

(A free translation of the original in Portuguese)

Raia Drogasil S.A.
Quarterly Information (ITR) at
September 30, 2016
and report on review of
quarterly information

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2016 - RAIA DROGASIL S.A.

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Quarterly information (ITR) - 9/30/2016 - RAIA DROGASIL S.A.

Company information/capital composition

Number of shares (units)	Current quarter 9/30/2016
Paid-up share capital	
Common shares	330,386,000
Preferred shares	0
Total	330,386,000
Treasury shares	
Common shares	1,049,086
Preferred shares	0
Total	1,049,086

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Quarterly information (ITR) - 9/30/2016 - RAIA DROGASIL S.A.

Company information/dividends

Event	Date approved	Description	Initial date of payment	Type of share	Class of share	Amount per share (Reais/share)
Board of Directors' Meeting	3/21/2016	Interest on capital	12/1/2016	Common		0.14484
Board of Directors' Meeting	6/21/2016	Interest on capital	12/1/2016	Common		0.14514
Board of Directors' Meeting	9/21/2016	Interest on capital	5/30/2017	Common		0.14939

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Quarterly information (ITR) - 9/30/2016 - RAIA DROGASIL S.A.

Parent company financial information/balance sheet - assets

(R\$ thousand)

Code	Description	Current quarter 9/30/2016	Prior year 12/31/2015
1	Total assets	5,239,601	4,636,460
1.01	Current assets	3,084,674	2,637,016
1.01.01	Cash and cash equivalents	250,375	264,549
1.01.03	Trade receivables	785,264	670,123
1.01.03.01	Customers	675,717	572,083
1.01.03.01.01	Checks receivable	2,233	2,836
1.01.03.01.02	Credit and debit cards	606,236	507,980
1.01.03.01.03	PBM – Medicine Benefit Program	46,672	47,681
1.01.03.01.04	Agreements with companies	22,734	20,479
1.01.03.01.05	Bank slips/ Online transfer	4	0
1.01.03.01.08	(-) Provision for impairment of trade receivables	-2,162	-6,893
1.01.03.02	Other receivables	109,547	98,040
1.01.03.02.01	Advances to employees	10,065	8,470
1.01.03.02.02	Returns to suppliers	6,949	10,427
1.01.03.02.03	Commercial agreements	65,501	61,536
1.01.03.02.04	Loan receivable	15,079	0
1.01.03.02.08	Other	11,953	17,607
1.01.04	Inventory	1,917,015	1,633,604
1.01.04.01	Goods for resale	1,931,250	1,653,305
1.01.04.02	Materials	3,292	4,611
1.01.04.03	(-) Allowance for losses on goods	-17,527	-24,312
1.01.06	Taxes recoverable	115,280	59,068
1.01.06.01	Current taxes recoverable	115,280	59,068
1.01.07	Prepaid expenses	16,740	9,672
1.02	Non-current assets	2,154,927	1,999,444
1.02.01	Long term receivables	45,173	44,261
1.02.01.03	Trade receivables	335	346
1.02.01.03.02	Other receivables	335	346
1.02.01.07	Prepaid expenses	3,701	2,029
1.02.01.09	Other non-current assets	41,137	41,886
1.02.01.09.04	Judicial deposits	20,281	18,730
1.02.01.09.05	Taxes recoverable	20,295	22,595
1.02.01.09.06	Court-ordered debt bonds	561	561
1.02.02	Investments	29,149	23,497
1.02.02.01	Equity interests	29,149	23,497
1.02.02.01.02	Interests in subsidiaries	29,149	23,497
1.02.03	Property and equipment	949,355	801,283
1.02.04	Intangible assets	1,131,250	1,130,403

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Quarterly information (ITR) - 9/30/2016 - RAIA DROGASIL S.A.

Parent company financial information/balance sheet - liabilities and equity

(R\$ thousand)

Code	Description	Current quarter 9/30/2016	Prior year 12/31/2015
2	Total liabilities and equity	5,239,601	4,636,460
2.01	Current liabilities	1,960,884	1,614,754
2.01.01	Social security and labor obligations	236,232	163,430
2.01.01.01	Social security obligations	36,400	30,433
2.01.01.02	Labor obligations	199,832	132,997
2.01.02	Trade payables	1,281,248	1,177,928
2.01.02.01	Domestic suppliers	1,281,248	1,177,928
2.01.03	Tax obligations	87,269	55,398
2.01.03.01	Federal tax obligations	45,515	20,406
2.01.03.01.02	Other federal tax obligations	45,515	20,406
2.01.03.02	State tax obligations	38,076	33,104
2.01.03.03	Municipal tax obligations	3,678	1,888
2.01.04	Borrowing	116,428	102,266
2.01.04.01	Borrowing	116,428	102,266
2.01.04.01.01	In local currency	116,428	102,266
2.01.05	Other obligations	221,204	101,818
2.01.05.02	Other	221,204	101,818
2.01.05.02.01	Dividends and interest on capital	125,707	24,402
2.01.05.02.04	Rentals	51,914	44,371
2.01.05.02.06	Other payables	43,583	33,045
2.01.06	Provision	18,503	13,914
2.01.06.01	Provision for tax, social security, labor and civil contingencies	1,489	3,439
2.01.06.01.01	Tax provision	93	93
2.01.06.01.05	Provision for legal claims	1,396	3,346
2.01.06.02	Other provisions	17,014	10,475
2.01.06.02.06	Provisions for sundry obligations	17,014	10,475
2.02	Non-current liabilities	466,245	387,897
2.02.01	Borrowing	242,297	187,419
2.02.01.01	Borrowing	242,297	187,419
2.02.01.01.01	In local currency	242,297	187,419
2.02.02	Other obligations	38,361	35,332
2.02.02.01	Payables to related parties	36,239	31,632
2.02.02.01.02	Payables to subsidiaries	36,239	31,632
2.02.02.02	Other	2,122	3,700
2.02.02.02.03	Tax Recovery Program (REFIS)	2,122	3,700
2.02.03	Deferred taxes	182,866	161,826
2.02.03.01	Deferred income tax and social contribution	182,866	161,826
2.02.04	Provision	2,721	3,320
2.02.04.01	Provision for tax, social security, labor and civil contingencies	2,721	3,320
2.02.04.01.05	Provision for legal claims	2,721	3,320
2.03	Equity	2,812,472	2,633,809
2.03.01	Paid-up share capital	1,808,639	1,808,639
2.03.02	Capital reserves	139,192	128,767
2.03.03	Revaluation reserves	12,429	12,569
2.03.04	Revenue reserves	665,821	714,064
2.03.04.01	Legal reserve	42,454	42,454
2.03.04.02	Statutory reserve	623,367	623,367
2.03.04.08	Proposed additional dividends	0	48,243
2.03.05	Retained earnings (accumulated deficit)	216,621	0
2.03.06	Carrying value adjustments	-30,230	-30,230

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Quarterly information (ITR) - 9/30/2016 - RAIÁ DROGASIL S.A.

Parent company financial information/statement of income

(R\$ thousand)

Code	Description	Current quarter 7/1/2016 to 9/30/2016	Accumulated - current year 1/1/2016 to 9/30/2016	Same quarter of prior year 7/1/2015 to 9/30/2015	Accumulated - prior year 1/1/2015 to 9/30/2015
3.01	Net sales revenue	2,814,540	7,963,966	2,285,168	6,439,595
3.01.01	Gross sales revenue	2,957,067	8,368,241	2,388,153	6,721,763
3.01.02	Taxes on sales	-105,217	-300,869	-70,676	-198,545
3.01.03	Rebates	-37,310	-103,406	-32,309	-83,623
3.02	Cost of sales and/or services	-1,927,150	-5,418,621	-1,595,529	-4,463,585
3.03	Gross profit	887,390	2,545,345	689,639	1,976,010
3.04	Operating income/expenses	-706,614	-2,002,322	-566,094	-1,592,034
3.04.01	Selling expenses	-565,366	-1,603,465	-448,417	-1,251,476
3.04.02	General and administrative expenses	-142,519	-402,470	-117,677	-340,558
3.04.02.01	Administrative expenses	-72,486	-203,939	-59,972	-173,742
3.04.02.03	Depreciation and amortization	-70,033	-198,531	-57,705	-166,816
3.04.06	Equity in the results of investees	1,271	3,613	0	0
3.05	Profit before finance results and taxes	180,776	543,023	123,545	383,976
3.06	Finance results	-30,079	-70,155	-15,013	-44,085
3.06.01	Finance income	28,175	75,393	25,222	60,304
3.06.02	Finance costs	-58,254	-145,548	-40,235	-104,389
3.07	Profit before income tax and social contribution	150,697	472,868	108,532	339,891
3.08	Income tax and social contribution	-34,853	-111,742	-24,226	-77,033
3.08.01	Current	-21,479	-90,631	-19,598	-53,593
3.08.02	Deferred	-13,374	-21,111	-4,628	-23,440
3.09	Profit (loss) from continuing operations	115,844	361,126	84,306	262,858
3.11	Profit/loss for the period	115,844	361,126	84,306	262,858
3.99	Earnings per share - (Reais/share)				
3.99.01	Basic earnings per share - R\$				
3.99.01.01	Common shares	0.35134	1.09526	0.25603	0.79827
3.99.02	Diluted earnings per share - R\$				
3.99.02.01	Common shares	0.35134	1.09526	0.25603	0.79827

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Quarterly information (ITR) - 9/30/2016 - RAIA DROGASIL S.A.

Parent company financial information/statement of comprehensive income

(R\$ thousand)

Code	Description	Current quarter 7/1/2016 to 9/30/2016	Accumulated - current year 1/1/2016 to 9/30/2016	Same quarter of prior year 7/1/2015 to 9/30/2015	Accumulated - prior year 1/1/2015 to 9/30/2015
4.01	Profit for the period	115,844	361,126	84,306	262,858
4.03	Comprehensive income for the period	115,844	361,126	84,306	262,858

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Quarterly information (ITR) - 9/30/2016 - RAIÁ DROGASIL S.A.

Parent company financial information/statement of cash flow - indirect method

(R\$ thousand)

Code	Description	Accumulated - current year 1/1/2016 to 9/30/2016	Accumulated - prior year 1/1/2015 to 9/30/2015
6.01	Net cash provided by operating activities	371,117	328,522
6.01.01	Cash from operations	712,242	530,833
6.01.01.01	Profit before income tax and social contribution	472,868	339,891
6.01.01.02	Depreciation and amortization	198,531	166,816
6.01.01.03	Share-based compensation plan, net	7,851	2,475
6.01.01.04	Interest on additional stock option	4,607	0
6.01.01.05	Result on disposal of property and equipment and intangible assets	6,323	3,009
6.01.01.06	Provision (Reversal) for legal claims	4,116	-1,888
6.01.01.07	(Reversal) provision for inventory losses	-6,785	-2,745
6.01.01.08	Provision for impairment of trade receivables	77	590
6.01.01.09	(Reversal) provision for store closures	-938	144
6.01.01.10	Interest expenses	29,205	22,541
6.01.01.11	Equity in results of investees	-3,613	0
6.01.02	Changes in assets and liabilities	-235,621	-125,298
6.01.02.01	Trade receivables and other receivables	-99,637	-85,274
6.01.02.02	Inventory	-276,626	-120,787
6.01.02.03	Other current assets	-63,280	-29,040
6.01.02.04	Long term receivables	-913	-7,398
6.01.02.05	Trade payables	104,022	64,358
6.01.02.06	Salaries and social charges	72,803	53,311
6.01.02.07	Taxes and contributions	10,208	-2,884
6.01.02.08	Other liabilities	10,258	-3,702
6.01.02.09	Rentals payable	7,544	6,118
6.01.03	Other	-105,504	-77,013
6.01.03.01	Interest paid	-15,484	-15,917
6.01.03.02	Income tax and social contribution paid	-90,020	-61,096
6.02	Net cash used in investing activities	-369,118	-244,206
6.02.01	Purchases of property and equipment and intangible assets	-354,475	-245,117
6.02.02	Proceeds from sale of property and equipment	436	911
6.02.03	Loans granted to subsidiaries	-15,079	0
6.03	Net cash used in financing activities	-16,173	-96,716
6.03.01	Borrowing	131,749	41,833
6.03.02	Repayments of borrowing	-76,430	-74,571
6.03.03	Interest on capital and dividends paid	-71,492	-63,978
6.05	Increase (decrease) in cash and cash equivalents	-14,174	-12,400
6.05.01	Cash and cash equivalents at the beginning of the period	264,549	281,189
6.05.02	Cash and cash equivalents at the end of the period	250,375	268,789

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Quarterly information (ITR) - 9/30/2016 - RAIÁ DROGASIL S.A.

Parent company financial information/statement of changes in equity - 1/1/2016 to 9/30/2016

(R\$ thousand)

Code	Description	Paid-up share capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings/ accumulated deficit	Other comprehensive income	Equity
5.01	Opening balance	1,808,639	128,767	726,633	0	-30,230	2,633,809
5.03	Adjusted opening balance	1,808,639	128,767	726,633	0	-30,230	2,633,809
5.04	Equity transactions with owners	0	10,425	-48,243	-144,645	0	-182,463
5.04.07	Interest on capital	0	0	0	-144,700	0	-144,700
5.04.08	Interest on capital of 2015 approved at the AGM of March 31, 2016	0	0	-48,243	0	0	-48,243
5.04.09	Interest on capital prescribed	0	0	0	55	0	55
5.04.10	Restricted share plan – Vesting period	0	9,513	0	0	0	9,513
5.04.11	Restricted share plan –Delivery	0	-890	0	0	0	-890
5.04.12	Restricted shares – Acquisition of 4Bio	0	1,802	0	0	0	1,802
5.05	Total comprehensive income	0	0	0	361,126	0	361,126
5.05.01	Profit for the period	0	0	0	361,126	0	361,126
5.06	Internal changes in equity	0	0	-140	140	0	0
5.06.02	Realization of revaluation reserve	0	0	-211	211	0	0
5.06.03	Taxes on realization of revaluation reserve	0	0	71	-71	0	0
5.07	Closing balance	1,808,639	139,192	678,250	216,621	-30,230	2,812,472

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Quarterly information (ITR) - 9/30/2016 - RAIA DROGASIL S.A.

Parent company financial information/statement of changes in equity - 1/1/2015 to 9/30/2015

(R\$ thousand)

Code	Description	Paid-up share capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings/ accumulated deficit	Other comprehensive income	Equity
5.01	Opening balance	908,639	1,019,791	528,507	0	0	2,456,937
5.03	Adjusted opening balance	908,639	1,019,791	528,507	0	0	2,456,937
5.04	Equity transactions with owners	0	2,475	-40,331	-107,136	0	-144,992
5.04.07	Interest on capital	0	0	0	-107,300	0	-107,300
5.04.08	2014 interest on capital approved at the AGM of April 9, 2015	0	0	-40,331	0	0	-40,331
5.04.09	Interest on capital prescribed	0	0	0	164	0	164
5.04.10	Restricted Shares Plan	0	2,475	0	0	0	2,475
5.05	Total comprehensive income	0	0	0	262,858	0	262,858
5.05.01	Profit for the period	0	0	0	262,858	0	262,858
5.06	Internal changes in equity	0	0	-139	139	0	0
5.06.02	Realization of revaluation reserve	0	0	-211	211	0	0
5.06.03	Taxes on realization of revaluation reserve	0	0	72	-72	0	0
5.07	Closing balance	908,639	1,022,266	488,037	155,861	0	2,574,803

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Quarterly information (ITR) - 9/30/2016 - RAIÁ DROGASIL S.A.

Parent company financial information/statement of value added

(R\$ thousand)

Code	Description	Accumulated - current year 1/1/2016 to 9/30/2016	Accumulated - prior year 1/1/2015 to 9/30/2015
7.01	Revenue	8,264,935	6,638,286
7.01.01	Sales of products and services	8,264,834	6,638,156
7.01.02	Other income	178	720
7.01.04	Provision for/reversal of impairment of trade receivables	-77	-590
7.02	Inputs acquired from third parties	-5,350,336	-4,388,617
7.02.01	Cost of sales and services	-4,888,004	-4,021,593
7.02.02	Materials, energy, outsourced services and other	-456,826	-363,168
7.02.03	Impairment/recovery of assets	-5,506	-3,856
7.03	Gross value added	2,914,599	2,249,669
7.04	Retentions	-198,531	-166,816
7.04.01	Depreciation, amortization and depletion	-198,531	-166,816
7.05	Net value added generated by the entity	2,716,068	2,082,853
7.06	Value added received through transfer	79,006	60,304
7.06.01	Equity in the results of investees	3,613	0
7.06.02	Finance income	75,393	60,304
7.07	Total value added to distribute	2,795,074	2,143,157
7.08	Distribution of value added	2,795,074	2,143,157
7.08.01	Personnel	877,782	693,736
7.08.01.01	Direct remuneration	697,792	547,177
7.08.01.02	Benefits	129,753	107,466
7.08.01.03	Unemployment compensation fund	50,237	39,093
7.08.02	Taxes and contributions	1,126,619	859,076
7.08.02.01	Federal	329,089	240,916
7.08.02.02	State	785,644	609,359
7.08.02.03	Municipal	11,886	8,801
7.08.03	Providers of capital	429,547	327,487
7.08.03.01	Interest	144,928	104,124
7.08.03.02	Rentals	284,619	223,363
7.08.04	Stockholders and the Company	361,126	262,858
7.08.04.01	Interest on capital	144,700	107,300
7.08.04.03	Profits reinvested/loss for the period	216,426	155,558

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Quarterly information (ITR) - 9/30/2016 - RAIÁ DROGASIL S.A.

