Financial Statements

Aché Laboratórios Farmacêuticos S.A. and subsidiaries

December 31, 2015 with Independent Auditor's Report







Guarulhos, March 17, 2016

Dear Shareholders,

Aché Laboratórios Farmacêuticos S.A. management, in compliance with legal and statutory provisions, submit its Management Report and the related Individual and Consolidated Financial Statements, accompanied by an independent auditor's report, for the year ended December 31, 2015 for your appreciation. All comparisons in this report consider consolidated data in relation to the same period in 2014, in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS), established by the International Accounting Standards Board (IASB).

Massage from management

2015 was like a rollercoaster, full of ups and downs and uncertainties. The economic scenario, more negative than expected at the beginning of the year, led us to a decrease in Brazilian GDP, and an increase in inflation, which was close to 10.5% for Brazil's Extended Consumer Price Index (IPCA). In addition, the Brazilian currency was strongly depreciated vis-à-vis the US dollar, which made inputs significantly more expensive, and put pressure on the profitability of the pharmaceutical industry, which still imports considerable portion of its raw material and is subject to price control.

Even with the macro-economic scenario slowdown, Aché grew by **9.3%** in net revenue, compared to year 2014. In addition, we launched **25** products, further expanding our already diversified portfolio.

With a view to the future, Aché kept investments in renewal of its portfolio. There are 158 projects conducted by its PMO.

Progressing in its vocation for Innovation, and in line with the Company's strategic planning, the Company allocated investments for construction of the Design and Molecular Synthesis Laboratory, installed in the Company's Radical Innovation Center, whose objective is to research and develop new pharmaceutical technologies in Brazil. A milestone for the scientific production and an advance the Brazilian pharmaceutical industry, the laboratory model is a pioneer in Brazil.

Accordingly, investments in 2015 totaled approximately R\$ 206.3 million, of which R\$ 65.7 million contributed to R&D and Innovation, R\$ 116 million to Machinery and Construction in Progress, R\$ 15.3 million to Information Technology and Systems.



We once again ensure our financial soundness through our strong ability to generate cash, and demonstrate our profitable growth. Our EBITDA margin was 30.7% of net revenue. Net income was 20.3% of net revenue. Accordingly, Fitch Ratings and Standard & Poor's agencies kept our investment grade ratings with a stable outlook amid a global economic scenario of uncertainties, and thus, renewed their trust in our own model of doing business.

For Aché, generating and sharing value is providing its employees and community with full development opportunities, transforming and improving people's lives wherever they are. Therefore, based on the Company's strategic drivers, R\$ 8.9 million was contributed to research programs for child diseases, palliative care for oncological patients, social assistance to children and adolescents, professional qualification programs, support to spots, cultural exhibitions, among other activities.

Over 2015, the Company kept its strategy to continuously seek sustainable improvements and results; management is committed to carry on making Aché a reference company in the pharmaceutical industry, based on its mission: being the best pharmaceutical laboratory in Brazil, preferred by consumers and health professionals for making available innovative products and services that promote health and well-being to all people.



Highlights in 2015

- ✓ Net Revenue of R\$ 2.3 billion, 9.3% higher compared to prior period;
- ✓ Adjusted EBTIDA of R\$716.3 million, equivalent to 30.7% of net revenue;
- ✓ Net Income of R\$472.8 million, equivalent to 20.3% of net revenue;
- ✓ Launch of 25 products, 5 of which are prescription medicine, 4 generic medicine, 11 dermocosmetics, and 5 nonprescription medicine;
- ✓ Eight new product licenses obtained from the Brazilian FDA (Anvisa) in 4Q15, of which 4 prescription medicine, 1 dermocosmetics medicine, 1 generic medicine, and 2 nonprescription medicines;
- ✓ 1st place in the Pharmaceutical and Life Sciences industry in the Inovação Brasil (Brazil Innovation) award, promoted by Valor Econômico, in partnership with Strategy&.
- √ 1st place in the pharmaceutical industry in the Estadão Empresa Mais award, promoted by Estado de São Paulo Newspaper.
- ✓ Lupa de Ouro (Golden Magnifying Glass) Award in the Best Business Performance category for the 5th consecutive year, promoted by Grupemef, also winning in eight other categories that evaluated product campaigns;
- ✓ Líderes do Brasil (Brazilian Leaders) Award, Aché was a highlight in the "Pharmaceutical Industry Leader" category for its business performance and exceptional performance over the year.
- ✓ Leadership in medical prescription generation for the 9th consecutive year.

Significant Financial Indicators - Consolidated

(R\$ million)	4Q14	4Q15	Var (%)	2014	2015	Var (%)
Net revenue	603.7	658.6	9.1%	2,133.8	2,332.9	9.3%
Gross profit	455.6	460.2	1.0%	1,617.0	1,706.2	5.5%
% Net Revenue	75.5%	69.9%	-5.6 p.p.	75.8%	73.1%	-2.7 p.p.
Net income	151.1	125.8	-16.7%	471.0	472.8	0.4%
% Net Revenue	25.0%	19.1%	-5.9 p.p.	22.0%	20.3%	-1.7 p.p.
EBITDA	215.2	162.3	-24.5%	693.2	681.9	-1.6%
% Net Revenue	35.7%	24.6%	-11.0 p.p.	32.4%	29.2%	-3.2 p.p.
EBITDA (adjusted)	177.5	153.5	-13.5%	702.0	716.3	2.0%
% Net Revenue	29.4%	23.3%	-6.1 p.p.	32.9%	30.7%	-2.2 p.p.



I - Overview

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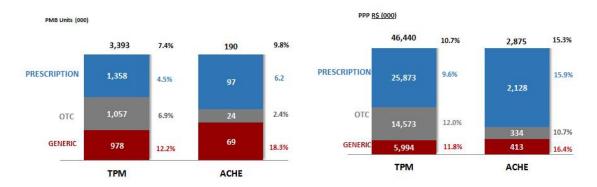
In the 4Q2015, there was an increase in Aché's financial indicators. Net revenue was R\$ 658.6 million, a 9.1% increase in comparison with the same prior-year period. In the same period, net income amounted to R\$ 125.8 million, equivalent to 19.1% of net revenue, EBTIDA amounted to R\$ 162.3 million, equivalent to 24.6% of net revenue, and adjusted EBTIDA amounted to R\$ 153.5 million, equivalent to 23.3% of net revenue. Those results reinforce the Company's consistency in its strategic planning.

II - Business Context

1. Total Pharmaceutical Market (TPM)

The Brazilian pharmaceutical market recorded in the 4Q2015 an increase by 10.7% in value in comparison with the same prior-year period, using the PPP methodology.

The prescription medicine market, which accounts for 55.7% of the TPM in value, increased by 9.6% in comparison with the same 2014 period. The generic medicine market, which accounts for 12.9% of TPM in value, increased by 11.8% in the same period. The nonprescription medicine market, which accounts for 31.4% of the TPM in value, increased by 12.0% in comparison with thsame prior-year period.



To calculate the size of the Total Pharmaceutical Market (TPM), which represents demand in reais (R\$) of all companies established in Brazil, IMS Health Brasil, the main consulting firm in the industry, began using in 2012 a second price level based on the price adopted: Pharmacy Purchase Price (PPP), considering the average discount for each presentation of the Brazilian pharmaceutical market in addition to the Pharmaceutical Management Branch (PMB), which is based on the projection of companies gross revenue using the factory price.

Aché kept leadership in medical prescription generation for the 9th consecutive year, with 6.42% market share. This result was achieve once again for the excellence of our demand force and launch of new products.



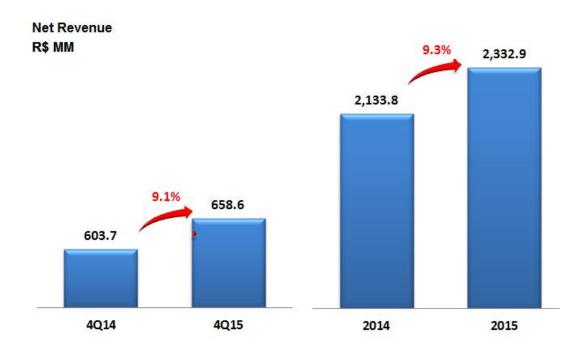
III – Economic and Financial Performance

Consolidated profit or loss

(R\$ million)	4Q14	s/NR	4Q15	s / NR	2014	s / NR	2015	s / NR
Net revenue	603.7	100.0%	658.6	100.0%	2,133.8	100.0%	2,332.9	100.0%
Gross profit	455.6	75.5%	460.2	69.9%	1,617.0	75.8%	1,706.2	73.1%
Selling and administrative expenses	(221.8)	-36.7%	(281.0)	-42.7%	(893.2)	-41.9%	(1,025.9)	-44.0%
Other operating expenses	(26.2)	-4.3%	(24.0)	-3.6%	(55.7)	-2.6%	(32.0)	-1.4%
Operating income (EBIT)	207.5	34.4%	155.3	23.6%	668.1	31.3%	648.4	27.8%
Financial income (expenses), net	6.0	1.0%	5.6	0.9%	12.1	0.6%	5.7	0.2%
Income before income and social contribution taxes (IRPJ and CSLL)	213.5	35.4%	160.8	24.4%	680.2	31.9%	654.1	28.0%
Net income	151.1	25.0%	125.8	19.1%	471.0	22.0%	472.8	20.3%
EBITDA	215.2	35.7%	162.3	24.6%	693.2	32.4%	681.9	29.2%
EBITDA (adjusted)	177.5	29.4%	153.5	23.3%	702.0	32.9%	716.3	30.7%

1. Net sales revenue

Net sales revenue increased by 9.3% in relation to 2014, reaching R\$2,332.9 billion. In 4Q14, net revenue amounted to R\$658.6 million, 9.1% higher in comparison with same prior-year quarter.

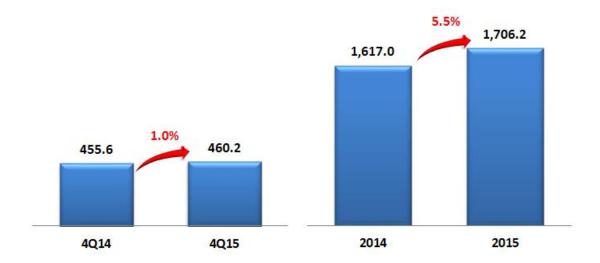




2. Gross profit

YTD gross profit amounted to R\$1,706.2 million, 5.5% higher in comparison with the same 2014 YTD period.

Gross Profit R\$ MM



3. Selling expenses

In the 4Q15, selling expenses amounted to R\$205.9 million, 31.3% of net revenue, a R\$6 million increase in comparison with the same prior-year period. YTD selling expenses totaled R\$ 830.3 million, 35.6% of net revenue, a R\$ 42.4 million increase in comparison with the 2014 YTD balance, as follows.

(R\$ million)	4Q14	s/NR	4Q15	s/NR	2014	s / NR	2015	s / NR
Selling expenses	199.9	33.1%	205.9	31.3%	787.9	36.9%	830.3	35.6%



4. General and administrative expenses

In 2015, general and administrative expenses totaled R\$195.6 million, equivalent to 8.4% of net revenue.

(R\$ million)	4Q14	s/NR	4Q15	s/NR	2014	s / NR	2015	s/NR
General and administrative expenses	22.0	3.6%	75.1	11.4%	105.3	4.9%	195.6	8.4%

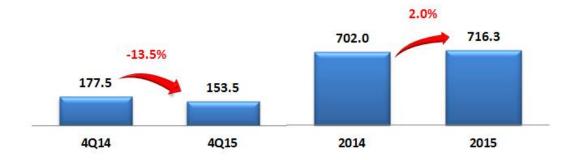
5. EBITDA

YTD Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) amounted to R\$716.3 million, 2.0% higher in comparison with the prior year, and with an EBITDA margin of 30.7% in 2015 YTD.

Adjusted EBITDA (R\$ million)	2014	2015	Var (%)
Net income	471.0	472.8	0.4%
Provision for income and social contribution taxes	205.3	180.1	-12.3%
Financial income (expenses), net	(12.1)	(5.7)	-52.9%
Depreciation and amortization	29.0	34.7	19.7%
ЕВІТДА	693.2	681.9	-1.6%
Non-recurring income/expenses	8.8	34.4	290.9%
Adjusted EBITDA	702.0	716.3	2.0%
Margin	32.9%	30.7%	-2.2 p.p.



