

## **Quarterly Information (ITR)**

**Raia Drogasil S.A.**

June 30, 2012

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## COMPANY INFORMATION / CAPITAL COMPOSITION

Number of shares (units)	Current Quarter 06/30/2012
Paid-up capital	
Common shares	330,386,000
Preferred shares	0
Total	330,386,000
Treasury shares	
Common shares	0
Preferred shares	0
Total	0

**Company data / Cash earnings**

<b>Event</b>	<b>Approval</b>	<b>Cash earnings</b>	<b>Payment</b>	<b>Share type</b>	<b>Share class</b>	<b>Earnings per share (Reais / Share)</b>
Ordinary General Meeting	03/21/2012	Interest on equity capital	03/12/2012	Common Shares		0.02119
Ordinary General Meeting	06/21/2012	Interest on equity capital	03/12/2012	Common Shares		0.05600

A free translation from Portuguese into English of quarterly information prepared in accordance with Brazilian and international standards on review engagements

## Individual financial information / Balance sheet - Assets

(In thousands of reais)

Account code	Description	Current quarter 06/30/2012	Prior Year 12/31/2011
1	Total assets	2,655,114	2,596,652
1.01	Current assets	809,294	770,563
1.01.01	Cash and cash equivalents	75,915	144,863
1.01.03	Trade accounts receivable	202,941	168,790
1.01.03.01	Trade accounts receivable	159,035	146,788
1.01.03.01.01	Checks receivable	3,252	3,359
1.01.03.01.02	Credit and debit cards	136,148	126,848
1.01.03.01.03	PBM – Pharmacy Benefits Management	16,618	14,040
1.01.03.01.04	Agreements with companies	3,480	3,191
1.01.03.01.08	(-) Allowance for doubtful accounts	-463	-650
1.01.03.02	Other receivables	43,906	22,002
1.01.03.02.01	Advances to employees	2,096	1,511
1.01.03.02.02	Advances to suppliers	7,719	3,357
1.01.03.02.03	Commercial agreements	31,744	14,030
1.01.03.02.08	Other	2,347	3,104
1.01.04	Inventories	463,935	388,763
1.01.04.01	Products for resale	465,365	388,974
1.01.04.02	Materials	2,086	2,245
1.01.04.03	(-) Allowance for losses on products	-3,516	-2,456
1.01.06	Taxes recoverable	59,538	61,579
1.01.06.01	Current taxes recoverable	59,538	61,579
1.01.07	Prepaid expenses	6,965	6,568
1.02	Non-current assets	1,845,820	1,826,089
1.02.01	Long-term receivables	28,720	39,102
1.02.01.03	Accounts receivable	610	608
1.02.01.03.02	Other receivables	610	608
1.02.01.07	Prepaid expenses	426	136
1.02.01.09	Other non-current assets	27,684	38,358
1.02.01.09.03	Compulsory deposits and tax incentives	6	0
1.02.01.09.04	Judicial deposits	5,139	4,562
1.02.01.09.05	Taxes recoverable	21,978	33,235
1.02.01.09.06	Court-ordered debt payments (“precatórios”)	561	561
1.02.02	Investments	1,563,057	1,554,303
1.02.02.01	Shareholding interest	1,563,057	1,554,303
1.02.02.01.02	Investments in subsidiaries	1,563,057	1,554,303
1.02.03	Property and equipment	189,333	175,126
1.02.04	Intangible assets	64,710	57,558

**Individual financial information / Balance sheet – Liabilities and equity****(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>Current quarter 06/30/2012</b>	<b>Prior year 12/31/2011</b>
2	Total liabilities and equity	2,655,114	2,596,652
2.01	Current liabilities	347,192	324,547
2.01.01	Labor and social charges	43,506	38,112
2.01.01.01	Social obligations	6,855	6,935
2.01.01.02	Labor obligations	36,651	31,177
2.01.02	Trade accounts payable	189,779	211,047
2.01.02.01	Local suppliers	189,779	211,047
2.01.03	Tax obligations	29,699	16,781
2.01.03.01	Federal tax obligations	17,424	6,655
2.01.03.01.01	Income and social contribution taxes payable	11,998	865
2.01.03.01.02	Other federal tax obligations	5,426	5,790
2.01.03.02	State tax obligations	11,382	9,957
2.01.03.03	Local tax obligations	893	169
2.01.04	Loans and financing	30,801	24,928
2.01.04.01	Loans and financing	30,801	24,928
2.01.04.01.01	In local currency	30,801	24,928
2.01.05	Other liabilities	50,033	30,225
2.01.05.02	Other	50,033	30,225
2.01.05.02.01	Dividends and interest on equity capital payable	22,599	3,662
2.01.05.02.04	Rental	6,960	6,070
2.01.05.02.05	Key money	668	699
2.01.05.02.06	Other payables	19,806	19,794
2.01.06	Provisions	3,374	3,454
2.01.06.01	Tax, social security, labor and civil provisions	1,657	1,521
2.01.06.01.01	Provisions for tax contingencies	93	93
2.01.06.01.05	Provisions for legal proceedings	1,564	1,428
2.01.06.02	Other provisions	1,717	1,933
2.01.06.02.04	Provisions for internal campaigns	750	1,180
2.01.06.02.05	Provisions for extraordinary expenses	708	708
2.01.06.02.06	Provisions for sundry obligations	259	45
2.02	Non-current liabilities	73,136	70,931
2.02.01	Loans and financing	63,706	62,749
2.02.01.01	Loans and financing	63,706	62,749
2.02.01.01.01	In local currency	63,706	62,749
2.02.02	Other liabilities	3,098	3,020
2.02.02.02	Other	3,098	3,020
2.02.02.02.03	Other	3,098	3,020
2.02.03	Deferred taxes	5,367	4,484
2.02.03.01	Deferred income and social contribution taxes	5,367	4,484
2.02.04	Provisions	965	678
2.02.04.01	Tax, social security, labor and civil provisions	965	678
2.02.04.01.05	Provisions for legal claims	965	678
2.03	Equity	2,234,786	2,201,174
2.03.01	Paid-in capital	908,639	908,639
2.03.02	Capital reserves	1,039,935	1,039,935
2.03.03	Revaluation reserves	13,224	13,325
2.03.04	Income reserves	229,537	239,275
2.03.04.01	Legal reserve	14,375	14,375
2.03.04.02	Statutory reserve	215,162	215,162
2.03.04.08	Additional proposed dividends	0	9,738
2.03.05	Retained earnings/accumulated losses	43,451	0

## Individual financial information / Income statement

(In thousands of reais)

Account code	Account description	Current Quarter		YTD		Same Quarter for the prior year	
		04/01/2012 to 06/30/2012	01/01/2012 to 06/30/2012	04/01/2011 to 06/30/2011	01/01/2011 to 06/30/2011		
3.01	Revenue from sale of products and/or services	668,559	1,292,975	567,546	1,089,596		
3.01.01	Gross revenue from sale of products and/or services	696,522	1,347,583	592,040	1,136,700		
3.01.02	Taxes on sales	-24,706	-48,327	-21,637	-41,588		
3.01.03	Rebates	-3,257	-6,281	-2,857	-5,516		
3.02	Cost of goods sold and/or services rendered	-467,031	-923,211	-410,958	-804,682		
3.03	Gross profit	201,528	369,764	156,588	284,914		
3.04	Operating income/expenses	-139,796	-282,347	-120,890	-236,958		
3.04.01	Selling expenses	-115,130	-220,892	-92,899	-180,986		
3.04.02	General and administrative expenses	-32,179	-62,038	-27,991	-55,972		
3.04.02.01	Administrative	-19,338	-37,115	-17,137	-34,590		
3.04.02.03	Depreciation and amortization	-12,841	-24,923	-10,854	-21,382		
3.04.05	Other operating expenses	-1,655	-8,171	0	0		
3.04.05.01	Extraordinary expenses	-1,655	-8,171	0	0		
3.04.06	Equity pickup	9,168	8,754	0	0		
3.05	Income before financial income (expenses) and taxes	61,732	87,417	35,698	47,956		
3.06	Financial income (expenses)	-1,046	-479	1,952	4,908		
3.06.01	Financial income	1,576	4,641	4,758	9,373		
3.06.02	Financial expenses	-2,622	-5,120	-2,806	-4,465		
3.07	Income before income taxes	60,686	86,938	37,650	52,864		
3.08	Income and social contribution taxes	-11,353	-18,219	-9,993	-13,620		
3.08.01	Current	-12,260	-17,284	-10,534	-12,426		
3.08.02	Deferred	907	-935	541	-1,194		
3.09	Net income from continuing operations	49,333	68,719	27,657	39,244		
3.11	Income/loss for the period	49,333	68,719	27,657	39,244		
3.99	Earnings per share (Reais/share)	0	0	0	0		
3.99.01	Basic earnings per share	0	0	0	0		
3.99.01.01	Common shares	0.14932	0.208	0.14729	0.20904		
3.99.02	Diluted earnings per share	0	0	0	0		
3.99.02.01	Common shares	0.14932	0.208	0.14686	0.20843		

## Individual financial information / Statement of comprehensive income

(In thousands of reais)

Account code	Account description	Current Quarter	YTD	Same Quarter for the prior year	YTD
		04/01/2012 to 06/30/2012	01/01/2012 to 06/30/2012	04/01/2011 to 06/30/2011	01/01/2011 to 06/30/2011
4.01	Net income for the period	49,333	68,719	27,657	39,244
4.03	Comprehensive income for the period	49,333	68,719	27,657	39,244



**Individual financial information / Cash flow statement – Indirect method****(In thousands of reais)**

Account code	Account description	YTD	Accrued – prior
		01/01/2012 to 06/30/2012	Year 01/01/2011 to 06/30/2011
6.01	Net cash from operating activities	-11,604	-31,560
6.01.01	Cash from operations	109,083	78,557
6.01.01.01	Income before IRPJ and CSLL	86,938	52,864
6.01.01.02	Depreciation and amortization	24,923	21,382
6.01.01.03	Stock option plan	0	266
	Gain (loss) on disposal of property and equipment and intangible assets	154	122
6.01.01.04			
6.01.01.05	Reversal of provision for legal claims	-20	-672
6.01.01.06	Allowance for doubtful accounts	334	139
6.01.01.07	Interest expenses	4,448	3,530
6.01.01.08	Provision for inventory losses	1,060	926
6.01.01.09	Equity pickup	-8,754	0
6.01.02	Changes in assets and liabilities	-114,508	-101,936
6.01.02.01	Short-term investments	0	-942
6.01.02.02	Accounts receivable	-34,485	-21,277
6.01.02.03	Inventories	-76,232	-51,999
6.01.02.04	Other current assets	3,500	-14,237
6.01.02.05	Long-term receivables	9,995	-219
6.01.02.06	Trade accounts payable	-21,235	-25,251
6.01.02.07	Salaries and social charges	5,394	7,829
6.01.02.08	Taxes, charges and mandatory contributions	-2,620	-1,928
6.01.02.09	Other liabilities	285	5,212
6.01.02.10	Rental payable	890	876
6.01.03	Other	-6,179	-8,181
6.01.03.01	Income and social contribution taxes paid	-6,179	-8,181
6.02	Net cash from investing activities	-47,086	-22,495
	Additions to property and equipment and intangible assets	-47,109	-22,507
6.02.01			
6.02.02	Proceeds from disposal of property and equipment	23	12
6.03	Net cash from financing activities	-10,258	14,234
6.03.01	Financing raised	15,377	41,672
6.03.02	Repayment of financing	-9,946	-10,216
6.03.03	Interest paid	-3,048	-2,089
6.03.04	Proceeds from exercise of stock option plans	0	265
6.03.05	Interest on equity capital and dividends paid	-12,641	-15,398
6.05	Increase/(decrease) in cash and cash equivalents	-68,948	-39,821
6.05.01	Opening cash and cash equivalents balance	144,863	180,846
6.05.02	Closing cash and cash equivalents balance	75,915	141,025

**Individual financial information / Statement of changes in equity – 01/01/2012 to 06/30/2012**

**(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>Paid-in capital</b>	<b>Capital reserves, options granted and treasury stock</b>	<b>Income reserves</b>	<b>Retained earnings/ accumulated losses</b>	<b>Other comprehensive income</b>	<b>Equity</b>
5.01	Opening balances	908,639	1,039,935	252,600	0	0	2,201,174
5.03	Adjusted opening balances	908,639	1,039,935	252,600	0	0	2,201,174
5.04	Capital transactions with shareholders	0	0	-9,738	-25,369	0	-35,107
5.04.07	Interest on equity capital	0	0	0	-25,500	0	-25,500
5.04.08	Interest on equity (IOE) for 2011 approved by the Shareholders' Annual Meeting (AGO) held on April 27, 2012	0	0	-9,738	0	0	-9,738
5.04.09	Interest on Equity - Lapsed	0	0	0	131	0	131
5.05	Total comprehensive income	0	0	0	68,719	0	68,719
5.05.01	Net income for the period	0	0	0	68,719	0	68,719
5.06	Internal changes in equity	0	0	-101	101	0	0
5.06.02	Realization of revaluation reserve	0	0	-153	153	0	0
5.06.03	Realization of revaluation reserve	0	0	52	-52	0	0
5.07	Closing balances	908,639	1,039,935	242,761	43,451	0	2,234,786

**Individual financial information / Statement of changes in equity – 01/01/2011 to 06/30/2011**

**(In thousands of reais)**

Account code	Account description	Capital reserves		Retained earnings/		Other comprehensive income	Equity
		Paid-in capital	Options granted and treasury stock	Income reserves	Accumulated losses		
5.01	Opening balances	285,400	100,889	212,328	0	0	598,617
5.03	Adjusted opening balances	285,400	100,889	212,328	0	0	598,617
5.04	Capital transactions with shareholders	0	-467	-3,240	-16,480	0	-20,187
5.04.03	Options granted and recognized	0	266	0	0	0	266
5.04.05	Treasury stock disposed of	0	-733	998	0	0	265
5.04.07	Interest on equity capital	0	0	0	-16,550	0	-16,550
5.04.08	Dividend for 2010 approved by AGO held on April 11, 2011	0	0	-4,238	0	0	-4,238
5.04.08	Interest on Equity – Lapsed	0	0	0	70	0	70
5.05	Total comprehensive income	0	0	0	39,244	0	39,244
5.05.01	Net income for the period	0	0	0	39,244	0	39,244
5.06	Internal changes in equity	0	0	101	101	0	0
5.06.02	Realization reserve valuation reserve released to retained earnings	0	0	153	153	0	0
5.06.03	Taxes on realization of revaluation reserve	0	0	52	-52	0	0
5.07	Closing balances	285,400	100,422	208,987	22,865	0	617,674

**Individual financial information / Statement of value added****(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>YTD 01/01/2012 to 06/30/2012</b>	<b>Accrued prior year 01/01/2011 to 06/3102011</b>
7.01	Revenues	1,340,902	1,130,986
7.01.01	Sale of goods, products and services	1,341,236	1,131,124
7.01.02	Other revenue	0	1
7.01.04	Set up/reversal of allowance for doubtful accounts	-334	-139
7.02	Inputs acquired from third parties	-880,948	-773,090
7.02.01	Cost of goods, products and services sold	-825,892	-736,633
7.02.02	Materials, electricity, third party services and other	-54,847	-36,337
7.02.03	Loss/recovery of amounts receivable	-209	-120
7.03	Gross value added	459,954	357,896
7.04	Withholdings	-24,923	-21,382
7.04.01	Depreciation, amortization and depletion	-24,923	-21,382
7.05	Net value added produced	435,031	336,514
7.06	Value added received in transfer	13,395	9,374
7.06.01	Equity pickup	8,754	0
7.06.02	Financial income	4,641	9,374
7.07	Total value added to be distributed	448,426	345,888
7.08	Distribution of value added	448,426	345,888
7.08.01	Personnel	125,754	108,232
7.08.01.01	Direct compensation	100,761	87,956
7.08.01.02	Benefits	16,758	13,435
7.08.01.03	Unemployment Compensation Fund (FGTS)	8,235	6,841
7.08.02	Taxes, charges and mandatory contributions	191,971	146,726
7.08.02.01	Federal	59,358	47,277
7.08.02.02	State	130,666	97,854
7.08.02.03	Local	1,947	1,595
7.08.03	Debt remuneration	61,982	51,686
7.08.03.01	Interest	22,476	19,493
7.08.03.02	Rental	39,506	32,193
7.08.04	Equity remuneration	68,719	39,244
7.08.04.01	Interest on equity capital	25,500	16,550
7.08.04.03	Retained profit/loss for the period	43,219	22,694