Consolidated financial information/balance sheet - assets

(R\$ thousand)

Code	Description	Current quarter 9/30/2016	Prior year 12/31/2015
1	Total assets	5,319,851	4,699,201
1.01	Current assets	3,156,067	2,685,844
1.01.01	Cash and cash equivalents	255,827	266,051
1.01.03	Trade receivables	823,566	700,092
1.01.03.01	Customers	728,662	601,831
1.01.03.01.01	Checks receivable	55,881	32,901
1.01.03.01.02	Credit and debit cards	605,660	507,680
1.01.03.01.03	PBM – Medicine Benefit Program	46,672	47,681
1.01.03.01.04	Agreements with companies	22,734	20,479
1.01.03.01.05	Bank slip/ Online transfer	4	0
1.01.03.01.08	(-) Provision for impairment of receivables	-2,289	-6,910
1.01.03.02	Other receivables	94,904	98,261
1.01.03.02.01	Advances to employees	10,085	8,567
1.01.03.02.02	Returns to suppliers	6,949	10,427
1.01.03.02.03	Commercial agreements	65,874	61,536
1.01.03.02.08	Other	11,996	17,731
1.01.04	Inventory	1,944,365	1,650,453
1.01.04.01	Goods for resale	1,958,600	1,670,154
1.01.04.02	Materials	3,292	4,611
1.01.04.03	(-) Provision for losses on goods	-17,527	-24,312
1.01.06	Taxes recoverable	115,348	59,530
1.01.06.01	Current taxes recoverable	115,348	59,530
1.01.07	Prepaid expenses	16,961	9,718
1.02	Non-current assets	2,163,784	2,013,357
1.02.01	Long term receivables	45,173	44,499
1.02.01.03	Trade receivables	335	584
1.02.01.03.02	Other receivables	335	584
1.02.01.07	Prepaid expenses	3,701	2,029
1.02.01.09	Other non-current assets	41,137	41,886
1.02.01.09.04	Judicial deposits	20,281	18,730
1.02.01.09.05	Taxes recoverable	20,295	22,595
1.02.01.09.06	Court-ordered debt bonds	561	561
1.02.03	Property and equipment	950,190	801,985
1.02.04	Intangible assets	1,168,421	1,166,873

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Quarterly information (ITR) - 9/30/2016 - RAIA DROGASIL S.A.

Consolidated financial information/balance sheet - liabilities and equity

(R\$ thousand)

Code	Description	Current quarter 9/30/2016	Prior year 12/31/2015
2	Total liabilities and equity	5,319,851	4,699,201
2.01	Current liabilities	2,011,120	1,648,766
2.01.01	Social security and labor obligations	239,457	165,409
2.01.01.01	Social security obligations	36,893	30,874
2.01.01.02	Labor obligations	202,564	134,535
2.01.02	Trade payables	1,325,003	1,203,382
2.01.02.01	Domestic suppliers	1,325,003	1,203,382
2.01.03	Tax obligations	89,001	55,878
2.01.03.01	Federal tax obligations	46,243	20,735
2.01.03.01.01	Income tax and social contribution payable	512	81
2.01.03.01.02	Other federal tax obligations	45,731	20,654
2.01.03.02	State tax obligations	39,079	33,254
2.01.03.03	Municipal tax obligations	3,679	1,889
2.01.04	Borrowing	117,787	108,192
2.01.04.01	Borrowing	117,787	108,192
2.01.04.01.01	In local currency	117,787	108,192
2.01.05	Other obligations	221,216	101,991
2.01.05.02	Other	221,216	101,991
2.01.05.02.01	Dividends and interest on capital	125,707	24,402
2.01.05.02.04	Rentals	51,931	44,371
2.01.05.02.06	Other payables	43,578	33,218
2.01.06	Provision	18,656	13,914
2.01.06.01	Provision for tax, social security, labor and civil contingencies	1,489	3,439
2.01.06.01.01	Tax provision	93	93
2.01.06.01.05	Provision for legal claims	1,396	3,346
2.01.06.02	Other provisions	17,167	10,475
2.01.06.02.06	Provisions for sundry obligations	17,167	10,475
2.02	Non-current liabilities	470,315	393,637
2.02.01	Borrowing	242,297	188,196
2.02.01.01	Borrowing	242,297	188,196
2.02.01.01.01	In local currency	242,297	188,196
2.02.02	Other obligations	38,961	36,108
2.02.02.01	Payables to related parties	36,239	31,632
2.02.02.01.04	Payables to other related parties	36,239	31,632
2.02.02.02	Other	2,722	4,476
2.02.02.02.03	Tax Recovery Program (REFIS)	2,722	4,476
2.02.03	Deferred taxes	186,336	165,981
2.02.03.01	Deferred income tax and social contribution	186,336	165,981
2.02.04	Provision	2,721	3,352
2.02.04.01	Provision for tax, social security, labor and civil contingencies	2,721	3,352
2.02.04.01.05	Provision for legal claims	2,721	3,352
2.03	Consolidated equity	2,838,416	2,656,798
2.03.01	Paid-up share capital	1,808,639	1,808,639
2.03.02	Capital reserves	139,192	128,767
2.03.03	Revaluation reserves	12,429	12,569
2.03.04	Revenue reserves	665,821	714,064
2.03.04.01	Legal reserve	42,454	42,454
2.03.04.02	Statutory reserve	623,367	623,367
2.03.04.08	Proposed additional dividends	0	48,243
2.03.05	Retained earnings (accumulated deficit)	216,621	0
2.03.06	Carrying value adjustments	-30,230	-30,230
2.03.09	Noncontrolling interests	25,944	22,989

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2016 - RAIÁ DROGASIL S.A.

Consolidated financial information/statement of income

(R\$ thousand)

Code	Description	Current quarter 7/1/2016 to 9/30/2016	Accumulated - current year 1/1/2016 to 9/30/2016	Same quarter of prior year 7/1/2015 to 9/30/2015	Accumulated - prior year 1/1/2015 to 9/30/2015
3.01	Net sales revenue	2,900,930	8,199,568	0	0
3.01.01	Gross sales revenue	3,050,164	8,621,694	0	0
3.01.02	Taxes on sales	-109,394	-311,942	0	0
3.01.03	Rebates	-39,840	-110,184	0	0
3.02	Cost of sales and/or services	-2,000,895	-5,617,768	0	0
3.03	Gross profit	900,035	2,581,800	0	0
3.04	Operating income/expenses	-716,529	-2,030,186	0	0
3.04.01	Selling expenses	-571,423	-1,619,899	0	0
3.04.02	General and administrative expenses	-145,106	-410,287	0	0
3.04.02.01	Administrative expenses	-74,608	-210,249	0	0
3.04.02.02	Depreciation and amortization	-70,498	-200,038	0	0
3.05	Profit before finance results and taxes	183,506	551,614	0	0
3.06	Finance results	-30,561	-72,386	0	0
3.06.01	Finance income	29,281	78,204	0	0
3.06.02	Finance costs	-59,842	-150,590	0	0
3.07	Profit before income tax and social contribution	152,945	479,228	0	0
3.08	Income tax and social contribution	-36,062	-115,147	0	0
3.08.01	Current	-22,930	-94,722	0	0
3.08.02	Deferred	-13,132	-20,425	0	0
3.09	Profit (loss) from continuing operations	116,883	364,081	0	0
3.11	Profit/loss for the period	116,883	364,081	0	0
3.11.01	Attributable to owners of the Company	115,844	361,126	0	0
3.11.02	Attributable to noncontrolling interests	1,039	2,955	0	0
3.99	Earnings per share - (Reais/share)				
3.99.01	Basic earnings per share - R\$				
3.99.01.01	Common shares	0.35450	1.10422	0.00000	0.00000
3.99.02	Diluted earnings per share - R\$				
3.99.02.01	Common shares	0.35450	1.10422	0.00000	0.00000

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2016 - RAIA DROGASIL S.A.

Consolidated financial information/statement of comprehensive income

(R\$ thousand)

Code	Description	Current quarter 7/1/2016 to 9/30/2016	Accumulated - current year 1/1/2016 to 9/30/2016	Same quarter of prior year 7/1/2015 to 9/30/2015	Accumulated - prior year 1/1/2015 to 9/30/2015
4.01	Consolidated profit for the period	116,883	364,081	0	0
4.03	Consolidated comprehensive income for the period	116,883	364,081	0	0
4.03.01	Attributable to owners of the Company	115,844	361,126	0	0
4.03.02	Attributable to noncontrolling interests	1,039	2,955	0	0

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2016 - RAIA DROGASIL S.A.

Consolidated financial information/statement of cash flow - indirect method

(R\$ thousand)

Code	Description	Accumulated - current year 1/1/2016 to 9/30/2016	Accumulated - prior year 1/1/2015 to 9/30/2015
6.01	Net cash provided by operating activities	365,444	0
6.01.01	Cash from operations	724,529	0
6.01.01.01	Profit before income tax and social contribution	479,229	0
6.01.01.02	Depreciation and amortization	200,038	0
6.01.01.03	Share-based compensation plan	7,851	0
6.01.01.04	Interest on additional stock option	4,607	0
6.01.01.05	Result on disposal of property and equipment and intangible assets	6,359	0
6.01.01.06	Provision for legal claims	4,084	0
6.01.01.07	(Reversal) provision for inventory losses	-6,785	0
6.01.01.08	Provision for impairment of trade receivables	187	0
6.01.01.09	(Reversal) provision for store closures	-938	0
6.01.01.10	Interest expenses	29,897	0
6.01.02	Changes in assets and liabilities	-249,757	0
6.01.02.01	Trade receivables and other receivables	-123,160	0
6.01.02.02	Inventory	-287,127	0
6.01.02.03	Other current assets	-63,059	0
6.01.02.04	Long term receivables	-675	0
6.01.02.05	Trade payables	122,323	0
6.01.02.06	Salaries and social charges	74,050	0
6.01.02.07	Taxes and contributions	10,274	0
6.01.02.08	Other liabilities	10,056	0
6.01.02.09	Rentals payable	7,561	0
6.01.03	Other	-109,328	0
6.01.03.01	Interest paid	-16,404	0
6.01.03.02	Income tax and social contribution paid	-92,924	0
6.02	Net cash used in investing activities	-354,378	0
6.02.01	Purchases of property and equipment and intangible assets	-354,814	0
6.02.02	Proceeds from sale of property and equipment	436	0
6.03	Net cash used in financing activities	-21,290	0
6.03.01	Borrowing	141,990	0
6.03.02	Repayments of borrowing	-91,788	0
6.03.03	Interest on capital and dividends paid	-71,492	0
6.05	Increase (decrease) in cash and cash equivalents	-10,224	0
6.05.01	Cash and cash equivalents at the beginning of the period	266,051	0
6.05.02	Cash and cash equivalents at the end of the period	255,827	0

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2016 - RAIA DROGASIL S.A.

Consolidated financial information/statement of changes in equity - 1/1/2016 to 9/30/2016

(R\$ thousand)

Code	Description	Paid-up share capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings/accumulated deficit	Other comprehensive income	Equity	Noncontrolling interests	Consolidated equity
5.01	Opening balance	1,808,639	128,767	726,633	0	-30,230	2,633,809	22,989	2,656,798
5.03	Adjusted opening balance	1,808,639	128,767	726,633	0	-30,230	2,633,809	22,989	2,656,798
5.04	Equity transactions with owners	0	10,425	-48,243	-144,645	0	-182,463	0	-182,463
5.04.07	Interest on capital	0	0	0	-144,700	0	-144,700	0	-144,700
5.04.08	Interest on capital of 2015 approved at the AGM of March 31, 2016	0	0	-48,243	0	0	-48,243	0	-48,243
5.04.09	Interest on capital prescribed	0	0	0	55	0	55	0	55
5.04.10	Restricted share plan - Vesting period	0	9,513	0	0	0	9,513	0	9,513
5.04.11	Restricted share plan - Delivery	0	-890	0	0	0	-890	0	-890
5.04.12	Restricted shares – Acquisition of 4Bio	0	1,802	0	0	0	1,802	0	1,802
5.05	Total comprehensive income	0	0	0	361,126	0	361,126	2,955	364,081
5.05.01	Profit for the period	0	0	0	361,126	0	361,126	2,955	364,081
5.06	Internal changes in equity	0	0	-140	140	0	0	0	0
5.06.02	Realization of revaluation reserve	0	0	-211	211	0	0	0	0
5.06.03	Taxes on realization of revaluation reserve	0	0	71	-71	0	0	0	0
5.07	Closing balance	1,808,639	139,192	678,250	216,621	-30,230	2,812,472	25,944	2,838,416

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2016 - RAIÁ DROGASIL S.A.

Consolidated financial information/statement of value added

(R\$ thousand)

Code	Description	Accumulated - current year 1/1/2016 to 9/30/2016	Accumulated - prior year 1/1/2015 to 9/30/2015
7.01	Revenue	8,511,499	0
7.01.01	Sales of products and services	8,511,508	0
7.01.02	Other income	178	0
7.01.04	Provision for/reversal of impairment of trade receivables	-187	0
7.02	Inputs acquired from third parties	-5,559,485	0
7.02.01	Cost of sales and services	-5,087,151	0
7.02.02	Materials, energy, outsourced services and other	-466,828	0
7.02.03	Impairment/recovery of assets	-5,506	0
7.03	Gross value added	2,952,014	0
7.04	Retentions	-200,038	0
7.04.01	Depreciation, amortization and depletion	-200,038	0
7.05	Net value added generated by the entity	2,751,976	0
7.06	Value added received through transfer	78,204	0
7.06.02	Finance income	78,204	0
7.07	Total value added to distribute	2,830,180	0
7.08	Distribution of value added	2,830,180	0
7.08.01	Personnel	888,040	0
7.08.01.01	Direct remuneration	704,023	0
7.08.01.02	Benefits	133,402	0
7.08.01.03	Unemployment compensation fund	50,615	0
7.08.02	Taxes and contributions	1,142,875	0
7.08.02.01	Federal	334,221	0
7.08.02.02	State	796,725	0
7.08.02.03	Municipal	11,929	0
7.08.03	Providers of capital	435,184	0
7.08.03.01	Interest	149,596	0
7.08.03.02	Rentals	285,588	0
7.08.04	Stockholders and the Company	364,081	0
7.08.04.01	Interest on capital	144,700	0
7.08.04.03	Profits reinvested/loss for the period	216,426	0
7.08.04.04	Noncontrolling interests in retained earnings	2,955	0

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2016 - RAIÁ DROGASIL S.A.

Comments on company performance

All amounts in thousands of reais unless otherwise stated

EARNINGS RELEASE - 3Q16

São Paulo, October 27th, 2016. Raia Drogasil S.A. (BM&FBovespa: RADL3) announces today its results for the 3rd quarter of 2016 (3Q16). The quarterly information of Raia Drogasil S.A. was prepared in accordance to the Accounting Pronouncement 21 – Intermediate Statements as well as the standards issued by the Brazilian Securities and Exchange Commission – CVM and in accordance with international financial reporting standards (IFRS) and was reviewed by our independent auditors in accordance with Brazilian intermediate statements standards of auditing. Such information was prepared in thousand Reais and all growth rates relate to the same period of 2015.

On October 1st, 2015 we concluded the acquisition of 55% of 4Bio. Since the 4Q15, we have reported our earnings on a consolidated basis. In order to assure the historical comparability, the 2015 figures are combined pro-forma.