EBITDA R\$ MM



6. Financial income (expenses), net

Financial income and expenses, net for 2015 totaled R\$ 5.7 million, with a decrease of R\$ 6.4 million compared to prior year.

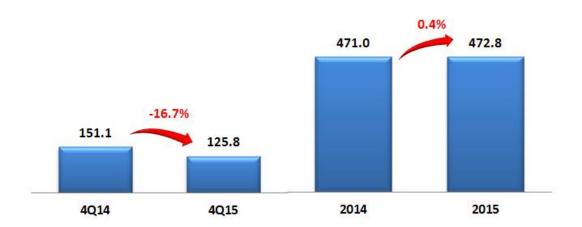
(R\$ million)	4Q14	s / NR	4Q15	s/NR	2014	s / NR	2015	s/NR
Financial income (expenses)	3.3	0.5%	(1.2)	-0.2%	11.2	0.5%	12.4	0.5%
Foreign exchange variation	0.8	0.1%	1.3	0.2%	0.3	0.0%	(14.8)	-0.6%
Present value adjustment (PVA)	1.9	0.4%	5.4	0.8%	0.6	0.0%	8.1	0.3%
Financial income (expenses), net	6.0	1.0%	5.6	0.8%	12.1	0.6%	5.7	0.2%



7. Net income

Net income for 2015 amounted to R\$ 472.8 million, 0.4% higher than the same 2014 YTD period. In the 4Q2015, net income amounted to R\$ 125.8 million, equivalent to 19.1% of net revenue.





8. Net Debt-to-Equity

The Company closed 2015 with net financial debt of R\$ 44.9 million. Gross debt totaled R\$ 193.0 million, with long-term principal, as follows:

(R\$ million)	2014	2015	Var (%)
Loans and financing – current	32.2	33.8	5.0%
Loans and financing – long-term	152.7	159.2	4.3%
Gross Debt	184.9	193.0	4.4%
Cash and cash equivalents	291.1	228.6	-21.5%
Short-term investments – Long term	8.4	9.3	10.7%
Net Debt-to-Equity	(114.6)	(44.9)	-60.8%

The Company's noncurrent debt has maturities to 2042.



9. Investments

9.1 Research, Development and Innovation (RDI)

Investments in RDI totaled R\$65.7 million in 2015.

Aché has 15 projects in its Radical Innovation portfolio, i.e., new pharmaceutical active items in in the world, 5 of which under development, and 10 in the discovery phase (proof of concept). Such projects focus upon highly-significant therapeutic indications. The Radical Innovation portfolio covers functional foods, dermocosmetics, phototherapy and synthetic areas. Innovation projects generated by Aché are protected by patent applications in Brazil and in countries with great market potential.

In the fourth quarter, the Company obtained licenses for 8 new products from ANVISA, of which 4 prescription medicine, 1 dermocosmetics medicine, 1 generic medicine, and 2 nonprescription medicines:

9.2 Property, plant and equipment

In the fourth quarter, investments in property, plant and equipment totaled R\$ 69.3 million, with highlight to the acquisition of new machinery and equipment amounting to R\$ 45.5 million, IT equipment amounting to R\$ 9.5 million, investments amounting to R\$ 11.7 million, and R\$ 2.7 million in furniture and fixtures, molds and facilities.

9.3 Dividend

Company management computed R\$ 472.8 million in profit or loss for the year, of which R\$ 56.7 million was already paid as dividend in advance over 2015, 61.5 million is accounted for in liabilities as a supplement to mandatory minimum dividend of 25%, and R\$ 356.4 million as income reserves awaiting allocation by the Annual General Shareholders' Meeting.

Acknowledgments

We thank our shareholders for their trust, our employees for their commitment, our customers and consumers for their preference, and our suppliers and partners for their support.

The management

Financial statements

December 31, 2015

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

Independent auditor's report on financial statements

The Shareholders, Board of Directors and Officers **Aché Laboratórios Farmacêuticos S.A. and subsidiaries**Guarulhos - SP

We have audited the accompanying individual and consolidated financial statements of Aché Laboratórios Farmacêuticos S.A. ("Company"), identified as Company and Consolidated, respectively, which comprise the balance sheet as at December 31, 2015, and the related statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting practices and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the Company's financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting practices used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Aché Laboratórios Farmacêuticos S.A. as at December 31, 2015, its individual and consolidated operating performance and its individual and consolidated cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (*IFRS*) issued by the International Accounting Standards Board (IASB).

Other matters

Statements of value added

We have also audited the individual and consolidated statements of value added (SVA) for the year ended December 31, 2015, prepared under management's responsibility, whose presentation is required by the Brazilian Corporation Law for publicly-held corporations and as additional information by the IFRS, which do not require SVA presentation. These statements have been subject to the same auditing procedures previously described and, in our opinion, are presented fairly, in all material respects, in relation to the overall financial statements.

São Paulo, March 17, 2016

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

Douglas Travaglia Lopes Ferreria Accountant CRC-1SP218313/O-4 A free translation from Portuguese into English of Individual and Consolidated Financial Statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board – IASB

Aché Laboratórios Farmacêuticos S.A. and subsidiaries

Balance sheets
December 31, 2015 and 2014
(In thousands of reais – R\$)

		Company		Conso	lidated
	Note	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Assets					
Current assets					
Cash and cash equivalents	4	162,631	230,776	228,616	291,122
Trade accounts receivable	5	305,195	191,691	449,789	306,748
Inventories	6	286,235	167,610	405,453	266,597
Income and social contribution taxes to be offset		4,942	3,008	26,236	15,812
Dividend receivable	15	25,174	-	-	-
Prepaid expenses		59,517	34,987	68,072	39,500
Other receivables		33,923	24,771	46,163	42,980
Total current assets		877,617	652,843	1,224,329	962,759
Noncurrent assets					
Short-term investments		-	-	9,272	8,402
Trade accounts receivable	5	-	-		1,087
Judicial deposits	17	130,156	130,093	133,894	133,261
Income and social contribution taxes to be offset		8,660	4,435	14,383	7,054
Other receivables		10,122	3,687	9,779	3,338
Investments	9	470,253	424,532	596	10
Property, plant and equipment	10	624,953	570,449	793,076	697,370
Intangible assets	11	39,741	28,263	275,977	264,429
Total noncurrent assets		1,283,885	1,161,459	1,236,977	1,114,951

Total assets **2,161,502** 1,814,302 **2,461,306** 2,077,710

	Company		Conso	olidated	
Note	12/31/2015	12/31/2014	12/31/2015	12/31/2014	
12	29,687	29,393	33,762	32,210	
13	140,650	45,225	180,177	58,932	
14	108,258	94,433	169,893	159,626	
16	49,705	44,447	68,946	57,442	
15/19.d	61,521	100,000	61,521	100,000	
	8,188	12,551	21,738	25,571	
	20,497	14,647	55,455	35,159	
	418,506	340,696	591,492	468,940	
40	424 422	400 747	450 044	450,000	
	•		,	152,698	
-	•		,	104,921	
		,	227,620	178,373	
9	•	,	44 410	24 022	
				31,922	
	390,291	339,791	313,164	467,914	
	440.959	440.959	440.959	440,959	
	•	- ,	,	174,212	
	,		,	5,057	
	•	,	•	135,421	
	•		,	378,166	
	1,346,705	1,133,815	1,346,705	1,133,815	
		-	7,945	7,041	
19	1,346,705	1,133,815	1,354,650	1,140,856	
	2,161,502	1,814,302	2,461,306	2,077,710	
	12 13 14 16	12 29,687 13 140,650 14 108,258 16 49,705 15/19.d 61,521 8,188 20,497 418,506 12 134,423 7 25,268 17 197,490 9 23,143 15,967 396,291 440,959 174,212 4,586 133,860 593,088 1,346,705	12	12	

Income statements Years ended December 31, 2015 and 2014 (In thousands of reais, except for earnings per share)

		Company (BR GAAP)			lidated and IFRS)
-	Note	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Operating revenue, net	20	1,756,194	1,570,304	2,332,938	2,133,827
Cost of sales	21	(454,547)	(375,104)	(626,692)	(516,847)
Gross profit		1,301,647	1,195,200	1,706,246	1,616,980
Operating income (expenses) Selling expenses General and administrative expenses Employee and management profit sharing Equity pickup Other operating income, net	21 21 9 22	(665,161) (135,486) (24,276) 121,922 (1,240)	(625,504) (68,475) (18,251) 142,629 (22,844)	(830,312) (195,596) (47,763) 12,774 3,002	(787,884) (105,325) (39,154) 4,340 (20,850)
Operating income before financial income (expenses)		597,406	602,755	648,351	668,107
Financial income (expenses) Financial income Financial expenses Foreign exchange variation, net	23 23 23	29,286 (24,958) (14,024)	31,253 (25,040) 217	50,296 (29,780) (14,779)	42,681 (30,860) 303
Income before income and social contribution taxes		587,710	609,185	654,088	680,231
Income and social contribution taxes Current Deferred	8 8	(124,993) 10,094	(130,068) (8,078)	(201,222) 21,031	(206,703) 1,423
Net income for the period		472,811	471,039	473,897	474,951
Attributable to Controlling interest Non-controlling interest		472,811 -	471,039 -	472,811 1,086	471,039 3,912
Earnings per share for the period – R\$ Basic	27	7.40	7.37	7.40	7.37

Statements of comprehensive income Years ended December 31, 2015 and 2014 (In thousands of reais – R\$)

		pany SAAP)		lidated and IFRS)
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Net income for the period	472,811	471,039	473,897	474,951
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	472,811	471,039	473,897	474,951
Attributable to: Controlling interest Non-controlling interest	472,811 	471,039 - 471,039	472,811 1,086 473,897	471,039 3,912 474,951

Statements of changes in equity Years ended December 31, 2015 and 2014 (In thousands of reais – R\$)

		Capital	reserves		Equity	adjustment			Inco	me reserves					Non-	
	Capital	Special goodwill reserve	Share premium reserve	Revaluation reserve	On own assets	On subsidiaries' assets	Legal reserve	Tax incentive reserve	Reserve for new products and R&D	Reserve for investments in PPE	Unpaid income reserve	Reserve for additional dividends proposed	Retained earnings	Total attributed to controlling interests	controlling interest in subsidiaries' equity	Total
Balances at December 31, 2013	440,959	167,767	6,445	5,527	128,810	8,993	43,807	618	88,963	103,060	-	265,078	-	1,260,027	3,129	1,263,156
Realization of revaluation reserve	-	-	-	(470)	-	-	-	-	-	-	-	-	470	-	-	-
Realization of adjustments to deemed cost	-	-	-	-	(3,117)	735	-	-	-	-	-	-	2,382	-	-	-
Net income for the period	-	-	-	-	-	-	-	-	-	-	-	-	471,039	471,039	3,912	474,951
Interest on equity paid according to the SGM																
held on November 25, 2014	-	-	-	-	-	-	-	-	-	-	-	-	(39,079)	(39,079)	-	(39,079)
Transfer to dividends payable according to the																
SGM held on December 9, 2014	-	-	-	-	-	-	-	-	-	-	-	-	(100,000)	(100,000)	-	(100,000)
Payment of dividends according to the BDM												(0.05.070)		(005.070)		(005.070)
held on February 25, 2014	-	-	-	-	-	-	-	-	-	-	-	(265,078)	-	(265,078)	-	(265,078)
Prepayment of dividends approved at the SGM held on July 8, 2014													(32, 173)	(32, 173)		(22.472)
Prepayment of dividend approved at the SGM	-	-	-	-	-	-	-	-	-	-	-	-	(32, 173)	(32, 173)	-	(32,173)
held on October 1, 2014													(150,000)	(150,000)		(150,000)
Prepayment of dividend approved at the SGM													(130,000)	(130,000)		(130,000)
held on November 25, 2014	_	_	_	_	_	_	_	_	_	_	_	_	(10,921)	(10,921)	_	(10,921)
Transfer to income reserve	_	_	_	-	_	_	_	_	_	-	_	141.718	(141,718)	(10,321)	-	(10,321)
												,	(,)			
Balances at December 30, 2014	440,959	167,767	6,445	5,057	125,693	9,728	43,807	618	88,963	103,060	-	141,718	-	1,133,815	7,041	1,140,856
Realization of revaluation reserve	-	-	-	(471)	-	-	_	-	-	-	-	-	471	-	-	-
Realization of adjustments to deemed cost	-	-	-	-	(1,357)	(204)	-	-	-	-	-	-	1,561	-		-
Tax incentive reserve	-	-	-	-	-	-	-	264	-	-	-	-	(264)	-		-
Net income for the period	-	-	-	-	-	-	-	-	-	-	-	-	472,811	472,811	1,086	473,897
Dividend payment – Melcon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(182)	(182)
Prepayment of dividend as per SGM held on													(40.000)	(40.000)		(40.000)
June 18, 2015	-	-	-	-	-	-	-	-	-	-	-	-	(46,682)	(46,682)	-	(46,682)
Prepayment of dividend as per SGM held on													(40.000)	(40.000)		(40.000)
November 17, 2015	-	-	-	-	-	-	-	-	-	-	-	-	(10,000)	(10,000)	-	(10,000)
Payment of dividend as per BDM held on March 27, 2015												(141,718)		(141,718)		(141,718)
March 27, 2015 Mandatory minimum dividend transferred to	-	-	-	-	-	-	-	-	-	-	-	(141,718)	-	(141,718)	-	(141,718)
dividend pavable				_		_				_			(61,521)	(61,521)	_	(61,521)
Transfer to income reserves	-	-	-	-	-	-	-	-	-	-	356,376	-	(356,376)	(01,521)		(01,521)
Transied to income reserves	-	•	-	-	-	-	-	-	-	-	330,370	-	(330,370)	-	-	-
Balances at December 31, 2015	440,959	167,767	6,445	4,586	124,336	9,524	43,807	882	88,963	103,060	356,376	-	-	1,346,705	7,945	1,354,650