**Consolidated financial information / Balance sheet - Assets****(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>Current quarter 06/30/2012</b>	<b>Prior year 12/31/2011</b>
1	Total assets	3,108,413	3,168,308
1.01	Current assets	1,546,091	1,625,795
1.01.01	Cash and cash equivalents	124,927	339,971
1.01.03	Accounts receivable	414,134	367,183
1.01.03.01	Trade accounts receivable	314,956	287,843
1.01.03.01.01	Checks receivable	6,232	6,367
1.01.03.01.02	Credit and debit cards	264,086	242,470
1.01.03.01.03	PBM – Pharmacy Benefits Management	25,036	21,188
1.01.03.01.04	Agreements with companies	20,201	18,782
1.01.03.01.09	(-) Allowance for doubtful accounts	-599	-964
1.01.03.02	Other receivables	99,178	79,340
1.01.03.02.01	Advances to employees	3,821	7,406
1.01.03.02.02	Advances to suppliers	21,563	12,123
1.01.03.02.03	Commercial agreements	69,453	55,288
1.01.03.02.08	Other	4,341	4,523
1.01.04	Inventories	900,762	814,975
1.01.04.01	Products for resale	897,556	810,576
1.01.04.02	Materials	9,885	9,402
1.01.04.03	(-) Allowance for losses on products	-6,679	-5,003
1.01.06	Taxes recoverable	91,496	93,160
1.01.06.01	Current taxes recoverable	91,496	93,160
1.01.07	Prepaid expenses	14,772	10,506
1.02	Non-current assets	1,562,322	1,542,513
1.02.01	Long-term receivables	36,473	44,063
1.02.01.03	Accounts receivable	610	608
1.02.01.03.02	Other receivables	610	608
1.02.01.07	Prepaid expenses	426	136
1.02.01.09	Other non-current assets	35,437	43,319
1.02.01.09.03	Compulsory deposits and tax incentives	6	0
1.02.01.09.04	Judicial deposits	9,987	7,445
1.02.01.09.05	Taxes recoverable	24,883	35,313
1.02.01.09.06	Court-ordered debt payments (“precatórios”)	561	561
1.02.03	Property and equipment	397,236	370,605
1.02.04	Intangible assets	1,128,613	1,127,845

**Consolidated financial information / Balance sheet – Liabilities and equity****(In thousands of reais)**

Account code	Account description	Current quarter 06/30/2012	Prior year 12/31/2011
2	Total liabilities and equity	3,108,413	3,168,308
2.01	Current liabilities	708,320	791,232
2.01.01	Labor and social charges	105,472	92,460
2.01.01.01	Social obligations	17,074	16,553
2.01.01.02	Labor obligations	88,398	75,907
2.01.02	Trade accounts payable	409,832	536,399
2.01.02.01	Local suppliers	409,832	536,399
2.01.03	Tax obligations	49,165	30,035
2.01.03.01	Federal tax obligations	30,906	11,496
2.01.03.01.01	Income and social contribution taxes payable	15,631	865
2.01.03.01.02	Other federal tax obligations	15,275	10,631
2.01.03.02	State tax obligations	16,222	17,332
2.01.03.03	Local tax obligations	2,037	1,207
2.01.04	Loans and financing	64,443	50,325
2.01.04.01	Loans and financing	64,443	50,325
2.01.04.01.01	In local currency	64,443	50,325
2.01.05	Other liabilities	69,431	72,935
2.01.05.02	Other	69,431	72,935
2.01.05.02.01	Dividends and interest on equity capital payable	22,599	3,662
2.01.05.02.04	Rental	14,603	12,815
2.01.05.02.05	Key money	668	699
2.01.05.02.06	Other payables	31,561	55,759
2.01.06	Provisions	9,977	9,078
2.01.06.01	Tax, social security, labor and civil provisions	2,285	1,730
2.01.06.01.01	Provisions for tax contingencies	93	93
2.01.06.01.05	Provisions for legal claims	2,192	1,637
2.01.06.02	Other provisions	7,692	7,348
2.01.06.02.04	Provisions for internal campaigns	750	1,180
2.01.06.02.05	Provisions for extraordinary expenses	708	708
2.01.06.02.06	Provisions for sundry obligations	6,234	5,460
2.02	Non-current liabilities	165,307	175,902
2.02.01	Loans and financing	99,583	111,985
2.02.01.01	Loans and financing	99,583	111,985
2.02.01.01.01	In local currency	99,583	111,985
2.02.02	Other liabilities	7,965	8,930
2.02.02.02	Other	7,965	8,930
2.02.02.02.03	Other	7,965	8,930
2.02.03	Deferred taxes	53,174	51,715
2.02.03.01	Deferred income and social contribution taxes	53,174	51,715
2.02.04	Provisions	4,585	3,272
2.02.04.01	Tax, social security, labor and civil provisions	4,585	3,272
2.02.04.01.05	Provisions for legal claims	4,585	3,272
2.03	Consolidated equity	2,234,786	2,201,174
2.03.01	Paid-in capital	908,639	908,639
2.03.02	Capital reserves	1,039,935	1,039,935
2.03.03	Revaluation reserves	13,224	13,325
2.03.04	Income reserves	229,537	239,275
2.03.04.01	Legal reserve	14,375	14,375
2.03.04.02	Statutory reserve	215,162	215,162
2.03.04.08	Additional proposed dividends	0	9,738
2.03.05	Retained earnings/accumulated losses	43,451	0

**Consolidated financial information / Income statement****(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>Current Quarter 04/01/2012 to 06/30/2012</b>	<b>YTD 01/01/2012 to 06/30/2012</b>	<b>Same Quarter for the prior year 04/01/2011 to 06/30/2011</b>	<b>YTD 01/01/2011 to 06/30/2011</b>
3.01	Revenue from sale of products and/or services	1,323,432	2,560,506	0	0
3.01.01	Gross revenue from sale of products and/or services	1,375,186	2,662,033	0	0
3.01.02	Taxes on sales	-44,099	-86,378	0	0
3.01.03	Rebates	-7,655	-15,149	0	0
3.02	Cost of goods sold and/or services rendered	-936,510	-1,848,018	0	0
3.03	Gross profit	386,922	712,488	0	0
3.04	Operating income/expenses	-319,778	-621,129	0	0
3.04.01	Selling expenses	-241,654	-465,370	0	0
3.04.02	General and administrative expenses	-75,406	-146,417	0	0
3.04.02.01	Administrative	-45,022	-87,120	0	0
3.04.02.02	Depreciation and amortization	-30,384	-59,297	0	0
3.04.05	Other operating expenses	-2,718	-9,342	0	0
3.04.05.01	Extraordinary expenses	-2,718	-9,342	0	0
3.05	Income before financial income (expenses) and taxes	67,144	91,359	0	0
3.06	Financial income (expenses)	-1,396	418	0	0
3.06.01	Financial income	3,154	9,845	0	0
3.06.02	Financial expenses	-4,550	-9,427	0	0
3.07	Income before income taxes	65,748	91,777	0	0
3.08	Income and social contribution taxes	-16,415	-23,058	0	0
3.08.01	Current	-15,889	-21,548	0	0
3.08.02	Deferred	-526	-1,510	0	0
3.09	Net income from continuing operations	49,333	68,719	0	0
3.11	Consolidated income/loss for the period	49,333	68,719	0	0
3.11.01	Attributed to the parent company's shareholders	49,333	68,719	0	0
3.99	Earnings per share (Reais/share)	0	0	0	0
3.99.01	Basic earnings per share	0	0	0	0
3.99.01.01	Common shares	0.14932	0.208	0	0
3.99.02	Diluted earnings per share	0	0	0	0
3.99.02.01	Common shares	0.14932	0.208	0	0

## Consolidated financial information / Statement of comprehensive income

(In thousands of reais)

Account code	Account description	Current Quarter	YTD	Same Quarter for the prior year	YTD
		04/01/2012 to 06/30/2012	01/01/2012 to 06/30/2012	04/01/2011 to 06/30/2011	01/01/2011 to 06/30/2011
4.01	Consolidated net income for the period	49,333	68,719	0	0
4.03	Consolidated comprehensive income for the period	49,333	68,719	0	0
4.03.01	Attributed to the parent company's shareholders	49,333	68,719	0	0



**Consolidated financial information / Cash flow statement – Indirect method****(In thousands of reais)**

Account code	Account description	YTD	Accrued - prior
		01/01/2012 to 06/30/2012	year 01/01/2011 to 06/30/2011
6.01	Net cash from operating activities	-107,743	0
6.01.01	Cash from operations	163,237	0
6.01.01.01	Income before IRPJ and CSLL	91,778	0
6.01.01.02	Depreciation and amortization	59,297	0
6.01.01.03	Gain (loss) on disposal or write-off of property and equipment and intangible assets	995	0
6.01.01.04	Reversal of provision for legal claims	485	0
6.01.01.05	Allowance for doubtful accounts	973	0
6.01.01.06	Interest expenses	8,033	0
6.01.01.07	Provision for inventory losses	1,676	0
6.01.02	Changes in assets and liabilities	-264,801	0
6.01.02.01	Accounts receivable	-47,924	0
6.01.02.02	Inventories	-87,462	0
6.01.02.03	Other current assets	-748	0
6.01.02.04	Long-term receivables	7,203	0
6.01.02.05	Trade accounts payable	-126,536	0
6.01.02.06	Salaries and social charges	13,013	0
6.01.02.07	Taxes, charges and mandatory contributions	-670	0
6.01.02.08	Other liabilities	-23,465	0
6.01.02.09	Rental payable	1,788	0
6.01.03	Other	-6,179	0
6.01.03.01	Income and social contribution taxes paid	-6,179	0
6.02	Net cash from investing activities	-88,343	0
6.02.01	Additions to property and equipment and intangible assets	-89,496	0
6.02.02	Proceeds from disposal of property and equipment	1,153	0
6.03	Net cash from financing activities	-18,958	0
6.03.01	Financing raised	26,562	0
6.03.02	Repayment of financing	-25,650	0
6.03.03	Interest paid	-7,229	0
6.03.04	Interest on own capital and dividends paid	-12,641	0
6.05	Increase/(decrease) in cash and cash equivalents	-215,044	0
6.05.01	Opening cash and cash equivalents balance	339,971	0
6.05.02	Closing cash and cash equivalents balance	124,927	0

### Consolidated financial information / Statement of changes in equity – 01/01/2012 to 06/30/2012

(In thousands of reais)

Account code	Account description	Paid-in capital	Capital reserves, options granted and treasury stock	Income reserves	Retained earnings/ accumulated losses	Other comprehensive income	Equity	Non-controlling interest	Consolidated equity
5.01	Opening balances	908,639	1,039,935	252,600	0	0	2,201,174	0	2,201,174
5.03	Adjusted opening balances	908,639	1,039,935	252,600	0	0	2,201,174	0	2,201,174
5.04	Capital transactions with shareholders	0	0	-9,738	-25,369	0	-35,107	0	-35,107
5.04.07	Interest on equity capital IOE for 2011 approved by AGO held on	0	0	0	-25,500	0	-25,500	0	-25,500
5.04.08	April 27, 2012	0	0	-9,738	0	0	-9,738	0	-9,738
5.04.09	Prescribed interest on equity	0	0	0	131	0	131	0	131
5.05	Total comprehensive income	0	0	0	68,719	0	68,719	0	68,719
5.05.01	Net income for the period	0	0	0	68,719	0	68,719	0	68,719
5.06	Internal changes in equity	0	0	-101	101	0	0	0	0
5.06.02	Realization of revaluation reserve	0	0	-153	153	0	0	0	0
5.06.03	Taxes on realization of revaluation reserve	0	0	52	-52	0	0	0	0
5.07	Closing balances	908,639	1,039,935	242,761	43,451	0	2,234,786	0	2,234,786

**Consolidated financial information / Statement of value added****(In thousands of reais)**

Account Code	Account description	YTD	Accrued - prior year
		01/01/2012 to 06/30/2012	01/01/2011 to 06/30/2011
7.01	Revenues	2,646,164	0
7.01.01	Sale of goods, products and services	2,646,817	0
7.01.02	Other revenue	320	0
7.01.04	Set up/reversal of allowance for doubtful accounts	-973	0
7.02	Inputs acquired from third parties	-1,814,184	0
7.02.01	Cost of goods, products and services sold	-1,695,452	0
7.02.02	Materials, electricity, third party services and other	-118,268	0
7.02.03	Loss/recovery of amounts receivable	-464	0
7.03	Gross value added	831,980	0
7.04	Withholdings	-59,297	0
7.04.01	Depreciation, amortization and depletion	-59,297	0
7.05	Net value added produced	772,683	0
7.06	Value added received in transfer	9,845	0
7.06.02	Financial income	9,845	0
7.07	Total value added to be distributed	782,528	0
7.08	Distribution of value added	782,528	0
7.08.01	Personnel	267,621	0
7.08.01.01	Direct compensation	208,791	0
7.08.01.02	Benefits	42,629	0
7.08.01.03	Unemployment Compensation Fund (FGTS)	16,201	0
7.08.02	Taxes, charges and mandatory contributions	321,100	0
7.08.02.01	Federal	115,796	0
7.08.02.02	State	201,800	0
7.08.02.03	Local	3,504	0
7.08.03	Debt remuneration	125,088	0
7.08.03.01	Interest	41,381	0
7.08.03.02	Rental	83,707	0
7.08.04	Equity remuneration	68,719	0
7.08.04.01	Interest on equity capital	25,500	0
7.08.04.03	Retained profit/loss for the period	43,219	0

## EARNINGS RELEASE – SECOND QUARTER OF 2012

São Paulo, August 9, 2012. RaiaDrogasil S.A. (BM&FBovespa: RADL3) announces today its results for the 2<sup>nd</sup> quarter of 2012 (2Q12). The consolidated quarterly information of RaiaDrogasil S.A. and of its wholly-owned subsidiary Raia S.A. for the period ended June 30<sup>th</sup>, 2012 were prepared in accordance with IFRS and were reviewed by our independent auditors in accordance with Brazilian and international standards of auditing. Such financial statements were prepared in Reais and all growth rates are related to the same period of 2011.

In order to allow the comparison to our 2012 consolidated financials, we are supplementally presenting non-reviewed combined quarterly information of RaiaDrogasil S.A. and of Raia S.A. for 2011. This combined quarterly information represents a summation of the reviewed unconsolidated individual financial statements of RaiaDrogasil and of Raia for the fiscal year, without the equity effects of Raia recognized into RaiaDrogasil. The combined non-reviewed quarterly information for 2011 do not reflect the pro forma adjustments that would be necessary on the assumption that the operations of Raia and Drogasil would have occurred on the first day of the period, but instead may and should be considered as representative of our future results.

As a result of the creation of RaiaDrogasil, we incurred both in 2012 and in 2011 on certain non-recurring expenses related to the transaction and to the alignment of certain accounting practices between the entities, as well as on additional depreciation and amortization related to the allocation of the transaction purchase price (PPA) to acquired tangible and intangible assets in accordance with IFRS. To facilitate a better understanding and analysis of our operating performance, we are supplementally presenting adjusted results for 2012 and 2011 excluding the effects of non-recurring expenses.

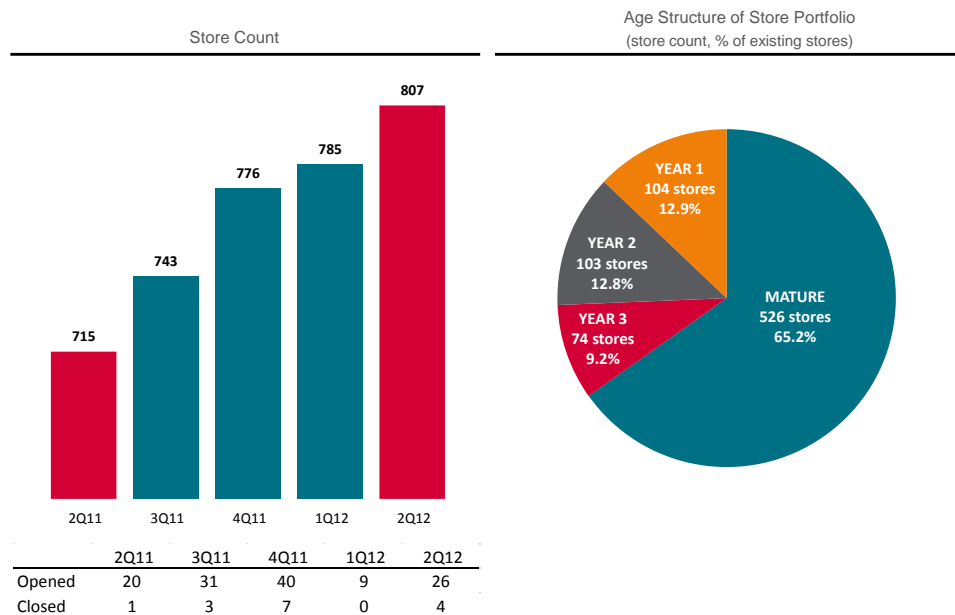
### HIGHLIGHTS:

- **Drugstores: 807 stores in operation (26 new store openings and 4 closings)**
- **Gross Revenues: R\$ 1,375.2 million, 18.8% of growth (11.5% for same-store sales)**
- **Gross Margin: 28.1% of gross revenues, a 1.7 percentage point margin increase**
- **Adjusted EBITDA: R\$ 100.2 million, an increase of 21.8%**
- **Adjusted EBITDA Margin: 7.3%, a 0.2 percentage point margin expansion**
- **Adjusted Net Income: R\$ 53.8 million, 3.9% of net margin**

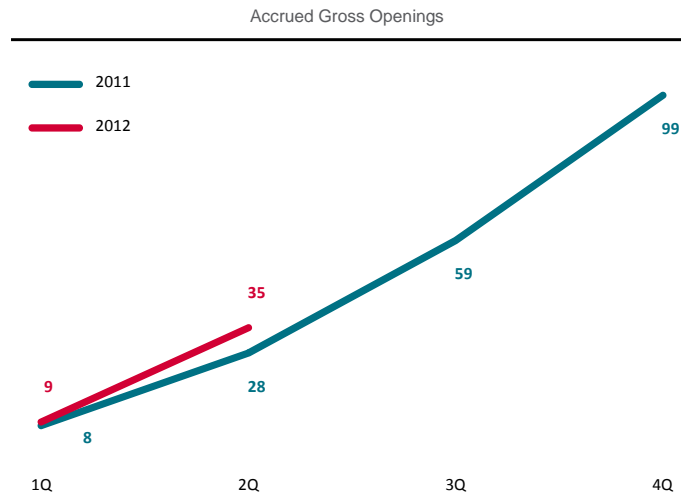
Combined Summary	2Q11	3Q11	4Q11	1Q12	2Q12
<i>(R\$ thousand)</i>					
# of Stores (end of period)	715	743	776	785	807
Store Openings	20	31	40	9	26
Store Closures	1	3	7	0	4
# of Stores (average)	707	733	759	781	795
Head Count	15,583	16,278	17,244	18,510	19,383
# of Tickets	28,160	29,315	30,143	29,790	31,193
Gross Revenues	1,158,037	1,232,279	1,287,973	1,286,847	1,375,186
Gross Profit (Adjusted)	305,754	314,639	337,867	327,176	386,922
% of Gross Revenues	26.4%	25.5%	26.2%	25.4%	28.1%
EBITDA (Adjusted)	82,333	68,433	76,167	61,362	100,246
% of Gross Revenues	7.1%	5.6%	5.9%	4.8%	7.3%
Net Income (Adjusted)	51,101	35,049	43,335	27,484	53,791
% of Gross Revenues	4.4%	2.8%	3.4%	2.1%	3.9%

## STORE DEVELOPMENT

We ended the 2Q12 with 807 stores in operation through the opening of 26 new stores (15 for Raia and 11 for Drogasil). We have already opened a total of 35 stores in 2012. At the end of the period, 34.8% of our stores were still undergoing maturation, and had not yet reached their full potential in terms of revenues and profitability.



