Bematech S.A.

Financial statements December 31, 2015 and 2014

(A free translation of the original report in Portuguese containing individual financial statements prepared in accordance with the accounting practices adopted in Brazil (BR GAAP) and consolidated financial statements prepared in accordance with BR GAAP and IFRS)

KPDS 147650

Contents

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Independent auditors' report on the financial statements

To the Board of Directors and Shareholders
Bematech S.A.
São José dos Pinhais - Paraná

We have audited the individual and consolidated financial statements of the company Bematech S.A. ("Company"), identified as Parent Company and Consolidated respectively, consisting of the statement of financial position as of December 31, 2015 and the related statements of income, comprehensive income, changes in equity and cash flows for the year then ended, in addition to the summary of the main accounting practices and notes to the financial statements.

Management's responsibility for the financial statements
Management is responsible for preparing and adequately presenting these individual financial statements in accordance with Brazilian generally accepted accounting principles and the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Brazilian generally accepted accounting principles, and the internal controls necessary to ensure the financial statements are free from material misstatement, whether due to fraud or error.

Independent auditors' responsibility
Our responsibility is to express an opinion on these individual and consolidated 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 the auditor's 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 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 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 obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion on the individual and consolidated financial statements
As mentioned in note 20, the Company has a loan agreement with the Brazilian Development Bank ("BNDES") containing covenants to be calculated based on the financial statements of its parent, TOTVS S.A. However, we did no receive audited financial statements for the parent, TOTVS, to support a determination as to whether the covenants obligations under the BNDES agreement have been met as of December 31, 2015. Because the agreement under which Company´s debentures contains cross-default clauses, any breach by the Company of its covenants to BNDES would also constitute an event of default under the agreement between the Company and the debenture holders. We were, therefore, unable to determine whether the loans and financing and debentures balances under non-current liabilities (individual and consolidated) at December 31, 2015, amounting in aggregate to R$ 66,766 thousand (R$ 33,824 thousand and R$ 32,942 thousand, respectively), are adequately classified.

Qualified opinion on the individual financial statements
In our opinion, except for the possible effects of the matter described in the "Basis for qualified opinion on the individual and consolidated financial statements", the aforementioned individual financial statements present fairly, in all material respects, the financial and equity position of Bematech S.A. as of December 31, 2015, and the performance of its operations and cash flows for the financial year then ended, in accordance with accounting practices adopted in Brazil.

Qualified opinion on the consolidated financial statements
In our opinion, except for the possible effects of the matter mentioned in the Section "Basis for qualified opinion on the individual and consolidated financial statements", the aforementioned consolidated financial statements present fairly, in all material respects, the financial and equity position of Bematech S.A. as of December 31, 2015, and the consolidated performance of its operations and consolidated cash flows for the financial year then ended, in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board - IASB and accounting practices adopted in Brazil.

Other matters

Audit of the prior year's figures
The figures for the financial year ended December 31, 2014, presented to facilitate a comparative analysis, were previously audited by other independent auditors who issued a report dated March 6, 2015 that did not contain any modifications.

Curitiba, March 11, 2016

KPMG Auditores Independentes
CRC 2SP014428/O-6
Original in Portuguese signed by
João Alberto Dias Panceri
Accountant CRC PR-048555/O-2

Bematech S.A.

Statements of financial position as of December 31, 2015 and 2014

(In thousands of reais)

		Parent Company		Consolidated	
Assets	**Note**	**12/31/2015**	**12/31/2014**	**12/31/2015**	**12/31/2014**
Current					
Cash and cash equivalents	7	46,327	99,411	71,113	117,519
Trade accounts receivable	8	77,636	74,756	91,204	91,824
Inventory	9	36,050	19,532	45,845	26,576
Recoverable taxes	10	43,078	40,376	46,953	43,828
Contractual deposit	11	1,725	2,927	1,725	2,927
Other receivables		5,174	9,385	4,352	4,363
		209,990	**246,387**	**261,192**	**287,037**
Noncurrent					
Judicial deposits	22 (f)	12,040	11,157	12,050	11,157
Recoverable taxes	10	17,881	9,012	17,881	9,012
Deferred tax assets	12	7,036	-	7,267	1,586
Contractual deposit	11	5,754	5,175	5,754	5,175
Other receivables		1,781	753	472	814
		44,492	**26,097**	**43,424**	**27,744**
Investments	14	253,787	225,974	-	-
Property, plant and equipment	15	9,105	9,991	13,440	13,233
Intangible assets	16	146,390	145,819	354,035	338,821
		409,282	**381,784**	**367,475**	**352,054**
Total noncurrent assets		**453,774**	**407,881**	**410,899**	**379,798**
TOTAL ASSETS		**663,764**	**654,268**	**672,091**	**666,835**

See the accompanying notes to the financial statements.

Bematech S.A.

Statements of financial position as of December 31, 2015 and 2014

(In thousands of reais)

		Parent Company		Consolidated	
Liabilities	**Note**	**12/31/2015**	**12/31/2014**	**12/31/2015**	**12/31/2014**
Current					
Trade payables	17	45,908	24,785	46,410	25,916
Loans and financing	19	7,651	7,745	7,670	7,848
Debentures	20	12,442	13,617	12,442	13,617
Salaries and charges payable	18	8,557	8,289	13,300	13,305
Taxes and contributions payable	21	2,368	3,621	3,982	4,970
Commission payable		377	926	383	1,074
Profit sharing		-	6,071	-	8,340
Dividends and interest on equity		1	4	438	412
Income tax and social contribution	21	-	6,132	813	8,068
Investment acquisition obligations	23	-	14,216	-	14,266
Provision for contingencies	22	3,428	3,555	3,428	3,555
Other liabilities	24	5,701	6,654	6,182	7,059
		86,433	**95,615**	**95,048**	**108,430**
Noncurrent					
Loans and financing	19	34,263	19,091	34,263	19,091
Debentures	20	32,942	38,911	32,942	38,911
Provision for contingencies	22	18,244	17,485	18,412	17,650
Deferred tax liabilities	12	-	323	-	323
Investment acquisition obligations	23	36,207	36,014	36,207	36,014
Provision for devaluation of subsidiaries	14	456	413	-	-
Other liabilities	24	43	567	43	567
		122,155	**112,804**	**121,867**	**112,556**
Equity					
Capital	25 (a)	344,601	344,601	344,601	344,601
Capital reserve	25 (b)	842	1,814	842	1,814
Profit reserves	25 (b)	91,452	75,232	91,452	75,232
Additional dividend proposed	25) (d)	81	21,486	81	21,486
Treasury stock	25 (c)	(13,473)	(3,542)	(13,473)	(3,542)
Equity valuation adjustments		31,673	6,258	31,673	6,258
		455,176	**445,849**	**455,176**	**445,849**
TOTAL LIABILITIES AND EQUITY		**663,764**	**654,268**	**672,091**	**666,835**

See the accompanying notes to the financial statements.

Bematech S.A.

Statements of income

Years ended December 31, 2015 and 2014

(In thousands of reais)

		Parent Company		Consolidated	
	Note	**12/31/2015**	**12/31/2014**	**12/31/2015**	**12/31/2014**
Net revenue	28	**305,176**	**307,553**	**433,995**	**425,576**
Cost of goods sold and services rendered	31	(204,222)	(180,610)	(279,854)	(245,709)
Gross profit		**100,954**	**126,943**	**154,141**	**179,867**
Operating revenue (expenses)					
Sales	31	(50,255)	(48,021)	(64,083)	(62,098)
Administrative and general expenses	31	(47,187)	(39,473)	(64,360)	(54,629)
Management fees	14 (b)	(5,245)	(7,243)	(5,873)	(8,306)
Other operating expenses, net	29	(4,429)	(1,916)	(7,474)	(5,678)
Government subsidy	25	15,991	22,797	15,991	22,797
Earnings before financial income and equity income		**9,829**	**53,087**	**28,342**	**71,953**
Finance expenses	30	(21,229)	(10,604)	(23,086)	(15,850)
Finance income	30	14,466	10,175	16,279	10,868
Equity in net income of subsidiaries	14	12,415	10,706	-	-
Profit before income tax and social contribution		**15,481**	**63,364**	**21,535**	**66,971**
Current income tax and social contribution	12 (c)	487	(5,898)	(4,201)	(10,297)
Deferred income tax and social contribution	12 (c)	8,257	(3,396)	6,891	(2,604)
Net income for the year		**24,225**	**54,070**	**24,225**	**54,070**

See the accompanying notes to the financial statements.

Bematech S.A.

Statements of comprehensive income

Years ended December 31, 2015 and 2014

(In thousands of reais)

	Parent Company		Consolidated	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**
Net income for the year	24,225	54,070	24,225	54,070
Other comprehensive income				
Items that will or might be reclassified to profit or loss				
Overseas operations - foreign exchange differences on conversion	25,415	6,281	25,415	6,281
Total comprehensive income	**49,640**	**60,351**	**49,640**	**60,351**

See the accompanying notes to the financial statements.

Bematech S.A.

Statements of changes in equity

Years ended December 31, 2015 and 2014

(In thousands of reais)

			Capital reserve	Profit reserves							
		Capital	Options granted recognized	Legal	Profit retention	Tax incentive subsidy	Additional dividend proposed	Treasury stock	Equity valuation adjustments	Retained earnings	Total
Balances at December 31, 2013		**344,601**	**1,599**	**7,092**	**10,066**	**41,834**	**-**	**(1,185)**	**(23)**	**-**	**403,984**
Total comprehensive income											
Net income for the year		-	-	-	-	-	-	-	-	54,070	54,070
Exchange gains on overseas investments		-	-	-	-	-	-	-	6,281	-	6,281
Capital transactions with shareholders											
Share-based payment transactions:											
Options granted (canceled), net recognized in the year		-	215	-	-	-	-	-	-	-	215
Share buyback		-	-	-	-	-	-	(2,357)	-	-	(2,357)
Interim dividends/distributed in advance		-	-	-	-	-	-	-	-	(8,223)	(8,223)
Dividends paid		-	-	-	(8,121)	-	-	-	-	-	(8,121)
Creation of reserves											
Tax incentive reserve		-	-	-	-	22,797	-	-	-	(22,797)	-
Legal reserve		-	-	1,564	-	-	-	-	-	(1,564)	-
Additional dividend		-	-	-	-	-	21,486	-	-	(21,486)	-
Balances at December 31, 2014		**344,601**	**1,814**	**8,656**	**1,945**	**64,631**	**21,486**	**(3,542)**	**6,258**	**-**	**445,849**
Total comprehensive income											
Net income for the year		-	-	-	-	-	-	-	-	24,225	24,225
Exchange gains on overseas investments	14 (a)	-	-	-	-	-	-	-	25,415	-	25,415
Transactions with shareholders											
Share-based payment transactions and cancellations											
Options granted (canceled), net recognized in the year	26	-	(972)	-	-	-	-	506	-	-	(466)
Share buyback	25 (c)	-	-	-	-	-	-	(10,437)	-	-	(10,437)
Interim dividends/distributed in advance	25) (d)	-	-	-	-	-	(21,486)	-	-	(7,924)	(29,410)
Creation of reserves											
Tax incentive reserve	25 (b)	-	-	-	-	15,991	-	-	-	(15,991)	-
Legal reserve		-	-	411	-	-	-	-	-	(411)	-
Profit reserves		-	-	-	(182)	-	-	-	-	182	-
Additional dividend		-	-	-	-	-	81	-	-	(81)	-
Balances at December 31, 2015		**344,601**	**842**	**9,067**	**1,763**	**80,622**	**81**	**(13,473)**	**31,673**	**-**	**455,176**

See the accompanying notes to the financial statements.

Bematech S.A.