Cash flow statements Years ended December 31, 2015 and 2014 (In thousands of reais – R\$)

	Company (BR GAAP)			lidated and IFRS)
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
				_
Cash flow from operating activities	F07 740	000 405	054000	222 224
Net income before income and social contribution taxes	587,710	609,185	654,088	680,231
Adjustments to reconcile pre-tax income to net cash generated by operating activities:				
Depreciation and amortization	25,490	20,962	34,750	29.045
Loss on disposal of property, plant and equipment items	3,031	477	3,679	1,697
Provisions for tax, civil and labor contingencies	46,109	38,889	57,845	42,258
Provision for inventory losses	(4,091)	3,232	698	3,441
Equity pickup	(121,922)	(142,629)	(12,774)	(4,340)
Unearned income	-	-	`15,686 [°]	-
Other reserves	7,313	1,805	32,786	22,628
Accrued interest, and monetary and exchange variations	10,461	8,055	4,261	7,615
Allowance for doubtful accounts	(1,136)	1,341	765	2,124
•	552,965	541,317	791,784	784,699
(Increase) decrease in operating assets:				
Trade accounts receivable	(112,368)	18,728	(142,719)	(5,338)
Inventories	(114,534)	(33,149)	(139,554)	(42,975)
Income and social contribution taxes to be offset	(26,259)	(9,693)	(40,804)	(20,627)
Prepaid expenses and other receivables	(40,180)	(20,964)	(38,829)	(33,800)
Increase (decrease) in operating liabilities:	0E 42E	4E 0EC	101 045	26.000
Trade accounts payable	95,425	15,256	121,245	26,990
Labor and social security liabilities Taxes payable	5,258 13,977	1,674 1,266	11,504 13,611	1,123 3,093
Income and social contribution taxes paid	(105,045)	(118,237)	(181,350)	(187,382)
Provision for tax, civil and labor contingencies paid	(8,339)	(57,486)	(8,598)	(58,458)
Interest paid on loans and financing	(9,582)	(8,217)	(12,396)	(10,147)
Other liabilities	(4,363)	7,071	(3,833)	12,605
Net cash generated by operating activities	246,955	337,566	370,061	469,783
		00.,000	0.0,00.	
Cash flow from investing activities				
Dividend received from subsidiaries	70,182	197,037	-	-
Capital increase in subsidiaries	(3,500)	-	(3,500)	-
Acquisition of property, plant and equipment and intangible				
assets	(94,503)	(65,068)	(145,685)	(88,127)
Long-term investments	-	-	(870)	(699)
Net cash generated by (used in) investing activities	(27,821)	131,969	(150,055)	(88,826)
Cook flow from financing activities				
Cash flow from financing activities Loans and financing raised	39,743	23,350	45,631	57,342
Repayment of loans and financing	(28,622)	•	(29,398)	(65,096)
Dividend paid	(298,400)	(27,652) (497,251)	(298,745)	(497,251)
Net cash used in financing activities	(287,279)	(501,553)	(282,512)	(505,005)
Net cash used in financing activities	(201,219)	(501,555)	(202,512)	(505,005)
Decrease in cash and cash equivalents	(68,145)	(32,018)	(62,506)	(124,048)
Cash and cash equivalents at beginning of period	230,776	262,794	291,122	415,170
Cash and cash equivalents at end of period	162,631	230,776	228,616	291,122
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Decrease in cash and cash equivalents	(68,145)	(32,018)	(62,506)	(124,048)

Statements of value added Years ended December 31, 2015 and 2014 (In thousands of reais – R\$)

	Company (BR GAAP)			olidated P and IFRS)	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014	
Turnover Sales of goods, products and services Allowance for doubtful accounts Other turnover	2,073,419 2,734 4,818 2,080,971	1,855,516 (1,341) 36,815 1,890,990	2,695,725 3,293 6,525 2,705,543	2,465,464 (2,124) 38,455 2,501,795	
Bought-in inputs Raw materials consumed Cost of sales Bought-in materials, energy and services and others Impairment of assets	377,334 3,957 462,762 (5,242) 838,811	301,967 4,116 422,460 (4,473) 724,070	505,089 7,282 592,249 (1,102) 1,103,518	419,568 4,207 524,551 (4,595) 943,731	
Gross value added	1,242,160	1,166,920	1,602,025	1,558,064	
Depreciation and amortization	25,490	20,962	34,750	29,045	
Value added generated by the Company	1,216,670	1,145,958	1,567,275	1,529,019	
Value added received in transfer Equity pickup Financial turnover	121,922 29,286 151,208	142,629 31,253 173,882	12,774 50,296 63,070	4,340 42,681 47,021	
Total value added payable	1,367,878	1,319,840	1,630,345	1,576,040	
Payment of value added Personnel Direct compensation Benefits Unemployment Compensation Fund (FGTS) Taxes, charges and contributions	1,367,878 373,686 318,226 33,937 21,523 451,470	1,319,840 352,190 299,385 32,004 20,801 440,290	1,630,345 500,887 426,554 46,619 27,714 571,328	1,576,040 468,557 397,820 44,195 26,542 559,946	
Federal State Other taxes Debt remuneration Interest Leases Non-controlling shareholders	268,082 179,097 4,291 69,911 38,982 30,929	279,707 158,206 2,377 56,321 26,342 29,979	339,151 226,525 5,652 85,319 44,561 39,672 1,086	352,253 205,444 2,249 76,498 33,504 39,082 3,912	
Equity remuneration Dividend and interest on equity paid Retained profits for the period	472,811 (56,682) 416,129	471,039 (332,173) 138,866	472,811 (56,682) 416,129	471,039 (332,173) 138,866	

Notes to individual and consolidated financial statements December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

1. Operations

Aché Laboratórios Farmacêuticos S.A. is a privately-held corporation headquartered in the city of Guarulhos, São Paulo state, engaged in the manufacturing, sale, import and export of pharmaceutical products for human consumption and operating in the main pharmaceutical segments, such as respiratory, muscular-skeletal, female health, central nervous system, cardiology, dermatology, vitamins, oncology and cosmetics, through its prescription, hospital, generic and nonprescription medicine business units.

The Company holds ownership interest in the following companies:

Denomination		Main activity	Country	Interest	12/31/2015	12/31/2014
Aché International Ltd	-	Maintenance of partnerships with other international entities for technical and operational development of its products.	British Virgin Islands	Direct	100%	100%
Biosintética Farmacêutica Ltda		Manufacture, sale, import and export of pharmaceutical prodcuts for human consumptionç operation in main pharmaceutical segments	Brazil	Direct	99.99%	99.99%
Indústria Farmacêutica Melcon do Brasil S.A	(a)	Manufacture, sale, import and export or hormones.	Brazil	Direct	50%	50%
Labofarma Produtos Farmacêuticos Ltda		Distribution and sale of medicine.	Brazil	Direct	99.99%	99.99%
Raposo Participações Ltda.	(b)	Holding of non-financial institution	Brazil	Indirect	99.99%	99.99%
Bionovis S.A.		Research, development, production, distribution and sale of biotechnological medicine.	Brazil	Jointly controlled entity	25%	25%

⁽a) Although the Company is not the controlling shareholder of Indústria Farmacêutica Melcon do Brasil S.A., it is a shareholder, as it holds rights that enables it to govern activities that significantly affect its returns. Accordingly, the Company adopts the criterion to fully consolidate the investee, and identifies non-controlling interest in the consolidated balance sheet, separately from controlling interest.

The Company financial statements were authorized to be issued by the Board of Directors on March 17, 2016.

⁽b) Biosintética has a 99.99% interest in its subsidiary Raposo.

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

2. Basis of preparation and summary of significant accounting practices

The Company's financial statements were prepared in accordance with accounting practices adopted in Brazil, which comprise the provisions contained in Brazilian Corporation Law, under Law No. 6404/76, as amended by Laws No. 11638/07 and No. 11941/09, and accounting pronouncements, interpretations and guidance issued by the Brazilian Financial Accounting Standards Board ("CPC"), and the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

These financial statements were prepared using the historical cost, except for certain financial instruments measured at fair value, whenever required by standards.

Financial statement preparation required the use of accounting estimates, which are based on both objective and subjective factors, and on management's judgment for the determination of the appropriate amounts to be recorded in the financial statements. Areas considered significant and that require higher level of judgment include: deferred income and social contribution taxes, provision for tax, civil and labor claims, allowance for doubtful accounts, provision for inventory losses and impairment of assets.

Significant accounting practices adopted by the Company are described in the specific notes to these financial statements related to the items reported, and those generally applicable, in different respects, to the financial statements, are described as follows.

a) Functional and reporting currency

For the purposes of the consolidated financial statements, profit or loss and balance sheet balances of each company were translated into reais, which is the functional and reporting currency of the Company's financial statements.

Transactions and balances in foreign currency

Transactions in foreign currency are translated into the Company's functional currency at the exchange rates in force at the transaction dates and at the exchange rate in force at the balance sheet dates. Exchange gains and losses resulting from settlement of these transactions and translation of monetary assets and liabilities denominated in foreign currency are recognized in profit or loss for the year.

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

2. Basis of preparation and summary of significant accounting practices (Continued)

b) Testing assets for impairment (except for goodwill)

Company and its subsidiaries review the net carrying amount of their assets with a view to determining whether there are any events or changes in economic, operating, or technological circumstances that may indicate deterioration or impairment loss. When such evidence is identified and net carrying amount exceeds recoverable amount, a provision for impairment is set up to adjust the net carrying amount to the recoverable amount.

c) Financial instruments

The Company classifies its financial assets and liabilities, upon initial recognition, into the following categories:

Financial Assets

- Loans and receivables: non-derivative financial assets with fixed or determinable payments, not listed in an active market. After initially measured, those financial assets are recorded at amortized cost, under the effective interest method, less impairment losses. At December 31, 2015 and 2014, for the Company and its subsidiaries, these comprise: cash and cash equivalents, short-term investments, trade accounts receivables and related-party receivables.
- Investments held to maturity: non-derivative financial assets with payments that are fixed or subject to determination and with fixed maturity are classified as held to maturity when the Company has expressed its intention and financial capacity to hold them to maturity. After initial recognition, those assets are measured at amortized cost under the effective interest method, less impairment losses. At December 31, 2015 and 2014, the Company and its subsidiaries had no financial assets under this classification.
- Financial assets available for sale: after initial recognition, those assets are measured at fair value, with unrealized gains and losses recognized directly in other comprehensive income until the investment is reversed, except for impairment losses, interest and exchange gains and losses, which are posted directly to profit or loss for the period. At December 31, 2015 and 2014, the Company and its subsidiaries had no financial assets under this classification.

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

2. Basis of preparation and summary of significant accounting practices (Continued)

c) Financial instruments (Continued)

Financial assets (Continued)

• Financial assets measured at fair value through profit or loss: these are stated in the balance sheet at fair value, and corresponding gains or losses are recognized in profit or loss. At December 31, 2015 and 2014, the Company and its subsidiaries had no financial assets under this classification.