After opening nine stores in the 1Q12, we accelerated our opening pace in the 2Q12 and reached a total of 35 store openings, a faster opening pace than the one recorded in 2011, when we opened 99 stores in the year.



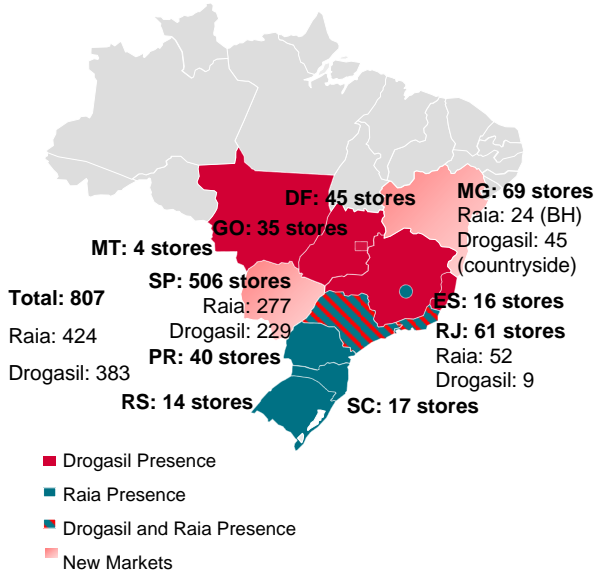
On August 9<sup>th</sup>, 2012, RaiaDrogasil's Board of Directors determined that preparatory measures be taken for the incorporation of Raia S.A. One of the implications is that the opening of all Droga Raia stores that have still not been licensed must be suspended until the incorporation is concluded, from when new Droga Raia stores will start to be opened within RaiaDrogasil. The opening of Drogasil stores will continue to occur normally.

Therefore, we adjusted our gross store openings guidance from 130 to 110 stores in 2012. Additionally, we established a guidance of 130 gross new store openings for 2013.

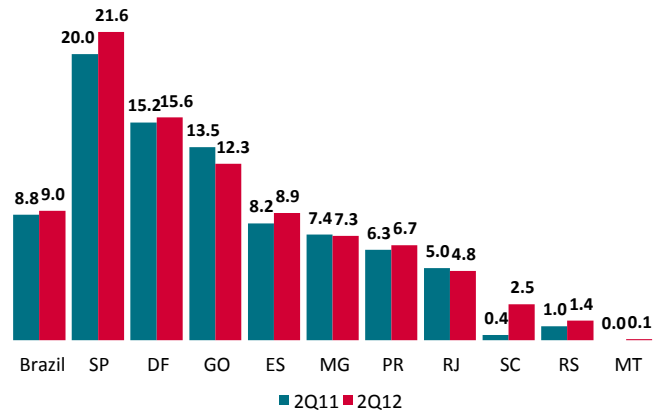
We started in the 2Q12 a process of selective closures of redundant stores, which is one of the synergies of the association between Raia and Drogasil. This consists in closing stores that have low performance and high potential to shift sales and customers to nearby stores. That allows us to increase our aggregated results, since the gross profits transferred to the surviving stores exceed the operating results that were achieved by the closed store. We closed four stores in the quarter and recorded significant revenue transfers that will justify new closures on the upcoming quarters.

We reached in June 2012 a national market share of 9.0%, which represents an annual share increase of 0.2 percentage point. The chart below illustrates our geographic presence and the market share evolution that we obtained in each of the states where we operate.

Geographic Presence



Market Share (June/12)



PHARMECEUTICAL MARKET DISTRIBUTION BY STATE

Brazil	SP	DF	GO	ES	MG	PR	RJ	RS	SC	MT
100.0%	27.8%	2.8%	3.3%	1.9%	10.5%	6.0%	13.6%	7.4%	3.8%	1.1%

We highlight the significant market share increase achieved in the state of São Paulo, our main market. The 1.6 percentage point increase reflects the ongoing improvement in our operating standards at preexisting stores, the strength of our brands and the quality of the expansion undertaken in the region.

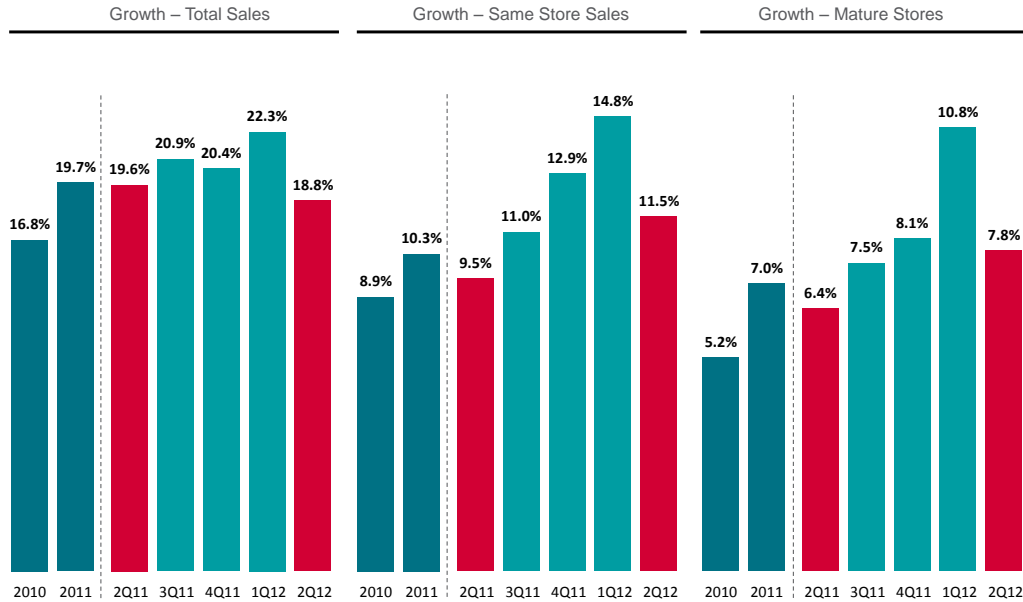
Another highlight has been our recent growth in Santa Catarina, where we reached 17 stores in operation and achieved 2.5% of market share, and our entry into the state of Mato Grosso through the opening of four stores in Cuiabá.

Finally, we recorded a 1.2 percentage point market share decrease in Goiás, due to the deceleration of our expansion in the state and to the recovery of a key local competitor. However it is important to highlight that we are in the process of acquiring 26 stores in Goiânia from that competitor (Drogaria Santa Marta), which will consolidate our absolute leadership both in the state and in the Midwest region as a whole.

**GROSS REVENUES**

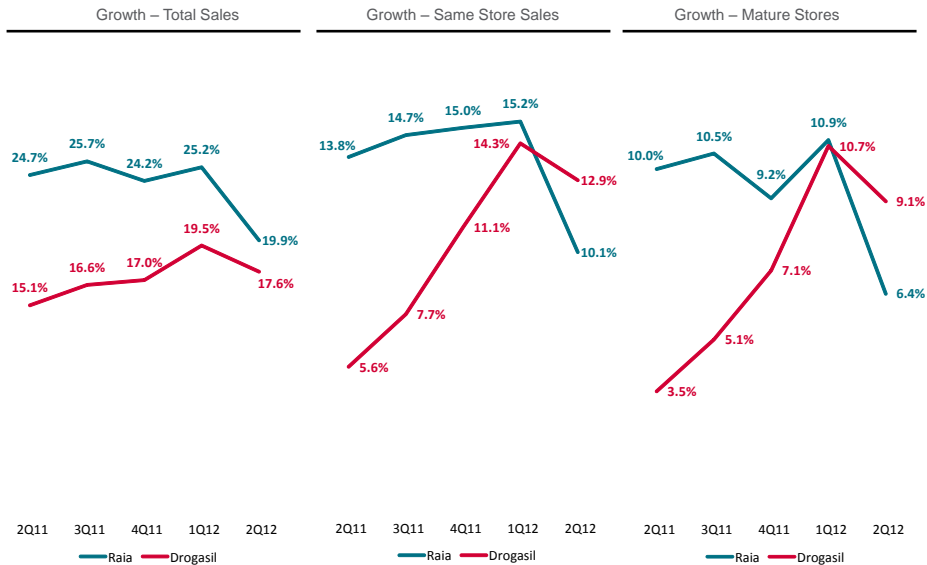
We recorded gross revenues of R\$ 1,375.2 million in the quarter, an 18.8% increase over the 2Q11. We reached 11.5% of growth for our same store sales and 7.8% for our mature stores, with three or more years in operation. We returned to historical levels of mature store sales growth after reaching a growth peak in the 1Q12, when we benefited by an extra day due to leap year, which represented a 1.2 percentage point gain, and by the favorable comp base from the 1Q11.

## Combined Revenue Growth



Drogasil recorded in the quarter a mature store growth of 9.1%, which exceeded the 6.4% recorded by Droga Raia.

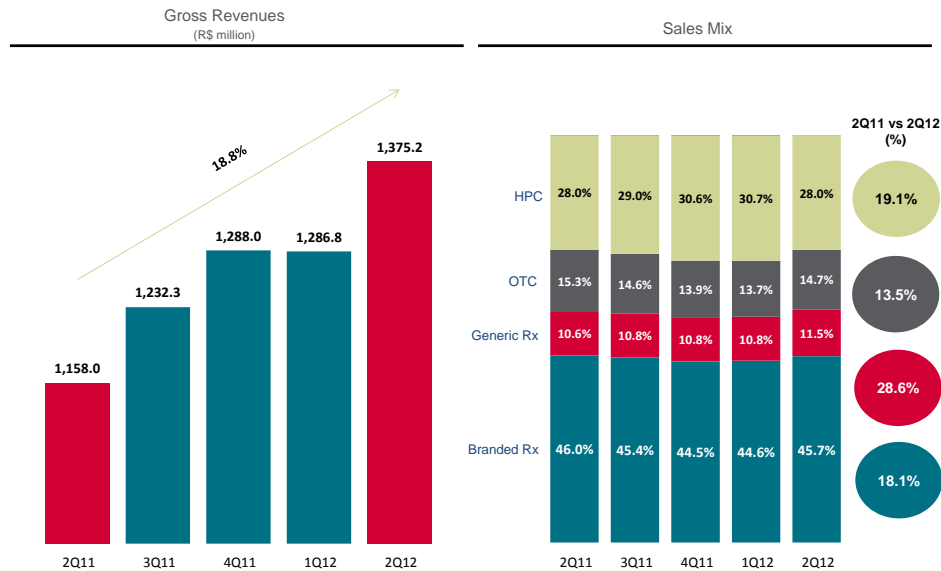
## Sales Evolution by Brand



After sustaining for a year an average growth of 10.1% at mature stores due to increases in inventories and in staff deployment, Droga Raia returned to growth levels close to its historical levels. However, Drogasil, which is recovering from a lower comp base in 2011, reached a mature store growth of 9.1%.



We sustained in the quarter our strong growth momentum in Generics, but faced lower growth in OTC related to a lower demand for seasonal winter products.



We recorded a 28.6% increase in Generics, our fastest growing category in the quarter. Generics share in our sales mix increased from 10.6% to 11.5%, a 0.9 percentage point increase over the same period in the previous year and a 0.7 percentage point increase over the previous quarter.

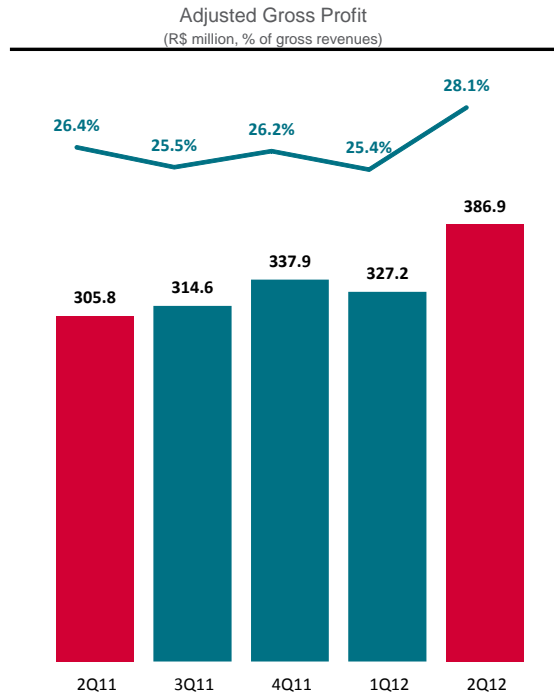
Generics growth constitutes an important gross margin expansion lever, because they are significantly more profitable than branded pharmaceuticals. The main drivers of this growth have been the wave of new generics introductions and our improved execution in generics at our stores.

It is important to mention that we experienced a winter with moderate temperatures in the quarter, which reflected in lower sales of seasonal winter products, especially for OTC products in June.

## GROSS PROFIT

We ended the 1Q12 with an adjusted gross margin of 28.1%, a 26.5% increase and a 1.7 percentage point gross margin expansion over the 2Q11. The relevant gross margin increase recorded in the quarter was due primarily to the capture of cost synergies through the renegotiation of our purchasing terms.

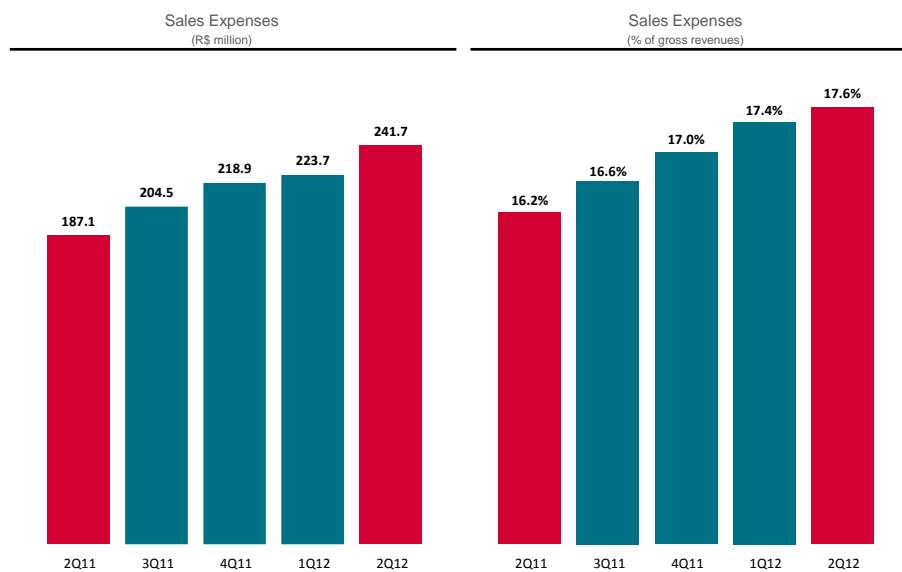
Additionally, a late appropriation of trade allowances related to the 1Q12 mitigated the unfavorable effect of the reference prices readjustment, which came below the levels recorded in previous years. The average reference price increase granted by the government in 2012 corresponded to only 3.0%, as opposed to the 4.8% obtained in 2011.



\* Adjusted Gross Profit excludes the R\$ 1.6 million amortization of the PPA on inventories in the 1Q12 and the R\$ 7.1 million amortization in 2011, as well as the effects of the accounting practice alignment between Raia and Drogasil, which amounted to another R\$ 23.3 million in 2011.

