Blau Farmacêutica S.A.

Financial statements as of December 31, 2014 and 2013

(A free translation of the original financial statements in Portuguese, prepared in accordance with the accounting practices adopted in Brazil)

Content

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Independent auditors´ report on the financial statements

To Shareholders and Board of Directors of
Blau Farmacêutica S.A.
Cotia - State of São Paulo

We have audited the accompanying individual and consolidated financial statements of Blau Farmacêutica S.A. ("the Company"), which comprise the individual and consolidated balance sheet as at December 31, 2014, the individual and consolidated statements of income and other comprehensive income, changes in shareholders´ equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil, 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.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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 the 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 our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies 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.

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Opinion
In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Blau FArmacêutica S.A. as at December 31, 2014, and its financial performance and its cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil.

São Paulo, April 13, 2015.

KPMG Auditores Independentes
CRC 2SP014428/O-6
Original report in Portugues signed by
Leonardo Augusto Giusti
Accountant CRC 1SP203952/O-9

Blau Farmacêutica S.A.

Balance sheets as of December 31, 2014 and 2013

(In thousands of Reais)

		Consolidated		Parent Company	
Assets	**Notes**	**2014**	**2013**	**2014**	**2013**
Current					
Cash and cash equivalents	4	12,277	14,191	499	6,185
Trade receivables	5	78,436	79,510	70,941	74,298
Inventories	6	71,809	54,429	67,385	50,644
Recoverable taxes	7	859	4,369	859	4,369
Other credits		8,352	11,242	9,529	10,588
Total current assets		171,733	163,741	149,213	146,084
Court deposits		1,100	1,345	1,100	1,345
Loans receivable - related parties	11	15,498	11,153	15,498	11,153
Recoverable taxes	7	7,523	319	7,207	-
Total long-term assets		**24,121**	**12,817**	**23,805**	**12,498**
Investments	8	9	9	15,371	14,236
Biological Assets		306	306	306	306
Property, plant and equipment	9	55,560	47,617	54,692	47,496
Intangible assets	10	10,381	10,938	3,182	3,695
		66,256	58,870	73,751	65,733
Total non-current assets		**90,377**	**71,687**	**97,356**	**78,231**
Total Assets		**262,110**	**235,428**	**246,569**	**224,315**

		Consolidated		Parent Company	
Liabilities	**Notes**	**2014**	**2013**	**2014**	**2013**
Current					
Trade payables	12	23,364	21,991	22,796	21,869
Loans and financing	14	118,231	108,162	113,343	105,685
Labor obligations		652	503	551	426
Tax obligations	7	1,729	2,022	1,020	1,644
Dividends and JCP payable		-	28	-	-
Income tax and social contribution	13	10,561	6,185	10,561	6,185
Salaries and welfare charges payable		2,626	2,206	2,613	2,091
Other accounts payable		1,162	1,770	715	1,694
Interests payable	11	-	3,138	-	3,138
Labor provisions		4,630	3,882	4,947	3,850
Total current liabilities		**162,955**	**149,887**	**156,546**	**146,582**
Loans and financing	14	9,481	9,606	9,481	9,606
Deferred income tax and social contribution	13	5,176	6,760	5,176	6,760
Provision for contingencies	15	3,913	2,018	3,890	1,971
Total non-current liabilities		**18,570**	**18,384**	**18,547**	**18,337**
Shareholders' Equity	16				
Capital stock		36,135	18,500	36,135	18,500
Profits reserve		27,113	30,609	27,113	30,609
Adjustments to equity valuation		7,852	9,334	7,852	9,334
Other comprehensive income		376	953	376	953
Total shareholders' equity of the parent companies		**71,476**	**59,396**	**71,476**	**59,396**
Interest of non-controlling shareholders		9,109	7,761	-	-
Total shareholders' equity		**80,585**	**67,157**	**71,476**	**59,396**
Total liabilities and shareholders' equity		**262,110**	**235,428**	**246,569**	**224,315**

The notes are an integral part of the financial statements

Blau Farmacêutica S.A.

Statements of income

Fiscal years ended December 31, 2014 and 2013

(In thousands of Reais)

		Consolidated		Parent Company	
	Notes	**2014**	**2013**	**2014**	**2013**
Net operating revenue	17	**299.073**	**271.385**	**278.846**	**256.983**
Cost of goods and products sold	18	(175.058)	(180.428)	(167.771)	(176.994)
Gross Profit		**124.015**	**90.957**	**111.075**	**79.989**
Commercial expenses	19	(16.927)	(15.109)	(12.561)	(11.716)
Administrative expenses	19	(61.367)	(37.664)	(59.162)	(36.501)
Equity method result	8	-	-	1,712	2,612
Revenue from other operating income (expenses)		3.296	2.915	3.099	3.201
Total operating expenses		**(74.998)**	**(49.858)**	**-62.912**	**-42.404**
Income before net financial income and taxes		**49.017**	**41.099**	**44.163**	**37.585**
Financial revenues	20	9.917	10.107	9.637	9.593
Financial expenses	20	(28.653)	(25.823)	(27.343)	(24.896)
Net Financial Income		**(18.736)**	**(15.716)**	**(17.706)**	**-15.303**
Income before income tax		**30.281**	**25.383**	**26.457**	**22.282**
Deferred income tax and social contribution	13	1.382	1.536	1.382	1.536
Current income tax and social contribution	13	(12.889)	(10.328)	(10.962)	(8.621)
Income tax and social contribution		**(11.507)**	**(8.792)**	**(9.580)**	**(7.085)**
Net income for the year		**18.774**	**(16.591)**	**16.877**	**15.197**
Income allocated for:					
Controlling shareholders		16.877	15.197		
Non-controlling shareholders		1.897	1.394		

The notes are an integral part of the financial statements

Blau Farmacêutica S.A.

Statements of comprehensive income

Fiscal years ended December 31, 2014 and 2013

(In thousands of Reais)

	Consolidated		Parent Company	
	2014	**2013**	**2014**	**2013**
Net income for the year	18,774	16,591	16,877	15,197
Other comprehensive income:				
Accumulated adjustment of conversion on subsidiary	1,126	1,752	577	752
Total comprehensive income	**19,900**	**18,343**	**17,454**	**15,949**
Controlling shareholders	17,454	15,949		
Non-controlling shareholders	2,446	2,394		

The notes are an integral part of the financial statements.

Blau Farmacêutica S.A.

Statement of Changes in Shareholders' Equity

Fiscal years ended December 31, 2014 and 2013

(In thousands of Reais)

			Profits reserve								
		Capital Stock	**Legal reserves**	**Investment reserves**	**Profits reserve**	**Adjustments to equity valuation**	**Accumulated profit or loss**	**Other comprehensive income**	**Total shareholders' equity of parent company**	**Interest of non-controlling shareholders**	**Total consolidated shareholders' equity**
Balances on January 1, 2013		18,500	442	6,134	4,917	11,337	-	201	41,531	5,367	46,898
Deferred taxes on adjustment to equity valuation		-	-	-	-	-	1,916	-	1,916	-	1,916
Realization of adjustments to equity valuation		-	-	-	-	(2,003)	2,003	-	-	-	-
Net income for the year		-	-	-	-	-	15,197	-	15,197	1,394	16,591
Accrual of reserves		-	759	-	18,357	-	(19,116)	-	-	-	-
Accumulated adjustment of conversion on subsidiary		-	-	-	-	-	-	752	752	1,000	1,752
Balances on December 31, 2013		18,500	1,201	6,134	23,274	9,334	-	953	59,396	7,761	67,157
Capital increase		17,635	-	-	(17,635)	-	-	-	-	-	-
Deferred taxes on adjustment to equity valuation		-	-	-	-	-	-	-	-	-	-
Reversion of investments reserve		-	-	(1,001)	1,001	(1,482)	1,482	-	-	-	-
Realization of adjustments to equity valuation		-	-	-	-	-	-	-		-	-
Net income for the year		-	-	-	-	-	16,877	-	16,877	1,897	18,774
Minimum dividends		-	-	-	-	-	(876)	-	(876)	-	(876)
Dividends payable		-	-	-	(3,344)	-	-	-	(3,344)	-	(3,334)
Accrual of reserves		-	844	-	16,639	-	(17,483)	-	-	-	-
Accumulated adjustment of conversion on subsidiary		-	-	-	-	-	-	(577)	(577)	(549)	(1,126)
Balances on December 31, 2014	16	36,135	2,045	5,133	19,935	7,852	-	376	71,476	9,109	80,585

The notes are an integral part of the financial statements

Blau Farmacêutica S.A.