Financial liabilities

- Financial liabilities measured at fair value through profit or loss: these are recorded under this classification when they are held for trading or designated at fair value through profit or loss. At December 31, 2015 and 2014, the Company and its subsidiaries had no financial liabilities under this classification.
- Other financial liabilities: at December 31, 2015 and 2014, these comprise loans and financing and balances payable to suppliers, which are measured at amortized cost under the effective interest method.

d) Statement of Added Value ("SVA")

The statement of value added (SVA) is not required by the IFRS, and is presented as supplementary information, in compliance with Brazilian Corporation Law. The purpose of the SVA is to disclose the wealth generated by the Company during the year and the wealth distribution among its stakeholders.

2.1. New accounting pronouncements

The following new standards were approved and issued by the IASB, but are not yet effective and were not early adopted by the Company, as the CPC has not yet issued local equivalent pronouncements. Accordingly, early adoption is not allowed in Brazil, but is now under assessment by management for future impacts.

Notes to individual and consolidated financial statements (Continued)
December 31, 2015
(In thousands of reais - R\$, unless otherwise stated)

2. Basis of preparation and summary of significant accounting practices (Continued)

2.1. New accounting standards (Continued)

IFRS 9 – Financial instruments (Effective as from January 1, 2018)	Definition: this ultimately intends to replace IAS 39. Significant changes expected are: (i) all financial assets shall be initially recognized at fair value; (ii) the standard divides all financial assets into: amortized cost and fair value; and (iii) the concept of embedded derivatives ceased to exist.
IFRS 10 in IAS 28 - Sales or contributions of assets between an investor and its associate/joint venture	Definition: adjusts the conflict between IFRS 10 and IAS 28, regarding the accounting treatment of sale or contribution of assets between an investor and its associate/joint venture.
IFRS 11 – Accounting for acquisitions of interests in joint operations	Definition: this is contained in IFRS 3 and other standards relevant to the business combination, and should be applied for the acquisition of interests in joint operations in which the joint operation is a business.
IFRS 15 – Revenue from contracts with customers (Effective as from January 1, 2017)	Definition: this is intended to make financial information more comparable and provide a new model for revenue recognition, and more detailed requirements for contracts with multiple obligations. Replaces IAS 11 and IAS 18, and corresponding interpretations.
IFRS 16 – Leases (Effective as from January 1, 2016)	Definition: this intends to how leases are accounted for, and requires lessees to recognize as an asset or liability all lease agreements, unless the agreement will be effective for twelve months or has insignificant value. The standard is applicable as from January 1, 2019.
IAS 16 and IAS 38 – Clarification of acceptable depreciation and amortization methods	Amendments to IAS 16 prohibit the use of a method based on depreciation income for property, plant and equipment. The amendment to IAS 38 introduces the irrefutable assumption that, for intangible assets, the amortization method based on income is inappropriate and establishes two limited exceptions.
Amendments to IAS 27 – Equity Method in Separate Financial Statements	Definition: allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in its separate financial statements. The improvement objective is to minimize costs associates with compliance with the IFRS, particularly for those entities that apply IFRS for the first time without reducing information available for investors.
Amendment to IAS 1 – Disclosure initiative	Definition: clarifies information presentation and disclosure in the financial statements. Those amendments are intended to companies that apply professional judgment to determine which type of information should be disclosed in the financial statements.

The Company is assessing the impacts of applying IFRS 9, IFRS 15 and IFRS 16 from the date they become effective. Management expects that application of the other standards and amendments pending to be applied will have no significant effect on the financial statements.

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

3. Reclassifications of financial statements

a) For better presentation of the financial statements and in order to allow its comparability with 2015, the Company reclassified previously recorded amounts, in 2014, as Provision for tax, civil and labor claims related to restricted judicial deposits, into Judicial Deposits. Reclassifications in Company and consolidated financial statements are as follows:

Company

	12/31/2014	Reclassification	12/31/2014
Judicial deposits	62,036	68,057	130,093
Provisions for tax, civil and labor claims	(91,663)	(68,057)	(159,720)
Consolidated			
	12/31/2014	Reclassification	12/31/2014
Judicial deposits	62,468	70,793	133,261
Provisions for tax, civil and labor claims	(107,580)	(70,793)	(178,373)

4. Cash and cash equivalents

	Com	Company		lidated
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Cash and banks	6,881	4,355	10,505	8,038
Short-term investments	155,750	226,421	218,111	283,084
	162,631	230,776	228,616	291,122

Short-term investments comprise Repurchase Agreements with various financial institutions, with yield ranging from 100.0% to 102.0% (100% to 103% in 2014) of the Interbank Deposit Certificate (CDI) rate, and are classified under "Cash and cash equivalents" because they are considered immediately redeemable financial assets and subject to an insignificant risk of changes in value.

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

5. Trade accounts receivable

Trade accounts receivable are recorded at nominal value of securities, less allowance for doubtful accounts.

	Com	pany	Conso	lidated
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Trade accounts receivable – domestic	302,127	188,070	452,526	308,958
Trade accounts receivable – foreign	2,230	2,250	2,898	8,322
Related parties (Note 15)	4,075	7,501	•	-
Allowance for doubtful accounts	(3,237)	(6,130)	(5,635)	(9,445)
	305,195	191,691	449,789	307,835
Current	305,195	191,691	449,789	306,748
Noncurrent	305,195	101 601	449,789	1,087
	303,193	191,691	449,769	307,835

a) Aging list

	Com	pany	Conso	lidated
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Falling due Overdue:	289,369	184,839	430,088	299,898
From 1 to 60 days	8,550	6,403	11,492	7,523
From 61 to 120 days	4,114	253	5,047	335
From 121 to 180 days	3,285	347	3,505	389
Over 180 days	3,114	5,979	5,292	9,135
•	308,432	197,821	455,424	317,280

Maximum exposure to credit risk as of the financial statements date is the carrying amount of each aging range, as detailed in the chart above.

b) Allowance for doubtful accounts

The allowance for doubtful accounts is estimated considering receivables overdue for more than 180 days and for which collection suits have been filed, and balances of specific customers which present risk of realization.

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

5. Trade accounts receivable (Continued)

Changes in allowance for doubtful accounts

	Com	Company		lidated
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Balance at beginning of year	(6,130)	(4,789)	(9,445)	(7,321)
Additions	(2,615)	(2,401)	(4,516)	(3,562)
Reversal (effective losses)	3,751	-	3,751	-
Reversals for receipt	1,757	1,060	4,575	1,438
Balance at end of year	(3,237)	(6,130)	(5,635)	(9,445)

6. Inventories

These are recorded at the lower of average cost and net realizable value, adjusted by an inventory loss provision, where applicable.

	Com	pany	Conso	lidated
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Finished products	103,819	72,293	174,347	127,393
Work in progress	22,193	21,759	30,419	29,403
Raw materials	111,663	84,433	158,699	129,157
Advances to suppliers	55,344	-	62,105	63
Provision for inventory losses	(6,784)	(10,875)	(20,117)	(19,419)
	286,235	167,610	405,453	266,597

Changes in provision for inventory losses

The estimate to set up an inventory loss provision is reviewed monthly, and considers, among other issues, expiry of products, and products locked due to quality issues.

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

6. Inventories (Continued)

	Com	pany	Conso	lidated
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Balance at beginning of year	(10,875)	(14,107)	(19,419)	(22,860)
Additions	(20,675)	(14,275)	(38,747)	(23,491)
Reversals	6,239	4,133	9,284	4,888
Write-off	18,527	13,374	28,765	22,044
Balance at end of year	(6,784)	(10,875)	(20,117)	(19,419)

7. Deferred income and social contribution taxes

Deferred income and social contribution tax assets and liabilities arise from temporarily nondeductible and/or nontaxable income and expenses, absorbed tax credits, and income and social contribution tax losses.

The deferred tax asset recognized is limited to the amounts for which its offset is supported by taxable profit projections, prepared by the Company and its subsidiaries, considering also that the offset of income and social contribution tax losses is limited to 30% of the annual taxable profit.

	Company		Conso	lidated
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Assets				
Deferred income and social contribution taxes on:				
Temporarily non-deductible provisions:				
Provision for tax, civil and labor claims	67,147	54,305	77,391	60,647
Profit sharing	8,406	9,700	20,415	16,992
Allowance for doubtful accounts	1,100	2,084	1,889	3,211
Provision for inventory losses	2,642	4,201	6,926	7,129
Provision for fleet maintenance	2,573	1,730	3,220	2,200
Provision for customer bonus	5,932	4,496	19,867	11,270
Unrealized profit	458	783	458	783
Other	2,548	4,072	3,192	7,733
	90,806	81,371	133,358	109,965

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

7. Deferred income and social contribution taxes (Continued)

	Com	pany	Conso	lidated
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Liabilities				
Deferred income and social contribution				
taxes on:				
Revaluation of assets	2,202	2,426	6,095	6,388
Deemed cost attributable to PPE and				
difference between useful life vs. tax				
depreciation rate	72,708	72,855	86,749	87,014
Amortized goodwill	3,892	3,892	73,232	73,232
Borrowing cost	11,075	11,341	11,075	11,341
Monetary restatement of judicial				
deposits	23,472	26,079	23,472	26,079
Present value adjustment	-	140	13,176	10,616
Other	2,725	-	3,449	216
_	116,074	116,733	217,248	214,886
Balance of deferred income and social				
contribution tax liabilities	(25,268)	(35,362)	(83,890)	(104,921)

Deferred tax assets arising from temporary differences will be realized as they are settled or realized within ten years. The settlement or realization period of these differences is imprecise and is linked to various factors that are not under management's control. Based on its future taxable profit projections, management expects the tax credits to be realized as follows:

	Company	Consolidated
2015	17,321	37,585
2016	1,476	4,760
2017	3,674	12,398
2018 onwards	68,335	78,615
	90,806	133,358

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

8. Reconciliation of income and social contribution tax expenses

	Company		Conso	lidated
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Income before income and social contribution taxes	587,710	609,185	654,088	680.231
Nominal income and social contribution	307,710	009,100	034,000	000,231
tax expense – 34% Reconciliation of income and social contribution tax expense at nominal rate:	(206,450)	(207,123)	(229,250)	(231,279)
Equity pickup Tax benefit from technology research and development of technology	41,128	48,065	(588)	1,476
innovation	20,257	11,006	22,354	11,986
Interest on equity	· -	13,287	· -	13,287
Nondeductible fines	(148)	(11, 7 91)	(234)	(11,956)
Nondeductible donations	(1,585)	`(1,801)	(2,558)	(2,649)
Tax debt offsetting – REFIS	17,472	-	17,472	-
Offset of "Lei do Bem" (Brazil's Tax	,		,	
Relief Law)	8,610	8,087	9.978	8,346
Other	5,817	2,124	2,635	5,509
Income and social contribution tax	- /-	,	,	- ,
expenses	(114,899)	(138,146)	(180,191)	(205,280)
Current Deferred	(124,993) 10,094	(130,068) (8,078)	(201,222) 21,031	(206,703) 1,423
Effective rate	19%	23%	27%	30%

9. Investments - Company

	Com	pany	Consolidated		
	12/31/2015	12/31/2014	12/31/2015	12/31/2014	
Subsidiaries	441,273	395,552	596	10	
Goodwill - Asta Médica	11,446	11,446	-	-	
Goodwill - Melcon	17,534	17,534	-	-	
	470,253	424,532	596	10	

Goodwill is classified as part of the investments from which it stemmed, as they are part of the investment acquired. In the consolidated balance sheet, goodwill was reclassified to intangible assets, as it refers to expected profitability in each subsidiary acquired.

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

9. Investments – Company (Continued)

Information on investments in subsidiaries and joint venture is as follows:

		Equity pickup				
Subsidiaries	Equity	Profit or loss for the year	Interest - %	Equity pickup	Invest	ments
					12/31/2015	12/31/2014
Aché International Biosintética Melcon	2,529 431,552 15.889	799 137,648 2.172	100.00 99.99 50.00	799 137,648 1.086	2,529 431,552 7,944	1,730 389,078 7.040
Bionovis (a) Unrealized profit	2,385	(11,658) -	25.00	(2,915) 959	595 (1,347)	10 (2,306)
	452,355	128,961		137,577	441,273	395,552
Provision for investment losses - Labofarma	(23,143)	(15,657)	99.99	(15,655)	(23,143)	(7,488)
	429,212	113,304	-	121,922	418,130	388,064

⁽a) As described in Note 1, the Company has interest in the joint venture Bionovis.