CONSOLIDATED HIGHLIGHTS:

- **Drugstores: 1,370 stores in operation, 53 openings and 13 closures (5 location changes)**
- **Gross Revenue: R\$ 3.1 billion, 25.2% of growth (13.5% of retail same-store sales growth)**
- **Gross Margin: 29.5% of gross revenue, a 0.9 percentage point margin increase**
- **EBITDA: R\$ 254.0 million, a 8.3% margin, 0.8 percentage point margin increase**
- **Adjusted Net Income: R\$ 127.6 million, a 4.2% margin and an increase of 33.1%**
- **Cash Flow: R\$ 172.5 million positive free cash flow, R\$ 162.4 million total cash consumption**

Summary	3Q15	4Q15	1Q16	2Q16	3Q16
<i>(R\$ thousand)</i>					
# of Stores Raia Drogasil + 4Bio	1,180	1,235	1,274	1,330	1,370
Store Openings	37	62	39	58	53
Store Closures	(2)	(7)	0	(2)	(13)
# of Stores (average)	1.159	1.206	1.250	1,303	1,347
Headcount	25,529	26,520	26,720	27,767	28,661
Pharmacist Count	4,479	4,698	4,963	5,214	5,393
# of Tickets (000)	42,067	43,908	44,145	46,696	47,620
Gross Revenue	2,436,861	2,574,215	2,641,079	2,930,451	3,050,163
Gross Profit	696,319	740,084	756,940	924,825	900,034
% of Gross Revenues	28.6%	28.7%	28.7%	31.6%	29.5%
EBITDA	182,611	188,120	192,839	304,811	254,004
% of Gross Revenues	7.5%	7.3%	7.3%	10.4%	8.3%
Adjusted Net Income	95,858	94,865	100,829	167,766	127,582
% of Gross Revenues	3.9%	3.7%	3.8%	5.7%	4.2%
Net Income	83,999	78,347	90,131	157,068	116,884
% of Gross Revenues	3.4%	3.0%	3.4%	5.4%	3.8%
Free Cash Flow	68,182	35,613	(161,451)	(1,584)	172,468

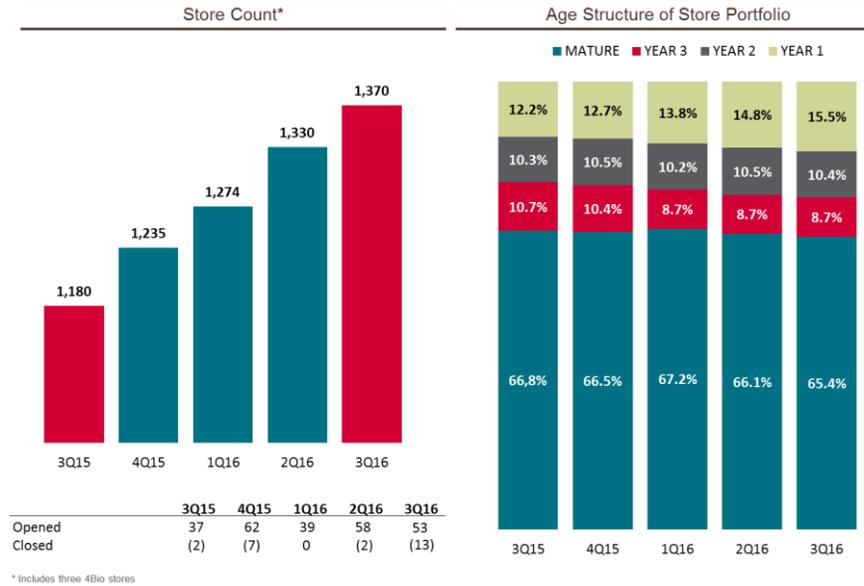
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Quarterly information (ITR) - 9/30/2016 - RAIADROGASIL S.A.

Comments on company performance

All amounts in thousands of reais unless otherwise stated

STORE DEVELOPMENT



We opened 53 new stores in the 3Q16 and 150 new stores year to date, ending the quarter with 1,370 stores in operation, including three 4Bio stores. We have closed 13 stores in the quarter, including five location changes. Over the last twelve months, we have opened a total of 212 new stores, a relevant acceleration in our store-opening pace, which is a result of a more balanced opening process over the recent quarters. We reiterate our guidance of 200 gross openings per year both for 2016 and for 2017.

At the end of the period, 34.6% of our stores were still in the process of maturation, and had not yet reached their full potential in terms of revenue and profitability. We ended the quarter with the highest percentage of non-mature stores since the 3Q13 as well as with the highest percentage of first-year stores in the merged Company's history.

Our average comparable national market share including 4Bio reached 11.8% in the quarter, a 1.8 percentage point pro-forma increase when compared to 2015. Our market share figures were adjusted by IMS Health to exclude new informants, so as to preserve the historical comparability. Considering the inclusion of new informants, our national market share totaled 11.4%.

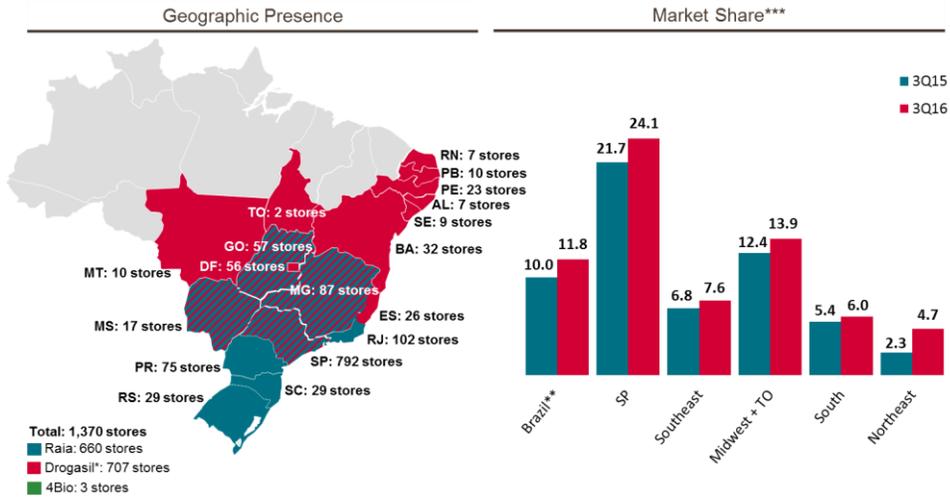
Our market share increased in every region where we operate. The Northeast was our main highlight, where we recorded a market share of 4.7%, a 2.4 percentage point increase driven by our growth in Bahia as well as by the maturation of our operations in five other states where we entered in 2014. We also recorded outstanding performances in São Paulo, where we reached a market share of 24.1%, a 2.4 percentage point increase, and in the Midwest, where our market share increased by 1.5 percentage point, driven in both markets by our organic expansion and by the solid performance of our mature stores. In the remaining states of the Southeast, we gained 0.8 percentage point. Finally, we increased our market share in the South by 0.5 percentage point.

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Quarterly information (ITR) - 9/30/2016 - RAIÁ DROGASIL S.A.

Comments on company performance

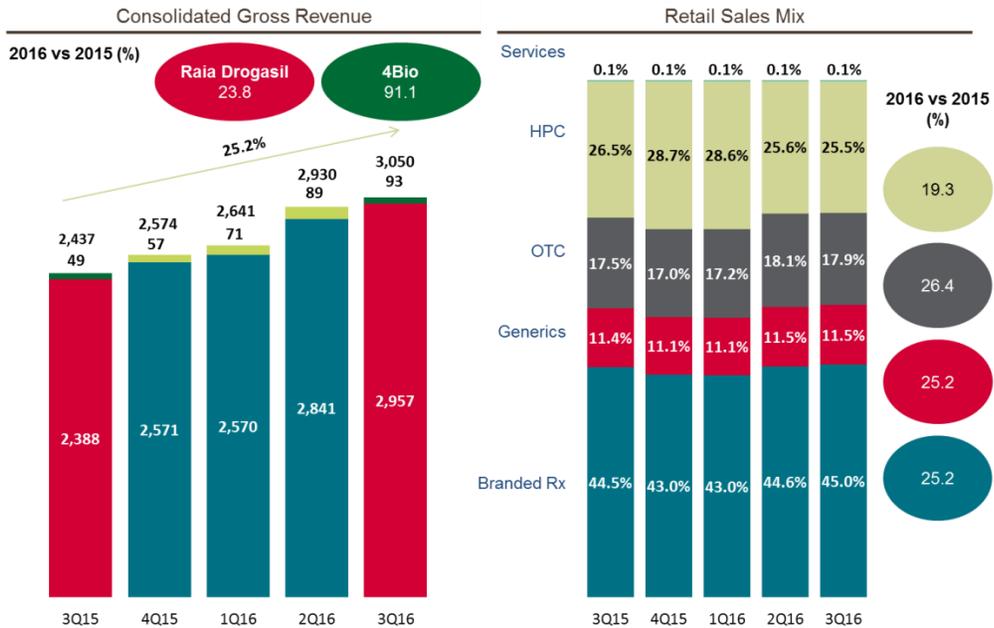
All amounts in thousands of reais unless otherwise stated



PHARMACEUTICAL MARKET DISTRIBUTION BY REGION (%)

Source: IMS Health	Brazil**	SP	Southeast	Midwest + TO	South	Northeast
* Includes Farmasil stores	100.0	26.6	24.4	9.4	16.2	18.8
** Includes 4Bio only for Brazil						
*** Comparable Market Share, excluding new informants added to the panel during the last twelve months. Our national market share including the full panel was of 11.4%						

GROSS REVENUES



(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2016 - RAI DROGASIL S.A.

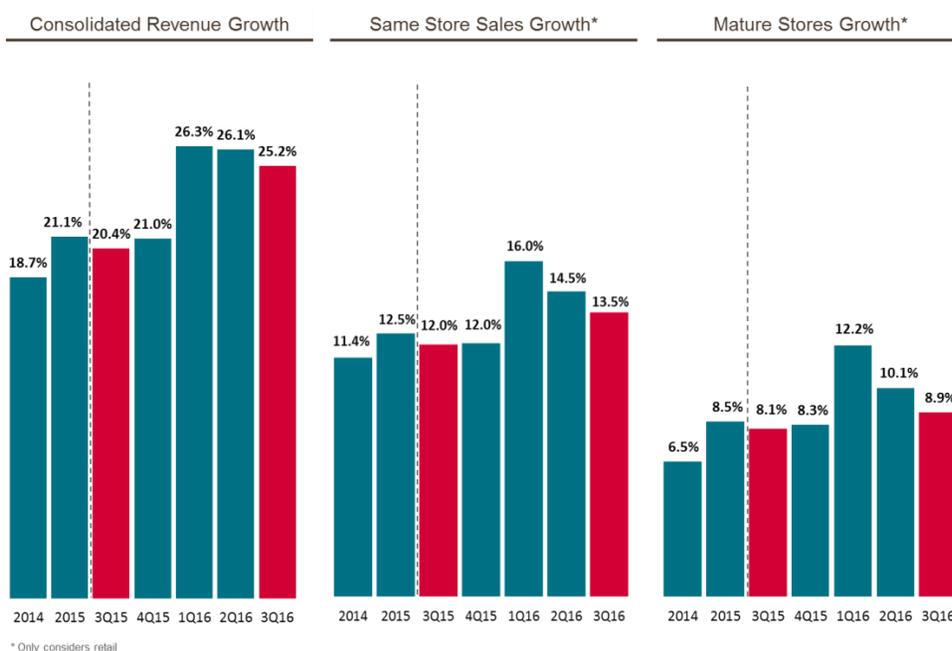
Comments on company performance

All amounts in thousands of reais unless otherwise stated

We ended the quarter with consolidated gross revenues of R\$ 3,050.2 million, a 25.2% increase over the previous year. Raia Drogasil recorded a growth of 23.8%, while 4Bio grew by 91.1% during the period.

OTC was the highlight of the quarter, recording a growth of 26.4% and increasing its participation in the sales mix by 0.4 percentage point. Branded Rx and Generics grew 25.2%, increasing its participation in the mix by 0.5 and 0.1 respectively. HPC grew by 19.3%, reducing its participation by 1.0 percentage point. It is important to mention that we experienced much colder weather in the quarter when compared to the previous year, which boosted OTC and Prescription sales while penalizing HPC.

Same-store sales at Raia Drogasil increased by 13.5% in the quarter, while our mature stores grew by 8.9%. It is important to mention that our revenue growth was penalized by the *Rio 2016 Olympics*, which generated an estimated negative impact of 1.3 percentage point in the 3Q16. We recorded no calendar effect in the quarter.



The Brazilian pharmaceutical market recorded a nominal growth of 13.2% (5.1% in units sold) in the last twelve months ended in September, 2016, according to the IMS Health, a testament to the defensive nature of our market.

GROSS PROFIT

Our gross margin reached 29.5%, a 0.9 percentage point increase versus the 3Q15.

The main driver of this margin expansion was the inflationary gains on inventories arising from the annual price cap increase, which averaged 11.8%, significantly higher than the 6.0% recorded in the 2015. It is important to mention that we undertook a very significant forward buying in the 1Q16, allowing us to enter the 3Q16 still with some inventories at a lower cost base, which did not happen in previous years.

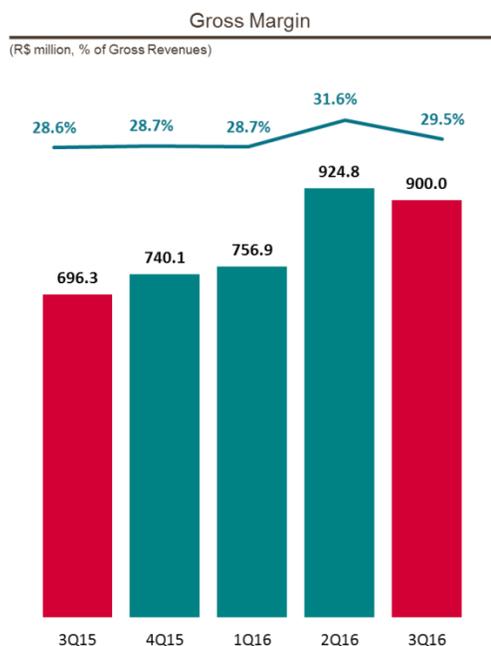
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Quarterly information (ITR) - 9/30/2016 - RAIADROGASIL S.A.

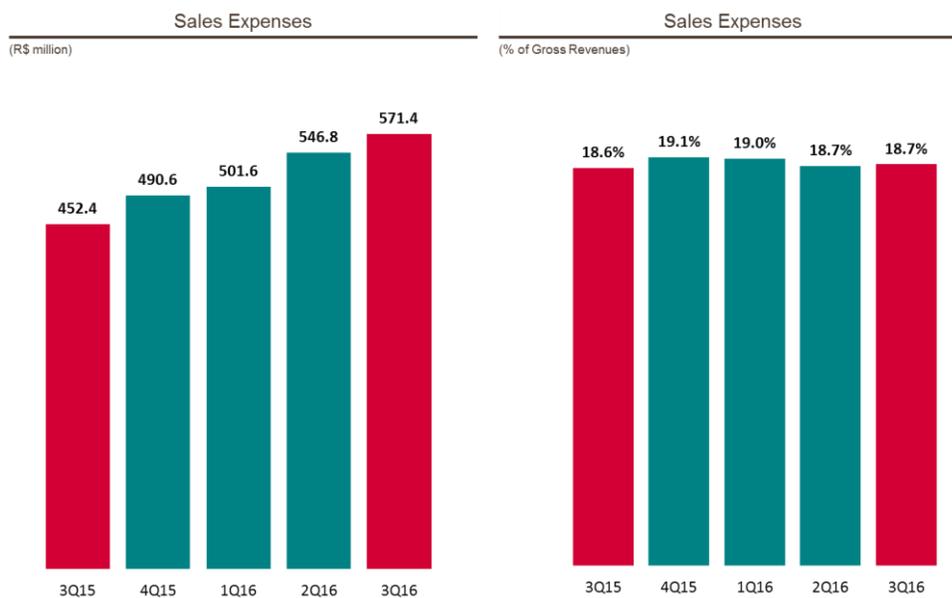
Comments on company performance

All amounts in thousands of reais unless otherwise stated

We also recorded a gross margin increase of 0.2 percentage point arising from a higher Net Present Value Adjustment, reflecting higher days of suppliers and the higher interest rates when compared to the previous year. Finally, the high growth recorded by 4Bio caused a negative margin mix effect of 0.2 percentage point in the quarter, since Specialty Drugs have a lower gross margin than Retail.



SALES EXPENSES



(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2016 - RAIÁ DROGASIL S.A.

Comments on company performance

All amounts in thousands of reais unless otherwise stated

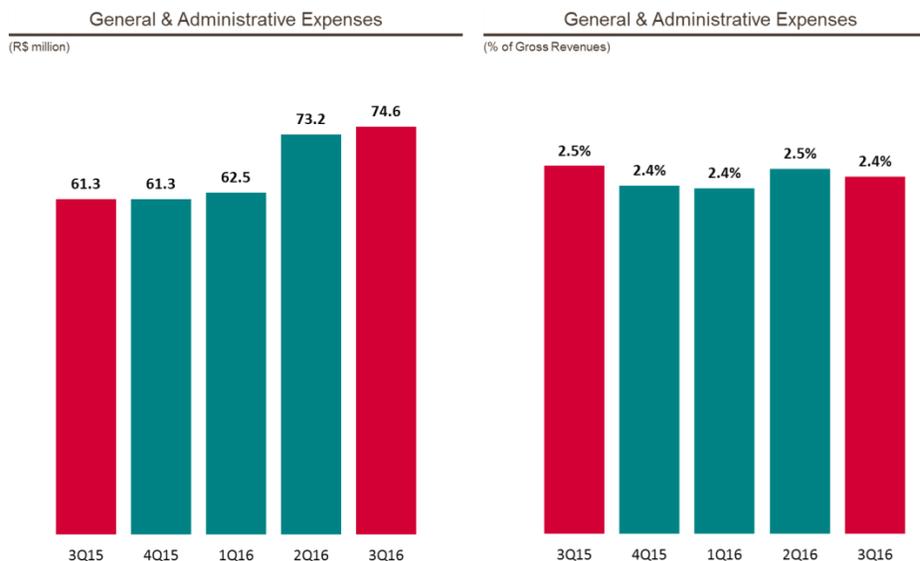
In the 3Q16, sales expenses totaled R\$ 571.4 million, equivalent to 18.7% of gross revenue, a 0.1 percentage point increase over the 3Q15.

