 35,159 |
| 6.01.01.03 | Stock options expenses | -91 | 2,128 |
| 6.01.01.04 | Unrealized interest and finance charges, net | 3,781 | 25,761 |
| 6.01.01.05 | Financial instruments | -20 | -806 |
| 6.01.01.06 | Depreciation and amortization | 3,985 | 8,708 |
| 6.01.01.07 | Provision for legal claims | 11,527 | 16,736 |
| 6.01.01.08 | Provision for profit sharing | 1,231 | 4,237 |
| 6.01.01.09 | Warranty provision | -834 | -1,601 |
| 6.01.01.11 | Allowance for doubtful accounts | -2,953 | 4,141 |
| 6.01.01.12 | Provision for realization of non-financial assets - properties for sale | -9,176 | -7,044 |
| 6.01.01.14 | Provision for impairment losses on disposal group held for sale | - | -215,440 |
| 6.01.01.15 | Payable for sale of shares | - | 107,720 |
| 6.01.02 | Variation in assets and liabilities | -13,958 | 104,845 |
| 6.01.02.01 | Trade accounts receivable | -31,059 | 75,552 |
| 6.01.02.02 | Properties for sale | 81,468 | 64,955 |
| 6.01.02.03 | Other accounts receivable | -4,508 | 6,386 |
| 6.01.02.04 | Prepaid expenses | 399 | -4,291 |
| 6.01.02.05 | Obligations for purchase of properties and adv. from customers | -31,144 | -7,522 |
| 6.01.02.06 | Taxes and contributions | 5,586 | -4,710 |
| 6.01.02.07 | Suppliers | 110 | -9,874 |
| 6.01.02.08 | Salaries and payable charges | 494 | 297 |
| 6.01.02.09 | Transactions with related parties | -5,269 | -5,573 |
| 6.01.02.10 | Other obligations | -29,803 | -9,029 |
| 6.01.02.11 | Income tax and social contribution payable | -232 | -1,346 |
| 6.01.03 | Others | - | 33,455 |
| 6.01.03.01 | Net cash from operating activities related to disposal group held for sale | - | 33,455 |
| 6.02 | Net cash from investing activities | -67,216 | -44,211 |
| 6.02.01 | Purchase of property and equipment and intangible assets | -4,368 | -77 |
| 6.02.02 | Increase in investments | -499 | -3,616 |
| 6.02.03 | Redemption of short-term investments | 469,903 | 216,017 |
| 6.02.04 | Purchase of short-term investments | -532,252 | -205,491 |
| 6.02.07 | | - | -51,044 |

| | | | |
|---------|--|----------|----------|
| | Net cash from investing activities related to disposal group held for sale | | |
| 6.03 | Net cash from financing activities | 125,104 | -14,406 |
| 6.03.01 | Capital increase | 167 | - |
| 6.03.02 | Increase in loans, financing and debentures | 51,938 | 75,595 |
| 6.03.03 | Payment of loans, financing and debentures | -177,149 | -151,611 |
| 6.03.06 | Loan transactions with related parties | -451 | 4,335 |
| 6.03.07 | Obligation with investors | - | 761 |
| 6.03.08 | Disposal of treasury shares | - | 311 |
| 6.03.10 | Assignment of receivables | - | 21,513 |
| 6.03.11 | Net cash from financing activities related to disposal group held for sale | - | 34,690 |
| 6.03.12 | Subscription and payment of common shares | 250,599 | - |
| 6.04 | Foreign Exchange Gains and Losses on Cash and Cash Equivalents | - | -17,101 |
| 6.05 | Net increase (decrease) of cash and cash equivalents | -4,873 | -5,720 |
| 6.05.01 | Cash and cash equivalents at the beginning of the period | 28,527 | 29,534 |
| 6.05.02 | Cash and cash equivalents at the end of the period | 23,654 | 23,814 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM 01/01/2018 TO 03/31/2018 (in thousands of E

| CODE | DESCRIPTION | Capital | Capital reserves, stock options and treasury shares | Profit reserves | Retained earnings | Other comprehensive income | Shareholders equity | Control inte |
|-------------|---|----------------|--|----------------------------|------------------------------|---|--------------------------------|-------------------------|
| 5.01 | Opening balance | 2,521,152 | 56,359 | --1,821,954 | - | 755,557 | 3 | |
| 5.02 | Adjusted prior year | - | - | - -16. 869 | - | -16. 869 | | |
| 5.02.01 | Adoption CPC 48 (IFRS 9) | - | - | - -16. 869 | - | -16. 869 | | |
| 5.03 | Opening adjusted balance | 2,521,152 | 56,359 | --1,838,823 | - | 738,688 | 3 | |
| 5.04 | Capital transactions with shareholders | 167 | 251,305 | - | - | - | 251,472 | |
| 5.04.01 | Capital increase | 167 | 250,599 | - | - | - | 250,766 | |
| 5.04.03 | Stock option plan | - | 706 | - | - | - | 706 | |
| 5.05 | Total of comprehensive income (loss) | - | - | - -55,924 | - | -55,924 | -1 | |
| 5.05.01 | Net income (loss) for the period | - | - | - -55,924 | - | -55,924 | -1 | |
| 5.07 | Closing balance | 2,521,319 | 307,664 | --1,894,747 | - | 934,236 | 2 | |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM 01/01/2017 TO 03/31/2017 (in thousands of Brazilian Reals)

| CODE | DESCRIPTION | Capital | Capital reserves, stock options and treasury shares | Profit reserves | Retained earnings | Other comprehensive income | Shareholders equity | Total equity | Non Controlling interest | Total equity Consolidated |
|-------|--|-----------|---|-----------------|-------------------|----------------------------|---------------------|--------------|--------------------------|---------------------------|
| 01 | Opening balance | 2,740,662 | 49,424 | - | -861,761 | - | 1,928,325 | 2,128 | | 1,930,453 |
| 03 | Opening adjusted balance | 2,740,662 | 49,424 | - | -861,761 | - | 1,928,325 | 2,128 | | 1,930,453 |
| 04 | Capital transactions with shareholders | -219,510 | 1,359 | - | -107,720 | - | -325,871 | - | | -325,871 |
| 04.03 | Stock option plan | - | 1,051 | - | - | - | 1,051 | - | | 1,051 |
| 04.05 | Treasury shares sold | - | 308 | - | - | - | 308 | - | | 308 |
| 04.08 | Capital reduction | -219,510 | - | - | -107,720 | - | -327,230 | - | | -327,230 |
| 05 | Total of comprehensive income (loss) | - | - | - | -49,397 | - | -49,397 | 50 | | -49,397 |
| 05.01 | Net income (loss) for the period | - | - | - | -49,397 | - | -49,397 | 50 | | -49,397 |
| 06 | Reserves | - | - | - | - | - | - | 6,906 | | 6,906 |
| 06.01 | Constitution of reserves | - | - | - | - | - | - | 6,906 | | 6,906 |
| 07 | Closing balance | 2,521,152 | 50,783 | - | -1,018,878 | - | 1,553,057 | 9,084 | | 1,562,141 |

CONSOLIDATED STATEMENT OF VALUE ADDED (in thousands of Brazilian Reais)

| CODE | DESCRIPTION | YEAR TO DATE | |
|-------------|---|-------------------------------------|--|
| | | 01/01/2018 to 03/31/2018 | FROM PREVIOUS YEAR 01/01/2017 to 03/31/2017 |
| 7.01 | Revenues | 234,484 | 147,521 |
| 7.01.01 | Real estate development, sales and services | 231,531 | 151,662 |
| 7.01.04 | Allowance for doubtful accounts | 2,953 | -4,141 |
| 7.02 | Inputs acquired from third parties | -183,984 | -147,210 |
| 7.02.01 | Cost of Sales and/or Services | -154,263 | -115,731 |
| 7.02.02 | Materials, energy, outsourced labor and other | -29,721 | -31,479 |
| 7.03 | Gross value added | 50,500 | 311 |
| 7.04 | Retentions | -3,985 | -8,708 |
| 7.04.01 | Depreciation and amortization | -3,985 | -8,708 |
| 7.05 | Net value added produced by the Company | 46,515 | -8,397 |
| 7.06 | Value added received on transfer | 4,726 | -27,289 |
| 7.06.01 | Income from equity method investments | -618 | -35,159 |
| 7.06.02 | Financial income | 5,344 | 7,870 |
| 7.07 | Total value added to be distributed | 51,241 | -35,686 |
| 7.08 | Value added distribution | 51,241 | -35,686 |
| 7.08.01 | Personnel and payroll charges | 18,808 | 28,209 |
| 7.08.01.01 | Direct remuneration | 18,808 | 28,209 |
| 7.08.02 | Taxes and contributions | 25,276 | 17,203 |
| 7.08.02.01 | Federal | 25,276 | 17,203 |
| 7.08.03 | Compensation – Interest | 63,081 | 76,019 |
| 7.08.03.01 | Interest | 61,566 | 74,405 |
| 7.08.03.02 | Rent | 1,515 | 1,614 |
| 7.08.04 | Compensation – Company capital | -55,924 | -157,117 |
| 7.08.04.03 | Net income (Retained losses) | -55,924 | -157,117 |

FOR IMMEDIATE RELEASE - São Paulo, May 10th, 2018 – Gafisa S.A. (B3: GFSA3; NYSE: GFA), one of Brazil’s leading homebuilders, reports today its financial results for the first quarter ended March 31st, 2018.

GAFISA REPORTS RESULTS FOR 1Q18

MANAGEMENT COMMENTS AND HIGHLIGHTS

CONFERENCE CALL

May 11, 2018

**9:30 a.m. Brasília
time**

In Portuguese

**+55 (11) 3127-4971 /
3728-5971 (Brazil)**

Code: Gafisa

Despite the uncertainties that remain on Brazil’s economic landscape, with direct and relevant impacts on the real estate segment, particularly for the mid and mid-high income residential segment, the first quarter of 2018 consolidated the inflection point on the gradual improvement process of Gafisa's operational and financial performance, which has been signaled on previous quarters. It's important to mention that this inflection, although more notable and distinct, is still gradual and linear.

We launched one project in March, the Upside Pinheiros (São Paulo/SP), with PSV of R\$139 million, reaching an impressive SoS of 77.5%. Such performance, coupled with consistent results on the sales of the inventory of existing units, resulted in gross sales of R\$293.5 million in 1Q18, 35% higher year over year and 25% higher quarter over quarter.

8:30 a.m. US EST

In English

**(simultaneous
translation from
Portuguese)**

**+1 516 300-1066
(USA)**

Code: Gafisa

Another highlight in the quarter was a significant decrease of cancellations, which dropped to R\$57.7 million, what we believe should reflect a new level for the upcoming quarters. As a result of these factors, net pre-sales totaled R\$236 million, nearly twice the SoS of 14.4% in 4Q17 and 37.5% in the last 12 months.

Regarding financial performance, net revenue grew by 30% quarter over quarter and 56% year over year, bolstered by inventory sales growth, especially of the more recent projects (2016 and 2017), which have higher work evolution, and are, accordingly, more representative on revenues, as informed on previous quarters.

Sales of more recent projects, with better margins, also contributed to adjusted gross profit reach R\$59 million, with an

Webcast:
www.gafisa.com.br/ri

adjusted gross margin of 27.7%, reverting recent negative results. Gross profits considering capitalized interests totaled R\$23 million, and gross margin reached 10.7%.

Replay:

+55 (11) 3127-4999

Portuguese: 91219068

English: 23970693

The sensible strategy adopted in recent launches resulted in the balance of R\$231 million of Backlog Results (REF) in the quarter, with 37.0% margin to be recognized, 2.2. p.p. higher quarter over quarter, signaling positive prospects for revenue and gross margin.

With our philosophy of austerity and ongoing push to increase efficiency, general and administrative expenses totaled R\$19 million, 23% lower quarter over quarter and 32% year over year. Selling expenses came to R\$24 million, stable quarter over quarter and 27% higher year over year, reflecting the increase in the number of launches in the period.

Shares

**GFS A3 – B3 (formerly
BM&FBovespa)**

GFA – NYSE

**Total outstanding
shares: 44,757,914¹**

**Average Daily Traded
Volume (1Q18):**

R\$18.9 million

**¹ including 938,044
treasury shares**

Recurring adjusted EBITDA totaled R\$3.2 million in 1Q18, which compares to negative R\$92.4 million in 4Q17 and negative R\$47.3 million in the 1Q17, reflecting the already mentioned improved margins and demonstrating, once again, the results recovery process.

Net financial expenses of R\$20 million also showed positive evolution in comparison to the net expenses of R\$24 million in 4Q17 and of R\$29 million in 1Q17, with the reductions due to the lower Company's indebtedness.

Thus, Gafisa's net loss came to R\$55.9 million in 1Q18, versus a net loss of R\$463 million in 4Q17 and R\$49 million in 1Q17.

Another highlight of the period was the conclusion of the capital increase process, which totaled R\$251 million, and resulted in the postponement of R\$456.3 million in corporate debts for 2020 and 2021, substantially reducing the pressure on short-term obligations over cash flow. The successful conclusion of this process enhanced the Company's position to operate in this new cycle of the real estate market.

Following the execution of the Company's strategy to adjust its capital structure, gross debt totaled R\$983 million at the end of 1Q18, 11.0% lower quarter over quarter. Net debt, was reduced by 19% quarter over quarter and totaled R\$778.5 million. Leverage, as measured by the ratio of net debt to shareholders' equity, fell from 126.1% at the end of 2017 to 81.6% at the end of 1Q18. Excluding project finance, the net debt to shareholders' equity ratio was 9.6%.

Regarding liquidity and cash management, the operating cash flow was negative at R\$32 million, due to the reduced number of deliveries in the last periods and accordingly, lower transfer volume. Net cash generation came negative at R\$71.9 million.

Even in a scenario still characterized by economic and political uncertainties and as we have signaled in the previous quarters, the evolution on the Company's operational and financial performance leads us to believe that we are experiencing a gradual and linear inflection of the results. This inflection is a consequence of the strategy adopted over the previous periods, including, but not limited to: assertiveness in launches, deleveraging, focus on inventory sales, and operational and administrative efficiency. We are confident that this positive trend should be confirmed throughout the year, with the increased participation of the more recent projects in Gafisa's results combined with the recovery of the Brazilian real estate market.

Sandro Gamba

CEO

OPERATIONAL RESULTS

Table 1 - Operational Performance (R\$ 000)

| | | | | |
|----------|----------|--------|-----------|--------|
| 138,715 | 90,113 | 53.9% | - | - |
| 293,460 | 216,988 | 35.2% | 235,611 | 24.6% |
| (57,702) | (95,407) | -39.5% | (118,214) | -51.2% |
| 235,757 | 121,851 | 93.5% | 117,398 | 100.8% |
| 14.4% | 7.4% | 7.0 pp | 6.7% | 7.7 pp |
| - | 41,171 | - | 265,058 | - |

Launches

In 1Q18 Gafisa launched the Upside Pinheiros in the City of São Paulo/SP. Although this project was launched at the end of the quarter, it reached a valuable SoS of 77.5% in the period, validating Gafisa's decision-making process and its careful analysis of the launch process.

Table 2 - Launches (R\$ 000)

| | | |
|--------------|------|----------------|
| São Paulo/SP | 1Q18 | 138,715 |
| | | 138,715 |

Net Pre-Sales

In 1Q18, gross sales totaled R\$293.5 million, 35.2% and 24.6% higher than in 4Q17 and 1Q17, respectively, reflecting not only a good performance of launch sales in the quarter, as previously mentioned, but also a consistent performance of inventory gross sales, which grew by 24.6% year over year and 51.1% quarter over quarter.

Cancellations significantly decreased in 1Q18, 39.5% and 51.2% from 4Q17 and 1Q17, respectively, reflecting lower volume of deliveries in the quarter and a more favorable scenario, which should represent a new level for the upcoming quarters.

As a result of gross sales performance and cancellations in 1Q18, net pre-sales grew by 93.5% and 100.8% from 4Q17 and 1Q17, respectively, and totaled R\$235.8 million in the period.

The project launched this quarter accounted for 45.4% of net pre-sales in the period. Out of the R\$128.7 million net pre-sales of remaining inventories (launched in 2017 or before) in 1Q18, 69.6% were projects launched until the end of 2015, improving our inventory profile.

Sales over Supply (SoS)

A good performance of launches drove quarterly SoS, which increased from 7.3% in 4Q17 to 14.4% in 1Q18. Gafisa's efficient business strategy can be seen in SoS LTM, which grew from 32.0% in 4Q17 to 37.5% in 1Q18.

The inventory at market value reached R\$1,396.7 million at the end of 1Q18, 8.8% lower than in 4Q17. Compared to 1Q17, inventory decreased 14.6%, clearly representing the strategy of focusing on the sale of inventories with a reduced number of launches.

Table 3 - Inventory at Market Value 1Q18 x 4Q17 (R\$ 000)

| | | | | | | |
|------------------|----------------|---------------|------------------|-----------------|------------------|--------------|
| 1,212,940 | 138,715 | 48,709 | (269,845) | (24,877) | 1,105,642 | -8,8% |
| 257,314 | - | 7,466 | (18,998) | (13,741) | 232,040 | -9,8% |
| 61,335 | - | 1,527 | (4,616) | 777 | 59,023 | -3,8% |
| 1,531,588 | 138,715 | 57,702 | (293,460) | (37,840) | 1,396,706 | -8,8% |

¹ Adjustments reflect the updates related to the project scope, launch date and pricing update in the period.

Gafisa continues to maintain a commercial balance between more recent projects and finished units. The inventory of finished units totaled R\$446.0 million in 1Q18 (31.9% of total).

The projects inventory located outside of strategic markets, of R\$59.0 million, accounts for 4.2% of the total inventory, of which 56.4% are finished units.

Of the total completed inventory, 62.7% are commercial projects. This proportion is due to lower sales speed in this segment, where liquidity still is significantly lower.

Table 4 – Inventory at Market Value – Financial Progress – POC - (R\$ 000)

| | | | | | |
|---------------|----------------|----------------|----------------|----------------|------------------|
| 94,248 | 141,996 | 410,894 | 245,936 | 212,569 | 1,105,642 |
| - | - | 5,707 | 26,215 | 200,118 | 232,040 |
| - | - | 25,723 | - | 33,300 | 59,023 |
| 94,248 | 141,996 | 442,323 | 272,151 | 445,988 | 1,396,706 |

Delivered Projects and Transfer

No deliveries occurred in 1Q18. On March 31st, Gafisa managed the construction of 20 projects, **all of which** are on schedule according to the Company's business plan.

Over the past few years, the Company has been taking steps to improve the performance of its receivables/transfer process, aiming to maximize the return rates on capital employed. Currently, the Company's directive is to conclude the sales process of 90% of eligible units in a 90-day period after the delivery of the project. In accordance with this policy, PSV transfers in 1Q18 totaled R\$59.0 million, 21.2% lower than in 4Q17 and 42.0% lower than in 1Q17, due to a reduced number of deliveries in 1Q18 compared to previous periods.

Table 5 – Transfer

| | | | | |
|--------|--------|--------|---------|--------|
| 58,998 | 74,824 | -21.2% | 101,744 | -42.0% |
| - | 1 | - | 3 | - |
| - | 293 | - | 610 | - |
| - | 41,171 | - | 265,058 | - |

¹ PSV transfers refers to the potential sales value of the units transferred to financial institutions;

² PSV = Potential sales value of delivered units.

Landbank

The Company's landbank, with a PSV of R\$3.9 billion, represents 36 potential projects/phases or nearly 7.3 thousand units. Approximately 55% of land was acquired through swaps. In 1Q18, the Company acquired 1 new land area in São Paulo, with potential PSV of R\$114.1 million with the cancellation of 1 land area in Rio de Janeiro.

Table 6 - Landbank (R\$ 000)

| | | | | | |
|-----------|-------|-------|------|-------|-------|
| 2,466,636 | 52.2% | 45.4% | 6.8% | 5,371 | 6,037 |
| 1,420,604 | 60.4% | 60.4% | 0.0% | 2,010 | 2,065 |
| 3,887,240 | 55.7% | 51.8% | 3.9% | 7,381 | 8,102 |

Note: The swap percentage is measured compared to the historical cost of land acquisition.