Statements of cash flows – indirect method

Years ended December 31, 2015 and 2014

(In thousands of reais)

	Parent Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Cash flows from operating activities				
Profit for the year before taxation	15,481	63,364	21,535	66,971
Adjustments to:				
Depreciation and amortization	12,659	11,551	18,368	16,225
Provision for contingencies and services	2,986	266	2,990	265
Allowance for doubtful accounts	4,367	5,147	7,892	8,771
Losses on customers / reversal of allowance for doubtful accounts	(1,031)	272	(2,409)	1,047
Provision for inventory scrapping losses	2,053	696	2,053	696
Provision for profit sharing	1,511	6,139	1,417	8,190
Equity in net income of subsidiaries	(12,415)	(10,706)	-	-
Reversal of options granted	(815)	-	(815)	-
Interest and foreign exchange and monetary variance expenses	14,976	4,953	14,986	5,235
Financial charges	-	-	-	4,194
Write-off of intangible assets	290	249	382	926
Write-off of property, plant and equipment	204	94	284	106
	40,266	82,025	66,683	112,626
Changes in:				
Accounts receivable	(7,705)	(5,762)	(3,539)	(10,894)
Inventory	(18,571)	(205)	(17,879)	(1,841)
Recoverable taxes	(15,750)	(16,731)	(18,173)	(19,694)
Judicial deposits	(883)	(2,086)	(893)	(2,086)
Other assets	163	(2,042)	1,054	(1,094)
Trade payables	13,851	(595)	12,501	(1,474)
Taxes and contributions payable	(862)	953	977	1,465
Other liabilities	(5,919)	(3,298)	(11,032)	(3,344)
Cash produced by operating activities	4,590	52,259	29,699	73,664
Interest paid	(8,521)	(1,010)	(8,524)	(1,011)
Taxes on net income paid	(89)	(103)	(3,556)	(3,424)
Net cash flows (used in) provided by operating activities	(4,020)	51,146	17,619	69,229
Cash flows from investment activities				
Dividends received	13,702	7,051	-	-
Acquisition of investment	(13,228)	(46,500)	(13,228)	(45,925)
Advance for future capital increase (AFAC)	(828)	(4,900)	-	-
Acquisition of property, plant and equipment	(3,992)	(4,033)	(5,775)	(4,876)
Acquisition of intangible assets	(9,713)	(7,367)	(13,643)	(12,262)
Escrow payment	(1,495)	-	(1,495)	-
Net cash from subsidiary merger	-	599	-	-
Cash flows used in investing activities	(15,554)	(55,150)	(34,141)	(63,063)
Cash flows from financing activities				
Dividends paid	(29,410)	(16,346)	(30,064)	(18,064)
Financial charges	-	-	-	(4,194)
Share buyback	(10,437)	(2,357)	(10,437)	(2,357)
Funds from exercising of stock options	347	217	347	217
Payments of loans and financings	(8,238)	(8,458)	(8,327)	(9,984)
Funds from new loans and financing	21,694	16,506	21,694	16,610
Debenture issuance	-	49,242	-	49,242
Payments of debentures	(7,466)	-	(7,466)	-
Net cash (used in) provided by financing activities	(33,510)	38,804	(34,253)	31,470
Exchange variance on cash and cash equivalents	-	-	4,369	973
(Decrease) increase in cash and cash equivalents	(53,084)	34,800	(46,406)	38,609
Cash and cash equivalents at beginning of period	99,411	64,611	117,519	78,910
Cash and cash equivalents at end of period	46,327	99,411	71,113	117,519

See the accompanying notes to the financial statements.

Notes to the financial statements

(In thousands of Reais, unless stated otherwise)

1 Operations

Bematech S.A. (hereinafter "Parent company" or "Company"), having its registered office at Avenida Rui Barbosa, 2.529, São José dos Pinhais, in the State of Paraná, and its subsidiaries have as their core activities the manufacture, sale, intermediation of sales, import, export, design, development, representation, distribution and rental of electric, electronic and electromechanical equipment and related parts and components; the development, representation, distribution and rental of software; the licensing and assignment of rights to use software programs; sale of supplies for IT equipment; the rendering of technical assistance services, support, training and information technology projects; the franchising of products and services, as well as the investment in other companies.

The Board of Directors authorized the issuance of these financial statements at a meeting on March 11, 2016.

Corporate reorganization (Amounts in Reais)

As per the Company announcement disclosed on August 14, 2015, TOTVS S.A. and Bematech S.A. entered into a Justification and Protocol, entailing the corporate reorganization that resulted (a) in TOTVS owning the entire share capital of Bematech; and (b) assuming that Bematech's total capital on the Reorganization date consists of 49,990,870 common shares, ex-Treasury, the receipt by the Bematech shareholders, for each Bematech share they hold on the Reorganization date, of (i) 0.043421048 common shares of TOTVS and (ii) R$ 9.35 ex-dividends declared on this date by Bematech. The breakdown of the amount attributed to each Bematech common share, resulted in the sum of the amount stated in items (i) and (ii), used a Bematech share price of R$ 11.00, after distribution of the aforesaid dividends, and a TOTVS share price of R$ 38.00.

At Extraordinary Meetings held September 3, 2015 the shareholders of Bematech S.A. and TOTVS S.A. approved the terms and conditions of said Justification and Protocol, the performance of which is subject to approval by the Administrative Council for Economic Defense (“CADE”).

The Senior CADE Management published a decision on October 6, 2015 approving the merger of Bematech shares into TOTVS.

The Prescriptive period certificate was issued on October 22, 2015 and the Corporate Reorganization consummated.

As of December 31, 2015 the entire share capital of Bematech S.A. is held by TOTVS S.A.

On December 23, 2015 Bematech submitted a delisting application to the Brazilian Securities Commission.

On February 16, 2016 the Brazilian Securities Commission approved the cancellation of Bematech's listed company status.

2 Significant accounting policies

The financial statements have been prepared in accordance with Brazilian accounting practices, including the pronouncements issued by the Accounting Pronouncements Committee (CPCs) and International Financial Reporting Standards issued by the International Accounting Standards Board (IASB).

The main accounting policies used to prepare these individual and consolidated financial statements are as follows. These policies were consistently applied to all the years presented, unless stipulated otherwise.

2.1 Basis of preparation

The individual and consolidated financial statements were in general prepared based on the historic cost as a base value. The preparation of financial statements requires the use of certain critical accounting estimates. It also requires Bematech management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company and individual and consolidated financial statements are disclosed in note 3.

a. Individual financial statements

The Parent Company's individual financial statements have been prepared in accordance with the accounting practices adopted in Brazil issued by the Brazilian Accounting Pronouncements Committee (CPC). Because the accounting practices adopted in Brazil applied to the individual financial statements from 2015 are no different to the IFRS applicable to the separate financial statements, as it permitted the equity method to be applied to subsidiaries in the separate statements, they are also in compliance with international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB). These individual statements are being published in conjunction with the consolidated financial statements.

b. Consolidated financial statements

The consolidated financial statements have been prepared and are being presented in accordance with Brazilian accounting practices, including the pronouncements issued by the Accounting Pronouncements Committee (CPCs) and International Financial Reporting Standards issued by the International Accounting Standards Board (IASB).

2.2 Consolidation

The following accounting policies are applied in the preparation of the consolidated financial statements.

a. Subsidiary

Subsidiaries are all entities the Group exercises control over. The Company controls an entity when it is exposed or entitled to variable returns deriving from its involvement in the entity and can interfere in its returns due to the power it exercises over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The subsidiaries' individual financial statements are included in the individual and consolidated financial statements from the date on which share control commences until the date it ceases. The subsidiaries and joint ventures' accounting practices are aligned with the policies adopted by the Company.

The equity income method is used to recognize the financial information of subsidiaries in the parent company's individual financial statements.

The consolidated financial statements include the operations of the Company and the following subsidiaries, with the following percentage interests at the reporting date:

			Holding %	
	Functional currency	**Share Control**	**12/31/2015**	**12/31/2014**
Bematech Internacional Corp.(a)	US dollar	Direct	100	100
Logic Controls, Inc (a)	US dollar	Indirect	100	100
FICE - Bematech Foshan Shunde Ltd. (a)	US dollar	Indirect	100	100
Bematech Ásia Co.Ltd.	US dollar	Direct	100	100
Bematech Argentina S.A. (b)	Argentine Peso	Direct/Indirect	100	100
CMNet Soluções em Informática e Agência de Viagens e Turismo S.A.	Actual	Direct	100	100
CMNet Participações S.A. (d)	Real	Direct	100	100
CMNet España (d)	Euro	Indirect	100	100
CMDIR - Soluções Informática, Lda - Portugal (d)	Euro	Indirect	100	100
CM Soluciones - Argentina (d)	Argentine Peso	Direct	100	100
CM Soluciones - Chile (d)	Chilean Peso	Indirect	100	100
Misterchef Sistemas de Automação Ltda.	Real	Direct	100	100
RJ Participações S.A. (c)	Real	Direct	100	100
R.J. Consultores en Sistemas de Información S.C. (c)	Mexican Peso	Indirect	100	100
R.J. Consultores e Informática Ltda. (c)	Real	Indirect	100	100

(a) Bematech International Corp. holds 100% of the capital of Logic Controls, which holds 100% of FICE - Bematech Foshan;

(b) The investment in this company's capital is owned by Bematech S.A. (95%) and Bematech International Corp. (5%).

(c) RJ Participações S.A. holds the entire capital of R.J. Consultores en Sistemas de Información S.C. and R.J. Consultores e Informática Ltda.;

(d) CMNet Participações S.A. holds the entire capital of CMNet España, CMDIR - Soluções Informática, Lda - Portugal, CM Soluciones - Chile and CM Soluciones - Argentina.

The accounting policies have been consistently applied in all the consolidated companies and are consistent with those used in the previous year.

Transactions, balances and unrealized gains on intercompany transactions are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

b. Loss of control over subsidiaries

When the Company ceases to exercise control, any interest held in the entity is remeasured at fair value, and the change in book value is recognized in the income statement. The amounts previously recognized in other comprehensive income are reclassified to profit or loss.

2.3 Foreign currency translation

a. Functional and presentation currency

The items included in each of the subsidiaries' entities' financial information are measured by using the currency of the main economy in which the company operates ("functional currency"). The individual and consolidated financial statements are presented in Reais (R$), which is the Company's functional currency and its presentation currency.

b. Transactions and balances

(i) Foreign currency transactions

Foreign-currency transactions are translated into the functional currency at the exchange rates prevailing on the transaction or valuation dates, on which the items are remeasured. Exchange gains and losses resulting from the settlement of these transactions and the translation at the exchange rates at the end of the financial year for monetary assets and liabilities denominated in foreign currency are recognized in the income statement.

Exchange gains and losses relating to assets and liabilities are presented in profit or loss under finance income or cost, except for investment exchange gains and losses, which are recorded under "Equity appraisal adjustments", in Shareholders' Equity.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Real at exchange rates at the reporting date. The income and expenses of foreign operations are translated to the Real at average exchange rates in the year.

Foreign currency differences are recognized in other comprehensive income in the shareholders' equity.

When applicable, when an overseas operation is sold, the conversion amount recorded under "Equity appraisal adjustments" is transferred to profit or loss as part of the sale proceeds.

Foreign-currency gains and losses resulting from monetary items receivable or payable for an overseas operation, the development of which has not been planned or is expected to occur in the foreseeable future, and whose essence is considered as comprising the net investment in the overseas operation, are recognized in other comprehensive income. This exchange variance is recognized in profit or loss in the individual financial statements of the parent company or subsidiary.

2.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, with immaterial risk of impairment.

2.5 Financial assets

2.5.1 Classification

The Company classifies its financial assets at initial recognition in the category receivables. The classification depends on the purpose for which the financial assets were acquired.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented in current assets, except for maturities greater than 12 months after the end of the reporting period (in which case they are classified under noncurrent assets). The Company's receivables essentially consist of “Cash and cash equivalents”, “trade accounts receivable” (notes 2.4 and 2.6) and “Contractual pledge”.

2.5.2 Recognition and measurement

The regular purchase and sale of financial assets are recognized at the trading date. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the Company has substantially transferred all risks and rewards of ownership. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

2.5.3 Impairment of financial assets

Assets measured at amortized cost
Each year the Company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets and impairment losses are incurred only if there is objective evidence
of impairment as a result of one or more events that occurred after the initial recognition of the asset ("loss event"), and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the individual and consolidated statement of income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for the impairment test is the effective interest rate determined in the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

2.6 Trade accounts receivable

Trade receivables are amounts due from customers for property sold or services performed in the ordinary course of the Company's business. If collection is expected in one year or less, the accounts receivable are classified as current assets. Otherwise they are classified as noncurrent assets.

Trade accounts receivable are initially recorded at the fair value (amount billed, net of the respective taxes for which the Company is responsible, less the taxes withheld at source, which are considered tax credits) and subsequently measured at amortized cost less the allowance for doubtful accounts.

The allowance for doubtful accounts is considered sufficient by management to cover any losses on the realization of the receivables.

2.7 Inventory

Inventories are measured at the lower of cost and net realizable value. Inventory is recorded at average cost and includes expenses incurred on the acquisition of inventory, production and transformation costs and other costs incurred to bring the inventories to their current status and location. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

2.8 Intangible assets

a. Goodwill

Goodwill resulting from the acquisition of subsidiaries represents the surplus of the:

(i) payment made

(ii) non-controlling interest in the acquiree and

(iii) fair value at the acquisition date of any previous equity interest in the acquired party in relation to the fair value of the net identifiable assets acquired.

If the total amount transferred, the minority interest recognized and the interest previously held measured at fair value is lower than the fair value of the net assets of the acquired subsidiary, the difference is recognized directly in profit or loss for the year, in the case of a bargain purchase.

b. Product and internal project development expenses

As of September 30, 2015 internally generated intangible assets are only recognized as assets at the development stage if the following has been demonstrated:

(i) Technical feasibility of completing the intangible asset so that it will be available for use or sale;

(ii) The company intends to conclude the intangible asset and use it

(iii) There is a market or other means of obtaining future economic rewards

(iv) availability of technical and financial funds to complete intangible assets; and

(v) Ability to reliably measure the expenditures attributable to the intangible asset during its development;

These intangible assets have a defined useful life and are amortized according to their respective useful lives, as per note 16.

On October 1, 2015, these expenses began to be recognized as expenses for the year.

c. Other intangible assets

Other intangible assets consist of the software license, trademarks and patents, applications, client portfolio, software usage rights acquired by the Company and are recognized at fair value on the acquisition date. Assets with finite useful lives are measured at cost, minus accumulated amortization and impairment losses, if applicable. Amortization is calculated by the straight-line method during the expected useful life (note 16).