Personnel expenses increased by 0.2 percentage point, while marketing expenses, rentals and other expenses pressured our sales expenses by 0.1 percentage point each. These increases were partially offset by a lower pressure arising from new store openings, which went down by 0.2 percentage point, and by a 0.2 percentage point dilution related to 4Bio, which has lower sales expenses and achieved significant operating leverage in the quarter.

Sales expenses remained in line when compared to the 2Q16. Personnel expenses increased by 0.3 percentage point while other expenses increased by 0.1 percentage point. These pressures were fully offset by electricity and asset write-offs related to store closures, which went down by 0.2 percentage point each.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses amounted to R\$ 74.6 million in the 3Q16, equivalent to 2.4% of gross revenues, a 0.1 percentage point dilution versus the 3Q15 and the 2Q16.



EBITDA

Our EBITDA reached R\$ 254.0 million, a 39.1% increase over the 3Q15. The EBITDA margin totaled 8.3%, a 0.8 percentage point margin expansion driven by a gross margin increase of 0.9 percentage point, which was partially offset by an SG&A pressure of 0.1 percentage point.

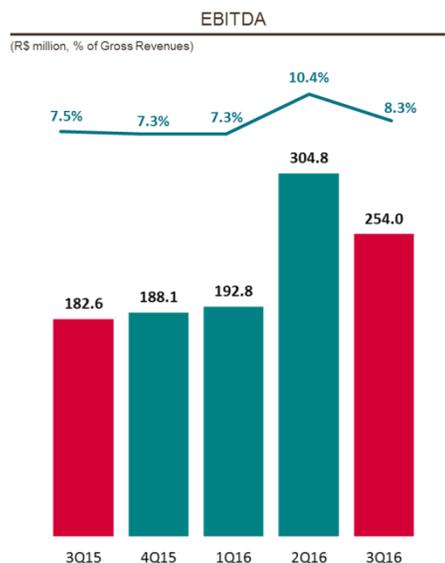
(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2016 - RAIA DROGASIL S.A.

Comments on company performance

All amounts in thousands of reais unless otherwise stated

New stores opened year-to-date, as well as those that were already at the pre-operational stage, reduced the EBITDA by R\$ 6.3 million in the 3Q16. Therefore, considering only the 1,220 stores in operation since 2015 and the full absorption of logistics as well as of general and administrative expenses by such stores, our adjusted EBITDA would have totaled R\$ 260.3 million, equivalent to an EBITDA margin of 9.0% over gross revenue.



Raia Drogasil achieved a retail EBITDA of R\$ 249.5 million in the 3Q16, an EBITDA margin of 8.4%, and a 0.8 percentage point margin expansion when compared to the previous year. 4Bio reached an EBITDA of R\$ 4.5 million, and EBITDA margin of 4.8%, a margin expansion of 2.0 percentage points and an EBITDA increase of 221.4%, arising from a significant operating leverage as the Company increased its revenues by 91.1%. When comparing the EBIT, 4Bio recorded a margin of 4.7% in the 3Q16, versus 6.1% for Raia Drogasil.

It is important to highlight that in spite of its lower margin, 4Bio has an even higher capital-efficiency than Raia Drogasil, with much lower cash cycle and Capex.

DEPRECIATION, NET FINANCIAL EXPENSES AND INCOME TAXES

Depreciation expenses totaled R\$ 70.5 million in the 3Q16, equivalent to 2.3% of gross revenue, a 0.1 percentage point dilution when compared to the same period of the previous year.

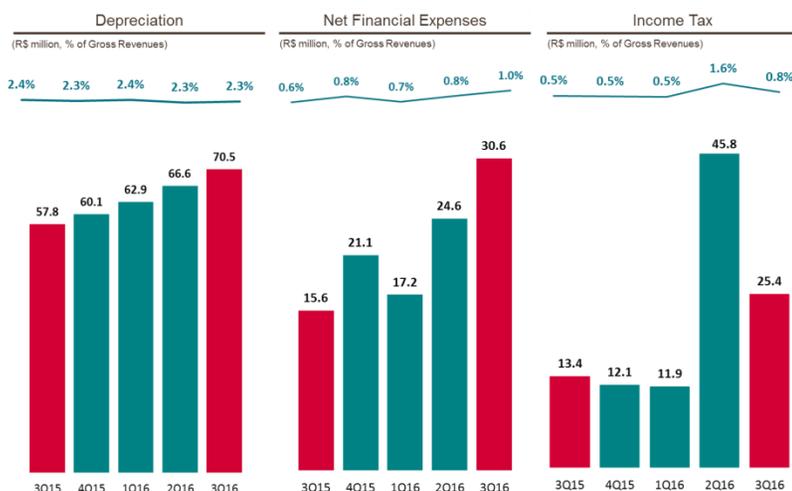
Financial expenses represented 1.0% of gross revenues, a 0.4 percentage point increase when compared to the previous year. Excluding the Net Present Value (NPV) Adjustment, the interest accrued on debt amounted to 0.3% of gross revenues in the 3Q16. Of the R\$ 30.6 million of net financial expenses recorded in the quarter, R\$ 21.2 million refers to the NPV Adjustment, while R\$ 9.4 million refers to net interest accrued.

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Quarterly information (ITR) - 9/30/2016 - RAI DROGASIL S.A.

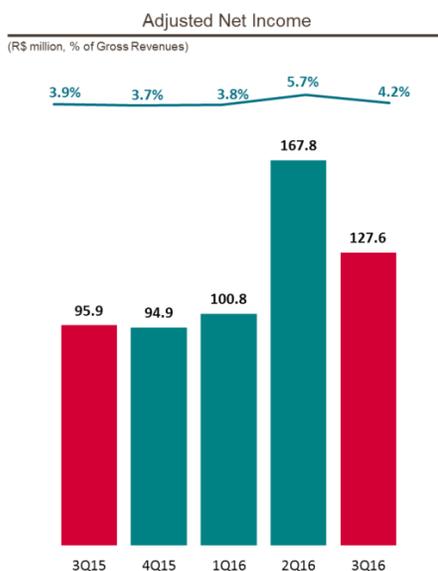
Comments on company performance

All amounts in thousands of reais unless otherwise stated



Finally, we booked R\$ 25.4 million in taxes, equivalent to 0.8% of gross revenue, a 0.3 percentage point increase due to the higher operating margin of the quarter.

ADJUSTED NET INCOME



Adjusted net income totaled R\$ 127.6 million in the quarter, a 33.1% increase over the previous year. We achieved an adjusted net margin of 4.2%, a 0.3 percentage point increase. Excluding the benefit from the goodwill amortization, we recorded a reported net income of R\$ 116.9 million, a net margin of 3.8%, which represent an increase of 39.1% when compared to the previous year.

(A free translation of the original in Portuguese)

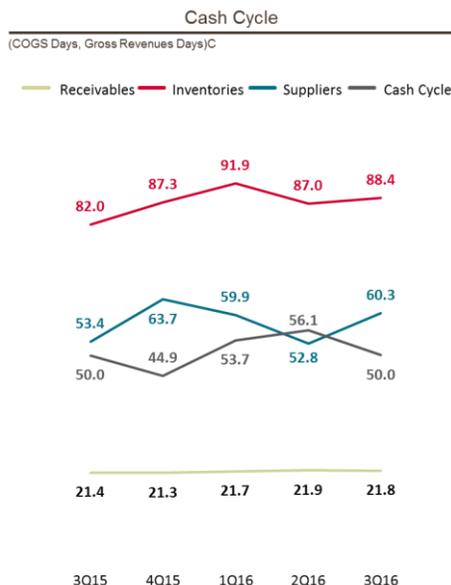
Quarterly information (ITR) - 9/30/2016 - RAIÁ DROGASIL S.A.

Comments on company performance

All amounts in thousands of reais unless otherwise stated

CASH CYCLE

Our cash cycle remained in line with 3Q15. Inventories increased by 6.4 days, reflecting both opportunistic purchases and the opening of our new distribution center in the Northeast, while accounts payable increased by 6.9 days and receivables increased by 0.4 day.



CASH FLOW

In the 3Q16, we generated a positive free cash flow of R\$ 172.5 million, and a positive total cash flow of R\$ 162.4 million. Resources from operations amounted to R\$ 202.3 million, equivalent to 6.6% of gross revenue, while we recorded a working capital increase of R\$ 113.8 million, amounting to a positive operating cash flow of R\$ 316.1 million.

Of the R\$ 143.7 million invested in the 3Q16, R\$ 88.0 million corresponded to new store openings, R\$ 19.6 million to the renovation of existing stores, and R\$ 36.1 million to investments in infrastructure.

Net financial expenses totaled R\$ 30.6 million, with R\$ 6.6 million of taxes retained. These expenses were partially offset by the R\$ 27.1 million tax shield related to the net financial expenses and to the interest on equity accrued in the period that shall be paid at a later date.

We generated year-to-date a positive free cash flow of R\$ 9.4 million and a negative total cash flow of R\$ 73.9 million, which was especially due to the favorable cash cycle seasonality of the 4th quarter when compared to any other quarter.

We accrued R\$ 49.2 million in interest on equity in the 3Q16, reflecting a payout of 42.1% through the full utilization of the legal interest on equity limit.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2016 - RAIADROGASIL S.A.

Comments on company performance

All amounts in thousands of reais unless otherwise stated

Cash Flow <i>(R\$ million)</i>	3Q16	3Q15	9M16	9M15
Adjusted EBIT	183.5	124.9	551.6	388.4
Income Tax (34%)	(62.4)	(42.1)	(187.5)	(131.7)
Tax Shield from Goodwill Amortization	10.7	10.7	32.1	32.1
Depreciation	70.5	57.7	200.0	167.0
Others	(0.0)	(9.3)	17.4	(8.8)
Resources from Operations	202.3	140.9	613.6	447.1
Cash Cycle*	82.1	13.3	(288.0)	(145.0)
Other Assets (Liabilities)	31.7	12.6	38.2	18.3
Operating Cash Flow	316.1	166.8	363.8	320.3
Investments	(143.7)	(98.6)	(354.4)	(244.4)
Free Cash Flow	172.5	68.2	9.4	74.9
Interest on Equity	(0.0)	(0.0)	(71.5)	(64.0)
Income Tax Paid over Interest on Equity	(6.6)	(5.0)	(13.3)	(13.8)
Net Financial Expenses	(30.6)	(15.7)	(72.4)	(46.7)
Income Tax (Tax benefit over financial expenses and interest on equity)	27.1	18.7	73.8	62.1
Total Cash Flow	162.4	66.1	(73.9)	12.5

INDEBTEDNESS

At the end of the quarter, we recorded a net debt position of R\$ 104.3 million, versus R\$ 13.7 million in the same period of 2015, equivalent to a net debt to EBITDA ratio of 0.1 times, assuming the cumulative LTM EBITDA of 939.8 million.

Our gross debt totaled R\$ 360.1 million, of which 99.6% corresponds to BNDES (Brazilian Economic and Social Development Bank) lines and 0.4% corresponds to the bank debt related to 4Bio. Of our total debt, 67% is long-term, while 33% relates to the short-term parcels of our long-term debt. We ended the quarter with a total cash position (cash and marketable securities) of R\$ 255.8 million.

(A free translation of the original in Portuguese)

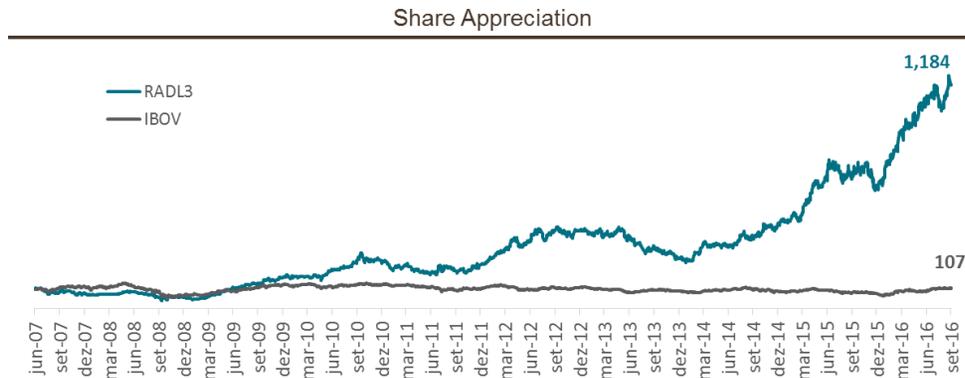
Quarterly information (ITR) - 9/30/2016 - RAIÁ DROGASIL S.A.

Comments on company performance

All amounts in thousands of reais unless otherwise stated

TOTAL SHAREHOLDER RETURN

Our share price appreciated by 86.8% in 2016, 52.2 percentage points above the IBOVESPA, which increased by 34.6%.



Since the IPO of Drogasil, we achieved a cumulative share appreciation of 1,084% versus a return of 7.3% of the IBOVESPA. Including the payment of interest on equity, we generated an average annual total return to shareholders of 30.9%. Considering the IPO of Raia in December of 2010, the cumulative return amounted to 532.7% versus a decrease of 14.1% by the Ibovespa. Considering the payment of interest on equity, this resulted in an average annual total return to shareholders of 37.9%.

We recorded an average daily trading volume of R\$ 64.4 million in the quarter.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2016 - RAIÁ DROGASIL S.A.

Comments on company performance

All amounts in thousands of reais unless otherwise stated

Adjusted Income Statement <i>(R\$ thousand)</i>	3Q15	3Q16	9M15	9M16
Gross Revenue	2,436,861	3,050,163	6,850,562	8,621,694
Taxes, Discounts and Returns	(105,037)	(149,233)	(288,545)	(422,125)
Net Revenue	2,331,824	2,900,930	6,562,017	8,199,568
Cost of Goods Sold	(1,635,505)	(2,000,896)	(4,566,359)	(5,617,769)
Gross Profit	696,319	900,034	1,995,658	2,581,799
Operational (Expenses) Revenue				
Sales	(452,371)	(571,423)	(1,262,484)	(1,619,897)
General and Administrative	(61,337)	(74,608)	(177,777)	(210,248)
Other Operational Expenses, Net				
Operational Expenses	(513,708)	(646,030)	(1,440,261)	(1,830,146)
EBITDA	182,611	254,004	555,397	751,653
Depreciation and Amortization	(57,760)	(70,499)	(166,973)	(200,038)
Operational Earnings before Financial Results	124,851	183,505	388,424	551,615
Financial Expenses	(42,015)	(59,842)	(109,037)	(150,589)
Financial Revenue	26,388	29,281	62,517	78,203
Financial Expenses/Revenue	(15,627)	(30,561)	(46,520)	(72,386)
Earnings before Income Tax and Social Charges	109,224	152,944	341,904	479,229
Income Tax and Social Charges	(13,366)	(25,363)	(45,243)	(83,053)
Net Income	95,858	127,582	296,661	396,176

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2016 - RAIÁ DROGASIL S.A.

Comments on company performance

All amounts in thousands of reais unless otherwise stated

Income Statement	3Q15	3Q16	9M15	9M16
<i>(R\$ thousand)</i>				
Gross Revenue	2,436,861	3,050,163	6,850,562	8,621,694
Deductions	(104,321)	(149,233)	(286,861)	(422,125)
Net Revenue	2,332,540	2,900,930	6,563,701	8,199,568
Cost of Goods Sold	(1,636,130)	(2,000,896)	(4,567,864)	(5,617,769)
Gross Profit	696,410	900,034	1,995,837	2,581,799
Operational (Expenses) Revenue				
Sales	(452,371)	(571,423)	(1,262,484)	(1,619,897)
General and Administrative	(61,337)	(74,608)	(177,777)	(210,248)
Other Operational Expenses, Net	(1,160)		(1,160)	
Operational Expenses	(514,868)	(646,030)	(1,441,421)	(1,830,146)
EBITDA	181,542	254,004	554,416	751,653
Depreciation and Amortization	(57,760)	(70,499)	(166,973)	(200,038)
Operational Earnings before Financial Results	123,782	183,505	387,443	551,615
Financial Expenses	(41,391)	(59,842)	(107,532)	(150,589)
Financial Revenue	25,672	29,281	60,833	78,203
Financial Expenses/Revenue	(15,719)	(30,561)	(46,699)	(72,386)
Earnings before Income Tax and Social Charges	108,063	152,944	340,744	479,229
Income Tax and Social Charges	(24,064)	(36,061)	(77,337)	(115,147)
Net Income	83,999	116,884	263,407	364,082

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2016 - RAIÁ DROGASIL S.A.

Comments on company performance

All amounts in thousands of reais unless otherwise stated

Assets	3Q15	3Q16
<i>(R\$ thousand)</i>		
Current Assets		
Cash and Cash Equivalents	269,860	255,827
Accounts Receivable	572,395	728,661
Inventories	1,473,533	1,944,365
Taxes Receivable	61,688	115,348
Other Accounts Receivable	111,809	94,905
Following Fiscal Year Expenses	13,173	16,961
	<u>2,502,458</u>	<u>3,156,068</u>
Non-Current Assets		
Deposit in Court	18,670	20,281
Taxes Receivable	19,637	20,856
Income Tax and Social Charges deferred	438	0
Other Credits	2,249	4,035
Property, Plant and Equipment	728,262	950,190
Intangible	1,123,010	1,168,422
	<u>1,892,266</u>	<u>2,163,783</u>
ASSETS	<u>4,394,724</u>	<u>5,319,851</u>

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2016 - RAIADROGASIL S.A.