Potential units are net of swaps and refer to the Gafisa's and/or its partners' participation in the project.

Table 7 - Changes in the Landbank (1Q18 x 4Q17 - R\$ 000)

| | | | | | |
|-----------|---------|---------|---------|----------|-----------|
| 2,520,511 | 114,076 | 138,715 | - | (29,235) | 2,466,636 |
| 1,774,833 | - | - | 354,755 | 526 | 1,420,604 |
| 4,295,344 | 114,076 | 138,715 | 354,755 | (28,709) | 3,887,240 |

FINANCIAL RESULTS

Revenue

Net revenues totaled R\$213.4 million in 1Q18, up 29.6% from 4Q17 and 56.3% from 1Q17, mainly reflecting the net pre-sales growth of projects launched in 2016 and 2017, which evolved more in its constructions process and, therefore, increased in importance in revenues.

Table 8 – Revenue Recognition (R\$ 000)

| Net Pre-Sales | % Sales | Revenue | % Revenue | Net Pre-Sales | % Sales | Revenue | % Revenue |
|------------------|-------------|----------------|---------------|------------------|-------------|----------------|---------------|
| 107,028 | 45.4% | - | 0.0% | - | 0.0% | - | 0.0% |
| 22,264 | 9.4% | 75,983 | 35.6% | - | 0.0% | - | 0.0% |
| 19,038 | 8.1% | 84,273 | 39.5% | 21,280 | 18.1% | 12,511 | 9.2% |
| 62,030 | 26.3% | 11,713 | 5.5% | 33,268 | 28.3% | 43,752 | 32.0% |
| 25,398 | 10.8% | 41,428 | 19.4% | 62,849 | 53.5% | 80,276 | 58.8% |
| 235,757 | 100% | 213,398 | 100.0% | 117,398 | 100% | 136,538 | 100.0% |
| 232,669 | 98.7% | 211,629 | 99.2% | 112,858 | 96.1% | 137,841 | 101.0% |
| 3,089 | 1.3% | 1,769 | 0.8% | 4,540 | 3.9% | (1,302) | -1.0% |

Gross Profit & Margin

Adjusted gross profit totaled R\$59.1 million in 1Q18, a substantial growth compared to 4Q17 (which was impacted by the impairment in some land areas and inventory units) and 1Q17, with an adjusted gross margin of 27.7%. Improved performance reflects the impact of more recent projects with higher margins on the Company's results. Adjusted by capitalized interests, the gross profit totaled R\$22.9 million in 1Q18, with a gross margin of 10.7%.

Details of Gafisa's gross margin breakdown in 1Q18 are presented below.

Table 9 – Gross Margin (R\$ 000)

| | | | | |
|---------|-----------|-------|----------|--------|
| 213,397 | 164,706 | 29.6% | 136,539 | 56.3% |
| 22,862 | (170,727) | - | (17,167) | - |
| 10.7% | -103.7% | - | -12.6% | - |
| 36,272 | 25,399 | 42.8% | 37,975 | -4.5% |
| 59,134 | (145,328) | - | 20,808 | 184.2% |

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| | | | | |
|--------|---------|-----------|--------|-----------|
| 27.7% | -88.2% | - | 15.2% | 1,247 bps |
| - | 147,332 | - | - | - |
| 59,134 | 2,004 | 2,850.7% | 20,808 | 184.2% |
| 27.7% | 1.2% | 2,649 bps | 15.2% | 1,247 bps |

¹ Adjusted by capitalized interests.

Selling, General and Administrative Expenses (SG&A)

In 1Q18, selling, general and administrative expenses came to R\$43.0 million, 11.5% lower than in 4Q17 and 7.4% lower than in 1Q17, reflecting a continued pursuit of efficiency gains.

In this regard, general and administrative expenses decreased 22.6% quarter over quarter and 31.7% year over year, totaling R\$18.7 million in 1Q18.

Selling expenses came in line with 4Q17 and totaled R\$24.3 million in 1Q18. Year over year, selling expenses increased 27.4%, an effect of the launch efforts and marketing expenses in 1Q18.

Table 10 – SG&A Expenses (R\$ 000)

| | | | | |
|-----------------|-----------------|---------------|-----------------|--------------|
| (24,279) | (24,399) | -0.5% | (19,056) | 27.4% |
| (18,696) | (24,165) | -22.6% | (27,369) | -31.7% |
| (42,975) | (48,564) | -11.5% | (46,425) | -7.4% |

The Other Operating Revenues/Expenses totaled R\$12.2 million in 1Q18, down 91.9% from 4Q17, which was impacted by Alphaville's impairment and down 38.1% from 1Q17. It is worth mentioning the lower litigation expenses in the annual comparison. The table below contains more details on the breakdown of this expense.

Table 11 – Other Operating Revenues/Expenses (R\$ 000)

| | | | | |
|-----------------|------------------|---------------|-----------------|---------------|
| (11,776) | (46,417) | -74.6% | (16,736) | -29.6% |
| - | (101,953) | - | - | - |
| (429) | (1,876) | -77.1% | (2,966) | -85.5% |
| (12,205) | (150,246) | -91.9% | (19,702) | -38.1% |

Adjusted EBITDA

The recurring adjusted EBITDA totaled R\$3.2 million in 1Q18, compared with negative R\$92.4 million in 4Q17 and negative R\$47.3 million in 1Q17, reflecting the improved margins already explained.

Table 12 – Adjusted EBITDA (R\$ 000)

| | | | | |
|----------|-----------|--------|-----------|--------|
| (55,924) | (462,615) | -87.9% | (49,977) | 11.9% |
| - | - | - | 107,720 | - |
| - | (147,332) | - | - | - |
| (55,924) | (315,283) | -82.3% | (157,117) | -64.4% |

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| | | | | |
|---------|-----------|--------|----------|--------|
| 19,950 | 24,249 | -17.7% | 28,560 | -30.1% |
| 232 | (24,773) | - | 1,346 | -82.8% |
| 3,985 | 31,560 | -87.4% | 8,708 | -54.2% |
| 36,272 | 25,399 | 42.8% | 37,975 | -4.5% |
| (91) | 2,067 | - | 2,128 | - |
| (1,179) | (161) | 632.3% | 50 | - |
| - | 62,569 | - | 31,024 | - |
| - | 101,953 | - | - | - |
| 3,245 | (92,420) | - | (47,326) | - |
| - | (147,332) | - | - | - |
| 3,245 | (239,752) | - | (47,326) | - |

¹ Sale of Tenda shares;

² Adjusted by expense with stock option plan (non-cash) and minority shareholders. EBITDA does not consider Alphaville's equity income.

Financial Results

In 1Q18, financial results totaled R\$5.3 million, 11.7% lower than in 4Q17 and 32.1% lower than in 1Q17, mainly reflecting the interest rate drop incurring on balance of cash equivalents in the period. Financial expenses reached R\$25.3 million, compared to R\$30.3 million in 4Q17 and R\$36.4 million in 1Q17, driven by lower debt balance in the period.

Thus, the net financial result was negative R\$19.9 million in 1Q18, compared to negative net financial result of R\$24.2 million in 4Q17 and R\$28.6 million in 1Q17.

Net Income

As a result of previously discussed events, the Company posted a net loss of R\$55.9 million, compared to a net loss of R\$462.6 million in 4Q17 and R\$49.4 million in 1Q17.

Table 13 – Net Income (R\$ 000)

| | | | | |
|----------|-----------|-----------|-----------|----------|
| 213,397 | 164,706 | 29.6% | 136,539 | 56.3% |
| 22,862 | (170,727) | - | (17,167) | - |
| 10.7% | -103.7% | 11437 bps | -12.6% | 2329 bps |
| - | (147,332) | - | - | - |
| 59,134 | 2,004 | 2850.7% | 20,808 | 184.2% |
| 27.7% | 1.2% | 2649 bps | 15.2% | 1247 bps |
| 3,245 | (92,420) | - | (47,326) | - |
| 1.5% | -56.1% | 5763 bps | -34.7% | 3618 bps |
| - | - | - | 107,720 | - |
| (55,924) | (315,283) | -82.3% | (157,117) | -64.4% |
| - | (62,569) | - | (31,024) | - |
| - | (127,429) | - | - | - |
| (55,924) | (125,285) | -55.4% | (126,093) | -55.6% |

¹ Adjusted by capitalized interests;

² Adjusted by note 1, by expense with stock option plan (non-cash) and minority shareholders. EBITDA does not consider Alphaville's equity income;

³ Sale of Tenda shares;

⁴ Adjusted by item 3.

Backlog of Revenues and Results

The backlog of results to be recognized under the PoC method totaled R\$231.3 million at the end of 1Q18, with margin to be recognized of 37.0%, 2.2. p.p. higher than 4Q17. The backlog performance reflects the good execution of the launches of the year, signaling a positive outlook for revenue volume and gross profit in the next quarters.

Table 14 – Backlog Results (REF) (R\$ 000)

| | | | | |
|-----------|-----------|---------|-----------|--------|
| 625,251 | 620,821 | 0.7% | 490,329 | 27.5% |
| (393,999) | (405,064) | -2.7% | (312,503) | 26.1% |
| 231,253 | 215,758 | 7.2% | 177,826 | 30.0% |
| 37.0% | 34.8% | 223 bps | 36.3% | 72 bps |

Note: Backlog results net of PIS/COFINS taxes (3.65%) and excluding the impact of PVA (Present Value Adjustment) method according to Law 11.638.

Backlog results comprise the projects restricted by condition precedent.

BALANCE SHEET

Cash and Cash Equivalents and Marketable Securities

On March 31st, 2018, cash and cash equivalents and marketable securities totaled R\$204.9 million, 39.0% higher than on December 31st, 2017, mainly reflecting the cash inflow from capital increase, concluded in the quarter.

Receivables

At the end of 1Q18, total accounts receivables totaled R\$1.4 billion, a 2.5% increase compared to 4Q17. On March 31st, 2018, the Company had approximately R\$346.5 million in accounts receivable from finished units.

Table 15 – Total Receivables (R\$ 000)

| | | | | |
|-----------|-----------|-------|-----------|--------|
| 648,938 | 644,340 | 0.7% | 508,904 | 27.5% |
| 508,421 | 484,761 | 8.4% | 665,071 | -21.0% |
| 186,897 | 199,317 | -6.2% | 241,563 | -22.6% |
| 1,344,256 | 1,328,418 | 2.5% | 1,415,538 | -3.8% |

Notes: ST – Short term | LT- Long term | PoC – Percentage of Completion Method.

Receivables from developments: accounts receivable not yet recognized according to PoC and BRGAAP

Receivables from PoC: accounts receivable already recognized according to PoC and BRGAAP.

Table 16 – Receivables Schedule (R\$ 000)

| | | | | | |
|---------|---------|---------|--------|--------|-------|
| 695,318 | 421,912 | 161,421 | 89,372 | 17,571 | 5,042 |
|---------|---------|---------|--------|--------|-------|

Cash Generation

The operating cash generation was negative in R\$31.9 million in the 1Q18, mainly due to the lower volume of delivered projects and consequent reduction in transfers, and higher construction cost due to the start of construction works in certain projects.

Table 17 – Cash Generation (R\$ 000)

| |
|----------|
| 204,938 |
| 57,476 |
| 983,468 |
| -121,430 |
| 250,766 |
| -71,860 |

¹ Cash and cash equivalents, and marketable securities.

Liquidity

On February 28th, 2018, Gafisa's Board of Directors ratified the capital increase approved at the Extraordinary General Meeting of December 2017. The capital increase, totaling R\$250.8 million, contributed to adjust the capital structure and reinforces the Company's position to operate in this new growth cycle of the real estate market.

At the end of 1Q18, the Company's Net Debt/Shareholders' Equity ratio was 81.6%, compared to 126.1% at the end of 4Q17, mainly reflecting the Company's capital increase. Excluding project finance, the Net Debt/Shareholders' Equity ratio was 9.6%.

In 1Q18, the gross debt reached R\$983.5 million, down 11.0% q-o-q, with an expressive 38.0% reduction y-o-y. The net debt amounted to R\$778.5 million, 18.7% and 42.2% lower than in 4Q17 and 1Q17, respectively.

Table 18 – Debt and Investor Obligations (R\$ 000)

| | | | | |
|---------|-----------|-----------|-----------|----------|
| - | - | - | 311,202 | - |
| 168,041 | 207,713 | -19.1% | 140,485 | 19.6% |
| 686,728 | 733,103 | -6.3% | 970,370 | -29.2% |
| 128,699 | 164,082 | -21.6% | 165,256 | -22.1% |
| 983,468 | 1,104,898 | -11.0% | 1,587,313 | -38.0% |
| - | - | - | 1,999 | - |
| 983,468 | 1,104,898 | -11.0% | 1,589,312 | -38.1% |
| 204,938 | 147,462 | 39.0% | 236,934 | -13.5% |
| 778,530 | 957,436 | -18.7% | 1,352,378 | -42.4% |
| 936,904 | 759,404 | 25.6% | 1,562,141 | -38.9% |
| 83.1% | 126.1% | -4445 bps | 86.6% | -495 bps |
| 9.8% | 29.5% | -1992 bps | 4.5% | 509 bps |

¹ Cash and cash equivalents and marketable securities.

The Company ended 1Q18 with R\$335.8 million in total debt maturing in the short term, or 34.1% of the total debt, compared to 51.5% at the end of 4Q17. We point out that Gafisa renegotiated the maturity of debts expiring in 2018 and 2019 in the approximate amount of R\$456.3 million for 2020 and 2021, which was a precedent condition to the capital increase mentioned above. On March 31st, 2017, the consolidated debt average cost was 11.59% p.a.

Table 19 – Debt Maturity

| | | | | | |
|--|---------------|---------|---------|---------|--------|
| CDI + 3.0% / CDI + 5.25% / IPCA + 8.37% TR + 8.30% to 14.19% / 12.87% and 143% CDI 135% CDI / CDI + 2.5% / CDI + 3% / CDI + 4.25% / CDI + 5% | 168,041 | 11,408 | 115,112 | 41,521 | - |
| | 686,728 | 266,056 | 201,909 | 173,475 | 45,288 |
| | 128,699 | 58,320 | 17,139 | 47,009 | 6,231 |
| | 983,468 | 335,784 | 334,160 | 262,005 | 51,519 |
| | | 34.1% | 34.0% | 26.6% | 5.2% |
| | | 79.2% | 60.4% | 66.2% | 87.9% |
| | | 20.8% | 39.6% | 33.8% | 12.1% |
| | 30.2% / 69.8% | | | | |

São Paulo, May 10th, 2018.

Alphaville Urbanismo SA releases its results for the first quarter of 2018.

Financial Results

In the first quarter of 2018, net revenues were R\$ 86 million and net profit was R\$-92 million.

| | | | |
|---------------------|-----|------|-----|
| Net revenues | 86 | 61 | 39% |
| Net income | -92 | -103 | n/a |

For further information, please contact our Investor Relations team at ri@alphaville.com.br or +55 11 3038-7131.

Consolidated Financial Statements

| | 1Q18 | 4Q17 | Q/Q (%) | 1Q17 | Y/Y (%) |
|--|-------------|-------------|----------------|-------------|----------------|
| Net Revenue | 213,397 | 164,706 | 29.6% | 136,539 | 56.3% |
| Operating Costs | (190,535) | (335,433) | -43.2% | (153,706) | 24.0% |
| Gross Profit | 22,862 | (170,727) | - | (17,167) | - |
| Gross Margin | 10.7% | -103.7% | - | -12.6% | - |
| Operating Expenses | (59,783) | (292,573) | -79.6% | (109,994) | -45.6% |
| Selling Expenses | (24,279) | (24,399) | -0.5% | (19,056) | 27.4% |
| General and Administrative Expenses | (18,696) | (24,165) | -22.6% | (27,369) | -31.7% |
| Other Operating Revenue/Expenses | (12,205) | (150,246) | -91.9% | (19,702) | -38.1% |
| Depreciation and Amortization | (3,985) | (31,560) | -87.4% | (8,708) | -54.2% |
| Equity Income | (618) | (62,203) | -99.0% | (35,159) | -98.2% |
| Operational Result | (36,921) | (463,300) | -92.0% | (127,161) | -71.0% |
| Financial Income | 5,344 | 6,053 | -11.7% | 7,870 | -32.1% |
| Financial Expenses | (25,294) | (30,302) | -16.5% | (36,430) | -30.6% |
| Net Income Before taxes on Income | (56,871) | (487,549) | -88.3% | (155,721) | -63.5% |
| Deferred Taxes | - | 25,932 | - | - | - |
| Income Tax and Social Contribution | (232) | (1,159) | -80.0% | (1,346) | -82.8% |
| Net Income After Taxes on Income | (57,103) | (462,776) | -87.7% | (157,067) | -63.6% |
| Continued Op. Net Income | (57,103) | (462,776) | -87.7% | (157,067) | -63.6% |
| Discontinued Op. Net Income | - | - | - | 107,720 | - |
| Minority Shareholders | (1,179) | (161) | 632.3% | 50 | - |
| Net Income | (55,924) | (462,615) | -87.9% | (49,397) | 13.2% |

Consolidated Balance Sheet

| | 1Q18 | 4Q17 | Q/Q(%) | 1Q17 | Y/Y(%) |
|---|-------------|-------------|---------------|-------------|---------------|
| Current Assets | | | | | |
| Cash and Cash equivalents | 23,654 | 28,527 | -17.1% | 23,814 | -0.7% |
| Securities | 181,284 | 118,935 | 52.4% | 213,120 | -14.9% |
| Receivables from clients | 508,421 | 484,761 | 8.4% | 665,071 | -21.0% |
| Properties for sale | 849,737 | 882,189 | -3.7% | 1,058,742 | -19.7% |
| Other accounts receivable | 115,928 | 110,626 | 4.8% | 76,656 | 51.2% |
| Prepaid expenses and other | 5,136 | 5,535 | -7.2% | 6,839 | -24.9% |
| Land for sale | 65,798 | 102,352 | -35.7% | 3,270 | 1912.2% |
| Long-term Assets for sale | - | - | - | 1,412,682 | - |
| Subtotal | 1,749,958 | 1,732,925 | 2.0% | 3,460,194 | -48.9% |
| Long-term Assets | | | | | |
| Receivables from clients | 186,897 | 199,317 | -6.2% | 241,563 | -22.6% |
| Properties for sale | 336,511 | 339,797 | -1.0% | 599,046 | -43.8% |
| Other | 91,568 | 86,351 | 6.0% | 93,983 | -2.6% |
| Subtotal | 614,976 | 625,465 | -1.7% | 934,592 | -34.2% |
| Intangible, Property and Equipment | 41,005 | 40,622 | 0.9% | 47,113 | -13.0% |
| Investments | 479,445 | 479,126 | 0.1% | 764,852 | -37.3% |
| Total Assets | 2,885,384 | 2,878,138 | 0.8% | 5,206,751 | -44.3% |
| Current Liabilities | | | | | |
| Loans and financing | 324,376 | 481,073 | -32.6% | 650,152 | -50.1% |
| Debentures | 11,408 | 88,177 | -87.1% | 335,317 | -96.6% |
| Obligations for purchase of land advances from customers | 142,766 | 156,457 | -8.8% | 194,283 | -26.5% |
| Material and service suppliers | 99,165 | 98,662 | 0.5% | 68,788 | 44.2% |
| Taxes and contributions | 52,016 | 46,430 | 12.0% | 47,132 | 10.4% |
| Other | 325,760 | 342,887 | -5.0% | 399,735 | -18.5% |
| In Natura Dividends | - | - | - | 327,230 | - |
| Liabilities on Assets from Discontinued Operations | - | - | - | 653,204 | - |

| | | | | | |
|---|-----------|-----------|--------|-----------|--------|
| Subtotal | 955,491 | 1,213,686 | -21.3% | 2,675,841 | -64.3% |
| Long-term liabilities | | | | | |
| Loans and financings | 491,051 | 416,112 | 18.0% | 485,474 | 1.1% |
| Debentures | 156,633 | 119,536 | 31.0% | 116,370 | 34.6% |
| Obligations for Purchase of Land and advances from customers | 134,924 | 152,377 | -11.5% | 93,892 | 43.7% |
| Deferred taxes | 74,473 | 74,473 | 0.0% | 100,405 | -25.8% |
| Provision for Contingencies | 78,293 | 82,063 | -4.6% | 84,720 | -7.6% |
| Other | 57,615 | 60,487 | -4.7% | 87,908 | -34.5% |
| Subtotal | 992,989 | 905,048 | 9.7% | 968,769 | 2.5% |
| Shareholders' Equity | | | | | |
| Shareholders' Equity | 934,236 | 755,557 | 25.9% | 1,553,057 | -38.8% |
| Minority Shareholders | 2,668 | 3,847 | -30.6% | 9,084 | -70.6% |
| Subtotal | 936,904 | 759,404 | 25.6% | 1,562,141 | -38.9% |
| Total Liabilities and Shareholders' Equity | 2,885,384 | 2,878,138 | 0.8% | 5,206,751 | -44.3% |