2.9 Property, plant and equipment

Property, plant and equipment is measured at acquisition cost less accumulated depreciation. Depreciation is calculated using the straight-line method at rates described in Note 15, which take into account the estimated useful life of the assets and the respective residual amounts. The table below presents useful lives:

	Years
Buildings	25
Machinery and equipment	10
Furniture and fixtures	10
Tools	5
Property, plant and equipment under lease	3
Other	5

The assets' residual values and useful lives are reviewed, and adjusted annually, if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.10). Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within “Other net operating revenue (expenses)” in the statement of income.

Other additions are capitalized only when there is an increase in the economic benefits to the item of property, plant and equipment. All other forms of expenditures are recognized in the statement of income when incurred.

2.10 Impairment of nonfinancial assets

Assets with an indefinite useful life, such as goodwill, are not subject to amortization and are tested annually for impairment. Goodwill impairment is reviewed annually or more frequently if events or changes in circumstances suggest possible impairment.

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount. This value is the higher between the fair value of an asset, minus selling costs, and its value in use.
For impairment testing purposes, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-generating Units - CGUs). For the purpose of this test, this allocation is made to the cash generating units or groups of cash generating units that should benefit from the business combination generating the goodwill, and is identified by operational segment.

Non-financial assets, excluding goodwill, that have been adjusted for impairment are subsequently reviewed in order to analyze a possible reversal of the impairment at the reporting date. Impairment of goodwill recognized in profit or loss in the year is not reversed.

2.11 Trade accounts payable

Trade payables are obligations payable to suppliers for goods and services acquired in the normal course of business, and are classified as current liabilities if the payment is due within a year. If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost. In practice, they are recognized at the amount of the related invoice.

2.12 Debentures, loans and financing

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the settlement value is recognized in the statement of income over the year of the borrowings using the effective interest method.

Loans are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.13 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recorded using best estimates of the risk involved.

2.14 Current and deferred income and social contribution taxes

The income tax and social contribution expenses for the year comprise current and deferred taxes. Income taxes are recognized in the statement of income.

The current income tax and social contributions are calculated using tax rates at the reporting date in the countries in which the Company's entities operate and generate taxable income. Management periodically evaluates the positions taken by the Company in income tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current income tax and social contributionare stated net, by entity, in liabilities when there are amounts payable, or in assets when the prepaid amounts exceed the total amount due.

Deferred income tax and social contribution are recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax and social contributionare not recognized if they arise from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred income tax and social contribution assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized in future years.

Deferred income tax and social contributionare recognized on temporary differences deriving from investments in subsidiaries, except where the reversal of the temporary differences is controlled by the Company and provided it is possible that the temporary difference will not be reverted in the foreseeable future.

Deferred income and social contribution tax assets are stated net in the statement of financial position when there is a legal right and intention to offset them against current taxes, generally related to the same legal entity and tax authority.

2.15 Employee benefits

a. Profit sharing

A liability account for employee benefits in the form of profit share is recognized in "Provision for profit shares". Profit-sharing is recognized at the closing of the financial year, when the Company can accurately determine the amount. A provision is recognized when the Company has a contractual obligation or a past event that has created an unrecorded obligation.

b. Share-based remuneration plan

The Company measures the cost of settled transactions based on fair value of the equity instruments, on the date they are awarded. The estimated fair value of the share-based payments requires a determination of a more suitable valuation model for equity instruments, which depends on the terms and conditions of the award. This also requires the determination of data more suitable for the valuation model, including the option's expected life, volatility, dividend yield and corresponding assumptions. The assumptions and models used to estimate the fair value of share-based payments can be seen in note 27. The expenses of these transactions are recognized in profit and loss in the year in which the services are provided, and charged to the capital reserve.

2.16 Capital

Common shares are classified as shareholders' equity. Additional costs directly attributable to the issuance of shares and stock options are recognized as a deduction from the shareholders' equity, net of tax.

When the Company acquires treasury stock, the amount paid is deducted from the shareholders' equity attributable to Company shareholders, until the actions have been cancelled or sold.

2.17 Revenue recognition

Revenue from sales in the normal course of business is stated at fair value of the consideration received or receivable.

a. Sale of goods

Hardware revenue is recognized when there is convincing evidence that the risks and rewards of ownership have been transferred to the buyer, the economic benefits will flow to the Company, the associated costs and possible return of goods can be estimated, there is no ongoing involvement with the goods sold and the value of the revenue can be reliably measured. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

b. Sale of services and software

Revenue from the provision of services and software is recognized in profit or loss according to the stage of completion of the service and/or software development.

2.18 Government subsidy

The government subsidy is recognized in profit or loss in the course of the year, and is used to provide immediate financial support, which occurs when it is determined and complies with the conditions of CPC 07/ IAS 20 - Government Subsidies and Assistance.

State Decree 1922/2011 provides a presumed ICMS credit equal to the rate established in the sale of the goods embraced by said Decree for industrial establishments, manufacturing, IT and automation products, that meet the requirements of Federal Law 8248/1991 (IT Law) and that have a basic production process - PPB.

This credit is awarded as an investment subsidy, and is conditional on the Company:

(a) Having publications in an interministerial Ordinance (finance, development, foreign trade and industry and science and technology)

(b) Invests in research and development, pursuant to Art. 1 (2,II) of State Decree 1922/2011.

2.19 Finance income and finance costs

Finance income comprises interest income, exchange variance gains and discounts obtained and is recognized in profit or loss, using the effective interest method. Distributions from the investee recorded by the equity income method, when incurred, diminish the value of the investment.

Finance costs comprise include interest expenses on loans, exchange variance losses, contractual discounts awarded and bank fees and charges. Borrowing costs that are not directly attributable to the acquisition, development or production of a qualifying asset are recognized in profit or loss using the effective interest method. Foreign currency gains and losses are reported on a net basis.

2.20 Dividends

The distribution of dividends is recognized as a liability at the end of the year, in accordance with the Company´s bylaws. Any amount in excess of the mandatory minimum dividend is only recorded onthe date declared by the Board of Directors.

The mandatory minimum dividend is recorded as a liability, as established in the bylaws. When distributed, interim dividends are recorded as a reduction of retained earnings until the allocation ofprofit for the year.

The balance of profit remains in revenue reserves within equity until its allocation is approved at the Annual General Meeting.

2.21 New standards, amendments and interpretations of standards that are not yet effective

The new standard below is effective for annual periods beginning on or after 1 January 2018. Whilst encouraged by the IASB, the early adoption of standards in Brazil is not permitted by the Accounting Pronouncements Committee (CPC).

IFRS 15 **-** Revenue from Contracts with Customers, which requires an entity to recognize revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard will replace most of the detailed guidelines about revenue recognition currently set out in IFRS and U.S. GAAP when the new standard, is adopted. The new standard is applicable on or after January 01, 2018. The new standard may be adopted retrospectively, using a cumulative approach. The Company is evaluating the effects that IFRS 15 will have on its financial statements and disclosures.

The new standards or modifications are not expected to have a material impact on the Company's consolidated financial statements.

- Acceptable Methods of Depreciation and Amortization (amendments of CPC 27 / IAS 16 and CPC 04 / IAS 38)

- Disclosure Initiative (Amendment of CPC 26 / IAS 1).

There were no other IFRS standards or IFRIC interpretations that have not yet come into force which could have a significant impact on the Company.

2.22 Obligation for acquisition of investments

The fair value of the contingent consideration in a business acquisition is calculated using the "income approach" based on the expected payment values and probabilities associated with the realization of such payments. Where appropriate, the value is discounted to present value.

3 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the twelve months ended December 31, 2015 there were no changes to the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in relation to the latest annual financial statements.

3.1 Critical Accounting Estimates and Assumptions

Based on assumptions, the company makes estimates concerning the future. The resulting accounting estimates may, by definition, differ from the related actual results. These estimates and assumptions are constantly reviewed and adjustments to accounting estimates are recognized in the period of the review and in any future period affected.

a. Impairment of goodwill

The estimates and assumptions referring to the information on critical judgments related to the accounting policies that have an effect on the amounts recognized in the financial statements and may cause material adjustments in the carrying amounts for the next financial year are basically in connection with the estimated impairment of goodwill. The Company is testing goodwill for impairment annually, in accordance with the accounting policy presented in Note 2.10. The recoverable amounts of cash generating units (CGUs) have been determined based on value-in-use calculations. These calculations require the use of estimates (note 16). For the purposes of goodwill impairment testing, the CGUs were defined as the Company's reportable segments, namely, Retails, *Hospitality, Food service* and Cross Channels & Offers.

b. Business combinations

Business combinations are recorded based on the acquisition method. The cost of an acquisition is measured as the sum of the consideration transferred, valued based on fair value at the acquisition date and the value of any noncontrolling interests in the acquiree. For each business combination, the acquirer shall measure the noncontrolling interests in the acquiree at fair value or based on a proportionate share of the acquiree's net assets Costs directly attributable to the acquisition are expensed when incurred.

When acquiring a business, the Company values the assets acquired and the liabilities assumed in order to classify and allocate them pursuant to the terms of the agreements, economic circumstances and the conditions prevailing at the acquisition date.

Goodwill is initially measured as the excess of the consideration paid over the fair value of the net assets acquired (identified assets and liabilities assumed). If the consideration is less than the fair value of the net assets acquired, the difference is recognized as a gain in profit or loss.

After initial recognition, the goodwill is measured at cost, less any accumulated impairment losses For the purposes of impairment testing, the goodwill resulting from a business combination is allocated to each one of the cash generating units expected to benefit from the combined synergies.

Any contingent consideration to be transferred by the acquiring company is recognized at fair value on the date of acquisition. Subsequent changes in the fair value of the contingent consideration considered as an asset or liability are recognized in accordance with CPC 38/ IAS 39.

Non-controlling interests
For each business combination, the Company uses the anticipated acquisition method to measure the non-controlling interest in the acquired entity, whenever a put option is issued. The put option is considered to have already been exercised or the future acquisition contract to have been performed by the non-controlling stockholder.

Adjustments to the non-controlling interest are based on a proportional amount of the subsidiary's net assets. No adjustment was made to future profitability goodwill nor was any gain or loss recognized in income for the year.

Put option obligations of non-controlling interests
These are recognized when the probable acquisition of the controlling interest in subsidiaries is carried out, and are initially measured at present value of the exercise price of the option and, subsequently, at the adjusted present value and/or changes in the assumptions that define the exercise price of the option.

Call options of non-controlling interests
These are recognized when the controlling interest in subsidiaries is acquired, and are initially and subsequently measured at fair value (with a contra entry to profit for the year).

Future dividends of non-controlling interests
These are recognized when the controlling interest in subsidiaries is acquired, and are initially measured at the present value of the minimum amount to be disbursed in the future.

3.2 Critical accounting judgments

a. ICMS tax incentives
The Company has Value-added Tax on Sales and Services (ICMS) incentives granted by the StateGovernment of Paraná, which are not supported by an arrangement with theNational Council of Fiscal Policy (Confaz). However, the principles of legal security and administrative morality, according to the Company's legal advisors, who issued an opinion on this matter, require that we take into account that fact that, in the event the incentives are declared invalid by the courts, the bodies that granted the benefits have historically supported and reaffirmed the benefits granted. As a result, there is no liability to be recorded in the financial statements.

4 Business combinations

RJ Participações S.A.
In January 2014, Bematech acquired a 60% ownership interest in the capital and control of RJ Participações S.A. (RJ).Part of the amount was paid at sight and the remaining balance was settled during the first quarter of 2015.

The purchase and sale agreement for the acquisition of RJ also establishes a call option held by the Company and a put option held by the owners of the remaining 40% ownership interest, for the purpose of concluding the acquisition of 100% of RJ. As a result of this clause and in order to determine the total cost the Company recorded the amount equivalent to the present value of the put option exercise price, using the anticipated acquisition method. This method, which management regards as the most appropriate one, allows the amount equivalent to the present value of the put option exercise price to be recorded as a financial liability in the "Acquisition of subsidiaries" account, with a contra entry to the "Goodwill" generated by the transaction The present value of the mandatory minimum dividends payable to the holders of the remaining ownership interest (40%) during the put option vesting period was also included in the contingent consideration.

The total payment and the amounts of the assets acquired and liabilities assumed, recorded on the **acquisition** date, are summarized as follows:

		RJ Participações
Amount paid cash on January 13, 2014		16,500
Contingent consideration		14,201
Contingent consideration by the adoption of the anticipated acquisition method for the remaining 40%		23,694
Total consideration (A)		**54,395**
Fair values of identifiable assets acquired and liabilities assumed		
Cash and cash equivalents		4
Accounts receivable		512
Capital expenditure		21
Property, plant and equipment		25
Other intangible assets		120
Customer portfolio		15,190
Software		1,292
Payroll and related charges		(225)
Taxes and contributions		(236)
Other liabilities		(76)
Deferred tax liabilities		(5,605)
Total identifiable net assets/liabilities		**11,022**
Portion of net assets acquired and liabilities assumed (B)	100%	11,022
Goodwill (A) - (B)		43,373
Total portion of net assets acquired + goodwill + liabilities assumed		**54,395**

Unum Tecnologia e Consultoria em Informática Ltda.