## SALES EXPENSES

Sales expenses totaled R\$ 241.7 million in the quarter, equivalent to 17.6% of gross revenues. We experienced a 1.4 percentage point increase when compared to the same period in 2011.



The increase in sales expenses stemmed from inflation pressures, from the increase in staff deployment at Droga Raia, from the opening of two additional distribution centers, and from expense pressures due to the acceleration of our store development.

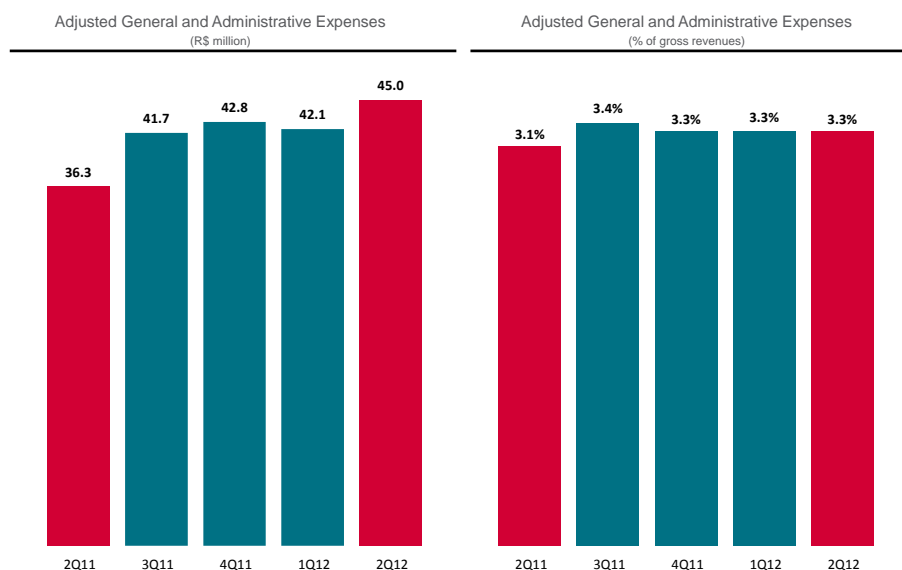
The rise in inflation has put significant pressure on our expenses when compared to 2011. The main inflationary pressure came from the annual salary readjustment of 8.3%, which was applied in July 2011 and came above the CPI of 6.5% registered in the year. The increase in staff deployment and the salary readjustment caused a raise of 0.8 percentage point in our sales expenses.

In order to support our growth in the Midwest and Southeast regions of Brazil, we opened a Distribution Center in the 3Q11 in Goiás, with 12,600 square meters, and another in the 1Q12 in Rio de Janeiro, with 8,400 square meters. These new distribution centers brought additional expenses of R\$ 3.9 million in the 2Q12, equivalent to 0.3 percentage point of our gross revenues in the quarter.

Finally, our accelerated store development imparts significant pressures on sales expenses. The expenses incurred by the 35 stores already opened in 2012, and by those that were still in the pre-operational stages, represented an expense pressure of 0.6 percentage points.

## GENERAL AND ADMINISTRATIVE EXPENSES

General and Administrative expenses amounted to R\$ 45.0 million in the quarter, equivalent to 3.3% of our gross revenues, which represented a 0.2 percentage point increase when compared to the same period in 2011.



\* Excludes R\$ 2.7 million of non-recurring expenses recorded in the 2Q12 (R\$ 1.8 million in consultancy and R\$ 0.9 million in store closures), R\$ 6.6 million in the 1Q12 (consulting and severance expenses) and R\$ 35.3 million recorded in 2011 (general transaction expenses, including bank fees, consulting expenses and alignment of accounting practices).

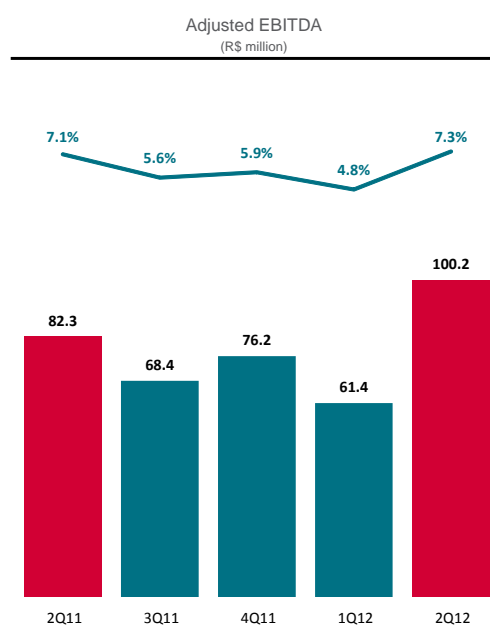
We maintained our corporate structure constant since the 3Q11 due to the unification of top and middle management and to a limitation in admissions. We also recorded in the quarter R\$1.7 million (0.1 percentage point) related to a reassessment in our labor contingency provision.

We emphasize that our reported expenses do not reflect non-recurring items recorded since the 4Q11, which have totaled R\$ 2.7 million in the quarter (management consulting and advisory fees).

## EBITDA

We reached R\$ 100.2 million of adjusted EBITDA in the quarter, a 21.7% increase over the 2Q11. Our EBITDA margin grew by 0.2 percentage point, and represented 7.3% of gross revenues. We recorded a gross margin increase over the 2Q11 that allowed us to offset increases in sales and administrative expenses in the quarter.

It is important to highlight that the stores that were already opened or at the pre-operational stage by the end of the 2Q12 penalized our EBITDA by R\$ 7.3 million in the in the quarter. Therefore, the 776 stores that we had in operation at the end of 2011, produced an adjusted EBITDA of R\$ 107.5 million, equivalent to an EBITDA margin of 7.9% over gross revenues of R\$ 1.38 billion in the quarter.



\* Excludes R\$ 2.7 million of non-recurring expenses (R\$ 1.8 million in consultancy and R\$ 0.9 million in store closures), R\$ 8.2 million of non-recurring expenses (R\$ 6.6 million in consulting and R\$ 1.6 million in PPA amortization over inventories) incurred in the 1Q12 and R\$ 57.9 million of non-recurring expenses (general transaction expenses, including investment bank fees, consulting expenses, alignment of accounting practices and amortization of the PPA over inventories) recorded in 2011.

EBITDA Reconciliation	2Q11	2Q12	6M11	6M12
<i>(R\$ thousand)</i>				
<b>Net Income</b>	<b>44.1</b>	<b>49.3</b>	<b>63.0</b>	<b>68.7</b>
Net Financial Expenses (Revenues)	(5.3)	1.4	(13.4)	(0.4)
Income Tax	18.9	16.4	28.8	23.1
Depreciation and Amortization	22.2	30.4	43.9	59.3
<b>EBITDA</b>	<b>79.9</b>	<b>97.5</b>	<b>122.3</b>	<b>150.7</b>
Consultancy Expenses		1.8		8.4
Store Closures		0.9		0.9
PPA Amortization over Inventories				1.6
Trade Allowance Alignment	2.5		4.6	
<b>Adjustments</b>	<b>2.5</b>	<b>2.7</b>	<b>4.6</b>	<b>10.9</b>
<b>Adjusted EBITDA</b>	<b>82.3</b>	<b>100.2</b>	<b>126.9</b>	<b>161.6</b>
% of Gross Revenues	7.1%	7.3%	5.7%	6.1%

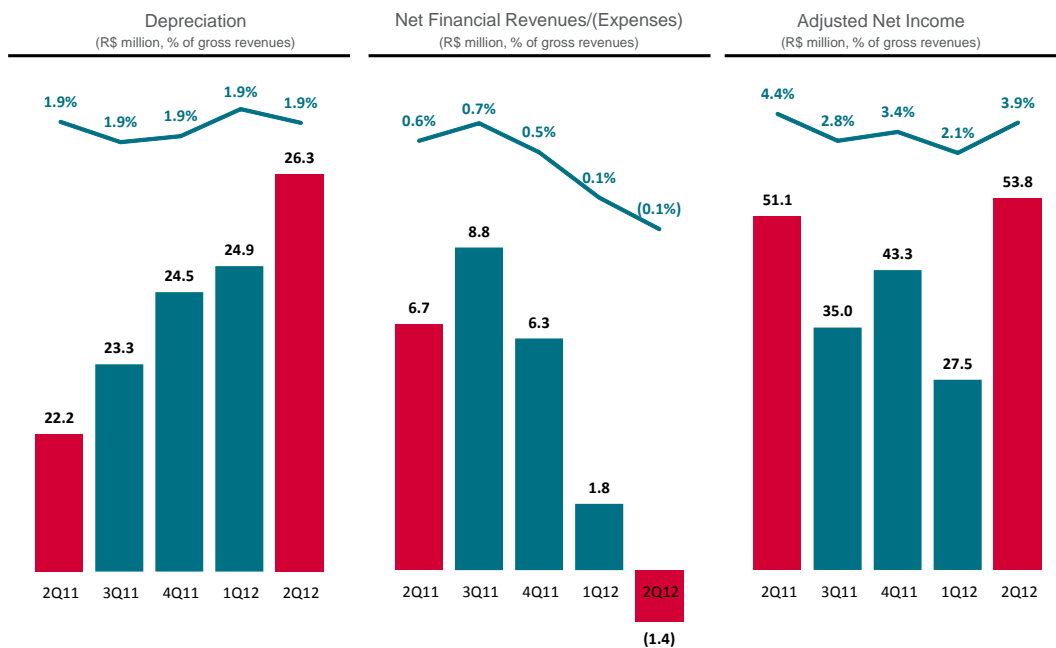
\* The 2Q11 EBITDA was impacted by R\$ 2.5 million of non-recurring expenses, which corresponded to the quarter's accrual of the R\$ 11.0 million charge for the alignment in the criteria for trade allowance recognition, which was reported in the 4Q11.

## FINANCIAL EXPENSES, DEPRECIATION AND NET INCOME

Our net financial expenses totaled R\$ 1.4 million in the quarter, equivalent to 0.1% of our gross revenues when compared to net financial revenues of R\$ 6.7 million in 2Q11. This reduction stemmed from the cash consumption incurred in the last 12 months, which reduced net cash and financial income.

Depreciation totaled R\$ 26.3 million, or 1.9% of gross revenues, and remained in line with the previous year due to the maintenance of a strong investment pace.

We recorded an adjusted net income of R\$ 53.8 million, a 5.2% increase over 2011, and net margin of 3.9%.



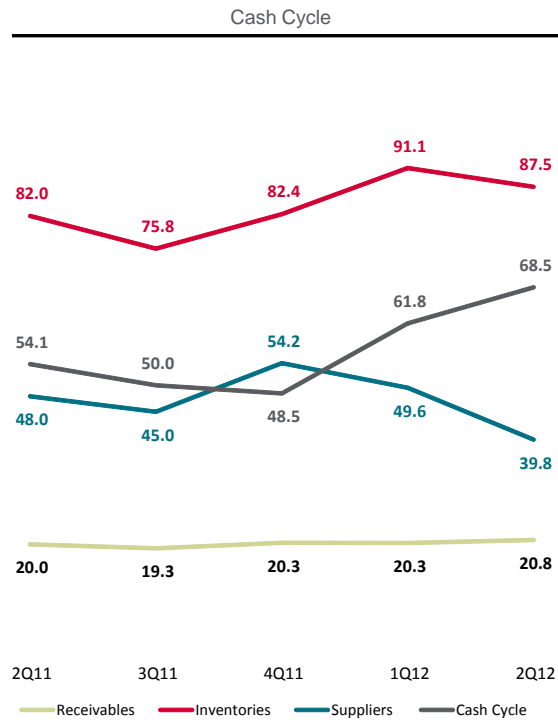
\* Excludes R\$ 4.5 million of non-recurring expenses incurred in the 2Q12 (R\$ 1.8 million in consulting expenses and R\$ 2.7 million of PPA amortization, including income taxes), R\$ 8.2 million of non-recurring expenses in the 1Q12 (net effect of R\$ 4.1 million in consulting and severance, and R\$ 4.1 million of PPA amortization over inventories, commercial properties, PBM and loyalty card customer base) and R\$ 45.7 million in 2011.

Our investments in store development and in working capital generated a negative impact of 0.7 percentage point, and represented the main driver of the 0.5 percentage point retraction in net margin.

When considering the non-recurring expenses related to the transaction, net income totaled R\$ 49.3 million, an increase of 11.9% over the 2Q11 and a net margin of 3.6% of gross revenues.

## CASH CYCLE

We invested 14 days of cash cycle when compared to the 2Q11, as shown below:



The recent increase in our distribution capacity through the opening of two new distribution centers in Goiás (August, 2011) and Rio de Janeiro (February, 2012) and the increase in inventories at the Minas Gerais distribution center, which used to operate with a restricted product mix, have generated transitory pressures in our cash cycle, since the rebalancing of our working capital at both our distribution centers in São Paulo (Butantã and Embu), which until recently supported our entire operation, has been gradual.

Additionally, we adjusted our purchasing terms with some of our suppliers, and these negotiations have contributed with the gross margin expansion recorded in the quarter.

It is important to mention that in the 3Q12, RaiaDrogasil has started to obtain refunds on accumulated tax credits by transferring them to suppliers, as well as to operate as substitute tax collector at the Butantã distribution center in São Paulo. This implies in crediting the taxes previously retained by our suppliers on our behalf, which were embedded in the value of our inventories, to recoverable taxes. Additionally, we will be able to gradually convert those credits into cash by using them to offset tax payments that are due when shipping to our stores. It is important to highlight that Raia has still not adhered to that process, which is expected to occur in the upcoming quarters.

## CASH FLOW

We experienced in the second quarter of 2012 a cash consumption of R\$ 32.8 million. We generated R\$ 101,6 million in resources from operations, corresponding to 7.4% of our gross sales, an increase of 17.4% over 2011, and employed R\$ 84.6 million in working capital, when compared to a cash consumption of R\$ 101.3 million in the 1Q11. We also invested R\$ 49.8 million in the quarter: R\$ 33.3 million in store development, R\$ 5.1 million in the maintenance of existing stores, and R\$ 11.4 million in the upgrade of our infrastructure.

<b>Cash Flow</b> <i>(R\$ million)</i>	<b>2Q12</b>	<b>2Q11</b>	<b>6M12</b>	<b>6M11</b>
<b>EBT</b>	<b>72.5</b>	<b>66.8</b>	<b>110.8</b>	<b>95.6</b>
(-) Income Tax	(3.5)	(2.2)	(6.2)	(9.5)
(+) Depreciation	26.3	22.2	51.2	43.9
(-) Other Adjustments	6.3	3.5	12.2	9.6
<b>Resources from Operations</b>	<b>101.6</b>	<b>90.4</b>	<b>168.0</b>	<b>139.7</b>
Cash Cycle*	(112.8)	(102.2)	(263.5)	(307.2)
Others	28.2	0.8	(2.9)	8.1
<b>Operations</b>	<b>17.0</b>	<b>(11.0)</b>	<b>(98.4)</b>	<b>(159.4)</b>
<b>Investments</b>	<b>(49.8)</b>	<b>(29.6)</b>	<b>(88.3)</b>	<b>(54.7)</b>
<b>Total Cash Flow</b>	<b>(32.8)</b>	<b>(40.6)</b>	<b>(186.7)</b>	<b>(214.1)</b>

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

\*\* Does not include financing cash flow

We accrued R\$ 18.5 million in interest on equity in the quarter, a 13.1% decrease over the R\$ 21.3 million accrued in 2011 as a result of our non-recurring expenses, which penalized our net income.

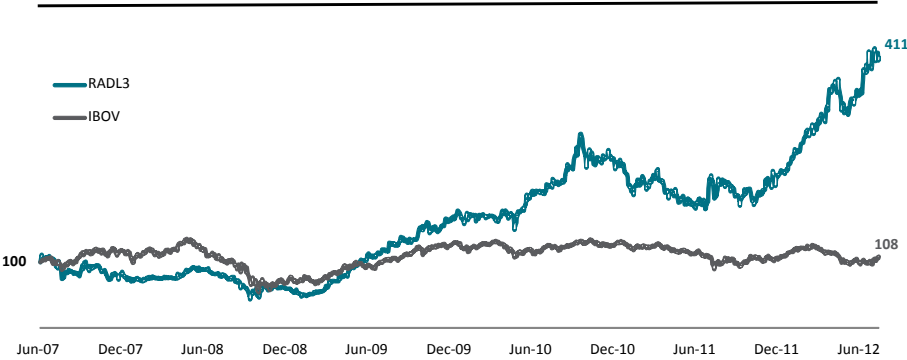
## CAPITAL MARKETS

Considering the stock price of R\$ 23.00 in August 8<sup>th</sup>, 2012, we recorded a cumulative return of 77.3% in 2012. Our appreciation exceeded IBOVESPA's by 73.5 percentage points, reflecting our performance, the trust bestowed on us by our investors and the increasing understanding that the pharmaceutical retail is a defensive sector that remains relatively immune from adverse macroeconomic conditions.

In the 2Q12, our average daily trading volume was of R\$ 30.9 million, when compared to the average liquidity of R\$ 18.9 million that we recorded since the beginning of 2012.