Changes in investments in subsidiaries and joint ventures

Subsidiaries and joint		Equity		Capital	
ventures	12/31/2014	pickup	Dividends	contribution	12/31/2015
Aché Internacional	1,730	799	-	-	2,529
Biosintética	389,078	137,648	(95,174)	-	431,552
Melcon	7,040	1,086	(182)	-	7,944
Bionovis	10	(2,915)	· -	3,500	595
Unrealized profit	(2,306)	959	-	-	(1,347)
·	395,552	137,577	(95,356)	3,500	441,273
Provision for investment losses - Labofarma	(7,488)	(15,655)	_	_	(23,143)
loodo Labolalila	(1,100)	(10,000)			(20,140)
Total	388,064	121,922	(95,356)	3,500	418,130

Details on related-party transactions are provided in Note 15.

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

10. Property, plant and equipment

Property, plant and equipment are measured at historical cost, less straight-line depreciation and accumulated impairment losses.

		Company					
		12/31/2015				12/31/2014	
	Useful life (years)	Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
Land Buildings Facilities Machinery and equipment Fumiture and fixtures	42.35 10 6.03 10	82,774 486,253 44,467 218,468 11,344	(122,132) (34,317) (98,758) (8,051)	82,774 364,121 10,150 119,710 3,293	82,774 483,441 43,829 162,809 19,794	(116,095) (33,089) (88,262) (17,808)	82,774 367,346 10,740 74,547 1,986
Vehicles IT equipment Molds and dies/other	5 4 10	2,074 20,940 19,598 885,918	(1,934) (10,711) (9,883) (285,786)	140 10,229 9,715 600,132	2,074 29,372 15,873 839,966	(1,849) (18,898) (8,622) (284,623)	225 10,474 7,251 555,343
Construction in progress		24,821 910,739	(285,786)	24,821 624,953	15,106 855,072	(284,623)	15,106 570,449
	-	Consolidated 12/31/2015 12/31/2014					
	Useful life (years)	Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
Land Buildings Facilities Machinery and equipment Fumiture and fixtures Vehicles IT equipment Molds and dies/other	42.35 10 6.03 10 5 4	122,666 525,549 54,068 336,414 13,538 2,795 28,655 27,490	(133,402) (41,213) (146,963) (8,804) (2,370) (15,310) (12,628)	122,666 392,147 12,855 189,451 4,734 425 13,345 14,862	122,666 522,865 52,891 245,634 21,622 2,795 36,679 22,780	(126,679) (39,620) (130,985) (18,366) (2,153) (22,454) (10,635)	122,666 396,186 13,271 114,649 3,256 642 14,225 12,145
Construction in progress		1,111,175 42,591 1,153,766	(360,690) - (360,690)	750,485 42,591 793,076	1,027,932 20,330 1,048,262	(350,892) - (350,892)	677,040 20,330 697,370

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

10. Property, plant and equipment (Continued)

Changes in property, plant and equipment cost are as follows:

			Company		
	12/31/2014	Acquisition	Write-off	Transfer	12/31/2015
Land	82,774	-	-	-	82,774
Buildings	483,441	-	(2,345)	5,157	486,253
Facilities	43,829	1,046	(893)	485	44,467
Machinery and equipment	162,809	54,399	158	1,102	218,468
Furniture and fixtures	19,794	1,579	(10,029)	-	11,344
Vehicles	2,074	-	-	-	2,074
IT equipment	29,372	4,423	(11,864)	(991)	20,940
Molds and dies/other	15,873	4,363	(638)	` -	19,598
Subtotal	839,966	65,810	(25,611)	5,753	885,918
Construction in progress	15,106	15,468	-	(5,753)	24,821
Total	855,072	81,278	(25,611)	-	910,739

			Consolidated		
	12/31/2014	Acquisition	Write-off	Transfer	12/31/2015
Land	122,666	-	-	-	122,666
Buildings	522,865	24	(2,497)	5,157	525,549
Facilities	52,891	1,676	(984)	485	54,068
Machinery and equipment	245,634	89,790	(112)	1,102	336,414
Furniture and fixtures	21,622	1,945	(10,029)	-	13,538
Vehicles	2,795	-	-	-	2,795
IT equipment	36,679	4,834	(11,867)	(991)	28,655
Molds and dies/other	22,780	5,645	(935)	-	27,490
Subtotal	1,027,932	103,914	(26,424)	5,753	1,111,175
Construction in progress	20,330	28,014	- -	(5,753)	42,591
Total	1,048,262	131,928	(26,424)	-	1,153,766

Changes in property, plant and equipment depreciation are as follows:

		Company					
	12/31/2014	Additions	Write-off	12/31/2015			
Buildings	(116,095)	(6,037)	-	(122,132)			
Facilities	(33,089)	(2,038)	810	(34,317)			
Machinery and equipment	(88,262)	(10,125)	(371)	(98,758)			
Furniture and fixtures	(17,808)	(502)	10,259	(8,051)			
Vehicles	(1,849)	(85)	-	(1,934)			
IT equipment	(18,898)	(3,670)	11,857	(10,711)			
Molds and dies/other	(8,622)	(1,286)	25	(9,883)			
	(284,623)	(23,743)	22,580	(285,786)			
Construction in progress	-	-	, <u>-</u>	-			
. 0	(284,623)	(23,743)	22,580	(285,786)			

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

10. Property, plant and equipment (Continued)

	Consolidated			
	12/31/2014	Additions	Write-off	12/31/2015
Buildings	(126,679)	(6,723)	-	(133,402)
Facilities	(39,620)	(2,495)	902	(41,213)
Machinery and equipment	(130,985)	(15,652)	(326)	(146,963)
Furniture and fixtures	(18,366)	(697)	10,259	(8,804)
Vehicles	(2,153)	(217)	· -	(2,370)
IT equipment	(22,454)	(4,718)	11,862	(15,310)
Molds and dies/other	(10,635)	(2,041)	48	(12,628)
	(350,892)	(32,543)	22,745	(360,690)
Construction in progress	· · · · · ·	-	-	-
, ,	(350,892)	(32,543)	22,745	(360,690)

For the year ended December 31, 2015, there was no change in the useful lives of property, plant and equipment.

Assets pledged as collateral

The Company and its subsidiaries have property, plant and equipment items pledged as collateral for loans and financing, as well as listed in the defense of legal proceedings, as described in Note 12.

11. Intangible assets

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Brands	24,724	24,724	26,637	26,638
Software	15,017	3,539	16,418	4,869
Goodwill - Asta Médica Ltda. (a)	-	-	11,446	11,446
Goodwill - Biosintética (b)	-	-	203,942	203,942
Goodwill - Melcon (c)	-	-	17,534	17,534
Total	39,741	28,263	275,977	264,429

⁽a) Goodwill arising from the acquisition of subsidiary Asta Médica Ltda., merged into the Company in 2003, amortized through December 31, 2008 based on expected future profitability.

⁽b) Includes the goodwill of the subsidiary Biosintética, arising from the downstream merger of the then parent company Delta Participações Ltda., on March 31, 2006, after which both companies became wholly-owned subsidiaries of the Company. Goodwill is based on expected future profitability.

⁽c) Goodwill arising from the acquisition of subsidiary Melcon in August 2010.

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

11. Intangible assets (Continued)

Changes in intangible assets are as follows:

	Com	Company		lidated
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Balance at beginning of year Additions	28,263 13,225	26,712 2,836	264,427 13,757	263,952 3,132
Write-offs	· -	(340)	, <u>-</u>	(1,351)
Amortization - software Balance at end of year	(1,747) 39,741	(945) 28,263	(2,207) 275,977	(1,304) 264,429

Impairment test of goodwill based on expected future profitability

The impairment test of goodwill used the cash-generating unit ("CGU") and the discounted cash flow method. The following assumptions were taken into consideration:

- Growth percentage of revenue from sale of medicines aligned to the Company's business plan;
- Projections of operational costs considering the operation growth and macroeconomic variables;
- Investment needs aligned with the Company's business plan; and
- The discount rate for projected cash flows was 14% p.a. (12% p.a. in 2014).

The results of the impairment test conducted as of December 31, 2015 indicated no need for recording a provision for losses.

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

12. Loans and financing

			Company		Consolidated	
	Annual charges	Maturity	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Local currency:						
PRÓ-DF (a)	25% of INPC + 2.43%.	2042	-	-	6,513	15,176
FINAME	TJLP+ 1.15 to 2.95%	2016	86	225	179	420
FINAME	2.5% to 6.0%	2020	1,735	2,614	2,704	3,996
FCO and FOMENTAR	2.9% to 10%	2019	-	-	1,677	1,813
FINEP (c)	4%	2019	33,089	41,332	33,089	41,332
FINEP R&D project						
expenses (d)		2023	4,147		4,147	
BNDES (e)	4.5%	2023	31,445	21,095	34,493	24,272
Lease	1.35%	2015	-	· -	· •	1
Working capital	18.16%	2018	-	-	104	145
.	Referential Rate IPCA					
Profarma – BNDES (b)	+ 1.52%.	2022	5,914	4,979	5,914	4,979
Profarma – BNDES (b)	TJLP + 1.5% to 3%	2023	87,694	81,439	104,186	92,348
,			164,110	151,684	193,006	184,482
	LIBOR + 2.85% to		·	•	·	,
Foreign currency	3.7%	2015	-	426	-	426
Total			164,110	152,110	193,006	184,908
				•		,
Current			29,687	29,393	33,762	32,210
Noncurrent			134,423	122,717	159,244	152,698
Total			164,110	152,110	193,006	184,908

- (a) Financing from Banco de Brasília to be used until 2042, whose amounts will be paid at the end of the agreement. The Company recognizes the debt at its present value, based on SELIC, and its effects on funding are recognized in operating income (expenses), whereas the adjustments arising from the changes in interest rates and recovery of the original amount are recognized in financial income (expenses). This financing is collateralized by short-term investments (CDB), which are equivalent to 10% of the financed amount.
- (b) The Profarma BNDES financing is intended for the construction and expansion of the industrial unit in Guarulhos SP and research and development of products. Those financing agreements set forth usual early maturity hypotheses upon failure to comply with certain financial indexes. As of December 31, 2015 and 2014, the Company is compliant with such covenant. This financing is collateralized by mortgage on properties, machinery and equipment owned by the Company, located in Guarulhos SP.
- (c) The financing from the Financing Agency for Studies and Projects (FINEP) is intended for the research and development of products and is collateralized by a bank guarantee.
- (d) Financing 09.14.0086.00, amounting to R\$ 41,468, is for R&D projects. Funs is released according to proof of expenditures relates to the project. Until December 2015, R\$ 4,147 was released, with participation of Aché, as set forth in the agreement, by means of a contra entry of R\$ 460. Expenses to that date totaled R\$ 8,354, with R\$ 3,747 exceeding expenses.
- (e) BNDES financing amounting to: R\$ 20,608, entered into on September 9, 2014, for development of innovative medicine, at the Investment Support BNDES Program level (BNDES PSI), Innovation sub-program; R\$ 15,936, entered into on September 27, 2012 and R\$ 3,147, entered into on September 27, 2012 for development of innovative medication at the BNDES program to support Health Industrial Complex (BNDES Profarma), innovation sub-program. This financing is collateralized by mortgage on properties, machinery and equipment owned by the Company, located in Guarulhos SP. Current amount of those agreements consider repayments already made.