In July 2014, Bematech acquired 100% of the capital of UNUM Tecnologia e Consultoria em Informática Ltda., subsequently renamed Bematech Gestão, for R$ 40,000. Of that amount, R$ 25,000 was paid in cash, R$ 5,000 was held in a blocked financial investment as an "Escrow account" (See Note 11), and the remaining R$ 10,000 will be paid in July 2017 adjusted by the General Market Price Index (IGP-M), issued by Fundação Getúlio Vargas (FGV), provided that the obligations established under the agreement entered into by the parties are complied with. The financial liability related to the contingent consideration is equivalent to the present value of this amount.

Due to the merger of UNUM Tecnologia e Consultoria em Informática Ltda. on December 1, 2014, the amounts related to investment are recorded in intangible assets.

The fair value of assets acquired and liabilities assumed on the acquisition date is as follows:

		UNUM
Cash		30,000
Contingent consideration		8,631
Total consideration (A)		**38,631**
Fair values of identifiable assets acquired and liabilities assumed		
Cash and cash equivalents		664
Accounts receivable		361
Property, plant and equipment		435
Intangible assets		39
Customer portfolio		3,352
Software		6,136
Trade payables		(113)
Payroll and related charges		(600)
Taxes and contributions		(144)
Other assets and liabilities		(155)
Deferred tax liabilities		(3,226)
Total identifiable net assets/liabilities		6,749
Portion of net assets acquired and liabilities assumed (B)	100%	6,749
Goodwill (A) - (B)		31,882
Total portion of net assets acquired + goodwill + liabilities assumed		**38,631**

5 Financial risk management

5.1 Financial risk factors

The Executive Board has overall responsibility for establishing and overseeing the Company's risk management framework and regularly reports its activities to the Board of Directors. The risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate limits and controls, and to monitor risks and adherence to limits. These policies are reviewed frequently to reflect changes in market conditions and in the Company's activities. The Company, through its management rules and procedures, has a disciplined and constructive control environment.

In the financial year ended December 31, 2015 there were no market situation or facts which could impact the Company's financial statements and risk management in relation to those presented in the financial year ended December 31, 2014.

The Company does not and did not operate with derivative financial instruments during the periods presented.

Sensitivity analysis of the foreign exchange variance

In order to present the Company's foreign exchange exposure in accordance with CVM Instruction 475/2008, the Company defined a probable scenario of R$ 19,852 (consolidated) and as from this scenario,negative and positive variations of 25% and 50% were calculated.

			Scenarios			
		Scenario	**Loss**		**Gain**	
Operation - Consolidated	**Risk**	**probable**	**(decrease)**		**(increase)**	
			-25%	**-50%**	**+25%**	**+50%**
Foreign-exchange exposure	US dollar	17,315	(4,329)	(8,658)	4,329	8,658
Foreign-exchange exposure	Mexican Peso	735	(184)	(368)	184	368
Foreign-exchange exposure	Euro	1,802	(451)	(901)	451	901

5.2 Sensitivity analysis of financial assets and liabilities

The Company's financial instruments are represented mainly by cash and cash equivalents, trade receivables, trade payables, accounts receivable, contractual deposits, borrowings and are recorded at cost, plus accrued income or charges.

The main risks to the Company's operations relate to the Long-term Interest Rate (TJLP) variationfor borrowings and the Interbank Deposit Certificate (CDI) interest rate for short-term investments and debentures.

a. Financial assets

For purposes of verifying the sensitivity of the index for the financial investments to which the Company was exposed on the base date of December 31, 2015, 3 different scenarios were defined. Based on projections disclosed by financial institutions, the projection for the CDI rate was obtained for the month of December 2015, the average of which was 14.14%, and this represents the probable scenario; Based on the probable scenario, stress variations of 25% and 50% were calculated, according to Article 3, (2,I, II,III) of CVM Instruction 475/2008.

The gross finance income for each scenario was calculated on a pre-tax basis. The base date used for the portfolio was December 31, 2015, with projections for the rest of the year and verification of the sensitivity of the CDI for each scenario.

Operation - Consolidated	Carrying amount	Risk	Probable scenario	Scenario: Loss -25%	Scenario: Loss -50%
Call deposits		Decrease			
Rate subject to variation		CDI	14.14%	10.61%	7.07%
Position at 12/31/2015	51,236		7,245	5,434	3,622

b. Financial liabilities

With the purpose of verifying the sensitivity of the financing index to which the Company was exposed at December 31, 2015, three different scenarios were defined, linked to the TJLP, CDI and UMBND variation. Based on the data disclosed by financial institutions, the Company obtained the rate for the year 2015, as follows:

Operation - Consolidated	Carrying amount	Risk	Probable scenario	Scenario: Loss +25%	Scenario: Loss +50%
BNDES Financing (Prosoft and Inovação)		Increase			
Rate subject to variation		TJLP	7% p.a.	8.75%	10.50%
Position at 12/31/2015	23,461		1,642	2,053	2,463
Debentures Payable		Increase			
Rate subject to variation		CDI	14.14% p.a.	17.68%	21.21%
Position at 12/31/2015	45,384		6,417	8,022	9,626
BNDES Internationalization financing		Increase			
Rate subject to variation		UMBND (*)	45% p.a.	56.25%	67.50%
Position at 12/31/2015	2,380		1,071	1,339	1,607

(*) UMBND - Monetary unit of the National Bank for Economic and Social Development (BNDES)

5.3 Capital management

Management's policy is to maintain a solid capital base to preserve the trust of the stockholders, creditors and the market and sustain the future development of the business. The Company seeks to maintain a solid capital position, combining borrowing requirements with investments that have satisfactory returns and low risk.

	Consolidated	
	12/31/2015	**12/31/2014**
Total liabilities	216,915	220,986
Cash and cash equivalents (-)	(71,113)	(117,519)
	145,802	103,467
Total shareholders’ equity	455,176	445,849
Net debt capital to equity ratio	**0.32**	**0.23**

	Consolidated	
	12/31/2015	**12/31/2014**
Cash and cash equivalents	71,113	117,519
Loans and financing (-)	(41,933)	(26,939)
Debentures (-)	(45,384)	(52,528)
Cash surplus (deficit)	**(16,204)**	**38,052**

5.4 Estimate of fair value

The carrying values of trade receivables and payables, less impairment provision in the case of trade receivables, are assumed to approximate their fair values.

At December 31, 2015, the Company had the following financial instruments:

	Parent Company			
	Carrying Amount		**Fair Value**	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**
Financial assets				
Cash and cash equivalents	46,327	99,411	46,327	99,411
Trade receivables, net	77,636	74,756	77,636	74,756
Contractual deposits	7,479	8,102	8,799	12,122
Total	**131,442**	**182,269**	**132,762**	**186,289**
Financial liabilities				
Loans and financing	41,914	26,836	48,002	37,284
Debentures payable	45,384	52,528	58,483	69,193
Trade payables	45,908	24,785	45,908	24,785
Commission payable	377	926	377	926
Total	**133,583**	**105,075**	**152,770**	**132,188**
Other obligations				
Investment acquisition obligations	36,207	50,230	36,783	50,230
Total	**36,207**	**50,230**	**36,783**	**50,230**

	Consolidated			
	Carrying Amount		**Fair Value**	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**
Financial assets				
Cash and cash equivalents	71,113	117,519	71,113	117,519
Trade receivables, net	91,204	91,824	91,204	91,824
Contractual deposits	7,479	8,102	8,799	12,122
Total	**169,796**	**217,445**	**171,116**	**221,465**
Financial liabilities				
Loans and financing	41,933	26,939	48,021	37,490
Debentures payable	45,384	52,528	58,483	69,193
Trade payables	46,410	25,916	46,410	25,916
Commission payable	383	1,074	383	1,074
Total	**134,110**	**106,457**	**153,297**	**133,673**
Other obligations				
Investment acquisition obligations	36,207	50,280	42,653	50,280
Total	**36,207**	**50,280**	**42,653**	**50,280**

6 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired may be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	Consolidated	
	12/31/2015	**12/31/2014**
Corporate	21,886	36,816
Logistics distributor	35,242	26,405
Resellers	22,507	21,601
End user	6,821	5,213
International	4,748	1,789
Total	**91,204**	**91,824**

The amount included in the Corporate line consists of a portfolio of large customers where the credit risk is extremely low. In the facility called Logistics Distributor, the portfolio is concentrated in just one distributor (CDC), and the credit risk is also low. In the Resellers facility, the Company's portfolio is comprised of partners consisting of Bematech technical assistance and product resellers serving throughout the Brazilian territory. Most Resellers are small and in some cases there is credit risk. In the End User line, the Company's portfolio comprises customers spread throughout Brazil, which are usually small and have moderate credit risk. Finally the Company has the International line, whose portfoliocovers Latin America and North America where much of the sales are made through an input percentage in the form of advance payment, minimizing credit risk.

Credit risk is managed on a corporate basis and arises from cash and cash equivalents and credit exposures to wholesale and retail customers. For the customers' portfolio, the Company's credit analysis department assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with financial capacity, as approved by management and the Finance Department. The use of credit limits is monitored regularly.

Management does not expect any loss arising from default of the counterparties which exceeds the amount already provided.

7 Cash and cash equivalents

	Parent Company		**Consolidated**	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**
Cash and bank deposits	2,009	7,426	19,877	19,836
Financial investments - CDB	44,318	91,985	51,236	97,683
	46,327	99,411	71,113	117,519

Bank deposit certificates (CDBs) and repurchase commitments are remunerated at rates that range between 100% and 110% of the Interbank Deposit Certificate (CDI) interest rate.

The financial investments included in cash equivalents are classified as "loans and receivables" and are based on the CDI interest rate, with immaterial risk of change in value and liquidity inferior to 90 days.

8 Trade accounts receivable

	Parent Company		Consolidated	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**
Domestic Receivables	83,043	80,129	93,766	97,062
Foreign Receivables	4,838	3,098	12,556	8,769
(-) Allowance for doubtful accounts	(10,245)	(8,471)	(15,118)	(14,007)
	77,636	74,756	91,204	91,824

Product sales have an average credit period of 70 days, except for certain sales for which the period is different, without, nevertheless, exceeding 120 days.

The amounts receivable, net of the allowance for doubtful accounts, by maturity (aging list), at December 31, 2015 and December 31, 2014 are as follows:

	Parent Company		Consolidated	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**
Not yet due	74,478	69,465	82,421	77,457
30 days overdue	2,042	2,239	4,416	6,000
31 to 60 days overdue	575	622	1,294	1,626
61 to 90 days overdue	261	284	705	1,339
Past due 91 to 180 days	632	970	2,018	2,581
More than 181 days overdue	9,893	9,647	15,468	16,828
	87,881	83,227	106,322	105,831
(-) Allowance for doubtful accounts	(10,245)	(8,471)	(15,118)	(14,007)
	77,636	74,756	91,204	91,824

The changes in the allowance for doubtful accounts are as follows:

	Parent Company		Consolidated	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**
Opening balance	(8,471)	(8,348)	(14,007)	(12,009)
Additional provision in the period	(4,367)	(5,147)	(7,892)	(8,771)
Amounts written off from the provision	3,886	5,131	8,067	7,158
Exchange variance	(1,293)	(107)	(1,286)	(385)
Balance	(10,245)	(8,471)	(15,118)	(14,007)

The allowance for doubtful accounts is based on the past history of losses of the Company and its subsidiaries and on an individual analysis of the overdue amounts.

9 Inventory

	Parent Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Finished goods	8,953	3,595	15,304	7,341
Goods in process	-	-	-	13
Raw materials	18,985	7,295	22,923	10,917
Products for resale and other goods	6,190	4,854	6,190	4,854
Parts for technical assistance	2,536	3,289	2,536	3,289
Provision for inventory losses	(2,053)	(69)	(2,548)	(406)
Advances to suppliers and imports in transit	1,439	568	1,440	568
	36,050	19,532	45,845	26,576

The provision for inventory losses is made by valuing items which are not expected to be used and sold.

10 Recoverable taxes

	Parent Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Value-added tax on sales and services - ICMS (a)	47,972	38,469	47,972	38,469
Excise Tax - IPI	3,413	60	3,413	60
Income tax and social contribution(b)	3,105	4,590	5,984	7,372
Income tax on financial investments	1,907	1,242	2,179	1,243
Taxes withheld on services (c)	3,784	1,786	3,992	1,925
Other taxes recoverable	778	3,241	1,294	3,771
	60,959	49,388	64,834	52,840
Current	43,078	40,376	46,953	43,828
Noncurrent	17,881	9,012	17,881	9,012
	60,959	49,388	64,834	52,840

(a) The Company uses the ICMS benefit for investments granted by the State of Paraná through Decrees 1922/11 (Re-issued by Decree 2175/2015) and 5375/02 with the purpose of fostering the development of products with technological content, provided that the requirements in the Federal Legislation, primarily thatof spending the amount established by legislation on research and development, are complied with. The deemed ICMS credit is granted at the equivalent of the amount due on shipment, which results in a tax burden of 0% for specific products sold by the Company. Following the issuance of Decree 2175/15, from September/2015 the presumed credit used at the end of the accrual period was limited, so it does not exceed the total debits and does not result in a credit balance being accumulated. Of the total ICMS recoverable, R$ 11,962 is classified as non-current. The Company's tax department and its legal advisors are conducting tax studies for the realization of such credits in the future.