Comments on company performance

All amounts in thousands of reais unless otherwise stated

Liabilities and Shareholder's Equity <i>(R\$ thousand)</i>	3Q15	3Q16
Current		
Suppliers	959,353	1,325,004
Loans and Financing	105,409	117,787
Salaries and Social Charges Payable	196,881	239,457
Taxes Payable	48,629	89,000
Dividend and Interest on Equity	92,825	125,707
Provision for Lawsuits	2,996	1,396
Other Accounts Payable	91,228	112,768
	<u>1,497,321</u>	<u>2,011,119</u>
Non-Current Assets		
Loans and Financing	162,300	242,297
Provision for Lawsuits	4,542	2,722
Income Tax and Social Charges deferred	149,314	186,336
Other Accounts Payable	5,117	38,961
	<u>321,273</u>	<u>470,315</u>
Shareholder's Equity		
Common Stock	909,407	1,808,639
Capital Reserves	1,022,266	139,192
Revaluation Reserve	12,616	12,430
Income Reserves	475,420	665,820
Accrued Income	156,421	216,621
Equity Adjustments	0	(30,230)
Non Controller Interest	0	25,945
Additional Dividend Proposed	0	0
	<u>2,576,130</u>	<u>2,838,417</u>
LIABILITIES AND SHAREHOLDERS' EQUITY	<u>4,394,724</u>	<u>5,319,851</u>

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2016 - RAIÁ DROGASIL S.A.

Comments on company performance

All amounts in thousands of reais unless otherwise stated

Cash Flow	3Q15	3Q16	9M15	9M16
Earnings before Income Tax and Social Charges	108,063	152,944	340,745	479,229
Adjustments				
Depreciation and Amortization	57,760	70,499	166,973	200,038
Compensation plan with restricted shares, net	1,096	2,969	2,475	7,851
Interest over additional stock option	0	1,605		4,607
P,P&E and Intangible Assets residual value	1,328	5,577	3,009	6,359
Provisioned Lawsuits	262	1,344	(1,898)	4,084
Provisioned Inventories Loss	(4,354)	(1,198)	(2,745)	(6,785)
Allowance for Doubtful Accounts	154	(665)	631	187
Provisioned Store Closures	1,457	(5,756)	144	(938)
Interest Expenses	7,990	11,394	23,176	29,897
	173,756	238,713	532,510	724,529
Assets and Liabilities variation				
Accounts Receivable	(27,687)	(2,611)	(94,220)	(123,160)
Inventories	(83,127)	(166,088)	(119,817)	(287,127)
Other Short Term Assets	(11,882)	(26,782)	(30,743)	(63,059)
Long Term Assets	(2,525)	7,008	(7,186)	(675)
Suppliers	124,157	250,814	69,013	122,323
Salaries and Social Charges	18,785	29,841	54,244	74,050
Taxes Payable	9,124	20,854	(2,617)	10,274
Other Liabilities	(4,078)	(2,288)	(1,525)	10,056
Rent Payable	3,136	3,081	6,118	7,561
Cash from Operations	199,659	352,542	405,777	474,772
Interest Paid	(5,986)	(6,102)	(16,623)	(16,404)
Income Tax and Social Charges Paid	(26,939)	(35,108)	(61,672)	(92,924)
Net Cash from (invested) Operational Activities	166,734	311,332	327,482	365,444
Investment Activities Cash Flow				
P,P&E and Intangible Acquisitions	(98,603)	(143,653)	(245,292)	(354,814)
P,P&E Sale Payments	0	0	911	436
Net Cash from Investment Activities	(98,603)	(143,653)	(244,381)	(354,378)
Financing Activities Cash Flow				
Funding	24,998	61,325	64,863	141,990
Payments	(34,844)	(29,670)	(95,594)	(91,788)
Interest on Equity and Dividends Paid	(3)	(3)	(63,978)	(71,492)
Net Cash from Funding Activities	(9,849)	31,652	(94,709)	(21,290)
Cash and Cash Equivalents net increase	58,282	199,331	(11,608)	(10,224)
Cash and Cash Equivalents in the beginning of the period	211,578	56,496	281,468	266,051
Cash and Cash Equivalents in the end of the period	269,860	255,827	269,860	255,827

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2016 - RAIA DROGASIL S.A.

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

1. Operations

Raia Drogasil S.A. (the "Company") is a publicly-held company listed on the Novo Mercado ("New Market") listing segment of the BM&FBOVESPA S.A. - São Paulo Stock Exchange, with its headquarters in the capital of the state of São Paulo.

On October 1st, 2015, the Company acquired the control of 4Bio Medicamentos S.A. ("4Bio"), a company the main activity of which is the marketing of specialty medicines and medicines used to treat serious health conditions, which are prescribed by clinical experts. The transaction involving this business combination is described in Note 10a.

Raia Drogasil S.A. and its subsidiary (together "Consolidated" or "Group") are mainly engaged in the retail sale of medicines, perfumery, personal care and beauty products, cosmetics and dermocosmetics and specialty medicines.

The Group performs its sales through 1,370 stores (1,235 stores – Dec-2015), distributed in 18 Brazilian states, as follows:

	Consolidated
	Sept-2016
São Paulo	792
Rio de Janeiro	102
Minas Gerais	87
Paraná	75
Goiás	57
Distrito Federal	56
Bahia	32
Rio Grande do Sul	29
Santa Catarina	29
Espírito Santo	26
Pernambuco	23
Mato Grosso do Sul	17
Mato Grosso	10
Paraíba	10
Sergipe	9
Rio Grande do Norte	7
Alagoas	7
Tocantins	2
	1,370

The subsidiary 4Bio markets its products through telesales and delivery is made directly to the customer's location or through its three call centers in the states of São Paulo and Tocantins.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2016 - RAIA DROGASIL S.A.

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

2. Presentation of quarterly information

The quarterly information was approved by the Executive Board on October 27, 2016.

The parent company and consolidated quarterly information is presented in thousands of Brazilian Reais (R\$), which is the Group's functional and presentation currency.

The Company's parent company and consolidated quarterly information for the periods ended September 30, 2016 and 2015 has been prepared in accordance with technical pronouncement CPC 21 (R1) – "Interim Financial Reporting", the requirements in Official Letter/CVM/SNC/SEP 003/2011 of April 28, 2011, and the International Financial Reporting Standards (IFRS) – IAS 34.

The financial statements for the year ended December 31, 2015 have been prepared in accordance with the accounting practices adopted in Brazil, including the rules issued by the Brazilian Securities Commission (CVM) and the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), and are in conformity with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The consolidated quarterly information includes the Company's quarterly information and the quarterly information of its subsidiary 4Bio. The consolidated quarterly information has been prepared in accordance with consolidation practices and applicable legal provisions. Therefore, the consolidated statements of income, cash flows and value added include three months and nine months of operations of the Company and its subsidiary since the acquisition in October 2015.

The accounting practices adopted by the Company were applied uniformly and consistently with those adopted by the subsidiary. Where applicable, all transactions, balances, income and expenses between the subsidiary and the Company are eliminated in the consolidated quarterly information.

The quarterly information includes accounting estimates and require management to exercise its judgment in the process of applying the Company's accounting policies regarding provision for inventory losses, provision for the impairment of trade receivables, appreciation of financial instruments, the amortization and depreciation periods for property and equipment and intangible assets, provision for legal claims, and the determination of provision for taxes, among others. The estimates and judgments are disclosed in Note 4(v) to the financial statements for the year ended December 31, 2015.

The presentation of the parent company and consolidated statements of value added is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil for listed companies. The IFRS do not require the presentation of this statement. Therefore, under the IFRS, such statement is presented as supplementary information, notwithstanding the set of the financial statements. See Note 5 below, the improvement of the information in the statement of value added for the nine-month period ended September 30, 2016 that resulted in the reclassification of the corresponding amounts.

The Group adopted all standards, revised standards and interpretations issued by the CPC that were effective as at September 30, 2016.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2016 - RAIA DROGASIL S.A.

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

3. New standards, amendments to and interpretations of existing standards

a) New and revised accounting standards

New or revised standards issued but not yet effective, i.e., that will become effective for annual periods beginning on or after January 1st, 2017:

- (i) IFRS 9 - Financial Instruments (effective from January 1st, 2018): this standard's aim is to replace IAS 39. The main changes include: (i) all financial assets should be initially recognized at fair value; (ii) the standard divides all financial assets into two classifications: those measured at amortized cost and those measured at fair value; (iii) the concept of embedded derivatives was eliminated; and (iv) smoothing of the requirements for adoption of hedge accounting. Management considers that the adoption of this standard will not have material effects.

- (ii) IFRS 15 - Revenue from Contracts with Customers (effective from January 1st, 2018): the main objective of IFRS 15 is to provide clear principles for revenue recognition and simplify the preparation of financial statements. Management considers that the adoption of this standard will not have material effects.

- (iii) IFRS 16 - Leases (effective from January 1st, 2019): the new standard requires lessees to recognize the liability of future payments and the right of use of the leased assets for virtually all lease contracts, including operating leases. Certain short-term and low-value contracts may be out of the scope of this new standard. The criteria for recognition and measurement of leases in the financial statements of the lessors are substantially maintained. Management is evaluating the effects of the adoption of this standard.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

4. Significant accounting practices

The accounting practices adopted for preparing this ITR are consistent with those disclosed in Note 4 to the financial statements for the year ended December 31, 2015.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2016 - RAIA DROGASIL S.A.

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

5. Reclassification of the statement of value-added for the nine-month period ended September 30, 2015

The Company has sought to improve continuously its internal controls over financial reporting. Among the actions taken are the review of the tools used in the determination and classification of the wealth created by the Company and the form how such wealth was distributed for purposes of preparing the statement of value added.

This work identified the need to reclassify the effects of the expenses incurred on fees paid to card administrators and valuables transportation services, which in essence represent formation of wealth such as inputs acquired from third parties, and to reclassify the PIS and COFINS amounts credited on purchases of goods and those paid as ICMS withheld under the substitute taxpayer regime, which in essence represent distribution of wealth, such as taxes, fees and contributions.

In this context, the Company's management decided to perform the reclassifications for the nine-month period ended September 30, 2016 and also considered appropriate to reflect these changes in the corresponding amounts in the statement of value added for the nine-month period ended September 30, 2015, as shown below:

Statement of value added	2015 Originally presented	Reclassification	2015 Reclassified
Inputs acquired from third parties	(4,530,219)	141,602	(4,388,617)
Cost of sales and services	(4,253,253)	231,660	(4,021,593)
Materials, energy, outsourced services and other	(273,110)	(90,058)	(363,168)
Net value added generated by the entity	1,941,251	141,602	2,082,853
Distribution of value added	2,001,555	141,602	2,143,157
Taxes and contributions	627,416	231,660	859,076
Federal	298,644	(57,728)	240,916
State	319,971	289,388	609,359
Providers of capital	417,545	(90,058)	327,487
Interest	194,182	(90,058)	104,124

These reclassifications did not result in changes in any other accounting information in the Company's financial statements for the nine-month period ended September 30, 2016.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2016 - RAIA DROGASIL S.A.

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

6. Cash and cash equivalents

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>Sept-2016</u>	<u>Dec-2015</u>	<u>Sept-2016</u>	<u>Dec-2015</u>
Cash and banks	34,515	38,541	34,833	38,725
Automatic investment fund	1,670	2,759	1,670	2,759
Bank deposit certificates (CDBs)		60,554		60,554
Debentures held under repurchase agreements	214,190	162,695	219,324	163,810
Capitalization securities (premium bonds)				203
	<u>250,375</u>	<u>264,549</u>	<u>255,827</u>	<u>266,051</u>

Investments in investment funds, CDBs, debentures held under repurchase agreements and private premium bonds are restated based on the variations of the CDI rate, and reflect the realizable value, without risk of change in value or loss of remuneration.

For repurchase debentures, the financial institutions which negotiated these securities guarantee credit risk and immediate liquidity without loss of income. The financial investments are concentrated substantially at Caixa Econômica Federal.

7. Trade receivables

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>Sept-2016</u>	<u>Dec-2015</u>	<u>Sept-2016</u>	<u>Dec-2015</u>
Trade receivables	677,879	578,976	730,950	608,741
(-) Provision for impairment of trade receivables	(2,162)	(6,893)	(2,288)	(6,910)
	<u>675,717</u>	<u>572,083</u>	<u>728,662</u>	<u>601,831</u>

The ageing of trade receivables is as follows:

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>Sept-2016</u>	<u>Dec-2015</u>	<u>Sept-2016</u>	<u>Dec-2015</u>
Not yet due	651,616	551,719	700,060	579,379
Overdue				
Between 1 and 30 days	24,109	17,076	26,720	17,720
Between 31 and 60 days	1,190	306	3,036	1,556
Between 61 and 90 days	275	46	445	137
Between 91 and 180 days	660	6,853	660	6,936
Between 181 and 360 days	29	2,976	29	3,013
Provision for impairment of trade receivables	(2,162)	(6,893)	(2,288)	(6,910)
	<u>675,717</u>	<u>572,083</u>	<u>728,662</u>	<u>601,831</u>

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2016 - RAIA DROGASIL S.A.

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

Days sales outstanding are approximately 42 days, which is considered part of the normal conditions inherent in the Company's operations.

The changes in the Company's provision for the impairment of trade receivables are as follows:

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>Sept-2016</u>	<u>Dec-2015</u>	<u>Sept-2016</u>	<u>Dec-2015</u>
Opening balance	(6,893)	(1,231)	(6,910)	(1,231)
Additions through business combinations				(128)
Additions/Reversals	(4,205)	(13,553)	(4,848)	(13,639)
Write-offs	8,936	7,891	9,469	8,088
Closing balance	<u>(2,162)</u>	<u>(6,893)</u>	<u>(2,289)</u>	<u>(6,910)</u>

Trade receivables are classified as receivables and are therefore measured as described in Note 4d-i-3 to the financial statements for the year ended December 31, 2015.

8. Inventories

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>Sept-2016</u>	<u>Dec-2015</u>	<u>Sept-2016</u>	<u>Dec-2015</u>
Goods for resale	1,931,250	1,653,305	1,958,600	1,670,154
Materials	3,292	4,611	3,292	4,611
Provision for inventory losses	(17,527)	(24,312)	(17,527)	(24,312)
Total inventory	<u>1,917,015</u>	<u>1,633,604</u>	<u>1,944,365</u>	<u>1,650,453</u>

Changes in the provision for goods losses are as follows:

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>Sept-2016</u>	<u>Dec-2015</u>	<u>Sept-2016</u>	<u>Dec-2015</u>
Opening balance	(24,312)	(36,418)	(24,312)	(36,418)
Additions	(5,804)	(10,203)	(5,804)	(10,203)
Write-offs	12,589	22,309	12,589	22,309
Closing balance	<u>(17,527)</u>	<u>(24,312)</u>	<u>(17,527)</u>	<u>(24,312)</u>

For the quarter ended September 30, 2016, cost of goods sold recognized in the statement of income was R\$ 1,927,150 (R\$ 1,595,529 – 3rd quarter/15) for the parent company and R\$ 2,000,895 for the consolidated accounts, including the amount of the write-offs of goods inventories recognized as losses for the quarter amounting to R\$ 18,477 (R\$ 21,119 – 3rd quarter/15) for the parent company and R\$ 18,485 for the consolidated accounts.

The effect of the recognition, reversal or write-off of the provision for inventory losses is included in cost of sales in the statement of income.

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9. Taxes recoverable

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>Sept-2016</u>	<u>Dec-2015</u>	<u>Sept-2016</u>	<u>Dec-2015</u>
Taxes on profit				
Withholding Income Tax (IRRF)	1,051	1,735	1,051	1,735
Corporate Income Tax (IRPJ)	7,979	7,148	7,979	7,350
Social Contribution on Net Profit (CSLL)	2,866	923	2,866	1,097
	<u>11,896</u>	<u>9,806</u>	<u>11,896</u>	<u>10,182</u>
Other taxes				
Value Added Tax on Sales and Services (ICMS) – credit balance	81,527	48,942	81,595	49,028
ICMS – Refund of ICMS withheld in advance (CAT Ruling 17/99)	14,837	171	14,837	171
ICMS on acquisitions of fixed assets	27,315	22,595	27,315	22,595
Social Integration Program (PIS)		27		27
Social Contribution on Revenue (COFINS)		122		122
Social Investment Fund - 1982 - securities issued to cover court-ordered debts	561	561	561	561
	<u>124,240</u>	<u>72,418</u>	<u>124,308</u>	<u>72,504</u>
	<u>136,136</u>	<u>82,224</u>	<u>136,204</u>	<u>82,686</u>
Current assets	<u>(115,280)</u>	<u>(59,068)</u>	<u>(115,348)</u>	<u>(59,530)</u>
Non-current assets	<u>20,856</u>	<u>23,156</u>	<u>20,856</u>	<u>23,156</u>

The ICMS credits amounting to R\$ 81,527 and R\$ 14,837 (R\$ 48,942 and R\$ 171 – Dec-2015) for the parent company are the result of applying different ICMS rates and of refunds of ICMS-ST (the substitute taxpayer regime) on goods receiving and shipping operations carried out by the Company's distribution centers in the states of São Paulo, Paraná and Pernambuco, in order to supply its branches located in other Brazilian states. There was a higher accumulation of credits from such tax in the first and second quarters of 2016, due to the credit obtained on generic drug inventories in the State of São Paulo, because of the decrease in rate from 18% to 12% and also on several products that are no longer in the substitute taxpayer regime. There was also a specific accumulation of ICMS credit on inventories existing in the Distribution Center recently inaugurated in the State of Pernambuco, credit that will be utilized in the next months due to the supply of the branches in the Northeast Region.