Consolidated Cash Flow

| | 1Q18 | 1Q17 |
|--|-------------|-------------|
| Net Income (Loss) before taxes | (56,871) | (48,001) |
| Expenses/revenues that does not impact working capital | 8,068 | (20,301) |
| Depreciation and amortization | 3,985 | 8,708 |
| Impairment | (9,176) | (7,044) |
| Expense with stock option plan | (91) | 2,128 |
| Unrealized interest and fees, net | 3,781 | 25,761 |
| Equity Income | 618 | 35,159 |
| Provision for guarantee | (834) | (1,601) |
| Provision for contingencies | 11,527 | 16,736 |
| Profit Sharing provision | 1,231 | 4,237 |
| Provision (reversal) for doubtful accounts | (2,953) | 4,141 |
| Gain / Loss of financial instruments | (20) | (806) |
| Provision for impairment of discontinued operation | - | (215,440) |
| Stock sale update | - | 107,720 |
| Clients | (31,059) | 75,552 |
| Properties held for sale | 81,468 | 64,955 |
| Other accounts receivable | (4,508) | 6,386 |
| Prepaid expenses and differed sales expenses | 399 | (4,291) |
| Obligations on land purchase and advances from clients | (31,144) | (7,522) |
| Taxes and contributions | 5,586 | (4,710) |
| Providers | 110 | (9,874) |
| Payroll, charges and provision for bonuses | 494 | 297 |
| Other liabilities | (29,803) | (9,029) |
| Related party operations | (5,269) | (5,573) |
| Taxes paid | (232) | (1,346) |
| Cash provided by/used in operating activities /discontinued operation | - | 33,455 |
| Net cash from operating activities | (62,761) | 69,998 |
| Investment Activities | - | - |
| Purchase of fixed and intangible asset | (4,368) | (3,616) |
| Capital contribution in subsidiaries | (499) | (77) |
| Redemption of securities, collaterals and credits | 469,903 | 216,017 |
| Securities application and restricted lending | (532,252) | (205,491) |
| Cash provided by/used in investment activities / discontinued operation | - | (51,044) |
| Net cash from investment activities | (67,216) | (44,211) |
| Funding Activities | - | - |
| Related party contributions | (451) | 762 |
| Addition of loans and financing | 51,938 | 75,595 |
| Amortization of loans and financing | (177,149) | (151,611) |
| Assignment of credit receivables, net | - | 21,513 |
| Related Parties Operations | - | 4,335 |
| Sale of treasury shares | - | 310 |
| | - | 34,690 |

| | | |
|--|---------|----------|
| Cash provided by/used in financing activities/ discontinued operation | | |
| Capital Increase | 167 | - |
| Subscription and integralization of ordinary shares | 250,599 | - |
| Net cash from financing activities | 125,104 | (14,406) |
| Net cash variation for sales operations | - | (17,101) |
| Increase (decrease) in cash and cash equivalents | (4,873) | 11,381 |
| Beginning of the period | 28,527 | 29,534 |
| End of the Period | 23,654 | 23,814 |
| Increase (decrease) in cash and cash equivalents | (4,873) | 11,381 |

Gafisa is one of Brazil's leading residential and commercial properties development and construction companies. Founded over 60 years ago, the Company is dedicated to growth and innovation oriented to enhancing the well-being, comfort, and safety of an increasing number of households. More than 15 million square meters have been built, and approximately 1,100 projects delivered under the Gafisa brand - more than any other company in Brazil. Recognized as one of the foremost professionally managed homebuilders, Gafisa's brand is also one of the most respected, signifying both quality and consistency. In addition to serving the upper-middle and upper class segments through the Gafisa brand, the Company also participates through its 30% interest in Alphaville, a leading urban developer in the national development and sale of residential lots. Gafisa S.A. is a Corporation traded on the Novo Mercado of the B3 – Brasil, Bolsa, Balcão (B3:GFSA3) and is the only Brazilian homebuilder listed on the New York Stock Exchange (NYSE:GFA) with an ADR Level III, which ensures best practices in terms of transparency and corporate governance.

This release contains forward-looking statements about the business prospects, estimates for operating and financial results and Gafisa's growth prospects. These are merely projections and, as such, are based exclusively on the expectations of management concerning the future of the business and its continued access to capital to fund the Company's business plan. Such forward-looking statements depend, substantially, on changes in market conditions, government regulations, competitive pressures, the performance of the Brazilian economy and the industry, among other factors; therefore, they are subject to change without prior notice.

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(A free translation of the original report in Portuguese as published in Brazil)

Gafisa S.A.

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

1. Operations

Gafisa S.A. ("Gafisa" or "Company") is a publicly traded company with registered office at Avenida das Nações Unidas, 8.501, 19th floor, in the city and state of São Paulo, Brazil and commenced its operations in 1997 with the objectives of: (i) promoting and managing all forms of real estate ventures on its own behalf or for third parties (in the latter case, as construction company or proxy); (ii) selling and purchasing real estate properties; (iii) providing civil construction and civil engineering services; (iv) developing and implementing marketing strategies related to its own and third party real estate ventures; and (v) investing in other companies who share similar objectives.

The Company has stocks traded at B3 S.A. – Brasil, Bolsa, Balcão (former BM&FBovespa) and the New York Stock Exchange (NYSE), reporting its information to the Brazilian Securities and Exchange Commission (CVM) and the U.S. Securities and Exchange Commission (SEC).

The Company enters into real estate development projects with third parties through specific purpose partnerships ("Sociedades de Propósito Específico" or "SPEs") or through the formation of consortia and condominiums. The controlled entities substantially share managerial and operating structures, and corporate, managerial and operating costs with the Company. The SPEs, condominiums and consortia operate solely in the real estate industry and are linked to specific ventures.

On February 28, 2018, the Board of Directors partially ratified the capital increase approved at the Extraordinary Shareholders' Meeting held on December 20, 2017, considering the subscription and contribution of 16,717,752 new common shares, at a price per share of R\$15.00, of which R\$0.01 per share allocated to capital, and R\$14.99 per share allocated to capital reserve, totaling R\$167 and R\$250,599, respectively. The capital increase is included in the Company's plans for reinforcing cash availability, strengthening its capital structure in view of the current indebtedness level, as well as making viable the Company's strategic and operational positioning for a new cycle of the real estate market.

(A free translation of the original report in Portuguese as published in Brazil)

Gafisa S.A.

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

2. Presentation of quarterly information and summary of significant accounting policies

2.1. Basis of presentation and preparation of individual and consolidated quarterly information

On May 10, 2018, the Company's Board of Directors approved these individual and consolidated quarterly information of the Company and authorized their disclosure.

The Quarterly Information (ITR) were prepared in accordance with the Accounting Pronouncements Committee (CPC) Technical Pronouncement (CPC) 21 (R1) – Interim Financial Reporting, considering the guidance provided in oficio circular/CVM/SNC/SEP 01/2018 related to the application of Technical Orientation - OCPC 04, issued by the CPC and approved by the Brazilian Securities and Exchange Commission ("CVM") and the Federal Accounting Council (CFC), about the revenue recognition over time, as well as presented consistently with the rules issued by the CVM applicable to the ITR preparation.

Except for the changes described in Note 3, the quarterly information were prepared using the same accounting practices, judgments, estimates and assumptions adopted in the presentation and preparation of the financial statements for the year ended December 31, 2017. Therefore, the corresponding quarterly information shall be read together with the financial statements as of December 31, 2017.

The individual quarterly information of the Company is not considered in compliance with the International Financial Reporting Standards (IFRS), once it considers the capitalization of interest on qualifying assets of

investees in the individual quarterly information of the Company.

The quarterly information was prepared on a going concern basis. Management periodically makes an assessment of the Company's ability to continue as going concern when preparing the quarterly information.

All amounts reported in the accompanying quarterly information are in thousands of Brazilian Reais, except as otherwise stated.

The other explanations related to this note were not subject to material changes in relation to the disclosures in Note 2.1 to the individual and consolidated financial statements as of December 31, 2017.

(A free translation of the original report in Portuguese as published in Brazil)

Gafisa S.A.

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

2. Presentation of quarterly information and summary of significant accounting policies

--Continued

2.1. Basis of presentation and preparation of individual and consolidated quarterly information

--Continued

2.1.1. Consolidated quarterly information

The accounting practices were uniformly adopted in all subsidiaries included in the consolidated financial statements and the fiscal year of these companies is the same of the Company. See further details in Note 9.

The other explanations related to this note were not subject to material changes in relation to the disclosures in Note 2.1.1 to the individual and consolidated financial statements as of December 31, 2017.

2.1.2. Statement of Cash Flows

In view of the disclosure of the discontinued operations related to Construtora Tenda S.A. in 2017, and in line with CPCs 03 – Statement of Cash Flows and CPC 31 - Non-current Assets Held for Sale and

Discontinued Operations, the information on operating, financing and investing activities related to discontinued operations are presented in separated lines in the Statement of Cash Flows of the Company for the periods ended March 31, 2017. Accordingly, the line item "Foreign Exchange Gains and Losses on Cash and Cash Equivalents", shown in the Statement of Cash Flows for the period ended March 31, 2017, refers to the net increase (decrease) in cash and cash equivalents of discontinued operations and is being presented in this line item as it is impossible to change the line item's name in this Quarterly Information Form.

(A free translation of the original report in Portuguese as published in Brazil)

Gafisa S.A.

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

3. New standards, changes and interpretation of standards issued and not yet adopted

The following standards enter into effect on January 1, 2018:

(i) The IFRS 15 – Revenue from Contracts with Customers (CPC 47) introduces new requirements for measurement and timing of revenue recognition. For the specific case of the real estate development sector, maintaining the POC revenue recognition method or adopting the method of keys, for example, depends on the contractual analyses made by Management. In view of the Ofício circular CVM/SNC/SEP/01/2018, issued by CVM's technical area, which instructed entities to keep following the provisions of OCPC 04 – Application of the Technical Interpretation 02 to the Brazilian Real Estate Development Entities, currently in effect, the Company continued to recognize revenue using the POC method for the period ended March 31, 2018.

(ii) The IFRS 9 – Financial Instruments (CPC 48) includes, among others, new models for classification and measurement of financial instruments, and measurement of prospective expected credit losses for financial and contractual assets.

Based on its evaluation, the Company concluded that the new classification requirements did not have a significant impact on the recognition of financial assets measured at fair value.

Additionally, according to CPC 48, expected losses are measured using one of the following bases: 12-month expected credit losses, and full lifetime expected credit losses. Therefore, the Company carried out the measurement of the allowance regarding the expected credit losses on contracts sold, which is

recorded together with the recognition of the respective revenue.

The impact from the first-time adoption on the opening statement of financial position as of January 1, 2018 is as follows:

| | Company | | | Consolidated | | |
|---|------------------------------|---------------------------------|---|------------------------------|---------------------------------|---|
| | Originally reported balances | Impact from applying the CPC 48 | Balances after applying the CPC 48 as of 01/01/2018 | Originally reported balances | Impact from applying the CPC 48 | Balances after applying the CPC 48 as of 01/01/2018 |
| <u>Statement of financial position</u> | | | | | | |
| Assets | | | | | | |
| Trade accounts receivable of development and services | 371,228 | (16,869) | 354,359 | 484,761 | (16,869) | 467,892 |
| Other current assets | 998,284 | - | 998,284 | 1,248,164 | - | 1,248,164 |
| Total current assets | 1,369,512 | (16,869) | 1,352,643 | 1,732,925 | (16,869) | 1,716,056 |
| Total non-current assets | 2,169,397 | - | 2,169,397 | 1,145,213 | - | 1,145,213 |
| Total Assets | 3,538,909 | (16,869) | 3,522,040 | 2,878,138 | (16,869) | 2,861,269 |
| Liabilities | | | | | | |
| Total current liabilities | 1,984,597 | - | 1,984,597 | 1,213,686 | - | 1,213,686 |
| Total non-current liabilities | 798,755 | - | 798,755 | 905,048 | - | 905,048 |
| Total equity | 755,557 | (16,869) | 738,688 | 759,404 | (16,869) | 742,535 |
| Total liabilities and equity | 3,538,909 | (16,869) | 3,522,040 | 2,878,138 | (16,869) | 2,861,269 |

The other explanations related to this note were not subject to material changes in relation to the disclosures in Note 3 to the individual and consolidated financial statements as of December 31, 2017.

(A free translation of the original report in Portuguese as published in Brazil)

Gafisa S.A.

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

4. Cash and cash equivalents and short-term investments

4.1. Cash and cash equivalents

| | Company | | Consolidated | |
|--|-------------------|-------------------|---------------------|-------------------|
| | 03/31/2018 | 12/31/2017 | 03/31/2018 | 12/31/2017 |
| Cash and banks | 14,387 | 7,461 | 23,654 | 28,527 |
| Total cash and cash equivalents | | | | |
| (Note 20.i.d, 20.ii.a and 20.iii) | 14,387 | 7,461 | 23,654 | 28,527 |

4.2. Short-term investments

| | Company | | Consolidated | |
|--|-------------------|-------------------|---------------------|-------------------|
| | 03/31/2018 | 12/31/2017 | 03/31/2018 | 12/31/2017 |
| Fixed-income funds | 140,595 | 62,676 | 141,684 | 66,885 |
| Government bonds (LFT) (a) | - | 1,164 | - | 1,207 |
| Securities purchased under resale agreements (a) | - | 2,913 | - | 3,019 |
| Bank certificates of deposit (b) | 26,579 | 36,847 | 26,666 | 37,025 |

| | | | | |
|---------------------------------------|--------------|-------|---------------|--------|
| Restricted cash in guarantee to loans | 371 | 366 | 371 | 366 |
| Restricted credits | 7,699 | 6,979 | 12,563 | 10,433 |

Total short-term investments

| | | | | |
|--|----------------|---------|----------------|---------|
| (Note 20.i.d, 20.ii.a and 20.iii) | 175,244 | 110,945 | 181,284 | 118,935 |
|--|----------------|---------|----------------|---------|

(a) On January 12, 2018 the Company discontinued Fundo Square, settling the LFT transactions and the securities purchased under resale agreements linked to the Fundo Like.

(b) As of March 31, 2018, Bank Certificates of Deposit (CDBs) include interest earned through the statement of financial position's reporting date, ranging from 90% to 101.2% (from 90% to 100.8% as of December 31, 2017) of Interbank Deposit Certificates (CDI).

The other explanations related to this note were not subject to material changes in relation to the disclosures in Note 4.2 to the financial statements as of December 31, 2017.

5. Trade accounts receivable of development and services

| | Company | | Consolidated | |
|--|-------------------|------------|---------------------|------------|
| | 03/31/2018 | 12/31/2017 | 03/31/2018 | 12/31/2017 |
| Real estate development and sales | 622,381 | 563,070 | 743,973 | 717,006 |
| (-) Allowance for doubtful accounts | (46,875) | (32,959) | (46,875) | (32,959) |
| (-) Present value adjustments | (14,776) | (12,448) | (17,212) | (14,887) |
| Services and construction and other receivables | 14,871 | 14,167 | 15,432 | 14,918 |
| Total trade accounts receivable of development and services | 575,601 | 531,830 | 695,318 | 684,078 |
| (Note 20.i.d and 20.ii.a) | | | | |
| Current | 428,979 | 371,228 | 508,421 | 484,761 |
| Non-current | 146,622 | 160,602 | 186,897 | 199,317 |

(A free translation of the original report in Portuguese as published in Brazil)

Gafisa S.A.

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

5. Trade accounts receivable of development and services --Continued

The current and non-current portions have the following maturities:

| Maturity | Company | | Consolidated | |
|--|-----------------|------------|-----------------|------------|
| | 03/31/2018 | 12/31/2017 | 03/31/2018 | 12/31/2017 |
| Past due: | | | | |
| Up to 90 days | 35,900 | 33,935 | 50,037 | 70,403 |
| From 91 to 180 days | 10,739 | 9,338 | 17,125 | 17,861 |
| Over 180 days | 80,035 | 80,708 | 101,544 | 100,581 |
| | 126,674 | 123,981 | 168,706 | 188,845 |
| Falling due: | | | | |
| 2018 | 266,506 | 280,801 | 300,432 | 329,821 |
| 2019 | 147,399 | 90,498 | 175,111 | 114,718 |
| 2020 | 75,016 | 74,821 | 90,795 | 89,099 |
| 2021 | 17,845 | 3,527 | 18,870 | 4,414 |
| 2022 onwards | 3,812 | 3,609 | 5,491 | 5,027 |
| | 510,578 | 453,256 | 590,699 | 543,079 |
| (-) Present value adjustment | (14,776) | (12,448) | (17,212) | (14,887) |
| (-) Allowance for doubtful account and cancelled contracts | (46,875) | (32,959) | (46,875) | (32,959) |
| | 575,601 | 531,830 | 695,318 | 684,078 |

The changes in the allowance for doubtful accounts for the period ended March 31, 2018 is as follows:

| | Company and Consolidated 03/31/2018 |
|---|--|
| Balance at December 31, 2017 | (32,959) |
| CPC 48 first-time adoption at 01/01/2018 (Note 3) | (16,869) |
| Additions (Note 22) | (249) |
| Write-offs / Reversals (Note 22) | 3,202 |
| Balance at March 31, 2018 | (46,875) |

The other explanations related to this note were not subject to material changes in relation to the disclosures in Note 5 to the financial statements as of December 31, 2017.

6. Properties for sale

| | Company | | Consolidated | |
|--|-------------------|------------|---------------------|------------|
| | 03/31/2018 | 12/31/2017 | 03/31/2018 | 12/31/2017 |
| Land | 503,516 | 493,422 | 564,346 | 544,057 |
| (-) Provision for loss on realization of land | (102,249) | (98,752) | (102,249) | (98,752) |
| (-) Present value adjustment | (11,674) | (9,689) | (11,828) | (9,829) |
| Property under construction (Note 29) | 390,293 | 410,797 | 491,440 | 507,619 |
| Completed units | 293,195 | 327,842 | 320,648 | 359,601 |
| (-) Provision for loss on realization of properties under construction and completed units | (76,109) | (80,710) | (76,109) | (80,710) |
| Total properties for sale | 996,972 | 1,042,910 | 1,186,248 | 1,221,986 |
| Current portion | 711,171 | 753,748 | 849,737 | 882,189 |
| Non-current portion | 285,801 | 289,162 | 336,511 | 339,797 |

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Gafisa S.A.

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

6. Properties for sale --Continued

In the period ended March 31, 2018, the change in the provision for loss on realization is summarized as follows:

| | Company and Consolidated |
|--|-------------------------------------|
| Balance at December 31, 2017 | (179,462) |
| Reclassification of land available for sale (Note 8.1) | (3,497) |
| Write-offs | 4,601 |
| Balance at March 31, 2018 | (178,358) |

The amount of properties for sale offered as guarantee for financial liabilities is described in Note 12.