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

13. Trade accounts payable

	Com	Company		lidated
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Domestic suppliers	41,110	20,414	55,091	29,479
Foreign suppliers	97,464	22,372	124,026	28,607
Related parties (Note 15)	2,076	2,439	1,060	846
	140,650	45,225	180,177	58,932

14. Tax liabilities

	Com	Company		lidated
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
State Value-Added Tax (ICMS)	21,350	7.907	29,585	16.512
Corporate Income Tax (IRPJ)	58,871	58,533	96,222	97,760
Contribution Tax on Gross Revenue for Social				
Security Financing (COFINS)	7,629	7,672	7,656	7,704
Social contribution tax on net profit (CSLL)	16,072	16,562	27,712	29,518
Contribution tax on gross revenue for social				
integration program (PIS)	1,610	1,632	1,616	1,639
Other	2,726	2,127	7,102	6,493
	108,258	94,433	169,893	159,626

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

15. Related parties

Related-party transactions and balances are as follows:

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Revenues:				
Sales to and manufacturing for Biosintética (a)	99,172	82,375	-	_
Sales to Melcon (b)	2,297	2,687	-	_
Sales to Labofarma (b)	(321)	(4,962)	-	-
Purchases:				
Purchases of products from Biosintética (a)	13,046	12,305	-	-
Purchase of products from Melcon	8,797	4,129	-	-
Purchase of services from Labofarma	4,406	10,287	-	-
Current assets:				
Accounts receivable - Biosintética (c)	2,860	1,102	-	-
Accounts receivable - Labofarma (c)	1	6,099	-	-
Accounts receivable - Melcon (c)	1,214	300	-	-
Dividend receivable – Biosintética	25,174	-	-	-
	29,249	7,501		
Other receivables - Melcon (c)	275	10	-	10
Advances to suppliers - Farmaprod	38	307	38	802
Total current assets	29,562	7,818	38	812
Noncurrent assets:				
Accounts receivable - Melcon (b)	492	492	-	-
Current liabilities:				
Trade accounts payable - Biosintética (c)	301	582	-	-
Trade accounts payable - Labofarma (c)	349	426	-	-
Trade accounts payable - Melcon (c)	644	919	-	-
Trade accounts payable - Farmaprod (c)	497	439	760	772
Dividend payable	61,521	100,000	61,521	100,000
Associação Brasileira de Assistência ao				
Deficiente Visual - Laramara	285	73	300	74
Total current liabilities	63,597	102,439	62,581	100,846

⁽a) Manufacturing of products and rendering of corporate services passed on to subsidiaries at the cost effectively incurred in these services.

The transactions with related parties are carried out under specific conditions agreed by the parties.

⁽b) Sales of products.

⁽c) Balance of trade accounts receivable and trade accounts payable related to trading transactions and reimbursement of common expenses among the companies.

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

15. Related parties (Continued)

Key management personnel compensation

Compensation of officers and Management of the Company and its subsidiaries, including benefits, if any, is as follows:

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Overall management compensation and charges	4.650	4.109	16.003	11.974

16. Labor and social security liabilities

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Salaries and wages payables Accrued vacation pay, 13th monthly salary	6	25	172	155
and social charges	9,187	9,011	12,199	11,860
Social Security Tax (INSS) payable Unemployment Compensation Fund	10,403	6,585	13,944	8,464
(FGTS) payable	2,883	3,364	3,714	4,337
Profit sharing	20,384	19,111	30,042	24,531
Withholding Income Tax (IRRF) on payroll	6,462	6,035	8,290	7,653
Other	380	316	585	442
	49,705	44,447	68,946	57,442

17. Provision for tax, civil and labor claims

The Company and its subsidiaries are parties to administrative and legal proceedings involving tax, labor and civil matters, which are at different court levels. Based on its assessment and supported by the opinions of its legal advisors, management recognized a provision for lawsuits for which an unfavorable outcome was assessed as probable.

Breakdown of provisions by nature is as follows:

		Company				
	12/31/2014	Additions	Reversals	Payments	Restatement	12/31/2015
Tax	92,170	3,250	(681)	(6,061)	6,484	95,162
Labor	45,372	36,941	(4 <u>`,</u> 571)	(2,126)	2,295	77,911
Civil	4,060	220	(277)	(152)	1,885	5,736
Other litigation (a)	18,118	1,462	(2,119)	` -	1,220	18,681
- , ,	159,720	41,873	(7,648)	(8,339)	11,884	197,490

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

17. Provisions for tax, civil and labor claims (Continued)

	Consolidated						
	12/31/2014	Additions	Reversals	Payments	Restatement	12/31/2015	
Tax	98,329	4,425	(930)	(6,061)	6,766	102,529	
Labor	49,221	46,738	(5,705)	(2,160)	3,698	91,792	
Civil	4,286	444	(277)	(377)	2,123	6,199	
Other litigation (a)	26,537	1,462	(2,119)	· -	1,220	27,100	
_ , , ,	178,373	53,069	(9,031)	(8,598)	13,807	227,620	

(a) Other litigation refers to other provisions for contingencies not related to administrative and/or legal claims.

The main administrative and legal proceedings involving tax matters are as follows:

	Consolidated		
	12/31/2015	12/31/2014	
PIS and COFINS (a)	28,425	28,493	
IRPJ and CSLL (b)	26,097	21,645	
Unemployment Compensation Fund (FGTS) (c)	40,047	39,281	
ICMS (d)	6,219	6,491	
Other (e)	1,741	2,419	
	102,529	98,329	

- (a) The main lawsuits involving this matter are: (i) Ordinary Civil Action challenging the undue attribution of escrow deposits derived from the discussion related to Law No. 9718/98 to periods already elapsed according to the statutes of limitation/laches; and (ii) Administrative Proceeding involving the collection of difference of taxes and imposition of customs fine due to the use of tax classification of medicines on the import of products that, according to the Brazilian IRS (SRF), should have been classified as cosmetics.
- (b) The main lawsuits involving this matter are: (i) Ordinary Civil Action challenging the deductibility of the balance sheet inflation adjustment on income and social contribution taxes base; and (ii) other administrative proceedings at appeal level, whose subject matter is offsetting not approved by the SRF.
- (c) Tax rate increase challenge of the 0.5% increase in FGTS contribution, calculated on employee payroll, and the 10% increase in employment termination fine.
- (d) Various tax collection claims stayed, involving tax assessments filed by the Bahia and Espírito Santo States Finance Department challenging the tax substitution, the official entry in the Manaus Free Trade Zone, and the disallowance of credits.
- (e) This amount includes success fees, R\$ 14,334 at December 31, 2015 and R\$ 12,661 at December 31, 2014, which may become due for administrative and legal proceedings classified as remote loss.

Management believes that the unfavorable outcome of its lawsuits, whether individually or in aggregate, will not have a material adverse effect on the Company's financial position or business.

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

17. Provisions for tax, civil and labor claims (Continued)

Proceedings assessed as risk of possible loss

As of December 31, 2015, the Company and its subsidiaries are parties to proceedings that are not provisioned since they involve risk of loss classified by legal advisors as possible. Contingent liabilities are as follows:

	Conso	lidated
	12/31/2015	12/31/2014
Tax	1,114,802	501,121
Labor	-	133
Civil	5,440	4,740
	1,120,242	505,994

Concerning tax proceedings assessed as risk of possible loss, the matters are classified as follows:

	Consolidated		
	12/31/2015	12/31/2014	
PIS and COFINS (e)	210,743	15,171	
IRPJ and CSLL (a) (b) (c) (d)	816,615	399,594	
ICMS	70,679	71,210	
Other	16,765	15,146	
	1,114,802	501,121	

Proceedings assessed as risk of possible and remote loss

a) Administrative Proceeding No. 16643.720001/2011-18 (base years 2006 to 2009)

In May 2011, the Brazilian IRS served a tax notice to subsidiary Biosintética amounting to approximately R\$ 301,000 (R\$ 351,167 restated at December 31, 2015) requiring payment of supposed IRPJ and CSLL debt for base years 2006 to2009, as it understands that the subsidiary failed to legally qualify for amortization charge deduction related to goodwill paid on acquisition of company Delta Participações Farmacêuticas S.A.

In session held on December 6, 2012, the Brazilian Administrative Board of Tax Appeals (CARF) analyzed the voluntary appeal filed by Biosintética and unanimously decided that the tax notice was not due.

The finance authorities filed a special appeal, which was awarded a favorable decision on January 20, 2016.

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

17. Provisions for tax, civil and labor claims (Continued)

Proceedings assessed as risk of possible and remote loss (Continued)

a) Administrative Proceeding No. 16643.720001/2011-18 (base years 2006 to 2009) (Continued)

At the moment, Biosintética is awaiting to be legally informed of this decision in order to adopt any legal measures it deems appropriate.

Notwithstanding last CARF decision, Biosintética confirms that the defense arguments are well grounded, and, based on a legal report issued by its outside legal advisors, the likelihood of loss in relation to goodwill deduction is possible, tending to remote. As far as increased fine application, the loss is classified as possible. Therefore, no provision was set up for this proceeding.

b) Administrative Proceeding No. 16561.720154/2014-18 (base years 2010 and 2011)

In December 2014, the Brazilian IRS issued a new tax notice against subsidiary Biosintética amounting to R\$ 117,311, requiring payment of supposed IRPJ and CSLL debt for base years 2010 and 2011, which also stemmed from amortization charge deduction related to goodwill paid on acquisition of company Delta Participações Farmacêuticas S.A.

On January 11, 2016, a first-level unfavorable decision was awarded, based on which Biosintética will file a voluntary appeal for its defense within the legal term.

Regarding risk classification, as this is a proceeding of the same legal nature as the one above (16643.720001/2011-18), we replicated the information presented above, to wit: risk of loss possible, tending to remote, as far a goodwill deduction is concerned, and with respect to increased fine application, risk of loss is remote. Therefore, no provision was set up for this proceeding.

c) Administrative proceeding No. 16561.720052/2014-94

In July 2014, the Brazilian IRS issued a tax assessment notice amounting to R\$202,315, to require alleged debts of IRPJ and CSLL related to base years 2008 and 2009, since it understands the legal requirements would not have been fulfilled for deducting the amortization charges of goodwill after the merger of the split-off assets of Magenta Participações Ltda.

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

17. Provisions for tax, civil and labor claims (Continued)

Proceedings assessed as risk of possible and remote loss (Continued)

c) Administrative proceeding No. 16561.720052/2014-94 (Continued)

With respect to base year 2009, management opted for joining Tax Recovery Program (REFIS 2014), resulting in the payment of R\$44.7 million in 2014 (R\$94,387 without discount).

With respect to base year 2008, whose amount is estimated at R\$ 107,928 (R\$ 114,012 restated at December 31, 2015), despite a first-level unfavorable decision, the Company confirms that the grounds for defense are strong, and that the risk of loss is possible.

It is awaiting a decision for the voluntary appeal.

d) Proceeding No. 16095.720.146/2015-98 – Interest on Equity (IOE)

On December 21, 2015, the Brazilian IRS issued a tax notice requiring payment of IR/CS for calendar year 2011, given deduction of expenses with payment of IOE calculated on past bases (2008 to 2010), whose historical amount is R\$ 44,639 (R\$44,850 restated at December 31, 2015).

It was challenged on January 20, 2016, and is now pending a decision.

As regards risk, the outside legal advisors in charge of defense classify it as a possible loss, based on the defense line adopted and understanding of case law. Therefore, no provision was set up for this proceeding.

e) Proceeding No. 16095.720.147/2015-32 - PIS/COFINS one-phase regime

On December 21, 2015, the Brazilian IRS issued a tax notice requiring payment of one-phase regime PIS/COFINS for the period from 2011 to 2012, given the alleged tax payment deficiency, in the historical amount of R\$ 198,027, as follows:

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

17. Provision for tax, civil, and labor claims (Continued)

Proceedings assessed as risk of possible and remote loss (Continued)

- e) Proceeding No. 16095.720.147/2015-32 PIS/COFINS one-phase regime (Continued)
 - (i) Failure to pay PIS/COFINS at the one-phase/differentiated rates, arguing that Aché, upon only reselling such products, applied the zero rate set forth in article 2 of Law No. 10147/00. A.D. inspection understood that the appropriate procedure would be to us the tax credit arising from those acquisitions from third parties, under the terms of article 24 of Law No. 11727/08, and then tax resale revenue at differentiated rates.

For the item above, the main defense argument was used, that resale revenues, even those earned by industries, are subject to the zero rate of PIS/COFINS, as confirmed by Law No. 10147/00, which defines that the same concept used for the IPI in industrial processing should be applied to the one-phase PIS/COFINS, i.e., considering the zero rate of the abovementioned taxes in resale of products.

(ii) Disallowance of PIS/COFINS matching credits under the terms of article 3 of Law No. 10147/00, in own manufacturing events, due to lack of docket of request filed with the Brazilian IRS.

As regards item 02, the Company clarifies that the request is always via the Medicine Chamber (CMED), which, after approving it, reports the products subject to the matching credit to the Brazilian IRS. In order to prove such allegation, CMED sales report was included in the defense records, which indicates Aché as the beneficiary of the products for which the tax notice was served.

It was challenged on January 20, 2016, and is now pending a decision.