The Group analyzed the use of ICMS credits and concluded that the tax credit balances will be used within 12 months.

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10. Investments

(a) Business combinations

On July 30, 2015, the Company entered into an agreement for the purchase and sale and subscription of equity interests (the "Agreement") to acquire 55% of the quotas and obtain control over 4Bio Medicamentos Ltda., transformed into a corporation on August 14, 2015, through the change of its company name to 4Bio Medicamentos S.A.

4Bio is a retail company with a significant presence in the specialty pharmaceuticals market (medicines used to treat serious health conditions prescribed by clinical experts).

The business combination took place through the acquisition of 55% of the equity interest in 4Bio, for which the Company paid a total amount of R\$ 24,010, distributed as follows: (i) capital increase of R\$ 13,000 through the issue of 4Bio shares, and (ii) acquisition of shares of the founding stockholder for the amount of R\$ 11,010, of which 50% was paid in local currency and 50% through a transfer of the Company's shares currently held in treasury to be made after the completion and verification of all conditions precedent set forth in the Agreement.

With the fulfillment of the contractual conditions related to changes to the 2015 EBITDA, the Company recognized, as at March 31, 2016, the adjustment of the purchase price of R\$ 2,040, which was recognized as consideration for the acquisition of 4Bio, against goodwill, of which R\$ 238 will be paid in local currency and 1,802 by transferring of the Company's shares, currently held in treasury.

The Agreement also establishes the granting of call and put options for all the remaining shares held by the founding stockholder after January 2021, and the exercise price will be calculated based on the average of the adjusted EBITDA of 4Bio for the years ending December 31, 2018, 2019 and 2020 the fair value of which at September 30, 2016 corresponds to R\$ 36,239 (R\$ 31,632 – Dec-2015).

Financial liabilities arising from the purchase option were recognized separately from the consideration transferred, through the adoption of the access method, in which the non-controlling interest is already recognized, since the non-controlling stockholder is exposed to risks and has access to the returns associated with their participation, against "carrying value adjustments" in equity.

The fair value of the additional stock option of R\$ 36,239 (R\$ 31,632 - Dec-2015) is classified as Level 3 in the fair value hierarchy. The fair value estimates are based on a discount rate of 19.89%, which is the average of EBITDAs projected for the years from 2018 to 2020 and the multiple established by the contract.

The goodwill of R\$ 25,563 arising from the acquisition represents the future economic benefits expected from the business combination.

(b) Changes in investments

At September 30, 2016, the Company's investment balance is as follows:

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<u>Company name</u>	<u>Main activity</u>	<u>Interest (%)</u>	<u>9/30/2016</u>
4Bio Medicamentos S.A.	Retail of special medicines	55%	29,150

Changes in the investment balance in the subsidiary, presented in the quarterly information, are as follows:

	Parent Company 9/30/2016
At December 31, 2015	23,497
Equity in the results of investees	3,613
Adjustment to purchase price	2,040
At September 30, 2016	<u>29,150</u>

For the purposes of calculating the equity of 4Bio Medicamentos S.A., the Company has adjusted the assets, liabilities and related changes in the statement of income of 4Bio based on the allocation of purchase price at the acquisition date. The table below shows the effects on the profit for the period of 4Bio for the purposes of determining the equity at September 30, 2016:

	Parent Company 9/30/2016
Result of 4Bio (for the nine-month period ended 9/30/2016)	4,092
Amortization of surplus arising from the business combination	(479)
Adjusted profit of 4Bio	<u>3,613</u>

Adjusted equity	<u>9/30/2016</u>	<u>12/31/2015</u>
Investment at book value (55%)	12,098	8,006
Allocation of the purchase price (surplus of assets)	6,280	7,005
Deferred income tax liability on allocation adjustments	(2,135)	(2,381)
	<u>16,243</u>	<u>12,630</u>
Goodwill based on expected future profitability	12,907	10,867
	<u>29,150</u>	<u>23,497</u>

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11. Property and equipment and intangible assets

a) Property and equipment

Changes in the parent company's property and equipment are as follows:

	<u>Land</u>	<u>Buldings</u>	<u>Furniture, fittings and facilities</u>	<u>Machinery and equipment</u>	<u>Vehicles</u>	<u>Leasehold improvements</u>	<u>Store renovation and modernization</u>	<u>Total</u>
Cost								
At December 31, 2015	27,440	41,917	383,876	226,323	21,327	608,375	10,939	1,320,197
Additions			97,154	55,757	1,230	153,063		307,204
Disposals and write-offs			(8,991)	(1,191)	(843)	(38,103)	(7,076)	(56,204)
Provision for store closures			398	(108)		891		1,181
At September 30, 2016	<u>27,440</u>	<u>41,917</u>	<u>472,437</u>	<u>280,781</u>	<u>21,714</u>	<u>724,226</u>	<u>3,863</u>	<u>1,572,378</u>
Accumulated depreciation								
Average annual depreciation rates (%)		2.5 – 2.7	7.4 – 10	7.1 – 15.8	20.0 – 23.7	17.0 – 21.6	20.0	
At December 31, 2015		(18,759)	(144,347)	(95,927)	(12,777)	(237,571)	(9,533)	(518,914)
Additions		(835)	(28,919)	(24,863)	(2,686)	(96,576)	(621)	(154,500)
Disposals and write-offs			7,493	1,002	513	34,827	7,076	50,911
Provision for store closures			(157)	(6)		(357)		(520)
At September 30, 2016		<u>(19,594)</u>	<u>(165,930)</u>	<u>(119,794)</u>	<u>(14,950)</u>	<u>(299,677)</u>	<u>(3,078)</u>	<u>(623,023)</u>
Net balance								
At December 31, 2015	<u>27,440</u>	<u>23,158</u>	<u>239,529</u>	<u>130,396</u>	<u>8,550</u>	<u>370,804</u>	<u>1,406</u>	<u>801,283</u>
At September 30, 2016	<u>27,440</u>	<u>22,323</u>	<u>306,507</u>	<u>160,987</u>	<u>6,764</u>	<u>424,549</u>	<u>785</u>	<u>949,355</u>

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Changes in the consolidated property and equipment are as follows:

	<u>Land</u>	<u>Buldings</u>	<u>Furniture, fittings and facilities</u>	<u>Machinery and equipment</u>	<u>Vehicles</u>	<u>Leasehold improvements</u>	<u>Store renovation and modernization</u>	<u>Total</u>
Cost								
At December 31, 2015	27,440	41,917	384,289	226,815	21,536	608,721	10,939	1,321,657
Additions			97,160	55,961	1,307	153,081		307,509
Disposals and write-offs			(8,991)	(1,191)	(843)	(38,103)	(7,076)	(56,204)
Provision for store closures			398	(108)		891		1,181
At September 30, 2016	<u>27,440</u>	<u>41,917</u>	<u>472,856</u>	<u>281,477</u>	<u>22,000</u>	<u>724,590</u>	<u>3,863</u>	<u>1,574,143</u>
Accumulated depreciation								
Average annual depreciation rates (%)		<u>2.5 – 2.7</u>	<u>7.4 – 10</u>	<u>7.1 – 15.8</u>	<u>20 – 23.7</u>	<u>17 – 21.6</u>	<u>20</u>	
At December 31, 2015		(18,759)	(144,551)	(96,174)	(12,942)	(237,713)	(9,533)	(519,672)
Additions		(835)	(28,958)	(24,918)	(2,733)	(96,608)	(621)	(154,673)
Disposals and write-offs			7,493	1,002	513	34,828	7,076	50,912
Provision for store closures			(157)	(6)		(357)		(520)
At September 30, 2016		<u>(19,594)</u>	<u>(166,173)</u>	<u>(120,096)</u>	<u>(15,162)</u>	<u>(299,850)</u>	<u>(3,078)</u>	<u>(623,953)</u>
Net balance								
At December 31, 2015	<u>27,440</u>	<u>23,158</u>	<u>239,738</u>	<u>130,641</u>	<u>8,594</u>	<u>371,008</u>	<u>1,406</u>	<u>801,985</u>
At September 30, 2016	<u>27,440</u>	<u>22,323</u>	<u>306,683</u>	<u>161,381</u>	<u>6,838</u>	<u>424,740</u>	<u>785</u>	<u>950,190</u>

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b) Intangible assets

Changes in the Company's intangible assets are as follow:

	Points of sale	Software license and systems implementation	Goodwill on business acquisition (Vison Ltda)	Goodwill on business acquisition (Raia S.A.)	Trademarks	Customer portfolio	Other intangible assets	Total
Cost								
At December 31, 2015	229,210	100,813	22,275	780,084	151,700	41,700	5,479	1,331,261
Additions	32,009	14,252					311	46,572
Write-offs	(17,678)	(42,299)					(97)	(60,074)
Provision for store closures	533	1						534
At September 30, 2016	244,074	72,767	22,275	780,084	151,700	41,700	5,693	1,318,293
Accumulated amortization								
Average annual amortization rates (%)	17.0 - 23.4	20	Indefinite useful life	Indefinite useful life	Indefinite useful life	6.7 - 25	20	
At December 31, 2015	(102,951)	(58,706)	(2,387)			(36,717)	(97)	(200,858)
Additions	(33,638)	(10,045)				(345)	(3)	(44,031)
Write-offs	15,708	42,299					97	58,104
Provision for store closures	(258)							(258)
At September 30, 2016	(121,139)	(26,452)	(2,387)			(37,062)	(3)	(187,043)
Net balance								
At December 31, 2015	126,259	42,107	19,888	780,084	151,700	4,983	5,382	1,130,403
At September 30, 2016	122,935	46,315	19,888	780,084	151,700	4,638	5,690	1,131,250

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Changes in the consolidated intangible assets are as follows:

	Points of sale	Software license and systems implementation	Goodwill on business acquisition (Vison Ltda)	Goodwill on business acquisition (Raia S.A.)	Goodwill on business acquisition (4BIO)	Raia S.A. brands	4BIO brands	Raia S.A. customer portfolio	4BIO customer relationship	4BIO distribution channel	Other intangible assets	Total
Cost												
At December 31, 2015	229,210	101,175	22,275	780,084	23,523	151,700	5,069	41,700	7,928	535	5,547	1,368,746
Additions	32,009	14,285			2,040						311	48,645
Disposals and write-offs	(17,678)	(42,299)									(97)	(60,074)
Provision for store closures	533	1										534
At September 30, 2016	<u>244,074</u>	<u>73,162</u>	<u>22,275</u>	<u>780,084</u>	<u>25,563</u>	<u>151,700</u>	<u>5,069</u>	<u>41,700</u>	<u>7,928</u>	<u>535</u>	<u>5,761</u>	<u>1,357,851</u>
Accumulated amortization												
Average annual amortization rates (%)	17 – 23,4	20	Indefinite useful life	Indefinite useful life	Indefinite useful life	Indefinite useful life	20	6,7 - 25	7	0,3	20	
At December 31, 2015	(102,951)	(58,870)	(2,387)				(253)	(36,717)	(142)	(401)	(153)	(201,874)
Additions	(33,638)	(10,087)					(760)	(345)	(425)	(134)	(13)	(45,402)
Disposals and write-offs	15,709	42,299									97	58,105
Provision for store closures	(258)											(258)
At September 30, 2016	<u>(121,138)</u>	<u>(26,658)</u>	<u>(2,387)</u>				<u>(1,013)</u>	<u>(37,062)</u>	<u>(567)</u>	<u>(535)</u>	<u>(69)</u>	<u>(189,429)</u>
Net balance												
At December 31, 2015	<u>126,259</u>	<u>42,305</u>	<u>19,888</u>	<u>780,084</u>	<u>23,523</u>	<u>151,700</u>	<u>4,816</u>	<u>4,983</u>	<u>7,786</u>	<u>134</u>	<u>5,394</u>	<u>1,166,872</u>
At September 30, 2016	<u>122,936</u>	<u>46,504</u>	<u>19,888</u>	<u>780,084</u>	<u>25,563</u>	<u>151,700</u>	<u>4,056</u>	<u>4,638</u>	<u>7,361</u>		<u>5,692</u>	<u>1,168,422</u>

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c) Goodwill on acquisition of Drogeria Vison Ltda.

Goodwill of R\$ 19,888 refers to the acquisition of Drogeria Vison Ltda. on February 13, 2008, which was merged into the Company from June 30, 2008.

The goodwill is based on the expected future profitability and estimated return within seven years, as assessed by an independent expert, and was amortized from April to December 2008. As provided for in CPC Guidance (OCPC) 02, beginning in 2009, goodwill is no longer amortized, but is tested annually for impairment.

d) Goodwill on acquisition of Raia S.A.

The Company recorded goodwill of R\$ 780,084 arising from the business combination with Raia S.A., which occurred on November 10, 2011, based on the expected future profitability and arising from the difference between the assets assigned and received, with an expected return in five and a half years.

e) Goodwill on acquisition of 4Bio Medicamentos S.A.

The Company recorded goodwill of R\$ 25,563 arising from the business combination with 4Bio Medicamentos S.A., which occurred on October 1st, 2015, whose amount was supplemented by the final adjustment of the price at March 31, 2016 of R\$2,040, which is based upon expected future profitability, arising from the difference between the amounts of assets assigned and received.

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12. Borrowing

Borrowing for acquisition of:	Average annual long term interest rate	Parent Company		Consolidated	
		Sept-2016	Dec-2015	Sept-2016	Dec-2015
BNDES - FINEM					
Businesses	IPCA (+ 7.50% + 1.30% - Dec/2015) p.a.		3,565		3,565
BNDES – Sub-loan					
Businesses	TJLP + 3.11% (+ 3.32% - Dec/2015) p.a.	148,055	138,488	148,055	138,488
Businesses	SELIC + 2.56% (+ 2.69% - Dec/2015) p.a.	103,080	66,169	103,080	66,169
Machinery, equipment and vehicles	Fixed rate 3.04% (3.01% - Dec/2015) p.a.	5,761	9,072	5,761	9,072
Machinery, equipment and vehicles	TJLP + 2.00% (+ 1.79% - Dec/2015) p.a.	7,580	797	7,580	797
Working capital	SELIC + 2.87% (+ 3.10% - Dec/2015) p.a.	79,304	60,449	79,304	60,449
Machinery, equipment and vehicles	PSI + 8.58% (+8.36% - Dec/2015) p.a.	8,700	8,653	8,700	8,653
Other		6,245	2,492	6,245	2,492
Borrowing					
Other				1,359	6,703
		<u>358,725</u>	<u>289,685</u>	<u>360,084</u>	<u>296,388</u>
Current liabilities		<u>(116,428)</u>	<u>(102,266)</u>	<u>(117,787)</u>	<u>(108,192)</u>
Non-current liabilities		<u>242,297</u>	<u>187,419</u>	<u>242,297</u>	<u>188,196</u>

Borrowing from the BNDES is used for the expansion of stores, acquisition of machinery/equipment, vehicles and also to finance the Company's working capital.

The agreements that have bank guarantees were settled in March 2016.

The subloans Social Project, Development of Own Brand and Acquisition of National Software are grouped in the line of other.

Part of the Company's borrowing from BNDES has been taken out in the form of sub-loans, totaling R\$ 358,725 (R\$ 286,120 - Dec/2015), subject to the following restrictive covenants:

- (i) Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) margin (EBITDA/Net operating revenue): equal to or higher than 3.6%, and
- (ii) Total net debt/Total assets: equal to or lower than 20%.

Covenants are measured annually and, at September 30, 2016 and December 31, 2015, the Company was in compliance with these covenants.

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If these requirements were not met, the Company would have to provide BNDES with bank guarantees to ensure the performance of its obligations under the agreement.

The Group is not a party to any agreements containing non-financial covenants.

Non-current amounts mature as follow:

	Parent Company	Consolidated
	Sept-2016	Sept-2016
2017	27,149	27,149
2018	95,856	95,856
2019	70,108	70,108
2020	35,450	35,450
2021 and thereafter	13,734	13,734
	<u>242,297</u>	<u>242,297</u>

13. Provision for contingencies and judicial deposits

The Company and its subsidiary are subject to legal claims (tax, civil and labor) arising in the normal course of business. Management, supported by the opinion of its legal advisors and, where applicable, by specific opinions issued by experts, assesses the probable final outcomes of ongoing litigation and determines whether or not setting up provision for contingencies is necessary.