Statements of cash flows

Fiscal years ended December 31, 2014 and 2013

(In thousands of Reais)

	Consolidated		Parent Company	
	2014	**2013**	**2014**	**2013**
Cash flows from operating activities				
Income before income tax	30,281	25,383	26,457	22,282
Adjustments to reconcile net income of the fiscal year to cash from operating activities:				
Depreciation and amortization	7,310	5,780	7,242	5,710
Write-offs on property, plant and equipment and intangible assets	435	6,553	341	6,365
Financial charges on financing	2,435	1,073	2,435	1,070
Equity Accounting	-	-	(1,712)	(2,612)
Provision (reversion) for doubtful accounts	167	408	139	(154)
Provision for losses on inventories	3,420	24	3,395	24
Provision for contingencies	1,895	1,239	1,919	1,192
	45,943	40,460	40,216	33,877
(Increase) decrease on assets accounts				
Cash deriving from acquisition/incorporation of Subsidiaries	-	-	-	35
Trade accounts receivable	907	(25,207)	3,218	(19,014)
Inventories	(20,800)	(6,810)	(20,136)	(4,007)
Recoverable taxes	(3,694)	(1,659)	(3,697)	(1,942)
Other credits	2,889	(6,331)	1,060	(7,670)
Court deposits	245	(1,160)	245	(1,160)
Related parties	(4,344)	3,671	(4,345)	4,650
Increase (decrease) on liabilities account				-
Trade payables	1,374	(2,409)	927	(16,923)
Labor obligations	149	(230)	125	157
Tax obligations	(293)	324	(624)	81
Provision for income tax	(2,150)	(2,091)	1,362	764
Salaries and welfare charges payable	420	655	522	(1,129)
Other accounts payable	(607)	(303)	(979)	(2,737)
Labor provisions	748	252	1,097	1,643
Net cash flows from operating activities	20,787	(838)	18,991	(13,375)
Income tax and social contribution paid	(6,566)	(1,902)	(6,566)	(1,902)
Net cash generated from (invested on) operating activities	14,221	(2,740)	12,425	(15,277)
Cash flows from investing activities				
Additions to property, plant and equipment	(14,939)	(13,348)	(14,112)	(13,244)
Payment of final installment from interest acquisition	(3,138)	-	(3,138)	-
Acquisition of subsidiaries	-	-	-	(278)
Additions to intangible assets	(192)	(3,211)	(154)	(2,823)
Net cash invested on investment activities	(18,269)	(16,559)	(17,404)	(16,345)
Cash flows from financing activities				
Dividends and interest on equity	(4,248)	(6,992)	(4,220)	-
Funding of loans and financing	144,876	102,186	140,538	95,840
Payment of loans and financing - principal	(123,210)	(74,462)	(122,868)	(61,353)
Payment of loans and financing - interest	(14,157)	(7,765)	(14,157)	(7,663)
Net cash (invested on) generated from financing activities	3,261	12,967	(707)	26,824
Net decrease in cash and cash equivalents	(787)	(6,332)	(5,686)	(4,798)
Cash and cash equivalents on January 1st	14,191	20,184	6,185	10,983
Effects of exchange variation on cash and cash equivalents' balance	1,127	(339)	-	-
Cash and cash equivalents at December 31	12,277	14,191	499	6,185
Variation on cash and cash equivalents	(787)	(6,332)	(5,686)	(4,798)

The notes are an integral part of the financial statements

Notes to the financial statements

(In thousands of reais, except when indicated otherwise)

1 Operations

Blau Farmacêutica S.A., hereinafter referred to as Blau or Company, is a privately-held company with registered office at City of Cotia, State of São Paulo, at rodovia Raposo Tavares km 30,5. The Company's purpose is the manufacture, commercialization, import and export of pharmaceutical products for human consumption and biopharmaceutical inputs. The main pharmaceutical sectors where the Company acts are: biotechnologicals, hemoderivatives, anti-virals, anti-thrombotic and oncologics, among others, through the business units of hospitals, generics and drugs with no need of prescription.

Subsidiaries

Company	Country	Interest	
		12/31/2014	12/31/2013
Blau Farmacéutica Colombia S.A.S.	Colombia	50.98%	50.98%
Blau Farma Uruguay S.A.	Uruguay	100%	100%

Blau Farmacéutica Colombia S.A.S.

Blau Farmaceutica Colombia is a Company headquartered in Bogotá, Colombia, having as purpose the production and commercialization of pharmaceutical drugs for human consumption and biopharmaceutical inputs, and it acts in the main pharmaceutical sectors. Company’s main activity is to import products from the parent to be distributed in Colombia and to close countries of Latin America.

Blau Farma Uruguay S.A.

Blau Farma Uruguay S.A. is a Company headquartered in Montevideo, Uruguay, having as purpose the commercialization of pharmaceutical drugs for human consumption and biopharmaceutical inputs, and it acts in the main pharmaceutical sectors. Currently the Company is without operating activity. It is expected that the operations of the Company begins in the second semester of 2015.

Corporate transactions in the comparative fiscal year

Acquisition of subsidiaries

On January 17, 2013, as part of an expansion project, the Company gained the control of Blau Farma Uruguay S.A. - previously known as Ganden S.A. when it held 100% of the capital of the company.

Located in the City of Montevideo, Uruguay, the acquisition of Blau Farma Uruguay S.A. will allow the continuity of the globalization of the brand in Latin America. Likewise the parent company, Blau Farma acts in the pharmaceutical segment and has as purpose the import, distribution, fractioning, manufacture and export of pharmaceutical products of hospital line.

Blau Farma Uruguay S.A. is not currently under operation and is going through structuring and adequacy process to comply with the requirements from Uruguay Health Department. It is expected the beginning of its operations for the second half of 2015.

Consideration transferred

The total amount for the transaction to acquire the control of Blau Farma Uruguay S.A. was 2,627,969.94 Uruguayan pesos, which corresponded by the time of the acquisition to R$278.

The table below shows the quantity of shares directly acquired from the former controlling shareholder, presenting the par value of the acquired shares, the goodwill and the total amount paid by the Company:

		Amount in millions of Uruguayan Pesos		
	No. of shares	**Par Value**	**Premium/good will**	**Total amount**
Acquisition of shares from the former controlling shareholder	2,500	$ 66,291.00	$ 2,561,678.94	$ 2,627,969.94

Identifiable assets acquired and liabilities assumed on the acquisition date

		R$
Intangible Assets (Patent Registration)		27
Other credits		4
Other accounts payable		(24)
Total net of identified assets		7
Blau’s interest in net assets	100%	7

The possible contingent liabilities on the acquisition date were fully assumed by the former controlling shareholder, according to the agreement executed among the parties; therefore, they were not recognized in the balance sheet of the acquisition.

Goodwill assessed on the acquisition

Goodwill recognized as income from acquisition was identified as follows:

Total value of the transferred consideration	278
Fair value of identifiable net assets	(7)
Goodwill assessed	271

The goodwill is attributed mainly to expectation of future profitability and the synergies the Company expects to reach in the incorporation of Blau Farma Uruguay S.A. to the existing operations of distribution of pharmaceutical products of the Company in Uruguay and all Latin America. No portion of the goodwill recognized is expected to be deductible for the purposes of income and social contribution taxes.

In the separate balance sheet of the Company, the goodwill presented above is included in the carrying amount of the investment, while in the consolidated balance sheet, the goodwill is presented in intangible assets account. Considering the nature of the goodwill, of undefined useful life, the amortization of the goodwill is not allowed; however, the amount is annually subject to recoverability valuation.

Acquisition costs

The Company did not incur in additional costs to the contribution effectively paid to former controlling shareholders, such as legal fees and other costs. Legal fees were under responsibility of the seller.

Acquisition and incorporation of subsidiary under common control

On December 26, 2012, the Company acquired 100% of the share capital of the company Ariston Indústrias Químicas e Farmacêuticas Ltda. ("Ariston"). Ariston was owned already, by the Company's economic group for having common controlling shareholders. For this reason, this transaction was not qualified under rules of assessment, registration, accounting and disclosure of CPC 15 - Business combination. Thus, the transaction was recognized by the accounting historic amounts and the fair values of assets and liabilities were not assessed on the transaction date.

As the acquisition was effected by the amount of R$ 500, fully settled in January 2013. As the shareholders' equity of Ariston was of R$ 1,605 on the acquisition date, it was recorded an earning from the successful purchase of R$ 1,105 directly in the account of profit reserve in Company's shareholders' equity on December 31, 2012.

As from Special General Meeting from January 30, 2013, the Company approved the incorporation of its wholly-owned company Ariston Indústrias Químicas e Farmacêuticas Ltda.

The balance sheet of the merged subsidiary presented the following balances on the date of the merger (in thousands of Reais):

Assets		**Liabilities**	
Current	26,125	**Current**	**27,935**
Cash and cash equivalents	35	Trade accounts payable	23,939
Trade accounts receivable	12,247	Loans and financing	134
Inventories	13,407	Tax obligations	1,093
Other credits	436	Labor and social obligations	2,031
		Other accounts payable	738
Non-current	**11,629**		
Property, plant and equipment	10,769	**Non-current**	**6,734**
Intangible assets	860	Loans and financing	4,599
		Deferred income tax and social contribution	2,135
Total Assets	**37,754**	**Total Liabilities**	**34,669**
Incorporated net assets	**3,085**		

2 Basis of preparation of the financial statements

a. Statement of conformity

The individual and consolidated financial statements of the Company were prepared according to accounting practices adopted in Brazil.

The issuance of the individual and consolidated financial statements was authorized by the Executive Board on April 13, 2015.

b. Measurement basis

The individual and consolidated financial statements were prepared considering the historical cost, except for non-derivative financial instruments shown at fair value through profit or loss, which are measured by their fair value.

c. Functional and reporting currency

These individual and consolidated financial statements are presented in Real, which is the Company's functional currency. All the financial information presented in Real has been rounded to the closest thousand unit, except when designated otherwise.

d. Use of estimates and assumptions

The preparation of these individual and consolidated financial statements required Management to make judgments, estimates and assumptions that affect the application of Company's accounting policies and the reported amounts for assets, liabilities, revenues and expenses. Actual results can differ from these estimates.

Estimates and assumptions are reviewed on a continuous basis. The estimates reviews are recognized in a prospective basis.

Information about critical judgments referring to the accounting policies adopted, which affect the values recognized on individual and consolidated financial statements are included in the following notes:

- **Note 5 -** Trade accounts receivable - Provision for doubtful accounts;
- **Note 6 -** Inventories - Provision for inventories losses;
- **Note 9 -** Property, plant and equipment - depreciation;
- **Note 10 -** Intangible Assets - Amortization and goodwill recovery
- **Note 14 -** Loans and financing - Classification of lease;
- **Note 13 -** Deferred income tax and social contributions; and
- **Note 15 -** Provision for contingencies.

