

(A free translation of the original in Portuguese)

**Raia Drogasil S.A.**  
**Quarterly information (ITR) at**  
**March 31, 2016**  
**and report on review of**  
**quarterly information**

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 3/31/2016 - RAIA DROGASIL S.A.

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**Company information/capital composition**

<b>Number of shares (units)</b>	<b>Current quarter 3/31/2016</b>
<b>Paid-up share capital</b>	
<b>Common shares</b>	330,386,000
<b>Preferred shares</b>	0
<b>Total</b>	330,386,000
<b>Treasury shares</b>	
<b>Common shares</b>	1,049,086
<b>Preferred shares</b>	0
<b>Total</b>	1,049,086

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Quarterly Information (ITR) - 3/31/2016 - RAIA DROGASIL S.A.

**Company information/dividends**

<b>Event</b>	<b>Date approved</b>	<b>Description</b>	<b>Initial date of payment</b>	<b>Type of share</b>	<b>Class of share</b>	<b>Amount per share (Reais/share)</b>
Board of Directors' Meeting	3/21/2016	Interest on capital	12/1/2016	Common		0.14484

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Quarterly Information (ITR) - 3/31/2016 - RAIA DROGASIL S.A.

**Parent company financial information/balance sheet - assets**

**(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>Current quarter 3/31/2016</b>	<b>Prior year 12/31/2015</b>
1	Total assets	4,689,734	4,636,460
1.01	Current assets	2,649,078	2,637,016
1.01.01	Cash and cash equivalents	100,745	264,549
1.01.03	Trade receivables	708,878	670,123
1.01.03.01	Customers	589,066	572,083
1.01.03.01.01	Checks receivable	2,720	2,836
1.01.03.01.02	Credit and debit cards	527,652	507,980
1.01.03.01.03	PBM – Medicine Benefit Program	46,480	47,681
1.01.03.01.04	Agreements with companies	19,460	20,479
1.01.03.01.05	Bank slips/ On line transfer	1	0
1.01.03.01.08	(-) Provision for impairment of trade receivables	-7,247	-6,893
1.01.03.02	Other receivables	119,812	98,040
1.01.03.02.01	Advances to employees	8,445	8,470
1.01.03.02.02	Returns to suppliers	15,961	10,427
1.01.03.02.03	Commercial agreements	65,531	61,536
1.01.03.02.04	Loan receivable	9,064	0
1.01.03.02.08	Other	20,811	17,607
1.01.04	Inventory	1,741,410	1,633,604
1.01.04.01	Goods for resale	1,757,424	1,653,305
1.01.04.02	Materials	4,702	4,611
1.01.04.03	(-) Allowance for losses on goods	-20,716	-24,312
1.01.06	Taxes recoverable	78,649	59,068
1.01.06.01	Current taxes recoverable	78,649	59,068
1.01.07	Prepaid expenses	19,396	9,672
1.02	Non-current assets	2,040,656	1,999,444
1.02.01	Long term receivables	49,381	44,261
1.02.01.03	Trade receivables	346	346
1.02.01.03.02	Other receivables	346	346
1.02.01.07	Prepaid expenses	1,943	2,029
1.02.01.09	Other non-current assets	47,092	41,886
1.02.01.09.04	Judicial deposits	23,230	18,730
1.02.01.09.05	Taxes recoverable	23,301	22,595
1.02.01.09.06	Court-ordered debt bonds	561	561
1.02.02	Investments	25,696	23,497
1.02.02.01	Equity interests	25,696	23,497
1.02.02.01.02	Interests in subsidiaries	25,696	23,497
1.02.03	Property and equipment	834,522	801,283
1.02.04	Intangible assets	1,131,057	1,130,403

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Quarterly Information (ITR) - 3/31/2016 - RAIÁ DROGASIL S.A.

**Parent company financial information/balance sheet - liabilities and equity**

**(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>Current quarter 3/31/2016</b>	<b>Prior year 12/31/2015</b>
2	Total liabilities and equity	4,689,734	4,636,460
2.01	Current liabilities	1,663,126	1,614,754
2.01.01	Social security and labor obligations	162,347	163,430
2.01.01.01	Social security obligations	32,068	30,433
2.01.01.02	Labor obligations	130,279	132,997
2.01.02	Trade payables	1,106,337	1,117,928
2.01.02.01	Domestic suppliers	1,106,337	1,117,928
2.01.03	Tax obligations	77,730	55,398
2.01.03.01	Federal tax obligations	37,995	20,406
2.01.03.01.02	Other federal tax obligations	37,995	20,406
2.01.03.02	State tax obligations	36,780	33,104
2.01.03.03	Municipal tax obligations	2,955	1,888
2.01.04	Borrowing	105,346	102,266
2.01.04.01	Borrowing	105,346	102,266
2.01.04.01.01	In local currency	105,346	102,266
2.01.05	Other obligations	197,365	101,818
2.01.05.02	Other	197,365	101,818
2.01.05.02.01	Dividends and interest on capital	113,695	24,402
2.01.05.02.04	Rentals	45,465	44,371
2.01.05.02.06	Other payables	38,205	33,045
2.01.06	Provision	14,001	13,914
2.01.06.01	Provision for tax, social security, labor and civil contingencies	1,783	3,439
2.01.06.01.01	Tax provision	93	93
2.01.06.01.05	Provision for legal claims	1,690	3,346
2.01.06.02	Other provisions	12,218	10,475
2.01.06.02.06	Provisions for sundry obligations	12,218	10,475
2.02	Non-current liabilities	394,247	387,897
2.02.01	Borrowing	184,821	187,419
2.02.01.01	Borrowing	184,821	187,419
2.02.01.01.01	In local currency	184,821	187,419
2.02.02	Other obligations	35,064	35,332
2.02.02.01	Payables to related parties	33,099	31,632
2.02.02.01.02	Payables to subsidiaries	33,099	31,632
2.02.02.02	Other	1,965	3,700
2.02.02.02.03	Tax Recovery Program (REFIS)	1,965	3,700
2.02.03	Deferred taxes	171,242	161,826
2.02.03.01	Deferred income tax and social contribution	171,242	161,826
2.02.04	Provision	3,120	3,320
2.02.04.01	Provision for tax, social security, labor and civil contingencies	3,120	3,320
2.02.04.01.05	Provision for legal claims	3,120	3,320
2.03	Equity	2,632,361	2,633,809
2.03.01	Paid-up share capital	1,808,639	1,808,639
2.03.02	Capital reserves	133,262	128,767
2.03.03	Revaluation reserves	12,523	12,569
2.03.04	Revenue reserves	665,820	714,064
2.03.04.01	Legal reserve	42,454	42,454
2.03.04.02	Statutory reserve	623,366	623,367
2.03.04.08	Proposed additional dividends	0	48,243
2.03.05	Retained earnings (accumulated deficit)	42,347	0
2.03.06	Carrying value adjustments	-30,230	-30,230

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Quarterly Information (ITR) - 3/31/2016 - RAIA DROGASIL S.A.

**Parent company financial information/statement of income**

**(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>Accumulated - current year 1/1/2016 to 3/31/2016</b>	<b>Accumulated - prior year 1/1/2015 to 3/31/2015</b>
3.01	Net sales revenue	2,449,324	1,967,567
3.01.01	Gross sales revenue	2,570,198	2,052,433
3.01.02	Taxes on sales	-92,492	-61,102
3.01.03	Rebates	-28,382	-23,764
3.02	Cost of sales and/or services	-1,701,165	-1,377,104
3.03	Gross profit	748,159	590,463
3.04	Operating income/expenses	-619,262	-491,620
3.04.01	Selling expenses	-496,468	-386,870
3.04.02	General and administrative expenses	-122,953	-104,750
3.04.02.01	Administrative expenses	-60,608	-51,242
3.04.02.02	Depreciation and amortization	-62,345	-53,508
3.04.06	Equity in the results of investees	159	0
3.05	Profit before finance results and taxes	128,897	98,843
3.06	Finance results	-16,448	-14,400
3.06.01	Finance income	24,796	14,262
3.06.02	Finance costs	-41,244	-28,662
3.07	Profit before income tax and social contribution	112,449	84,443
3.08	Income tax and social contribution	-22,448	-14,116
3.08.01	Current	-13,008	0
3.08.02	Deferred	-9,440	-14,116
3.09	Profit (loss) from continuing operations	90,001	70,327
3.11	Profit/loss for the period	90,001	70,327
3.99	Earnings per share - (Reais/share)		
3.99.01	Basic earnings per share - R\$		
3.99.01.01	Common shares	0,27304	0,21357
3.99.02	Diluted earnings per share - R\$		
3.99.02.01	Common shares	0,27304	0,21357



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Quarterly Information (ITR) - 3/31/2016 - RAIA DROGASIL S.A.

**Parent company financial information/statement of comprehensive income**

**(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>Accumulated - current year 1/1/2016 to 3/31/2016</b>	<b>Accumulated - prior year 1/1/2015 to 3/31/2015</b>
4.01	Profit for the period	90,001	70,327
4.03	Comprehensive income for the period	90,001	70,327

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Quarterly Information (ITR) - 3/31/2016 - RAIA DROGASIL S.A.

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

**(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>Accumulated - current year 1/1/2016 to 3/31/2016</b>	<b>Accumulated - prior year 1/1/2015 to 3/31/2015</b>
6.01	Net cash provided by operating activities	-61,389	37,647
6.01.01	Cash from operations	184,443	143,562
6.01.01.01	Profit before income tax and social contribution	112,449	84,443
6.01.01.02	Depreciation and amortization	62,345	53,508
6.01.01.03	Share-based compensation plan	1,920	457
6.01.01.04	Interest on additional stock option	1,467	0
6.01.01.05	Result on disposal of property and equipment and intangible assets	163	100
6.01.01.06	Provision (Reversal) for legal claims	185	-1,601
6.01.01.07	(Reversal) provision for inventory losses	-3,596	-261
6.01.01.08	Provision (Reversal) for impairment of trade receivables	589	-128
6.01.01.09	(Reversal) provision for store closures	0	-332
6.01.01.10	Interest expenses	9,080	7,376
6.01.01.11	Equity in results of investees	-159	0
6.01.02	Changes in assets and liabilities	-226,066	-88,108
6.01.02.01	Trade receivables and other receivables	-39,281	-10,416
6.01.02.02	Inventory	-104,210	-101,902
6.01.02.03	Other current assets	-29,306	-26,795
6.01.02.04	Long term receivables	-5,120	-6,850
6.01.02.05	Trade payables	-69,245	47,101
6.01.02.06	Salaries and social charges	-1,082	121
6.01.02.07	Taxes and contributions	16,533	10,026
6.01.02.08	Other liabilities	4,551	-511
6.01.02.09	Rentals payable	1,094	1,118
6.01.03	Other	-19,766	-17,807
6.01.03.01	Interest paid	-4,998	-5,437
6.01.03.02	Income tax and social contribution paid	-14,768	-12,370
6.02	Net cash used in investing activities	-98,810	-59,414
6.02.01	Purchases of property and equipment and intangible assets	-98,810	-59,747
6.02.02	Proceeds from sale of property and equipment	0	333
6.03	Net cash used in financing activities	-3,605	-28,557
6.03.01	Borrowing	22,267	0
6.03.02	Repayments of borrowing	-25,866	-28,154
6.03.03	Interest on capital and dividends paid	-6	-403
6.05	Increase (decrease) in cash and cash equivalents	-163,804	-50,324
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	100,745	230,865

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Quarterly Information (ITR) - 3/31/2016 - RAIA DROGASIL S.A.

**Parent company financial information/statement of changes in equity - 1/1/2016 to 3/31/2016**

**(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>Paid-up share capital</b>	<b>Capital reserves, options granted and treasury shares</b>	<b>Revenue reserves</b>	<b>Retained earnings/ accumulated deficit</b>	<b>Other comprehensive income</b>	<b>Equity</b>
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	4,494	-48,243	-47,700	0	-91,449
5.04.07	Interest on capital	0	0	0	-47,700	0	-47,700
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	Restricted share plan – Vesting period	0	3,582	0	0	0	3,582
5.04.10	Restricted share plan –Delivery	0	-890	0	0	0	-890
5.04.11	Restricted shares – Acquisition of 4Bio	0	1,802	0	0	0	1,802
5.05	Total comprehensive income	0	0	0	90,001	0	90,001
5.05.01	Profit for the period	0	0	0	90,001	0	90,001
5.06	Internal changes in equity	0	0	-46	46	0	0
5.06.02	Realization of revaluation reserve	0	0	-70	70	0	0
5.06.03	Taxes on realization of revaluation reserve	0	0	24	-24	0	0
5.07	Closing balance	1,808,639	133,261	678,344	42,347	-30,230	2,632,361

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Quarterly Information (ITR) - 3/31/2016 - RAIA DROGASIL S.A.

**Parent company financial information/statement of changes in equity - 1/1/2015 to 3/31/2015**

**(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>Paid-up share capital</b>	<b>Capital reserves, options granted and treasury shares</b>	<b>Revenue reserves</b>	<b>Retained earnings/ accumulated deficit</b>	<b>Other comprehensive income</b>	<b>Equity</b>
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	458	0	-32,300	0	-31,842
5.04.07	Interest on capital	0	0	0	-32,300	0	-32,300
5.04.08	Restricted share plan	0	458	0	0	0	458
5.05	Total comprehensive income	0	0	0	70,327	0	70,327
5.05.01	Profit for the period	0	0	0	70,327	0	70,327
5.06	Internal changes in equity	0	0	-46	46	0	0
5.06.02	Realization of revaluation reserve	0	0	-70	70	0	0
5.06.03	Taxes on realization of revaluation reserve	0	0	24	-24	0	0
5.07	Closing balance	908,639	1,020,249	528,461	38,073	0	2,495,422

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Quarterly Information (ITR) - 3/31/2016 - RAIÁ DROGASIL S.A.