The other explanations related to this note were not subject to material changes in relation to the disclosures in Note 6 to the financial statements as of December 31, 2017.

7. Other assets

| | Company | | Consolidated | |
|--|-------------------|-------------------|---------------------|-------------------|
| | 03/31/2018 | 12/31/2017 | 03/31/2018 | 12/31/2017 |
| Advances to suppliers | 4,603 | 2,081 | 5,277 | 5,358 |
| Recoverable taxes (IRRF, PIS, COFINS, among other) | 24,461 | 26,808 | 31,308 | 33,623 |
| Judicial deposits (Note 16) | 87,281 | 80,903 | 90,051 | 83,523 |
| Total other assets | 116,345 | 109,792 | 126,636 | 122,504 |
| Current portion | 50,082 | 47,640 | 58,259 | 58,332 |
| Non-current portion | 66,263 | 62,152 | 68,377 | 64,172 |

8. Non-current assets held for sale**8.1 Land available for sale**

The changes in land available for sale are summarized as follows:

| | Company | | | Consolidated | | |
|--|----------------|---------------------------------|--------------------|---------------------|---------------------------------|--------------------|
| | Cost | Provision for impairment | Net balance | Cost | Provision for impairment | Net balance |
| Balance at December 31, 2017 | 113,824 | (68,827) | 44,997 | 233,522 | (131,170) | 102,352 |
| Reclassification to Properties for Sale (Note 6) | (40,262) | 3,497 | (36,765) | (40,262) | 3,497 | (36,765) |
| Additions (Note 23) | 237 | - | 237 | 265 | - | 265 |
| Reversals/ Write-offs | (4,629) | 4,575 | (54) | (4,629) | 4,575 | (54) |
| Balance at March 31, 2018 | 69,170 | (60,755) | 8,415 | 188,896 | (123,098) | 65,798 |

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Gafisa S.A.

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

8. Non-current assets held for sale --Continued

8.2 Disposal group held for sale and profit or loss of discontinued operations

| | Company | | Consolidated | |
|---|-------------------|-------------------|---------------------|-------------------|
| | 03/31/2018 | 03/31/2017 | 03/31/2018 | 03/31/2017 |
| Reversal of impairment loss (i) | - | 215,440 | - | 215,440 |
| Portion related to payable for sale of shares (iii) | - | (107,720) | - | (107,720) |
| Impairment loss on Tenda's profit or loss | - | (18,940) | - | (18,940) |
| Tenda's profit or loss for the period ended March 31, 2017 (ii) | - | 18,940 | - | 18,940 |
| Profit or loss of discontinued operations | - | 107,720 | - | 107,720 |

(i) The measurement of non-current assets held for sale at the lower of the carrying value and the fair value less cost to sell. For the period ended March 31, 2017, the fair value of discontinued operations was adjusted, considering the weighted average price per share for exercising preemptive rights at R\$12.12.

(ii) Amount of the profit or loss from discontinued operations, net of the eliminations related to intercompany transactions.

(iii) Amount of R\$107,720 related to the obligation to sell 50% of Construtora Tenda S.A.'s shares for the price of R\$8.13 per share, settled on May 4, 2017, reflected in the profit or loss of discontinued operations, in order to reflect the difference between the fair value of the group of assets held for sale and the effective

selling price.

For the period ended March 31, 2017, the Company carried out the remeasurement of the fair value of the disposal group held for sale, related to Construtora Tenda S.A., considering the weighted average value per share for exercising preemptive rights traded over the period between March 17 and 31, 2017, as measurement basis, leading to the price of R\$12.12 per share, and, accordingly, valuing Construtora Tenda S.A. at R\$754,460.

The main lines of the statements of profit or loss and cash flows of the subsidiary Tenda are as follows:

| <u>Statement of profit or loss</u> | Period ended 03/31/2017 | <u>Cash flow</u> | Period ended 03/31/2017 |
|---|------------------------------------|-------------------------|------------------------------------|
| Net operating revenue | 324,687 | Operating activities | 33,455 |
| Operating costs | (217,372) | Investing activities | (51,044) |
| Operating expenses, net | (81,099) | Financing activities | 34,690 |
| Depreciation and amortization | (3,272) | | |
| Income from equity method investments | 89 | | |
| Financial income (expenses) | (663) | | |
| Income tax and social contribution | (4,533) | | |
| | 17,837 | | |
| Non-controlling interests | (1,103) | | |
| Net income for the year | 18,940 | | |

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Gafisa S.A.

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

9. Investments in subsidiaries and jointly controlled investees

(i) Information on subsidiaries, jointly-controlled investees and associates

| Subsidiaries: | Interest in capital - % | | Total | Total | Equity and advance | | Profit (loss) for the | |
|--------------------------------------|-------------------------|------------|--------|-------------|--------------------|----------|-----------------------|---------|
| | 03/31/2018 | 12/31/2017 | assets | liabilities | for future capital | increase | year | |
| Gafisa SPE-130 Emp. Imob. Ltda. | 100% | 100% | 84,645 | 15,849 | 68,796 | 69,956 | (1,160) | (7,829) |
| Gafisa SPE-111 Emp. Imob. Ltda. | 100% | 100% | 66,226 | 4,334 | 61,892 | 62,073 | (182) | (192) |
| Maraville Gafsa SPE Emp. Imob. Ltda. | 100% | 100% | 74,637 | 17,911 | 56,726 | 56,743 | (17) | 1,740 |
| Gafisa SPE-89 Emp. Imob. Ltda. | 100% | 100% | 57,849 | 6,819 | 51,030 | 51,214 | (184) | (7) |
| Gafisa SPE - 127 Emp. Imob. Ltda. | 100% | 100% | 46,653 | 704 | 45,949 | 46,135 | (185) | (190) |
| Gafisa SPE-51 Emp. Imob. Ltda. | 100% | 100% | 48,446 | 2,501 | 45,945 | 45,968 | (24) | 135 |

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| | | | | | | | | | |
|---|---|-------------|------|----------------|---------------|---------------|--------|----------------|---------|
| Gafisa SPE - 121 Emp. Imob. Ltda. | - | 100% | 100% | 46,083 | 1,712 | 44,371 | 44,372 | (1) | (371) |
| Gafisa SPE 72 Emp. Imob. Ltda. | - | 100% | 100% | 44,220 | 485 | 43,735 | 43,809 | (74) | 60 |
| Gafisa SPE - 122 Emp. Imob. Ltda. | - | 100% | 100% | 60,938 | 17,404 | 43,534 | 49,255 | (5,721) | (187) |
| Gafisa SPE-104 Emp. Imob. Ltda. | - | 100% | 100% | 121,317 | 78,546 | 42,771 | 40,744 | 2,027 | 558 |
| Gafisa SPE-110 Emp. Imob. Ltda. | - | 100% | 100% | 40,948 | 1,050 | 39,898 | 40,084 | (186) | 66 |
| Gafisa SPE - 120 Emp. Imob. Ltda. | - | 100% | 100% | 38,037 | 608 | 37,429 | 37,469 | (41) | (37) |
| Manhattan Square Em. Im. Res. 02 Ltda | - | 100% | 100% | 36,136 | 110 | 36,026 | 36,026 | - | - |
| SPE Parque Ecoville Emp. Imob. Ltda. | - | 100% | 100% | 39,708 | 9,176 | 30,532 | 30,909 | (377) | (73) |
| Gafisa SPE-107 Emp. Imob. Ltda. | - | 100% | 100% | 29,528 | 6 | 29,522 | 29,522 | (1) | 2 |
| Gafisa SPE-134 Emp. Imob. Ltda. | - | 100% | 100% | 43,473 | 14,804 | 28,669 | 29,635 | (966) | 246 |
| Gafisa SPE- 129 Emp. Imob. Ltda. | - | 100% | 100% | 27,927 | 972 | 26,955 | 26,913 | 42 | (1,668) |
| Gafisa SPE-41 Emp. Imob. Ltda. | - | 100% | 100% | 26,597 | 8 | 26,589 | 26,581 | 9 | 5 |
| Gafisa SPE- 132 Emp. Imob. Ltda. | - | 100% | 100% | 38,556 | 14,501 | 24,055 | 24,142 | (88) | (367) |
| Verdes Pracas Incorp. Imobi. SPE Ltda. | - | 100% | 100% | 25,622 | 3,058 | 22,564 | 22,565 | (1) | 289 |
| Gafisa SPE-112 Emp. Imob. | - | 100% | 100% | 21,925 | 95 | 21,830 | 21,831 | (1) | - |

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| | | | | | | | | |
|--|-------------|------|----------------|----------------|---------------|--------|----------------|----------------|
| Ltda. | | | | | | | | |
| Gafisa SPE - 126 Emp. | - | | | | | | | |
| Imob. Ltda. | 100% | 100% | 19,561 | 32 | 19,529 | 19,548 | (19) | (398) |
| Manhattan Square Em. | - | | | | | | | |
| Im. Com. 02 Ltda | 100% | 100% | 17,959 | 1 | 17,958 | 17,958 | - | - |
| Gafisa SPE 46 Emp. | - | | | | | | | |
| Imob. Ltda. Edsp 88 | 100% | 100% | 17,751 | 164 | 17,587 | 17,557 | 30 | (253) |
| Participações S.A. | 100% | 100% | 29,172 | 12,667 | 16,505 | 16,466 | 39 | 391 |
| Gafisa SPE 30 Emp. | - | | | | | | | |
| Imob. Ltda. | 100% | 100% | 16,486 | 208 | 16,278 | 16,276 | 1 | 12 |
| Gafisa SPE-92 Emp. | - | | | | | | | |
| Imob. Ltda. | 100% | 100% | 15,756 | 118 | 15,638 | 15,663 | (25) | 19 |
| Gafisa SPE-106 Emp. Imob. Ltda. | 100% | 100% | 15,590 | 6 | 15,584 | 15,596 | (12) | - |
| Gafisa Vendas Interm. Imobiliaria Ltda | - | | | | | | | |
| Gafisa SPE 33 Emp. | 100% | 100% | 20,550 | 6,353 | 14,197 | 17,727 | (3,531) | (3,403) |
| Imob. Ltda. | 100% | 100% | 196,225 | 182,397 | 13,828 | 13,480 | 349 | 42 |
| Gafisa SPE 71 Emp. | - | | | | | | | |
| Imob. Ltda. | 100% | 100% | 12,667 | 167 | 12,500 | 12,505 | (5) | (1,146) |
| Gafisa SPE 65 Emp. | - | | | | | | | |
| Imob. Ltda. | 100% | 100% | 11,306 | 284 | 11,022 | 11,014 | 9 | 15 |
| Gafisa SPE 36 Emp. | - | | | | | | | |
| Imob. Ltda. | 100% | 100% | 9,208 | 350 | 8,858 | 8,872 | (14) | (45) |
| Gafisa SPE-81 Emp. | - | | | | | | | |
| Imob. Ltda. | 100% | 100% | 9,611 | 1,164 | 8,447 | 8,440 | 6 | (14) |
| Gafisa SPE-38 Emp. | - | | | | | | | |
| Imob. Ltda. | 100% | 100% | 7,948 | 1 | 7,947 | 7,948 | (1) | (1) |
| Gafisa SPE-109 Emp. Imob. Ltda. | - | | | | | | | |
| | 65% | 65% | 7,236 | 55 | 7,181 | 7,181 | - | 1 |

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| | | | | | | | | | |
|---|-----|-------------|------|------------------|----------------|------------------|-----------|-----------------|--------------|
| Gafisa SPE-37 Emp. Imob. Ltda. | - | 100% | 100% | 7,123 | 470 | 6,653 | 6,663 | (10) | (11) |
| Gafisa SPE-90 Emp. Imob. Ltda. | - | 100% | 100% | 8,626 | 2,200 | 6,426 | 6,470 | (44) | - |
| Gafisa SPE - 123 Emp. Imob. Ltda. | - | 100% | 100% | 15,970 | 10,066 | 5,904 | 6,101 | (197) | (2,705) |
| Gafisa SPE-87 Emp. Imob. Ltda. | - | 100% | 100% | 5,410 | 402 | 5,008 | 5,069 | (61) | (8) |
| OCPC01 Adjustment – capitalized | (a) | | | - | - | - | - | - | - |
| Other (*) | | | | 54,242 | 9,141 | 45,101 | 48,004 | (2,915) | (1,678) |
| Subtotal Subsidiaries | | | | 1,517,868 | 416,899 | 1,100,969 | 1,114,484 | (13,531) | (17,002) 1,1 |

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Gafisa S.A.

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

9. Investments in subsidiaries and jointly controlled investees --Continued

(I) Information on subsidiaries, jointly-controlled investees and associates --Continued

| | | Company | | Consolidated | | | | | |
|--|-------------------------------|--|----------------------------|---------------------------------------|---------------------------------------|----------|--------|--------|---------|
| | Interest in capital - Total % | Equity and advance for future increase Total capital | Profit (loss) for the year | Income from equity method investments | Income from equity method investments | | | | |
| Jointly-controlled investees: | 03/31/2018 | 03/31/2018 | 03/31/2018 | 03/31/2018 | 03/31/2018 | | | | |
| Gafisa SPE-116 Emp. Imob. Ltda. | 50% | 29,721 | 14,152 | 16,085 | 1,576 | 428,043 | 57,642 | 58,043 | 767 |
| Gafisa E Ivo Rizzo SPE-47 Emp. Imob. Ltda. | 80% | 3,015 | 32,396 | 2,393 | 3 | 25,917 | 2 | 25,917 | 1 |
| Parque Arvores Empr. Imob. Ltda. | 50% | 4,852 | 39,751 | 10,613 | 555 | 75,877 | 15,308 | 569 | 338 |
| Sitio Jatiuca Emp. Imob. SPE Ltda | 50% | 1,525 | 28,543 | 13,143 | 109 | 44,274 | 14,072 | 202 | (4,722) |
| FIT 13 SPE Emp. Imobiliários Ltda. | 50% | 2,240 | 28,958 | 10,885 | 70 | (16,178) | 10,442 | 35 | (28) |
| Varandas Grand Park Emp. Im. Spe Ltda | 50% | 3,630 | 26,674 | 19,858 | 99 | (10,087) | 9,929 | 157 | (401) |

| | | | | | | | | | | |
|---|-----|-----|----------------|---------------|--------------|-----------------|----------------|----------------|------------------|------------------|
| Atins Emp. Imob.s - Ltda. | 50% | 50% | 26,901 | 18,420 | 8,998 | 22 | 12,710 | 9,492 | 11 | 63 |
| Performance | - | | | | | | | | | |
| Gafisa General Severiano Ltda | 50% | 50% | 28,467 | 18,388 | 1,371 | 14 | 15,594 | 5,686 | 7 | 72 |
| Other (*) | (b) | 50% | 50% | 35,402 | 1,632 | 4,745 | 872 | 30,328 | 4,678 | 782 |
| Subtotal Jointly-controlled investees | | | 506,753 | 28,552 | 3,089 | 78 | 187,003 | 12,567 | 12,754 | (3,088) |
| Associates: | | | | | | | | | | |
| Alphaville Urbanismo S.A. | (e) | 30% | 2,197 | 2,483 | 3,567 | (22,382) | (3,415) | - | (31,024) | (31,024) |
| Citta Ville SPE | | | | | | | | | | |
| Emp. Imob. Ltda. | - | 50% | 50% | 7,596 | 30,292 | 2,524 | (6,861) | 466,277 | (23,902) | (902) |
| Other (*) | | | 1,141 | 1,724 | 1,119 | 6 | 1,506 | 504 | 2 | (11) |
| Subtotal Associates | | | 2,216 | 2,282 | 4,756 | (92,622) | 2,064 | 526,781 | (121,910) | (31,937) |
| Subtotal subsidiaries, jointly-controlled investees and associates | | | 4,240 | 3,862 | 3,612 | 6,051 | 73,343 | 1,521 | 1,135 | (205,545) |
| Goodwill based on inventory surplus- | | | | | | | 462 | 462 | - | - |
| Goodwill from remeasurement of investment in associate(c) | | | | | | | 273,900 | 273,900 | - | - |
| Total investments | | | | | | | 1,586 | 598 | 1,235 | (29,145) |
| (*) Includes companies with investment balances below R\$ 5,000. | | | | | | | | | | |

| Provision for net capital deficiency (d): | Interest in capital - % | 03/31/2018 | Equity and advance | | | | Profit (loss) for the | | 03/31/2018 | 03/31/2017 | 03/31/2018 |
|--|-------------------------|------------|--------------------|----------------------|--------------------------------|---------|-----------------------|---|------------|------------|------------|
| | | | Total assets | Total liabilities | for future capital increase | year | | | | | |
| Manhattan Square Em. Im. Res. 01 | 50% | 50% | 4,850 | 7,782 | (2,932) | (2,481) | (102) | - | - | (1,400) | |

| | | | | | | | | | |
|---|------|------|-------------|--------------|------------------|------------------|---------------|------------|--------------------|
| Ltda Gafisa SPE 128 Emp. Imob. Ltda. Manhattan Square Em. Im. Com. 01 Ltda | 100% | 100% | 10,121 | 11,207 | (1,086) | (1) | (1,085) | - | (1,085) |
| Other (*) Total provision for net capital deficiency | 50% | 50% | 4,905 41 | 7,011 837 | (2,106) (795) | (1,573) (655) | (91) (140) | - (138) | (1,085) (4,383) |

**Total Income
from equity
method
investments**

(*)Includes companies with investment balances below (R\$ 5,000).

(a) Financial charges of the Company not appropriated to the profit or loss of subsidiaries, as required by paragraph 6 of OCPC01.

(b) The Company recorded expense of R\$699 in Income from equity method investments for the period ended March 31, 2018 related to the recognition, by jointly-controlled entities, of prior year adjustments, in accordance with the ICPC09 (R2) – Individual, Separate and Consolidated Financial Statements and the Equity Method of Accounting.

(c) Amount related to the goodwill arising from the remeasurement of the portion of the remaining investment of 30% in the associate AUSA, in the amount of R\$273,900.

(d) The provision for net capital deficiency is recorded in the heading “Other payables” (Note 15).

(e) In view of the net capital deficiency of AUSA, and in line with CPC 18 (R2) – Investment in Associates, Subsidiaries and Joint Ventures, the Company discontinued the recognition of its interest in future losses after reducing to zero the carrying amount of the 30% interest.

(A free translation of the original report in Portuguese as published in Brazil)

Gafisa S.A.

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

9. Investments in subsidiaries and jointly controlled investees --Continued

(iii) *Information on significant investees*

| | Significant investee: | | Other investees: | | Jointly-controlled | | Associates | |
|---------------------------|------------------------------|-----------------------|-------------------------|---------------------|---------------------------|-------------------|-------------------|-------------------|
| | Alphaville S.A. | Urbanismo S.A. | Subsidiaries | Subsidiaries | investees | investees | Associates | Associates |
| | 03/31/2018 | 12/31/2017 | 03/31/2018 | 12/31/2017 | 03/31/2018 | 12/31/2017 | 03/31/2018 | 12/31/2017 |
| Cash and cash equivalents | Not available | 43,478 | | 10,645 | | 49,912 | | 773 |
| Current assets | Not available | 1,049,221 | 5,447 | 1,499,490 | 28,002 | 499,438 | 683 | 18,826 |
| Non-current assets | Not available | 1,195,723 | 296,420 | 294,787 | 43,681 | 47,030 | 4 | 4 |
| Current liabilities | Not available | 413,469 | 341,725 | 590,836 | 137,235 | 149,100 | 3,002 | 2,923 |
| Non-current liabilities | Not available | 1,947,452 | 75,174 | 88,956 | 25,968 | 34,280 | 2,319 | 2,233 |
| Net revenue | 86,081 | 61,854 | 16,116 | 35,282 | 9,541 | 15,355 | 10 | (3,346) |

| | | | | | | | | |
|---|----------------------|-----------|-----------------|----------|----------------|----------|--------------|---------|
| Operating costs | Not available | n/a | (15,147) | (35,856) | (6,191) | (17,143) | (8) | 1,897 |
| Depreciation and Amortization | Not available | n/a | (380) | (128) | (2) | (188) | - | - |
| Financial income (expenses) | Not available | n/a | (2,093) | 906 | (1,346) | 59 | - | 5 |
| Income tax and social contribution | Not available | n/a | (269) | (1,168) | (220) | (496) | - | (16) |
| Profit (loss) from Continued Operations | (92,382) | (103,415) | (13,531) | (17,003) | 978 | (5,437) | (240) | (1,789) |

(iii) *Change in investments***Company Consolidated**

| | | |
|---------------------------------------|------------------|----------------|
| Balance at December 31, 2017 | 1,598,153 | 479,126 |
| Income from equity method investments | (12,137) | (140) |
| Capital contribution (decrease) | 490 | 490 |
| Other investments | 8 | (31) |
| Balance at March 31, 2018 | 1,586,514 | 479,445 |

The other explanations related to this note were not subject to material changes in relation to the disclosures in Note 9 to the financial statements as of December 31, 2017.