The chart below highlights the increase in our stock price since the IPO of Drogasil in June 2007. We achieved a cumulative increase of 310.7% when compared to 8.4% registered by the IBOVESPA over the same period, a compounded annual return of 31.9% in the period. For those who invested at the Raia IPO in December of 2010, the cumulative return in the period amounted to 119.5% when compared to a decrease of 13.3% recorded by the IBOVESPA, a compounded annual return of 61.3% in the period.

Share Evolution  
(Base 100)





<b>Adjusted Income Statement</b>	<b>2Q11</b>	<b>2Q12</b>	<b>6M11</b>	<b>6M12</b>
<i>(R\$ thousand)</i>				
<b>Gross Revenues</b>	<b>1,158,037</b>	<b>1,375,186</b>	<b>2,209,781</b>	<b>2,662,033</b>
Taxes, Discounts and Returns	(44,470)	(51,754)	(85,316)	(101,527)
<b>Net Revenues</b>	<b>1,113,567</b>	<b>1,323,432</b>	<b>2,124,465</b>	<b>2,560,506</b>
Cost of Goods Sold	(807,813)	(936,510)	(1,564,119)	(1,846,409)
<b>Gross Profit</b>	<b>305,754</b>	<b>386,922</b>	<b>560,346</b>	<b>714,097</b>
Operational (Expenses) Revenues				
Sales	(187,139)	(241,654)	(363,045)	(465,370)
General and Administrative	(36,282)	(45,022)	(70,353)	(87,121)
Other Operational Expenses, Net				
<b>Operational Expenses</b>	<b>(223,421)</b>	<b>(286,676)</b>	<b>(433,398)</b>	<b>(552,491)</b>
<b>EBITDA</b>	<b>82,333</b>	<b>100,246</b>	<b>126,948</b>	<b>161,606</b>
Depreciation and Amortization	(22,201)	(26,347)	(43,947)	(51,223)
<b>Operational Earnings before Financial Results</b>	<b>60,132</b>	<b>73,899</b>	<b>83,001</b>	<b>110,383</b>
Financial Expenses	(6,341)	(4,550)	(12,148)	(9,427)
Financial Revenues	13,055	3,154	27,473	9,845
<b>Financial Expenses/Revenues</b>	<b>6,714</b>	<b>(1,396)</b>	<b>15,325</b>	<b>418</b>
<b>Earnings before Income Tax and Social Charges</b>	<b>66,846</b>	<b>72,503</b>	<b>98,326</b>	<b>110,801</b>
Income Tax and Social Charges	(15,745)	(18,712)	(25,352)	(29,527)
<b>Net Income</b>	<b>51,101</b>	<b>53,791</b>	<b>72,974</b>	<b>81,274</b>

<b>Income Statement</b>	<b>2Q11</b>	<b>2Q12</b>	<b>6M11</b>	<b>6M12</b>
<i>(R\$ thousand)</i>				
<b>Gross Revenues</b>	<b>1,158,037</b>	<b>1,375,186</b>	<b>2,209,781</b>	<b>2,662,033</b>
Taxes, Discounts and Returns	(44,470)	(51,754)	(85,316)	(101,527)
<b>Net Revenues</b>	<b>1,113,567</b>	<b>1,323,432</b>	<b>2,124,465</b>	<b>2,560,506</b>
Cost of Goods Sold	(810,276)	(936,510)	(1,568,734)	(1,848,018)
<b>Gross Profit</b>	<b>303,291</b>	<b>386,922</b>	<b>555,731</b>	<b>712,488</b>
Operational (Expenses) Revenues				
Sales	(187,139)	(241,654)	(363,045)	(465,370)
General and Administrative	(36,281)	(45,022)	(70,352)	(87,121)
Other Operational Expenses, Net		(2,718)		(9,342)
<b>Operational Expenses</b>	<b>(223,420)</b>	<b>(289,394)</b>	<b>(433,397)</b>	<b>(561,833)</b>
<b>EBITDA</b>	<b>79,871</b>	<b>97,528</b>	<b>122,334</b>	<b>150,655</b>
Depreciation and Amortization	(22,201)	(30,384)	(43,947)	(59,297)
<b>Operational Earnings before Financial Results</b>	<b>57,670</b>	<b>67,144</b>	<b>78,387</b>	<b>91,358</b>
Financial Expenses	(6,341)	(4,550)	(12,148)	(9,427)
Financial Revenues	11,652	3,154	25,512	9,845
<b>Financial Expenses/Revenues</b>	<b>5,311</b>	<b>(1,396)</b>	<b>13,364</b>	<b>418</b>
<b>Earnings before Income Tax and Social Charges</b>	<b>62,981</b>	<b>65,748</b>	<b>91,751</b>	<b>91,776</b>
Income Tax and Social Charges	(18,896)	(16,415)	(28,768)	(23,058)
<b>Net Income</b>	<b>44,085</b>	<b>49,333</b>	<b>62,983</b>	<b>68,718</b>

<b>Assets</b>	<b>2Q11</b>	<b>2Q12</b>
<i>(R\$ thousand)</i>		
<b>Current Assets</b>		
Cash and Cash Equivalents	364,007	124,927
Financial Assets Held to Maturity	16,261	
Accounts Receivable	254,665	314,956
Inventories	728,112	900,762
Taxes Receivable	77,094	61,422
Other Accounts Receivable	75,033	99,178
Following Fiscal Year Expenses	9,225	14,772
	<u>1,524,397</u>	<u>1,516,017</u>
<b>Non-Current Assets</b>		
Deposit in Court	5,369	9,987
Taxes Receivable	27,570	55,518
Income Tax and Social Charges deferred	40,139	
Other Credits	735	1,042
Investments		
Property, Plant and Equipment	327,479	397,236
Intangible	95,639	1,128,613
Goodwill		
	<u>496,931</u>	<u>1,592,396</u>
<b>ASSETS</b>	<u>2,021,328</u>	<u>3,108,413</u>

<b>Liabilities and Shareholder's Equity</b>	<b>2Q11</b>	<b>2Q12</b>
<i>(R\$ thousand)</i>		
<b>Current</b>		
Suppliers	425,944	409,832
Loans and Financing	50,049	64,443
Salaries and Social Charges Payable	84,212	105,472
Taxes Payable	30,478	49,165
Dividend and Interest on Equity	14,870	22,599
Provision for Lawsuits	839	2,192
Other Accounts Payable	52,989	54,617
	<u>659,381</u>	<u>708,320</u>
<b>Non-Current Assets</b>		
Loans and Financing	115,507	99,583
Provision for Lawsuits	5,540	4,585
Income Tax and Social Charges deferred		53,174
Other Accounts Payable	9,868	7,965
	<u>130,915</u>	<u>165,307</u>
<b>Shareholder's Equity</b>		
Common Stock	840,217	908,639
Capital Reserves	138,254	1,039,935
Revaluation Reserve	19,422	13,224
Income Reserves	235,443	229,537
Accrued Income		43,451
Treasury Stock	(2,304)	
Additional Dividend Proposed		
	<u>1,231,032</u>	<u>2,234,786</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>2,021,328</u>	<u>3,108,413</u>

	2Q11	2Q12	6M11	6M12
<b>Cash Flow</b>				
<b>Earnings before Income Tax and Social Charges</b>	<b>66,847</b>	<b>72,504</b>	<b>95,617</b>	<b>110,803</b>
<b>Adjustments</b>				
Depreciations and Amortization	22,200	26,347	43,946	51,223
Stock Option Plan	133	0	266	
P,P&E and Intangible Assets residual value	86	747	478	996
Provisioned Lawsuits	(288)	1,269	(383)	485
Provisioned Inventories Loss	(314)	578	864	1,676
Allowance for Doubtful Accounts	410	(31)	293	973
Interest Expenses	3,491	3,747	8,121	8,034
	<b>92,565</b>	<b>105,161</b>	<b>149,202</b>	<b>173,721</b>
<b>Assets and Liabilities variation</b>				
Financial Investments	(488)		(942)	
Accounts Receivable	(45,754)	(36,149)	(59,319)	(47,924)
Inventories	(4,650)	9,273	(126,106)	(89,071)
Other Short Term Assets	(13,208)	24,928	(19,722)	29,326
Long Term Assets	(888)	(10,262)	(1,784)	(22,871)
Suppliers	(51,783)	(85,891)	(121,786)	(126,536)
Salaries and Social Charges	16,619	20,128	14,103	13,013
Taxes Payable	(5,491)	(2,527)	(1,798)	(670)
Other Liabilities	2,160	(5,454)	15,034	(23,466)
Rent Payable	1,602	1,350	2,283	1,788
<b>Cash from Operations</b>	<b>(9,316)</b>	<b>20,557</b>	<b>(150,835)</b>	<b>(92,227)</b>
Income Tax and Social Charges Paid	(2,150)	(3,533)	(9,506)	(6,179)
<b>Net Cash from (invested) Operational Activities</b>	<b>(11,466)</b>	<b>17,024</b>	<b>(160,341)</b>	<b>(98,406)</b>
<b>Investment Activities Cash Flow</b>				
P,P&E and Intangible Acquisitions	(29,654)	(50,951)	(54,693)	(89,496)
P,P&E Sale Payments	12	1,152	12	1,154
Restricted Investments				
<b>Net Cash from Investment Activities</b>	<b>(29,642)</b>	<b>(49,799)</b>	<b>(54,681)</b>	<b>(88,339)</b>
<b>Financing Activities Cash Flow</b>				
Funding		16,236	47,132	26,562
Payments	(10,393)	(10,158)	(25,805)	(25,650)
Interest Paid	(2,178)	(2,457)	(7,309)	(7,228)
Common Stock increase, net from Share Issuance expenditures	155	0	22,290	
Exercise of Stock Option Plan Payment		0	265	
Treasury Stock Sale Payment		0		
Interest on Equity and Dividends Paid	(15,397)	(12,641)	(15,398)	(12,641)
<b>Cash and Cash Equivalents in the beggining of the period</b>	<b>(27,813)</b>	<b>(9,020)</b>	<b>21,175</b>	<b>(18,957)</b>
<b>Cash and Cash Equivalents net increase</b>	<b>(68,921)</b>	<b>(41,795)</b>	<b>(193,847)</b>	<b>(205,701)</b>
<b>Cash and Cash Equivalents in the beggining of the period</b>	<b>436,795</b>	<b>176,064</b>	<b>561,721</b>	<b>339,971</b>
<b>Cash and Cash Equivalents in the end of the period</b>	<b>367,874</b>	<b>134,270</b>	<b>367,874</b>	<b>134,270</b>

## Notes to quarterly information

### 1. Operations

Raia Drogasil S.A. ("Company") is a publicly-traded corporation, registered with the São Paulo State Stock Exchange – *Novo Mercado* (segment that meets the highest corporate governance standards of the São Paulo Stock Exchange), with head office in the capital of the São Paulo state.

The Company and its subsidiary Raia S.A. are primarily engaged in retail sales of medications, perfumery, personal care and beauty products, cosmetics and dermocosmetics.

Sales are carried out by 807 stores, located in the states of São Paulo, Minas Gerais, Rio de Janeiro, Federal District, Paraná, Goiás, Santa Catarina, Espírito Santo, Rio Grande do Sul and Mato Grosso as follows:

	<b>Company (not reviewed)</b>	<b>Consolidated (not reviewed)</b>
	<b>Jun-2012</b>	<b>Jun-2012</b>
São Paulo	229	506
Minas Gerais	45	69
Rio de Janeiro	9	61
Federal District	45	45
Paraná		40
Goiás	35	35
Santa Catarina		17
Espírito Santo	16	16
Rio Grande do Sul		14
Mato Grosso	4	4
	<b>383</b>	<b>807</b>

### 2. Presentation of the quarterly information

Individual and consolidated quarterly information was approved by the Executive Board on August, 3 2012.

The financial information is presented in thousands of reais, which is the Company's functional and reporting currency.

Once the association between the Company and its subsidiary Raia S.A. occurred on November 10, 2011 and that, at June 30, 2011 there was no consolidated financial information, the information presented in the consolidated statement of changes in equity, cash flow statement, statement of value added and income statement referring to such period is zeroed.

The Company's individual and consolidated interim financial information for the periods ended June 30, 2012 and 2011 was prepared and is presented in accordance with accounting pronouncement CPC 21 (Interim Financial Information) and with IAS 34, with observance of the provisions contained in Circular CVM/SNC/SEP No. 003/2011, of April 28, 2011.

The Company's financial statements for the year ended December 31, 2011 were prepared in accordance with accounting practices adopted in Brazil, which include CVM standards and accounting Pronouncements, Guidance and Interpretations issued by the Brazilian FASB (CPC).

## Notes to quarterly information

The consolidated financial statements for the year ended December 31, 2011 were prepared in accordance with accounting practices adopted in Brazil, which include CVM standards CPC pronouncements, and are in conformity with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

The individual financial statements present valuation of investments in the subsidiary by the equity pickup method, pursuant to current Brazilian legislation. Accordingly, such individual financial statements are not considered to be in compliance with IFRS, which require that such investments be measured at fair value or at cost in the Company’s separate statements.

As part of the work involved in the association between the Company and the subsidiary Raia S.A., management analyzed the major accounting practices applied the Company and reclassified revenues arising from commercial agreements with suppliers and other revenues, as shown below:

- (i) Revenues from commercial agreements with suppliers, net of taxes (PIS and COFINS), previously presented as operating and financial revenues, are now presented as accounts reducing cost of goods sold; and
- (ii) Service revenues (cell phone credits, sale of tokens for scales, publicity in points of sale, among others), net of taxes (ISS), previously recorded under: Other operating revenues and accounts reducing selling expenses are now recognized as net sales revenues.

Management believes that these practices improve the negotiation efforts with suppliers, as well as costs and margins obtained from sale of products, drugs or others.

To enable comparison between the years, the amounts reclassified in the 2<sup>st</sup> quarter of 2011 are shown below:

	<b>2<sup>st</sup> quarter - 2011</b>	<b>Reclassifications</b>	<b>2<sup>st</sup> quarter-2011 (reclassified)</b>
<b>(i) Income statements</b>			
Net sales revenue	1,087,978	1,618	1,089,596
Cost of products sold	(828,238)	23,556	(804,682)
Selling expenses	(184,267)	3,281	(180,986)
General and administrative expenses	(55,987)	15	(55,972)
Other operating income (expenses), net	26,508	(26,508)	
Financial income	11,335	(1,962)	9,373
<b>(ii) Statements of value added</b>			
Gross sales of products, goods and services	1,129,422	1,702	1,131,124
Cost of products, goods and services sold	(760,189)	23,556	(736,633)
Materials, electric energy, outsourced services and other	(13,248)	(23,089)	(36,337)
Financial income	11,336	(1,962)	9,374
Direct compensation	87,956		87,956
Local	1,511	84	1,595

In the 2<sup>st</sup> quarter of 2011, the Company reclassified deferred income and social contribution taxes in the amount of R\$4,931 from non-current liabilities to non-current assets.

## Notes to quarterly information

The quarterly information includes estimates regarding provision for inventory losses, allowance for doubtful accounts, appreciation of financial instruments, depreciation deadlines and amortization of fixed and intangible assets, provisions necessary for legal claims, determination of provisions for taxes, among others.

The Company adopted all the standards, revised standards and interpretations issued by the CPC and IASB in effect as of June 30, 2012.

### 3. Standards and interpretations of standards not yet effective

Accounting standards issued and revised but not yet effective until the Company's consolidated quarterly information issue date are consistent with the ones disclosed in Note 3 to the financial statements as of December 31, 2011.

### 4. Significant accounting practices

Accounting standards adopted for preparation of this quarterly information are consistent with the ones disclosed in Note 4 to the financial statements as of December 31, 2011.

### 5. Cash and cash equivalents

	Company		Consolidated	
	Jun-2012	Dec-2011	Jun-2012	Dec-2011
Cash and banks	13,371	15,750	28,097	31,050
Bank deposit certificates	2,495	102,997	2,495	282,805
Secured debentures	32,706		66,992	
Time deposits with special guarantee of the FGC (Credit Guarantee Fund)	27,343	26,116	27,343	26,116
	<u>75,915</u>	<u>144,863</u>	<u>124,927</u>	<u>339,971</u>

Investments in Bank Deposit Certificate (CDB), secured debentures and Time Deposit with Special Guarantee (DPGE) of the Credit Guarantee Fund (FGC) are classified as "financial instruments held for trading" and are restated based on the Interbank Deposit Certificate (CDI) percentage variation, which reflects the realization value.



## Notes to quarterly information

### 6. Trade accounts receivable

The aging list of trade accounts receivable is as follows:

	Company		Consolidated	
	Jun-2012	Dec-2011	Jun-2012	Dec-2011
Falling due	<b>153,040</b>	141,903	<b>303,416</b>	279,588
Overdue				
From 1 to 30 days	<b>6,050</b>	4,927	<b>110,744</b>	7,811
From 31 to 60 days	<b>89</b>	128	<b>404</b>	614
From 61 to 90 days	<b>74</b>	74	<b>245</b>	74
From 91 to 180 days	<b>215</b>	201	<b>716</b>	201
From 181 to 360 days	<b>6</b>	4	<b>6</b>	4
More than 360 days	<b>24</b>	201	<b>24</b>	515
Allowance for doubtful accounts	<b>(463)</b>	(650)	<b>(599)</b>	(964)
	<b>159,035</b>	146,788	<b>314,956</b>	287,843

Days sales outstanding is approximately 40 days, considered part of the regular conditions inherent to the Company's operations. As such, no balances and transactions were identified for which the effect of the present value adjustment is considered significant.