## Parent company financial information/statement of value added

(R\$ thousand)

<b>Code</b>	<b>Description</b>	<b>Accumulated - current year 1/1/2016 to 3/31/2016</b>	<b>Accumulated - prior year 1/1/2015 to 3/31/2015</b>
7.01	Revenue	2,541,226	2,029,135
7.01.01	Sales of products and services	2,541,815	2,028,684
7.01.02	Other income	0	323
7.01.04	Provision for/reversal of impairment of trade receivables	-589	128
7.02	Inputs acquired from third parties	-1,733,855	-1,394,475
7.02.01	Cost of sales and services	-1,625,090	-1,309,564
7.02.02	Materials, energy, outsourced services and other	-108,602	-84,821
7.02.03	Impairment/recovery of assets	-163	-90
7.03	Gross value added	807,371	634,660
7.04	Retentions	-62,345	-53,508
7.04.01	Depreciation, amortization and depletion	-62,345	-53,508
7.05	Net value added generated by the entity	745,026	581,152
7.06	Value added received through transfer	24,955	14,262
7.06.01	Equity in the results of investees	159	0
7.06.02	Finance income	24,796	14,262
7.07	Total value added to distribute	769,981	595,414
7.08	Distribution of value added	769,981	595,414
7.08.01	Personnel	270,798	210,848
7.08.01.01	Direct remuneration	215,938	167,018
7.08.01.02	Benefits	39,585	31,720
7.08.01.03	Unemployment compensation fund	15,275	12,110
7.08.02	Taxes and contributions	246,094	184,726
7.08.02.01	Federal	110,675	83,133
7.08.02.02	State	131,717	101,000
7.08.02.03	Municipal	3,702	593
7.08.03	Providers of capital	163,088	129,513
7.08.03.01	Interest	75,143	56,061
7.08.03.02	Rentals	87,945	73,452
7.08.04	Stockholders and the Company	90,001	70,327
7.08.04.01	Interest on capital	47,700	32,300
7.08.04.03	Profits reinvested/loss for the period	42,301	38,027

## Consolidated financial information/balance sheet - assets

(R\$ thousand)

Code	Description	Current quarter 3/31/2016	Prior year 12/31/2015
1	Total assets	4,775,378	4,699,201
1.01	Current assets	2,721,675	2,685,844
1.01.01	Cash and cash equivalents	106,770	266,051
1.01.03	Trade receivables	740,403	700,092
1.01.03.01	Customers	629,502	601,831
1.01.03.01.01	Checks receivable	43,707	32,901
1.01.03.01.02	Credit and debit cards	527,180	507,680
1.01.03.01.03	PBM – Medicine Benefit Program	46,480	47,681
1.01.03.01.04	Agreements with companies	19,460	20,479
1.01.03.01.05	Bank slip / On line transfer	1	0
1.01.03.01.08	(-) Provision for impairment of receivables	-7,326	-6,910
1.01.03.02	Other receivables	110,901	98,261
1.01.03.02.01	Advances to employees	8,460	8,567
1.01.03.02.02	Returns to suppliers	15,961	10,427
1.01.03.02.03	Commercial agreements	65,531	61,536
1.01.03.02.08	Other	20,949	17,731
1.01.04	Inventory	1,775,777	1,650,453
1.01.04.01	Goods for resale	1,791,791	1,670,154
1.01.04.02	Materials	4,702	4,611
1.01.04.03	(-) Provision for losses on goods	-20,716	-24,312
1.01.06	Taxes recoverable	79,305	59,530
1.01.06.01	Current taxes recoverable	79,305	59,530
1.01.07	Prepaid expenses	19,420	9,718
1.02	Non-current assets	2,053,703	2,013,357
1.02.01	Long term receivables	49,381	44,499
1.02.01.03	Trade receivables	346	584
1.02.01.03.02	Other receivables	346	584
1.02.01.07	Prepaid expenses	1,943	2,029
1.02.01.09	Other non-current assets	47,092	41,886
1.02.01.09.04	Judicial deposits	23,230	18,730
1.02.01.09.05	Taxes recoverable	23,301	22,595
1.02.01.09.06	Court-ordered debt bonds	561	561
1.02.03	Property and equipment	835,302	801,985
1.02.04	Intangible assets	1,169,020	1,166,873

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 3/31/2016 - RAIA DROGASIL S.A.

**Consolidated financial information/balance sheet - liabilities and equity**

**(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>Current quarter 3/31/2016</b>	<b>Prior year 12/31/2015</b>
2	Total liabilities and equity	4,775,378	4,699,201
2.01	Current liabilities	1,720,911	1,648,766
2.01.01	Social security and labor obligations	164,596	165,409
2.01.01.01	Social security obligations	32,499	30,874
2.01.01.02	Labor obligations	132,097	134,535
2.01.02	Trade payables	1,157,077	1,203,382
2.01.02.01	Domestic suppliers	1,157,077	1,203,382
2.01.03	Tax obligations	79,309	55,878
2.01.03.01	Federal tax obligations	38,673	20,735
2.01.03.01.01	Income tax and social contribution payable	548	81
2.01.03.01.02	Other federal tax obligations	38,125	20,654
2.01.03.02	State tax obligations	37,680	33,254
2.01.03.03	Municipal tax obligations	2,956	1,889
2.01.04	Borrowing	108,676	108,192
2.01.04.01	Borrowing	108,676	108,192
2.01.04.01.01	In local currency	108,676	108,192
2.01.05	Other obligations	197,222	101,991
2.01.05.02	Other	197,222	101,991
2.01.05.02.01	Dividends and interest on capital	113,695	24,402
2.01.05.02.04	Rentals	45,465	44,371
2.01.05.02.06	Other payables	38,062	33,218
2.01.06	Provision	14,031	13,914
2.01.06.01	Provision for tax, social security, labor and civil contingencies	1,783	3,439
2.01.06.01.01	Tax provision	93	93
2.01.06.01.05	Provision for legal claims	1,690	3,346
2.0.06.02	Other provisions	12,248	10,475
2.01.06.02.06	Provisions for sundry obligations	12,248	10,475
2.02	Non-current liabilities	398,987	393,637
2.02.01	Borrowing	185,015	188,196
2.02.01.01	Borrowing	185,015	188,196
2.02.01.01.01	In local currency	185,015	188,196
2.02.02	Other obligations	35,781	36,108
2.02.02.01	Payables to related parties	33,099	31,632
2.02.02.01.04	Payables to other related parties	33,099	31,632
2.02.02.02	Other	2,682	4,476
2.02.02.02.03	Tax Recovery Program (REFIS)	2,682	4,476
2.02.03	Deferred taxes	175,071	165,981
2.02.03.01	Deferred income tax and social contribution	175,071	165,981
2.02.04	Provision	3,120	3,352
2.02.04.01	Provision for tax, social security, labor and civil contingencies	3,120	3,352
2.02.04.01.05	Provision for legal claims	3,120	3,352
2.03	Consolidated equity	2,655,480	2,656,798
2.03.01	Paid-up share capital	1,808,639	1,808,639
2.03.02	Capital reserves	133,262	128,767
2.03.03	Revaluation reserves	12,523	12,569
2.03.04	Revenue reserves	665,820	714,064
2.03.04.01	Legal reserve	42,454	42,454
2.03.04.02	Statutory reserve	623,366	623,367
2.03.04.08	Proposed additional dividends	0	48,243
2.03.05	Retained earnings (accumulated deficit)	42,347	0
2.03.06	Carrying value adjustments	-30,230	-30,230
2.03.09	Noncontrolling interests	23,119	22,989

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 3/31/2016 - RAIA DROGASIL S.A.

## Consolidated financial information/statement of income

(R\$ thousand)

Code	Description	Accumulated - current year 1/1/2016 to 3/31/2016	Accumulated - prior year 1/1/2015 to 3/31/2015
3.01	Net sales revenue	2,515,427	0
3.01.01	Gross sales revenue	2,641,079	0
3.01.02	Taxes on sales	-95,350	0
3.01.03	Rebates	-30,302	0
3.02	Cost of sales and/or services	-1,758,487	0
3.03	Gross profit	756,940	0
3.04	Operating income/expenses	-627,031	0
3.04.01	Selling expenses	-501,633	0
3.04.02	General and administrative expenses	-125,398	0
3.04.02.01	Administrative expenses	-62,468	0
3.04.02.02	Depreciation and amortization	-62,930	0
3.05	Profit before finance results and taxes	129,909	0
3.06	Finance results	-17,189	0
3.06.01	Finance income	25,705	0
3.06.02	Finance costs	-42,894	0
3.07	Profit before income tax and social contribution	112,720	0
3.08	Income tax and social contribution	-22,589	0
3.08.01	Current	-13,475	0
3.08.02	Deferred	-9,114	0
3.09	Profit (loss) from continuing operations	90,131	0
3.11	Profit/loss for the period	90,131	0
3.11.01	Attributable to owners of the Company	90,001	0
3.11.02	Attributable to noncontrolling interests	130	0
3.99	Earnings per share - (Reais/share)		
3.99.01	Basic earnings per share - R\$		
3.99.01.01	Common shares	0.27343	0.00000
3.99.02	Diluted earnings per share - R\$		
3.99.02.01	Common shares	0.27343	0.00000



(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 3/31/2016 - RAIA DROGASIL S.A.

**Consolidated financial information/statement of comprehensive income**

**(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>Accumulated - current year 1/1/2016 to 3/31/2016</b>	<b>Accumulated - prior year 1/1/2015 to 3/31/2015</b>
4.01	Consolidated profit for the period	90,131	0
4.03	Consolidated comprehensive income for the period	90,131	0
4.03.01	Attributable to owners of the Company	90,001	0
4.03.02	Attributable to noncontrolling interests	130	0

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 3/31/2016 - RAIÁ DROGASIL S.A.

**Consolidated financial information/statement of cash flow - indirect method**

**(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>Accumulated - current year 1/1/2016 to 3/31/2016</b>	<b>Accumulated - prior year 1/1/2015 to 3/31/2015</b>
6.01	Net cash provided by operating activities	-53,743	0
6.01.01	Cash from operations	185,687	0
6.01.01.01	Profit before income tax and social contribution	112,720	0
6.01.01.02	Depreciation and amortization	62,930	0
6.01.01.03	Share-based compensation plan	1,920	0
6.01.01.04	Interest on additional stock option	1,467	0
6.01.01.05	Result on disposal of property and equipment and intangible assets	163	0
6.01.01.06	Provision for legal claims	153	0
6.01.01.07	(Reversal of) Provision for inventory losses	-3,596	0
6.01.01.08	Provision for impairment of trade receivables	651	0
6.01.01.10	Interest expenses	9,279	0
6.01.02	Changes in assets and liabilities	-219,289	0
6.01.02.01	Trade receivables and other receivables	-40,899	0
6.01.02.02	Inventory	-121,728	0
6.01.02.03	Other current assets	-29,477	0
6.01.02.04	Long term receivables	-5,120	0
6.01.02.05	Trade payables	-43,959	0
6.01.02.06	Salaries and social charges	-811	0
6.01.02.07	Taxes and contributions	17,167	0
6.01.02.08	Other liabilities	4,444	0
6.01.02.09	Rentals payable	1,094	0
6.01.03	Other	-20,141	0
6.01.03.01	Interest paid	-5,373	0
6.01.03.02	Income tax and social contribution paid	-14,768	0
6.02	Net cash used in investing activities	-98,929	0
6.02.01	Purchases of property and equipment and intangible assets	-98,929	0
6.03	Net cash used in financing activities	-6,609	0
6.03.01	Borrowing	37,320	0
6.03.02	Repayments of borrowing	-43,923	0
6.03.03	Interest on capital and dividends paid	-6	0
6.05	Increase (decrease) in cash and cash equivalents	-159,281	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	106,770	0

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 3/31/2016 - RAIÁ DROGASIL S.A.

**Consolidated financial information/statement of changes in equity - 1/1/2016 to 3/31/2016**

**(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>Paid-up share capital</b>	<b>Capital reserves, options granted and treasury shares</b>	<b>Revenue reserves</b>	<b>Retained earnings/ accumulated deficit</b>	<b>Other comprehensive income</b>	<b>Equity</b>	<b>Noncontrolling interests</b>	<b>Consolidated equity</b>
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	4,494	-48,243	-47,700	0	-91,449	0	-91,449
5.04.07	Interest on capital	0	0	0	-47,700	0	-47,700	0	-47,700
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	Restricted share plan - Vesting period	0	3,582	0	0	0	3,582	0	3,582
5.04.10	Restricted share plan - Delivery	0	-890	0	0	0	-890	0	-890
5.04.11	Restricted shares – Acquisition of 4Bio	0	1,802	0	0	0	1,802	0	1,802
5.05	Total comprehensive income	0	0	0	90,001	0	90,001	130	90,131
5.05.01	Profit for the period	0	0	0	90,001	0	90,001	130	90,131
5.06	Internal changes in equity	0	0	-46	46	0	0	0	0
5.06.02	Realization of revaluation reserve	0	0	-70	70	0	0	0	0
5.06.03	Taxes on realization of revaluation reserve	0	0	24	-24	0	0	0	0
5.07	Closing balance	1,808,639	133,261	678,344	42,347	-30,230	2,632,361	23,119	2,655,480

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 3/31/2016 - RAIÁ DROGASIL S.A.

## Consolidated financial information/statement of value added

(R\$ thousand)

Code	Description	Accumulated - current year 1/1/2016 to 3/31/2016	Accumulated - prior year 1/1/2015 to 3/31/2015
7.01	Revenue	2,610,125	0
7.01.01	Sales of products and services	2,610,776	0
7.01.04	Provision for/reversal of impairment of trade receivables	-651	0
7.02	Inputs acquired from third parties	-1,794,116	0
7.02.01	Cost of sales and services	-1,682,412	0
7.02.02	Materials, energy, outsourced services and other	-111,541	0
7.02.03	Impairment/recovery of assets	-163	0
7.03	Gross value added	816,009	0
7.04	Retentions	-62,930	0
7.04.01	Depreciation, amortization and depletion	-62,930	0
7.05	Net value added generated by the entity	753,079	0
7.06	Value added received through transfer	25,705	0
7.06.02	Finance income	25,705	0
7.07	Total value added to distribute	778,784	0
7.08	Distribution of value added	778,784	0
7.08.01	Personnel	273,763	0
7.08.01.01	Direct remuneration	217,728	0
7.08.01.02	Benefits	40,640	0
7.08.01.03	Unemployment compensation fund	15,395	0
7.08.02	Taxes and contributions	249,782	0
7.08.02.01	Federal	111,491	0
7.08.02.02	State	134,579	0
7.08.02.03	Municipal	3,712	0
7.08.03	Providers of capital	165,108	0
7.08.03.01	Interest	76,872	0
7.08.03.02	Rentals	88,236	0
7.08.04	Stockholders and the Company	90,131	0
7.08.04.01	Interest on capital	47,700	0
7.08.04.03	Profits reinvested/loss for the period	42,301	0
7.08.04.04	Noncontrolling interests in retained earnings	130	0

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 3/31/2016 - RAIÁ DROGASIL S.A.

## Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

# 1Q16 EARNINGS RELEASE

São Paulo, April 28<sup>th</sup>, 2016. Raia Drogasil S.A. (BM&FBovespa: RADL3) announces today its results for the 1<sup>st</sup> quarter of 2016 (1Q16). 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 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 1<sup>st</sup>, 2015 we concluded the acquisition of 55% of 4Bio. Since the 4Q15, we have reported our consolidated figures. In order to assure the historical comparability, the 2015 results were combined on a pro-forma basis.

## HIGHLIGHTS:

- **Drugstores:** 1,274 stores in operation (39 openings)
- **Gross Revenue:** R\$ 2.6 billion, 26.3% of growth (16.0% retail same-store sales growth)
- **Gross Margin:** 28.7% of gross revenue, a 0.2 percentage point margin increase
- **EBITDA:** R\$ 192.8 million, a 7.3% margin, 0.1 percentage point margin decrease
- **Adjusted Net Income:** R\$ 100.8 million, a 3.8% margin and an increase of 23.8%
- **Cash Flow:** R\$ 161.5 million negative free cash flow, R\$ 156.6 million total cash consumption

Summary	1Q15	2Q15	3Q15	4Q15	1Q16
<i>(R\$ thousand)</i>					
# of Stores Raia Drogasil + 4Bio	1,112	1,145	1,180	1,235	1,274
Store Openings	19	38	37	62	39
Store Closures	(1)	(5)	(2)	(7)	0
# of Stores (average)	1,099	1,126	1,159	1,206	1,250
Headcount	23,851	25,010	25,529	26,520	26,720
Pharmacist Count	3,956	4,230	4,479	4,698	4,963
# of Tickets (000)	38,208	41,115	42,067	43,908	44,145
Gross Revenue	2,090,599	2,323,102	2,436,861	2,574,215	2,641,079
Gross Profit	596,605	702,775	696,319	740,084	756,940
% of Gross Revenues	28.5%	30.3%	28.6%	28.7%	28.7%
EBITDA	153,917	218,910	182,611	188,120	192,839
% of Gross Revenues	7.4%	9.4%	7.5%	7.3%	7.3%
Adjusted Net Income	81,459	119,346	95,463	94,865	100,829
% of Gross Revenues	3.9%	5.1%	3.9%	3.7%	3.8%
Net Income	70,760	108,647	83,999	78,347	90,131
% of Gross Revenues	3.4%	4.7%	3.4%	3.0%	3.4%
Free Cash Flow	(31,083)	38,311	68,239	35,613	(161,451)

RADL3: R\$ 54.98/share

Number of Shares: 330,386,000

Market Cap: R\$ 18,165 million

Closing: April 27<sup>th</sup>, 2016

### IR Contacts:

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E-mail: ri@raiadrogasil.com.br

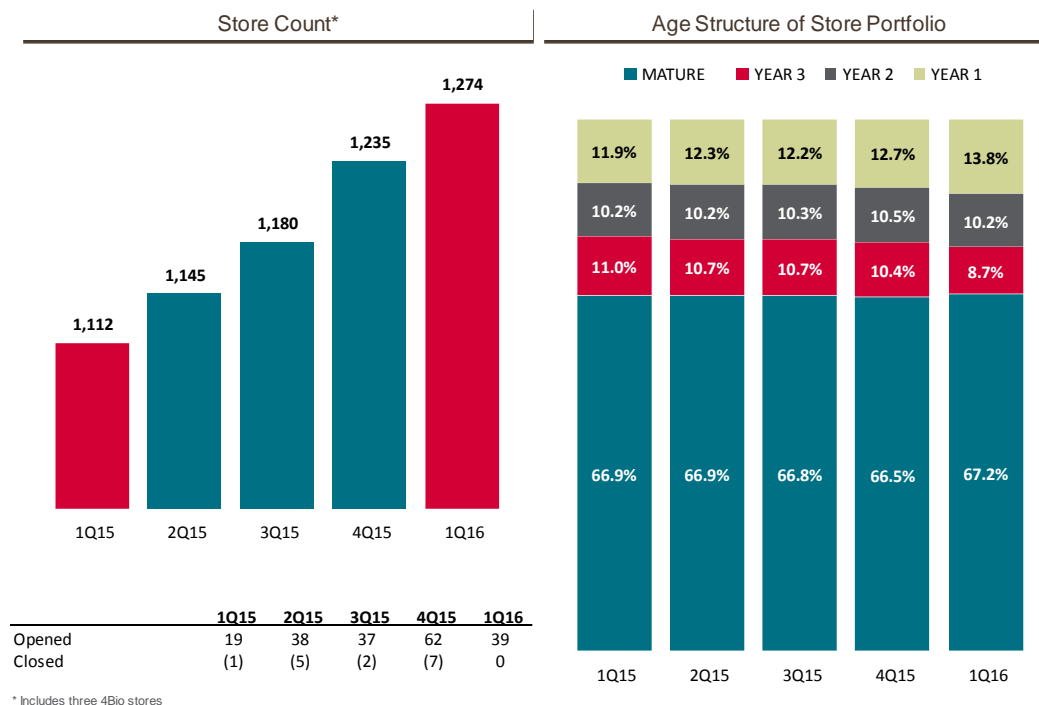
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Quarterly Information (ITR) - 3/31/2016 - RAIÁ DROGASIL S.A.

## Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

### STORE DEVELOPMENT



We opened 39 new stores in the 1Q16, ending the quarter with 1,274 stores in operation, including three 4Bio stores. We did not close any stores in the period. Considering the last twelve months, we have opened a total of 176 new stores, a record both for Raia Drogasil and for the Brazilian drugstore market. We reiterate our guidance of 165 gross openings in 2016 and of 195 in 2017.

At the end of the period, 32.8% of our stores were still in the process of maturation, and had not yet reached their full potential in terms of revenue and profitability.

Our average comparable national market share including 4Bio reached 10.7% in the quarter, a 1.0 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 historical comparability. Considering the inclusion of new informants, our national market share totaled 10.5%.

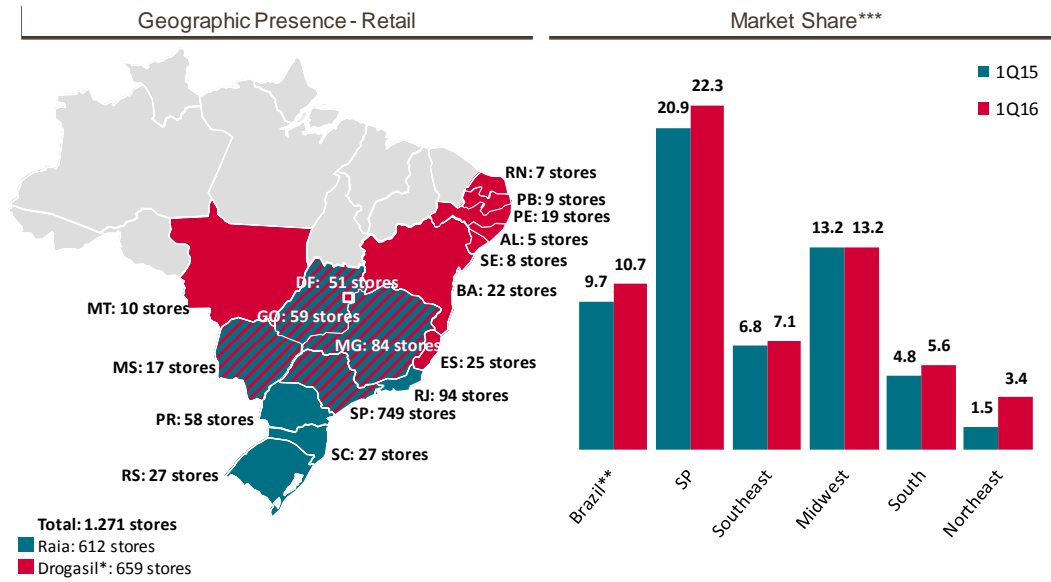
We increased or preserved our market share in every region where we operate. The Northeast was our main highlight, where we recorded a market share of 3.4%, a 1.9 percentage point increase driven by our growth in Bahia as well as by our successful entry in five new states in the region in 2014. We also recorded an outstanding performance in São Paulo, where we reached a market share of 22.3%, a 1.4 percentage point increase, driven by our organic expansion and by the solid performance of our mature stores. In the remaining states of the Southeast, we gained 0.3 percentage point. Finally, in the Southern region, we increased our market share by 0.8 percentage point, driven by store maturation in Paraná, in Santa Catarina and in Rio Grande do Sul. Finally, we maintained a market share of 13.2% in the Midwest, in line with the previous year, since we have not opened any stores in Goiás since 2013.

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 3/31/2016 - RAIÁ DROGASIL S.A.

### Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated



#### PHARMACEUTICAL MARKET DISTRIBUTION BY REGION (%)

Source: IMS Health

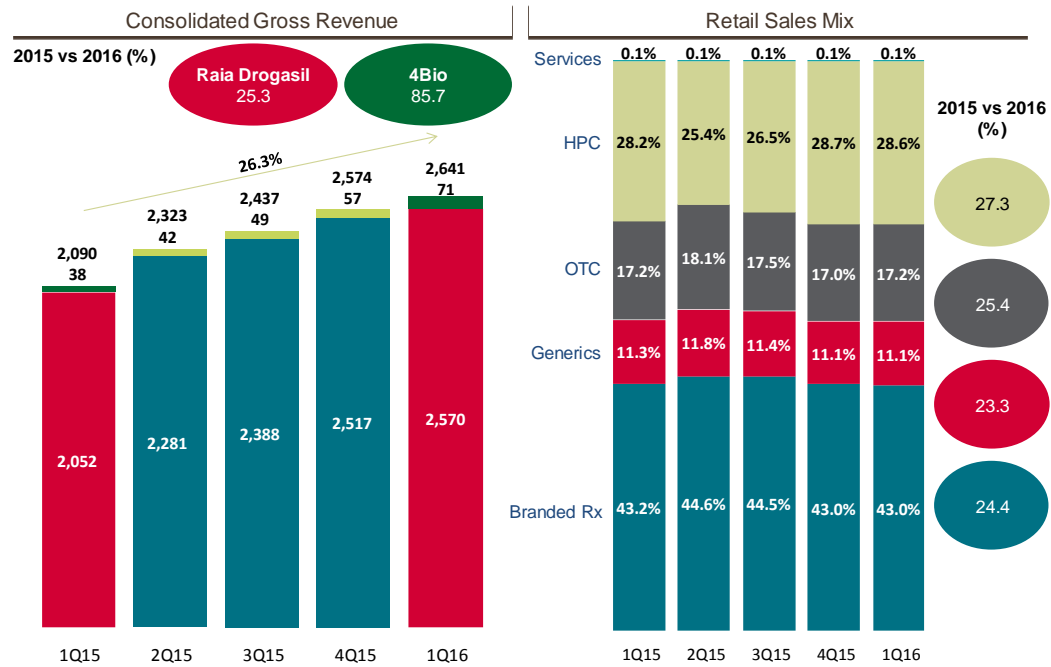
\* Includes Farmasil stores

\*\* 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 10.5%

Region	Brazil**	SP	Southeast	Midwest	South	Northeast
Market Share (%)	100.0	26.6	24.1	8.9	16.4	19.1

### GROSS REVENUE



(A free translation of the original in Portuguese)

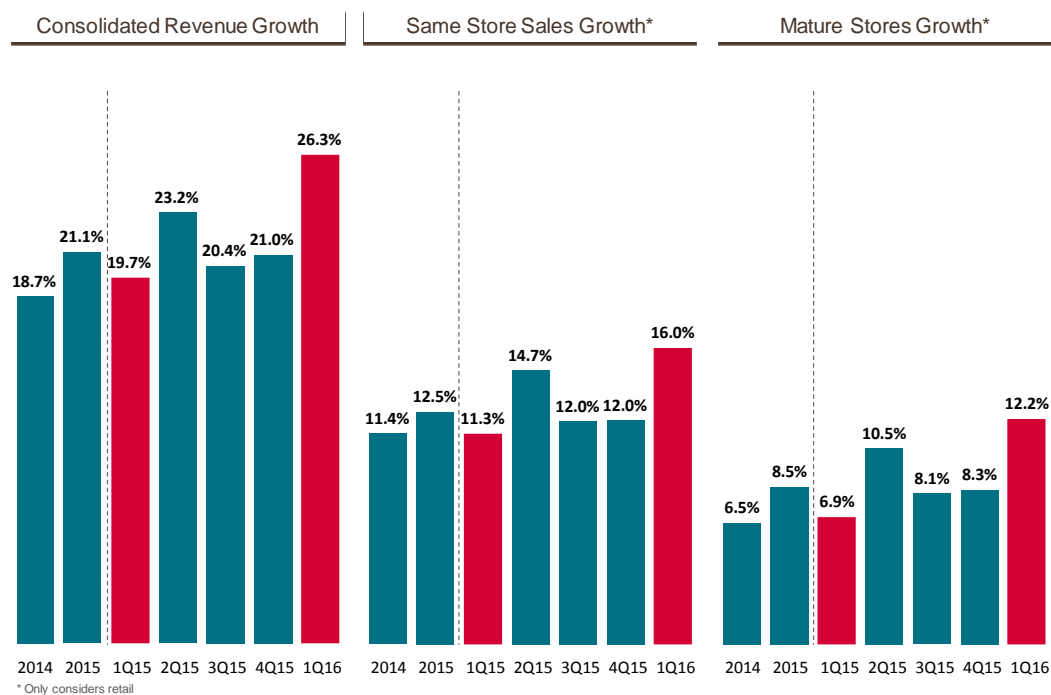
Quarterly Information (ITR) - 3/31/2016 - RAIA DROGASIL S.A.

## Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

In the 1Q16, we recorded the highest growth rate in the merged Company's history. We ended the quarter with gross revenues of R\$ 2,641.1 million, a 26.3% increase over the previous year. Raia Drogasil recorded a growth of 25.3%, while 4Bio grew 85.7% in the period.

HPC was the highlight of the quarter, recording a 27.3% growth, and increased its participation in the sales mix by 0.4 percentage point at the expense of Branded Rx and Generics. OTC grew 25.4% and maintained its participation. Even though Branded Rx and Generics lost participation in the sales mix, they grew by 24.4% and 23.3%, respectively.



Same store sales at Raia Drogasil increased by 16.0% while our mature stores recorded an increase of 12.2%. Both the Zika virus pandemic and the early flu season, especially as regarding the H1N1 virus, helped boosting our sales in the quarter. Finally, we recorded a positive calendar effect of 0.8% due to the leap year.

The Brazilian pharmaceutical market grew by 14.5% (7.4% in units sold) in the last twelve months ended in March, 2016, according to the IMS Health, a testament to the defensive nature of our market.

## GROSS PROFIT

Our gross margin reached 28.7%, a 0.2 percentage point increase versus the 1Q15, and remained in line with the 4Q15.

This gross margin expansion was driven by structural improvements in our commercial terms, opportunistic purchases, tactical pricing adjustments and a reduction in inventory losses, which more than offset the lower Net Present Value Adjustment of 0.1 percentage point and 4Bio's negative margin mix effect of 0.1 percentage point, since Specialty Drugs have a lower gross margin than Retail.

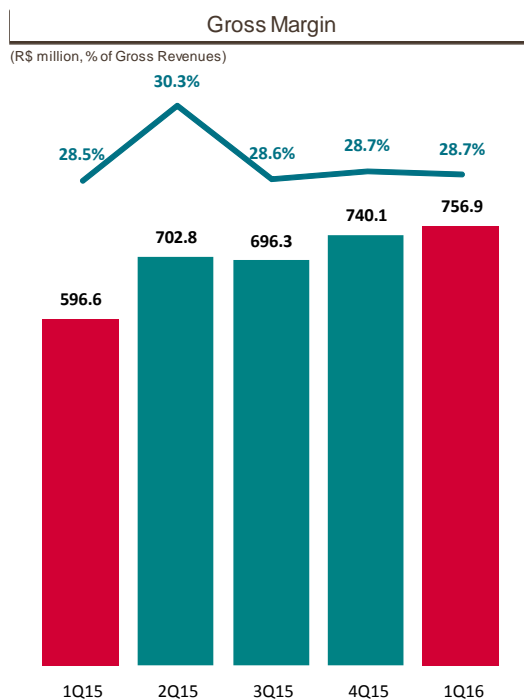


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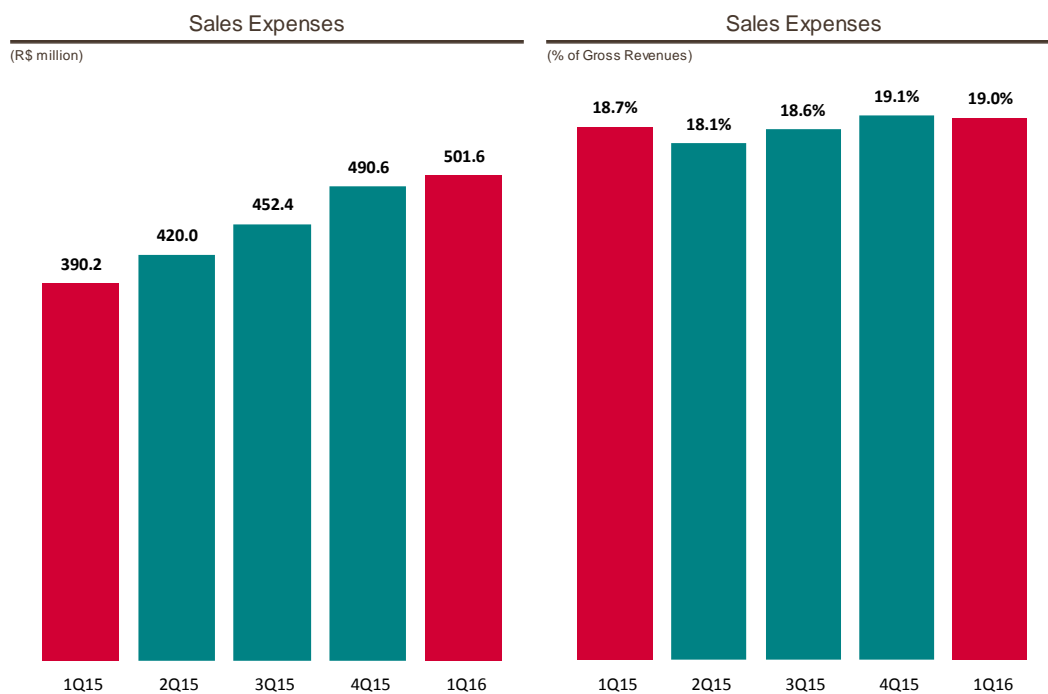
Quarterly Information (ITR) - 3/31/2016 - RAIÁ DROGASIL S.A.

### Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated



### SALES EXPENSES



(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 3/31/2016 - RAIA DROGASIL S.A.

## Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

In the 1Q16, sales expenses totaled R\$ 501.6 million, equivalent to 19.0% of gross revenue, a 0.3 percentage point increase over the same period of the previous year and a 0.1 dilution versus the 4Q15.

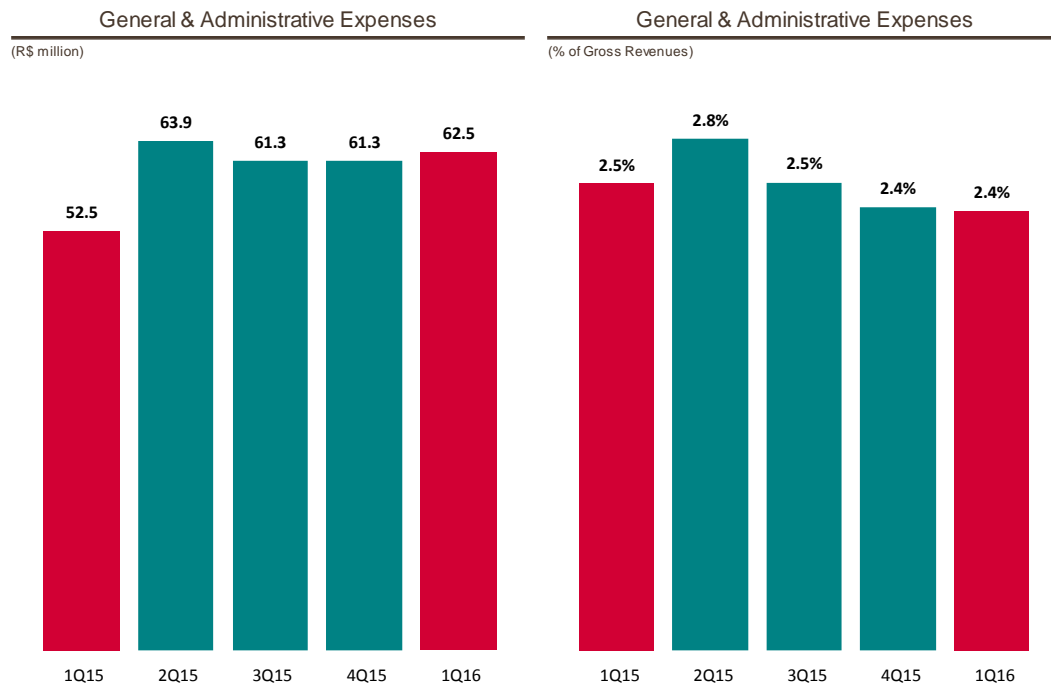
Personnel expenses increased by 0.3 percentage point, while electricity pressured our sales expenses by 0.2 percentage point. Finally, the faster store-opening pace increased pre-operational expenses by 0.2 percentage point in the quarter. These pressures were partially offset by dilutions of 0.2 percentage point in other expenses and of 0.2 percentage point related to 4Bio, which achieved significant operating leverage in the quarter.

Rental expenses remained in line with the same period of the previous year. In the 1Q16, we started a renegotiation process with our property owners that will contribute to maintain or even dilute this expense line in 2016 and especially in 2017, when our results will reflect the full effect of the renegotiation process.

## GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses amounted to R\$ 62.5 million in the 1Q16, equivalent to 2.4% of gross revenue, a 0.1 percentage point dilution versus the previous year and in line with the 4Q15.

In spite of significant investments in our structure, especially as regarding Category Management and Human Resources, we have achieved consistent overhead dilution over the years due to our increased operating leverage.



(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 3/31/2016 - RAIA DROGASIL S.A.

## Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

### EBITDA

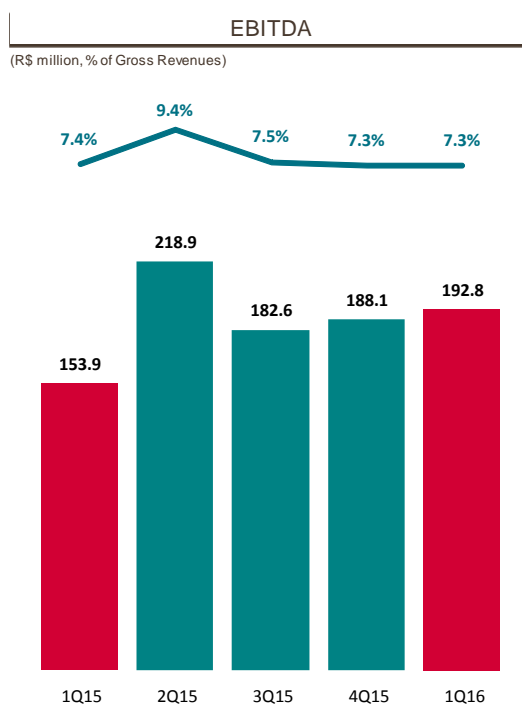
Our EBITDA reached R\$ 192.8 million, a 25.3% increase over the 1Q15. Our EBITDA margin reached 7.3%, a contraction of 0.1 percentage point, and remained in line with the 4Q15 in spite of the unfavorable seasonality of the quarter, since January is a vacation month and February is a shorter month with the Carnival holiday. Our strong growth momentum coupled with the Zika virus epidemic, with the earlier flu season and with the leap year effect, were instrumental in offsetting the negative seasonality of the quarter.

New stores opened in the quarter, as well as those that were in the opening process, reduced the EBITDA by R\$ 14.3 million in the 1Q16. Therefore, considering only the 1,235 stores in operation since the end of 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\$ 207.1 million, equivalent to an EBITDA margin of 7.8% over gross revenue.

Raia Drogasil achieved a retail EBITDA of R\$ 191.1 million, an EBITDA margin of 7.4% in the 1Q16, in line with the previous year. It is important to highlight that the increase in operating expenses was more than offset by an increase in gross margin.

4Bio reached an EBITDA of R\$ 1.8 million in the quarter, an increase of 15.1% over the previous year and an EBITDA margin of 2.5% that represents a 1.5 percentage point pressure. Although it recorded an 85.7% growth in the quarter, its gross margin was penalized by the shift in the sales mix, migrating to Hepatitis C and Oncology categories that have a lower gross margin when compared to the other categories. It is important to highlight that 4Bio has fine-tuned its pricing strategy, and that already in March, the EBITDA margin was materially higher than in the previous two months.

Finally, it is important to highlight that 4Bio is a more capital-efficient business than Raia Drogasil, since its cash cycle is much lower and its Capex is dismal. Therefore, when comparing the EBIT, the margin gap is significantly smaller, since 4Bio recorded a margin of 2.4% versus 5.0% for Raia Drogasil.



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Quarterly Information (ITR) - 3/31/2016 - RAIÁ DROGASIL S.A.

## Notes to the Quarterly Information

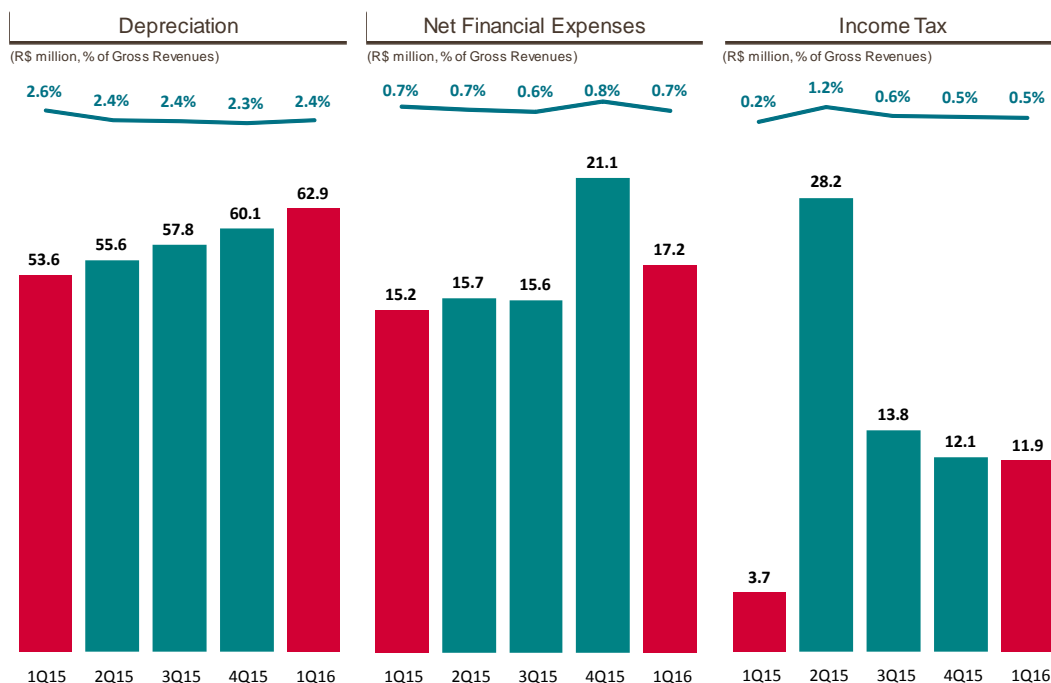
All amounts in thousands of reais unless otherwise stated

### DEPRECIATION, NET FINANCIAL EXPENSES AND INCOME TAXES

Depreciation expenses totaled R\$ 62.9 million in the 1Q16, equivalent to 2.4% of gross revenue, a 0.2 percentage point dilution when compared to the same period of the previous year.