*(A free translation of the original report in Portuguese as published in Brazil)***Gafisa S.A.**

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

10. Property and equipment

| Type | Company | | | | Consolidated | | | | |
|--|----------------|--------------|--------------|------------------------------|----------------|----------------|--------------|--------------|------------------------------|
| | 12/31/2017 | Addition | Write-off | 100% depreciated items | 03/31/2018 | 12/31/2017 | Addition | Write-off | 100% depreciated items |
| Cost | | | | | | | | | |
| Hardware | 9,567 | 527 | (109) | (143) | 9,842 | 9,729 | 527 | (109) | (143) |
| Leasehold improvements and installations | 5,166 | 28 | (60) | - | 5,134 | 5,272 | 28 | (60) | - |
| Furniture and fixtures | 675 | - | - | (1) | 674 | 907 | - | - | (1) |
| Machinery and equipment | 2,640 | - | - | - | 2,640 | 2,640 | - | - | - |
| Sales stands | 9,547 | 2,735 | - | (1,271) | 11,011 | 13,881 | 2,786 | - | (1,271) |
| | 27,595 | 3,290 | (169) | (1,415) | 29,301 | 32,429 | 3,341 | (169) | (1,415) |
| Accumulated depreciation | | | | | | | | | |
| Hardware | (1,283) | (831) | 100 | 143 | (1,871) | (1,291) | (842) | 100 | 143 |
| Leasehold improvements and installations | (1,631) | (129) | 60 | - | (1,700) | (1,677) | (134) | 60 | - |
| Furniture and fixtures | (419) | (17) | - | 1 | (435) | (632) | (20) | - | 1 |
| | (1,872) | (66) | - | - | (1,938) | (1,872) | (66) | - | - |

| | | | | | | | | | |
|------------------------------|----------------|----------------|------------|--------------|----------------|-----------------|----------------|------------|--------------|
| Machinery and equipment | | | | | | | | | |
| Sales stands | (2,671) | (865) | - | 1,271 | (2,265) | (4,615) | (1,172) | - | 1,271 |
| | (7,876) | (1,908) | 160 | 1,415 | (8,209) | (10,087) | (2,234) | 160 | 1,415 |
| Total property and equipment | 19,719 | 1,382 | (9) | - | 21,092 | 22,342 | 1,107 | (9) | - |

The other explanations related to this note were not subject to material changes in relation to the disclosures in Note 10 to the financial statements as of December 31, 2017.

11. Intangible assets

| | Company | | | | | 03/31/2018 | |
|-------------------------|-----------------|--------------|------------|----------------|---|----------------------------|-----------------|
| | 12/31/2017 | | | | | 100% amortized items | Balance |
| | Balance | Addition | Write-down | Amortization | | | |
| Software – Cost | 31,931 | 522 | - | - | - | - | 32,453 |
| Software – Amortization | (14,501) | - | - | (1,695) | - | - | (16,196) |
| Other | - | 513 | - | - | - | - | 513 |
| Total intangible assets | 17,430 | 1,035 | - | (1,695) | - | - | 16,770 |

| | Consolidated | | | | | 03/31/2018 | |
|-------------------------|-----------------|--------------|------------|----------------|---|----------------------------|-----------------|
| | 12/31/2017 | | | | | 100% amortized items | Balance |
| | Balance | Addition | Write-down | Amortization | | | |
| Software – Cost | 32,658 | 523 | - | - | - | - | 33,181 |
| Software – Amortization | (14,965) | - | - | (1,751) | - | - | (16,716) |
| Other | 587 | 513 | - | - | - | - | 1,100 |
| Total intangible assets | 18,280 | 1,036 | - | (1,751) | - | - | 17,565 |

The other explanations related to this note were not subject to material changes in relation to the disclosures in Note 11 to the financial statements as of December 31, 2017.

(A free translation of the original report in Portuguese as published in Brazil)

Gafisa S.A.

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

12. Loans and financing

| Type | Maturity | Annual interest rate | Company | | Consolidated | |
|--|-------------------------|--|----------------|----------------|----------------|----------------|
| | | | 03/31/2018 | 12/31/2017 | 03/31/2018 | 12/31/2017 |
| National Housing System - SFH /SFI | May 2018 to July 2021 | 8.30% to 14.19% + TR 12.87% and 143% of CDI | 577,193 | 598,047 | 686,728 | 733,103 |
| Certificate of Bank Credit - CCB (i) | March 2019 to June 2021 | 135% of CDI | 128,699 | 164,083 | 128,699 | 164,082 |
| Total loans and financing ((Note 20.i.d, 20.ii.a and 20.iii) | | 2.5%/ 3%/ 4.25%/ 5%+CDI | 705,892 | 762,130 | 815,427 | 897,185 |
| Current portion | | | 228,753 | 386,605 | 271,798 | 442,073 |
| Current portion – reclassification for non-fulfillment of covenant | | | 52,578 | 65,000 | 52,578 | 65,000 |
| Current portion | | | 281,331 | 425,605 | 324,376 | 481,073 |
| Non-current portion | | | 424,561 | 336,525 | 491,051 | 416,112 |

The current and non-current installments fall due as follows:

Company

Consolidated

| Maturity | 03/31/2018 | 12/31/2017 | 03/31/2018 | 12/31/2017 |
|-----------------|-------------------|-------------------|-------------------|-------------------|
| 2018 | 196,535 | 425,605 | 235,415 | 481,073 |
| 2019 | 170,885 | 235,076 | 218,555 | 287,227 |
| 2020 | 234,265 | 92,118 | 255,948 | 116,799 |
| 2021 | 104,207 | 9,331 | 105,509 | 12,086 |
| | 705,892 | 762,130 | 815,427 | 897,185 |

The Company and its subsidiaries have restrictive covenants under certain loans and financing that limit their ability to perform certain actions, such as the issuance of debts, and may require the acceleration or refinancing of loans if the Company does not fulfill such covenants. The ratios and minimum and maximum amounts required under such restrictive covenants as of March 31, 2018 and December 31, 2017 are disclosed in Note 13. In view of the breach of the covenants of a CCB transaction, in relation to which a waiver from the creditor is currently under negotiation, the non-current portions of this transaction were reclassified into short term in the amount of R\$52,578.

In line with the conditions to the investor's subscription commitment, the Company renegotiated with creditors the postponement of the maturities of debts amounting to R\$456,316 from 2018 and 2019 to 2020 and 2021, which was ratified by the Board of Directors' approval of the capital increase on February 28, 2018 (Note 18.1).

The following table shows the summary of financial expenses and charges and the capitalized rate in the line item properties for sale.

| | Company | | Consolidated | |
|---|-------------------|-------------------|---------------------|-------------------|
| | 03/31/2018 | 03/31/2017 | 03/31/2018 | 03/31/2017 |
| Total financial charges for the year | 25,195 | 53,878 | 29,451 | 63,341 |
| Capitalized financial charges (Note 30) | (5,549) | (17,637) | (10,865) | (33,269) |
| Subtotal (Note 24) | 19,646 | 36,241 | 18,586 | 30,072 |

Financial charges included in "Properties for sale":

| | | | | |
|--|-----------------|----------|-----------------|----------|
| Opening balance | 290,631 | 329,651 | 301,025 | 343,231 |
| Capitalized financial charges | 5,549 | 17,637 | 10,865 | 33,269 |
| Charges recognized in profit or loss (Note 23) | (32,717) | (21,874) | (36,273) | (37,975) |

| | | | | |
|---------------------------------|----------------|---------|----------------|---------|
| Closing balance (Note 6) | 263,463 | 325,414 | 275,617 | 338,525 |
|---------------------------------|----------------|---------|----------------|---------|

The recorded amount of properties for sale offered as guarantee for loans, financing and debentures is R\$765,128 (R\$796,800 as of December 31, 2017).

The other explanations related to this note were not subject to material changes in relation to the disclosures in Note 12 to the financial statements as of December 31, 2017.

*(A free translation of the original report in Portuguese as published in Brazil)***Gafisa S.A.**

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

13. Debentures

| Program/placement | Principal - R\$ | Annual interest | Final maturity | Company and | |
|---|-----------------|-----------------|----------------|----------------------------|------------|
| | | | | Consolidated 03/31/2018 | 12/31/2017 |
| Ninth placement (i) | 39,092 | CDI + 3.00% | January 2021 | 38,313 | 49,877 |
| Tenth placement (ii) | 36,667 | IPCA + 8.37% | January 2021 | 45,085 | 71,011 |
| Eleventh placement – 1 st series A (iii) | 85,460 | CDI + 5.25% | February 2020 | 84,643 | 86,825 |
| Total debentures (Note 20.i.d, 20.ii.a and 20.iii) | | | | 168,041 | 207,713 |
| Current portion | | | | 11,408 | 88,177 |
| Non-Current portion | | | | 156,633 | 119,536 |

In the period ended March 31, 2018, the Company made the following payments:

| | Face Value placement | Interest payable | Total amortization |
|-------|----------------------|------------------|--------------------|
| (i) | 11,103 | 1,090 | 12,193 |
| (ii) | 18,333 | 9,129 | 27,462 |
| (iii) | 2,350 | 2,432 | 4,782 |
| | 31,786 | 12,651 | 44,437 |

The maturities of current and non-current installments are as follows:

| Maturity | Company and Consolidated 03/31/2018 | 12/31/2017 |
|-----------------|--|-------------------|
| 2018 | 8,905 | 88,177 |
| 2019 | 29,256 | 51,530 |
| 2020 | 88,150 | 68,006 |
| 2021 | 41,730 | - |
| | 168,041 | 207,713 |

In line with the conditions to the investor's subscription commitment, the Company renegotiated with creditors the postponement of debt maturities from 2018 and 2019 to 2020 and 2021, which was ratified with the Board of Directors' approval of the capital increase on February 28, 2018 (Note 18.1).

As of March 31, 2018, the Company continued to exceed the amount established in a restrictive covenant, as shown below, and entered into negotiation with the creditor to obtain a waiver for breaching the net debt for this period (*). The Company analyzed the other debt agreements, and did not identify any impacts on the cross-covenants in relation to such breach. The ratios and minimum and maximum amounts required under such restrictive covenants are as follows:

*(A free translation of the original report in Portuguese as published in Brazil)***Gafisa S.A.**

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

13. Debentures--Continued

| | 03/31/2018 | 12/31/2017 |
|---|--------------------|-------------|
| Ninth placement | | |
| Total account receivable plus inventory required to be below zero or 2.0 times over net debt | 3.33 times | 2.77 times |
| Net debt cannot exceed 100% of equity plus noncontrolling interests | 83.10% | 126.08% |
| Tenth placement | | |
| Total account receivable plus inventory required to be below zero or 2.0 times over net debt less venture debt ⁽³⁾ | 28.28 times | 11.83 times |
| Total debt less venture debt ⁽³⁾ , less cash and cash equivalents and short-term investments ⁽¹⁾ , cannot exceed 75% of equity plus noncontrolling interests | 9.80% | 29.54% |
| Loans and financing | | |
| Net debt cannot exceed 70% of equity plus noncontrolling interests (*) (a) | 83.10% | 126.08% |
| Total accounts receivable plus inventory required to be below zero or 2.0 times over venture debt ⁽³⁾ | 3.78 times | 3.62 times |
| Total account receivable plus inventory of completed units required to be below zero or 2.0 times over net debt less venture debt | 18.13 times | 7.51 times |
| Total debt, less venture debt, less cash and cash equivalents and short-term investments ⁽¹⁾ , cannot exceed 75% of equity plus noncontrolling interests | 9.80% | 29.54% |
| Total receivables plus unappropriated income plus inventory of completed units required to be 1.5 time over the net debt plus payable for purchase of properties plus unappropriated cost | 2.28 times | 1.93 time |

(1) Cash and cash equivalents and short-term investments refer to cash and cash equivalents and marketable securities.

(2) Total receivables, whenever mentioned, refers to the amount reflected in the Statement of Financial Position plus the amount not shown in the Statement of Financial Position.

(3) Venture debt and secured guarantee debt refer to SFH debts, defined as the sum of all disbursed borrowing contracts which funds were provided by SFH, as well as the debt related to the seventh placement.

(a) Covenant limit of 100% for the period ended December 31, 2017, according to the waiver obtained from the creditor.

The other explanations related to this note were not subject to material changes in relation to the disclosures in Note 13 to the financial statements as of December 31, 2017.

14. Obligations assumed on assignment of receivables

The Company's transactions of assignment of the receivable are as follows:

| | Company | | Consolidated | |
|---|---------------|---------------|---------------|---------------|
| | 03/31/2018 | 12/31/2017 | 03/31/2018 | 12/31/2017 |
| Obligation CCI June/2011 | 512 | 769 | 1,095 | 1,502 |
| Obligation CCI December/2011 | 1,267 | 1,729 | 1,337 | 1,827 |
| Obligation CCI July/2012 | 23 | 29 | 23 | 29 |
| Obligation CCI November/2012 | - | - | 2,498 | 2,491 |
| Obligation CCI December/2012 | 3,577 | 3,796 | 3,577 | 3,796 |
| Obligation CCI November/2013 | 782 | 876 | 2,649 | 2,850 |
| Obligation CCI November/2014 | 1,656 | 1,772 | 3,099 | 3,191 |
| Obligation CCI December/2015 | 4,915 | 5,126 | 10,143 | 10,523 |
| Obligation CCI March/2016 | 9,710 | 10,463 | 10,467 | 11,287 |
| Obligation CCI May/2016 | 7,322 | 7,623 | 9,169 | 9,548 |
| Obligation CCI August/2016 | 7,200 | 7,525 | 7,235 | 7,574 |
| Obligation CCI December/2016 | 12,216 | 13,710 | 12,631 | 14,158 |
| Obligation CCI March/2017 | 14,375 | 15,357 | 14,526 | 15,487 |
| Obligation FIDC | - | 37 | 41 | 130 |
| Total obligations assumed on assignment of receivables | | | | |
| (Note 20.i.d and 20.ii.a) | 63,555 | 68,812 | 78,490 | 84,393 |
| Current portion | 23,420 | 23,953 | 30,598 | 31,001 |
| Non-current portion | 40,135 | 44,859 | 47,892 | 53,392 |

(A free translation of the original report in Portuguese as published in Brazil)

Gafisa S.A.

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

14. Obligations assumed on assignment of receivables --Continued

The current and non-current portions have the following maturities:

| Maturity | Company | | Consolidated | |
|-----------------|-------------------|-------------------|---------------------|-------------------|
| | 03/31/2018 | 12/31/2017 | 03/31/2018 | 12/31/2017 |
| 2018 | 15,775 | 23,953 | 21,347 | 31,001 |
| 2019 | 17,085 | 16,588 | 20,683 | 20,042 |
| 2020 | 11,941 | 11,645 | 14,462 | 14,068 |
| 2021 | 7,425 | 7,299 | 9,185 | 8,967 |
| 2022 onwards | 11,329 | 9,327 | 12,813 | 10,315 |
| | 63,555 | 68,812 | 78,490 | 84,393 |

The other explanations related to this note were not subject to material changes in relation to the disclosures in Note 14 to the financial statements as of December 31, 2017.

15. Other payables

| Company | | Consolidated | |
|-------------------|-------------------|---------------------|-------------------|
| 03/31/2018 | 12/31/2017 | 03/31/2018 | 12/31/2017 |

| | | | | |
|---|---------------|--------|----------------|---------|
| Cancelled contract payable | 43,550 | 42,976 | 62,892 | 61,367 |
| Warranty provision | 25,236 | 26,070 | 25,236 | 26,070 |
| Long term PIS and COFINS (deferred and payable) | 7,734 | 3,627 | 9,917 | 5,446 |
| Provision for net capital deficiency (Note 9 (d)) | 4,350 | 2,630 | 2,553 | 2,063 |
| Long-term suppliers (Note 20.i.d) | 1,933 | 2,324 | 2,794 | 3,187 |
| Share-based payment - Phantom Shares (Note 18.3) | 3,262 | 4,060 | 3,262 | 4,060 |
| Other liabilities | 2,470 | 9,001 | 2,518 | 9,288 |
| Total other payables | 88,535 | 90,688 | 109,172 | 111,481 |
| Current portion | 79,228 | 83,647 | 99,449 | 104,386 |
| Non-current portion | 9,307 | 7,041 | 9,723 | 7,095 |

16. Provisions for legal claims and commitments

In the period ended March 31, 2018, the changes in the provision are summarized as follows:

| Company | Civil lawsuits | Tax proceedings | Labor claims | Total |
|--|-----------------------|------------------------|---------------------|----------------|
| Balance at December 31, 2017 | 138,481 | 759 | 56,203 | 195,443 |
| Additional provision (Note 23) | 7,233 | - | 4,543 | 11,776 |
| Payment and reversal of unused provision (i) | (23,687) | (31) | (6,154) | (29,872) |
| Balance at March 31, 2018 | 122,027 | 728 | 54,592 | 177,347 |
| Current portion | 86,756 | 728 | 14,504 | 101,988 |
| Non-current portion | 35,271 | - | 40,088 | 75,359 |
| Consolidated | Civil lawsuits | Tax proceedings | Labor claims | Total |
| Balance at December 31, 2017 | 138,636 | 759 | 58,982 | 198,377 |
| Additional provision (Note 23) | 7,233 | - | 4,543 | 11,776 |
| Payment and reversal of unused provision (i) | (23,687) | (31) | (6,154) | (29,872) |
| Balance at March 31, 2018 | 122,182 | 728 | 57,371 | 180,281 |
| Current portion | 86,756 | 728 | 14,504 | 101,988 |
| Non-current portion | 35,426 | - | 42,867 | 78,293 |

(i) Of this amount, R\$10,000 refers to the payment of an arbitration case and R\$5,700 refers to the payment of a lawsuit related to Cimob Companhia Imobiliária, former shareholder of the Company.

(a) Civil lawsuits, tax proceedings and labor claims

As of March 31, 2018, the Company and its subsidiaries have deposited in court the amount of R\$87,281 (R\$80,903 in 2017) in the Company's balance, and R\$90,051 (R\$83,523 in 2017) in the consolidated balance (Note 7).

(A free translation of the original report in Portuguese as published in Brazil)

Gafisa S.A.