(b) Denotes tax credits deriving from the negative balances of IRPJ and CSLL in prior accrual periods. These credits can be used by the Company for offsetting against other federal taxes.

(c) Refers to PIS - Social Integration Program, COFINS - Social Contribution on Revenues, SocialContribution on Net Income (CSLL) withheld from services rendered (Law 10833/03) and Income Tax Withheld at Source (IRRF) (Decree 3000/99).

11 Contractual deposit

	Consolidated	
	12/31/2015	**12/31/2014**
Contractual deposit Bematech Gestão - Unum (a)	5,754	5,175
Contractual deposit GSR7 (b)	1,725	2,927
	7,479	8,102
Current	1,725	2,927
Noncurrent	5,754	5,175
	7,479	8,102

(a) Refers to an amount held in an escrow account, arising from the acquisition of UNUM Tecnologia e Consultoria em Informática Ltda. (subsequently Bematech Sistemas de Gestão e Consultoria Ltda.). The balance has been placed in a low-risk investment fund yielding the Interbank Deposit Certificate rate (CDI). The fund's portfolio consists of government securities and a maximum 50% of private low-risk credits.

(b) Refers to the amount held in the escrow account under the acquisition of GSR7 Serviços para Tecnologia da Informação S.A. The monthly restatement index is the Interbank Deposit Certificate rate (CDI).

12 Income tax and social contribution

a. Breakdown of the deferred income tax and social contribution

The analysis of the deferred income tax and social contribution assets and liabilities, as defined in paragraph 74 of CPC 32/ IAS 12 - "Taxes on Profit", is shown below:

	Parent Company		Consolidated	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**
Income tax and social contribution - assets				
Total tax loss	26,361	18,521	26,361	18,521
(-) Tax losses without record of deferred tax credits	(6,154)	(7,693)	(6,154)	(7,693)
Total tax loss carryforwards	8,975	6,668	8,975	6,668
(-) Tax loss carryforward without record of deferred tax credits	(2,309)	(3,199)	(2,309)	(3,199)
Allowance for doubtful accounts	117	2,880	193	3,778
Provision for inventory losses	698	29	698	29
Provision for contingencies	6,782	6,158	6,831	6,207
Provision for warranties	1,843	1,096	1,843	1,096
Provision for service costs	507	1,231	507	1,231
Provision for profit sharing	32	2,064	68	2,644
Goodwill generated on acquisitions of companies	36	36	36	36
Acquisition of portfolios - intangible assets CPC 4	3,294	2,405	3,294	2,405
Adjustment to present value - AVP	787	41	787	41
Other balances of assets and liabilities	255	847	325	846
Total deferred income tax and social contribution assets	41,224	31,084	41,455	32,610
Income tax and social contribution - Liabilities				
Income tax and social contribution on amortization of expenditures with development of new products	(3,585)	(2,972)	(3,585)	(2,912)
Income tax and social contribution on temporary differences of goodwill amortization generated on the acquisition of merged companies and related impairment	(26,362)	(24,194)	(26,362)	(24,194)
Income tax and social contribution on assets allocated by acquisition of investment and business combinations	(4,241)	(4,241)	(4,241)	(4,241)
Total deferred income tax and social contribution liabilities	(34,188)	(31,407)	(34,188)	(31,347)
Balance of deferred income tax and social contribution assets	7,036	-	7,267	1,586
Balance of deferred income tax and social contribution liabilities	-	(323)	-	(323)

b. Estimated realization period

The expected realization of deferred income tax and social contribution assets is as follows:

	Consolidated
	12/31/2015
2016	12,798
2017	8,959
2018	6,271
2019	4,390
2020 onwards	9,037
	41,455

The Company expects that the deferred tax assets resulting from temporary differences will be realized in accordance with the final resolution of the contingencies and other events.

c. Reconciliation of income tax and social contribution expense

The reconciliation between the tax calculation at the standard rates and the tax expense in the financial year ended December 31, 2015 and 2014 is as follows:

	Parent Company		Consolidated	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**
Profit before taxation	15,481	63,364	21,535	66,971
Income tax and social contribution at nominal rates of 25% and 9%	**(5,264)**	**(21,544)**	**(7,322)**	**(22,770)**
(Additions) Exclusions:				
Permanent additions/exclusions	(1,060)	(796)	(937)	121
Depreciation Vehicles	(9)	(9)	(9)	(9)
Loss on uncollectible receivable - PCLD - Operations Settled	(9)	(6)	(9)	(6)
Investment Donations and Subsidies	5,437	8,110	5,437	8,110
Equity in Net Income of Subsidiaries	5,286	4,851	5,286	4,851
Restatement Fair Value	474	-	473	-
Tax Incentive (PAT, Sponsorship, Donation etc)	-	100	47	118
Prior-year adjustment (a)	487	-	487	-
PF/BN used in REFIS Law 12996	236	-	236	-
PF/BN used in PRORELIT CMNET MP 685	661	-	661	-
Temporary Additions/Exclusions without recording deferred charges	163	-	163	-
IRPJ deferred on tax loss recorded in proportion to the portions of goodwill excluded in 2013	1,693	-	1,693	-
CSLL deferred on negative basis recorded in proportion to the portions of goodwill excluded in 2013	649	-	649	-
Effect IRPJ/CSLL Presumed Profit Calculation - Subsidiaries	-	-	(4,165)	(3,316)
Current income tax and social contribution	8,744	(9,294)	2,690	(12,901)
Deferred income tax and social contribution	8,257	(3,396)	6,891	(2,604)
Current income tax and social contribution	487	(5,898)	(4,201)	(10,297)
Total income tax and social contribution expense	8,744	(9,294)	2,690	(12,901)

Law 12973/14 (previously Provisional Measure 627)

On May 13, 2014 Provisional Law 627 was enacted as Law 12973/14, confirming the revoking of the Transitional Taxation Scheme (RTT) from 2015, with an option to bring forward its effects for 2014.

The Company completed the analysis of the impacts from the provisions of this Law, both in its financial statements as well as in its internal control structure. As this analysis showed no material tax effects, the Company decided not to opt for early adoption of the rules and provisions of the new legislation in the year 2014, considering its effects in 2015 only.

In accordance with Law 12973/14, in 2015 the Company made adjustments to the IRPJ and CSLL calculation basis, and instead of presenting adjustments under the Transitional Taxation Scheme (RTT) as neutralized items before the effective entry into the Taxable Income Control Register (LALUR) began recording them as items comprising the net balance of addition/exclusions within it.

The IRPJ and CSLL amounts recorded under at the parent company refer to adjustments made in the current Calendar Year, although they substantially refer to the recalculation of the IRPJ and CSLL for 2014 (Exclusion of research and development expenditure pursuant to Law 11196/2005).

13 Related-party transactions

a. Subsidiaries and Associated Companies

The main related-party assets and liabilities at December 31, 2015, as well as the transactions that affected the results of operations for the year are as follows:

	Balance sheet		Net income		
December 31, 2015	Amounts receivable	Trade payables	Sales to Parent Company	Purchases from Parent Company	Reimbursement of expenses
Logic Controls Inc.	269	24	-	380	-
RJ Participações	20	-	-	-	240
CMNet Soluções em Informática e Agência de Viagens e Turismo S.A.	661	-	430	-	-
CMNet Participações S.A.	860	-	-	-	-
Bematech Asia Co. Ltda.	-	1,270	-	2,826	-
Total	1,810	1,294	430	3,206	240

December 31, 2014	Amounts receivable	Trade payables	Sales to Parent Company	Purchases from Parent Company	Reimbursement of expenses
Logic Controls Inc.	-	18	504	504	-
RJ Participações	20	-	-	-	220
Bematech Asia Co. Ltda.	-	1,217	-	-	-
Total	20	1,235	504	504	220

b. Compensation of key management staff

Management compensation, net of related charges, for the current year of R$ 7,670 was approved at the 24th annual general meeting held on April 16, 2015.

The compensation expenses of the main executives and officers of the Company in the year are summarized as follows:

	Parent Company		**Consolidated**	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**
Management compensation and benefits	4,421	5,837	4,972	6,828
Payroll charges on compensation	824	1,398	901	1,470
Share-based payments	-	1	-	1
Post-employment benefits	-	7	-	7
	5,245	**7,243**	**5,873**	**8,306**

14 Investments

a. Investments in subsidiaries

				Equity income of parent company						Investment at parent company					
		Subsidiary		Equity income		Amortization portfolios of clients and software (*)		Total equity income		Investment value		Goodwill and portfolio of clients and software		Total investment	
Company Name	**Interest %**	**Equity net/ (negative negative)**	**Net income of the period**	**12/31/2015**	**12/31/2014**	**12/31/2015**	**12/31/2014**	**12/31/2015**	**12/31/2014**	**12/31/2015**	**12/31/2014**	**12/31/2015**	**12/31/2014**	**12/31/2015**	**12/31/2014**
Bematech International Corp.	100%	78,705	1,157	1,157	4,075	-	-	1,157	4,075	78,705	52,656	-	-	78,705	52,656
Bematech Ásia Co. Ltd.	100%	2,595	56	56	300	-	-	56	300	2,595	1,922	-	-	2,595	1,922
Bematech Argentina S.A.	95%	-	6	6	(1)	-	-	6	(1)	-	-	-	-	-	-
Misterchef Sistema de Automação Ltda.	100%	4,466	4,356	4,356	2,727	-	(1,286)	4,356	1,441	4,466	110	19,009	19,009	23,475	19,119
CMNET Participações S.A.	100%	(456)	(616)	(616)	(496)	(60)	(60)	(676)	(556)	-	-	3,717	3,778	3,717	3,778
CMNET Soluções em Informática e Agência de Viagem e Turismo Ltda.	100%	11,548	4,759	4,759	1,448	(1,898)	(612)	2,861	836	11,548	14,361	77,986	79,884	89,534	94,245
Bematech Sistemas de Gestão e Consultoria Ltda. - Unum	100%	-	-	-	(830)	-	(430)	-	(1,260)	-	-	-	-	-	-
RJ Participações S.A.	100%	3,857	5,828	5,828	7,044	(1,173)	(1,173)	4,655	5,871	3,857	1,177	51,904	53,077	55,761	54,254
Total Parent Company		**100,715**	**15,546**	**15,546**	**14,267**	**(3,131)**	**(3,561)**	**12,415**	**10,706**	**101,171**	**70,226**	**152,616**	**155,748**	**253,787**	**225,974**

	Parent Company	
Changes in investment balances and net capital deficiency	**12/31/2015**	**12/31/2014**
Previous balance	**225,561**	**162,084**
Equity in net income of subsidiary (*)	12,415	10,706
Exchange variance	25,415	6,281
Dividends proposed and received	(10,887)	(12,569)
Advance for future capital increase	827	4,900
Acquisition of investments - RJ and Bematech Gestão	-	54,887
Merger of Bematech Gestão	-	(728)
	253,331	**225,561**
Balance of investments	253,787	225,974
Losses with subsidiaries	(456)	(413)
Balance	**253,331**	**225,561**

(*) In 2014 the amortizations of the portfolio of receivables and software of the subsidiaries were classified as other expenses and operating income, therefore, they do not comprise equity in the results of subsidiaries.

A provision for loss in subsidiaries amounting to R$ 456 was recorded in non-current liabilities for the subsidiary with negative equity.