Changes in allowance for doubtful accounts are as follows:

	Company		Consolidated	
	Jun-2012	Dec-2011	Jun-2012	Dec-2011
Opening balance	<b>(650)</b>	(494)	<b>(964)</b>	(494)
Additions	<b>(236)</b>	(650)	<b>(791)</b>	(650)
Additions arising from business combinations				(314)
Reversals	<b>423</b>	494	<b>1.156</b>	494
Closing balance	<b>(463)</b>	(650)	<b>(599)</b>	(964)

Accounts receivable are classified as "Receivables, under financial assets, and are therefore measured as described in Note 4 d).(i) (3) of the financial statements as of December 31, 2011.

### 7. Inventories

	Company		Consolidated	
	Jun-2012	Dec-2011	Jun-2012	Dec-2011
Products for resale	<b>465,365</b>	388,974	<b>897,557</b>	810,575
Materials	<b>2,086</b>	2,245	<b>9,884</b>	9,403
Provision for losses on goods	<b>(3,516)</b>	(2,456)	<b>(6,679)</b>	(5,003)
Total inventories	<b>463,935</b>	388,763	<b>900,762</b>	814,975

The Company's inventories are stated at cost.

**Notes to quarterly information**

Changes in the provision for losses on goods are as follows:

	<u>Company</u>		<u>Consolidated</u>	
	<u>Jun-2012</u>	<u>Dec-2011</u>	<u>Jun-2012</u>	<u>Dec-2011</u>
Opening balance	<b>(2,456)</b>	(1,197)	<b>(5,003)</b>	(1,197)
Additions	<b>(1,067)</b>	(1,928)	<b>(2,413)</b>	(1,928)
Additions arising from business combinations				(3,306)
Reversals	<b>7</b>	669	<b>737</b>	1,428
Closing balance	<b>(3,516)</b>	(2,456)	<b>(6,679)</b>	(5,003)

In the quarter ended June 30, 2012, cost of goods sold recognized in P&L in relation to continuing operations totaled R\$ 462,450 (R\$ 407,620 in the 2st quarter of 2011), Company, and R\$ 931,792 consolidated.

Inventories written off and recognized as loss in the quarter totaled R\$ 4,581 (R\$ 3,338 in the 2st quarter of 2011), Company, and R\$ 4,718, consolidated, posted to Cost of goods sold.

The effect of the set up, reversal or write-off of provision for losses on inventories is recorded in P&L, under Cost of goods sold.

**8. Taxes recoverable**

	<u>Company</u>		<u>Consolidated</u>	
	<u>Jun-2012</u>	<u>Dec-2011</u>	<u>Jun-2012</u>	<u>Dec-2011</u>
<b>Current assets</b>				
State VAT (ICMS)	<b>53,334</b>	55,761	<b>65,343</b>	65,929
ICMS - refund of ICMS withheld in advance (CAT Ruling 17/99)	<b>2,247</b>	1,671	<b>7,274</b>	6,790
ICMS on capital expenditures	<b>2,288</b>	2,102	<b>2,288</b>	2,102
ICMS – other	<b>215</b>	171	<b>215</b>	171
Social Contribution Tax on Gross Revenue for Social Integration Program (PIS)			<b>470</b>	1,635
Social Contribution Tax on Gross Revenue for Social Security Financing (COFINS)			<b>2,212</b>	3,137
Withholding Income Tax (IRRF)	<b>1,386</b>	1,806	<b>3,056</b>	4,017
Corporate Income Tax (IRPJ)			<b>7,570</b>	6,252
Social Contribution Tax on Net Profit (CSLL)			<b>2,195</b>	2,287
Social Security Tax (INSS)	<b>68</b>	68	<b>809</b>	776
Other			<b>64</b>	64
	<b>59,538</b>	61,579	<b>91,496</b>	93,160
<b>Non-current</b>				
ICMS – credit balance	<b>18,745</b>	30,178	<b>18,745</b>	30,178
ICMS on capital expenditures	<b>3,233</b>	2,998	<b>6,138</b>	5,076
Social Security Funding Tax (FINSOCIAL) - 1982 – securities issued to cover court-ordered debts	<b>561</b>	561	<b>561</b>	561
Other		59		59
	<b>22,539</b>	33,796	<b>25,444</b>	35,874
	<b>82,077</b>	95,375	<b>116,940</b>	129,034

## Notes to quarterly information

Accumulated ICMS credits (article 71 through 84 of ICMS Rules - RICMS-SP), representing almost all ICMS credit balance, are an outcome of different rates applied to goods receiving operations (purchased in São Paulo State) and goods shipping operations (transfers to other States), in accordance with Article 71, item I, of RICMS-SP. From February 1, 2008 to June 30, 2012, the Company accumulated credits totaling R\$ 72,079 (Current - R\$ 53,334 and Non-current - R\$ 18,745), the consolidated amount totaled R\$ 84,088 (Current - R\$ 65,343 and Non-current - R\$ 18,745) and at December 31, 2011 – R\$ 85,939 (Current – R\$ 55,761 and Non-current – R\$ 30,178), the consolidated amount totaled R\$ 96,107 (Current - R\$ 65,929 and Non-current - R\$ 30,178).

For the purpose of using the referred to accumulated credit, the Company requested accumulated credit allocation referring to February 2008 through March 2010, corresponding to R\$ 37,897, as provided for in the administrative ruling issued by the Coordinating Committee of Tax Administration Board Ordinance (CAT) No. 53/1996 (DCA). By virtue of that request, which was duly registered at the São Paulo State Finance Department, the Company already used the amount of R\$ 19,621 for payment of suppliers of goods for resale, under CAT Administrative Ruling No. 26/2010, and the outstanding balance of R\$ 18,276 remained to be traded with suppliers in the next months.

The Company electronically delivered the accumulated credit files for April 2010 through June 2012, under the system provided for in CAT 26/2010 (e-CredAc), totaling R\$ 53,317.

In this regard, the Company made another request of accumulated credit allocation for the period from April 2010 to June 2011, as recorded in the e-CredAc system. The above request referring to release of 90% of accumulated credit for the period is based on CAT Administrative Ruling No. 118/2010. The referred to request is currently being analyzed by the São Paulo State Finance Department.

In addition, by virtue of the enactment of Decree No. 57608 of December 12, 2011, the Company was granted the requested special regime, under which it may purchase goods as tax substitute, i.e. the Company will pay ICMS through tax substitution on shipments of goods in the State.

The Company management analyzed its use of ICMS credits, based on deferral for their allocation on March 29, 2012, as previously described, as well as on the special regime the Company was granted and under which its Distribution Center in São Paulo State may operate as tax substitute, as from July 1, 2012.

## 9. Investments

At June 30, 2012, the balance of investments of the Company is as follows:

Company name	Business objective	Interest (%)	6/30/2012
Raia S.A.	Retail sale of drugs, perfumery and related activities	100%	1,563,057

Changes in the balance of investment in the subsidiary, presented in the individual financial statements, are shown below:

	Company	
	Jun-2012	Dec-2011
Balance at the beginning of the period	1,554,303	
Acquisition of equity holding at November 10, 2011		1.564,146
Equity pickup	8,754	(9,843)
Balance at the end of the period	1,563,057	1,554,303

**Notes to quarterly information**

In order to calculate the equity pickup of Raia S.A., the Company adjusts the assets, liabilities and respective changes in profit or loss of Raia S.A. on the basis of allocation of the purchase price determined on the date of acquisition. The table below shows the adjustments to net income for the year of Raia S.A. for the purpose of determining equity pickup at June 30, 2012:

	<u>Company</u>	
	<u>2Q12</u>	
Income Raia S.A.	15,145	
Amortization of interest on capital gains arising from business combination	<u>(6,391)</u>	
Adjusted income Raia S.A.	<u>8,754</u>	
	<u>Company</u>	
Adjusted equity	<u>Jun 2012</u>	<u>Dec 2011</u>
Investment at book value (100%)	625,276	610,131
Allocation of purchase price (asset and liability appreciation)	238,935	248,618
Deferred income tax liabilities on allocation adjustments	<u>(81,238)</u>	<u>(84,530)</u>
	782,973	774,219
Goodwill on expected future profitability	<u>780,084</u>	<u>780,084</u>
	<u>1,563,057</u>	<u>1,554,303</u>

Financial information presented in this accompanying note is consistent with that disclosed in Note 5 Business Combinations Note 10 Investments of the financial statements for the year ended December 31, 2011.

**Notes to quarterly information****10. Property and equipment and intangible assets****a) Property and equipment**

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

	<u>Land</u>	<u>Buildings</u>	<u>Furniture, fixtures and facilities</u>	<u>Machinery and equipment</u>	<u>Vehicles</u>	<u>Leasehold improvements</u>	<u>Store renovation and refit</u>	<u>Total</u>
<b>Cost</b>								
Balance at December 31, 2011	24,637	32,662	64,910	33,321	10,596	100,767	10,174	277,067
Additions		1,500	9,707	5,459	372	14,884	1,031	32,953
Disposals			(486)	(440)	(28)	(3,975)	(382)	(5,311)
Balance at June 30, 2012	<u>24,637</u>	<u>34,162</u>	<u>74,131</u>	<u>38,340</u>	<u>10,940</u>	<u>111,676</u>	<u>10,823</u>	<u>304,709</u>
<b>Accumulated depreciation</b>								
Average annual depreciation rates (%)		2.7	10	20.8	24.4	20.6	20	
Balance at December 31, 2011		(14,374)	(19,806)	(17,857)	(4,991)	(40,261)	(4,652)	(101,941)
Additions		(442)	(3,175)	(2,191)	(1,230)	(10,497)	(1,033)	(18,568)
Disposals			406	365	5	3,975	382	5,133
Balance at June 30, 2012		<u>(14,816)</u>	<u>(22,575)</u>	<u>(19,683)</u>	<u>(6,216)</u>	<u>(46,783)</u>	<u>(5,303)</u>	<u>(115,376)</u>
<b>Net balance</b>								
At December 31, 2011	<u>24,637</u>	<u>18,288</u>	<u>45,104</u>	<u>15,464</u>	<u>5,605</u>	<u>60,506</u>	<u>5,522</u>	<u>175,126</u>
At June 30, 2012	<u>24,637</u>	<u>19,346</u>	<u>51,556</u>	<u>18,657</u>	<u>4,724</u>	<u>64,893</u>	<u>5,520</u>	<u>189,333</u>

**Notes to quarterly information**

Changes in consolidated property and equipment are as follows:

	<b>Land</b>	<b>Buildings</b>	<b>Furniture, fixtures and facilities</b>	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Leasehold improvement</b>	<b>Store renovation and refit</b>	<b>Total</b>
<b>Cost</b>								
Balance at December 31, 2011	27,725	33,391	178,067	77,375	19,650	304,562	10,174	650,944
Additions		1,500	20,228	8,238	3,785	33,745	1,031	68,527
Disposals			(798)	(450)	(2,667)	(5,372)	(382)	(9,669)
Balance at June 30, 2012	27,725	34,891	197,497	85,163	20,768	332,935	10,823	709,802
<b>Accumulated depreciation</b>								
Average annual depreciation rates (%)		2.5 – 2.7	7.4 – 10	7.1 – 16.3	20 – 24.4	17 – 20.7	20	
Balance at December 31, 2011		(14,543)	(68,289)	(43,030)	(8,982)	(140,843)	(4,652)	(280,339)
Additions		(454)	(8,086)	(4,190)	(2,195)	(23,903)	(1,033)	(39,861)
Disposals			489	369	1,690	4,704	382	7,634
Balance at June 30, 2012		(14,997)	(75,886)	(46,851)	(9,487)	(160,042)	(5,303)	(312,566)
<b>Net income</b>								
At December 31, 2011	27,725	18,848	109,778	34,345	10,668	163,719	5,522	370,605
At June 30, 2012	27,725	19,894	121,611	38,312	11,281	172,893	5,520	397,236

## Notes to quarterly information

### Other subsidiary's information

Certain operating assets of the subsidiary are leased by means of irreversible agreements, subject to average interest of 1.74% per month. These agreements are effective for two to four years and have a stock option clause, which has already been exercised by the subsidiary. Accordingly, these lease agreements were recorded in the financial statements as financed purchase of assets, balances of which amount to R\$ 2,845 at June 30, 2012, (December 2011 – R\$ 3,419) and refer basically to equipment, improvements, vehicles, and furniture and fixtures.

Future minimum payments of these financial leases are as follows:

	<b>Consolidated</b>	
	<b>Jun/2012</b>	<b>Dec/2011</b>
First 12 months	<b>52</b>	<b>301</b>
Between 13 and 60 months		<b>45</b>
Discount effect	<b>(1)</b>	<b>(67)</b>
	<b>51</b>	<b>279</b>

### b) Intangible assets

Changes in Company's intangible assets are as follows:

	<b>Point of sale</b>	<b>License for software use</b>	<b>Goodwill on acquisition of company</b>	<b>Total</b>
<b>Cost</b>				
Balance at December 31, 2011	59,290	7,341	22,275	88,906
Additions	10,559	3,597		14,156
Disposals	(848)	(617)		(1,465)
Balance at June 30, 2012	69,001	10,321	22,275	101,597
<b>Accumulated amortization</b>				
Average annual amortization rates (%)	21	20	Infinite useful life	
Balance at December 31, 2011	(22,845)	(6,116)	(2,387)	(31,348)
Additions	(6,011)	(345)		(6,356)
Disposals	817			817
Balance at June 30, 2012	(28,039)	(6,461)	(2,387)	(36,887)
<b>Net balance</b>				
At December 31, 2011	36,445	1,225	19,888	57,558
At June 30, 2012	40,962	3,860	19,888	64,710

**Notes to quarterly information**

Changes in consolidated intangible assets:

	Point of sale	Software use license and implementation of systems	Goodwill on acquisition (Vison)	Goodwill on acquisition (Raia S.A.)	Brands	Customer portfolio	Other intangible assets	Total
<b>Cost</b>								
Balance at December 31, 2011	150,387	45,028	22,275	780,084	151,700	41,700	2,252	1,193,426
Additions	14,109	6,389					469	20,967
Disposals	(1,018)	(617)					(4)	(1,639)
Balance at June 30, 2012	163,478	50,800	22,275	780,084	151,700	41,700	2,717	1,212,754
<b>Accumulated amortization</b>								
Average annual amortization rates (%)	12.3 - 21	20	Infinite useful life	Infinite useful life	Infinite useful life	6.7 - 25	20	
At December 31, 2011	(40,382)	(20,784)	(2,387)			(1,527)	(501)	(65,581)
Additions	(11,459)	(3,338)				(4,580)	(58)	(19,435)
Disposals	874						1	875
Balance at June 30, 2012	(50,967)	(24,122)	(2,387)			(6,107)	(558)	(84,141)
<b>Net balance</b>								
At December 31, 2011	110,005	24,244	19,888	780,084	151,700	40,173	1,751	1,127,845
At June 30, 2012	112,511	26,678	19,888	780,084	151,700	35,593	2,159	1,128,613



## Notes to quarterly information

### c) Goodwill on acquisition of Drogaria Vison Ltda

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

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 by OCPC 02, goodwill has not been amortized anymore since 2009 and will be tested for impairment annually.

### d) Goodwill on acquisition of Raia S.A.

The Company calculated goodwill of R\$ 780,084 in the business combination with Raia S.A. with is based on expected future profitability, stemming from the difference between the values of assets transferred and received with an expected return of five years. As provided in OCPC 02, from 2009, goodwill will not be amortized and will be tested for impairment annually.

## 11. Loans and financing

	Average long-term interest rate	Company		Consolidated	
		Jun-2012	Dec-2011	Jun-2012	Dec-2011
Acquisition financing					
<b>BNDES - FINAME</b>					
Machinery , equipment and vehicles	TJLP + 3.40% (+ 3.40% at Dec/2011) p.a.	84	279	84	279
<b>BNDES - FINEM</b>					
Ventures	TJLP + 2.27% (+ 2.27% at Dec/2011) p.a.	13,395	17,957	13,395	17,957
Ventures	IPCA + 7.44% + 2.30% (+ 7.44% + 2.30% at Dec/2011) p.a.	4,209	3,909	4,209	3,909
Ventures	IPCA + 7.32% + 2.38% (+ 7.32% + 2.38% at Dec/2011) p.a.	7,421	6,893	7,421	6,893
<b>BNDES – Sub-credit</b>					
Loans	TJLP + 3.62% (+ 3.59% at Dec/2011) p.a.	49,134	42,740	49,134	42,740
Loans	Selic + 2.45% (+ 2.45% at Dec/2011) p.a.	4,908	4,687	4,908	4,687
Machinery and equipment	Fixed 6.63% (+ 6.63% at Dec/2011) p.a.	3,519	4,062	3,519	4,062
Machinery, equipment and vehicles	TJLP + 1.55% (+ 1.79% at Dec/2011) p.a.	3,486	3,480	3,486	3,480
Working capital	Selic + 3.15% (+ 3.15% at Dec/2011) p.a.	8,351	3,670	8,351	3,670
<b>BNDES</b>					
Store expansion	TJLP + 2.8% (+ 2.8% at Dec/2011) p.a.			32,800	38,877
Store expansion	BNDESPAR + 1.3% (+ 1.30% at Dec/2011) p.a.			18,708	24,471
Store expansion	TJLP + 4.49% (+ 4.49% at Dec/2011) p.a.			3,039	4,143
Machinery and equipment	TJLP + 2.3% (+ 2.3% at Dec/2011) p.a.			1,340	1,590
<b>Banco Indusval</b>					
Working capital	Fixed 14.75% (14.75% at Dec/2011) p.a.			2,397	5,273
<b>Banco Santander</b>					
Secured account	100% of CDI + 2.5% p.a.			11,185	
<b>Lease</b>					
Machinery, equipment and vehicles	Fixed 1.74% (1.74% at Dec/2011) p.m.			50	279
		<b>94,507</b>	87,677	<b>164,026</b>	162,310
Current liabilities		<b>(30,801)</b>	(24,928)	<b>(64,443)</b>	(50,325)
Non-current liabilities		<b>63,706</b>	62,749	<b>99,583</b>	111,985

## Notes to quarterly information

### Company's obligations

For the financing with BNDES, in FINAME operations of the Company, financed assets were offered as collateral, while bank guarantees were offered for part of FINEM operations.