Financial expenses represented 0.7% of gross revenue, in line with the previous year. Excluding the NPV Adjustment, the interest accrued on debt amounted to 0.2% of revenue in the 1Q16. Of the R\$ 17.2 million of net financial expenses recorded in the quarter, R\$ 12.3 million refers to the Net Present Value Adjustment, while R\$ 4.9 million refers to net interest accrued.

Finally, we booked R\$ 11.9 million in taxes, equivalent to 0.5% of gross revenue, a 0.3 percentage point increase due to a higher interest on equity payout in the 1Q15.



### ADJUSTED NET INCOME

Adjusted net income totaled R\$ 100.8 million in the quarter, a 23.8% increase over the previous year. We achieved an adjusted net margin of 3.8%, a 0.1 percentage point decrease.

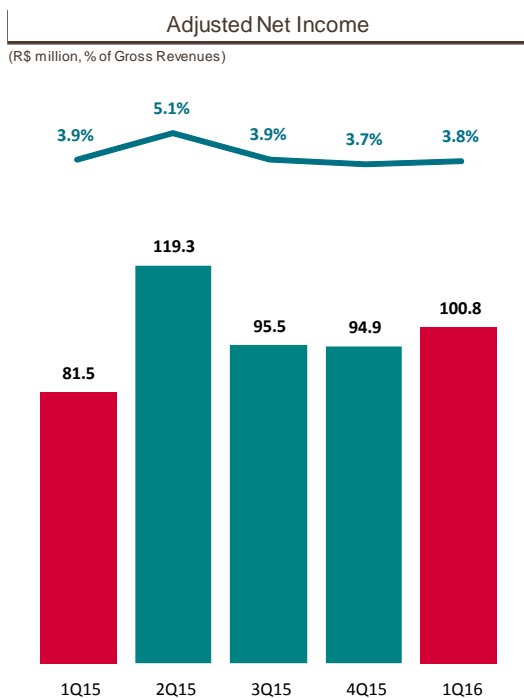
Excluding the benefit from the goodwill amortization, we recorded a reported net income of R\$ 90.1 million, a net margin of 3.4%, which represent a growth of 27.4% compared to the previous year.

(A free translation of the original in Portuguese)

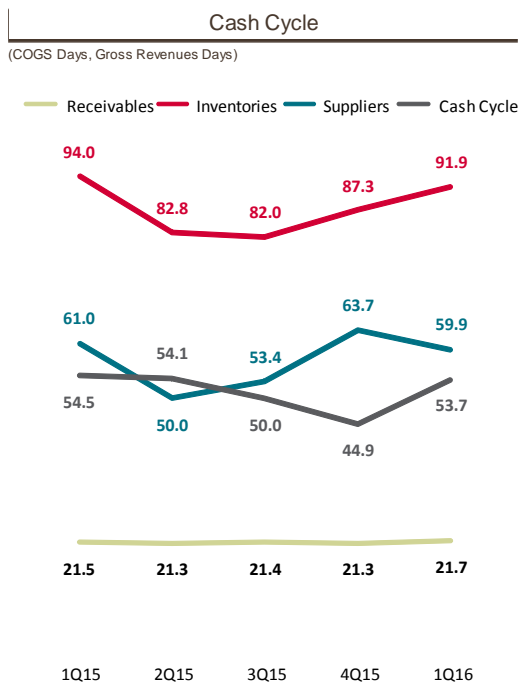
Quarterly Information (ITR) - 3/31/2016 - RAIÁ DROGASIL S.A.

### Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated



### CASH CYCLE



(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

We achieved a cash cycle reduction of 0.8 day when compared to the same period of the previous year. Despite the aggressive forward buying undertaken in the quarter, inventories decreased by 2.1 days, reflecting the strong acceleration of our revenue growth. Finally, accounts payable decreased by 1.1 day and receivables increased by 0.2 day versus the previous year.

## CASH FLOW

In the 1Q16, we generated a negative free cash flow of R\$ 161.5 million, and a negative total cash flow of R\$ 156.6 million. It is important to highlight that the first quarter always brings an unfavorable cash cycle seasonality, while the fourth quarter has the most favorable seasonality of the year, therefore resulting in a material cash outlay in the first quarter. It is important to mention that the working capital investment in 2015 was very low due to a strong reduction in cash cycle, and that the 2016 level reflects the normalized cash consumption to finance our growth.

<b>Cash Flow</b>	<b>1Q16</b>	<b>1Q15</b>
<i>(R\$ million)</i>		
<b>Adjusted EBIT</b>	<b>129.9</b>	<b>100.3</b>
Income Tax (34%)	(44.2)	(34.1)
Tax Shield from Goodwill	10.7	10.7
Depreciation	62.9	53.6
Others	(2.6)	(12.8)
<b>Resources from Operations</b>	<b>156.8</b>	<b>117.6</b>
Cash Cycle*	(206.6)	(67.0)
Other Assets (Liabilities)	(12.7)	(22.3)
<b>Operating Cash Flow</b>	<b>(62.5)</b>	<b>28.3</b>
<b>Investments</b>	<b>(98.9)</b>	<b>(59.5)</b>
<b>Free Cash Flow</b>	<b>(161.5)</b>	<b>(31.1)</b>
Interest on Equity	(0.0)	(0.4)
Income Tax Paid over Interest on Equity	-	(4.2)
Net Financial Expenses	(17.2)	(15.2)
Income Tax (Tax benefit over financial expenses and interest on equity)	22.1	26.0
<b>Total Cash Flow</b>	<b>(156.6)</b>	<b>(24.9)</b>

\* Cash cycle includes variation in accounts receivables, inventories and supplier:

\*\* Does not include financing cash flow

Resources from operations amounted to R\$ 156.8 million, equivalent to 5.9% of gross revenue, while we recorded a working capital increase of R\$ 219.3 million, amounting to a negative operating cash flow of R\$ 62.5 million.

Of the R\$ 98.9 million invested in the year, R\$ 59.9 million corresponded to new store openings, R\$ 9.1 million to the renovation of existing stores, and R\$ 29.9 million to investments in infrastructure.

Net financial expenses totaled R\$ 17.2 million in the quarter. These expenses were more than fully offset by the R\$ 22.1 million tax shield related to the net financial expenses and to the interest on equity accrued in the period, which shall be paid at a later date.

(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

We accrued R\$ 47.7 million in interest on equity in the 1Q16, reflecting a payout of 52.9%, through the full utilization of the legal interest on equity limit.

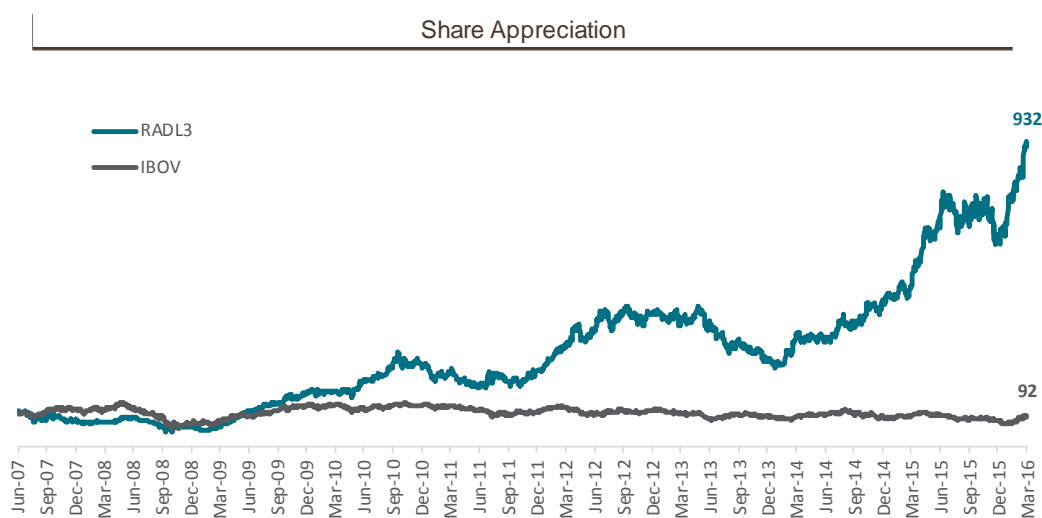
## INDEBTEDNESS

At the end of the quarter, we recorded a net debt position of R\$ 186.9 million, versus a net debt of R\$ 35.3 million recorded in the same period of 2015.

Our gross debt totaled R\$ 293.7 million, of which 98.8% corresponds to BNDES (Brazilian Economic and Social Development Bank) lines and 1.2% corresponds to the bank debt related to 4Bio. Of our total debt, 63.0% is long-term, while 37.0% 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\$ 106.8 million.

## TOTAL SHAREHOLDER RETURN

Our share price appreciated by 47.1% in 2016, 31.7 percentage points above the Ibovespa, which gained 15.5%.



Since the IPO of Drogasil, we achieved a cumulative share appreciation of 832.1% versus a negative return of 8.0% of the IBOVESPA. Including the payment of interest on equity, we generated an average annual total return to shareholders of 29.4%. Considering the IPO of Raia in December of 2010, the cumulative return amounted to 398.3% versus a decrease of 26.4% by the Ibovespa. Considering the payment of interest on equity, this resulted in an average annual total return to shareholders of 35.8%.

We recorded an average daily trading volume of R\$ 75.9 million in the quarter.

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### Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

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<b>Adjusted Income Statement</b> <i>(R\$ thousand)</i>	<b>1Q15</b>	<b>1Q16</b>
<b>Gross Revenue</b>	<b>2,090,599</b>	<b>2,641,079</b>
Taxes, Discounts and Returns	(86,608)	(125,652)
<b>Net Revenue</b>	<b>2,003,991</b>	<b>2,515,427</b>
Cost of Goods Sold	(1,407,428)	(1,758,487)
<b>Gross Profit</b>	<b>596,563</b>	<b>756,940</b>
Operational (Expenses) Revenue		
Sales	(390,161)	(501,633)
General and Administrative	(52,527)	(62,468)
Other Operational Expenses, Net	0	0
<b>Operational Expenses</b>	<b>(442,688)</b>	<b>(564,101)</b>
<b>EBITDA</b>	<b>153,875</b>	<b>192,839</b>
Depreciation and Amortization	(53,573)	(62,930)
<b>Operational Earnings before Financial Results</b>	<b>100,302</b>	<b>129,909</b>
Financial Expenses	(29,962)	(42,894)
Financial Revenue	14,785	25,705
<b>Financial Expenses/Revenue</b>	<b>(15,177)</b>	<b>(17,189)</b>
<b>Earnings before Income Tax and Social Charges</b>	<b>85,125</b>	<b>112,720</b>
Income Tax and Social Charges	(3,668)	(11,891)
<b>Net Income</b>	<b>81,459</b>	<b>100,829</b>



(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 3/31/2016 - RAIÁ DROGASIL S.A.

### Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

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<b>Income Statement</b>	<b>1Q15</b>	<b>1Q16</b>
<i>(R\$ thousand)</i>		
<b>Gross Revenue</b>	<b>2,090,599</b>	<b>2,641,079</b>
Deductions	(86,153)	(125,652)
<b>Net Revenue</b>	<b>2,004,446</b>	<b>2,515,427</b>
Cost of Goods Sold	(1,407,841)	(1,758,487)
<b>Gross Profit</b>	<b>596,605</b>	<b>756,940</b>
Operational (Expenses) Revenue		
Sales	(390,161)	(501,633)
General and Administrative	(52,527)	(62,468)
Other Operational Expenses, Net	0	0
<b>Operational Expenses</b>	<b>(442,688)</b>	<b>(564,101)</b>
<b>EBITDA</b>	<b>153,917</b>	<b>192,839</b>
Depreciation and Amortization	(53,573)	(62,930)
<b>Operational Earnings before Financial Results</b>	<b>100,344</b>	<b>129,909</b>
Financial Expenses	(29,548)	(42,894)
Financial Revenue	14,330	25,705
<b>Financial Expenses/Revenue</b>	<b>(15,218)</b>	<b>(17,189)</b>
<b>Earnings before Income Tax and Social Charges</b>	<b>85,126</b>	<b>112,720</b>
Income Tax and Social Charges	(14,366)	(22,589)
<b>Net Income</b>	<b>70,760</b>	<b>90,131</b>

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Quarterly Information (ITR) - 3/31/2016 - RAIA DROGASIL S.A.

### Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

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<b>Assets</b>	<b>1Q15</b>	<b>1Q16</b>
<i>(R\$ thousand)</i>		
<b>Current Assets</b>		
Cash and Cash Equivalents	230,073	106,770
Accounts Receivable	492,897	629,502
Inventories	1,454,149	1,775,777
Taxes Receivable	59,254	79,305
Other Accounts Receivable	112,845	110,901
Income Tax and Social Charges deferred	180	0
Following Fiscal Year Expenses	17,170	19,419
	<u>2,366,568</u>	<u>2,721,674</u>
<b>Non-Current Assets</b>		
Deposit in Court	18,120	23,230
Taxes Receivable	20,241	23,861
Other Credits	2,114	2,290
Property, Plant and Equipment	665,690	835,302
Intangible	1,119,448	1,169,021
	<u>1,825,613</u>	<u>2,053,704</u>
<b>ASSETS</b>	<u>4,192,181</u>	<u>4,775,378</u>

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 3/31/2016 - RAIÁ DROGASIL S.A.

### Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

<b>Liabilities and Shareholder's Equity</b> <i>(R\$ thousand)</i>	<b>1Q15</b>	<b>1Q16</b>
<b>Current</b>		
Suppliers	943,256	1,157,077
Loans and Financing	95,417	108,675
Salaries and Social Charges Payable	142,959	164,597
Taxes Payable	46,120	79,309
Dividend and Interest on Equity	55,948	113,695
Provision for Lawsuits	4,205	1,690
Other Accounts Payable	88,907	95,867
	<u>1,376,812</u>	<u>1,720,910</u>
<b>Non-Current Assets</b>		
Loans and Financing	169,937	185,015
Provision for Lawsuits	3,718	3,120
Income Tax and Social Charges deferred	140,038	175,072
Other Accounts Payable	3,916	35,781
	<u>317,609</u>	<u>398,988</u>
<b>Shareholder's Equity</b>		
Common Stock	909,407	1,808,639
Capital Reserves	1,020,249	133,262
Revaluation Reserve	12,708	12,523
Income Reserves	475,420	665,820
Accrued Income	39,645	42,347
Equity Adjustments	0	(30,230)
Non Controller Interest	0	23,119
Additional Dividend Proposed	40,331	0
	<u>2,497,760</u>	<u>2,655,480</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>4,192,181</u>	<u>4,775,378</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

<b>Cash Flow</b>	<b>1Q15</b>	<b>1Q16</b>
<b>Earnings before Income Tax and Social Charges</b>	<b>85,127</b>	<b>112,720</b>
<b>Adjustments</b>		
Depreciation and Amortization	53,573	62,930
Compensation plan with restricted shares, net	457	1,920
Interest over additional stock option	0	1,467
P,P&E and Intangible Assets residual value	100	163
Provisioned Lawsuits	(1,601)	153
Provisioned Inventories Loss	(261)	(3,596)
Allowance for Doubtful Accounts	(128)	651
Provisioned Store Closures	(332)	0
Interest Expenses	7,577	9,279
	<b>144,512</b>	<b>185,687</b>
<b>Assets and Liabilities variation</b>		
Accounts Receivable	(15,123)	(40,899)
Inventories	(102,917)	(121,728)
Other Short Term Assets	(27,025)	(29,477)
Long Term Assets	(7,106)	(5,120)
Suppliers	51,034	(43,959)
Salaries and Social Charges	324	(811)
Taxes Payable	10,357	17,167
Other Liabilities	40	4,444
Rent Payable	1,119	1,094
<b>Cash from Operations</b>	<b>55,215</b>	<b>(33,602)</b>
Interest Paid	(5,601)	(5,373)
Income Tax and Social Charges Paid	(12,639)	(14,768)
<b>Net Cash from (invested) Operational Activities</b>	<b>36,975</b>	<b>(53,743)</b>
<b>Investment Activities Cash Flow</b>		
P,P&E and Intangible Acquisitions	(59,791)	(98,929)
P,P&E Sale Payments	333	0
<b>Net Cash from Investment Activities</b>	<b>(59,458)</b>	<b>(98,929)</b>
<b>Financing Activities Cash Flow</b>		
Funding	4,305	37,320
Payments	(32,814)	(43,923)
Interest on Equity and Dividends Paid	(403)	(6)
<b>Net Cash from Funding Activities</b>	<b>(28,912)</b>	<b>(6,609)</b>
<b>Cash and Cash Equivalents net increase</b>	<b>(51,395)</b>	<b>(159,281)</b>
<b>Cash and Cash Equivalents in the beginning of the period</b>	<b>281,468</b>	<b>266,051</b>
<b>Cash and Cash Equivalents in the end of the period</b>	<b>230,073</b>	<b>106,770</b>

(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

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### 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 1<sup>st</sup>, 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 9a.

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 1,274 stores (1,235 stores – Dec-2015), distributed in 18 Brazilian states, as follows:

	<b>Consolidated</b>
	<b>Mar-2016</b>
São Paulo	751
Rio de Janeiro	94
Minas Gerais	84
Goiás	59
Paraná	58
Distrito Federal	51
Santa Catarina	27
Rio Grande do Sul	27
Espírito Santo	25
Bahia	22
Pernambuco	19
Mato Grosso do Sul	17
Mato Grosso	10
Paraíba	9
Sergipe	8
Rio Grande do Norte	7
Alagoas	5
Tocantins	1
	<u>1,274</u>

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) - 3/31/2016 - RAIÁ DROGASIL S.A.

## **Notes to the Quarterly Information**

All amounts in thousands of reais unless otherwise stated

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### **2. Presentation of quarterly information**

The quarterly information was approved by the Executive Board on April 28, 2016.

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

The Company's parent company and consolidated quarterly information for the periods ended March 31, 2016 and 2015 has 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). This quarterly information is in conformity with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and provides all the significant information related solely to the financial statements, which is consistent with the information used by management. The parent company financial statements are disclosed together with the consolidated financial statements.

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 of operations of the Company and three months of operations of the subsidiary.

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, while it is not required by IFRS. Therefore, under the IFRS, the presentation of such statements is considered supplementary information.

The Group adopted all standards, revised standards and interpretations issued by the CPC that were effective as at March 31, 2016.

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Quarterly Information (ITR) - 3/31/2016 - RAIÁ DROGASIL S.A.

### **Notes to the Quarterly Information**

All amounts in thousands of reais unless otherwise stated

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#### **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 1<sup>st</sup>, 2017:

(i) IFRS 9 - Financial Instruments (effective from January 1<sup>st</sup>, 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; and (iii) the concept of embedded derivatives is eliminated. Management considers that the adoption of this standard will not have material effects.

(ii) IFRS 15 - Revenue from Contracts with Customers (effective from January 1<sup>st</sup>, 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 1<sup>st</sup>, 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.

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## Notes to the Quarterly Information

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### 5. Cash and cash equivalents

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>Mar-2016</u>	<u>Dec-2015</u>	<u>Mar-2016</u>	<u>Dec-2015</u>
Cash and banks	35,228	38,541	35,331	38,725
Automatic investment fund	832	2,759	832	2,759
Bank deposit certificates (CDBs)	3,594	60,554	4,067	60,554
Debentures held under repurchase agreements	61,091	162,695	66,540	163,810
Capitalization securities (premium bonds)				203
	<u>100,745</u>	<u>264,549</u>	<u>106,770</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, and most of them are debentures issued by companies that belong to the economic groups of these financial institutions. The financial investments are concentrated substantially at Caixa Econômica Federal and Santander.

### 6. Trade receivables

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>Mar-2016</u>	<u>Dec-2015</u>	<u>Mar-2016</u>	<u>Dec-2015</u>
Trade receivables	596,313	578,976	636,828	608,741
(-) Provision for impairment of trade receivables	(7,247)	(6,893)	(7,326)	(6,910)
	<u>589,066</u>	<u>572,083</u>	<u>629,502</u>	<u>601,831</u>

The ageing of trade receivables is as follows:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>Mar-2016</u>	<u>Dec-2015</u>	<u>Mar-2016</u>	<u>Dec-2015</u>
Not yet due	570,543	551,719	609,516	579,379
Overdue				
Between 1 and 30 days	15,493	17,076	16,300	17,720
Between 31 and 60 days	154	306	762	1,556
Between 61 and 90 days	84	46	211	137
Between 91 and 180 days	220	6,853	220	6,936
Between 181 and 360 days	8,972	2,976	8,972	3,013
Over 360 days	847		847	
Provision for impairment of trade receivables	<u>(7,247)</u>	<u>(6,893)</u>	<u>(7,326)</u>	<u>(6,910)</u>
	<u>589,066</u>	<u>572,083</u>	<u>629,502</u>	<u>601,831</u>



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## 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>Mar-2016</u>	<u>Dec-2015</u>	<u>Mar-2016</u>	<u>Dec-2015</u>
Opening balance	(6,893)	(1,231)	(6,910)	(1,231)
Additions through business combinations				(128)
Additions	(3,553)	(19,168)	(3,773)	(19,254)
Reversals	3,199	13,506	3,357	13,703
Closing balance	<u>(7,247)</u>	<u>(6,893)</u>	<u>(7,326)</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.

## 7. Inventories

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>Mar-2016</u>	<u>Dec-2015</u>	<u>Mar-2016</u>	<u>Dec-2015</u>
Goods for resale	1,757,424	1,653,305	1,791,791	1,670,154
Materials	4,702	4,611	4,702	4,611
Provision for inventory losses	<u>(20,716)</u>	<u>(24,312)</u>	<u>(20,716)</u>	<u>(24,312)</u>
Total inventory	<u>1,741,410</u>	<u>1,633,604</u>	<u>1,775,777</u>	<u>1,650,453</u>

Changes in the provision for goods losses are as follows:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>Mar-2016</u>	<u>Dec-2015</u>	<u>Mar-2016</u>	<u>Dec-2015</u>
Opening balance	(24,312)	(36,418)	(24,312)	(36,418)
Additions	(613)	(10,203)	(613)	(10,203)
Reversals	4,209	22,309	4,209	22,309
Closing balance	<u>(20,716)</u>	<u>(24,312)</u>	<u>(20,716)</u>	<u>(24,312)</u>

For the quarter ended March 31, 2016, cost of goods sold recognized in the statement of income was R\$ 1,701,165 (R\$ 1,377,104 – 1<sup>st</sup> quarter/15) for the parent company and R\$ 1,758,487 for the consolidated accounts, including the amount of the write-offs of goods inventories recognized as losses for the year amounting to R\$ 13,908 (R\$ 18,351 – 1<sup>st</sup> quarter/15) for the parent company and R\$ 13,909 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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## Notes to the Quarterly Information

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### 8. Taxes recoverable

	Parent company		Consolidated	
	Mar-2016	Dec-2015	Mar-2016	Dec-2015
<b>Taxes on profit</b>				
Withholding Income Tax (IRRF)	1,974	1,735	2,034	1,735
Corporate Income Tax (IRPJ)	8,075	7,148	8,302	7,350
Social Contribution on Net Profit (CSLL)	2,901	923	3,113	1,097
	<u>12,950</u>	<u>9,806</u>	<u>13,449</u>	<u>10,182</u>
<b>Other taxes</b>				
Value Added Tax on Sales and Services (ICMS) – credit balance	65,529	48,942	65,686	49,028
ICMS – Refund of ICMS withheld in advance (CAT Ruling 17/99)	171	171	171	171
ICMS on acquisitions of fixed assets	23,300	22,595	23,300	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>89,561</u>	<u>72,418</u>	<u>89,718</u>	<u>72,504</u>
	<u>102,511</u>	<u>82,224</u>	<u>103,167</u>	<u>82,686</u>
Current assets	<u>(78,649)</u>	<u>(59,068)</u>	<u>(79,305)</u>	<u>(59,530)</u>
Non-current assets	<u>23,862</u>	<u>23,156</u>	<u>23,862</u>	<u>23,156</u>

The ICMS credits amounting to R\$ 65,529 and R\$ 171 (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 and Paraná, in order to supply the Company's branches located in other Brazilian states. There was a higher accumulation of credits from such tax in the first quarter, 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% (Decree 61,840/16 and CAT Ruling 158/15) and also on several products that are no longer in the substitute taxpayer regime, as required by ICMS Agreement 92/15.

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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### 9. 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 March 31, 2016 corresponds to R\$ 33,099 (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\$ 33,099 (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.

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### (b) Changes in investments

At March 31, 2016, the Company's investment balance is as follows:

<u>Company name</u>	<u>Main activity</u>	<u>Interest (%)</u>	<u>3/31/2016</u>
4Bio Medicamentos S.A.	Retail of special medicines	55%	25,696

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

	<b>Parent company</b>
	<b><u>3/31/2016</u></b>
At December 31, 2015	23,497
Equity in the results of investees	159
Adjustment to purchase price	<u>2,040</u>
At March 31, 2016	<u>25,696</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 March 31, 2016:

	<b>Parent company</b>
	<b><u>3/31/2016</u></b>
Result of 4Bio (for the three-month period ended 3/31/2016)	352
Amortization of surplus arising from the business combination	<u>(193)</u>
Adjusted profit of 4Bio	<u>159</u>

<b>Adjusted equity</b>	<b><u>3/31/2016</u></b>	<b><u>12/31/2015</u></b>
Investment at book value (55%)	8,358	8,006
Allocation of the purchase price (surplus of assets)	6,714	7,005
Deferred income tax liability on allocation adjustments	<u>(2,283)</u>	<u>(2,381)</u>
	<u>12,789</u>	<u>12,630</u>
Goodwill based on expected future profitability	<u>12,907</u>	<u>10,867</u>
	<u>25,696</u>	<u>23,497</u>

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## 10. Property and equipment and intangible assets

### a) Property and equipment

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

	<b>Land</b>	<b>Buildings</b>	<b>Furniture, fittings and facilities</b>	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Leasehold improvements</b>	<b>Store renovation and modernization</b>	<b>Total</b>
<b>Cost</b>								
At December 31, 2015	27,440	41,917	383,876	226,323	21,327	608,375	10,939	1,320,197
Additions			25,843	14,127	1,157	40,398		81,525
Disposals and write offs			(292)	(331)		(5,911)		(6,534)
At March 31, 2016	27,440	41,917	409,427	240,119	22,484	642,862	10,939	1,395,188
<b>Accumulated depreciation</b>								
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		(278)	(8,768)	(7,673)	(910)	(30,217)	(211)	(48,057)
Disposals and write offs			139	257		5,910		6,306
At March 31, 2016		(19,037)	(152,976)	(103,343)	(13,687)	(261,878)	(9,744)	(560,665)
<b>Net balance</b>								
At December 31, 2015	27,440	23,158	239,529	130,396	8,550	370,804	1,406	801,283
At March 31, 2016	27,440	22,880	256,451	136,776	8,797	380,984	1,195	834,523

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Changes in the consolidated property and equipment are as follows:

	<u>Land</u>	<u>Buildings</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>
<b>Cost</b>								
At December 31, 2015	27,440	41,917	384,289	226,815	21,536	608,721	10,939	1,321,657
Additions			25,847	14,157	1,234	40,405		81,643
Disposals and write offs			(292)	(331)		(5,912)		(6,535)
At March 31, 2016	<u>27,440</u>	<u>41,917</u>	<u>409,844</u>	<u>240,641</u>	<u>22,770</u>	<u>643,214</u>	<u>10,939</u>	<u>1,396,765</u>
<b>Accumulated depreciation</b>								
Average annual depreciation rates (%)		2.5 – 2.7	7.4 – 10	7.1 – 15.8	20 – 23.7	17 – 21.6	20	
At December 31, 2015		(18,759)	(144,551)	(96,174)	(12,942)	(237,713)	(9,533)	(519,672)
Additions		(278)	(8,782)	(7,690)	(912)	(30,225)	(211)	(48,098)
Disposals and write offs			139	257		5,911		6,307
At March 31, 2016		<u>(19,037)</u>	<u>(153,194)</u>	<u>(103,607)</u>	<u>(13,854)</u>	<u>(262,027)</u>	<u>(9,744)</u>	<u>(561,463)</u>
<b>Net balance</b>								
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 March 31, 2016	<u>27,440</u>	<u>22,880</u>	<u>256,650</u>	<u>137,034</u>	<u>8,916</u>	<u>381,187</u>	<u>1,195</u>	<u>835,302</u>

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### b) Intangible assets

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

	<u>Points of sale</u>	<u>Software license and systems implementation</u>	<u>Goodwill on business acquisition (Vison Ltda.)</u>	<u>Goodwill on business acquisition (Raia S.A)</u>	<u>Trademarks</u>	<u>Customer portfolio</u>	<u>Other intangible assets</u>	<u>Total</u>
<b>Cost</b>								
At December 31, 2015	229,210	100,813	22,275	780,084	151,700	41,700	5,479	1.331.261
Additions	9,673	5,213					54	14.940
Disposals and write offs	(1,474)						(53)	(1.527)
Provision for store closures								
At March 31, 2016	237,409	106,026	22,275	780,084	151,700	41,700	5,480	1.344.674
<b>Accumulated amortization</b>								
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	(10,976)	(3,192)				(115)	(3)	(14.286)
Disposals and write offs	1,474						53	1.527
Provision for store closures								
At March 31, 2016	(112,453)	(61,898)	(2,387)			(36,832)	(47)	(213.617)
<b>Net balance</b>								
At December 31, 2015	126,259	42,107	19,888	780,084	151,700	4,983	5,382	1.130.403
At March 31, 2016	124,956	44,128	19,888	780,084	151,700	4,868	5,433	1.131.057

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Changes in the consolidated intangible assets are as follows:

	Points of sale	Software licenses 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	Rais S.A. customer portfolio	4BIO Customer portfolio	4BIO Distribution channel	Other intangible assets	Total
<b>Cost</b>												
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	9,673	5,213			2,040						54	16,980
Disposals and write offs	(1,475)										(53)	(1,528)
At March 31, 2016	<u>237,408</u>	<u>106,388</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>5,548</u>	<u>1,384,198</u>
<b>Accumulated amortization</b>												
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	(10,976)	(3,206)					(253)	(115)	(142)	(134)	(6)	(14,832)
Disposals and write offs	1,475										53	1,528
At March 31, 2016	<u>(112,452)</u>	<u>(62,076)</u>	<u>(2,387)</u>				<u>(506)</u>	<u>(36,832)</u>	<u>(284)</u>	<u>(535)</u>	<u>(106)</u>	<u>(215,178)</u>
<b>Net balance</b>												
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 March 31, 2016	<u>124,956</u>	<u>44,312</u>	<u>19,888</u>	<u>780,084</u>	<u>25,563</u>	<u>151,700</u>	<u>4,563</u>	<u>4,868</u>	<u>7,644</u>		<u>5,442</u>	<u>1,169,020</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 1<sup>st</sup>, 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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### 11. Borrowing

Borrowing for acquisition of:	Average annual long term interest rate	Parent company		Consolidated	
		Mar-2016	Dec-2015	Mar-2016	Dec-2015
<b>BNDES - FINEM</b>					
Businesses	IPCA + (7.50% + 1.30% - Dec/2015) p.a.		3,565		3,565
<b>BNDES – Sub-loan</b>					
Businesses	TJLP + 3.27% (+ 3.32% - Dec/2015) p.a.	135,379	138,488	135,379	138,488
Businesses	SELIC + 2.61% (+ 2.69% - Dec/2015) p.a.	71,649	66,169	71,649	66,169
Machinery, equipment and vehicles	Fixed rate 3.02% ( 3.01% - Dec/2015) p.a.	7,968	9,072	7,968	9,072
Machinery, equipment and vehicles	TJLP + 1.79% (+ 1.79% - Dec/2015) p.a.	581	797	581	797
Working capital	SELIC + 2.99% (+ 3.10% - Dec/2015) p.a.	62,677	60,449	62,677	60,449
Machinery, equipment and vehicles	PSI + 8.53% (+8.36% - Dec/2015) p.a.	9,509	8,653	9,509	8,653
Social project	TJLP	527	565	527	565
Development of own brand	TJLP + 1.68% (+1.67% - Dec/2015) p.a.	752	805	752	805
Acquisition of national software	TJLP + 1.79% (+1.79% - Dec/2015) p.a.	1,125	1,122	1,125	1,122
<b>Borrowing</b>					
Other				3,524	6,703
		<u>290,167</u>	<u>289,685</u>	<u>293,691</u>	<u>296,388</u>
Current liabilities		<u>(105,346)</u>	<u>(102,266)</u>	<u>(108,676)</u>	<u>(108,192)</u>
Non-current liabilities		<u>184,821</u>	<u>187,419</u>	<u>185,015</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 allow the Company to replace bank guarantees with other guarantees from top-tier financial institutions at any time.

Part of the Company's borrowing from BNDES has been taken out in the form of sub-loans, totaling R\$ 290,167 (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 March 31, 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 Company is not a party to any agreements containing non-financial covenants.

Non-current amounts mature as follow:

	<u>Parent company</u>	<u>Consolidated</u>
	<u>Mar-2016</u>	<u>Mar-2016</u>
2017	65,888	66,082
2018	65,052	65,052
2019	41,678	41,678
2020	12,203	12,203
	<u>184,821</u>	<u>185,015</u>

### 12.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 March 31, 2016 and December 31, 2015, the Group had the following provision and corresponding judicial deposits relating to legal proceedings:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>Mar-2016</u>	<u>Dec-2015</u>	<u>Mar-2016</u>	<u>Dec-2015</u>
Labor and social security	10,153	10,024	10,153	10,024
Tax	530	514	530	514
Civil	334	294	334	326
	<u>11,017</u>	<u>10,832</u>	<u>11,017</u>	<u>10,864</u>
(-)Corresponding judicial deposits	<u>(6,207)</u>	<u>(4,166)</u>	<u>(6,207)</u>	<u>(4,166)</u>
Total	<u>4,810</u>	<u>6,666</u>	<u>4,810</u>	<u>6,698</u>
Current liabilities	(1,690)	(3,346)	(1,690)	(3,346)
Non-current liabilities	3,120	3,320	3,120	3,352

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Changes in the provision are as follows:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>Mar-2016</u>	<u>Dec-2015</u>	<u>Mar-2016</u>	<u>Dec-2015</u>
Opening balance	6,666	9,312	6,698	9,312
Additions	1,134	9,679	1,134	9,711
Write-offs	(1,498)	(12,613)	(1,498)	(12,613)
Revaluation of amounts	(9)	(3,354)	(41)	(3,354)
Monetary restatement	558	2,642	558	2,642
Defense and appeal related deposits	(2,041)	1,000	(2,041)	1,000
Closing balance	<u>4,810</u>	<u>6,666</u>	<u>4,810</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 19).

### Possible losses

At March 31, 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\$ 108,328 (R\$ 114,388 – Dec/2015) for the parent company and R\$ 108,328 for the consolidated accounts.

### Judicial deposits

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

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>Mar-2016</u>	<u>Dec-2015</u>	<u>Mar-2016</u>	<u>Dec-2015</u>
Labor and social security	14,614	13,048	14,614	13,048
Tax	5,730	3,343	5,730	3,343
Civil	2,886	2,339	2,886	2,339
Total	<u>23,230</u>	<u>18,730</u>	<u>23,230</u>	<u>18,730</u>

### Labor contingencies

Labor claims in general relate to lawsuits filed by former employees questioning the payment of unpaid overtime and severance pay. The Company 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 Company, or in which the Company 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.

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### Tax contingencies

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

### Civil contingencies

The Company 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.

## 13. 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>1<sup>st</sup> Quart</u>	<u>1<sup>st</sup> Quart-</u>	<u>1<sup>st</sup> Quart-</u>
	<u>2016</u>	<u>2015</u>	<u>2016</u>
Profit before income tax and social contribution	112,449	84,443	112,720
Interest on capital	(47,700)	(61,260)	(47,700)
Taxable profit	64,749	23,183	65,020
Combined tax rate (25% for income tax and 9% for social contribution)	34	34	34
Theoretical tax expense	(22,015)	(7,882)	(22,107)
Permanent additions	(749)	(3,250)	(744)
Equity in the results of investees	54		
Reduction of taxes due to incentives	234		234
Other	28	(2,984)	28
Effective income tax and social contribution expense	(22,448)	(14,116)	(22,589)
Effective tax rate	20.0%	16.7%	20.0%

### (b) Deferred income tax and social contribution

Deferred income tax and social contribution assets amounting to R\$ 49,485 at March 31, 2016 (R\$ 48,832 – Dec-2015) for the parent company and R\$49,806 at March 31, 2016 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\$ 220,727 at March 31, 2016 (R\$ 210,658 – Dec-2015) for the parent company and R\$ 224,877 at March 31, 2016 (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
	Mar-2016	Dec-2015	Mar-2016	Dec-2015	1 <sup>st</sup> Quart-2016	1 <sup>st</sup> Quart-2015	1 <sup>st</sup> Quart-2016
Revaluation at fair value of land and buildings	(7,234)	(7,258)	(7,234)	(7,258)			
Tax amortization of the goodwill on future profitability	(151,594)	(140,869)	(151,594)	(140,869)	(10,725)	(10,956)	(10,725)
Non-deductible intangible assets - merger of Raia S.A.	(61,899)	(62,531)	(61,899)	(62,531)	632	1,371	632
Non-deductible intangible assets - acquisition of 4Bio			(4,150)	(4,329)			180
Goodwill on profitability of Drogaria Vison Ltda.	365	365	365	365			
Tax losses to be offset against future taxable profits						677	
Tax benefit from goodwill on acquisitions						(1,399)	
Adjustment to present value	1,211	2,308	1,337	2,363	(1,097)		(1,027)
Provision for inventory obsolescence	24,495	21,838	24,495	21,838	2,657	1,067	2,657
Provision for sundry obligations	5,345	2,691	5,380	2,705	2,654	1,613	2,675
Provision for employee profit sharing	3,962	9,532	4,095	9,620	(5,570)	(3,438)	(5,525)
Provision for contingencies	3,747	3,683	3,747	3,694	64	(545)	53
Provision for impairment of trade receivables	3,700	1,859	3,727	1,865	1,841	(43)	1,862
Provision for commercial leases (renewal action)	1,698	1,667	1,698	1,667	31		31
Provision for customer loyalty programs	1,319	1,871	1,319	1,871	(552)		(552)
Provision for store closures	760	760	760	760			
Provision for stock option plan	2,252	1,437	2,252	1,437	815		815
Provision for internal campaigns	469	116	469	116	353	577	353
Provision for Officers' bonuses						(2,725)	
Sundry provision	162	705	162	705	(543)	(315)	(543)
<b>Deferred income tax and social contribution expense (credit)</b>					<b>(9,440)</b>	<b>(14,116)</b>	<b>(9,114)</b>
<b>Deferred tax assets (liabilities), net</b>	<b>(171,242)</b>	<b>(161,826)</b>	<b>(175,071)</b>	<b>(165,981)</b>			

Reflected in the balance sheet as follows:

Deferred tax liability	(171,242)	(161,826)	(175,071)	(165,981)
<b>Deferred tax asset (liability), net</b>	<b>(171,242)</b>	<b>(161,826)</b>	<b>(175,071)</b>	<b>(165,981)</b>

### Reconciliation of deferred tax assets (liabilities), net

	Mar-2016	Dec-2015	Mar-2016	Dec-2015
<b>Opening balance</b>	(161,826)	(125,946)	(161,652)	(125,946)
Additions through business combinations				(4,622)
Taxable revenue recognized in the income statement	(9,440)	(35,976)	(13,443)	(35,509)
Realization of deferred tax recognized in equity	24	96	24	96
<b>Closing balance</b>	<b>(171,242)</b>	<b>(161,826)</b>	<b>(175,071)</b>	<b>(165,981)</b>

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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\$ 49,485 in the parent company and R\$ 49,806 in the consolidated accounts will be substantially realized by the end of December 2016.

### 14. 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 March 31, 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:

	<b>Parent company</b>		<b>Consolidated</b>
	<b>1<sup>st</sup> Quart- 2016</b>	<b>1<sup>st</sup> Quart- 2015</b>	<b>1<sup>st</sup> Quart- 2016</b>
<b>Basic</b>			
Profit for the period	90,001	70,327	90,131
Weighted average number of common shares	329,629	329,286	329,629
<b>Basic earnings per share - R\$</b>	<b>0.27304</b>	<b>0.21357</b>	<b>0.27343</b>
<b>Diluted</b>			
Profit for the period	90,001	70,327	90,131
Weighted average number of common shares	329,629	329,286	329,629
Weighted average number of common shares adjusted for dilution effect	329,629	329,286	329,629
<b>Diluted earnings per share - R\$</b>	<b>0.27304</b>	<b>0.21357</b>	<b>0.27343</b>

### 15. Equity

#### (a) Share capital

At March 31, 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 199,210,882 shares were outstanding (198,520,879 ordinary 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.

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

	<b>Shares outstanding</b>
At December 31, 2015	<u>198,520,879</u>
(Purchase)/sale of restricted shares, net	<u>690,003</u>
At March 31, 2016	<u><u>199,210,882</u></u>

At March 31, 2016, the Company's common shares were quoted at R\$ 52.20 (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.

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

At March 31, 2016, the market value of the treasury shares, having as reference the quotation of R\$ 52.20 per share at that date, corresponds to R\$ 54,762.

#### (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 or 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.



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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.