3 Summary of the principal accounting practices

The accounting policies described below have been consistently applied to all of the fiscal years presented in these individual and consolidated financial statements.

a. Consolidation

(i) Business combinations

Business combinations are registered using the acquisition method on the acquisition date, i.e. when control is transferred to the Company. Control is the power of governing the entity's financial and operational policy in order to obtain rewards from its activities. On the occasion of determination of control, the Company takes into consideration the potential voting rights which are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the amount recognized of any non-controlling interest ownership in the acquiree; plus
- the net amount (generally at fair value) of identifiable acquired assets and liabilities taken over.

On the occasions in which the value generates a negative amount, the gain on bargain purchase is directly recognized in the income for the year.

Consideration transferred does not include amounts relating to payment for pre-existing relationships. These amounts are generally recognized in income for the year.

Transaction costs, except for the costs related to the issuance of debt or equity instruments which the Group incurs in connection with the business combination, are recorded in the income as incurred.

(ii) Interest of non-controlling shareholders

For each business combination, the Company elects to measure any interest from non-controlling shareholder in the acquired company, using one of the following criteria:

- by fair value; or
- by proportional interest on identifiable net assets of the acquired, which are generally measured at fair value.

Changes in the Company’s interest in a subsidiary which do not result in loss of control are recorded as transactions with shareholders in their capacity as shareholders. Adjustments to the interest of non-controlling shareholders are based in a proportional amount of the net assets of the subsidiary. No adjustments are recorded in the goodwill for future profitability and no gain or loss is recognized in the income of the year.

(iii) Subsidiaries

The financial statements of the subsidiaries are included in the consolidated financial statements as from the date when control began, up to the date when it ceased to exist. The subsidiaries’ accounting policies are in line with the policies adopted by the Company.

In the parent company's individual financial statements, the financial information on subsidiaries is recognized by the equity accounting method.

(iv) Transactions eliminated in consolidation

Intra-group balances and transactions, and any unrealized income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains resulting from transactions with investees recorded by the equity method are eliminated against the investment, in the proportion of Company´s interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only up to the point where there is no evidence of impairment loss.

b. Foreign currency

(i) Transactions in foreign currency

Transactions in foreign currency are converted to the relevant functional currency of the Company at the exchange rates on the dates of the transactions. Monetary assets and liabilities denominated and calculated in foreign currencies on the date of presentation are reconverted into the functional currency at the exchange rate determined on that date. The exchange gain or loss with monetary items is the difference between the amortized cost of the functional currency at the beginning of the period, adjusted for effective payments during the year, and the amortized cost in foreign currency at the exchange rate at the end of the presentation fiscal year. Non-monetary assets and liabilities which are measured by the fair value in foreign currency are reconverted into the functional currency at the exchange rate on the date when the fair value was calculated. The differences of foreign currencies resulting from the reconversion are generally recognized in the statement of income.

(ii) Operations Abroad

The assets and liabilities from foreign operations, including fair value adjustments arising out of acquisition, are converted to Real (functional currency) at exchange rates determined on the reporting date. The revenues and expenses of operations abroad are converted to Real at exchange rates determined on the reporting date.
Foreign currency differences generated in the conversion to the presentation currency are recognized in other comprehensive income, and are shown in the shareholders' equity. However, if the subsidiary is not a wholly-owned company, then the proportional part to the conversion difference is attributed to non-controlling shareholders.

When a transaction abroad is disposed of, the amount recorded in the accumulated adjustment conversion account is transferred to statement of income as part of revenues from the disposal. When the disposal is of just a part of the investment of a subsidiary that includes a transaction abroad in such a way that the control is held, the correspondent portion to such accumulated amount is reallocated to the non-controlling interest. In any other partial disposal of transaction abroad, the portion correspondent to the disposal is reclassified in the statement of income.

Exchange gains or losses resulting from monetary items receivable from or payable to an overseas operation, whose settlement has neither been planned or is unlikely to occur in the foreseeable future, and which is essentially considered part of the net investment in the overseas operation are shown in other comprehensive income and presented in shareholders' equity.

c. Financial instruments

(i) Non-derivative financial assets

The Company and its subsidiaries recognize loans, receivables and deposits initially on the date on which they were originated. All of the other financial assets are recognized initially on the date of negotiation on which the Company and its subsidiaries become one of the parties to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to cash flows of the asset expire, or when the Company transfers the rights to receive contractual cash flows on the financial asset in a transaction where essentially all risks and benefits of title of financial asset are transferred. Any interest that is created or detained by the Company or its subsidiaries in such transferred financial assets is recognized as a separate asset or liability.

Financial assets or liabilities are offset and the net value reported in the balance sheet only when the Company and its subsidiaries have the legal right to offset the amounts and intend to settle the asset on a net basis or realize the asset and settle the liability simultaneously.

The Company and its subsidiaries hold non-derivative financial assets classified as financial assets measured by the fair value through the statement of income and loans and receivable.

Financial assets measured at fair value through statements of income

A financial asset is classified as measured at fair value in statements of income if it is classified as held for trading, that is, designated as such at the initial recognition. Financial assets are recorded at fair value through statement of income if the Company manages those investments and makes decisions of acquisitions and sales based on their fair values according to the documented risk management and the investment strategy of the Company. The transaction costs are recognized in statements of income as incurred. Financial assets recorded at fair value through the statement of income are measured at fair value, and changes in the fair value of these assets, which take into consideration any gains with dividends, are recognized in the statement of income for the year.

Financial assets designated by the fair value through the statement of income include financial investments that are recorded in cash and cash equivalents.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments, but not quoted on any active market. Such assets are initially recognized at fair value plus any transaction costs directly assignable. After the initial recognition, the loans and receivables are measured by the amortized cost using the effective interest method, with deduction of any impairment loss.

Loans and receivables include trade accounts receivable, advances to partners, loans receivable and other accounts receivable.

Cash and cash equivalents

Cash and cash equivalents comprise balances of cash and financial investments with original maturities of three months or less as of the contracting date, which are promptly converted in a known amount of cash, subject to an insignificant risk of change in value and are used to manage short-term obligations by the Company and its subsidiaries.

(ii) Non-derivative financial liabilities

The financial liabilities are initially recognized on the negotiation date on which the Company and its subsidiaries become a party to the contractual provisions of the instrument. The Company writes-off a financial liability when it has the contractual obligations removed, cancelled or expired.

The Company and its subsidiaries classify suppliers, loans and financing and other accounts payable as non-derivative financial liabilities.

Such financial liabilities are initially recognized at fair value, net of any transaction costs directly assignable. After initial recognition, these financial liabilities are measured by the amortized cost, using the effective interest method.

(iii) Derivative financial instruments

Derivatives are initially recognized at their fair value and any variation in relation to the attributable transaction costs are recognized as income when incurred. After initial recognition, derivatives are measured at their fair value, and the variations in the fair value are immediately recorded in the statement of income.

Company and its subsidiaries do not present outstanding derivative financial instruments as of December 31, 2014 and 2013.

d. Property, plant and equipment

Items of property, plant and equipment are measured by the historical purchase or construction cost, deducted by accumulated depreciation and any accumulated impairment losses. The cost includes expenditures that are directly attributable to the acquisition of an asset.

Any gains and losses on disposal of a property, plant and equipment item are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net in other operating income in the statement of income.

The reposition cost of a component of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the economic benefits incorporated within the component will inure for the benefit of the Company and its subsidiaries and that its cost can be measured reliably. The carrying amount of the component that is replaced is written off. The ordinary maintenance costs of property, plant and equipment are recognized in income as incurred.

Items of property, plant and equipment are depreciated from the date they are available for use, or, in the case of assets constructed by the Company, as of the date the construction is concluded and the asset is available for use.

Depreciation is calculated to amortize the cost of property, plant and equipment items, less their estimated residual values, using the linear method based on estimated useful lives of items. Depreciation is generally recognized in income, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated by the shorter period between the asset estimated useful life and the term of the agreement, except if it is certain that the Company will acquire the ownership of the asset at the end of the lease. Land is not depreciated.

e. Intangible assets and goodwill

Goodwill
Goodwill arising from the acquisition of subsidiaries is presented in the consolidated financial statements with the intangible assets. See Note 3.a.(i). for information on the measurement of goodwill at initial recognition.

Subsequent measurements
Goodwill is measured at cost, less any accumulated impairment losses. Regarding the investees accounted for under the equity accounting method, the carrying amount of goodwill is accounted for as carrying amount of the investment and any impairment loss is allocated to the investment's carrying amount as a whole.

Other intangible assets
Other intangible assets acquired by the Company and its subsidiaries with finite useful lives are measured at cost, less accumulated amortization and any accumulated impairment losses.

Amortization
Except for goodwill, the intangible assets are amortized pursuant to the straight line method, and the amortization is recognized through profit or loss by the estimated useful life of the assets, starting from the date in which they are available for use.

f. Leases

(i) Leased assets
Assets held by the Company and its subsidiaries under leasing that transfer to the Company all risks and benefits of the property are classified as financial leasing. In the initial recognition, the leased asset is measured by the value equal to the lower value between its fair value and present value of minimum payments of the leasing. After the initial recognition, the asset is recorded according to the accounting policy applicable to that asset.

Assets held under other leasing are classified as operating leasing and are not recognized in Company's balance sheet, and in the subsidiaries' balance sheets.

(ii) Payment of leasing
Payments made under operating leasing are recognized through profit or loss by the straight line method for leasing period. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under financial lease are apportioned between financial expenses and reduction of the outstanding liability. The financial expenses are allocated for each period during the lease term, aiming at creating a periodic interest rate on remaining liabilities balance.

g. Biological Assets
Biological assets are composed of animal and bacterial cells, recognized as formation incurred cost. The formation costs are substantially composed by the acquisition of clones and scientific follow-up.

h. Inventories

The inventories are measured by the lowest value between cost and the net realizable value. The cost of the inventories is based on the weighted average principle and includes expenditures incurred in the acquisition of inventories, production and transformation costs and other costs incurred to bring them to their existing locations and conditions. In the case of manufactured inventories and products in process, cost includes a share of the overhead manufacture costs based on the normal operating capacity.