The outside legal advisors in charge of defense classify the proceeding as a possible loss, based on the line of defense adopted and case-law understanding. Therefore, no provision was set up.

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

17. Provision for tax, civil and labor claims (Continued)

Proceedings assessed as risk of possible and remote loss (Continued)

f) Engagement of Special Guarantee:

At March 31, 2014, the Government filed a Tax Precautionary Measure pleading the unavailability of Aché's properties and assets of approximately R\$564 million, referring to taxes under discussion, which were with suspended payment. On April 10, 2014, the preliminary injunction claimed by the Government was granted, thus freezing the bank accounts and other assets of Aché. This decision was subject to an appeal before the Federal Regional Court 3rd Chapter (Assessment Notice No. 0013851-96.2014.4.03.0000) and due to its maintenance at June 30, 2014, a letter of guarantee was presented of the total amount under dispute. On July 3, 2014, this guarantee was accepted, and the unfreezing of Ache's properties and assets was determined. On July 3, 2014, after favorable decision of the Brazilian General Attorney's Office, the Letter of Guarantee was replaced by an insurance guarantee of R\$750 million, presented in order to prevent any encumbrance to Aché's equity.

In December 2015, with favorable decision by the Brazilian General Attorney's Office and acceptance by the court, the insurance guarantee was reduced to R\$594,490. The reduction arises from the favorable (although partial) decision in three tax notices:

- (i) Administrative proceeding No. 16561.000025/2007-72, in connection with IRJP and CSLL payment for years 2002 and 2003 related to a divestiture at equity value, and disallowance of offset tax losses:
- (ii) Administrative proceeding No. 16561.000027/2007-61, in connection with IRPJ/CSLL/PIS/COFINS payment for years 2003 and 2004 relating to undervalued inventory; and
- (iii) Administrative proceeding No. 16561.000029/2007-51, in connection with the portion related to CSLL payment for years 2001 to 2003 related to the exclusion of free samples from the CSLL tax base.

According to the assessment of outside legal advisors and considering the case law of the High Court of Justice (STJ) on this matter, the likelihood of an unfavorable outcome to this Precautionary Measure is remote. The outside legal advisors also pointed out that, among amounts involved in the Precautionary Measure, R\$ 268 million stem from a single proceeding, which was recorded irrespective of the court decision awarded in Injunction No. 2004.61.00.000676-8 (favorable decision), and that the likelihood of this debt confirmation in court is remote.

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

17. Provisions for tax, civil and labor claims (Continued)

Proceedings assessed as risk of possible and remote loss (Continued)

g) Labor claims – IPCA-E restatement

Considering Claim No. 22012, filed by the Brazilian Bank Federation, the STF issued an injunction suspending the effects of the decision awarded on proceeding No. 0000479.60.2011.5.04.0231, in which the expression "equivalent to the TRD," contained in the main section of article 39 of Law No. 8177/91, was rendered unconstitutional. Therefore, the decision on the index to be used to restate labor provisions is suspended. The Company informs that it conducted a study on the possible impact of adopting the IPCA-E - Brazil's Extended Consumer Price Index – restatement on its probable-loss labor claim provisions, in the event the legal decision on its application is reversed:

	Company	Consolidated
	12/31/2015	12/31/2015
IPCA-E	114,896	132,786
TR	77,911	91,792
IPCA-E x TR difference	36,985	40,994

Judicial deposits

Changes in judicial deposits are as follows:

		Com	npany		
	12/31/2014	Additions	Reversals	Restatement	12/31/2015
Tax	105,837	517	(8,135)	2,165	100,384
Labor Civil	23,465 791	11,291	(6,607)	832	28,149 1,623
OIVII	130,093	11,808	(14,742)	2,997	130,156
			Consolidate	d	
	12/31/2014	Additions	Reversals	Restatement	12/31/2015
Tax	105,972	517	(8,135)	2,166	100,520
Labor	26,498	11,960	(6,707)	-	31,751
Civil	791	, -	-	832	1,623
	133,261	12,477	(14,842)	2,998	133,894

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

18. Financial instruments

a) Capital management

Company management manages Company funds in order to ensure business continuity and maximize funds available for research and development of new products, as well as provide return to shareholders.

From time to time, management reviews the capital structure and its ability to settle its liabilities, as well as monitors, on a timely basis, the days purchase outstanding in relation to the average term of inventory turnover. Necessary actions are promptly taken when these balances result in assets in excess of liabilities.

In line with other companies operating in the industry, the Company monitors capital based on its financial leverage ratio, which corresponds to the net debt divided by total capital.

Canaal:datad

Net financial position at December 31, 2015 and 2014 is as follows:

	Consolidated		
	12/31/2015	12/31/2014	
Loans and financing (Note 12)	193,006	184,908	
Cash and cash equivalents (Note 4)	(228,616)	(291,122)	
Short-term investments - noncurrent assets	(9,272)	(8,402)	
Net financial position – assets	(44,882)	(114,616)	

b) Financial instruments by category

	Com	pany	Consolidated		
			Carrying a	mount and	
	Carrying amou	ınt and market	ma	ırket	
_	12/31/2015	12/31/2014	12/31/2015	12/31/2014	
Financial assets:					
Loans and receivables					
Cash and cash equivalents (Note 4)	162,631	230,776	228,616	291,122	
Trade accounts receivable (Note 5)	305,195	191,691	449,789	307,835	
Short-term investments - noncurrent assets	-	-	9,272	8,402	
Judicial deposits (Note 17)	130,156	130,093	133,894	133,261	
Financial liabilities:					
Loans and financing (Note 12)	164,110	152,110	193,006	184,908	
Trade accounts payable (Note 13)	140,650	45,225	180,177	58,932	

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

18. Financial instruments (Continued)

b) Financial instruments by category (Continued)

The balances of cash and cash equivalents (cash, banks and short-term investments), trade accounts receivable and payable are equivalent to their market values as their maturities are close to the balance sheet dates.

The balance of loans and financing is monetarily restated based on inflation indexes and variable interests in view of market conditions and, therefore, the debt balance recorded at the balance sheet dates approximates the market value.

However, since there is no active market for those instruments, differences could occur in the event or early settlement.

c) Risk management

The Company is exposed to market risks, including currency risk, interest rate risk, credit risk and liquidity risk.

The Company and its subsidiaries do not operate with derivative financial instruments.

c.1) Interest rate risk

The Company has agreements in reais at floating interest rates pegged to the Long-term interest rate (TJLP), plus 1.5 to 3.0% p.a. and fixed rates ranging from 4 to 4.5% p.a. A small portion of debt is restated by reference to the Extended Consumer Price Index (IPCA) and linked to the Referential Rate (TR) +1.52% p.a.

Sensitivity to interest rate

For the sensitivity analysis of interest rate on loans and short-term investments, the Company took into account the probable scenario with 25% and 50% increase in possible and remote scenarios, respectively. Amounts were calculated based on the remaining principal balance of the loan, pegged to the TJLP rate, and short-term investments at December 31, 2015. The impact on profit or loss could occur as follows:

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

18. Financial instruments (Continued)

c) Risk management (Continued)

c.1) Interest rate risk (Continued)

Sensitivity to interest rate (Continued)

Company				Probable scenario		Possible scenario		Remote scenario	
							(+25%)		(+50%)
	Risk factor	Averag e rate p.a.	Exposed amounts at 12/31/2015	Average rate p.a.	Effect on profit or loss	Average rate p.a.	Effect on profit or loss	Average rate p.a.	Effect on profit or loss
Short-term investment	CDI	13.18%	155,750	15.25%	23,752	11.44%	17,814	7.6%	11,876
Loan – local currency	TJLP	6.50%	(164,110)	7.50%	(7,031)	9.38%	(8,789)	11.25%	(10,546)
Net impact			(8,360)		16,721		9,025		1,330
Consolidated				Probable	scenario	Possible	scenario	Remote	scenario
							(+25%)		(+50%)
	Risk	Averag	Exposed	Average	Effect on	Average	Effect on	Average	Effect on
	factor	e rate p.a.	amounts at 12/31/2015	rate p.a.	profit or loss	rate p.a.	profit or loss	rate p.a.	profit or loss
Short-term investment	CDI	13.18%	227,383	15.25%	34,676	11.44%	26,007	7.6%	17,338
Loan - local currency	TJLP	6.50%	(193,006)	7.50%	(8,274)	9.38%	(10,343)	11.25%	(12,411)
Net impact			34.377		26.402		15.664		4.927

Derivative sensitivity

For the hedge rate sensitivity analysis, the Company considered 25% and 50% for the possible and remote scenarios, respectively.

Hedge sensitivity analysis - Derivatives (NDF) – adjustment (R\$ - million)

	Remote	Possible	Probable	Possible	Remote
	scenario ³	scenario ³	scenario ¹	scenario ³	scenario ³
Company ²	(31,411)	(13,493)	4,425	22,343	40,261
Consolidated ²	(41,698)	(17,405)	6,888	31,181	55,474

¹ Probable scenario, FOCUS newsletter published at January 15, 2016;

c.2) Currency risk

The risk arises from the possibility of the Company and its subsidiaries incurring losses due to fluctuations in exchange rates, which decrease or increase the nominal amounts payable or amounts taken out in the market.

² Adjustment, Agreements in Euro were translated at EUR x USD parity, at December 31, 2015 (USD 1.0885)

³ Scenarios, impact of 25% and 50% are considered in the possible and remote scenarios, respectively.

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

18. Financial instruments (Continued)

c) Risk management (Continued)

c.2) Currency risk (Continued)

There are amounts payable denominated in foreign currencies (US dollars, euros, Swiss francs and pound sterling) and which are, therefore, exposed to risks related to exchange variation. Total assets and liabilities subject to foreign exchange exposure and the corresponding currencies are as follows:

		Company		Conso	lidated
		12/31/2015	12/31/2014	12/31/2015	12/31/2014
In euros: Assets	EUR	708	1 110	1,713	2 244
Liabilities		(2,562)	1,448 (2,707)	(3,181)	3,344 (3,684)
Net exposure	•	(1,854)	(1,259)	(1,468)	(340)
In US dollars:	US\$				
Assets		2,987	1,411	3,159	6,377
Liabilities		(21,932)	(5,306)	(28,159)	(6,604)
Net exposure	:	(18,945)	(3,895)	(25,000)	(227)
In Swiss franc: Assets	CHF	_	_	_	_
Liabilities		(327)	-	(327)	-
Net exposure	-	(327)	-	(327)	-
In pound sterling:	GBP				
Assets		-	7	-	7
Liabilities		(31)	(14)	(31)	(14)
Net exposure		(31)	(7)	(31)	(7)

The main balances exposed to exchange variation are as follows:

- Trade accounts receivable those assets generated foreign exchange gains amounting to R\$ 7 in the Company, and foreign exchange losses amounting to R\$ 120 in the Consolidated at December 31, 2015 (exchange gains amounting to R\$ 36 in the Company and losses amounting to R\$ 23 in the Consolidated at December 31, 2014);
- Trade accounts payable and advances those liabilities generated foreign exchange gains amounting to R\$ 209 in Company and R\$ 1,503 in consolidated at December 31, 2015 (foreign exchange gains amounting to R\$ 227 in Company and R\$ 164 in consolidated at December 31, 2014);

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

18. Financial instruments (Continued)

- c) Risk management (Continued)
 - c.2) Currency risk (Continued)

Sensitivity to exchange rate

For calculating transactions in foreign currencies, possible and remote scenarios were taken into account to the decrease or increase in exchange rates by 25% and 50% respectively. The rates estimated by management are reflected in the probable scenario.