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

16. Provisions for legal claims and commitments --Continued

(a) Civil lawsuits, tax proceedings and labor claims --Continued

| | Company | | Consolidated | |
|-----------------------|-------------------|-------------------|---------------------|-------------------|
| | 03/31/2018 | 12/31/2017 | 03/31/2018 | 12/31/2017 |
| Civil lawsuits | 45,024 | 40,837 | 46,528 | 42,147 |
| Tax proceedings | 26,270 | 24,679 | 27,071 | 25,500 |
| Labor claims | 15,987 | 15,387 | 16,452 | 15,876 |
| Total (Note 7) | 87,281 | 80,903 | 90,051 | 83,523 |

(i) Lawsuits in which likelihood of loss is rated as possible

As of March 31, 2018, the Company and its subsidiaries are aware of other civil, labor and tax lawsuits and risks. Based on the history of probable lawsuits and the specific analysis of main claims, the measurement of the claims with likelihood of loss considered possible amounted to R\$346,810 (R\$350,843 in 2017) in the Company's statement and R\$352,296 (R\$357,089 in 2017) in the consolidated statement, based on average past outcomes adjusted to current estimates, for which the Company's Management believes it is not necessary to recognize a provision for occasional losses.

| | Company | | Consolidated | |
|-----------------|-------------------|-------------------|---------------------|-------------------|
| | 03/31/2018 | 12/31/2017 | 03/31/2018 | 12/31/2017 |
| Civil lawsuits | 250,049 | 251,341 | 250,091 | 251,402 |
| Tax proceedings | 46,784 | 45,150 | 46,984 | 45,240 |
| Labor claims | 49,977 | 54,352 | 55,221 | 60,447 |
| Total | 346,810 | 350,843 | 352,296 | 357,089 |

(b) Payables related to the completion of real estate ventures

There was no material change in relation to the information disclosed in Note 16(i)(b) to the financial statements as of December 31, 2017.

(c) Other commitments

In addition to the commitments mentioned in Notes 6, 12 and 13, the Company has commitments related to the rental of two commercial properties where its facilities are located, at a monthly cost of R\$393 indexed to the IGP-M/FGV variation. The rental term is from one to eight years and there is a fine in case of contract cancellation corresponding to three-month rent or in proportion to the contract expiration time. The estimate of minimum future payments for commercial property rentals (cancellable leases) totals R\$29,061, considering the period through contract expiration, is as follows.

| Payment estimate | Consolidated |
|-------------------------|---------------------|
| | 03/31/2018 |
| 2018 | 3,165 |
| 2019 | 4,431 |
| 2020 | 4,652 |
| 2021 | 4,885 |
| 2022 onwards | 11,928 |
| | 29,061 |

The other explanations related to this note were not subject to material changes in relation to the disclosures in Note 16 to the financial statements as of December 31, 2017.

*(A free translation of the original report in Portuguese as published in Brazil)***Gafisa S.A.**

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

17. Payables for purchase of properties and advances from customers

| | Maturity | Company | | Consolidated | |
|---|----------------------------|-----------------|------------|-----------------|------------|
| | | 03/31/2018 | 12/31/2017 | 03/31/2018 | 12/31/2017 |
| Payables for purchase of properties | April 2018 to October 2022 | 109,550 | 104,361 | 123,037 | 118,201 |
| Adjustment to present value | | (11,696) | (9,718) | (12,416) | (10,352) |
| Advances from customers | | | | | |
| Development and sales | | 33,002 | 61,039 | 34,973 | 63,748 |
| Barter transaction - Land (Note 30) | | 108,486 | 113,608 | 132,096 | 137,237 |
| Total payables for purchase of properties and advances from customers (Notes 20.i.d and 20.ii.a) | | 239,342 | 269,290 | 277,690 | 308,834 |
| Current portion | | 119,004 | 132,098 | 142,766 | 156,457 |
| Non-current portion | | 120,338 | 137,192 | 134,924 | 152,377 |

The maturities of current and non-current portions are as follows:

| Maturity | Company | | Consolidated | |
|----------|---------------|------------|----------------|------------|
| | 03/31/2018 | 12/31/2017 | 03/31/2018 | 12/31/2017 |
| 2018 | 97,831 | 132,098 | 120,528 | 156,457 |
| 2019 | 69,340 | 61,212 | 75,599 | 67,632 |
| 2020 | 48,918 | 40,771 | 49,667 | 40,987 |

| | | | | |
|--------------|----------------|---------|----------------|---------|
| 2021 | 14,829 | 19,553 | 17,674 | 19,553 |
| 2022 onwards | 8,424 | 15,656 | 14,222 | 24,205 |
| | 239,342 | 269,290 | 277,690 | 308,834 |

18. Equity

18.1. Capital

On February 28, 2018, the Board of Directors partially ratified the capital increase approved at the Extraordinary Shareholders' Meeting held on December 20, 2017, considering the subscription and contribution of 16,717,752 new common shares at a price per share of R\$15.00, of which R\$0.01 per share allocated to capital, and R\$14.99 per share allocated to capital reserve, totaling R\$167 and R\$250,599.

Therefore, as of March 31, 2018, the Company's authorized and paid-in capital amounts to R\$2,521,319 (R\$2,521,152 in 2017), represented by 44,757,914 (28,040,162 in 2017) registered common shares, with no par value, of which 938,044 were held in treasury in both periods.

According to the Company's articles of incorporation, capital may be increased without need of making amendment to it, upon resolution of the Board of Directors, which shall set the conditions for issuance within the limit of 71,031,876 (seventy one million, thirty one thousand, eight hundred and seventy six) common shares.

In the period ended March 31, 2018 and year ended December 31, 2017, no treasury share was purchased. Additionally, in the period ended March 31, 2018, the Company did not transfer any share related to the exercise of options under the stock option plan of common shares by the beneficiaries (transfer of 112,203 shares in 2017, in the total amount of R\$3,435, for which it received the total amount of R\$818).

*(A free translation of the original report in Portuguese as published in Brazil)***Gafisa S.A.**

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

18. Equity --Continued**18.1. Capital --Continued**

| Type | GFSA3 | Treasury shares | | Market value (*) R\$ | | Carrying value R\$ | |
|-------------------------|-------------|-------------------------------------|--------------------------------------|----------------------|------------|--------------------|------------|
| | | R\$ Weighted average price | % % - on outstanding shares | thousand | | thousand | |
| Acquisition date | Amount (i) | | | 03/31/2018 | 12/31/2017 | 03/31/2018 | 12/31/2017 |
| 11/20/2001 | 44,462 | 38.9319 | 0.10% | 454 | 910 | 1,731 | 1,731 |
| Changes in 2013: | | | | | | | |
| Acquisitions | 1,372,096 | 51.9927 | 3.14% | 13,995 | 28,073 | 71,339 | 71,339 |
| Changes in 2014: | | | | | | | |
| Acquisitions | 3,243,947 | 35.5323 | 7.42% | 33,088 | 66,371 | 115,265 | 115,265 |
| Transfers | (405,205) | 43.3928 | -0.93% | (4,133) | (8,290) | (17,583) | (17,583) |
| Cancellations | (2,039,086) | 44.9677 | -4.67% | (20,799) | (41,720) | (91,693) | (91,693) |
| Changes in 2015: | | | | | | | |
| Acquisitions | 884,470 | 27.3124 | 2.02% | 9,022 | 18,096 | 24,157 | 24,157 |
| Transfers | (90,622) | 33.3473 | -0.21% | (924) | (1,854) | (3,022) | (3,022) |
| Cancellations | (2,225,020) | 33.3543 | -5.09% | (22,695) | (45,524) | (74,214) | (74,214) |
| Changes in 2016: | | | | | | | |
| Acquisitions | 334,020 | 26.0254 | 0.76% | 3,407 | 6,834 | 8,693 | 8,693 |
| Transfers | (68,814) | 31.2290 | -0.16% | (702) | (1,408) | (2,149) | (2,149) |

**Changes in
2017:**

| | | | | | | | |
|--------------|----------------|----------------|--------------|----------------|---------|----------------|---------|
| Transfers | (112,203) | 30.6142 | -0.26% | (1,145) | (2,296) | (3,435) | (3,435) |
| Total | 938,044 | 31.0103 | 2.15% | 9,568 | 19,192 | 29,089 | 29,089 |

(*) Market value calculated based on the closing share price on March 31, 2018 at R\$10.20 (R\$20.46 in 2017) not considering the effect of occasional volatilities.

(i) Amount shown adjusted by the reverse split of shares at the ratio of 13.483023074 to 1, performed on March 23, 2017.

The Company holds shares in treasury acquired in 2001 in order to guarantee the enforcement of lawsuits (Note 16(a)(i)).

The change in the number of outstanding shares is as follows:

| | Common shares - In thousands |
|--|-------------------------------------|
| Outstanding shares as of December 31, 2017 | 26,972 |
| Subscription of shares | 16,718 |
| Change in shares held by the management members of the Company | 8 |
| Outstanding shares as of March 31, 2018 | 43,698 |
| Weighted average shares outstanding (Note 27) | 37,935 |

(A free translation of the original report in Portuguese as published in Brazil)

Gafisa S.A.

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

18. Equity--Continued

18.2. Stock option plan

Expenses incurred with stock grants are recorded under the account "General and administrative expenses" (Note 23) and showed the following effects on profit or loss in the periods ended March 31, 2018 and 2017:

| | 03/31/2018 | 03/31/2017 |
|--|-------------------|-------------------|
| Equity-settled stock option plan | 707 | 1,051 |
| Phantom Shares (Note 18.4) | (798) | 1,077 |
| Total option grant expenses (Note 23) | (91) | 2,128 |

(i) Gafisa

The Company has a total of six stock option plans comprising common shares, launched in 2012, 2013, 2014, 2015, 2016 and 2018 which follows the rules established in the Stock Option Plan of the Company.

The granted options entitle their holders (beneficiaries) to purchase common shares of the Company's capital, after periods that vary from one to four years of employment (essential condition to exercise the option), and expire six to ten years after the grant date.

The fair value of options is set on the grant date, and it is recognized as expense in profit or loss (as contra-entry to equity) during the grace period of the plan, to the extent the services are provided by employees and management members.

The changes in options outstanding in the period ended March 31, 2018 and year ended December 31, 2017, which include their respective weighted average exercise prices, are as follows:

| | 03/31/2018 | | 2017 | |
|--|-------------------|---|-------------------|---|
| | Number of options | Weighted average exercise price (Reais) | Number of options | Weighted average exercise price (Reais) |
| Options outstanding at the beginning of the year | 841,172 | 16.99 | 957,358 | 28.50 |
| Options granted | 2,685,474 | 15.00 | - | - |
| Options exercised (i) | - | - | (112,203) | (14.65) |
| Options forfeited and amount adjustment due to the discontinued operations of Tenda, net | - | - | (3,983) | (21.07) |
| Options outstanding at the end of the period | 3,526,646 | 15.47 | 841,172 | 16.99 |

(i) In the period ended December 31, 2017, the amount received through exercised options was R\$818.

Options outstanding and exercisable as of March 31, 2018, are as follows:

| Number of options | Options outstanding | | Options exercisable | |
|-------------------|---|---|---------------------|---|
| | Weighted average remaining contractual life (years) | Weighted average exercise price (Reais) | Number of options | Weighted average exercise price (Reais) |
| 3,526,646 | 4.60 | 15.47 | 344,006 | 17.69 |

(A free translation of the original report in Portuguese as published in Brazil)

Gafisa S.A.

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

18. Equity--Continued

18.2. Stock option plan -- Continued

(i) Gafisa--Continued

During the period ended March 31, 2018, the Company granted 2,685,474 options in connection with its stock option plans comprising common shares (no option was granted in 2017).

The models used by the Company for pricing granted options are the Binomial model for traditional options and the MonteCarlo model for options in the Restricted Stock Options format.

In the period ended March 31, 2018, the fair value of the options granted totaled R\$12,807, which was determined based on the following assumptions:

| | |
|---|------------------------|
| Pricing model | 018 Binomial |
| Exercise price of options (R\$) | R\$15.00 |
| Weighted average price of options ((R\$) | R\$15.00 |

| | |
|-------------------------------|-----------|
| Expected volatility (%) – (*) | 52% |
| Expected option life (years) | 4.6 years |
| Dividend income (%) | 1.98% |
| Risk-free interest rate (%) | 6.64% |

(*)The volatility was determined based on regression analysis of the ratio of the share volatility of Gafisa S.A. to the Ibovespa index.

18.3. Share-based payment – Phantom Shares

The Company has a total of two cash-settled share-based payment plans with fixed terms and conditions, according to the plans approved by the Company, launched in 2015 and 2016.

As of March 31, 2018, the amount of R\$3,262 (R\$4,060 in 2017), related to the fair value of the phantom shares granted, is recognized in the heading “Other payables” (Note 15).

The other explanations related to this note were not subject to material changes in relation to the disclosures in Note 18 to the financial statements as of December 31, 2017.

*(A free translation of the original report in Portuguese as published in Brazil)***Gafisa S.A.**

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

19. Income tax and social contribution

The reconciliation of the effective tax rate for the period ended March 31, 2018 and 2017 is as follows:

| | Company | | Consolidated | |
|---|-------------------|-------------------|---------------------|-------------------|
| | 03/31/2018 | 03/31/2017 | 03/31/2018 | 03/31/2017 |
| Profit (loss) before income tax and social contribution, and statutory interest | (55,924) | (157,117) | (56,871) | (155,721) |
| Income tax calculated at the applicable rate - 34 % | 19,014 | 53,420 | 19,336 | 52,945 |
| Net effect of subsidiaries and ventures taxed by presumed profit and RET | - | - | (4,205) | (9,951) |
| Income from equity method investments | (4,841) | (18,825) | (343) | (11,954) |
| Stock option plan | (240) | (357) | (240) | (357) |
| Other permanent differences | - | 1,080 | - | 1,079 |
| Charges on payables to venture partners | (71) | (134) | 283 | (157) |
| Recognized (unrecognized) tax credits | (13,862) | (35,184) | (15,063) | (32,951) |
| | - | - | (232) | (1,346) |
| Tax expenses - current | - | - | (232) | (1,346) |
| Tax income (expenses) - deferred | - | - | - | - |

(i) Deferred income tax and social contribution

As of March 31, 2018 and December 31, 2017, deferred income tax and social contribution are from the following sources:

| | Company | | Consolidated | |
|---|------------------|------------|------------------|------------|
| | 03/31/2018 | 12/31/2017 | 03/31/2018 | 12/31/2017 |
| Assets | | | | |
| Provisions for legal claims | 60,298 | 66,451 | 61,297 | 67,448 |
| Temporary differences – Deferred PIS and COFINS | 12,576 | 10,117 | 12,576 | 10,117 |
| Provisions for realization of non-financial assets | 235,277 | 225,234 | 235,277 | 225,234 |
| Temporary differences – CPC adjustment | 22,089 | 20,613 | 22,089 | 20,613 |
| Other provisions | 27,470 | 23,397 | 27,470 | 23,479 |
| Income tax and social contribution loss carryforwards | 310,533 | 295,860 | 326,887 | 310,933 |
| | 668,243 | 641,672 | 685,596 | 657,824 |
| Unrecognized tax credits of continued operations (a) | (598,788) | (579,192) | (616,141) | (595,344) |
| | (598,788) | (579,192) | (616,141) | (595,344) |
| Liabilities | | | | |
| Discounts | (2,069) | (2,069) | (2,069) | (2,069) |
| Temporary differences –CPC adjustment | (105,074) | (104,321) | (105,074) | (104,321) |
| Differences between income taxed on cash basis and recorded on an accrual basis | (36,785) | (30,563) | (36,785) | (30,563) |
| | (143,928) | (136,953) | (143,928) | (136,953) |
| Total net | (74,473) | (74,473) | (74,473) | (74,473) |

(a) Of this amount, R\$5,735 refers to the impact from the first-time adoption of CPC 48 as of January 1st, 2018 (Note 3).

The balances of income tax and social contribution loss carryforwards for offset are as follows:

| | Company | |
|------------|---------|------------|
| 03/31/2018 | | 12/31/2017 |

| | Income tax | Social contribution | Total | Income tax | Social contribution | Total |
|--|-----------------------|--------------------------------|----------------|-----------------------|--------------------------------|--------------|
| Balance of income tax and social contribution loss carryforwards | 913,331 | 913,331 | - | 870,176 | 870,176 | - |
| Deferred tax asset (25%/9%) | 228,333 | 82,200 | 310,533 | 217,544 | 78,316 | 295,860 |
| Recognized deferred tax asset | 23,468 | 8,449 | 31,917 | 23,468 | 8,449 | 31,917 |
| Unrecognized deferred tax asset | 204,865 | 73,751 | 278,616 | 194,076 | 69,867 | 263,943 |

| | Consolidated | | | | | |
|--|-----------------------|---|----------------|-----------------------|---|--------------|
| | Income tax | 03/31/2018 Social contribution | Total | Income tax | 12/31/2017 Social contribution | Total |
| Balance of income tax and social contribution loss carryforwards | 961,431 | 961,431 | - | 914,509 | 914,509 | - |
| Deferred tax asset (25%/9%) | 240,358 | 86,529 | 326,887 | 228,627 | 82,306 | 310,933 |
| Recognized deferred tax asset | 23,468 | 8,449 | 31,917 | 23,468 | 8,449 | 31,917 |
| Unrecognized deferred tax asset | 216,890 | 78,080 | 294,970 | 205,159 | 78,357 | 279,016 |

The other explanations related to this note were not subject to material changes in relation to the disclosures in Note 19 to the financial statements as of December 31, 2017.

(A free translation of the original report in Portuguese as published in Brazil)

Gafisa S.A.

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

20. Financial instruments

The Company and its subsidiaries engage in operations involving financial instruments. These instruments are managed through operational strategies and internal controls aimed at providing liquidity, return and safety. The use of financial instruments for hedging purposes is achieved through a periodical analysis of exposure to the risk that the management intends to cover (exchange, interest rate, etc.) which is submitted to the corresponding Management bodies for approval, and performance of the proposed strategy. The control policy consists of continuously monitoring the contracted conditions in relation to the prevailing market conditions. The Company and its subsidiaries do not use derivatives or any other risky assets for speculative purposes. The results from these operations are consistent with the policies and strategies devised by the Company's management. The Company and its subsidiaries operations are subject to the risk factors described below:

(i) Risk considerations

a) *Credit risk*

There was no significant change in relation to the other information disclosed in Note 20(i)(a) to the financial statements as of December 31, 2017.

b) *Derivative financial instruments*

The Company holds derivative instruments to mitigate the risk arising from its exposure to index and interest volatility recognized at their fair value in profit or loss for the year. Pursuant to its treasury policies, the Company does not own or issue derivative financial instruments other than for hedging purposes.

As of March 31, 2018, the Company has the following derivative contract aimed at hedging against interest rate fluctuations, with final maturity in July 2018.

| Swap agreements (Fixed for CDI) | Reais | Percentage | | Validity | | Gain (loss) not realized by derivative instruments - net | |
|------------------------------------|---|---------------------------------|---------------------------|------------|-------------|--|------------|
| | Face value | Original Index – asset position | Swap – liability position | Beginning | End | 03/31/2018 | 12/31/2017 |
| Banco Votorantim S.A. | 130,000 | CDI + 1.90% | 118% CDI | 07/22/2014 | 07/26/2018 | 250 | 404 |
| | Total derivative financial instruments (Note 20.i.d and Note 20.ii.a) | | | | | 250 | 404 |
| | | | | | Current | 250 | 404 |
| | | | | | Non-current | - | - |

During period ended March 31, 2018, the income amount of R\$20 (R\$806 in 2017) in the Company's and consolidated statements, which refers to net proceeds of the interest swap transaction, arising from the payment in the amount of R\$154 and the upward market change of R\$174, was recognized in the "financial income (expenses)" line in the statement of profit or loss for the year, allowing correlation between the effect of such transactions and the interest rate fluctuation in the Company's statement of financial position (Note 24).

(A free translation of the original report in Portuguese as published in Brazil)

Gafisa S.A.

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

20. Financial instruments --Continued

(i) Risk considerations --Continued

b) *Derivative financial instruments --Continued*

The estimated fair value of derivative financial instruments purchased by the Company was determined based on information available in the market and specific valuation methodologies. However, considerable judgment was necessary for interpreting market data to produce the estimated fair value of each transaction, which may vary upon the financial settlement of transactions.

c) *Interest rate risk*

There was no significant change in relation to the other information disclosed in Note 20(i)(c) to the financial statements as of December 31, 2017.

d) *Liquidity risk*

There was no significant change in relation to the other information disclosed in Note 20(i)(d) to the financial statements as of December 31, 2017.