The net realizable value is the estimated sale price in the ordinary course of business, less the estimated completion costs and necessary estimated expenses for effect sales.

i. Impairment

(i) Financial assets - non-derivatives (including receivables)

A financial asset not measured by the fair value through income is evaluated at each financial statements date, in order to determine if there is any objective evidence of impairment.

An asset is impaired when objective evidence indicates that a loss event or events occurred after the initial recognition of the asset, and that such event of loss had a negative effect on future expected cash flows of that asset, which may be reliably estimated.

The objective evidence that the financial assets had lost value may include default or late payment by debtor, restructuring of value for a debt due to a Company and its subsidiaries under conditions that would not be considered for other transactions, indications that the debtor or issuer will apply for bankruptcy, or the disappearance of an active market for a security.

Non-financial assets

The carrying values of the non-financial assets of the Company and its subsidiaries, other than inventories, biological assets and deferred income tax and social contribution, are revised on each date of presentation to assess if there are signs of impairment. If such indication occurs, then the recoverable value of the asset is estimated.

An impairment of assets is recognized if the carrying amount of the asset or cash generating unit (CGU) exceeds its recoverable value. Impairment losses are recognized in the statement of income.

The recoverable value of an asset or cash-generating unit is the greater of its value in use and its fair value less selling expenses. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate before taxes that reflects current market conditions as to the recoverability period of capital and the risks specific to the asset or the CGU. For the impairment test, the assets that cannot be tested individually are grouped together in the smallest group of assets that generates cash inflows from their continuous use and that are largely independent of the cash flows from other assets or CGUs.

For the fiscal years ended December 31, 2014 and 2013, the Company and its subsidiaries did not identify indicators of impairment losses in their non-financial assets.

j. Employee benefits

The obligations of short-term benefits to employees are measured on a non-discounted basis, and are incurred as expenses, when related services are provided.

The liability is recognized by the value that is expected to be paid in cash or interest in short-term profits.

k. Provisions

A provision is recognized if, on account of a past event, the Company and its subsidiaries have a legal or constructive obligation that can be reliably estimated, and it is probable that economic resources will be required to settle the obligation. The provisions are calculated through estimated future cash flows discounted at a rate before taxes that reflects current market evaluations as to the value of money according to specific time and risks for the liabilities. The effects of discount to the present value are recognized in the income as financial expense.

l. Dividends and Interest on capital

The distribution of dividends and interest on capital is recognized as liabilities in the financial statements of the Company and its subsidiaries after being approved by resolution on a General Meeting. The tax benefit of interest on capital is recognized in the statement of income. However, the amount of interest on capital is reclassified for presentation purposes and shown as destination of net profit in the statements of changes in shareholders' equity.

m. Operating revenue

The operating revenue from the sale of goods in the ordinary course of business is measured by the fair value of the consideration received or to be received, net of returns, commercial discounts and bonuses. The operating revenue is recognized when (i) the main risks and benefits related to the property ownership have been transferred to the purchaser, (ii) that it is probable that the economic and financial benefits will inure for the benefit of the Company, (iii) that the associated costs and the possible return of goods can be measured reliably, (iv) that there is no continual involvement with the goods sold, (v) that the amount of the operating revenue can be measured in a reliable way. In the likelihood that discounts will be granted and that the amount can be reliably measured, then the discount is recognized as a reduction in operating revenue, according to the sales already recognized.

n. Financial revenues and expenses

The financial revenues encompass interest revenue on invested funds, active exchange variances, variances in fair value of financial assets measured by the fair value by means of the statement of income. Interest revenue is recognized in income through the effective interest method.

Financial expenses include expenses with interest for delay, negative exchange variances, losses in fair value of financial assets measured at fair value through the statement of income.

o. Income tax and social contribution

The deferred income tax and social contribution for the current fiscal year are calculated based on the rates of 15% plus a surcharge of 10% on taxable income in excess of R$ 240,000 for income tax and 9% on taxable income for social contribution.

The income tax and social contribution expense comprises current and deferred income taxes. Current and deferred taxes are recognized in statement of income.

Current tax is the income tax payable or receivable that is expected on taxable income for the year, based on the rates that were decreed or substantially decreed as of the date of preparation of the financial statements as well as any adjustment in payable taxes referring to previous years.

Deferred taxes assets are recognized in relation to tax losses and temporary differences between the carrying amounts of the assets and liabilities for accounting purposes, and the corresponding amounts are used for taxation purposes.

Measurement of deferred tax reflects the tax consequences of the Company's expectations, at the end of the year to which the financial statements refer, as to the recovery or settlement of the carrying amount of its assets and liabilities.

Deferred tax is measured based on rates which are expected to be applied to the temporary differences when reversed, based on rates that were decreed or substantively decreed up to the date of the preparation of the financial statements.

Deferred tax assets and liabilities are offset if there is a legal right to offset current tax assets and liabilities, and if they refer to taxes payable to the same tax authority by the same taxable entity, or by different taxable entities when the intention exists to settle the current tax assets and liabilities on a net basis or to realize them simultaneously.

Once the Company does not effect an evaluation stating that the future taxable income will be available for realization of tax credits, the deferred tax asset on tax losses and temporary differences are not recognized.

p. New standards and interpretations not yet adopted

A series of new standards, amendments to standards and international interpretations are effective for years beginning after January 1, 2015 and in the future, and were not adopted in preparing these financial statements. Those standards that might be relevant for the Company are mentioned below. The Company does not intend to early adopt these standards.

(i) IFRS 9 - Financial Instruments

IFRS 9, disclosed in July 2014, replaces the existent rules of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes the reviewed guideline on classification and measurement of financial instruments, including a new model of expected credit loss for the calculation of impairment of financial assets, and new requirement for hedge accounting. The rule maintains the existing guidelines for recognition and derecognition of financial instruments of IAS 39.

IFRS 9 is effective for years beginning on or after January 1, 2018, with earlier adoption being permitted.

(ii) IFRS 15 - Revenue from Contracts with Customers

IFRS 15 requires an entity to recognize the amount of revenue reflecting the compensation that they expect to receive in exchange of the control of such assets or services. When adopted, the new rule will replace most of the detailed description about the recognition of revenue that currently exists under IFRS and U.S. GAAP. The new rule is applicable as of or after January 1st, 2017, with early adoption being permitted by IFRS. The rule may be adopted in a retrospective way, using an approach of cumulative effects.

The Company is evaluating the potential impacts that the new accounting pronouncements could have on the financial statements and disclosures and does not intend to adopt them in advance.

Additionally, it is not expected that the new following rules or changes could have a relevant impact on Group's consolidated financial statements.

- IFRS 14 - Regulatory Deferral Accounts;
- Accounting for Acquisitions of Interests in Joint Operations (change of IFRS 11);
- Clarification of Acceptable Methods of Depreciation and Amortization (changes of IAS 16 and IAS 38);
- Defined Benefit Plans: Employee Contributions: (changes of IAS 19);
- Annual improvements of IFRSs from 2010-2012;
- Annual improvements of IFRSs from 2011-2013;
- Agriculture: Productive Plants (changes in IAS 16 and IAS 41)

The Accounting Pronouncements Committee has not yet issued the accounting pronouncement or amendment to effective pronouncements corresponding to these standards. It is not allowed the previous adoption.

4 Cash and cash equivalents

	Consolidated		**Parent company**	
	2014	**2013**	**2014**	**2013**
Cash equivalents in U.S. Dollars	5	29	5	29
Cash equivalents in Euro	21	24	21	24
Cash in Real	17	7	12	6
	43	**60**	**38**	**59**
Bank checking account	1,157	597	461	24
Financial investments	11,077	13,534	-	6,102
	12,234	**14,131**	**461**	**6,126**
Total cash and cash equivalents	**12,277**	**14,191**	**499**	**6,185**

The short-term financial investments, of high liquidity, are promptly convertible into a known amount of cash, and are subject to an insignificant risk of changes in value. The Company and its subsidiaries have option of redemption in advance of the related securities, without penalties or loss of profitability.

Financial investments refer substantially to certificates of bank deposits (CDB) and fixed interest funds, redeemable in a short term and remunerated at market rates at up to 112% of the interbank deposit certificate (CDI).

Company's exposure to the risk of interest rates and exchange variation is disclosed in Note 20.

5 Trade receivables

	Consolidated		Parent company	
	2014	**2013**	**2014**	**2013**
Domestic	72,809	58,385	60,195	58,385
Abroad	1,450	13,787	1,450	3,080
Related parties (note 11)	7,565	10,892	11,520	15,196
Provision for doubtful accounts	(3,388)	(3,554)	(2,224)	(2,363)
	78,436	**79,510**	**70,941**	**74,298**

Trade accounts receivable by age

	Consolidated		Parent company	
	2014	**2013**	**2014**	**2013**
To become overdue	69,295	69,043	60,636	62,639
Overdue:				
From 1 to 30 days	3,125	9,106	3,125	9,106
From 31 to 60 days	984	1,424	984	1,424
From 61 to 180 days	2,379	3,491	2,379	3,492
More than 181 days	6,041	-	6,041	-
Subtotal	81,824	83,064	73,165	76,661
Provision for doubtful accounts	(3,388)	(3,554)	(2,224)	(2,363)
Total	**78,436**	**79,510**	**70,941**	**74,298**

The Company has as procedure for the constitution of provision for doubtful accounts the overdue bonds of private clients, excluding related parties, which had already entered into a collection in administrative scope. Receivables from government agencies are not provisioned.