	<b>Mar-2016</b>		<b>Dec-2015</b>	
	<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>
Opening balance	193,640	4,225	45,961	754
Granted shares for the period / year	45,384	3,582	147,679	3,471
	239,024	7,807	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 for the period / year	(50,914)	(1,183)		
Closing balance	188,110	6,624	193,640	4,225

At March 1, 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.

### 16. Net sales revenue

	<b>Parent company</b>		<b>Consolidated</b>
	<b>1<sup>st</sup> Quart- 2016</b>	<b>1st Quart- 2015</b>	<b>1st Quart- 2016</b>
Gross sales revenue			
Sales revenue	2,566,866	2,049,583	2,637,708
Service revenue	3,332	2,850	3,371
	2,570,198	2,052,433	2,641,079
Taxes on sales	(92,492)	(61,102)	(95,350)
Returns, rebates and other	(28,382)	(23,764)	(30,302)
Net sales revenue	2,449,324	1,967,567	2,515,427

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).

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### 17. Information on the nature of expenses recognized in the statement of income

The Company 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>Consolidated</u>
	<u>1<sup>st</sup> Quart-2016</u>	<u>1<sup>st</sup> Quart-2015</u>	<u>1<sup>st</sup> Quart-2016</u>
Cost of sales	(1,701,165)	(1,377,104)	(1,758,487)
Personnel expenses	(321,186)	(251,568)	(324,582)
Service provider expenses	(28,180)	(25,215)	(28,395)
Depreciation and amortization	(62,345)	(53,508)	(62,930)
Other (i)	(207,710)	(161,329)	(211,124)
	<u>(2,320,586)</u>	<u>(1,868,724)</u>	<u>(2,385,518)</u>

#### Classified in the statement of income as:

	<u>1<sup>st</sup> Quart-2016</u>	<u>1<sup>st</sup> Quart-2015</u>	<u>1<sup>st</sup> Quart-2016</u>
Cost of sales	(1,701,165)	(1,377,104)	(1,758,487)
Selling expenses	(496,468)	(386,870)	(501,633)
General and administrative expenses	(60,608)	(51,242)	(62,468)
Depreciation and amortization (ii)	(62,345)	(53,508)	(62,930)
	<u>(2,320,586)</u>	<u>(1,868,724)</u>	<u>(2,385,518)</u>

(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\$ 62,345 in the first quarter of 2016, of which R\$ 54,627 correspond to the sales area, and R\$7,718 to the administrative area.

### 18. Finance income and costs

#### (a) Finance income

	<u>Parent company</u>		<u>Consolidated</u>
	<u>1<sup>st</sup> Quart-2016</u>	<u>1<sup>st</sup> Quart-2015</u>	<u>1<sup>st</sup> Quart-2016</u>
Discounts obtained	256	75	306
Short-term investment yields	7,040	6,371	7,040
Interest on intercompany loans	64		64
Monetary gains	317	348	334
Other finance income	1	3	7
Taxes thereon (PIS/COFINS)	(357)		(357)
Present Value Adjustment (PVA) - finance income	<u>17,475</u>	<u>7,465</u>	<u>18,311</u>
Total finance income	<u>24,796</u>	<u>14,262</u>	<u>25,705</u>

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### (b) Finance costs

	Parent company		Consolidated
	1 <sup>st</sup> Quart-2016	1 <sup>st</sup> Quart-2015	1 <sup>st</sup> Quart-2016
Discounts granted to customers	(245)	(30)	(261)
Interest, charges and bank fees	(283)	(311)	(327)
Charges on borrowings	(9,080)	(7,378)	(9,489)
Monetary losses	(513)	(342)	(769)
Interest on additional stock option	(1,467)		(1,467)
PVA - finance costs	(29,656)	(20,601)	(30,581)
Total finance costs	(41,244)	(28,662)	(42,894)
<b>Finance results</b>	<b>(16,448)</b>	<b>(14,400)</b>	<b>(17,189)</b>

### 19. Guarantees for lawsuits

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

	Parent company		Consolidated	
	Mar-2016	Dec-2015	Mar-2016	Dec-2015
Furniture and facilities	36	37	36	37
Machinery and equipment	85	85	85	85
	121	122	121	122

### 20. Lease agreement commitments

The Company and its subsidiary have lease agreements with terms ranging from one to 20 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\$ 31,652 (R\$ 31,099 – Dec-2015) for the parent company and R\$ 31,731 (R\$ 31,275 - Dec-2015) for the consolidated accounts.

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

	Parent company		Consolidated	
	Mar-2016	Dec-2015	Mar-2016	Dec-2015
From one to 12 months	324,446	306,669	324,764	307,046
From 13 to 60 months	792,277	764,191	792,882	764,847
Over 60 months	238,766	225,582	238,766	225,582
	1,355,489	1,296,442	1,356,412	1,297,475

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### 21. Financial instruments and risk management policy

#### Financial instruments by category

	Parent company		Consolidated	
	Mar-2016	Dec-2015	Mar-2016	Dec-2015
<b>Assets as per balance sheet</b>				
<u>Loans and receivables</u>				
Cash and cash equivalents (Note 5)	100,745	264,549	106,770	266,051
Trade receivables (Note 6)	589,066	572,083	629,502	601,831
Other receivables	119,812	98,040	110,901	98,261
Judicial deposits (Note 12)	23,230	18,730	23,230	18,730
	<u>832,853</u>	<u>953,402</u>	<u>870,403</u>	<u>984,873</u>
<b>Total assets</b>	<u>832,853</u>	<u>953,402</u>	<u>870,403</u>	<u>984,873</u>
<b>Liabilities as per balance sheet</b>				
<u>Liabilities at fair value through profit or loss</u>				
Additional stock option (Note 9)	33,099	31,632	33,099	31,632
	<u>33,099</u>	<u>31,632</u>	<u>33,099</u>	<u>31,632</u>
<u>Other financial liabilities</u>				
Trade payables	1,106,337	1,177,928	1,157,077	1,203,382
Borrowings (Note 11)	290,167	289,685	293,691	296,388
Other payables	131,045	123,316	131,649	124,265
	<u>1,527,549</u>	<u>1,590,929</u>	<u>1,582,417</u>	<u>1,624,035</u>
<b>Total liabilities</b>	<u>1,560,648</u>	<u>1,622,561</u>	<u>1,615,516</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 March 31, 2016, credit sales represented 49% (49% - Dec-2015) and 51% 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 Company'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 Company 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).

<b>Parent company</b>		<b>Scenario I</b>	<b>Scenario II</b>	<b>Scenario III</b>
<b>Operation</b>	<b>Risk</b>	<b>(probable)</b>		
Short term investments - CDI	0.5% increase	328	409	491
Revenue		328	409	491
REFIS (SELIC)	0.5% increase	7	8	10
Expense		7	8	10

<b>Consolidated</b>		<b>Scenario I</b>	<b>Scenario II</b>	<b>Scenario III</b>
<b>Operation</b>	<b>Risk</b>	<b>(probable)</b>		
Short term investments - CDI	0.5% increase	358	446	535
Revenue		358	446	535
REFIS (SELIC)	0.5% increase	7	8	10
Expense		7	8	10

The risk of variations in the TJLP on BNDES operations which could result in material losses for the Company is not estimated as probable by management.

### (e) Capital management

The Company'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 Company 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 Company'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:

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>Mar-2016</b>	<b>Dec-2015</b>	<b>Mar-2016</b>	<b>Dec-2015</b>
Short- and long-term borrowings	290,167	289,685	293,691	296,388
(-) Cash and cash equivalents	(100,745)	(264,549)	(106,770)	(266,051)
Net debt	189,422	25,136	186,921	30,337
Equity attributable to the stockholders of the parent company	2,632,361	2,633,809	2,632,361	2,633,809
Noncontrolling interest			23,119	22,989
Total equity	2,632,361	2,633,809	2,655,480	2,656,798
Gearing ratio	7.20	0.95	7.04	1.14

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#### (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 March 31, 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 March 31, 2016:

	<b>Parent company and Consolidated Additional stock option</b>
Opening balance	
Acquisition of 4Bio	31,632
Expenses recognized in the statement of income	1,467
Closing balance	33,099
Total expenses for the period included in the statement of income	1,467
Changes in unrealized expenses for the period included in the statement of income	1,467

#### 22. Derivative financial instruments

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

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### 23. 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		
		Mar-2016	Dec-2015	Mar-2016	Dec-2015	1 <sup>st</sup> Quart-2016	1 <sup>st</sup> Quart-2015	1 <sup>st</sup> Quart-2016
Receivables								
Special plans (i)								
Regimar Comercial S.A.	Stockholder/Family	9	12	9	12	17	16	17
Heliomar S.A.	Stockholder/Board Member	1	2	1	2	3	2	3
Rodrigo Wright Pipponzi (Editora Mol Ltda.)	Stockholder/Family	1	1	1	1	1		1
		11	15	11	15	21	18	21
Other receivables								
Natura Cosméticos S.A. (iv)	Other related party	15		15		15		15
4Bio Medicamentos S.A. (v)	Subsidiary	9,064				64		
		9,079		15		79		15
		9,090	15	26	15	100	18	36



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	Relationship	Parent company		Consolidated		Parent company		Consolidated
		Current liabilities-				Expenses		
		Mar-2016	Dec-2015	Mar-2016	Dec-2015	1 <sup>st</sup> Quart-2016	1 <sup>st</sup> Quart-2015	1 <sup>st</sup> Quart-2016
Payables								
(ii)								
	Heliomar S.A.	18	19	18	19	50	45	50
	Antonio Carlos Pipponzi	6	6	6	6	20	19	20
	Rosalia Pipponzi Raia	6	6	6	6	20	19	20
	Estate of Franco Maria David							
	Pietro Pipponzi	6	6	6	6	20	19	20
		<u>36</u>	<u>37</u>	<u>36</u>	<u>37</u>	<u>110</u>	<u>102</u>	<u>110</u>
Service providers								
	Zurcher, Ribeiro Filho, Pires							
	Oliveira Dias e Freire Advogados (ii)		1		1	1,574	940	1,574
	Rodrigo Wright Pipponzi (Editora Mol Ltda.) (iii)	474	702	474	702	1,642	1,472	1,642
		<u>474</u>	<u>703</u>	<u>474</u>	<u>703</u>	<u>3,216</u>	<u>2,412</u>	<u>3,216</u>
Suppliers								
	Natura Cosméticos S.A. (iv)	1,502		1,502		1,502		1,502
		<u>1,502</u>		<u>1,502</u>		<u>1,502</u>		<u>1,502</u>
		<u>2,012</u>	<u>740</u>	<u>2,012</u>	<u>740</u>	<u>4,828</u>	<u>2,514</u>	<u>4,828</u>

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 3/31/2016 - RAIA DROGASIL S.A.

### 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, rendering of marketing and 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 1<sup>st</sup>, 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 1<sup>st</sup>, 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 and March 18, 2016, Raia Drogasil S.A. (Lender) and 4Bio Medicamentos S.A. (Borrower) signed a loan agreement of R\$ 3,000 and R\$ 6,000 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 5/31/2016 and 3/31/2017.

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.

#### (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:

	Parent company		Consolidated
	1 <sup>st</sup> Quart- 2016	1 <sup>st</sup> Quart- 2015	1 <sup>st</sup> Quart- 2016
Fees and social charges	1,704	2,825	2,086
Bonuses and social charges	15,750	10,951	15,750
Reversal of the provision for bonuses	(9,766)	(8,016)	(9,766)
	<u>7,688</u>	<u>5,760</u>	<u>8,070</u>

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 3/31/2016 - RAIA DROGASIL S.A.

## Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

### 24. 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 March 31, 2016:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>Mar-2016</u>	<u>Dec-2015</u>	<u>Mar-2016</u>	<u>Dec-2015</u>
Inventory loss risks	154,736	117,363	170,792	118,799
Permanent assets	200,197	157,637	205,295	158,637
Loss of profits	171,500	142,500	195,679	142,500
Civil liability risks	27,150	23,175	27,150	23,175
	<u><b>553,583</b></u>	<u><b>440,675</b></u>	<u><b>598,916</b></u>	<u><b>443,111</b></u>

### 25. Non-cash transactions

At March 31, 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 9);
- (ii) part of the remuneration of key management personnel (Note 23); and
- (iii) the installment purchase of property and equipment items in the amount of R\$ 9,259 (R\$ 11,604 – Dec-2015).

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 3/31/2016 - 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 March 31, 2016, comprising the balance sheet at that date and the statements of income, comprehensive income, changes in equity and cash flows for the quarter 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) - 3/31/2016 - RAIA 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 quarter ended March 31, 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, April 28, 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) - 3/31/2016 - 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 March 31, 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, April 28, 2016.

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Gilberto Lério  
Supervisory Board member

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Fernando Carvalho Braga  
Supervisory Board member

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Mário Antonio Luiz Corrêa  
Supervisory Board member

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 3/31/2016 - RAIÁ DROGASIL S.A.

### **Opinions and Representations / Officers' Representation on Financial Statements**

RAIA DROGASIL S.A.

In accordance with article 25, paragraph 1, 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 March 31, 2016.

São Paulo, April 28, 2016.

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Marcilio D'Amico Pousada  
Chief Executive Officer

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Antonio Carlos Coelho  
Officer

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Antonio Carlos de Freitas  
Officer

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Eugênio De Zagottis  
Officer

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Fernando Kozel Varela  
Officer

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Marcello De Zagottis  
Officer

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Renato Cepollina Raduan  
Officer

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Maria Susana de Souza  
Officer

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

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 3/31/2016 - RAIA DROGASIL S.A.

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

RAIA DROGASIL S.A.

In accordance with article 25, paragraph 1, items V and VI, of CVM Instruction 480/09, the Company's officers represent that they have reviewed, discussed and agree with the opinions expressed in the Independent Auditor's Report on Special Review without exceptions referring to the Quarterly Information (ITR) for the quarter ended March 31, 2016.

São Paulo, April 28, 2016.

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Marcelio D'Amico Pousada  
Chief Executive Officer

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Antonio Carlos Coelho  
Officer

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Eugênio De Zagottis  
Officer

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Marcello De Zagottis  
Officer

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Maria Susana de Souza  
Officer

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Antonio Carlos de Freitas  
Officer

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Fernando Kozel Varela  
Officer

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Renato Cepollina Raduan  
Officer

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