15 Property, plant and equipment

a. Parent Company

	Buildings	Machinery and Equipment	Furniture and fixtures	Tools	PP&E under lease	Other	PP&E reserved for lease	Total PP&E
Cost or valuation								
Balances at December 31, 2013	**2,336**	**8,138**	**2,420**	**3,754**	**7,696**	**715**	**-**	**25,059**
Additions	338	1,005	116	243	2,081	4	246	4,033
Merger	162	187	48	-	-	5	-	402
Transfer	-	-	-	-	104	-	(104)	-
Disposals and write-offs	-	(89)	(5)	-	-	-	-	(94)
Balances at December 31, 2014	**2,836**	**9,241**	**2,579**	**3,997**	**9,881**	**724**	**142**	**29,400**
Additions	109	319	18	605	1,298	-	1,643	3,992
Pis/Cofins credit	(16)	(67)	(9)	(81)	(601)	-	(93)	(867)
Transfer	(34)	(143)	(28)	-	1,261	-	(1,261)	(205)
Disposals and write-offs	(176)	(41)	(20)	-	-	(299)	-	(536)
Balances at December 31, 2015	**2,719**	**9,309**	**2,540**	**4,521**	**11,839**	**425**	**431**	**31,784**
Depreciation								
Balances at December 31, 2013	**(1,637)**	**(5,145)**	**(1,248)**	**(2,848)**	**(4,427)**	**(456)**	**-**	**(15,761)**
Depreciation in the year	(284)	(902)	(266)	(291)	(1,823)	(82)	-	(3,648)
Balances at December 31, 2014	**(1,921)**	**(6,047)**	**(1,514)**	**(3,139)**	**(6,250)**	**(538)**	**-**	**(19,409)**
Depreciation in the year	(203)	(905)	(255)	(313)	(2,075)	(56)	-	(3,807)
Transfers	34	143	28	-	-	-	-	205
Disposals and write-offs	41	37	11	-	-	243	-	332
Balances at December 31, 2015	**(2,049)**	**(6,772)**	**(1,730)**	**(3,452)**	**(8,325)**	**(351)**	**-**	**(22,679)**
Remaining balance								
Balances at December 31, 2014	**915**	**3,194**	**1,065**	**858**	**3,631**	**186**	**142**	**9,991**
Balances at December 31, 2015	**670**	**2,537**	**810**	**1,069**	**3,514**	**74**	**431**	**9,105**
Average annual depreciation rate	4%	10%	10%	20%	33%	20%		

b. Consolidated

	Buildings	Machinery and Equipment	Furniture and fixtures	Tools	PP&E under lease	Other	PP&E reserved for lease	Total PP&E
Cost or valuation								
Balances at December 31, 2013	**2,284**	**12,262**	**3,659**	**4,226**	**7,696**	**1,143**	**-**	**31,270**
Additions	340	1,743	186	276	2,081	4	246	4,876
Foreign exchange variations	5	128	20	133	-	5	-	291
Acquisition of subsidiary/associate	170	308	61	-	-	5	-	544
Transfers	(2)	2	-	-	104	-	(104)	-
Disposals and write-offs	-	(92)	(8)	-	-	(30)	-	(130)
Balances at December 31, 2014	**2,797**	**14,351**	**3,918**	**4,635**	**9,881**	**1,127**	**142**	**36,851**
Additions	1,217	779	231	605	1,298	2	1,643	5,775
Pis/Cofins credit	(16)	(67)	(9)	(81)	(601)	-	(93)	(867)
Foreign exchange variations	20	567	132	524	-	59	-	1,302
Transfers	(34)	(143)	(28)	-	1,261	-	(1,261)	(205)
Disposals and write-offs	(230)	(72)	(85)	-	-	(363)	-	(750)
Balances at December 31, 2015	**3,754**	**15,415**	**4,159**	**5,683**	**11,839**	**825**	**431**	**42,106**
Depreciation								
Balances at December 31, 2013	(1,645)	(6,982)	(1,737)	(3,418)	(4,426)	(634)	-	(18,842)
Depreciation in the year	(314)	(1,480)	(407)	(432)	(1,823)	(99)	-	(4,555)
Foreign exchange variations	(3)	(43)	(12)	(103)	-	1	-	(160)
Acquisition of subsidiary/associate	(2)	(81)	(2)	-	-	-	-	(85)
Transfers	1	(1)	-	-	-	-	-	-
Disposals and write-offs	-	1	1	-	-	22	-	24
Balances at December 31, 2014	**(1,963)**	**(8,586)**	**(2,157)**	**(3,953)**	**(6,249)**	**(710)**	**-**	**(23,618)**
Depreciation in the year	(302)	(1,492)	(414)	(502)	(2,074)	(73)	-	(4,857)
Foreign exchange variations	(12)	(309)	(69)	(448)	-	(24)	-	(862)
Transfers	34	143	28	-	-	-	-	205
Disposals and write-offs	41	119	14	-	-	292	-	466
Balances at December 31, 2015	**(2,202)**	**(10,125)**	**(2,598)**	**(4,903)**	**(8,323)**	**(515)**	**-**	**(28,666)**
Remaining balance								
Balances at December 31, 2014	**834**	**5,765**	**1,761**	**682**	**3,632**	**417**	**142**	**13,233**
Balances at December 31, 2015	**1,552**	**5,290**	**1,561**	**780**	**3,516**	**310**	**431**	**13,440**
Average annual depreciation rates	4%	10%	10%	20%	33%	20%		

In the year ended December 31, 2015, Company management analyzed the recoverable values of the assets and did not identify the need to record any provision for impairment on PP&E.

16 Intangible assets

a. Parent Company

	Goodwill	Expenses on development of products - In progress	Expenses on development of products - Finished	Development costs of internal projects	Software licenses	Client portfolio	Brands and Patents	Total intangible assets
Cost								
Balances at December 31, 2013	93,339	14,871	44,620	19,328	10,710	-	403	183,271
Additions	-	6,362	2	534	422	-	47	7,367
Acquisition of subsidiary/associate	31,881	-	-	-	4,050	2,213	-	38,144
Merger	-	-	-	-	309	-	4	313
Transfers	-	(4,511)	4,423	88	-	-	-	-
Disposals and write-offs	-	(25)	-	(222)	-	-	(2)	(249)
Balances at December 31, 2014	**125,220**	**16,697**	**49,045**	**19,728**	**15,491**	**2,213**	**452**	**228,846**
Additions	-	9,122	9	269	192	-	121	9,713
Transfers	-	(11,108)	10,923	457	(272)	-	-	-
Disposals and write-offs	-	(230)	-	(60)	-	-	-	(290)
Balances at December 31, 2015	**125,220**	**14,481**	**59,977**	**20,394**	**15,411**	**2,213**	**573**	**238,269**
Amortization								
Balances at December 31, 2013	(22,079)	-	(33,624)	(11,521)	(7,282)	(94)	(94)	(74,694)
Amortization in the year	-	-	(4,897)	(1,659)	(1,292)	(19)	(36)	(7,903)
Merger	-	-	-	-	(338)	(92)	-	(430)
Balances at December 31, 2014	**(22,079)**	**-**	**(38,521)**	**(13,180)**	**(8,912)**	**(205)**	**(130)**	**(83,027)**
Amortization in the year	-	-	(6,149)	(804)	(1,638)	(221)	(40)	(8,852)
Balances at December 31, 2015	**(22,079)**	**-**	**(44,670)**	**(13,984)**	**(10,550)**	**(426)**	**(170)**	**(91,879)**
Remaining balance								
Balances at December 31, 2014	**103,141**	**16,697**	**10,524**	**6,548**	**6,579**	**2,008**	**322**	**145,819**
Balances at December 31, 2015	**103,141**	**14,481**	**15,307**	**6,410**	**4,861**	**1,787**	**403**	**146,390**
Average annual amortization rate	Not defined	N/A	20%	20%	20%	10%	20%	

b. Consolidated

	Goodwill	Expenses on development of products - In progress	Expenses on development of products - Finished	Development costs of internal projects	Software licenses	Client portfolio	Brands and Patents	Total intangible assets
Cost								
Balances at December 31, 2013	220,925	16,663	44,620	19,234	17,443	6,279	1,867	327,031
Additions	9	9,128	2	534	994	-	1,595	12,262
Foreign exchange variations	3,618	-	-	-	(1)	-	501	4,118
Acquisition of subsidiary	75,366	-	-	-	4,902	12,238	-	92,506
Merger	-	-	-	-	36	-	4	40
Transfers	-	(4,506)	4,423	88	(5)	-	-	-
Disposals and write-offs	(120)	(533)	-	(222)	-	-	(51)	(926)
Balances at December 31, 2014	**299,798**	**20,752**	**49,045**	**19,634**	**23,369**	**18,517**	**3,916**	**435,031**
Additions	-	11,096	9	269	882	-	1,387	13,643
Foreign exchange variations	14,407	-	-	-	3	-	1,938	16,348
Transfers	-	(15,414)	15,231	457	(272)	-	(2)	-
Disposals and write-offs	-	(280)	-	(60)	(5)	-	(804)	(1,149)
Balances at December 31, 2015	**314,205**	**16,154**	**64,285**	**20,300**	**23,977**	**18,517**	**6,435**	**463,873**
Amortizatio								
Balances at December 31, 2013	(27,637)	-	(33,622)	(11,521)	(8,531)	(2,355)	(660)	(84,326)
Amortization in the year	-	-	(4,897)	(1,659)	(2,544)	(2,459)	(111)	(11,670)
Transfers	(88)	-	-	-	-	-	(126)	(214)
Balances at December 31, 2014	**(27,725)**	**-**	**(38,519)**	**(13,180)**	**(11,075)**	**(4,814)**	**(897)**	**(96,210)**
Amortization in the year	-	-	(6,876)	(805)	(2,610)	(2,570)	(650)	(13,511)
Foreign exchange variations	(355)	-	-	-	(2)	-	(527)	(884)
Disposals and write-offs	-	-	-	-	4	-	763	767
Balances at December 31, 2015	**(28,080)**	**-**	**(45,395)**	**(13,985)**	**(13,683)**	**(7,384)**	**(1,311)**	**(109,838)**
Remaining balance								
Balances at December 31, 2014	**272,073**	**20,752**	**10,526**	**6,454**	**12,294**	**13,703**	**3,019**	**338,821**
Balances at December 31, 2015	**286,125**	**16,154**	**18,890**	**6,315**	**10,294**	**11,133**	**5,124**	**354,035**
Average annual amortization rate	Not defined	N/A	20%	20%	20%	10%	20%	

Costs on research recorded in the year as expenses amounted to R$ 9,058 (R$ 6,357 at December 31, 2014).

c. Breakdown of goodwill - consolidated

	Balance at 2013	Addition	Balance at 2014	Addition	Balance at 2015
GSR7 Serviços para Tecnologia da Informação S.A.	10,601	-	10,601	-	10,601
Tecnologia de Gerência Comercial S.A. (GEMCO)	47,393	-	47,393	-	47,393
CMNET Soluções em Informática e Agência de Viagens e Turismo Ltda.	73,088	-	73,088	-	73,088
CMNET ParticipaçõesS.A.	3,556	-	3,556	-	3,556
RJ Participações S.A.	-	43,373	43,373	-	43,373
Logic Controls, Inc. (*)	26,374	3,532	29,906	14,052	43,958
W2M Serviços de Informática Ltda.	10,447	-	10,447	-	10,447
Misterchef Sistemas de Automação Ltda.	19,009	-	19,009	-	19,009
C&S Sistemas Ltda.	963	-	963	-	963
Bematech Gestão - Unum	-	31,880	31,880	-	31,880
SnackControl Sistemas Ltda.	1,857	-	1,857	-	1,857
	193,288	78,785	272,073	14,052	286,125

(*) The change in goodwill denotes exchange variance in the year.

d. Impairment of assets

As required by CVM Resolution 639/2010, which approved CPC 01 (R1) on the impairment of assets, the Company carries out annual evaluations of the recoverability of amounts recorded in Intangible assets.

For purposes of impairment tests, the goodwill paid on the acquisitions was allocated to each one of the Company's cash generating units that benefited from the synergies of the related acquisitions. These cash generating units represent the lowest level of control and internal management of the Company, and are currently represented by its business segments (Retail, Hospitality, Food service and Channels & Cross offers).

The impairment test for each CGU to which goodwill has been allocated is carried out annually for all cash generating units, or whenever circumstances indicate a possible impairment loss of an asset of that unit.

For the analysis of each Company CGU, the value in use was determined by discounting the future cash flows generated from the continuous use of the unit.

Revenues and expenses were projected for the period between 2016 and 2021, considering the growth of the operating customer base.

Costs and expenses were projected in line with the Company's historical performance and the historical revenues growth.

Investments in capital goods were estimated considering the current technology infrastructure required to support the provision of solutions, on the historical basis of the Company.

In order to extrapolate the projections at December 31, 2015, the following was considered:

- 2% perpetuity rate applied after the last year of the flow (2021);
- 17.01% of the discount rate - Weighted Average Cost of Capital (WACC).

The last test took place on December 31, 2015. It did not result in the need to recognize a loss in the year as the estimated market value was higher than the net carrying amount on the valuation date.

17 Trade payables

	Parent Company		Consolidated	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**
Third parties				
Domestic	40,227	22,925	42,023	25,291
Foreign	4,387	625	4,387	625
Related-party transactions				
Foreign	1,294	1,235	-	-
	45,908	**24,785**	**46,410**	**25,916**

The average DPO is 60 days (38 days as of December 31, 2014).