The activity in the provision for doubtful accounts is shown below:

	Consolidated		Parent company	
	2014	**2013**	**2014**	**2013**
Balance of provision for doubtful accounts of the last year	(3,554)	(3,962)	(2,363)	(2,209)
Constitution	(615)	(241)	(450)	(241)
Reversion	781	649	589	87
Balance of provision for doubtful accounts	**(3,388)**	**(3,554)**	**(2,224)**	**(2,363)**

6 Inventories

	Consolidated		Parent company	
	2014	**2013**	**2014**	**2013**
Finished products	10,420	13,343	7,104	9,958
Products for resale	568	387	-	-
Semi-finished Products	15,957	7,597	15,957	7,597
Products in progress	218	-	218	-
Raw materials	16,348	11,981	16,348	11,981
Packaging materials	15,800	13,030	15,800	13,030
Materials in possession of third parties	1,031	1,282	1,031	1,282
Imports in transit	769	314	229	314
Import advance	10,698	6,495	10,698	6,482
	71,809	**54,429**	**67,385**	**50,644**

In 2014, the provision for devaluation in inventories to bring them to their net realized values amounted to R$ 3,844 for the parent company and R$ 3,991 in the consolidated (R$ 449 in the parent company and R$ 571 in the consolidated as of December 31, 2013). The constitution of provision for the year and reversal of provision defined for the previous years are included in the sales costs.

Activity of provision for inventory devaluation

Parent company

	Consolidated		Parent company	
	2014	**2013**	**2014**	**2013**
Initial balance	571	561	449	473
Constitution	3,556	34	3,450	-
Reversal	(136)	(24)	(55)	(24)
Closing balance	**3,991**	**571**	**3,844**	**449**

7 Recoverable taxes

	Consolidated	
	2014	**2013**
Current		
ICMS (State VAT)	517	-
IPI (Excise Tax)	109	77
PIS (Employees' Profit Participation Program)	-	867
COFINS (Social Contribution on Billings)	-	3,329
Withholding Taxes	233	96
Total	**859**	**4,369**
Noncurrent		
CIAP (ICMS Credit Control for Permanent Assets)	417	-
PIS (Employees' Profit Participation Program)	1,319	-
COFINS (Social Contribution on Billings)	5,471	-
Other	316	319
Total non-current	**7,523**	**319**
Total	**8,382**	**4,688**

	Parent company	
	2014	**2013**
Current		
ICMS (State VAT)	517	-
IPI (Excise Tax)	109	77
PIS (Employees' Profit Participation Program)	-	867
COFINS (Social Contribution on Billings)	-	3,329
Withholding Taxes	233	96
Total	**859**	**4,369**
Noncurrent		
CIAP (ICMS Credit Control for Permanent Assets)	417	-
PIS (Employees' Profit Participation Program)	1,319	-
COFINS (Social Contribution on Billings)	5,471	-
Total non-current	**7,207**	**-**
Total	**8,066**	**4,369**

8 Investments

	Consolidated		Parent company	
	2014	**2013**	**2014**	**2013**
Interest - Blau Farmacêutica Colômbia S.A.S	-	-	9,024	7,158
Goodwill with investment - Blau Colômbia S.A.S	-	-	6,800	6,800
Interest - Blaufarma Uruguay S.A	-	-	(724)	7
Goodwill with investment - Blaufarma Uruguay S.A	-	-	271	271
Other Investments	9	9	-	-
Total	**9**	**9**	**15,371**	**14,236**

2014			**Equity Accounting**					
	Initial Balance	**Company's Acquisition**	**Equity Accounting**	**Unrealized Profit**	**Net Equity Accounting**	**Conversion Adjustment**	**Write-off by Incorporation**	**Closing Balance**
Blau Colombia	7,158		2,049	(346)	2,395	(529)		9,024
Blau Uruguay	7		(683)	-	(683)	(48)		(724)
Total	**7,165**	**-**	**1,366**	**(346)**	**1,712**	**(577)**	**-**	**8,300**

2013			**Equity Accounting**					
	Initial Balance	**Company's Acquisition**	**Equity Accounting**	**Unrealized Profit**	**Net Equity Accounting**	**Conversion Adjustment**	**Write-off by Incorporation**	**Closing Balance**
Ariston	1,605		1,481		1,481		(3,086)	-
Blau Colombia	5,275		1,450	(319)	1,131	752		7,158
Blau Uruguay	-	7	-		-	-		7
Total	**6,880**	**7**	**2,931**	**(319)**	**2,612**	**752**	**(3,086)**	**7,165**

9 Property, plant and equipment

	Consolidated					
	Average Depreciation Rate p.a.	**12/31/12012**	**Addition**	**Transference**	**Write-off**	**12/31/2013**
Cost						
Real Estate Properties		618	-	-	-	618
Land		500	-	-	-	500
Machinery and Equipment	8%	37,175	6,631	-	(107)	43,699
Aircraft and vehicles	10%	10,974	940	-	(9,230)	2,684
Furniture and fixtures	10%	4,453	537	-	(16)	4,974
Facilities in use	10%	5,772	258	8	-	6,038
Informatics equipment	19%	1,578	469	-	(62)	1,985
Property, plant and equipment in progress		6,289	4,489	(8)	(1,259)	9,511
Other	4%	798	24	-	(443)	379
Total Cost		**68,157**	**13,348**	**-**	**(11,117)**	**70,388**
Depreciation						
Real estate properties and land		(25)	(25)	-	-	(50)
Machinery and Equipment		(9,360)	(3,278)	-	23	(12,615)
Aircraft and vehicles		(5,579)	(977)	-	4,502	(2,054)
Furniture and fixtures		(2,532)	(393)	-	-	(2,925)
Facilities in use		(3,151)	(499)	-	1	(3,649)
Informatics equipment		(1,232)	(283)	-	38	(1,477)
Total accumulated depreciation		**(21,879)**	**(5,456)**	**-**	**4,564**	**(22,771)**
Net balance		**46,278**				**47,617**

	Consolidated					
	Average depreciation rate p.a.	**12/31/12013**	**Addition**	**Transference**	**Write-off**	**12/31/2014**
Cost						
Land		500	-	-	-	500
Real estate properties		618	-	-	-	618
Machinery and Equipment	8%	43,699	1,739	508	(53)	45,893
Aircraft and vehicles	10%	2,684	-	-	(884)	1,800
Furniture and fixtures	10%	4,974	208	44	(7)	5,219
Facilities in use	10%	6,038	745	-	-	6,783
Informatics equipment	19%	1,985	203	-	-	2,188
Other	4%	379	-	-	-	379
Property, plant and equipment in progress		9,511	9,076	(552)	-	18,035
Advance - properties of future delivery		-	2,969	-	-	2,969
Total Costs		**70,388**	**14,940**	**-**	**(944)**	**84,384**
Depreciation						
Real estate properties		(50)	(26)	-	-	(76)
Machinery and Equipment		(12,615)	(4,778)	-	-	(17,393)
Aircraft and vehicles		(2,055)	(266)	-	550	(1,771)
Furniture and fixtures		(2,925)	(647)	-	-	(3,572)
Facilities in use		(3,649)	(624)	-	-	(4,273)
Informatics equipment		(1,477)	(262)	-	-	(1,739)
Total Accumulated Depreciation		**(22,771)**	**(6,603)**	**-**	**550**	**(28,824)**
Net balance		**47,617**				**55,560**

	Parent company						
	Average depreciation rate p.a.	**12/31/2012**	**From incorporation of Subsidiary**	**Addition**	**Transference**	**Write-off**	**12/31/2013**
Cost							
Real estate properties		618	-	-	-	-	618
Land		500	-	-	-	-	500
Machinery and Equipment	8%	28,245	9,907	6,631	-	(107)	44,676
Aircraft and vehicles	10%	10,606	277	940	-	(9,230)	2,593
Furniture and fixtures	10%	1,483	1,886	537	-	(16)	3,890
Facilities in use	10%	496	5,276	258	8	-	6,038
Informatics equipment	19%	1,406	116	444	-	(62)	1,904
Property, plant and equipment in progress		6,208	65	4,518	(8)	(1,257)	9,526
Other	4%	749	-	18	-	(443)	324
Total Costs		**50,311**	**17,527**	**13,346**	**-**	**(11,115)**	**70,069**
Depreciation							
Real estate properties and land		(25)		(25)	-	-	(50)
Machinery and Equipment		(7,509)	(2,173)	(3,268)	-	23	(12,927)
Aircraft and vehicles		(5,380)	(84)	(976)	-	4,688	(1,752)
Furniture and fixtures		(640)	(1,657)	(393)	-	-	(2,690)
Facilities in use		(307)	(2,932)	(499)	-	1	(3,737)
Informatics equipment		(1,166)	(14)	(275)	-	38	(1,477)
Total Accumulated Depreciation		**(15,027)**	**(6,860)**	**(5,436)**	**-**	**4,750**	**(22,573)**
Net balance		**35,284**					**47,496**

	Parent company					
	Average depreciation rate p.a.	**12/31/12013**	**Addition**	**Transference**	**Write-off**	**12/31/2014**
Cost						
Land		500	-	-	-	500
Real estate properties		618				618
Machinery and Equipment	8%	44,676	1,665	508	(1)	46,848
Aircraft and vehicles	10%	2,593		-	(862)	1,731
Furniture and fixtures	10%	3,890	155	44	(7)	4,082
Facilities in use	10%	6,038	745	-	-	6,783
Informatics equipment	19%	1,904	196	-	-	2,100
Other	4%	324		-	-	324
Property, plant and equipment in progress		9,526	8,373	(552)	-	17,347
Advance - properties of future delivery		-	2,978	-	-	2,978
Total Costs		**70,069**	**14,112**	**-**	**(870)**	**83,311**
Depreciation						
Real estate properties and land		(50)	(26)	-	-	(76)
Machinery and Equipment		(12,927)	(4,762)	-	-	(17,689)
Aircraft and vehicles		(1,752)	(265)	-	529	(1,488)
Furniture and fixtures		(2,690)	(647)	-	-	(3,337)
Facilities in use		(3,737)	(624)	-	-	(4,361)
Informatics equipment		(1,417)	(251)	-	-	(1,668)
Total Accumulated Depreciation		**(22,573)**	**(6,575)**	**-**	**529**	**(28,619)**
Net balance		**47,496**				**54,692**

Property, plant and equipment materially refer to the construction of a new stock warehouse. The Company expects the construction work to be concluded in the second semester of 2015.