The maturities of financial instruments of loans, financing, suppliers, payables to venture partners and debentures are as follows:

| Period ended March 31, 2018 | Company | | | | Total |
|--|------------------|--------------|--------------|-------------------|-----------|
| | Less than 1 year | 1 to 3 years | 4 to 5 years | More than 5 years | |
| Liabilities | | | | | |
| Loans and financing (Note 12) | 281,331 | 424,561 | - | - | 705,892 |
| Debentures (Note 13) | 11,408 | 156,633 | - | - | 168,041 |
| Obligations assumed on assignment of receivables (Note 14) | 23,420 | 24,885 | 9,051 | 6,199 | 63,555 |
| Suppliers (Note 15 and Note 20.ii.a) | 86,331 | 1,933 | - | - | 88,264 |
| Payables for purchase of properties and advance from customers (Note 17) | 119,004 | 101,603 | 18,735 | - | 239,342 |
| | 521,494 | 709,615 | 27,786 | 6,199 | 1,265,094 |
| Assets | | | | | |
| Cash and cash equivalents and short-term investments (Notes 4.1 and 4.2) | 189,631 | - | - | - | 189,631 |
| Trade accounts receivable (Note 5) | 428,979 | 126,715 | 19,907 | - | 575,601 |
| | 618,610 | 126,715 | 19,907 | - | 765,232 |

| Period ended March 31, 2018 | Consolidated | | | | Total |
|--|------------------|--------------|--------------|-------------------|-----------|
| | Less than 1 year | 1 to 3 years | 4 to 5 years | More than 5 years | |
| Liabilities | | | | | |
| Loans and financing (Note 12) | 324,376 | 491,051 | - | - | 815,427 |
| Debentures (Note 13) | 11,408 | 156,633 | - | - | 168,041 |
| Obligations assumed on assignment of receivables (Note 14) | 30,598 | 30,498 | 10,815 | 6,579 | 78,490 |
| Suppliers (Note 15 and Note 20.ii.a) | 99,165 | 2,794 | - | - | 101,959 |
| Payables for purchase of properties and advance from customers (Note 17) | 142,766 | 109,602 | 24,739 | 583 | 277,690 |
| | 608,313 | 790,578 | 35,554 | 7,162 | 1,441,607 |
| Assets | | | | | |

| | | | | | |
|--|----------------|----------------|---------------|---|----------------|
| Cash and cash equivalents and short-term investments (Notes 4.1 and 4.2) | 204,938 | - | - | - | 204,938 |
| Trade accounts receivable (Note 5) | 508,421 | 164,283 | 22,614 | - | 695,318 |
| | 713,359 | 164,283 | 22,614 | - | 900,256 |

(A free translation of the original report in Portuguese as published in Brazil)

Gafisa S.A.

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

20. Financial instruments --Continued

(i) Risk considerations --Continued

d) *Liquidity risk* --Continued

Fair value classification

The Company uses the same classification disclosed in Note 20(i)(d) to the financial statements as of December 31, 2017 to determine and disclose the fair value of financial instruments by the valuation technique.

The classification level of fair value for financial instruments measured at fair value through profit or loss of the Company as of March 31, 2018 and December 31, 2017 is as follows:

| As of March 31, 2018 | Company | | | Consolidated | | |
|-----------------------------------|---------|---------|---------|--------------|---------|---------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Financial assets | | | | | | |
| Short-term investments (Note 4.2) | - | 175,244 | - | - | 181,284 | - |

| | | | | | | |
|---|---|-----|---|---|-----|---|
| Derivative financial instruments (Note 20.i.b) | - | 250 | - | - | 250 | - |
|---|---|-----|---|---|-----|---|

| As of December 31, 2017 | Company | | | Consolidated | | |
|---|---------------------------|---------|---------|--------------|---------|---------|
| | Fair value classification | | | | | |
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Financial assets | | | | | | |
| Short-term investments (Note 4.2) | - | 110,945 | - | - | 118,935 | - |
| Derivative financial instruments (Note 20.i.b) | - | 404 | - | - | 404 | - |

In the period ended March 31, 2018, there were no transfers between the Levels 1 and 2 fair value classifications, nor were transfers between Levels 3 and 2 fair value classifications.

(ii) Fair value of financial instruments

a) *Fair value measurement*

The Company uses the same methods and assumptions disclosed in Note 20(ii)(a) to the financial statements as of December 31, 2017 to estimate the fair value of each financial instrument class for which the estimate of value is practicable.

The most significant carrying values and fair values of financial assets and liabilities as of March 31, 2018 and December 31, 2017, classified into Level 2 of the fair value classification, are as follows:

*(A free translation of the original report in Portuguese as published in Brazil)***Gafisa S.A.**

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

20. Financial instruments—Continued(ii) Fair value of financial instruments --Continueda) *Fair value measurement* --Continued

| | Company | | | |
|---|----------------|------------|----------------|------------|
| | 03/31/2018 | | 12/31/2017 | |
| | Carrying value | Fair value | Carrying value | Fair value |
| Financial assets | | | | |
| Cash and cash equivalents (Note 4.1) | 14,387 | 14,387 | 7,461 | 7,461 |
| Short-term investments (Note 4.2) | 175,244 | 175,244 | 110,945 | 110,945 |
| Derivative financial instruments (Note 20(i)(b)) | 250 | 250 | 404 | 404 |
| Trade accounts receivable (Note 5) | 575,601 | 575,601 | 531,830 | 531,830 |
| Loan receivable (Note 21.1) | 23,191 | 23,191 | 22,179 | 22,179 |
| Financial liabilities | | | | |
| Loans and financing (Note 12) | 705,892 | 759,201 | 762,130 | 806,977 |
| Debentures (Note 13) | 168,041 | 186,242 | 207,713 | 227,655 |
| Suppliers | 88,264 | 88,264 | 88,014 | 88,014 |
| Obligations assumed on assignment of receivables (Note 14) | 63,555 | 63,555 | 68,812 | 68,812 |
| Payables for purchase of properties and advances from customers (Note 17) | 239,342 | 239,342 | 269,290 | 269,290 |
| Loan payable (Note 21.1) | 11,073 | 11,073 | 10,511 | 10,511 |

| | Consolidated | | | |
|---|---------------------------|-------------------|---------------------------|-------------------|
| | 03/31/2018 | | 12/31/2017 | |
| | Carrying value | Fair value | Carrying value | Fair value |
| Financial assets | | | | |
| Cash and cash equivalents (Note 4.1) | 23,654 | 23,654 | 28,527 | 28,527 |
| Short-term investments (Note 4.2) | 181,284 | 181,284 | 118,935 | 118,935 |
| Derivative financial instruments (Note 20(i)(b)) | 250 | 250 | 404 | 404 |
| Trade accounts receivable (Note 5) | 695,318 | 695,318 | 684,078 | 684,078 |
| Loan receivable (Note 21.1) | 23,191 | 23,191 | 22,179 | 22,179 |
| Financial liabilities | | | | |
| Loans and financing (Note 12) | 815,427 | 870,940 | 897,185 | 944,821 |
| Debentures (Note 13) | 168,041 | 186,242 | 207,713 | 227,655 |
| Suppliers | 101,959 | 101,959 | 101,849 | 101,849 |
| Obligations assumed on assignment of receivables (Note 14) | 78,490 | 78,490 | 84,393 | 84,393 |
| Payables for purchase of properties and advances from customers (Note 17) | 277,690 | 277,690 | 308,834 | 308,834 |
| Loan payable (Note 21.1) | 11,073 | 11,073 | 10,511 | 10,511 |

There was no significant change in relation to the other information disclosed in Note 20(ii)(a) to the financial statements as of December 31, 2017.

(b) *Risk of debt acceleration*

As of March 31, 2018, the Company has loan and financing agreements in effect, with restrictive covenants related to cash generation, debt ratios, and other. These restrictive covenants have been observed by the Company and do not restrict its ability to continue as going concern. As mentioned in Notes 12 and 13, due to the non-fulfillment of the covenants of a CCB issue (Note 12) the non-current installments of this transaction were reclassified into short term. The Company is negotiating with the creditor a waiver for breaching the ratio established in covenants, thus not requiring the mandatory acceleration and/or acceleration declaration. The Company analyzed the other debt contracts and did not identify any impact on cross covenants in relation to such breach.

(A free translation of the original report in Portuguese as published in Brazil)

Gafisa S.A.

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

20. Financial instruments --Continued

(iii) Capital stock management

The explanations related to this note were not subject to material changes in relation to the disclosures in Note 20(iii) to the financial statements as of December 31, 2017.

The Company includes in its net debt structure: loans and financing, debentures, less cash and cash equivalents and short-term investments (cash and cash equivalents and marketable securities):

| | Company | | Consolidated | |
|---------------------------------------|-------------------|-------------------|---------------------|-------------------|
| | 03/31/2018 | 12/31/2017 | 03/31/2018 | 12/31/2017 |
| Loans and financing (Note 12) | 705,892 | 762,130 | 815,427 | 897,185 |
| Debentures (Note 13) | 168,041 | 207,713 | 168,041 | 207,713 |
| (-) Cash and cash equivalents and | | | | |
| short-term investments (Notes 4.1 and | | | | |
| 4.2) | (189,631) | (118,406) | (204,938) | (147,462) |
| Net debt | 684,302 | 851,437 | 778,530 | 957,436 |
| Equity | 934,234 | 755,557 | 936,904 | 759,404 |

(iv) Sensitivity analysis

The sensitivity analysis of financial instruments for the period ended March 31, 2018, except swap contracts, which are analyzed through their due dates, describes the risks that may cause material changes in the Company's profit or loss, as provided for by CVM, through Rule No. 475/08, in order to show a 10%, 25% and 50% increase/decrease in the risk variable considered.

As of March 31, 2018, besides derivative instruments, the Company has the following financial instruments:

- a) Short-term investments, loans and financing, and debentures linked to Interbank Deposit Certificates (CDI);
- b) Loans and financing linked to the Referential Rate (TR) and CDI, and debentures linked to the CDI and National Consumer Price Index – Extended (IPCA);
- c) Accounts receivable and payables for purchase of properties linked to the National Civil Construction Index (INCC) and General Market Price Index (IGP-M).

For the sensitivity analysis in the period ended March 31, 2018, the Company considered the interest rates of investments, loans and accounts receivables, the CDI rate at 6.39%, TR rate at 0%, INCC rate at 3.69%, IPCA rate at 2.68% and IGP-M rate at 0.20%. The scenarios considered were as follows:

Scenario I – Probable: 10% increase/decrease in the risk variables used for pricing

Scenario II – Possible: 25% increase/decrease in the risk variables used for pricing

Scenario III – Remote: 50% increase/decrease in the risk variables used for pricing

(A free translation of the original report in Portuguese as published in Brazil)

Gafisa S.A.

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

20. Financial instruments --Continued

(iv) Sensitivity analysis --Continued

The Company shows in the following chart the sensitivity to risks to which the Company is exposed, taking into account that the possible effects would impact the future results, based on the exposures shown as of March 31, 2018. The effects on equity are basically the same ones on profit or loss.

| Instrument | Risk | Scenario | | | | | |
|----------------------------------|--------------------------|----------------------|-----------------------|------------------------|------------------------|-----------------------|----------------------|
| | | I Increase 10% | II Increase 25% | III Increase 50% | III Decrease 50% | II Decrease 25% | I Decrease 10% |
| Short-term investments | Increase/Decrease of CDI | 1,013 | 2,533 | 5,067 | (5,067) | (2,533) | (1,013) |
| Loans and financing | Increase/Decrease of CDI | (2,148) | (5,370) | (10,740) | 10,740 | 5,370 | 2,148 |
| Debentures | Increase/Decrease of CDI | (738) | (1,846) | (3,692) | 3,692 | 1,846 | 738 |
| Derivative financial instruments | Increase/Decrease of CDI | (25) | (59) | (114) | 113 | 55 | 20 |
| Net effect of CDI variation | | (1,898) | (4,742) | (9,479) | 9,478 | 4,738 | 1,893 |
| Loans and financing of TR | Increase/Decrease | - | - | - | - | - | - |

| | | | | | | | |
|--------------------------------------|----------------------------|-------|---------|---------|---------|---------|---------|
| Net effect of TR variation | - | - | - | - | - | - | |
| Debtentures | Increase/Decrease of IPCA | (118) | (294) | (589) | 589 | 294 | 118 |
| Net effect of IPCA variation | | (118) | (294) | (589) | 589 | 294 | 118 |
| Accounts receivable of INCC | Increase/Decrease of INCC | 1,711 | 4,277 | 8,554 | (8,554) | (4,277) | (1,711) |
| Obligations for purchase of property | Increase/Decrease of INCC | (988) | (2,471) | (4,941) | 4,941 | 2,471 | 988 |
| Net effect of INCC variation | | 723 | 1,806 | 3,613 | (3,613) | (1,806) | (723) |
| Accounts receivable of IGP-M | Increase/Decrease of IGP-M | 70 | 176 | 352 | (352) | (176) | (70) |
| Net effect of IGP-M variation | | 70 | 176 | 352 | (352) | (176) | (70) |

*(A free translation of the original report in Portuguese as published in Brazil)***Gafisa S.A.**

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

21. Related parties**21.1. Balances with related parties**

The transactions between the Company and related companies are made under conditions and prices established between the parties.

| Current accounts | Company | | Consolidated | |
|---|---------------|------------|---------------|------------|
| | 03/31/2018 | 12/31/2017 | 03/31/2018 | 12/31/2017 |
| Assets | | | | |
| Current account: | | | | |
| Total SPEs | 902 | 1,785 | 45,005 | 39,491 |
| Subsidiaries | - | - | 36,063 | 29,697 |
| Jointly-controlled investees | 869 | 1,752 | 8,909 | 9,761 |
| Associates | 33 | 33 | 33 | 33 |
| Condominium and consortia and thirty party's works | 12,414 | 12,398 | 12,414 | 12,399 |
| Loan receivable (Note 20.ii.a) | 23,191 | 22,179 | 23,191 | 22,179 |
| Dividends receivable | 13,096 | 13,876 | - | - |
| | 49,603 | 50,238 | 80,610 | 74,069 |
| Current | 26,412 | 28,059 | 57,419 | 51,890 |
| Non-current | 23,191 | 22,179 | 23,191 | 22,179 |
| Liabilities | | | | |
| Current account: | | | | |

| | | | | |
|------------------------------|------------------|-----------|-----------------|----------|
| Total SPEs | (948,918) | (960,491) | (52,938) | (52,686) |
| Subsidiaries | (914,985) | (926,418) | (19,005) | (18,613) |
| Jointly-controlled investees | (25,331) | (25,471) | (25,331) | (25,471) |
| Associates | (8,602) | (8,602) | (8,602) | (8,602) |
| Loan payable (Note 20.ii.a) | (11,073) | (10,511) | (11,073) | (10,511) |
| | (959,991) | (971,002) | (64,011) | (63,197) |
| Current | (959,991) | (971,002) | (64,011) | (63,197) |
| Non-current | - | - | - | - |

The composition, nature and condition of loan receivable and payable by the Company are shown below. Loan maturities are from April 2018 and are tied to the cash flows of related ventures.

| | Company and Consolidated | | Nature | Interest rate |
|--|---------------------------------|-------------------|---------------|----------------------|
| | 03/31/2018 | 12/31/2017 | | |
| Lagunas - Tembok Planej. E Desenv. Imob. Ltda. | 4,997 | 4,778 | Construction | 12% p.a. + IGPM |
| Manhattan Residencial I | 1,466 | 1,791 | Construction | 10% p.a. + TR |
| Target Offices & Mall | 16,728 | 15,610 | Construction | 12% p.a. + IGPM |
| Total receivable | 23,191 | 22,179 | | |
| Dubai Residencial | 3,921 | 3,887 | Construction | 6% p.a. |
| Parque Árvores | 5,072 | 4,673 | Construction | 6% p.a. |
| Parque Águas | 2,080 | 1,951 | Construction | 6% p.a. |
| Total payable | 11,073 | 10,511 | | |

In the period ended March 31, 2018 the recognized financial income from interest on loans amounted to R\$1,172 (R\$745 in 2017) in the Company's and consolidated statement (Note 24).

Information regarding management transactions and compensation is described in Note 25.

The other explanation related to this note was not subject to significant changes in relation to those disclosed in Note 21 to the financial statements as of December 31, 2017.

(A free translation of the original report in Portuguese as published in Brazil)

Gafisa S.A.

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

21. Related parties --Continued

21.2. Endorsements, guarantees and sureties

The financial transactions of subsidiaries are guaranteed by endorsement or surety in proportion to the Company's interest in the capital stock of such companies, in the amount of R\$242,762 as of March 31, 2018 (R\$317,716 in 2017).

22. Net operating revenue

| | Company | | Consolidated | |
|--|-------------------|-------------------|---------------------|-------------------|
| | 03/31/2018 | 03/31/2017 | 03/31/2018 | 03/31/2017 |
| Gross operating revenue | | | | |
| Real estate development, sale, barter transactions and construction services | 220,585 | 117,684 | 231,531 | 151,662 |
| (Recognition) Reversal of allowance for doubtful accounts (Note 5) | 2,953 | (4,141) | 2,953 | (4,141) |
| Taxes on sale of real estate and services | (20,462) | (9,516) | (21,087) | (10,982) |
| Net operating revenue | 203,076 | 104,027 | 213,397 | 136,539 |

23. Costs and expenses by nature

These are represented by the following:

| | Company | | Consolidated | |
|---|-------------------|-------------------|---------------------|-------------------|
| | 03/31/2018 | 03/31/2017 | 03/31/2018 | 03/31/2017 |
| Cost of real estate development and sale: | | | | |
| Construction cost | (96,911) | (57,454) | (105,963) | (78,945) |
| Land cost | (34,789) | (13,967) | (38,336) | (21,742) |
| Development cost | (6,338) | (5,926) | (7,499) | (7,806) |
| Capitalized financial charges (Note 12) | (32,717) | (21,874) | (36,273) | (37,975) |
| Maintenance / warranty | (2,463) | (7,238) | (2,464) | (7,238) |
| Total cost of real estate development and sale | (173,218) | (106,459) | (190,535) | (153,706) |
| Commercial expenses: | | | | |
| Product marketing expenses | (10,736) | (4,385) | (12,107) | (5,040) |
| Brokerage and sale commission | (6,990) | (7,769) | (8,647) | (9,258) |
| Customer Relationship Management (CRM) and corporate marketing expenses | (3,275) | (3,849) | (3,611) | (4,546) |
| Other | 89 | (202) | 86 | (212) |
| Total commercial expenses | (20,912) | (16,205) | (24,279) | (19,056) |
| General and administrative expenses: | | | | |
| Salaries and payroll charges | (6,352) | (5,916) | (8,200) | (10,325) |
| Employee benefits | (642) | (533) | (828) | (930) |
| Travel and utilities | (78) | (64) | (101) | (111) |
| Services | (3,250) | (2,412) | (4,195) | (4,210) |
| Rents and condominium fees | (1,174) | (925) | (1,515) | (1,614) |
| IT | (2,143) | (2,138) | (2,766) | (3,731) |
| Stock option plan (Note 18.2) | 91 | (2,128) | 91 | (2,128) |
| Reserve for profit sharing (Note 25.iii) | (1,231) | (4,237) | (1,231) | (4,237) |
| Other | 40 | (47) | 49 | (83) |
| Total general and administrative expenses | (14,739) | (18,400) | (18,696) | (27,369) |
| Other income (expenses), net: | | | | |
| Expenses with lawsuits (Note 16) | (11,776) | (16,649) | (11,776) | (16,736) |
| Other | (684) | (2,963) | (429) | (2,966) |
| Total other income/(expenses), net | (12,460) | (19,612) | (12,205) | (19,702) |

(A free translation of the original report in Portuguese as published in Brazil)

Gafisa S.A.