The following table presents positive or (negative) adjustments to transactions in foreign currencies:

Company				Probable	e scenario	Possible scenario		Remote scenario	
	Risk factor	Average rate p.a.	Exposed amounts at 12/31/2015	Average rate p.a.	Effect on profit or loss	Averag e rate p.a.	(+25%) Effect on profit or loss	Averag e rate p.a.	(+50%) Effect on profit or loss
Long position – USD	US\$	3.34	2,230	4.25	609	5.31	1,318	6.38	2,028
Short position – USD	US\$	3.34	(97,464)	4.25	(26,603)	5.31	(57,620)	6.38	(88,636)
Net exposure			(95,234)		(25,994)		(56,301)		(86,608)
Consolidated				Probable	escenario	Possibl	e scenario	Remot	e scenario
	Risk factor	Average	Exposed amounts at	Average rate p.a.	Effect on profit or	Averag e rate	(+25%) Effect on profit or	Averag e rate	(+50%) Effect on profit or
	lactor	rate p.a.	12/31/2015	rate p.a.	loss	p.a.	loss	p.a.	loss
Long position – USD	US\$	3.34		4.25	•		• .		•

c.3) Credit risk

Financial instruments that potentially expose the Company and its affiliates to credit risk concentration primarily comprise bank balances, short-term investments and trade accounts receivable. Balances and investments in banks follow a strict policy to qualify the entity according to its equity and rating, and, conservatively, investments in low-risk and highly-liquid papers. Trade accounts receivable balance is predominantly denominated in reais and is distributed among 118 customers. The Company has its own methodology of credit risk assessment, to which all the customers' base is submitted, recurring to cash receipts and guarantees (sureties). The Company's term policy (shorter than 45 days sales outstanding) also contributes to the management of customer credit risk, allowing lower exposures in average/long-terms.

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

18. Financial instruments (Continued)

c) Risk management (Continued)

c.4) Liquidity risk

Effectively managing liquidity risk implies maintaining enough cash and marketable securities, funds available through credit facilities used and the ability to gain market share.

Management monitors liquidity of the Company and its subsidiaries, considering the estimated cash flow and cash and cash equivalents. In addition, the liquidity management policy of the Company and its subsidiaries involves cash flow projections and considering the level of net assets necessary to meet the projections, monitoring liquidity ratios in the balance sheet and maintaining the debt financing plan. The aging list of financial liabilities taken out by the Company and its subsidiaries is as follows:

Consolidated	Up to 1 year	Up to 2 years	From 3 to 4 years	More than 4 years	Total
Trade accounts payable Loans and financing	180,177	-	-	-	180,177
	33,762	35,829	70,155	53,260	193,006

19. Equity

a) Capital

At December 31, 2015, capital comprises 63,900,000 common shares, all registered and without par value, fully subscribed and paid up by the shareholders resident in Brazil, as follows:

			Amo	ount
Shareholder	%	Shares	12/31/2015	12/31/2014
Infinity Fundo de Investimento em Participações	33.33%	21,300,000	146,986	146,986
Lajota Fundo de Investimento em Participações	33.33%	21,300,000	146,986	146,986
Vincitore Fundo de Investimento em Participações	33.33%	21,300,000	146,986	146,986
		63,900,000	440,959	440,959

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

19. Equity (Continued)

b) Capital reserves

	12/31/2015	12/31/2014
Special goodwill reserve Goodwill reserve on shares issued	167,767 6,445	167,767 6,445
	174,212	174,212

The special goodwill reserve refers to the matching entry of the goodwill absorbed by the Company in prior years, less the provision for maintenance of integrity of shareholders' equity, whose net effect corresponds to the tax benefit to be generated on its realization and recognized as deferred income tax asset.

c) Income reserves

	Consolidated		
	12/31/2015	12/31/2014	
Legal reserve (i) Reserve for new products, research and development and	43,807	43,807	
investments in property, plant and equipment (ii)	192,023	192,023	
Tax incentive reserve (iii)	882	618	
Unpaid income reserve (iv)	356,376	141,718	
Total	593,088	378,166	

- (i) This is set up at 5% of net income for each year, capped at 20% of the capital, except if the legal reserve plus capital reserve exceeds 30% of capital.
- (ii) Recognized to cover expenditures for launching new products, expenditures on research and development and investments in property, plant and equipment under the terms of the Company's Articles of Incorporation.
- (iii) Government grants are recognized in profit or loss on a systematic basis over the years in which the Company recognizes as expenses the related costs for which the grants are intended to offset and, subsequently, they are allocated to the tax incentive reserve, in equity.
- (iv) Company management and the Board of Directors will approve payment of dividend and interest on equity for 2015.

d) Dividend and interest on equity

The Company's Articles of Incorporation ensure mandatory minimum dividend of 25% of the net income for each year, less a legal reserve of 5% of net income, and allow dividend payment based on semiannual o interim balance sheets.

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

19. Equity (Continued)

d) <u>Dividend and interest on equity</u> (Continued)

Changes in dividend and IOE are as follows:

Payment of dividend and/or IOE referring to year 2014	
Dividend approved at the SGM held on December 9, 2014	100,000
Dividend approved at the AGM held on March 27, 2015	108,000
Dividend approved at the AGM held on March 27, 2015	33,718
	241,718
Total dividend paid over 2015	
Referring to 2014	241,718
Referring to 2015	56,682
Total dividend and IOE paid over 2015 (cash effect)	298,400
Mandatory minimum dividend of 25% of net income	118,203
Prepaid dividend for 2015	(56,682)
Mandatory minimum dividend – classified as dividend payable	61,521

e) Equity adjustment

	Company		
	12/31/2015	12/31/2014	
Adjustments to deemed cost of PPE Equity adjustment in subsidiaries' assets	124,336 9.524	125,693 9.728	
Total equity adjustment	133,860	135,421	

20. Operating revenue, net

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Gross sales revenue Returns, discounts and others	2,721,494 (648,075)	2,417,814 (562,298)	5,158,485 (2,462,760)	4,545,391 (2,079,562)
Sales taxes	(317,225)	(285,212)	(362,787)	(332,002)
Total	1,756,194	1,570,304	2,332,938	2,133,827

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

21. Expenses by nature

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Raw materials consumed Bought-in materials, energy and services and	377,334	301,967	505,089	419,568
others	462,762	422,460	592,249	524,551
Personnel and taxes	373,686	352,191	500,886	468,557
Depreciation and amortization	25,490	20,962	34,750	29,045
FINEP R&D project expenses (a)	8,354	· -	8,354	· -
Other selling and administrative expenses	7,568	(28,497)	11,272	(31,665)
	1,255,194	1,069,083	1,652,600	1,410,056
Cost of sales Selling expenses	454,547 665,161	375,104 625,504	626,692 830,312	516,847 787,884
General and administrative expenses	135,486	68,475	195,596	105,325
Total	1,255,194	1,069,083	1,652,600	1,410,056

⁽a) Expenses related to Finep financing agreement No. 09.14.0086.00 realized through December 2015. As mentioned in Note 12, the amount released for the period amounted to R\$4,147 with participation of Aché, as set forth in the agreement, by means of contra entry of R\$460. Expenses to the date totaled R\$8,354, with R\$3,747 in excess expenses.

<u>Expenditure items</u>	
Acquisition of outside R&D services	7,924
Internal R&D – other items	80
Internal R&D – own team	340
Total	8,354

22. Other operating income (expenses)

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Resale of scrap	140	177	213	222
Recovery of expenses	523	1,126	659	1,213
Receivables from commercial agreement	3,000	32,000	3,000	32,000
Tax benefits income		1,123	1,639	-
Other income	1,155	2,389	1,014	5,020
Total other income	4,818	36,815	6,525	38,455
Expenses with strategic projects	(3,059)	(7,210)	(691)	(5,877)
Gain (loss) on disposal of PPE items	(41)	(435)	(41)	(1,607)
Other taxes	(1,237)	(30)	(972)	(30)
Other litigation	-	(6,294)	-	(6,294)
Adhesion to REFIS	-	(44,698)	-	(44,698)
Other expenses	(1,721)	(992)	(1,819)	(799)
Total other expenses	(6,058)	(59,659)	(3,523)	(59,305)
·	(1,240)	(22,844)	3,002	(20,850)
Tax benefits income Other income Total other income Expenses with strategic projects Gain (loss) on disposal of PPE items Other taxes Other litigation Adhesion to REFIS	1,155 4,818 (3,059) (41) (1,237) - (1,721) (6,058)	1,123 2,389 36,815 (7,210) (435) (30) (6,294) (44,698) (992) (59,659)	1,639 1,014 6,525 (691) (41) (972) - (1,819) (3,523)	5,020 38,455 (5,877) (1,607) (30) (6,294) (44,698) (799) (59,305)

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

23. Financial income (expenses)

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Interest income	13,484	20,420	21,969	29,157
Monetary gains	5,636	10,454	5,692	10,455
Income from hedge	9,852	, <u>-</u>	13,456	, -
Other financial income	314	379	1,068	609
Present value adjustment realized	-	-	8,111	2,460
Total financial income	29,286	31,253	50,296	42,681
Interest expenses	(10,505)	(6,220)	(12,746)	(8,511)
Monetary losses	(11,530)	(15,830)	(13,452)	(17,371)
Loss on hedge	(4)	-	(9)	-
Present value adjustment realized		-	•	(1,889)
Sundry charges	(1,973)	(2,612)	(2,107)	(2,711)
Other financial expenses	(946)	(378)	(1,466)	(378)
Total financial expenses	(24,958)	(25,040)	(29,780)	(30,860)
Foreign exchange losses	(28,440)	(5,449)	(41,809)	(8,753)
Foreign exchange gains	`14,̈416	5,666	27,030	9,056
Total foreign exchange variation, net	(14,024)	217	(14,779)	303
Financial income (expenses), net	(9,696)	6,430	5,737	12,124

24. Supplementary pension plan

The Company sponsors a supplementary pension plan which covers all its employees. This plan is the so-called PGBL, similar to a 401(k)-type plan, administered by a private pension entity under a fully-funded system. The amount of the benefit is calculated based on the mathematical reserve for unvested benefits at the retirement date.

The pension plan offered includes the following benefits:

- Retirement by age transferrable to a spouse;
- Retirement to disability transferrable to a spouse;
- Survivors' pension transferrable to children under 21 years old.

The risk benefits (retirement due to disability and survivors' pension) were structured under a defined-contribution plan.

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

24. Supplementary pension plan (Continued)

The Company does not have any liability in relation to technical risk related to survival during the capitalization period or mortality after a member begins to receive the benefit or disability risk during the capitalization period.

The Company's contributions to the supplementary pension plan for the year ended December 31, 2015 totaled R\$3,346 (R\$2,924 in 2014).

25. Insurance coverage

The Company adopts an insurance policy that considers risk concentration and its relevance, the nature of its activities and guidance from its insurance advisors. At December 31, 2015, the insurance coverage was taken out at the amounts indicated below, according to the insurance policies:

Insurance lines	Insured amounts
Property damage to PPE	316,000
Civil liability	45,000

The audit scope did not include an opinion on the reasonableness of insurance coverage.

26. Employee and management profit sharing – consolidated

The Company and its subsidiaries include in their human resources policy a profit-sharing plan (PPR) and bonuses for officers, not covered by any other variable compensation programs offered by these companies. Goals and criteria for defining and distributing funds awarded are agreed to between the parties, with objectives of gains in productivity and competitiveness and motivation and involvement of participants. As of December 31, 2015, the profit-sharing plan amounted to R\$47,763 (R\$39,154 in 2014), as shown below:

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Addition of manifeles footbarroom	25 627	04.044	40.246	44.050
Addition of provision for the year	25,627	21,641	49,316	41,853
Reversal of prior-years' provision	(1,351)	(3,390)	(1,553)	(2,699)
Employee and management profit sharing in profit				
or loss for the year	24,276	18,251	47,763	39,154

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

27. Earnings per share

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Basic and diluted numerator Allocation of net income for the year to shareholders - R\$	472,811	471,039	472,811	471,039
Basic and diluted denominator Outstanding shares (in thousands) (Note 19) Basic and diluted earnings per share - R\$	63,900 7.40	63,900 7.37	63,900 7.40	63,900 7.37

Notes to individual and consolidated financial statements (Continued) December 31, 2015 (In thousands of reais - R\$, unless otherwise stated)

Board of Directors

Honorary Chairman Adalmiro Dellape Baptista Adalberto Panzenboeck Dellape Baptista Chairman Paula Regina Depieri Vice Chairman Jonas de Campos Siaulys Director Alexandre Gottlieb Lindenbojm Director Carlos Eduardo Depieri Director Luiz Antônio Martins Amarante Director Luiz Carlos Vaini Director Ricardo Panzenboeck Dellape Baptista Director José Rogério Luiz Director

Statutory Board

Paulo Eduardo Nigro
Adriano Alvim de Oliveira
Gabriela Mallmann
Chief Operations Officer
Chief Quality and Regulatory Matters Officer
Chief Business Development Officer
Chief Financial Officer
Vânia de Azevedo Nogueira de Alcântara Machado
Chief Commercial Officer
Chief Commercial Officer

Accountant

Rosana de Mello Nasareth CRC-1SP258386/O-5