10 Intangible assets

	Consolidated		
	Balance 2012	**Additions**	**Balance 2013**
Cost			
Software	526	2,823	3,349
Trademarks	877	-	877
Sanitary registries	111	88	199
Patents	-	29	29
Goodwill (i)	6,800	271	7,071
Total Costs	**8,314**	**3,211**	**11,525**
Amortization			
Software	(257)	(274)	(531)
Sanitary registries	(6)	(50)	(56)
Total Accumulated Amortization	(263)	(324)	(587)
Net balance	**8,051**		**10,938**

	Consolidated			
	Balance 2013	**Additions**	**Write- offs**	**Balance 2014**
Cost				
Software	3,349	154	-	3,503
Trademarks	877	-	-	877
Sanitary registries	199	38	(16)	221
Patents	29	-	(29)	-
Goodwill (i)	7,071	-	-	7,071
Total Costs	**11,525**	**192**	**(45)**	**11,672**
Amortization				
Software	(531)	(667)	-	(1,198)
Sanitary registries	(56)	(41)	4	(93)
Total Accumulated Amortization	(587)	(708)	4	(1,291)
Net balance	**10,938**			**10,381**

	Parent company			
	Balance 2012	**From incorporation of Subsidiary**	**Additions**	**Balance 2013**
Cost				
Software	526	-	2,823	3,349
Trademarks	18	859	-	877
Total Costs	**544**	**859**	**2,823**	**4,226**
Amortization				
Software	(257)	-	(274)	(531)
Total Accumulated Amortization	**(257)**	**-**	**(274)**	**(531)**
Net balance	**287**			**3,695**

	Parent company		
	Balance 2013	**Additions**	**Balance 2014**
Cost			
Software	3,349	154	3,503
Trademarks	877	-	877
Total Costs	**4,226**	**154**	**4,380**
Amortization			
Software	(531)	(667)	(1,198)
Total Accumulated Amortization	**(531)**	**(667)**	**(1,198)**
Net balance	**3,695**		**3,182**

Impairment test - Intangible

The Company evaluated the recovery of the carrying amount of goodwill using the concept "value in use" through the discounted cash flow models through an estimative of each Cash Generating Unit ("CGU") of five years, representative of the group of tangible and intangible assets recorded in the subsidiary that generated the goodwill.

The process to define the recovery of CGU based on the Value in Use includes the use of premises, judgement and estimates on cash flows such as the increase rates of revenues, costs and expenses, estimates of investments and future working capital and discount rates. The premises in projections of increase, of cash flow and future cash flows are based on the best estimates of Management, as well as market comparable data, of economic conditions that would exist during the economic life of the group of assets that create the generation of cash flows. The future cash flow discounted based in the representative rate of capital cost.

Based on annual test of recovery of intangible assets, made on projections on financial statements, perspective of growth at the time and following of projections and of operating income during the period, there were not identified possible losses or indications of losses once the value in use is higher than the carrying amount on the evaluation date. The main premises used in determination of future cash flows discounted at present value of operations are as following:

Sale of products	Considered the sales base, net of taxes and returns
Hospital line	Increase of 7% p.a.
Oncologic line	Increase of 10% p.a.
Biological line	Increase of 15% p.a.
Suture	Increase of 7% p.a.
Operating expenses	
Fixed	Linear increase of 5% p.a.
Variable	Proportional to Net Operating Revenue based on December 31, 2014
FCD - Financial cost	8% p.a. capitalized

11 Related parties

a. Final controlling shareholder

During the fiscal year of 2014 there were no issuances of new shares. As a result, the final controlling shareholder is still the principal shareholder of the Company, Mr. Marcelo Hahn.

b. Remuneration of key Management personnel

Remuneration of key Management personnel consists of salaries and direct benefits, such as health insurance, dental insurance and meals. The Company does not provide non-cash benefits for directors, neither does it contribute for a defined post-employment benefit program. There are no call option policies for the Company’s shares.

	2014	**2013**
Executive Board Fees	1,272	1,337
Total	**1,272**	**1,337**

Balances and transactions with related parties

	Consolidated		Parent company	
	2014	**2013**	**2014**	**2013**
Assets				
Current				
Customers				
Kollimed Com. Mat. Hospitalares Ltda.	2,153	7,738	2,153	7,738
The Package Store Imp. Com. Distr. Emb. Ltda.	533	606	533	606
Blau Farmacêutica Colômbia S.A.S	-	-	3,955	4,304
Preserv S/A	4,474	2,143	4,474	2,143
Ariston Inds. Quimicas e Farmacêutica Ltda.	405	405	405	405
Customers Total (Note 5)	**7,565**	**10,892**	**11,520**	**15,196**
Other credits				
Hahn Participações	1,627	-	1,627	-
Advance - Capital Increase - Blau Farma Uruguay	-	-	1,303	152
Total	**1,627**	**-**	**2,930**	**152**
Non-Current				
Loan receivable				
Shareholders	14,659	10,334	14,659	10,334
Preserv S/A	839	819	839	819
Total Customers (Note 5)	**15,498**	**11,153**	**15,498**	**11,153**

	Consolidated		Parent company	
	2014	**2013**	**2014**	**2013**
Liabilities				
Current				
Suppliers				
Preserv S/A	6	6	6	6
Total Suppliers (Note 12)	**6**	**6**	**6**	**6**
Interest payable				
Acquisition of subsidiary Blau Farmacêutica Colômbia S.A.S	-	3,138	-	3,138
Total interest payable	**-**	**3,138**	**-**	**3,138**

Income

	Consolidated			
	2014		2013	
	Revenue	Cost	Revenue	Cost
Kollimed Com. Mat. Hospitalares Ltda.	24,768	25,704	18,904	14,822
The Package Store Imp. Com. Distr. Emb. Ltda.	943	512	634	481
Preserv S/A	4,154	2,707	3,966	1,939
Ariston Inds. Quimicas e Farmacêutica Ltda.	-	-	4,310	3,378
LH - Laboratório Hospitalar	-	-	216	594
Total income with related parties (Note 17)	**29,865**	**28,923**	**28,030**	**21,214**

	Parent company			
	2014		2013	
	Revenue	Cost	Revenue	Cost
Kollimed Com. Mat. Hospitalares Ltda.	24,768	25,704	18,903	14,822
The Package Store Imp. Com. Distr. Emb. Ltda.	943	512	634	481
Blau Farmacêutica Colômbia S.A.S	15,150	9,497	13,537	9,651
Preserv S/A	4,154	2,707	3,966	1,939
Ariston Inds. Quimicas e Farmacêutica Ltda.	-	-	4,310	3,378
LH - Laboratório Hospitalar	-	-	216	594
Total income with related parties (Note 17)	**45,015**	**38,420**	**41,566**	**30,865**

The transactions of advances and loans receivable with related parties do not include remuneration and pre-determined settlement terms.

The balances related to the acquisition payment of Blau Farmacéutica Colombia S.A.S. were adjusted by the Colombian IPC index. and fully paid up in 2014 as per contractual term.

The commercial operations with related parties consider purchase and sale of products for industrialization and commercialization of pharmaceutical products for human consumption and biopharmaceutical inputs, related to the pharmaceutical segments such as biotechnological, blood components, antiviral, antithrombotic and oncological, among others. The Company makes profits in these transactions and the terms for financial settlement vary from 10 to 28 days, except for transactions with related party Kollimed Com. de Mat. Hospitalar Ltda., which has an average term of 45 days, since it is an entity that attends governmental agencies and Blau Farmacéutica Colombia S.A.S., which has an average term of 90 days.

12 Suppliers

	Consolidated		Parent company	
	2014	**2013**	**2014**	**2013**
Domestic	4,154	4,625	4,039	4,555
Abroad	19,204	17,360	18,751	17,308
Subtotal	**23,358**	**21,985**	**22,790**	**21,863**
Related parties (note 11)	**6**	**6**	**6**	**6**
Total Suppliers	**23,364**	**21,991**	**22,796**	**21,869**

13 Income tax and social contribution

Current

	Consolidated		Parent company	
	2014	**2013**	**2014**	**2013**
Income tax	7,775	4,572	7,775	4,572
Social Contribution	2,786	1,613	2,786	1,613
Total	**10,561**	**6,185**	**10,561**	**6,185**

Activity of income tax and social contribution payable

	Consolidated		Parent company	
	2014	**2013**	**2014**	**2013**
Initial balance	6,185	782	6,185	782
Provision	11,093	8,205	11,093	8,205
Interest	635	-	635	-
Offset	(786)	(900)	(786)	(900)
Tax paid	(6,566)	(1,902)	(6,566)	(1,902)
Closing balance	**10,561**	**6,185**	**10,561**	**6,185**