18 Salaries and charges payable

	Parent Company		Consolidated	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**
Payroll payable	10	-	951	881
Provision for vacations	6,428	6,264	9,154	9,286
Charges payable	1,955	1,995	2,746	2,746
Other	164	30	449	392
	8,557	8,289	13,300	13,305

19 Loans and financing - Consolidated

Loans and financing are summarized as follows:

Loans and financing	Maturity	Financial charges annual	Currency	Consolidated 12/31/2015	Consolidated 12/31/2014
Current					
BNDES PROSOFT	10/15/2015	TJLP + 1.5% p.a.	Real	-	3,990
BNDES Capital Inovador	10/15/2015	4.5% p.a.	Real	-	744
BNDES Internacionalização (*)	9/30/2016	UMBND + 1.82%	UMBND	2,380	1,929
Finame Itaú Pin Pad	-	4.5% p.a.	Real	-	645
BNDES EXIM	9/30/2016	5.5% p.a.	Real	936	472
Financ. BNDES EXIM Banco do Brasil	9/30/2016	8% p.a.	Real	16	-
Financ. BNDES PROSOFT - 2014	9/30/2016	TJLP +1.52%	Real	2,172	-
Financ. BNDES PSI - 2014	9/30/2016	4% p.a.	Real	1,462	-
Financ. BNDES Inovação - 2014	9/30/2016	TJLP +0.52%	Real	586	-
Finame Componente	9/30/2016	7% p.a.	Real	131	-
Banco de Chile	8/25/2016	12% p.a.	Chilean Peso	22	38
Novo Banco (Portugal)	-	6% p.a.	Euro	-	65
Commissions on borrowings from the BNDES	-	-	Real	(35)	(35)
				7,670	**7,848**
Noncurrent					
BNDES Internacionalização (*)	10/15/2016	UMBND + 1.82%	UMBND	-	1,621
BNDES EXIM	12/15/2016	5.5% p.a.	Real	-	938
Financ. BNDES EXIM Banco do Brasil	8/15/2017	8% p.a.	Real	1,505	1,519
Financ. BNDES PROSOFT	7/15/2020	TJLP +1.52%	Real	16,236	7,633
Financ. BNDES PSI	7/15/2020	4% p.a.	Real	11,616	5,444
Financ. BNDES Inovação	7/15/2020	TJLP +0.52%	Real	4,467	2,095
Finame Componente	5/15/2018	7% p.a.	Real	566	
Commissions on borrowings from the BNDES	-	-	Real	(127)	(159)
				34,263	**19,091**
				41,933	**26,939**

(*) Monetary unit of BNDES

The amounts recorded as non-current liabilities at December 31, 2015 and December 31, 2014 mature as follows:

Year	Consolidated 12/31/2015	Consolidated 12/31/2014
2016	-	6,810
2017	11,055	3,947
2018	8,984	3,340
2019	8,984	3,149
2020	5,240	1,845
	34,263	19,091

The credit financing agreement establishes special covenants for the Company. It includes the following funding: BNDES PROSOFT, Capital Inovador (Innovative Capital) and Internacionalização (Internationalization).

The main aspects are as follows:

- Communicate previously and formally to BNDES the establishment of a secured guarantee through legal determination or for guarantee of liability contingencies, as well as in cases of fiduciary ownership in financing for acquisition of equipment.

- Do not establish, except with express prior authorization from BNDES, secured guarantees of any type on transactions with other creditors without the same type of guarantee being provided to BNDES, under equal conditions and priority levels.

- Do not transfer, assign, burden or sell the ownership rights on the technology or products developed with funds from this transaction, without the prior express authorization of BNDES, and

- Maintain the debt service cover ratio (Covenants):

– Equal to or greater than 2.00 (division of the Net Bank Debt over EBITDA).

– Equity/Assets ratio equal to or greater than 0.40.

As a result of the change in Bematech's share control, authorized by the BNDES Executive Board on October 23, 2015, TOTVS S.A. has been included as a guarantor in these contracts and the financial statements as of December 31, 2015 support the aforesaid covenants. The covenants in the financing contract with the National Bank for Economic and Social Development ("BNDES") should be calculated based on the consolidated financial statements of its parent company TOTVS S.A.

No guarantees were provided for the loan agreements.

20 Debentures

						Parent Company	
Series	**Date**	**Amount**	**Maturity final**	**Annual compensation**	**Effective rate**	**12/31/2015**	**12/31/2014**
Current							
1st Issuance	7/10/2014	50,000	4/10/2019	CDI +2.25%	16.39%	12,442	13,617
Noncurrent							
1st Issuance	7/10/2014	50,000	4/10/2019	CDI +2.25%	16.39%	32,942	38,911
Total						**45,384**	**52,528**

On July 10, 2014, the Company issued a single series of unsecured, simple debentures, non-convertible into shares, placed through a public offering with restricted distribution, for R$ 50,000, comprised of 500 debentures of R$ 100 each. The debentures will mature in July 2019 and are being repaid in nine semiannual installments as from July 2015, adjusted based on the CDI rate variation, plus 2.25% p.a. Interest is due in semiannual installments,the first of which was payable on January 10, 2015 and the next payment is in January 2016.

As described in note 1, the change in share control was approved by the debenture holders on December 23, 2015.

20 debentures were acquired on December 22, 2015 for a unit price of R$ 95, amounting to R$ 1,906. This amount has been classified as a reduction to the debentures total until they have been cancelled at the issuer bank.

Transaction cost

This transaction incurred a cost of R$ 758, allocated/to be allocated to income as follows:

Year	Amount
2014	76
2015	152
2016	152
2017	152
2018	152
2019	74
	758

Covenants

The Company is committed to maintain the minimum Covenant ratio equal to or greater than 2.5 (calculated by dividing Net Bank Debt by EBITDA).

The Company cannot declare early maturity of any pecuniary obligations taken out by the issuer, in the individual amount greater than or equal to R$ 5,000.

The debentures deed contains early maturity clauses in the event of nonperformance of certain financial and non-financial conditions, in addition to other auxiliary obligations.

Based on the financial statements at December 31, 2015, the Company is in full compliance with thecommitment described above.

21 Taxes and contributions payable

	Parent Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Taxes and contributions payable				
Contribution for social security financing - COFINS	437	1,283	495	1,478
Value-added tax on sales and services - ICMS	160	188	160	188
Withholding Income Tax (IRRF) on payroll and third-party services	520	1,092	682	1,202
Social Integration Program - PIS	91	278	101	304
Value-added Tax (VAT) payable (Argentina)	-	-	127	85
Services tax - ISS	270	349	684	770
Taxes on services rendered overseas	608	380	608	380
Other taxes	282	51	1,125	563
Taxes and contributions payable	2,368	3,621	3,982	4,970
Income tax	-	4,419	608	5,862
Social contribution on net income	-	1,713	205	2,206
Income and social contribution taxes	-	6,132	813	8,068

22 Provisions for contingencies

Based on information from its legal advisers and an analysis of the pending legal proceedings, Management recorded a provision in an amount considered sufficient to cover the expected losses on the outcome of the lawsuits in progress, as follows:

	Parent Company				
	Civil	**Labor**	**Tax**	**Escrow**	**Total**
Balances at December 31, 2014	**2,884**	**4,407**	**10,821**	**2,928**	**21,040**
(+) Provision supplement	134	1,099	1,278	-	2,511
(+) Monetary restatement	220	678	831	292	2,021
(-) Write-offs	(68)	(151)	(236)	(1,495)	(1,950)
(-) Reversal of provision not used	(96)	(659)	(1,195)	-	(1,950)
Balances at December 31, 2015	**3,074**	**5,374**	**11,499**	**1,725**	**21,672**
Current	171	-	1,532	1,725	3,428
Noncurrent	2,903	5,374	9,967	-	18,244
TOTAL	**3,074**	**5,374**	**11,499**	**1,725**	**21,672**

	Consolidated				
	Civil	**Labor**	**Tax**	**Escrow**	**Total**
Balances at December 31, 2014	**2,884**	**4,429**	**10,964**	**2,928**	**21,205**
(+) Provision supplement	137	1,099	1,278	-	2,514
(+) Monetary restatement	220	686	831	292	2,029
(-) Write-offs	(68)	(151)	(236)	(1,495)	(1,950)
(-) Reversal of provision not used	(96)	(659)	(1,195)	-	(1,950)
(+) Exchange Variance	-	(8)	-	-	(8)
Balances at December 31, 2015	**3,077**	**5,396**	**11,642**	**1,725**	**21,840**
Current	171	-	1,532	1,725	3,428
Noncurrent	2,906	5,396	10,110	-	18,412
TOTAL	**3,077**	**5,396**	**11,642**	**1,725**	**21,840**

a. Civil and administrative claims

These comprise an estimate of third-party claims relating to products and collections.

b. Labor claims

These relate to lawsuits brought by former employees and service providing companies.

c. Tax

The consolidated amount of R$ 11,642 (R$ 10,964 at December 31, 2014) includes R$ 3,854 (R$ 3,714 at December 31, 2014) of the principal, fine and interest of a social security tax assessment issued on May 28, 2012 (base years 2007, 2008 and 2009), and R$ 7,645 (R$ 7,107 as of December 31, 2014) to the proceeding with the federal tax authorities seeking to obtain recognition of the ICMS amounts in the PIS and COFINS calculation base (for further information see the section on judicial deposits); and R$ 143 (R$ 143 as of December 31, 2014) referring to other proceedings.

d. Escrow Account

Residual balance deriving from the acquisition of the company GSR7.

e. Possible losses

There is other litigation assessed by the legal advisors as representing a possible risk of loss, for which no provision has been recorded, and which refer to judicial and administrative proceedings arising in the normal course of business at courts and government agencies. The accounting practices adopted in Brazil and IFRS do not require their recognition. The amounts related to these proceedings are as follows:

	Consolidated	
	12/31/2015	**12/31/2014**
Tax	13,405	12,900
Civil	9,794	8,855
Labor	4,207	4,850
	27,406	26,605

Because of the unpredictability of the outcome of current litigation, management states that it was impossible to supply significant information, at the time of preparation of these financial statements, on the expected period for the settlement of these matters.

Among the litigations in process with possible losses, the main ones are the claims against the Finance Office of the State of Minas Gerais regarding the procedure of issue of the Tax Voucher (ECF) (R$ 6,679) and against the Internal Revenue Service relating to the Economic Domain Intervention Contribution (CIDE) (R$ 1,332), and the offset of Social Contribution on Net Income losses (R$ 1,954).

f. Judicial deposits

The judicial deposits classified in non-current assets, whether or not linked to litigation with provisions, are as follows:

	Consolidated	
	12/31/2015	**12/31/2014**
Civil	1,721	1,718
Labor	2,163	1,810
Tax (Federal)	8,166	7,629
	12,050	11,157

In December 2006, the Company filed for an injunction against the Federal Revenue Regional Office in Curitiba to obtain recognition of the illegality/unconstitutionality of the inclusion of ICMS in the calculation basis of PIS and COFINS. The lawsuit is pending judgment by the Federal Regional Court of the 4th Region until a final decision regarding the matter is obtained from the Federal Supreme Court. There are judicial deposits linked to this case, whose balances at December 31, 2015 totaledR$ 7,645 (R$ 7,107 at December 31, 2014). In February 2009, Management decided to suspend the payment of amounts through judicial deposits and resumed normal payment to the Federal Tax Authority.

23 Obligations for acquisition of investments

	Consolidated		
	12/31/2015	12/31/2014	
	Noncurrent	Current	Noncurrent
W2M Serviços de Informática Ltda.	-	15	-
RJ Participações S.A. (a)	21,527	14,201	21,783
CMNet Participações S.A.	-	50	-
Bematech Sistemas de Gestão e Consultoria Ltda. - UNUM (b)	14,680	-	14,231
Contingent consideration payable	8,926	-	9,055
Escrow Account	5,754	-	5,176
	36,207	14,266	36,014

(a) Current refers to the recording of the additional amount payable for the acquisition of 60% of RJ Participações settled in February 2015. Noncurrent denotes the recording of the liability corresponding to the present value of the exercise price of the put option held by the selling stockholders of RJ for the acquisition of the remaining 40%, which is expected to occur in January 2019. Additionally, the liability includes the present value of the future minimum dividends payable to the holders of the shares that correspond to 40% of RJ Participações, for the period of five years, up to the exercise of the put option.

(b) Refers to the balance payable for the acquisition of UNUM Tecnologia e Consultoria em Informática Ltda., subsequently Bematech Gestão e Consultoria Ltda., monetarily restated and adjusted to present value, which should be settled in June 2017.

24 Other liabilities

		Parent Company		Consolidated	
		12/31/2015	12/31/2014	12/31/2015	12/31/2014
Provisions					
For warranties	(i)	3,112	3,222	3,112	3,329
For service provision agreements	(ii)	2,310	2,695	2,310	2,714
Unappropriated revenue	(iii)	303	925	303	925
Advances from customers		-	-	7	-
Other accounts payable		19	379	493	658
		5,744	7,221	6,225	7,626
Current		5,701	6,654	6,182	7,059
Noncurrent		43	567	43	567
		5,744	7,221	6,225	7,626

(i) Provisions for warranties

The estimate of the provision required to cover the total liability assumed with warranties of equipment was based on the past history of maintenance and the period of each warranty for the machines.

(ii) Provision for service agreements

This derives from the sale of special warranty services and maintenance contracts for equipment sold. It is calculated according to the timeframes set out in the contracts (12, 24, 36, 48 and 60 months).

(iii) Unearned finance income

This provision refers to the income from the exclusivity in the development of banking activities related to the processing of the Company employees' payroll, effective up to May 2, 2017.

25 Equity

a. Capital

Subscribed and paid-up capital at December 31, 2015 and December 31, 2014 amounts to R$ 344,601, comprising 51,568,270 common shares, of which 1,577,400 are held in treasury, as detailed in item c) of this note. The Company is authorized to increase its capital, irrespective of approval by the General Meeting, up to the limit of 2,733,330 shares, subject to the approval of the Board of Directors, which will establish the conditions of issue and allocation of the related securities.

b. Reserves

	12/31/2015	12/31/2014
Capital reserves		
Stock option plan	842	1,814
Profit reserves		
Legal reserve	9,067	8,656
Profit retention	1,763	1,945
Tax incentives - ICMS	80,622	64,631
	91,452	75,232
Total reserves	92,294	77,046

Capital reserve

The amount of R$ 842 recorded in capital reserve refers to: (a) R$ 583 of stock options granted and allocated up to December 31, 2015, in accordance with the services provided by the employees and officers that hold these options; (b) R$ 259 of goodwill reserve arising from the options exercised.