The Company is part of the financing with BNDES, substantially taken out under sub-credits, totaling R\$ 87,446 (Dec/2011 - R\$ 79,062) subject to the fulfillment of two covenants:

- (i) Adjusted EBITDA margin (adjusted EBITDA/Net operating income): equal to or greater than 3.6%, and
- (ii) Total net debt/Total assets: equal to or less than 20%.

Measurement of covenants is made on an annual basis and at June 30, 2012 such requirements were met.

If these requirements were not met, the Company would provide BNDES with bank guarantee for the fulfillment of the agreement.

### Subsidiary obligations (Raia S.A.)

The purpose of the loans taken out by Raia S.A. from BNDES, totaling approximately R\$ 55,886, is to expand the number of stores. Interests and principal are amortized on a monthly basis over the term of the contracts, until March 2016. A bank guarantee was offered by Banco Itaú, at the cost of 0.45% p.a., which includes the following restrictive covenants.

The contract allows the bank guarantee to be replaced at any time by a different guarantee given by a top-tier institution.

The purpose of the working capital-type loan taken out from Banco Indusval is to finance the expansion of the stores and Company working capital, with maturity planned to occur until November 2012.

The purpose of the lease agreements is to expand the number of stores and to purchase vehicles and equipment. Interest and principal are amortized on a monthly basis over the term of the contracts, until September 2012. The assets subject matter of the lease were pledged as guarantee for these loans, in the amount of R\$ 2,845 (Dec-2011 - R\$ 3,419) as well as the shareholders' collateral signatures.

Non-current loans mature as follows:

	Company		Consolidated	
	Jun-2012	Dec-2011	Jun-2012	Dec-2011
2013	<b>30,024</b>	26,694	<b>40,084</b>	47,839
2014	<b>21,276</b>	20,236	<b>38,441</b>	36,222
2015	<b>9,433</b>	11,846	<b>17,566</b>	21,413
2016	<b>2,973</b>	3,973	<b>3,492</b>	6,511
	<b>63,706</b>	62,749	<b>99,583</b>	111,985

## Notes to quarterly information

### 12. Provision for legal proceedings and judicial deposits

The Company and its subsidiary are party to legal proceedings arising in the normal course of business, on tax, social security, labor and civil matters. Management, based on the opinion of its legal advisors and, as applicable, on specific opinions issued by experts, assesses the likelihood of loss regarding ongoing litigation and determines whether or not setting up a provision for contingencies is necessary.

At June 30, 2012 and December 31, 2011, the Company had the following liabilities and corresponding judicial deposits relating to legal proceedings:

	Company		Consolidated	
	Jun-2012	Dec-2011	Jun-2012	Dec-2011
Labor and social security	3,364	3,384	5,066	4,754
Tax			454	300
Civil			2,390	2,286
	<u>3,364</u>	<u>3,384</u>	<u>7,910</u>	<u>7,340</u>
(-) Corresponding judicial deposits	(835)	(1,278)	(1,133)	(2,431)
Total	<u>2,529</u>	<u>2,106</u>	<u>6,777</u>	<u>4,909</u>
Current liabilities	(1,564)	(1,428)	(2,192)	(1,637)
Non-current liabilities	965	678	4,585	3,272

Changes in this provision are as follows:

	Company		Consolidated	
	Jun-2012	Dec-2011	Jun-2012	Dec-2011
Opening balance	2,106	2,330	4,909	2,330
Additions from business combinations				2,954
Additions	989	1,232	2,112	1,649
Charge-offs – payments	(1,053)	(1,359)	(1,488)	(1,608)
Revaluation of amounts	(159)	(1,042)	(338)	(1,408)
Monetary restatements	203	1,074	284	1,121
Appeal related deposits	443	(129)	1,298	(129)
Final balance	<u>2,529</u>	<u>2,106</u>	<u>6,777</u>	<u>4,909</u>

The provision for legal proceedings 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. A portion relating to these proceedings is guaranteed by assets (Note 20) or judicial deposits.

#### Possible loss

At June 30, 2012 and December 31, 2011, the Company is party to legal proceedings of a tax, civil and labor nature, whose likelihood of loss is estimated as possible by management and its legal advisors, amounting to R\$ 9,923 (Dec/2011 R\$ 7,580) for the Company and R\$ 24,497 (Dec/2011 R\$ 15,799) consolidated .

## Notes to quarterly information

### Judicial deposits

June 30, 2012 and December 31, 2011, the Company had the following judicial deposit amounts for which no corresponding provision was set up:

	<b>Company</b>		<b>Consolidated</b>	
	<b>Jun -2012</b>	<b>Dec-2011</b>	<b>Jun-2012</b>	<b>Dec-2011</b>
Labor and social security	<b>465</b>	368	<b>2,943</b>	1,343
Tax	<b>4,653</b>	4,194	<b>6,448</b>	5,989
Civil	<b>21</b>		<b>596</b>	113
Total	<b>5,139</b>	4,562	<b>9,987</b>	7,445

### Labor contingencies

The legal proceedings of a labor nature refer to proceedings filed by former employees, questioning the payment of overtime and non-paid severance pay. Subsidiary Raia S.A. is also party to proceedings filed by former employees of companies providing outsourced services, claiming to have an employment relationship directly with the subsidiary or that the subsidiary should receive a joint enforcement order for the payment of the labor rights under discussion. The subsidiary is also party to proceedings filed by professional unions regarding union contributions, due to discussion regarding the legitimacy of the territorial base.

### Tax contingencies

These refer to various administrative fines, rate differences in interstate transfers and tax foreclosures.

### Civil contingencies

The subsidiary is party to legal proceedings discussing usual and unusual issues deriving from its activities, most of which referring to indemnification for material damage or pain and suffering resulting from consumption relationships, such as indemnification claims due to undue protest of bills and consumption relationships (defective products, incorrect sale of drugs, client approached in store for being a suspect of theft, etc.).

**Notes to quarterly information****13. Income and social contribution taxes****(a) Effective income and social contribution taxes**

Effective income and social contribution taxes for the period refer to:

	<b>Company</b>		<b>Consolidated</b>
	<b>2st Quarter- 2012</b>	<b>2st Quarter- 2011</b>	<b>2st Quarter-2012</b>
Income before income and social contribution taxes	<b>60,686</b>	37,650	<b>65,748</b>
Interest on equity capital	<b>(18,500)</b>	(8,400)	<b>(18,500)</b>
Taxable profit	<b>42,186</b>	29,250	<b>47,248</b>
Combined rate (income tax - 25% and social contribution - 9%)	<b>34</b>	34	<b>34</b>
Theoretical expenses	<b>(14,343)</b>	(9,945)	<b>(16,064)</b>
Permanent additions	<b>(629)</b>	(518)	<b>(676)</b>
Equity pickup	<b>3,117</b>		
Tax reduction incentives	<b>502</b>	477	<b>601</b>
Other		(7)	<b>(276)</b>
Effective income and social contribution tax expenses	<b>(11,353)</b>	(9,993)	<b>(16,415)</b>
Effective rate	<b>18.7%</b>	26.5%	<b>25.0%</b>

**(b) Deferred income and social contribution taxes**

Deferred income and social contribution tax assets in the amount of R\$ 6,067 at June 30, 2012 (Dec-2011 - R\$ 6,454) for the Company R\$ 39,498 (Dec-2011 R\$ 43,753) consolidated, derive from expenses which are temporarily non-deductible, for which there is no expiration date and whose realization is foreseen for the following year as under in item (c).

Deferred income and social contribution liabilities amounting to R\$ 11,434 at June 30, 2012 (Dec-2011 - R\$ 10,938) for the Company R\$ 92,672 (Dec-2011 - R\$ 95,468) consolidated, comprise the tax charges levied on the remaining balances: (i) revaluation reserve; and (ii) goodwill on future profitability.

**Notes to quarterly information**

Deferred income and social contribution taxes for the quarter refer to:

	<b>Company</b>				<b>Consolidated</b>		
	<b>Balance sheet</b>		<b>Net income</b>		<b>Balance sheet</b>		<b>Net income</b>
	<b>Jun-2012</b>	<b>Dec-2011</b>	<b>Q2 -2012</b>	<b>Q2 -2011</b>	<b>Jun-2012</b>	<b>Dec-2011</b>	<b>Q2 -2012</b>
Revaluation at fair value of land and buildings	(7,595)	(7,647)			(7,595)	(7,647)	
Amortization of goodwill on future profitability	(3,839)	(3,291)	(274)	(274)	(3,839)	(3,291)	(274)
Temporarily non-deductible intangibles – Business combination					(81,238)	(84,530)	1,373
Provision for legal proceedings	1,144	1,150	239	(93)	2,690	2,495	445
Allowance for doubtful accounts	158	222	(77)	5	654	440	33
Provision for bonuses	507	918	242	208	507	918	242
Provision for officers' bonuses	545	711	331	252	545	711	331
Provision for internal campaigns	255	401	(131)	(125)	255	401	(131)
Provision for obsolete inventories	1,195	835	149	97	2,270	1,701	195
Provision for employees' profit sharing	665	1,190	333	288	665	1,190	333
Goodwill on profitability of Drogeria Vison	366	366			366	366	
Sundry provisioned liabilities	991	420	95	183	991	420	95
Provision for extraordinary expenses	241	241			1,828	1,357	125
Provision for losses on loans to employees					1,296	1,199	49
Tax losses to be offset against future taxable profits					12,046	14,373	(1,943)
Tax benefit from goodwill on merger					15,385	18,182	(1,399)
<b>Deferred income and social contribution tax expense (revenue)</b>			<b>907</b>	<b>541</b>			<b>(526)</b>
<b>Deferred tax asset (liability), net</b>	<b>(5,367)</b>	<b>(4,484)</b>			<b>(53,174)</b>	<b>(51,715)</b>	

	<b>Company</b>		<b>Consolidated</b>	
	<b>Jun-2012</b>	<b>Dec-2011</b>	<b>Jun-2012</b>	<b>Dec-2011</b>
<b>Reconciliation of deferred tax asset (liability), net</b>				
<b>Opening balance</b>	<b>(4,484)</b>	1,628	<b>(51,715)</b>	1,628
Additions from business combination				(50,212)
Taxable revenue/ (expense) recognized in the income statement	(935)	(220)	(1,511)	2,761
Tax expense recognized in equity	52	104	52	104
Deferred tax on land revaluation		(5,996)		(5,996)
<b>Closing balance</b>	<b>(5,367)</b>	<b>(4,484)</b>	<b>(53,174)</b>	<b>(51,715)</b>

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

Projections on future taxable profits take into consideration estimates relating to Company performance, as well as the behavior of the market in which the Company operates and economical aspects, among others. Actual results may differ from the estimates adopted. The estimated realization of these credits is as follows:

	<b>Company</b>		<b>Consolidated</b>	
	<b>Jun-2012</b>	<b>Dec-2011</b>	<b>Jun-2012</b>	<b>Dec-2011</b>
2012	6,067	6,454	19,998	21,926
2013			11,619	11,619
2014			6,482	8,809
2015			1,399	1,399
	<b>6,067</b>	<b>6,454</b>	<b>39,498</b>	<b>43,753</b>

## Notes to quarterly information

### 14. Earnings per share

Detailed information on income and shares used in the calculation of base and diluted earnings per share is as under:

	<b>Company</b>		<b>Consolidated</b>
	<b>Q2-2012</b>	<b>Q2-2011</b>	<b>Q2-2012</b>
<b>Base</b>			
Net income	49,333	27,657	49,333
Weighted average number of common shares (in thousands)	330,386	187,773	330,386
Earnings per share – base	0.14932	0.14729	0.14932
<b>Diluted</b>			
Net income	49,333	27,657	49,333
Weighted average number of common shares (in thousands)	330,386	187,773	330,386
Potential increase in common shares due to stock option plan (in thousands)		547	
Weighted average number of common shares adjusted by dilution effect (in thousands )	330,386	188,320	330,386
Earnings per share – diluted	0.14932	0.14686	0.14932

The stock option plan was settled in December 2011. As such, no dilutive effects were identified and which should be included in the net income for in the second quarter of 2012, as base and diluted earnings per share were the same.

### 15. Net equity

#### (a) Capital

At June 30, 2012 , fully paid in capital of R\$ 908,639, was divided into 330,386,000 common book shares with o par value of which 178,097,849 were outstanding (176,375,078 at December 31, 2011).

Company articles of incorporation authorize, pursuant to decision taken by the Board of Directors, a capital increase up to the limit of 400,000,000 common shares.

Changes in the number of Company outstanding shares are as follows:

	<u><b>Outstanding shares (units)</b></u>
At December 31, 2011	176,375,078
Sale of shares through exercise of the stock option plan	2,227,084
Purchase of shares through exercise of the stock option plan	(504,313)
	178,097,849
Position at June 30, 2012	178,097,849

At June 30, 2012 Company common shares were quoted at R\$ 20.25 (closing price).

## Notes to quarterly information

### 16. Net sales revenue

	<u>Company</u>		<u>Consolidated</u>
	<u>Q2-2012</u>	<u>Q2-2011</u>	<u>Q2-2012</u>
Gross sales revenue			
Revenue from products sold	<b>695,472</b>	591,158	<b>1,373,876</b>
Revenue from services rendered	<b>1,050</b>	882	<b>1,310</b>
	<u><b>696,522</b></u>	<u>592,040</u>	<u><b>1,375,186</b></u>
Sales taxes	<b>(24,706)</b>	(21,637)	<b>(44,099)</b>
Sales returns	<b>(3,257)</b>	(2,857)	<b>(7,655)</b>
Net sales revenue	<u><b>668,559</b></u>	<u>567,546</u>	<u><b>1,323,432</b></u>

Sales taxes basically comprise ICMS levied at rates from 17% and 18%, ISS (at 5%), PIS (at 1.65%) and COFINS (at 7.65%).

### 17. Detailed information on the nature of the expenses recorded in the income statement

In preparing these financial statements, the Company classified the expenses based on their function. Detailed information on the nature of the expenses recorded in the income statement is as follows:

	<u>Company</u>		<u>Consolidated</u>
	<u>Q2-2012</u>	<u>Q2-2011</u>	<u>Q2-2012</u>
Cost of goods sold	<b>(467,031)</b>	(410,958)	<b>(936,510)</b>
Expenses with personnel	<b>(79,184)</b>	(65,867)	<b>(167,564)</b>
Expenses with services rendered	<b>(8,911)</b>	(5,596)	<b>(16,375)</b>
Depreciation and amortization	<b>(12,841)</b>	(10,854)	<b>(30,384)</b>
Other (i)	<b>(46,373)</b>	(38,573)	<b>(102,737)</b>
	<u><b>(614,340)</b></u>	<u>(531,848)</u>	<u><b>(1,253,570)</b></u>

#### Classified in the income statement as:

	<u>Company</u>		<u>Consolidated</u>
	<u>Q2-2012</u>	<u>Q2-2011</u>	<u>Q2-2012</u>
Cost of goods sold	<b>(467,031)</b>	(410,958)	<b>(936,510)</b>
Sales commission	<b>(115,130)</b>	(92,899)	<b>(241,654)</b>
General and administrative	<b>(19,338)</b>	(17,137)	<b>(45,022)</b>
Depreciation and amortization	<b>(12,841)</b>	(10,854)	<b>(30,384)</b>
	<u><b>(614,340)</b></u>	<u>(531,848)</u>	<u><b>(1,253,570)</b></u>

(i) Mainly refers to spending on rent of credit and debit card administration charges, customer accounts, materials in use and condominium charges.

### 18. Other operating expenses

Other operating revenue in the second quarter of 2012, totaled R\$ 1,655 for the Company and R\$ 2, 718 consolidated. These amounts are comprised on extraordinary expenses incurred in the merger relating to the incorporation, synergy and unification of the Company and its subsidiary Raia S.A.