Conciliation of IR/CS	**2014**	**2013**
Profit before income tax and social contribution	**26,457**	**22,282**
	34%	34%
IR/CSSL (Income Tax/ Social Contribution Tax on Net Income) value on accounting profit	8,995	7,576
Additions:	**15,670**	**11,233**
RTT Adjustment	7,466	7,561
Tax Adjustment - Transfer Price	832	1,095
Tax incentives	200	-
Loss from equity accounting method	682	-
Depreciations of Assets Incorporated with APP	-	1,130
Non-deductible expenses	6,317	1,390
Other	173	57
Exclusions	**9,886**	**6,096**
Differences - Economic < Fiscal depreciation	-	553
Reversion of Provision for Doubtful Accounts	1,412	-
Expenses with Search and Development - Technological Innovation - Law 11196	6.080	2,931
Income from equity accounting method	2,394	2,612
Offsets:	**-**	**2,063**
Tax Loss - 30% of the profit	-	1,865
Exempt Portion	-	198
Taxable Income	**32,241**	**25,356**
Combined nominal rate - 25% for IRPJ, 9% for CSLL	34%	34%
Current income tax and social contribution	(10,962)	(8,621)
Deferred income tax and social contribution	1,382	1,536
Income tax and social contribution	(9,580)	(7,085)
Effective Rate	**30%**	**28%**

Deferred income tax and social contributions – liabilities

	Consolidated		**Parent company**	
	2014	**2013**	**2014**	**2013**
Income tax	3,806	4,972	3,806	4,972
Social Contribution	1,370	1,788	1,370	1,788
Total	**5,176**	**6,760**	**5,176**	**6,760**

Activity of deferred income tax and social contribution

	Consolidated		Parent company	
	2014	**2013**	**2014**	**2013**
Initial Balance	6,760	8,659	6,760	8,659
Income tax and social contribution on equity accounting method adjustment	(1,382)	(1,536)	(1,382)	(1,536)
Income tax and social contribution on unrealized profit on inventories	(202)	(363)	(202)	(363)
Closing balance	**5,176**	**6,760**	**5,176**	**6,760**

The deferred income tax and social contribution balance on parent company and consolidated are substantially related to the equity accounting method adjustment recognized in 2010 in view of the adoption of Law 11638.

Additionally, the Company has calculation basis for deferred income tax assets of temporary differences on provision for doubtful accounts, provisions for losses in inventories and provision for contingencies. The deferred tax assets were not accounted due to absence of assessment of future profits as determined by CPC 32 (R1).

14 Loans and financing

			Consolidated		Parent company	
Type	**Average Rate**	**Guarantee**	**2014**	**2013**	**2014**	**2013**
ACC	US$+4.9% p.a.	Surety	7,826	3,415	7,826	3,415
Working Capital	16% p.a .	Receivables - Governmental Agencies	115.604	108,819	110,716	106,342
Finimp	libor+0.75% p.a.	30% Receivables + Surety	4,282	5,534	4,282	5,534
Total of loans and financing with financial institutions			**127.712**	**117.768**	**122.824**	**115,291**
Current			118,231	108,162	113,343	105,685
Non-current			9.481	9,606	9,481	9,606
Total			**127,712**	**117,768**	**122,824**	**115,291**

Breakdown by maturity of loans and financing

	Consolidated		Parent company	
	2014	**2013**	**2014**	**2013**
Year				
2014	-	108,162	-	105,685
2015	118,231	3,591	113,343	3,591
2016	3,618	3,332	3,618	3,332
2017	5,863	2,683	5,863	2,683
Total	**127,712**	**117,768**	**122,824**	**115,291**

Breach of contractual clauses:

The Company has only one loan agreement for working capital at Banco Itaú BBA, with restrictive clauses that determine certain obligations to be performed by the Company, to avoid the early maturity of its respective amounts. The principal clauses are:

- The financial obligations of the Company plus the obligations of the related party Kolimed may not be superior than R$ 100,000;

- The Company shall not grant any loan, financing, or offer personal guarantee to:

(i) Individuals, or

(ii) Entities of the same economic group, in a total aggregated amount equal or superior than R$ 10,000, without the express consent of the creditor.

- The distribution of dividends and/or interests on own capital to shareholders may not be higher than 25% of the net income, being that any distribution higher than 25% should be approved by the creditor;

- The ratio between Net Bank Debt and EBITDA shall not be superior than 2.5.

Aditionally, other loan agreements have the cross default clause, which establishes that in case of breach of any contractual clauses in any loan and financing agreements, the settlement of the loan shall be immediate.

Thus, according to Technical Pronouncement CPC 26 (R1), the Company's Management reclassified the amount of R$ 27,474 for loans and financing recorded in non-current liabilities to current liabilities, whose last contract installment is due on October 2017.

The Company has not been notified by the financial institutions concerning breach of restrictive clauses, thus, the payments for financial purposes are unaltered so far.

15 Provision for contingencies

In the normal course of its business, the Company is subject to legal proceedings of a tax, labor and civil nature. The Management, on the basis of its legal counsel's opinion and, when applicable, specific opinions issued by experts, assesses expectations for the outcome of proceedings in course and determines whether or not it is necessary to set up a provision for contingencies. Based on the assessment, the following provisions were effected:

Parent Company:

	Balance on 12/31/2012	Addition	Write-off	Balance on 12/31/2013
Labor proceedings	760	143	-	903
Civil proceedings	19	785	-	804
ANVISA proceedings	-	264	-	264
Total	**119**	**1,192**	**-**	**1,971**

Consolidated:

	Balance on 12/31/2012	Addition	Write-off	Balance on 12/31/2013
Labor proceedings	760	190	-	950
Civil proceedings	19	785	-	804
ANVISA proceedings	-	264	-	264
Total	**119**	**1,239**	**-**	**2,018**

Parent Company:

	Balance on 12/31/2013	Addition	Write-off	Balance on 12/31/2014
Labor proceedings	903	2,719	-	3,622
Civil proceedings	804	77	(877)	4
ANVISA proceedings	264	-	-	264
Total	**1,971**	**2,797**	**(877)**	**3,890**

Consolidated:

	Balance on 12/31/2013	Addition	Write-off	Balance on 12/31/2014
Labor proceedings	950	2,719	-	3,669
Civil proceedings	804	53	(877)	(20)
ANVISA proceedings	264	-	-	264
Total	**2,018**	**2,772**	**(877)**	**3,913**

a. Reserve for Possible Losses

The Company is subject to other judicial proceedings, considered by the legal counsel as probability of possible loss, in the amount of R$ 12,295 on December 31, 2014 (R$ 4,309 on December 31, 2013). No provision for possible contingencies was recognized.

16 Shareholders' Equity

a. Capital stock

The Company's capital stock, subscribed and paid-in, was changed to R$ 36,135,344.14 on December 4, 2014, according to the Company's bylaws registered at JUCESP, and is represented by 18,500,000 registered common shares, with no par value, with the following shareholding structure:

Shareholders	No. of Shares	Capital	Shareholders' Equity	%
Marcelo Rodolfo Hahn	16,650,000	32,521,809.73	64,641,848.82	90%
Joyce Marrie Hahn	1,850,000	3,613,534.41	7,182,427.65	10%
Total	**18,500,000**	**36,135,344.14**	**71,824,276.47**	**100%**
Amount per share	**18,500,000**	**R$ 1.95**	**R$ 3.88**	

b. Income reserve

Composed by legal and investments reserve. The legal reserve is constituted in accordance with the Brazilian Corporate Law, considering 5% of net profit for each year, until it reaches the limit of 20% of the capital.

c. Appropriation of net income

According to the bylaws, the shareholders of common shares have the right to dividends of, at least, 5% on adjusted net income for the fiscal year, after offsetting of interim dividends and interest on capital.

On December 31, 2014, considering the income for the fiscal year and the Company's bylaws, the amount of minimum mandatory dividends is R$ 876. The amount of dividends distributed in 2014 comprises the amount of R$ 722 as minimum dividends from 2013, the distribution of R$ 876 as minimum dividends from 2014 and the realization of R$ 2,622 of special dividends reserve constituted in other fiscal years, thus, amounting to R$ 4,220.

17 Net operating revenue

	Consolidated		Parent company	
	2014	**2013**	**2014**	**2013**
Revenue from products sold - domestic market	294,000	267,468	257,540	238,534
Revenue from products sold - foreign market	4,568	5,104	4,568	5,104
Revenue from sales with related parties (Note 11)	29,865	28,030	45,015	41,566
(-) Taxes	(22,903)	(22,018)	(22,903)	(22,018)
(-) Returns	(6,457)	(7,199)	(5,374)	(6,203)
	299,073	**271,385**	**278,846**	**256,983**

18 Cost of goods and products sold

	Consolidated		Parent company	
	2014	**2013**	**2014**	**2013**
Costs with raw material and packaging	(129,760)	(143,259)	(122,473)	(139,825)
Labor	(8,388)	(7,080)	(8,389)	(7,080)
Depreciation and amortization	(5,884)	(4,354)	(5,816)	(4,284)
Indirect costs from manufacturing	(31,026)	(25,735)	(31,093)	(25,805)
	(175,058)	**(180,428)**	**(167,771)**	**(176,994)**

19 Commercial and administrative expenses by function

	Consolidated		Parent company	
	2014	**2013**	**2014**	**2013**
Personnel expenses	(24,888)	(18,219)	(21,344)	(15,312)
Transportation expenses	(7,501)	(8,267)	(7,501)	(8,267)
Provision of services	(7,038)	(4,387)	(6,250)	(3,836)
Advertising and promotions	(1,542)	(1,746)	(1,542)	(1,746)
General expenses	(5,093)	(4,798)	(4,664)	(4,600)
Rents and condominium	(22,358)	(7,374)	(21,994)	(7,374)
Taxes and fees	(1,442)	(1,171)	(1,117)	(1,171)
Losses from credit realization	(856)	(247)	(402)	(138)
Travel and representations	(2,036)	(1,698)	(1,917)	(1,588)
Executive Board remuneration	(1,190)	(1,089)	(848)	(632)
Depreciation	(1,426)	(1,134)	(1,322)	(934)
Maintenance	(253)	(378)	(228)	(350)
Materials expenses	(868)	(1,304)	(868)	(692)
Utilities	(437)	(509)	(437)	(1,125)
Regulatory expenses	(1,366)	(452)	(1,289)	(452)
	(78,294)	**(52,773)**	**(71,723)**	**(48,217)**
Commercial expenses	(16,927)	(15,109)	(12,561)	(11,716)
General and administrative expenses	(61,367)	(37,664)	(59,162)	(36,501)
	(78,294)	**(52,773)**	**(71,723)**	**(48,217)**