At September 30, 2016 and December 31, 2015, the Group had the following provision and corresponding judicial deposits relating to legal proceedings:

	Parent Company		Consolidated	
	Sept-2016	Dec-2015	Sept-2016	Dec-2015
Labor and social security	13,948	10,024	13,948	10,024
Tax	641	514	641	514
Civil	357	294	357	326
	14,946	10,832	14,946	10,864
(-) Corresponding judicial deposits	<u>(10,829)</u>	<u>(4,166)</u>	<u>(10,829)</u>	<u>(4,166)</u>
Total	<u>4,117</u>	<u>6,666</u>	<u>4,117</u>	<u>6,698</u>
Current liabilities	(1,396)	(3,346)	(1,396)	(3,346)
Non-current liabilities	2,721	3,320	2,721	3,352

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Changes in the provision are as follows:

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>Sept-2016</u>	<u>Dec-2015</u>	<u>Sept-2016</u>	<u>Dec-2015</u>
Opening balance	6,666	9,312	6,698	9,312
Additions	9,404	9,679	9,404	9,711
Write-offs	(6,920)	(7,349)	(6,952)	(7,349)
Favorable outcome	3,100	853	3,100	853
Unfavorable outcome	(1,120)	(5,372)	(1,120)	(5,372)
Change in criterion	(238)	(745)	(238)	(745)
Revaluation of amounts	(1,502)	(3,354)	(1,502)	(3,354)
Monetary restatement	1,390	2,642	1,390	2,642
Defense and appeal related deposits	(6,663)	1,000	(6,663)	1,000
Closing balance	<u>4,117</u>	<u>6,666</u>	<u>4,117</u>	<u>6,698</u>

The provision for legal claims took into consideration the best estimate of the amounts involved, for the cases in which the likelihood of loss is estimated as probable by external and internal legal advisors, and a portion of these proceedings is guaranteed by pledged assets (Note 20).

Possible losses

At September 30, 2016 and December 31, 2015, the Group was party to legal proceedings of a tax, civil and labor nature, the likelihood of loss in which is estimated as possible by management and its legal advisors, amounting to R\$ 86,484 (R\$ 114,388 – Dec/2015) for the parent company and R\$ 86,484 for the consolidated accounts.

Judicial deposits

At September 30, 2016 and December 31, 2015, the Group had the following judicial deposit amounts, for which no corresponding provision had been set up::

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>Sept-2016</u>	<u>Dec-2015</u>	<u>Sept-2016</u>	<u>Dec-2015</u>
Labor and social security	11,152	13,048	11,152	13,048
Tax	5,767	3,343	5,767	3,343
Civil	3,362	2,339	3,362	2,339
Total	<u>20,281</u>	<u>18,730</u>	<u>20,281</u>	<u>18,730</u>

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Labor contingencies

Labor claims in general relate to lawsuits filed by former employees questioning the payment of unpaid overtime and severance pay. The Group is also involved in proceedings assumed upon the acquisition of Raia S.A., which were filed by former employees of service providers claiming to have employment relationships directly with the Group, or in which the Group received a joint enforcement order for the payment of the labor rights claimed. There are also proceedings filed by professional unions for the payment of union dues, under the dispute regarding the legitimacy of the territorial base.

Tax contingencies

These represent administrative fines, tax rate differences on interstate transfers and tax collection proceedings.

Civil contingencies

The Group is a defendant in lawsuits regarding usual and unique matters arising in the course of its business, most of which seek indemnification for property damage and pain and suffering from consumption relations.

14. Income tax and social contribution

(a) Income tax and social contribution paid

Effective income tax and social contribution for the quarters are as follow:

	<u>Parent Company</u>	<u>Consolidated</u>	
	<u>3rd Quart- 2016</u>	<u>3rd Quart- 2015</u>	<u>3rd Quart- 2016</u>
Profit before income tax and social contribution	150,697	108,532	152,945
Interest on capital	(49,200)	(39,400)	(49,200)
Taxable profit	<u>101,497</u>	<u>69,132</u>	<u>103,745</u>
Combined tax rate (25% for income tax and 9% for social contribution)	34	34	34
Theoretical tax expense	<u>(34,509)</u>	<u>(23,505)</u>	<u>(35,273)</u>
Permanent additions	(1,191)	(1,087)	(1,209)
Equity in the results of investees	432		
Reduction of taxes due to incentives	387	352	387
Other	28	14	33
Effective income tax and social contribution expense	<u>(34,853)</u>	<u>(24,226)</u>	<u>(36,062)</u>
Effective tax rate	23.1%	22.3%	23.6%

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(b) Deferred income tax and social contribution

Deferred income tax and social contribution assets amounting to R\$ 57,989 at September 30, 2016 (R\$ 48,832 – Dec-2015) for the parent company and R\$ 58,401 at September 30, 2016 (R\$ 49,006 – Dec-2015) in the consolidated accounts arose from temporarily non-deductible expenses that may be carried forward indefinitely, with estimated realization as disclosed in item (c) below.

Deferred income tax and social contribution liabilities amounting to R\$ 240,855 at September 30, 2016 (R\$ 210,658 – Dec-2015) for the parent company and R\$ 244,737 at September 30, 2016 (R\$ 214,987 - Dec-2015) in the consolidated accounts relate to tax charges on the remaining balances of: (i) the revaluation reserve; and (ii) goodwill on future profitability.

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Deferred income tax and social contribution for the quarters refer to:

	Balance sheet				Statement of income		
	Parent Company		Consolidated		Parent Company		Consolidated
	Sept-2016	Dec-2015	Sept-2016	Dec-2015	3rd Quart-2016	3rd Quart-2015	3rd Quart-2016
Revaluation at fair value of land and buildings	(7,186)	(7,258)	(7,186)	(7,258)			
Tax amortization of the goodwill on future profitability	(173,032)	(140,869)	(173,032)	(140,869)	(10,698)	(10,719)	(10,698)
Non-deductible intangible assets - merger of Raia S.A.	(60,637)	(62,531)	(60,637)	(62,531)	631	1,372	631
Non-deductible intangible assets - acquisition of 4Bio			(3,882)	(4,329)			133
Goodwill on profitability of Drogaria Vison Ltda.	365	365	365	365			
Adjustments of transition tax regime – RTT					(25)	(6)	(25)
Adjustment to present value	137	2,308	263	2,363	(1,247)	(321)	(1,230)
Provision for inventory obsolescence	28,519	21,838	28,519	21,838	1,796	2,484	1,796
Provision for sundry obligations	4,434	2,691	4,500	2,705	(3,158)	1,424	(3,155)
Provision for profit sharing program	7,166	9,532	7,342	9,620	(207)	(282)	(148)
Provision for contingencies	5,082	3,683	5,082	3,694	457	89	457
Provision for impairment of trade receivables	1,886	1,859	1,930	1,865	(256)	39	(226)
Provision for commercial leases (renewal action)	1,976	1,667	1,976	1,667	2	(165)	2
Provision for customer loyalty programs	2,511	1,871	2,511	1,871	29	195	29
Provision for store closures	442	760	442	760	(1,956)	495	(1,956)
Provision for stock option plan	4,269	1,437	4,269	1,437	1,010	372	1,010
Provision for internal campaigns	903	116	903	116	171	112	171
Sundry provision	299	705	299	705	77	283	77
Deferred income tax and social contribution expense (credit)					<u>(13,374)</u>	<u>(4,628)</u>	<u>(13,132)</u>
Deferred tax assets (liabilities), net	<u>(182,866)</u>	<u>(161,826)</u>	<u>(186,336)</u>	<u>(165,981)</u>			
Reflected in the balance sheet as follows:							
Deferred tax liability	<u>(182,866)</u>	<u>(161,826)</u>	<u>(186,336)</u>	<u>(165,981)</u>			
Deferred tax assets (liabilities), net	<u>(182,866)</u>	<u>(161,826)</u>	<u>(186,336)</u>	<u>(165,981)</u>			
Reconciliation of deferred tax assets (liabilities), net	Sept-2016	Dec-2015	Sept-2016	Dec-2015			
Opening balance	(161,826)	(125,946)	(161,652)	(125,946)			
Additions through business combinations				(4,622)			
Taxable revenue recognized in the income statement	(21,111)	(35,976)	(24,755)	(35,509)			
Realization of deferred tax recognized in equity	71	96	71	96			
Closing balance	<u>(182,866)</u>	<u>(161,826)</u>	<u>(186,336)</u>	<u>(165,981)</u>			

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(c) Estimated recovery of income tax and social contribution credits

The projections of future taxable profits are based on estimates relating to the Group's performance, the behavior of the market in which the Group operates and certain economic aspects, among other factors. Actual amounts may differ from these estimates. According to projections, the tax credit amounting to R\$57,989 in the parent company and R\$ 58,401 in the consolidated accounts will be substantially realized by the end of December 2016.

15. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share are calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potential common diluted shares. At September 30, 2016 and 2015, the Group's share did not have any dilutive effect, and the profits of basic and diluted shares were equal.

The following table presents profit and stock information used for calculating basic and diluted earnings per share:

	Parent Company		Consolidated
	3rd Quart- 2016	3rd Quart- 2015	3rd Quart- 2016
Basic			
Profit for the period	115,844	84,306	116,883
Weighted average number of common shares	329,717	329,286	329,717
Basic earnings per share - R\$	0,35134	0,25603	0,35450
Diluted			
Profit for the period	115,844	84,306	116,883
Weighted average number of common shares	329,717	329,286	329,717
Weighted average number of common shares adjusted for dilution effect	329,717	329,286	329,717
Diluted earnings per share - R\$	0.35134	0.25603	0.35450

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16. Equity

(a) Share capital

At September 30, 2016, the fully paid-up capital amounted to R\$ 1,808,639 (R\$ 1,808,639 – Dec-2015), represented by 330,386,000 common registered book-entry shares with no par value, of which 198,696,200 shares were outstanding (198,520,879 common shares – Dec-2015).

Pursuant to the Company's bylaws, it is authorized to increase its capital up to the limit of 400,000,000 common shares, subject to the approval of the Board of Directors.

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

	<u>Shares outstanding</u>
At December 31, 2015	198,520,879
(Purchase)/sale of restricted shares, net	<u>175,321</u>
At September 30, 2016	<u>198,696,200</u>

At September 30, 2016, the Company's common shares were quoted at R\$ 66.28 (closing quote) (R\$ 35.48 at December 31, 2015).

(b) Treasury shares

On April 24, 2014, the Board of Directors authorized the Company to repurchase, over a period of 365 days, its own registered common shares with no par value to be held in treasury and subsequently sold.

	<u>Parent Company</u>	
	<u>Number of shares</u>	<u>Amount shares</u>
At December 31, 2015	(1,100,000)	20,898
Shares delivered to executives related to the 1 st tranche of the 2014 grant	<u>50,914</u>	<u>(967)</u>
At September 30, 2016	<u>(1,049,086)</u>	<u>19,931</u>

At September 30, 2016, the market value of the treasury shares, having as reference the quotation of R\$ 66.28 per share at that date, corresponds to R\$ 69,533.

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(c) Restricted share plan

Since March 2014, the Company offers its officers the Long-Term Incentive Program with Restricted Shares (the "Restricted Share Plan"), which aims to offer an opportunity to receive variable remuneration provided that the officer remains for a predetermined period in the Company.

As stated in the Restricted Share Plan, a portion of their annual variable remuneration (profit-sharing), will be paid to the officer in cash and the remaining balance shall be paid only in Company shares ("incentive stock").

If the officer decides to use a portion of the total amount of the variable remuneration paid in cash to buy Company shares ("own shares") on the stock exchange, the Company will offer the officer an equal number of shares purchased on the stock exchange.

At its discretion, the Company may grant to this officer more Company shares, using as reference the number of own shares acquired by the officer on the stock exchange.

The shares offered to the officer through the Restricted Share Plan may not be sold, assigned or transferred to third parties for a period of four years from the date of the grant, provided that, every year, from the second anniversary of the grant date, the officer will acquire the right to receive a third of their restricted stock.

The changes of the restricted shares are summarized below:

	Sept-2016		Dec-2015	
	Shares	Amount	Shares	Amount
Opening balance	193,640	4,225	45,961	754
Granted shares for the period / year	171,836	9,513	147,679	3,471
	365,476	13,738	193,640	4,225
Value of the shares at the delivery date	(50,914)	(3,231)		
Negative goodwill on delivery of shares		2,048		
Delivery of shares in the period / year	(50,914)	(1,183)		
Closing balance	314,562	12,555	193,640	4,225

At March 1st 2016, 50,914 shares were delivered having as reference the quotation of R\$ 46.01 per share, corresponding to the last closing, plus withholding taxes of R\$ 890, through delivery of treasury shares at the cost of R\$ 967, resulting in a final negative goodwill of R\$ 673.

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17. Net sales revenue

	<u>Parent Company</u> <u>3rd Quart-</u> <u>2016</u>	<u>3rd Quart-</u> <u>2015</u>	<u>Consolidated</u> <u>3rd Quart-</u> <u>2016</u>
Gross sales revenue			
Sales revenue	2,953,792	2,385,233	3,046,859
Service revenue	3,275	2,920	3,305
	<u>2,957,067</u>	<u>2,388,153</u>	<u>3,050,164</u>
Taxes on sales	(105,217)	(70,676)	(109,394)
Returns, rebates and other	(37,310)	(32,309)	(39,840)
Net sales revenue	<u>2,814,540</u>	<u>2,285,168</u>	<u>2,900,930</u>

Taxes on sales primarily comprise ICMS at rates predominantly between 17% and 18%, for goods not subject to the tax substitute (ST) regime, service tax at 5%, and PIS (1.65%) and COFINS (7.60%) for goods not subject to the one-time taxation regime (Law 10,147/00).

18. Information on the nature of expenses recognized in the statement of income

The Group presented its statement of income using a classification based on the function of expenses. Information on the nature of these expenses is recorded in the statement of income as follows:

	<u>Parent Company</u> <u>3rd Quart-2016</u>	<u>3rd Quart-2015</u>	<u>Consolidated</u> <u>3rd Quart-2016</u>
Cost of sales	(1,927,150)	(1,595,529)	(2,000,895)
Personnel expenses	(373,999)	(296,509)	(378,291)
Service provider expenses	(31,490)	(24,887)	(31,682)
Depreciation and amortization	(70,033)	(57,705)	(70,498)
Other (i)	(232,363)	(186,993)	(236,058)
	<u>(2,635,035)</u>	<u>(2,161,623)</u>	<u>(2,717,424)</u>

Classified in the statement of income as:

	<u>3rd Quart-2016</u>	<u>3rd Quart-2015</u>	<u>3rd Quart-2016</u>
Cost of sales	(1,927,150)	(1,595,529)	(2,000,895)
Selling expenses	(565,366)	(448,417)	(571,423)
General and administrative expenses	(72,486)	(59,972)	(74,608)
Depreciation and amortization (ii)	(70,033)	(57,705)	(70,498)
	<u>(2,635,035)</u>	<u>(2,161,623)</u>	<u>(2,717,424)</u>

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- (i) These refer mostly to property rental expenses, credit and debit card management charges, transportation expenses, the maintenance of assets, utilities bills, consumables and condominium fees.
- (ii) Depreciation and amortization totaled R\$ 70,033 in the third quarter of 2016 (R\$ 57,705 – 3rd Quart-2015), of which R\$ 61,793 (R\$ 48,438 – 3rd Quart-2015) correspond to the sales area, and R\$8,240 (R\$ 9,267 – 3rd Quart-2015) to the administrative area.

19. Finance income and costs

(a) Finance income

	<u>Parent Company</u>	<u>Consolidated</u>	
	<u>3rd Quart- 2016</u>	<u>3rd Quart- 2015</u>	<u>3rd Quart- 2016</u>
Discounts obtained	337	324	392
Short-term investment yields	4,879	7,285	4,879
Interest on intercompany loans	542		
Monetary gains	341	707	354
Other finance income	1	3	62
Taxes thereon (PIS/COFINS)	(284)	(387)	(284)
Present Value Adjustment (PVA) - finance income	22,359	17,290	23,878
Total finance income	<u>28,175</u>	<u>25,222</u>	<u>29,281</u>

(b) Finance costs

	<u>Parent Company</u>	<u>Consolidated</u>	
	<u>3rd Quart- 2016</u>	<u>3rd Quart- 2015</u>	<u>3rd Quart- 2016</u>
Discounts granted to customers	(443)	(105)	(453)
Interest, charges and bank fees	(362)	(276)	(403)
Charges on borrowings	(11,131)	(7,768)	(11,406)
Monetary losses	(916)	(300)	(942)
Interest on additional stock option	(1,606)		(1,606)
PVA - finance costs	(43,796)	(31,786)	(45,032)
Total finance costs	<u>(58,254)</u>	<u>(40,235)</u>	<u>(59,842)</u>
Finance results	<u>(30,079)</u>	<u>(15,013)</u>	<u>(30,561)</u>

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20. Guarantees for lawsuits

The following items of property and equipment were given as security for tax, social security and labor proceedings:

	Parent Company		Consolidated	
	Sept-2016	Dec-2015	Sept-2016	Dec-2015
Furniture and facilities	33	37	33	37
Machinery and equipment	85	85	85	85
	<u>118</u>	<u>122</u>	<u>118</u>	<u>122</u>

21. Lease agreement commitments

The Company and its subsidiary have lease agreements with terms ranging from one to 21 years. Annual lease expenses vary depending on the number of agreements entered into or terminated. Total monthly expenses on these lease agreements (including rental, condominium fees and real estate tax amounted to R\$ 35,573 (R\$ 31,099 – Dec-2015) for the parent company and R\$ 35,676 (R\$ 31,275 - Dec-2015) for the consolidated accounts.