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

24. Financial income (expenses)

| | Company | | Consolidated | |
|--|-------------------|-------------------|---------------------|-------------------|
| | 03/31/2018 | 03/31/2017 | 03/31/2018 | 03/31/2017 |
| Financial income | | | | |
| Income from financial investments | 3,952 | 4,769 | 4,016 | 6,122 |
| Derivative transactions (Note 20.i.b) | 20 | 806 | 20 | 806 |
| Financial income from loans (Note 21.i) | 1,172 | 745 | 1,172 | 745 |
| Other financial income | 85 | 109 | 136 | 197 |
| Total financial income | 5,229 | 6,429 | 5,344 | 7,870 |
| Financial expenses | | | | |
| Interest on funding, net of capitalization (Note 12) | (19,646) | (36,241) | (18,586) | (30,072) |
| Amortization of debenture cost | (955) | (876) | (955) | (876) |
| Payables to venture partners | - | (183) | - | (183) |
| Banking expenses | (1,502) | (1,837) | (1,773) | (2,148) |
| Discount granted and other financial expenses | (3,346) | (3,900) | (3,980) | (3,151) |
| Total financial expenses | (25,449) | (43,037) | (25,294) | (36,430) |

25. Transactions with management and employees

(i) Management compensation

In the periods ended March 31, 2018 and 2017, the amounts recorded in the line item “General and administrative expenses”, related to the compensation of the Company’s Management are as follows:

| Year ended March 31, 2018 | Management compensation | | |
|--|-------------------------|-----------------|----------------|
| | Board of Directors | Statutory Board | Fiscal Council |
| Number of members | 7 | 6 | 3 |
| Fixed compensation for the year (in R\$) | | | |
| Salary / Fees | 423 | 1,063 | 54 |
| Direct and indirect benefits | - | 57 | - |
| Other (INSS) | 85 | 213 | 11 |
| Monthly compensation (in R\$) | 169 | 444 | 22 |
| Total compensation | 508 | 1,333 | 65 |
| Profit sharing (Note 25.iii) | - | 265 | - |
| Total compensation and profit sharing | 508 | 1,598 | 65 |

| Year ended March 31, 2017 | Management compensation | | |
|--|-------------------------|-----------------|--------------------|
| | Board of Directors | Statutory Board | Board of Directors |
| Number of members | 7 | 4 | 3 |
| Fixed compensation for the year (in R\$) | | | |
| Salary / Fees | 423 | 659 | 50 |
| Direct and indirect benefits | - | 48 | - |
| Other (INSS) | 85 | 132 | 10 |
| Monthly compensation (in R\$) | 169 | 279 | 20 |
| Total compensation | 508 | 839 | 60 |
| Profit sharing (Note 25.iii) | - | 911 | - |
| Total compensation and profit sharing | 508 | 1,749 | 60 |

In the period ended March 31, 2018, the amount related to the grant of options to the Company’s management was a reversal of R\$61 (expense of R\$1,088 in 2017), in view of the change in the fair value of the granted Phantom Shares.

(A free translation of the original report in Portuguese as published in Brazil)

Gafisa S.A.

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

25. Transactions with management and employees --Continued

(i) Management compensation --Continued

The maximum aggregate compensation of the Company's management members for the year 2018, was established at R\$23,599 (R\$18,739 in 2017), as fixed and variable compensation, as approved at the Annual Shareholders' Meeting held on April 27, 2018.

On the same occasion the compensation limit of the Company's Fiscal Council members for their next term of office, which ends in the Annual Shareholders' Meeting to be held in 2019, was set at 10% of the compensation that, on average, was allocated to each officer of the Company, excluding the benefits, representation allowances and profit sharing (R\$261 in 2017).

(ii) Sales transactions

In the period ended March 31, 2018 and year ended December 31, 2017, no transaction of units sold to Management was carried out. The total balance receivable of sales transactions made was R\$167 (R\$168 in 2017).

(iii) Profit sharing

In the periods ended March 31, 2018 and 2017, the Company recorded a profit sharing expense amounting to R\$1,231 in the Company and consolidated balance (R\$4,237 in 2017) in the line item "General and Administrative Expenses " (Note 23).

| | Company and Consolidated | |
|--------------------------------|---------------------------------|------------|
| | 03/31/2018 | 03/31/2017 |
| Executive officers (Note 25.i) | 265 | 911 |
| Other employees | 966 | 3,326 |
| Total profit sharing | 1,231 | 4,237 |

The other explanation related to this note was not subject to significant changes in relation to those disclosed in Note 25 to the financial statements as of December 31, 2017.

26. Insurance

For the period ended March 31, 2018 insurance contracts were not subject to significant changes in relation to those disclosed in Note 26 to the financial statements as of December 31, 2017.

(A free translation of the original report in Portuguese as published in Brazil)

Gafisa S.A.

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

27. Earnings (loss) per share

The following table shows the calculation of basic and diluted earnings and loss per share. In view of the loss for the periods ended March 31, 2018 and 2017, shares with dilutive potential are not considered, because the impact would be antidilutive.

| | 03/31/2018 | 03/31/2017 |
|---|-------------------|-------------------|
| Basic numerator | | |
| Undistributed loss from continued operations | (55,924) | (157,117) |
| Undistributed profit (loss) from discontinued operations | - | 107,720 |
| Undistributed loss, available to the holders of common shares | (55,924) | (49,397) |
| Basic denominator (in thousands of shares) | | |
| Weighted average number of shares (Note 18.1) | 37,935 | 26,831 |
| Basic earnings (loss) per share in Reais | | |
| From continued operations | (1.474) | (1.841) |
| From discontinued operations | - | 4.015 |
| Diluted numerator | | |
| Undistributed loss from continued operations | (55,924) | (157,117) |
| Undistributed profit (loss) from discontinued operations | - | 107,720 |
| Undistributed loss, available to the holders of common shares | (55,924) | (49,397) |
| Diluted denominator (in thousands of shares) | | |

| | | |
|---|----------------|---------|
| Weighted average number of shares (Note 18.1) | 37,935 | 26,831 |
| Stock options | 582 | 225 |
| Anti-dilutive effect | (582) | (225) |
| Diluted weighted average number of shares | 37,935 | 26,831 |
| | | |
| Diluted earnings (loss) per share in Reais | (1.474) | (1.841) |
| From continued operations | (1.474) | (5.856) |
| From discontinued operations | - | 4.015 |

The other explanation related to this note was not subject to significant changes in relation to those disclosed in Note 27 to the financial statements as of December 31, 2017.

28. Segment information

With the completion of the discontinuation of Tenda's operations (Note 8.2), the Company operates only in one segment, according to the nature of its products.

Accordingly, the reports used for making decisions are the consolidated financial statements, and no longer the analysis by operating segments. Therefore, in line with CPC 22 – Operating Segments, the Company understands that there is no reportable segment to be disclosed in the periods ended March 31, 2018 and 2017.

(A free translation of the original report in Portuguese as published in Brazil)

Gafisa S.A.

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

29. Real estate ventures under construction – information and commitments

In order to meet the provisions of paragraphs 20 and 21 of ICPC 02, the recognized revenue amounts and incurred costs are shown in the statement of profit or loss, and the advances received are shown in the account “Payables for purchase of property and advances from customer” The Company shows the information on the ventures under construction as of March 31, 2018:

| | Consolidated 03/31/2018 |
|---|------------------------------------|
| Unappropriated sales revenue of units sold | 439,828 |
| Unappropriated estimated cost of units sold | (315,000) |
| Unappropriated estimated cost of units in inventory | (118,030) |
| (i) Unappropriated sales revenue of units sold | |
| Ventures under construction: | |
| Contracted sales revenue | 1,413,994 |
| Appropriated sales revenue | (974,166) |
| Unappropriated sales revenue (a) | 439,828 |
| (ii) Unappropriated estimated cost of units sold | |
| Ventures under construction: | |
| Estimated cost of units | (939,208) |
| Incurred cost of units | 624,208 |
| Unappropriated estimated cost (b) | (315,000) |
| (iii) Unappropriated estimated costs of units in inventory | |

| | |
|--------------------------------------|------------------|
| Ventures under construction: | |
| Estimated cost of units | (609,470) |
| Incurred cost of units (Note 6) | 491,440 |
| Unappropriated estimated cost | (118,030) |

(a) The unappropriated sales revenue of units sold are measured by the face value of contracts, plus the contract adjustments and deducted for cancellations, net of the levied taxes and adjustment to present value, and do not include ventures that are subject to restriction due to a suspensive clause (legal period of 180 days in which the Company can cancel a development) and therefore is not appropriated to profit or loss.

(b) The estimated cost of units sold and in inventory to be incurred does not include financial charges, which are appropriated to properties for sale and profit or loss (cost of real estate sold) in proportion to the real estate units sold to the extent they are incurred.

As of March 31, 2018, the percentage of assets consolidated in the financial statements related to ventures included in the equity segregation structure of the development stood at 17.3% (18.0% in 2017).

(A free translation of the original report in Portuguese as published in Brazil)

Gafisa S.A.

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

30. Additional Information on the Statement of Cash Flows

(i) Transactions that did not affect Cash and Cash Equivalents

The Company and its subsidiaries performed the following investing and financing activities that did not affect cash and cash equivalents, which were not included in the statements of cash flows:

| | Company | | Consolidated | |
|---|------------|------------|--------------|------------|
| | 03/31/2018 | 03/31/2017 | 03/31/2018 | 03/31/2017 |
| Capital contribution (reduction) | (9) | 15 | (9) | 15 |
| Capitalized financial charges (Note 12) | (5,549) | (17,637) | (10,865) | (33,269) |
| Physical barter – Land (Note 17) | (5,122) | (2,188) | (5,141) | (3,616) |
| | (10,680) | (19,810) | (16,015) | (36,870) |

(ii) Reconciliation of the asset and liability changes with the cash flows from financing activities

| Company | Opening balance 12/31/2017 | Transactions affecting cash | | | Transactions not affecting cash | Closing balance 03/31/2018 |
|---------|----------------------------------|-----------------------------|---------------------|----------------------|--|----------------------------------|
| | | Funding/ Receipt | Interest Payment | Principal Payment | Interests and inflation adjustment | |
| | | | | | | |

| | | | | | | |
|--|--------------------|------------------|---------------|----------------|--------------|--------------------|
| Loans, financing and debentures (Notes 12 and 13) | (969,843) | (40,390) | 33,515 | 104,139 | (1,354) | (873,933) |
| Loans (Note 21.1) | 11,668 | - | - | (118) | 568 | 12,118 |
| Paid-in capital (Note 18.1) | (2,521,152) | (167) | - | - | - | (2,521,319) |
| Capital reserve (Note 18.1) | - | (250,599) | - | - | - | (250,599) |
| | (3,479,327) | (291,156) | 33,515 | 104,021 | (786) | (3,633,733) |

| | Transactions affecting cash | | | | Transactions not affecting cash | |
|--|-----------------------------|------------------|------------------|-------------------|------------------------------------|--------------------|
| | Opening balance | Funding/ Receipt | Interest Payment | Principal Payment | Interests and inflation adjustment | Closing balance |
| Consolidated | 12/31/2017 | | | | | 03/31/2018 |
| Loans, financing and debentures (Notes 12 and 13) | (1,104,897) | (51,938) | 36,906 | 140,243 | (3,782) | (983,468) |
| Loans (Note 21.1) | 11,668 | - | - | (118) | 568 | 12,118 |
| Paid-in capital (Note 18.1) | (2,521,152) | (167) | - | - | - | (2,521,319) |
| Capital reserve (Note 18.1) | - | (250,599) | - | - | - | (250,599) |
| | (3,614,381) | (302,704) | 36,906 | 140,125 | (3,214) | (3,743,268) |

31. Subsequent events

(i) Annual Shareholders' Meeting

On April 27, 2018, the Company's Annual Shareholders' Meeting was held, and the following main resolutions were taken: (i) approval of the financial statements for the year ended December 31, 2017; (ii) register of the non-distribution of dividends in view of the loss for the year 2017; (iii) establishment of the number of Board of Director's members as seven; (iv) election of the Board of Directors' members; (v) establishment of the number of Fiscal Council's members; (vi) election of the Fiscal Council's members; and (vii) setting of the global compensation amount of management and fiscal council's members for 2018.

(ii) Extraordinary Shareholders' Meeting

On April 27, 2018, the Extraordinary Shareholders' Meeting was held, on which the following main resolutions were taken: (i) amendment to the articles of incorporation to reflect the capital increase; (ii) increase in the capital increase authorization limit that do not depend on amendment to the articles of incorporation; (iii) change to the provisions of the appointment of the meeting's president in the event of absence or impediment of the Board of Directors' chairperson; and (iv) adjustment of the articles of incorporation for compliance with the New Rules of B3's Novo Mercado.

(A free translation of the original report in Portuguese as published in Brazil)

Gafisa S.A.

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

Other information deemed relevant by the Company

1. SHAREHOLDERS HOLDING MORE THAN 5% OF THE VOTING CAPITAL AND TOTAL NUMBER OF OUTSTANDING SHARES

| | 03/31/2018 | |
|--------------------------------------|----------------------|----------------|
| | Common shares | |
| Shareholder | Shares | % |
| Outstanding shares | 23,743,634 | 53.05% |
| GWI Asset Management S.A. | 8,572,296 | 19.15% |
| Wishbone Management, LP | 6,985,972 | 15.61% |
| River and Mercantile Management, LLP | 4,517,968 | 10.09% |
| Treasury shares | 938,044 | 2.10% |
| Total shares | 44,757,914 | 100.00% |
| | 03/31/2017 | |
| | Common shares | |
| Shareholder | Shares | % |
| Treasury shares | 1,046,226 | 3.73% |
| Polo Capital | 2,269,397 | 8.09% |
| Pátria Investimentos | 1,570,204 | 5.60% |
| Outstanding shares | 23,154,335 | 82.58% |
| Total shares | 28,040,162 | 100.00% |

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Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

Other information deemed relevant by the Company**2. SHARES HELD BY PARENT COMPANIES, MANAGEMENT AND BOARD**

| Shareholder | 03/31/2018 | |
|---|----------------------|----------------|
| | Shares | % |
| | Common shares | |
| Shareholders holding effective control of the Company | 20,076,236 | 44.86% |
| Board of Directors | 18,076 | 0.04% |
| Executive directors | 103,504 | 0.23% |
| Executive control, board members, officers and fiscal council | 20,197,816 | 45.13% |
| Treasury shares | 938,044 | 2.10% |
| Outstanding shares in the market (*) | 23,622,054 | 52.78% |
| Total shares | 44,757,914 | 100.00% |
| | 03/31/2017 | |
| | Common shares | |
| Shareholder | Shares | % |
| Shareholders holding effective control of the Company | 3,839,601 | 13.69% |
| Board of Directors | 43,951 | 0.16% |

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| | | |
|---|-------------------|----------------|
| Executive directors | 123,128 | 0.44% |
| Executive control, board members, officers and fiscal council | 4,006,680 | 14.29% |
| Treasury shares | 1,046,226 | 3.73% |
| Outstanding shares in the market (*) | 22,987,256 | 81.98% |
| Total shares | 28,040,162 | 100.00% |

(*) Excludes shares of effective control, management, board and in treasury.

(i) Post grouping, considering ratio of R\$13.483023074 for comparability.

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Gafisa S.A.

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

Other relevant information

3 – COMMITMENT CLAUSE

The Company, its shareholders, directors and board members undertake to settle, through arbitration, any and all disputes or controversies that may arise between them, related to or originating from, particularly, the application, validity, effectiveness, interpretation, breach and the effects thereof, of the provisions of Law No. 6404/76, the Company's By-Laws, rules determined by the Brazilian Monetary Council (CMN), by the Central Bank of Brazil and by The Brazilian Securities and Exchange Commission ("CVM") as well as the other rules that apply to the operation of the capital market in general, in addition to those established in the New Market Listing Regulation, Participation in the New Market Contract and in the Arbitration Regulation of the Chamber of Market Arbitration.

(A free translation of the original report in Portuguese as published in Brazil)

Gafisa S.A.

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

Report on the review of quarterly information - ITR

The Board of Directors and Shareholders of

Gafisa S.A.

São Paulo – SP

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Gafisa S.A. (“Company”), included in the Quarterly Information Form (ITR) for the quarter ended March 31, 2018, comprising the balance sheet at that date and the statements of income, comprehensive income, changes in equity and cash flows for the quarter then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company and consolidated interim accounting information in accordance with the accounting standard CPC 21 (R1) – Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC) and International Accounting Standard (IAS) 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), including the guidance contained in Ofício Circular/CVM/SNC/SEP 01/2018 related to the application of Orientação OCPC 04, on revenue recognition over time (POC – Percentage of completion), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (“CVM”), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of people responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion from the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34, including the guidance contained in *Ofício Circular/CVM/SNC/SEP 01/2018* related to the application of *Orientação OCPC 04*, on revenue recognition over time (POC – Percentage of completion), applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

(A free translation of the original report in Portuguese as published in Brazil)

Gafisa S.A.

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

Emphasis of matter

As described in Note 2.1, the accompanying parent company and consolidated interim accounting information was prepared in accordance with the accounting standard CPC 21 (R1) and IAS 34, including the guidance contained in Ofício Circular/CVM/SNC/SEP 01/2018 related to the application of Orientação OCPC 04, on revenue recognition over time (POC – Percentage of completion), whilst the process of discussion of OCPC 04 is not concluded. Our conclusion is not qualified in respect of this matter.

Other matters

Statement of value added

The quarterly information referred to above include the parent company and consolidated statements of value added for the quarter ended March 31, 2018, prepared under the responsibility of the Company's management and presented as supplementary information under IAS 34. These statements have been submitted to review procedures performed in connection with the review of the quarterly information, in order to verify whether they are reconciled with the interim accounting information and accounting records, as applicable, and whether their form and content are presented in accordance with the criteria defined in Pronunciamento Técnico CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in accordance with the criteria defined in this Pronunciamento Técnico and in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

Audit and review of last year's figures

The Quarterly Information (ITR) referred to in the first paragraph includes accounting information corresponding to the statement of income, comprehensive income, changes in equity, cash flows and value added for the quarter ended March 31, 2017, obtained from the Quarterly Information (ITR) from that quarter and the balance sheets as of December 31, 2017, obtained from the individual and consolidated financial statements as of December 31, 2017, presented for comparison purposes. The review of the Quarterly Information (ITR) for the quarter ended March 31, 2017 and the examination of the parent company and consolidated financial statements for the year ended December 31, 2017 were conducted under the responsibility of other independent auditors, who issued their unqualified review report and unqualified audit opinion dated May 9, 2017 and March 8, 2018, respectively, unqualified.

São Paulo, May 10, 2018

PricewaterhouseCoopers

Audidores Independentes

CRC 2SP000160/O-5

Fábio Cajazeira Mendes

Accountant CRC 1SP196825/O-0

(A free translation of the original report in Portuguese as published in Brazil)

Gafisa S.A.

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

Reports and statements \ Management statement of interim financial information

Management statement of interim financial information

STATEMENT

Gafisa S.A. management, CNPJ 01.545.826/0001-07, located at Av. Nações Unidas, 8501, 19th floor, Pinheiros, São Paulo, states as per article 25 of CVM Instruction 480 issued in December 07, 2009:

- i) Management has reviewed, discussed and agreed with the auditor's conclusion expressed on the report on review interim financial Information for the period ended March 31, 2018; and

- ii) Management has reviewed and agreed with the interim information for the period ended March 31, 2018.

São Paulo, May 10, 2018.

GAFISA S.A.

Management

77

(A free translation of the original report in Portuguese as published in Brazil)

Gafisa S.A.

Notes to the quarterly information

March 31, 2018

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

Reports and Statements \ Management statement on the report on review of interim financial information

Management Statement on the Review Report

STATEMENT

Gafisa S.A. management, CNPJ 01.545.826/0001-07, located at Av. Nações Unidas, 8501, 19th floor, Pinheiros, São Paulo, states as per article 25 of CVM Instruction 480 issued in December 07, 2009:

i) Management has reviewed, discussed and agreed with the auditor's conclusion expressed on the report on review interim financial Information for the period ended March 31, 2018; and

ii) Management has reviewed and agreed with the interim information for the period ended March 31, 2018.

São Paulo, May 10, 2018.

GAFISA S.A.

Report on the review of quarterly information - ITR

Management

78