Legal reserve

Constituted at the rate of 5% of the net income determined in each financial year pursuant to article 193 of Law 6404/76 up to the limit of 20% of the share capital.

Profit retention reserve

Of the amount of R$ 1,763 recorded at December 31, 2015, R$ 1,763 relates to the reserve for repurchase of shares.

Tax incentive reserve

In the twelve-month period ended December 31, 2015, the amount of R$ 15,991 (R$ 22,797 as of December 31, 2014) of government subsidies was recorded in the profit reserve, corresponding to the balance of tax incentive reserves related to Decrees 1922/11 and 5375/02 of the State of Paraná.

This reserve is not used to pay out dividends.

c. Treasury shares

The Company held 1,577,400 shares in the treasury at December 31, 2015 (421,900 at December 31, 2014), equivalent to 3% of its total outstanding shares, which were acquired for R$ 13,473, for subsequent sale and/or cancellation. These shares were acquired as part of the share repurchase program approved by the Board of Directors on April 4, 2011 and November 4, 2014.

d. Dividends

The Company Bylaws determine the distribution of a minimum dividend of 25% of the net income for the year, adjusted in accordance with article 202 of Law 6404/76.

On August 14, 2015, the 349th Meeting of the Board of Directors approved the payment of an interim dividend of R$ 7,924, as authorized by Article 204 of Law 6404/76, equivalent to R$ 0.1585 per share,based on the profit recorded at June 30, 2015. The payment of these dividends was made on September 09, 2015.

At the 24th Annual General Meeting held on April 16, 2015, the stockholders approved the allocation of the profit for FY 2014 through the distribution of dividends of R$ 29,710, which had already been partly paid as interim dividends according to decisions of the Board of Directors at meetings held on March 10, 2015, November 04, 2014 and August 05, 2014. In addition, the payment of the balance of dividends of R$ 3,622, equivalent to R$ 0.07 per share, to be paid on April 28, 2015 was approved.

On March 10, 2015, the 340th Meeting of the Board of Directors approved the payment of an interim dividend of R$ 17,864 as authorized by Article 204 of Law 6404/76, equivalent to R$ 0.35 per share, based on the profit recorded at December 31, 2014. The dividend payment was made on April 02, 2015.

On November 04, 2014, the 333rd Meeting of the Board of Directors approved the payment of an interim dividend of R$ 3,084, as authorized by Article 204 of Law 6404/76, equivalent to R$ 0.06 per share, based on the profit recorded at September 30, 2014. The payment was made on November 27, 2014.

On August 05, 2014, the 328th Meeting of the Board of Directors approved the payment of an interim dividend of R$ 5,140, as authorized by Article 204 of Law 6404/76, equivalent to R$ 0.10 per share,based on the profit recorded at July 31, 2014. The payment was made on August 25, 2014.

At the 23rd Annual General Meeting held on April 10, 2014, the stockholders approved the allocation of the profit for FY 2013 through the distribution of dividends of R$ 13,362, which had already been paid as interim dividends according to decisions of the Board of Directors at meetings held on August 06, 2013 and November 05, 2013. In addition, the payment of dividends of R$ 8,121, equivalent to R$ 0.1579 per share, was approved from the profit retention reserve on April 10, 2014. The payment was made on April 28, 2014.

26 Share purchase and stock option plans

a. Summarized table of the changes in the number of options granted

	Grants	
	3/25/2009	**3/3/2010**
Board of Directors Meeting	228th	243rd
Number of options granted	540,000	542,667
Strike price	5.56	8.70
Vesting period	4 years	4 years
Outstanding balance at December 31, 2014	**56,000**	**53,000**
(-) lost/canceled	-	(5,000)
(-) exercised	(44,000)	-
(-) expired	(12,000)	-
Outstanding balance at December 31, 2015	**-**	**48,000**

b. Summarized of options awarded after the corporate reorganization

Following the corporate reorganization mentioned in note 1, which resulted in TOTVS S.A. owning all of Bematech's shares, the value proposed for exercising shares in the third award, the only plan in force as of December 31, 2015, is as follows:

	3/3/2010
Number of outstanding options (maturing on 3/3/2016)	48,000
Strike price per share on the date of grant restated by the Amplified Consumer Price Index (IPCA) - In reais	12.14
Price offered for Bematech shares at the corporate reorganization date - In reais	11.00
% valuation of the shares	10.36%
Valuation of the shares in the offer price - In reais	528,000
Price offered for TOTVS shares at the corporate reorganization date - In	38.00
Number of options, in TOTVS shares (valuation of options by the share offer price TOTVS)	13,895
Price proposed per TOTVS share - In reais	41.94
Balances of the provision for shares awarded - In reais	582,756

27 Employee compensation

	Parent Company		Consolidated	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**
Direct compensation	57,109	53,506	91,511	89,092
Benefits	7,920	6,623	13,981	12,274
Payroll charges	19,960	15,550	25,999	21,089
	84,989	**75,679**	**131,491**	**122,455**

28 Revenue

	Parent Company		Consolidated	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**
Revenue from retail sales	89,079	85,155	89,079	88,769
Sales revenue from Food Service	12,161	8,184	39,469	34,140
Sales revenue from Hospitality	558	527	87,326	77,133
Revenue from Channels & Cross Vertical	269,748	277,648	295,346	298,830
(-) Sales taxes	(59,596)	(59,380)	(69,211)	(68,288)
(-) Returns and deductions	(6,774)	(4,581)	(8,014)	(5,008)
Net revenue	**305,176**	**307,553**	**433,995**	**425,576**

29 Other operating income (expenses)

	Parent Company		Consolidated	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**
Other revenue				
Reimbursement and recovery of expenses	383	320	143	100
Sale of permanent assets and unsalvageable assets	179	5	179	6
Reversal of provisions	-	(110)	-	(110)
Other income	1,890	854	2,285	959
	2,452	**1,069**	**2,607**	**955**
Other expenses				
Expenses on scrapping	(1,978)	(1,385)	(1,978)	(1,385)
Contingencies	(987)	(828)	(987)	(830)
Amortization of intangible assets on acquisition	(1,031)	(86)	(4,162)	(3,647)
Other expenses	(2,885)	(686)	(2,954)	(771)
	(6,881)	**(2,985)**	**(10,081)**	**(6,633)**
Other net operating income and expenses	**(4,429)**	**(1,916)**	**(7,474)**	**(5,678)**

30 Financial income

	Parent Company		Consolidated	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**
Finance income				
Income on short-term investments	7,610	6,582	8,719	6,919
Interest earned	1,427	1,257	1,648	1,412
Exchange variance gains	3,488	933	3,948	1,114
Monetary restatement of judicial deposits	538	551	538	551
Discounts obtained	380	851	396	861
Taxes on financial revenue	(368)	-	(376)	-
Other financial revenue*	1,391	1	1,406	11
	14,466	10,175	16,279	10,868
Finance expenses				
Interest on borrowings and debentures	(9,053)	(4,379)	(9,058)	(4,487)
Exchange variance losses	(3,998)	(1,538)	(4,261)	(1,660)
Fine and interest	(985)	42	(1,344)	(4,168)
Income tax on foreign exchange	(550)	(307)	(550)	(307)
Discounts awarded	(600)	(404)	(1,097)	(525)
Contractual discounts awarded	(1,772)	(2,128)	(1,772)	(2,128)
Bank fees and expenses	(741)	(798)	(1,449)	(1,331)
Monetary restatement of judicial deposits	(538)	(551)	(538)	(551)
Adjustment to present value - AVP	(2,194)	(120)	(2,194)	(120)
Taxes on short-term investments	-	-	128	(91)
Monetary restatement	(544)	(304)	(544)	(304)
Other financial expenses	(254)	(117)	(407)	(178)
	(21,229)	(10,604)	(23,086)	(15,850)
Net financial income	(6,763)	(429)	(6,807)	(4,982)

* R$ 1,391 denotes restatement of the fair value to be paid for the acquisition of RJ.

31 Expenses by nature

As required by CPC 26/ IAS 1, the details of the Parent company and Consolidated expenses by nature are presented below:

	Parent Company		Consolidated	
Expenses by nature	**12/31/2015**	**12/31/2014**	**12/31/2015**	**12/31/2014**
Raw and use and consumption materials	113,197	96,226	134,427	115,821
Salaries, benefits and charges	88,913	82,725	137,364	129,080
Outsourced services (*)	55,094	40,815	68,586	43,906
Depreciation and amortization	11,628	11,465	14,207	12,578
PCLD, reversal of PCLD and losses on receivables	3,336	6,243	5,483	10,644
Warranties	5,092	4,652	5,139	4,674
Travel	3,935	3,909	6,253	5,908
Rent	4,540	3,898	8,116	6,227
Deductions	3,864	3,699	3,864	3,699
Advertising and marketing	3,740	3,636	5,733	4,833
Other	13,570	18,079	24,998	33,372
	306,909	**275,347**	**414,170**	**370,742**
Expenses by function				
Cost of goods sold and services rendered	204,222	180,610	279,854	245,709
Sales	50,255	48,021	64,083	62,098
Administrative and general expenses (*)	47,187	39,473	64,360	54,629
Management fees	5,245	7,243	5,873	8,306
	306,909	**275,347**	**414,170**	**370,742**

(*) Approximately R$ 5,089 was spent in the third quarter of 2015 on the corporate reorganization involving TOTVS and Bematech, as per the company announcement made on August 14, 2015 (see note 1).

32 Commitments

a. Investments in Research and Development

The Company has a commitment to invest each year in research and development activities relating to information technology in Brazil. These commitments refer to Excise Tax (IPI) benefits, as established by Laws 11077/04, 10176/01 and 8248/91, and to government subsidies, as established by Decrees 1922/11 and 5375/02 of the State of Paraná.

The amount to be invested is equivalent to 3% (CPU’s and Microterminals) or 4% (Other Products) of the net billings in the domestic market from the sale of computer products and IT services with incentives provided by Law. In this context, the Company must maintain the Basic Production Process (PPB) of the products authorized by Ordinances 770/05 and 109/02.

	Parent Company	
	12/31/2015	**12/31/2014**
Net billings of products with incentives (CPUs and micro terminals)	10,688	4,293
Investment percentage	3%	3%
Total CPUs and micro terminals	321	129
Net billings of other products with incentives	136,842	153,291
Investment percentage	4%	4%
Total other products with incentives	5,474	6,132
Compulsory investment	5,795	6,261
Investment made	5,534	9,036
Investment in excess of the compulsory investment (to be made)	(261)	2,775

The Company monitors the compliance with its commitment to invest in research and development activities, and, if it does not make the necessary investments up to the end of the year, it may consider the investments made in the first quarter of the following year, as permitted by Art. 34 (I) of Decree 5906/06, which regulates Law 8248/91.

b. Operating lease commitments - Company as lessee

The Company leases various offices, sheds for plants and warehouses under non-cancellable lease agreements. In general, lease terms are between one and five years and most of the lease agreements may be renewed at the end of the lease term at market rates.

The Company also leases several pieces of machinery under cancellable operational lease agreements. The Group can only terminate these agreements with one month's notice.

The minimum lease payments under cancelable and non-cancelable operating leases are as follows:

	Parent Company	
	12/31/2015	**12/31/2014**
Less than one year	4,096	3,823
Between one and five years	6,527	10,966
	10,623	**14,789**

	Consolidated	
	12/31/2015	**12/31/2014**
Less than one year	5,211	5,658
Between one and five years	6,527	10,966
	11,738	**16,624**

33 Insurance coverage

Based on the assessments of its advisers, the Company has insurance coverage considered sufficient to cover risks posed by its own assets, rented assets and those deriving from commercial leases and civil liability.

The insured assets are company and rented vehicles and the building where the Company and its subsidiaries are located. The maximum coverage breaks down as follows:

	12/31/2015	
	Parent Company	**Consolidated**
Material damages – property, machinery and equipment	66,267	114,335
Material damages – inventories at logistical operator	12,000	27,619
Material damages - international transportation	20,000	20,000
Material damages and pain and suffering– D&O	80,000	80,000
Vehicles		
Material damages	420	2,372
Moral damages	100	100
Personal damages	420	2,372
	179,207	**246,798**

	12/31/2014	
	Parent Company	**Consolidated**
Material damages – property, machinery and equipment	38,000	70,698
Material damages – inventories at logistical operator	12,000	22,625
Material damages - international transportation	12,000	12,000
Property damages and pain and suffering – D&O	80,000	87,969
Vehicles		
Property damages	400	1,728
Pain and suffering	100	100
Personal damages	400	1,728
	142,900	**196,848**

Executive Board

Eros Alexandre Jantsch
Chief Executive Officer

Bruno Martinez Primati
Vice President

Gilsomar Maia Sebastião
Vice President CFO and Investor Relations Officer

Board of Directors

Gilsomar Maia Sebastião

Marcelo Eduardo Sant'Anna Consentino

Eros Alexandre Jantsch

Controller's Department

Adriano Cesar Passenko
Controller

Elenise Maria do Prado Marques
Accountant CRC PR - 037952/O-4