At September 30, 2016 and December 31, 2015, the future minimum payments referring to leases of stores (under cancelable lease agreements) were as follows:

	Parent Company		Consolidated	
	Sept-2016	Dec-2015	Sept-2016	Dec-2015
From one to 12 months	359,338	306,669	359,797	307,046
From 13 to 60 months	887,870	764,191	888,638	764,847
Over 60 months	264,755	225,582	264,755	225,582
	<u>1,511,963</u>	<u>1,296,442</u>	<u>1,513,190</u>	<u>1,297,475</u>

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22. Financial instruments and risk management policy

Financial instruments by category

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>Sept-2016</u>	<u>Dec-2015</u>	<u>Sept-2016</u>	<u>Dec-2015</u>
Assets as per balance sheet				
<u>Loans and receivables</u>				
Cash and cash equivalents (Note 6)	250,375	264,549	255,827	266,051
Trade receivables (Note 7)	675,717	572,083	728,662	601,831
Other receivables	109,547	98,040	94,904	98,261
Judicial deposits (Note 13)	20,281	18,730	20,281	18,730
	<u>1,055,920</u>	<u>953,402</u>	<u>1,099,674</u>	<u>984,873</u>
Total assets	<u>1,055,920</u>	<u>953,402</u>	<u>1,099,674</u>	<u>984,873</u>
Liabilities as per balance sheet				
<u>Liabilities at fair value through profit or loss</u>				
Additional stock option (Note 10)	36,239	31,632	36,239	31,632
	<u>36,239</u>	<u>31,632</u>	<u>36,239</u>	<u>31,632</u>
<u>Other financial liabilities</u>				
Trade payables	1,281,248	1,177,928	1,325,003	1,203,382
Borrowings (Note 12)	358,725	289,685	360,084	296,388
Other payables	150,965	123,316	151,730	124,265
	<u>1,790,938</u>	<u>1,590,929</u>	<u>1,836,817</u>	<u>1,624,035</u>
Total liabilities	<u>1,827,177</u>	<u>1,622,561</u>	<u>1,873,056</u>	<u>1,655,667</u>

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's risk management program focuses on the unpredictability of financial and operational markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Board provides principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of surplus liquidity.

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(a) Market risk

Foreign exchange risk

All of the asset and liability operations of the Group are denominated in Brazilian reais; therefore, the Company is not exposed to foreign exchange risk.

Most of the BNDES transactions are entered into based on the TJLP + interest and on the SELIC rate. Short term investments are entered into based on the CDI variations, which does not result in higher interest rate risk since these variations are not significant. Management understands that there is a low risk of significant changes in profit or loss or in cash flows.

(b) Credit risk

Credit risk arises from financial assets, i.e. cash and cash equivalents, short-term investments and trade receivables.

Cash and cash equivalents and short-term investments are maintained with sound financial institutions.

The granting of credit on sales of goods follows a policy that aims at minimizing defaults. For the quarter ended September 30, 2016, credit sales represented 49% (49% - Dec-2015) and 48% for the consolidated accounts of which 91% (90% - Dec-2015) and 87% in the consolidated accounts related to credit card sales which, in the opinion of the Group and based on the history of losses, posed an extremely low risk. The remaining 9% (10% - Dec-2015) and 13% for the consolidated accounts are credits from PBMs, special plans with companies and post-dated checks and bills for payment that pose a low risk, due to customer selectivity and the adoption of individual limits.

(c) Liquidity risk

The Group's management continuously monitors forecasts of the Company's liquidity requirements, in order to ensure that it has sufficient cash to meet operational needs. The Group invests its surplus cash in financial assets with appropriate maturities to provide the liquidity necessary to honor its obligations.

(d) Sensitivity analysis

The table below presents a sensitivity analysis of financial instruments that are exposed to losses.

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The most probable scenario (scenario I), according to the assessment made by management, is based on a three-month horizon. Two further scenarios are presented, pursuant to CVM Instruction 475/08, in order to show a 25% and 50% deterioration in the risk variables considered (scenarios II and III).

Parent Company				
Operation	Risk	Scenario I (probable)	Scenario II	Scenario III
Short-term investments - CDI	0.5% increase	90	113	136
Revenue		90	113	136
REFIS (SELIC)	0.5% increase	6	8	10
Expense		6	8	10
Consolidated				
Operation	Risk	Scenario I (probable)	Scenario II	Scenario III
Short-term investments - CDI	0.5% increase	100	125	150
Revenue		100	125	150
REFIS (SELIC)	0.5% increase	6	8	10
Expense		6	8	10

Management does not consider the risk of change in Long-Term Interest Rate (TJLP), to which the operations with BNDES are subject and that may cause material losses to the Group, as probable.

(e) Capital management

The Group's objective relating to capital management is to maintain the Group's investment capacity, thus allowing it to grow its business and provide proper returns for stockholders.

The Group has adopted a policy of not leveraging its capital structure with borrowing, except for long-term credit facilities from BNDES (FINEM) at interest rates that are commensurate with the Group's profit levels.

Accordingly, the gearing ratio is calculated by dividing net debt by equity. Net debt is calculated as total borrowing less total cash and cash equivalents, as shown below: Net debt is calculated as total borrowing less total cash and cash equivalents, as shown below:

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	Parent Company		Consolidated	
	Sept-2016	Dec-2015	Sept-2016	Dec-2015
Short - and long-term borrowings	358,725	289,685	360,084	296,388
(-)Cash and cash equivalents	(250,375)	(264,549)	(255,827)	(266,051)
Net debt	<u>108,350</u>	<u>25,136</u>	<u>104,257</u>	<u>30,337</u>
Equity attributable to the stockholders of the parent company	2,812,472	2,633,809	2,812,472	2,633,809
Noncontrolling interest			25,944	22,989
Total equity	<u>2,812,472</u>	<u>2,633,809</u>	<u>2,838,416</u>	<u>2,656,798</u>
Gearing ratio	<u>3.85</u>	<u>0.95</u>	<u>3.67</u>	<u>1.14</u>

(f) Fair value estimation

The carrying values of trade receivables and payables are assumed to approximate their fair values, taking into consideration the realization of these balances, and settlement terms not exceeding 60 days.

For disclosure purposes, the fair value of financial liabilities is estimated by discounting future contractual cash flow at the interest rates available in the market that are available to the Group for similar financial instruments. The effective interest rates at the balance sheet dates are usual market rates and their fair value does not significantly differ from the balances in the accounting records.

At September 30, 2016, the Group had no material assets and liabilities measured at fair value at Level 1 and or Level 2 in the fair value hierarchy. The following table presents the changes in Level 3 instruments for the period ended September 30, 2016:

	Parent company and consolidated
	Additional stock options
Opening balance	
Acquisition of 4Bio (Note 10)	31,632
Expenses recognized in the statement of income:	<u>4,607</u>
Closing balance	<u>36,239</u>
Total expenses for the period recognized in the statement of income	<u>4,607</u>
Changes in unrealized expenses for the period included in the statement of income	<u>4,607</u>

23. Derivative financial instruments

The Group does not have any operations involving derivative financial instruments.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2016 - RAIÁ DROGASIL S.A.

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

24. Transactions with related parties

(a) Transactions with related parties consist of transactions with the Company's stockholders and persons connected to them:

	Relationship	Parent Company		Consolidated		Parent Company		Consolidated
		Current assets				Revenues		
		Sept-2016	Dec-2015	Sept-2016	Dec-2015	3 rd Quart-2016	3 rd Quart-2015	3 rd Quart-2016
Receivables								
Special plans (i)								
Regimar Comercial S.A.	Stockholder/Family	16	12	16	12	26	18	26
Heliomar S.A.	Stockholder/Board Member	1	2	1	2	4	2	4
Rodrigo Wright Pipponzi (Editora Mol Ltda.)	Stockholder/Family		1		1	1		1
		17	15	17	15	31	20	31
Other receivables								
Commercial agreements								
Natura Cosméticos S.A. (iv)	Stockholder / Related party	6		6		53		53
Loan receivable								
4Bio Medicamentos S.A. (v)	Subsidiary	15,079				542		
		15,085		6		595		53
		15,102	15	23	15	626	20	84

(A free translation of the original in Portuguese)

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All amounts in thousands of reais unless otherwise stated

	Relationship	Parent Company		Consolidated		Parent Company		Consolidated
		Current liabilities				Expenses		
		Sept-2016	Dec-2015	Sept-2016	Dec-2015	3 rd Quart-2016	3 rd Quart-2015	3 rd Quart-2016
Payables								
Rentals (ii)								
Heliomar S.A.	Stockholder/Board Member	17	19	17	19	52	51	52
Antonio Carlos Pipponzi	Stockholder/Board Member	7	6	7	6	21	19	21
Rosalia Pipponzi Raia	Stockholder/Board Member	7	6	7	6	21	19	21
Estate of Franco Maria David Pietro Pipponzi	Stockholder/Board Member	7	6	7	6	21	19	21
		<u>38</u>	<u>37</u>	<u>38</u>	<u>37</u>	<u>115</u>	<u>108</u>	<u>115</u>
Service providers								
Zurcher, Ribeiro Filho, Pires Oliveira Dias e Freire Advogados (ii)	Stockholder/Family		1		1	1,439	1,085	1,439
Rodrigo Wright Pipponzi (Editora Mol Ltda.) (iii)	Stockholder/Family	514	702	514	702	1,795	1,498	1,795
		<u>514</u>	<u>703</u>	<u>514</u>	<u>703</u>	<u>3,234</u>	<u>2,583</u>	<u>3,234</u>
Suppliers								
Natura Cosméticos S.A. (iv)	Stockholder / Related party	2,503		2,503		3,012		3,012
		<u>2,503</u>		<u>2,503</u>		<u>3,012</u>		<u>3,012</u>
		<u>3,055</u>	<u>740</u>	<u>3,055</u>	<u>740</u>	<u>6,361</u>	<u>2,691</u>	<u>6,361</u>

(A free translation of the original in Portuguese)

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Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

- (i) Sales carried out through special plans. These transactions have been entered into under commercial conditions equivalent to those adopted with other companies.
- (ii) Store rental and rendering of legal advisory services. These transactions are carried out under normal market conditions.
- (iii) These balances and transactions refer to service agreements for the development, creation and production of marketing materials for the institutional sales area, and the design of the Company's internal monthly magazine. The agreements are valid for an indefinite period of time and may be terminated by either party at any time without cost or penalties.
- (iv) On September 1st, 2015, Raia Drogasil S.A. and Natura Cosméticos S.A. entered into a purchase and sale agreement and other covenants to permit the sale of products of line "SOU" in 29 stores of the Raia and Drogasil in Campinas and region. Some members of the control block of Natura Cosméticos S.A. indirectly hold equity interests in Raia Drogasil S.A.

The parties decided to expand the project scope for sale in the entire State of São Paulo as from February 20, 2016 and for the entire national territory as from July 1st, 2016, by signing an Amendment to the agreement.

Raia Drogasil will receive five percent (5%) of the products sold, considering the amount indicated on the sale invoice of Natura Cosméticos S.A. to Raia Drogasil, and it is not possible to define a total value for the contract.

- (v) On February 23, March 18, and April 8, 2016, Raia Drogasil S.A. (Lender) and 4Bio Medicamentos S.A. (Borrower) signed a loan agreement of R\$ 3,000, R\$ 6,000 and R\$ 5,000 respectively, the amount borrowed will be adjusted for inflation at an interest rate of 101.5% of the CDI, which will be paid in a single installment on 2/23/2017, 3/31/2017 and 4/30/2017.

Moreover, we inform that there are no additional transactions other than the amounts presented above and that the category of the related parties corresponds to the entity's key management personnel.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2016 - RAIA DROGASIL S.A.

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

(b) Key management compensation

Key management includes the Officers, Directors and members of the Supervisory Board. The compensation paid or payable for services rendered is as follows:

	<u>Parent Company</u>		<u>Consolidated</u>
	<u>3rd Quart- 2016</u>	<u>3rd Quart- 2015</u>	<u>3rd Quart- 2016</u>
Fees and social charges	3,812	2,853	4,242
Bonuses and social charges	5,258	3,618	5,308
	<u>9,070</u>	<u>6,471</u>	<u>9,550</u>

25. Insurance coverage

The Company has adopted a policy of taking out insurance coverage at amounts deemed sufficient to cover any losses on assets or civil liability attributed to it taking into consideration the nature of its activities and the guidance of its insurance consultants

The Group had the following insurance coverage at September 30, 2016:

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>Sept-2016</u>	<u>Dec-2015</u>	<u>Sept-2016</u>	<u>Dec-2015</u>
Inventory loss risks	146,376	117,363	162,432	118,799
Permanent assets	192,836	157,637	197,934	158,637
Loss of profits	171,500	142,500	195,679	142,500
Civil liability risks	<u>27,150</u>	<u>23,175</u>	<u>27,150</u>	<u>23,175</u>
	<u>537,862</u>	<u>440,675</u>	<u>583,195</u>	<u>443,111</u>

26. Non-cash transactions

At September 30, 2016, the main transactions that did not involve the Group's cash were:

- (i) the adjustment of the purchase price through shares to be transferred for the acquisition of 4Bio (Note 10);
- (ii) part of the remuneration of key management personnel (Note 24); and
- (iii) the installment purchase of property and equipment items in the amount of R\$ 10,903 (R\$ 11,604 – Dec-2015).

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2016 - RAIA DROGASIL S.A.

Reports and Statements / Report on Special Review – Without Exceptions

Report on review of quarterly information

To the Board of Directors and Stockholders
Raia Drogasil S.A.

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Raia Drogasil S.A. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended September 30, 2016, comprising the balance sheet at that date and the statements of income and comprehensive income for the quarter and nine-month periods then ended, and the statements of changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company and consolidated interim accounting information in accordance with the accounting standard CPC 21, "Interim Financial Reporting", of the Brazilian Accounting Pronouncements Committee (CPC) and International Accounting Standard (IAS) 34, "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

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

Conclusion on the interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2016 - RAIÁ DROGASIL S.A.

Reports and Statements / Report on Special Review – Without Exceptions

Other matters

Statements of value added

We have also reviewed the parent company and consolidated statements of value added for the nine-month period ended September 30, 2016. These statements are the responsibility of the Company's management, and are required to be presented in accordance with standards issued by the CVM applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which do not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

São Paulo, October 27, 2016

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Renato Barbosa Postal
Contador CRC 1SP187382/O-0

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2016 - RAIA DROGASIL S.A.

Opinions and Representations / Opinion of Supervisory Board or Equivalent Body

To the Board of Directors and Stockholders
Raia Drogasil S.A.

The Company's Supervisory Board, in exercising its duties and legal responsibilities, has examined the Quarterly Information (ITR) for the quarter ended September 30, 2016 and, based on the examinations performed and on clarifications provided by management, and also considering the favorable Report on Special Review without exceptions, issued by the independent auditor PricewaterhouseCoopers Auditores Independentes, the Supervisory Board members concluded that the documents above are fairly presented, in all material respects.

São Paulo, October 27, 2016.

Gilberto Lério
Supervisory Board member

Fernando Carvalho Braga
Supervisory Board member

Mário Antonio Luiz Corrêa
Supervisory Board member

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2016 - RAIA DROGASIL S.A.

Opinions and Representations / Officers' Representation on Financial Statements

RAIA DROGASIL S.A.

In accordance with article 25, paragraph 1st, items V and VI, of CVM Instruction 480/09, the Company's officers represent that they have reviewed, discussed and agree with the Quarterly Information (ITR) for the quarter ended September 30, 2016.

São Paulo, October 27, 2016.

Marcilio D'Amico Pousada
Chief Executive Officer

Antonio Carlos Coelho
Officer

Antonio Carlos de Freitas
Officer

Eugênio De Zagottis
Officer

Fernando Kozel Varela
Officer

Marcello De Zagottis
Officer

Renato Cepollina Raduan
Officer

Maria Susana de Souza
Officer

Antonio Carlos Marques de Oliveira
Accountant in charge CRC-1SP215445/O-0

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2016 - RAIA DROGASIL S.A.

Opinions and Representations / Officers' Representation on Independent Auditor's Report

RAIA DROGASIL S.A.

In accordance with article 25, paragraph 1st, items V and VI, of CVM Instruction 480/09, the Company's officers represent that they have reviewed, discussed and agree with the Quarterly Information (ITR) for the quarter ended September 30, 2016.

São Paulo, October 27, 2016.

Marcilio D'Amico Pousada
Chief Executive Officer

Antonio Carlos Coelho
Officer

Eugênio De Zagottis
Officer

Marcello De Zagottis
Officer

Maria Susana de Souza
Officer

Antonio Carlos de Freitas
Officer

Fernando Kozel Varela
Officer

Renato Cepollina Raduan
Officer

Antonio Carlos Marques de Oliveira
Accounttant in charge CRC-1SP215445/O-0