20 Net Financial Income

	Consolidated		Parent company	
	2014	**2013**	**2014**	**2013**
Active exchange variation	9,101	9,383	9,075	9,383
Interest received	515	160	515	161
Other	254	540	-	26
Discounts obtained	47	24	47	23
Total financial revenues	**9,917**	**10,107**	**9,637**	**9,593**
Passive exchange variation	(12,340)	(13,564)	(11,075)	(13,564)
Interest paid	(14,489)	(9,270)	(14,489)	(9,270)
IOF (Tax on Financial Transactions)	(897)	(736)	(897)	(736)
Bank commission and expenses	(784)	(1,076)	(775)	(1,076)
Other	(143)	(1,177)	(107)	(250)
Total Financial Expenses	**(28,653)**	**(25,823)**	**(27,343)**	**(24,896)**
Net Financial Income	**(18,736)**	**(15,716)**	**(17,706)**	**(15,303)**

21 Financial instruments

The financial instruments include, mainly, cash and cash equivalents, trade accounts receivable, advances to partners, other accounts receivable, loans receivable, trade accounts payable, other accounts payable and loans and financing. The carrying amounts of financial instruments are close to their market value. The management and administration of financial instruments are realized by means of policies, definition of strategies and establishment of control systems, duly monitored by the Company's Management.

There is no operation with outstanding derivative financial instruments for future liquidation, as of December 31, 2014.

All transactions with financial instruments are recorded in the Company's individual and consolidated financial statements, as shown in the tables below:

		Consolidated		Parent company	
		2014	**2013**	**2014**	**2013**
Assets	**Classification**				
Cash and cash equivalents	Fair value through income	12,277	14,191	499	6,185
Trade receivables	Loans and receivables	78,436	79,510	70,941	74,298
Other credits	Loans and receivables	8,352	2,754	9,528	2,100
Loans receivable	Loans and receivables	15,498	11,153	15,498	11,153
Total		**114,563**	**107,608**	**96,466**	**93,736**
Liabilities					
Trade Accounts Payable	Amortized cost	23,365	21,991	22,796	21,869
Other accounts payable	Amortized cost	1,162	1,770	715	1,694
Loans and financing	Amortized cost	127,712	117,768	122,824	115,291
Total		**152,239**	**141,529**	**146,335**	**138,854**

During the fiscal year there was no reclassification between categories, fair value through income, loans and receivables and liabilities by amortized cost, presented in the table above.

Liquidity risk

Liquidity risk is the risk of the Company facing difficulties to perform obligations associated with its financial liabilities that are settled with spot cash payments or with another financial asset. The Company's approach to management of liquidity is of assuring, to the maximum extent, that it always has sufficient liquidity to perform its obligations as they mature, under normal and stressful conditions, without causing losses that are unacceptable or have the risk of being detrimental to the Company's reputation.

We demonstrate below the balances with exposure to liquidity risk:

	Consolidated		**Parent company**	
	2014	**2013**	**2014**	**2013**
Suppliers - third parties	23,359	21,985	22,791	21,863
Loans and financing - third parties	127,712	117,768	122,824	115,291
Total	**151,071**	**139,753**	**145,615**	**137,154**

Interest Rate Risk

The Company's interest rate risks are basically tied to loans and financing and the interest payable on the acquisition of Blau Famacéutica Colombia S.A.S. The index used as indexer of loans and financing is Libor plus fixed rate, and the balance of interest payable is updated by Colombian I.P.C.

We demonstrate below the balances that are exposed to interest rate risk:

	Consolidated		**Parent company**	
	2014	**2013**	**2014**	**2013**
Loans and financing - third parties	127,712	117,768	122,824	115,291
Total	**127,712**	**117,768**	**122,824**	**115,291**

Exchange rate risk

Derive from the possibility of exchange rate fluctuations of foreign currency used by the Company and its subsidiaries, basically in United States Dollars and Colombian Pesos, arising from import and export operations, financing of working capital and conversion of balance to functional currency.

We demonstrate below the balances subject to exchange risk:

	Foreign Currency USD	Total Converted into functional currency	Foreign Currency USD	Total Converted into functional currency
Assets				
Accounts receivable - Abroad	525	1,450	1,315	3,080
Total	**525**	**1,450**	**1,315**	**3,080**
Liabilities				
Foreign suppliers	(6,794)	(18,752)	(7,388)	(5,617)
Interest payable	-	-	(1,338)	(3,138)
Loans and financing	(2,836)	(7,826)	(9,665)	(16,314)
Total	**(9,630)**	**(26,578)**	**(18,391)**	**(25,069)**
Total of net exposure	**(9,104)**	**(25,128)**	**(17,076)**	**(21,989)**

Credit risk

The Company and subsidiaries may incur in losses with amounts related to trade accounts receivable, financial institutions depositary of funds or of financial investments and advances to raw materials suppliers, semi-finished products and packaging. The Company's Management effects credits analysis for its clients to mitigate credit risk. Additionally, the Company effects transactions with first line financial institutions.

We demonstrate below the balances to which the Company has credit risk:

	Consolidated		Parent company	
	2014	**2013**	**2014**	**2013**
Cash and cash equivalents	12,277	14,191	499	6,185
Customers	78,436	79,510	70,941	74,298
Total	**101,828**	**100,183**	**82,555**	**86,965**

Market Risk

The Company's policies for managing risk include, among others, development of studies and economic and financial analyses to assess the impact of different scenarios on market positions, and reports monitoring the risks to which the Company is exposed.

Fair value

Fair value versus carrying amount

The fair values of financial assets and liabilities, together with the carrying amounts presented in the balance sheet are as follows:

	2014		2013	
Assets	**Fair Value**	**Accounting Value**	**Fair Value**	**Accounting Value**
Cash and cash equivalents	499	499	6,185	6,185
Trade receivables	70,941	70,941	74,298	74,298
Other credits	9,529	9,528	10,588	10,588
Loans receivable	15,498	15,498	11,153	11,153
	96,467	**96,466**	**102,224**	**102,224**
Liabilities				
Trade Accounts Payable	22,796	22,796	21,869	21,869
Other accounts payable	715	715	1,694	1,694
Loans and financing	122,824	122,824	115,291	115,291
Total	**146,336**	**146,336**	**138,854**	**138,854**

Financial assets and liabilities are represented in the financial statements by their value at cost and by the respective appropriations of revenues and expenses and are accounted in accordance with their expected realization or settlement.

In accordance with CPC 40 (R1)/IFRS 7 - Financial Instruments: Evidentiation, the Company and its subsidiaries classify the calculation of fair value in accordance with the hierarchical levels, which reflect the significance of the indexes uses in this calculation, as per the following levels:

- ***Level 1 -*** Prices quoted (not adjusted) in active markets for identical assets and liabilities;
- ***Level 2 -*** Other information available, except those from Level 1, in which the prices are quoted for similar assets and liabilities, either directly by obtention of prices from active markets, or indirectly, as assessment techniques using data on active markets.
- ***Level 3 -*** The indexes used for calculation do not derive from an active market. The Company and its subsidiaries have instruments in this measurement level.

Classification by risk level

		Consolidated		Parent Company	
Assets	**Classification**	**2014**	**2013**	**2014**	**2013**
Cash and cash equivalents	***Level 1***	12,277	14,191	499	6,185
Trade accounts receivable	***Level 2***	78,436	79,510	70,941	74,298
Other credits	***Level 2***	8,352	2,754	9,528	2,100
Loans receivable	***Level 2***	15,498	11,153	15,498	11,153
Total		**114,563**	**107,608**	**96,466**	**93,736**
Liabilities					
Trade Accounts Payable	***Level 2***	23,365	21,991	22,796	21,869
Other accounts payable	***Level 2***	1,162	1,770	715	1,694
Loans and financing	***Level 2***	127,712	117,768	122,824	115,291
Total		**152,239**	**141,529**	**146,335**	**138,854**

22 Firm commitments

The Company has construction contracts entered into for the realization of construction works of a warehouse for raw materials as per note 9, which conclusion is expected to be concluded in the second semester of 2015. The total amount of the contracts is R$ 4,035.

The Company also has rental contracts of its related party Hahn Participações for rental of its headquarters and branch, with term of effectiveness of 18 months as from signature date, with automatic renewal of 12 months if the parties do not decide otherwise.

23 Subsequent Events

On January 7, 2015 it was registered before JUCESP the Minutes of Special General Meeting, deciding upon the realization of the 1st Issuance of Simple Debentures, not convertible into shares, of single series, in a total amount of R$ 160,000. There shall be issued 160 debentures with par value of R$ 1,000 each debenture. The maturity of the abovementioned debentures shall occur in 6 years as from issuance date. Up to the approval of the financial statements of 2014, no debenture was issued.

On April 1, 2015, the Company acquired the percentual of interest equivalent to 49.02% of Blau Colombia Fermaceutica S.A.S., totaling 100% of interest, being the wholly-owning parent of this Company as from the mentioned date. The amount paid on acquisition of residual interest was 17,401,969.32 Colombian pesos, equivalent to R$ 21,908 by the exchange rate on the transaction date.

The acquisition is related to the geographical expansion strategy of the Company, considering Colombia as a country with great growth potential, which has been presenting a sound GDP growth in global market and being one of the biggest GDPs in South America.

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Chief Executive Officer
Marcelo Rodolfo Hahn

José Henrique Sobrinho,
Accountant CRC (Regional Accounting Council) 1SP 220433/O-0