Table of Contents

The classification of financial instruments that are measured at fair value in the condensed combined interim financial statements by fair value hierarchy level is as follows :

Description	March 31, 2015	Fair value as of March 31, 2015 Level 1	Level 2	Level 3
Assets				
Short-term investments	36,784		36,784	

Market risk—The market risk reflects the possibility of monetary losses due to the changes in variables that impact the prices and rates traded in the market. These fluctuations basically impact all sectors and, therefore, represent financial risk factors.

The Group´s principal market risk exposure is to interest rate risk, specifically variable rate CDI interest received on the Group´s short term investments and restricted deposits and to the TJLP rate on borrowings with BNDES.

Furthermore, the Group´s borrowings are concentrated with BNB and BNDES. The contractual rules applicable to financial liabilities represent risks related to these exposures.

The following table details the sensitivity of the expected variation of 10% of the exposure to the rates of interest on financial assets and liabilities as of March 31, 2015. This percentage is the average rate sensitivity used to internally present risks to key management personnel and corresponds to management's assessment of the possible changes in these rates.

	Risk	Impact on income and equity
Financial assets		
Short-term investments	CDI decrease	(396)
Restricted deposits	CDI decrease	(1,842)
Financial liabilities		
Borrowings	TJLP increase	(4,633)

Liquidity risk—Liquidity risk is the risk associated with the Group's ability to meet its obligations underlying its financial liabilities.

Cash flow from operating activities provides the funds to service financial liabilities on a day-to-day basis. The Group enters into borrowings solely to leverage its operating capacity. This assumption is confirmed based on the characteristics of the Group's borrowings.