**Notes to quarterly information****19. Financial income (expenses)****(a) Financial income**

	<b>Company</b>		<b>Consolidated</b>
	<b>Q2-2012</b>	<b>Q2-2011</b>	<b>Q2-2012</b>
Discounts obtained	15	231	151
Gains from short-term investments	1,436	4,266	2,579
Interest received	35	16	35
Monetary gains	89	244	388
Other financial income	1	1	1
<b>Total financial income</b>	<b>1,576</b>	<b>4,758</b>	<b>3,154</b>

**(b) Financial expenses**

	<b>Company</b>		<b>Consolidated</b>
	<b>Q2-2012</b>	<b>Q2-2011</b>	<b>Q2-2012</b>
Interest, charges and bank fees	(343)	(643)	(578)
Financing charges	(2,263)	(2,154)	(3,695)
Monetary losses	(16)	(9)	(277)
<b>Total financial expenses</b>	<b>(2,622)</b>	<b>(2,806)</b>	<b>(4,550)</b>
<b>Financial income</b>	<b>(1,046)</b>	<b>1,952</b>	<b>(1,396)</b>

**20. Procedural guarantees**

Tax, social security and labor proceedings were guaranteed by the following property and equipment items:

	<b>Company</b>		<b>Consolidated</b>	
	<b>Jun-2012</b>	<b>Dec-2011</b>	<b>Jun-2012</b>	<b>Dec-2011</b>
Furniture and facilities	3	4	179	354
Machinery and equipment	12	15	219	22
Vehicles			13	189
	<b>15</b>	<b>19</b>	<b>411</b>	<b>565</b>

**21. Lease agreement commitments**

Company and subsidiary have entered into lease agreements with terms ranging from one to fifteen years. Expenses with annual lease vary depending on the number of stores opened. Total monthly expenses with these rental agreements (including rent, condominium Property Tax – IPTU) were R\$ 6,697 (Dec/2011 - R\$ 6,096) for the Company and R\$ 14,320 (Dec/2011 R\$ 12,686) consolidated.

At June 30, 2012 and December 31, 2011, future minimum payments referring to lease of stores (revocable commercial lease agreements) are as under:

	<b>Company</b>		<b>Consolidated</b>	
	<b>Jun-2012</b>	<b>Dec-2011</b>	<b>Jun-2012</b>	<b>Dec-2011</b>
First 12 months	59,653	49,979	133,015	114,904
Between 13 and 60 months	134,485	108,167	324,369	249,067
Over 60 months	27,559	17,761	84,872	45,763
	<b>221,697</b>	<b>175,907</b>	<b>542,256</b>	<b>409,734</b>

## Notes to quarterly information

### 22. Financial instruments and risk management policy

The book value of Company financial instruments approximates fair value, as follows.

At June 30, 2012 and December 31, 2011, the Company has short-term investments measured at fair value through profit and loss which are classified as “level 1”.

#### Financial assets

Major financial assets are cash and cash equivalents, short-term investments and accounts receivable:

	Company		Consolidated	
	Jun-2012	Dec-2011	Jun-2012	Dec-2011
<b>Fair value through profit and loss – held for trading</b>				
Cash and cash equivalents (Note 5)	<b>75,915</b>	144,863	<b>124,927</b>	339,971
	<b>75,915</b>	144,863	<b>124,927</b>	339,971
<b>Receivables</b>				
Accounts receivable (Note 6)	<b>159,035</b>	146,788	<b>314,956</b>	287,843
Other accounts receivable	<b>43,906</b>	22,002	<b>99,178</b>	79,340
	<b>202,941</b>	168,790	<b>414,134</b>	367,183
<b>Total</b>	<b>278,856</b>	313,653	<b>539,061</b>	707,154

#### Financial liabilities

Major financial liabilities are trade accounts payable, loans and financing and other accounts payable:

Other financial liabilities	Company		Consolidated	
	Jun-2012	Dec-2011	Jun-2012	Dec-2011
Trade accounts payable	<b>189,779</b>	211,047	<b>409,832</b>	536,399
Loans and financing (Note 11)	<b>94,507</b>	87,677	<b>164,026</b>	162,310
Other accounts payable	<b>32,342</b>	31,609	<b>62,582</b>	85,644
<b>Total</b>	<b>316,628</b>	330,333	<b>636,440</b>	784,353

The Company and its subsidiary are exposed to financial risks arising from their operations, such as market risk, credit risk and liquidity risk. The risk management program adopted by the Company and its subsidiary focuses on the unpredictability of financial markets and of those markets where the Company and its subsidiary operate, while aiming at minimizing potential adverse effects on Company financial performance.

The Board of Directors establishes risk management principles, including specific areas such as interest rate risk, credit risk, as well as use of non-derivative financial instruments and investment of cash surplus.

**Notes to quarterly information****(a) Market risk****Currency risk**

All funding and investment operations of the Company and its subsidiary are denominated in Reais (R\$); therefore, the Company and its subsidiary are not exposed to risk arising from foreign exchange fluctuation.

**Interest rate risk**

The Company and its subsidiary are exposed to interest rate risk, basically referring to obligations subject to rate variation. The understanding of Company management is that the sole risk which the Company and its subsidiary are exposed to refers to the mismatch between BNDES financing (R\$ 11,630) in IPCA interests, against investments in CDI.

Most of the BNDES operations are entered into based on the TJLP + interest and on the SELIC rate. Short-term investments are entered into based on CDI variation, which does not result in a high interest rate risk, since these variations are not significant. Management understands that the risk of significant changes in net income and in cash flows is low.

**(b) Credit risk**

This refers to our financial assets, which are cash and cash equivalents, short-term investments and accounts receivable.

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

The granting of credit upon the sales of goods follows a policy which aims at minimizing default. At June 30, 2012, credit sales represented 48% (49% consolidated), of this total 87% (85% under consolidated) refer to credit card sales which, in the opinion of the Company and based on historical losses, pose extremely low risk. The remaining 13% (15% consolidated) which are credits from Drug Benefit Programs (PBMs), special plans with companies and postdated checks pose low risk, due to client selectivity and adoption of individual limits.

**(c) Liquidity risk**

Management continuously monitors Company cash needs in order to ensure cash is sufficient to carry out its operations. Cash surplus is invested in financial assets with adequate maturity in order to ensure the liquidity necessary to honor its obligations.

## Notes to quarterly information

### (d) Sensitivity analysis

Sensitivity analysis of Company financial instruments, from which losses may arise, is as follows.

The most probable scenario (scenario I), according to assessment by Management, is based on a three-month horizon. Additionally, another two scenarios are presented, under the terms of CVM Ruling No. 475/08, in order to present a 25% and 50% deterioration in the risk variable considered, respectively scenarios II and III).

Company		Scenario I (probable)	Scenario II	Scenario III
Operation	Risk			
Short-term investments - CDI Revenue	0.5% Increase	313	391	470
BNDES Financing (IPCA + interest) Expenses	1% mismatch	116	145	174
		116	145	174

Consolidated		Scenario I (probable)	Scenario II	Scenario III
Operation	Risk			
Short-term investments - CDI Revenue	Increase of 0.5%	484	606	727
BNDES Financing (IPCA + interest) REFIS (SELIC) Expenses	Mismatch of 1% Increase of 0.5%	303	145	174
		18	23	27
		321	168	201

The risk of TJLP variation on BNDES operations which may result in material losses is not estimated as probable by the Company.

### (e) Capital management

The Company's objective relating to capital management is to maintain its investment capacity, thus allowing its growth as well as the generation of return on investments.

The Company adopts the policy of not leveraging its capital structure with loans and financing, except for long-term credit lines from BNDES (Finem/Finame), with interest rates that are commensurate with the Company's profit levels.

Net debt is the sum of financing less cash and cash equivalents as stated below:

	Company		Consolidated	
	Jun-2012	Dec-2011	Jun-2012	Dec-2011
Short term financing	94,507	87,677	164,026	162,310
(-) Cash and cash equivalents	(75,915)	(144,863)	(124,927)	(339,971)
Net debt	18,592	(57,186)	39,099	(177,661)
Net equity	2,234,786	2,201,174	2,234,786	2,201,174
Financial leverage ratio	1%	-3%	2%	-8%

## **Notes to quarterly information**

### **(f) Fair value measurement**

The book value of trade accounts receivable and trade accounts payable are deemed to approximate fair value, taking into consideration these balances' realization and settlement terms, within 60 days.

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

Short-term investments, represented by CDB investments (Note 6) and measured at fair value through profit or loss – held for trading, were valued based on the remuneration rate agreed upon with respective financial institution, considered a usual market rate.

### **23. Derivative financial instruments**

It is the Company's policy not to operate with derivative financial instruments.

**Notes to quarterly information****24. Transactions with related parties**

(a) Transactions with related parties consist on operations with Company's shareholders and people connected to these, which carried out the following transactions:

	Relationship	Company			
		Current assets		Revenues	
		Jun-2012	Dec-2011	Q2-2012	Q2-2011
Amounts receivable					
Agreements (i)					
Regimar Comercial S.A.	Shareholder/ family	7	4	17	23
Heliomar S.A.	Shareholder/ Board member		2	3	7
		<u>7</u>	<u>6</u>	<u>20</u>	<u>30</u>
Lease of store space (i)					
Enox Publicidade S.A.	Shareholder/ Board member		20		8
			20		8
		<u>7</u>	<u>26</u>	<u>20</u>	<u>38</u>
		Current liabilities		Expenses	
		Jun-2012	Dec-2011	Q2-2012	Q2-2011
Amounts payable					
Rent (ii)					
Administradora PMV S.A.	Shareholder/ family	43	40	251	119
Heliomar S.A.	Shareholder/ Board member	13	13	75	35
		<u>56</u>	<u>53</u>	<u>326</u>	<u>154</u>
Service providers (ii)					
Tulipa Comunicação Ltda.	Shareholder/ family			245	192
Zurcher, Ribeiro Filho, Pires Oliveira Dias e Freire - Advogados	Shareholder/ family	25		168	92
		<u>25</u>		<u>413</u>	<u>284</u>
		<u>81</u>	<u>53</u>	<u>739</u>	<u>438</u>

**Notes to quarterly information**

	Relationship	Consolidated	
		Current assets	Revenue
		Jun-2012	Q2-2012
Amounts receivable			
Agreements (i)			
Regimar Comercial S.A.	Shareholder/ family	7	17
Heliomar S.A.	Shareholder/ board member		3
		<u>7</u>	<u>20</u>
		Current liabilities	Expenses
		Jun-2012	Q2-2012
Amounts payable			
Rent (ii)			
Administradora PMV S.A.	Shareholder/ family	43	251
Heliomar S.A.	Shareholder/ Board member	13	75
Antonio Carlos Pipponzi	Shareholder/ Board member	5	17
Rosalia Pipponzi Raia	Shareholder/ Board member	5	17
Franco Maria David Pietro Pipponzi	Shareholder/ Board member	5	17
		<u>71</u>	<u>377</u>
Service providers (ii)			
Tulipa Comunicação Ltda.	Shareholder/ family		245
Zurcher, Ribeiro Filho, Pires Oliveira Dias e Freire - Advogados	Shareholder/ family	25	168
Rodrigo Wright Pipponzi (Editora Mol Ltda.) (iii)	Shareholder/ family	204	1,249
		<u>229</u>	<u>1,662</u>
		<u>300</u>	<u>2,039</u>

- (i) Sales carried out through agreements and space rental contracts. These transactions are signed in commercial conditions equivalent to those practiced by other companies.
- (ii) Store rental, rendering of marketing and legal advisory services. These transactions are engaged under usual market conditions.
- (iii) Balances and transactions with Editora Mol Ltda. and Estúdio Mol Design regard service agreements relative to the preparation, creation and production of disclosure material for the corporate sales area and the concept of the Company's internal monthly magazine. The contracts are valid for an undetermined period and may be terminated at any time by one of the parties without cost or penalties.

Additionally, there are no transactions other than the values presented above and the related parties category and the related parties category which is the Company's key management.

**Notes to quarterly information****(b) Key management personnel.**

Key management personnel is comprised of Officers, Members of the Board of Directors and Fiscal Board. Paid remuneration or payable remuneration is stated as follows:

	<b>Company</b>		<b>Consolidated</b>
	<b>Q2-2012</b>	<b>Q2-2011</b>	<b>Q2-2012</b>
Payment and social charges	<b>1,114</b>	1,173	<b>1,915</b>
Bonuses and social charges	<b>2,520</b>	1,920	<b>2,854</b>
Stock option plan		133	
	<b>3,634</b>	3,226	<b>4,769</b>

**25. Insurance coverage**

The Company has a policy maintain insurance policies at amounts considered to be sufficient to cover possible claims which could affect its equity or civil responsibility. Considering the nature of its activities and the guidance of its insurance consultants, the Company and its subsidiary at June 30, 2012:

	<b>Company</b>		<b>Consolidated</b>	
	<b>Jun-2012</b>	<b>Dec-2011</b>	<b>Jun-2012</b>	<b>Dec-2011</b>
Inventories losses risk	<b>54,359</b>	45,164	<b>102,618</b>	250,164
Permanent asset items	<b>33,176</b>	49,477	<b>96,782</b>	78,227
Loss of profits	<b>4,100</b>	3,607	<b>24,100</b>	23,727
Civil liability risk	<b>5,311</b>	7,934	<b>10,474</b>	8,534
	<b>96,946</b>	106,182	<b>233,974</b>	360,652

The risk assumptions adopted do not form part of our scope of work for audit of financial statements. Accordingly, it was not audited by our independent auditors.

**26. Transactions not involving cash**

In the second quarter of 2012, there were no transactions involving the Company's cash.



## **Reports and Statements / Independent Auditor's Review Report/Unqualified**

### **Independent auditor's review report**

Shareholders, Board of Directors and Officers  
Raia Drogasil S.A.  
São Paulo – SP

#### Introduction

We have reviewed the accompanying individual and consolidated interim financial information contained in the Quarterly Information Form (ITR) of Raia Drogasil S.A. as of June 30, 2012, comprising the balance sheet as of June 30, 2012 and the related income statement, for the three and six-month period then ended, statement of changes in equity and cash flow statement for the six-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual interim financial information in accordance with CPC 21 – Interim Financial Reporting, and of the consolidated interim financial information in accordance with CPC 21 and with IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

#### Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (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 financial 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 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 individual interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial information included in the quarterly information referred to above is not fairly presented, in all material respects, in accordance with CPC 21 applicable to the preparation of quarterly information (ITR) and presented consistently with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to quarterly information.

#### Conclusion on the consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information included in the quarterly information referred to above is not fairly presented, in all material respects, in accordance with CPC 21 and IAS 34 applicable to preparation of quarterly information (ITR) and presented consistently with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

#### Other matters

#### Statement of value added

We have also reviewed the individual and consolidated interim statement of value added (SVA) for the six-month period ended June 30, 2012, prepared under management's responsibility, whose presentation in the interim financial information is required by rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to preparation of Quarterly Information (ITR), and as supplementary information by IFRS, which do not require SVA presentation. These statements have been subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, in relation to the overall accompanying individual and consolidated interim financial information.

São Paulo, August 3, 2012.

ERNST & YOUNG TERCO  
Auditores Independentes S.S.  
CRC-2SP015199/O-6

Luiz Carlos Nannini  
Accountant CRC-1SP171638/O-7

Alexandre Rubio  
Accountant CRC-SP223361/O-2

## **Report and Statements / Report of Audit Committee or Equivalent Body**

Managers and shareholders of  
**Raia Drogasil S.A.**

The Company's Supervisory Committee within its legal attributions and responsibilities has examined the Quarterly Financial Information (ITR), for the quarter ended June 30, 2012, and based on the examination carried out, clarification provided by management, and also considering the favorable and unqualified Limited Review Report from the Independent Auditor, Ernst & Young Terco Auditores Independentes, the members of the Supervisory Committee concluded that the documents above are presented adequately, in all material respects .

São Paulo, August 3, 2012.

Gilberto Lério  
Supervisory Committee Member

Fernando Carvalho Braga  
Supervisory Committee Member

Mário Antonio Luiz Corrêa  
Supervisory Committee Member

## **Reports and Statements / Board of Directors' Statement on Interim Financial Statements**

### **Raia Drogasil S.A.**

In accordance with article 25, paragraph 1, items V and VI, of CVM Rule 480/09, the Executive Board declares that it reviewed, discussed and agreed upon the Quarterly Financial Information (ITR), for the quarter ended June 30, 2012.

São Paulo, August 3, 2012.

Cláudio Roberto Ely  
Chief Executive Officer

Antonio Carlos de Freitas  
Director

Eugênio de Zagottis  
Director

Fernando Varela  
Director

Marcello de Zagottis  
Director

Ricardo Castro de Azevedo  
Director

Rosângela Lutti  
Director

## **Reports and Statements / Statement of Executive Board on Independent Auditor's Report**

### **Raia Drogasil S.A.**

In accordance with article 25, paragraph 1, items V and VI, of CVM Rule 480/09, the Executive Board declares that it reviewed, discussed and agreed upon the opinion expressed in the favorable and unqualified Independent Auditor's Report (ITR), for the quarter ended June 30, 2012.

São Paulo, August 3, 2012.

Cláudio Roberto Ely  
Chief Executive Officer

Antonio Carlos de Freitas  
Director

Eugênio de Zagottis  
Director

Fernando Varela  
Director

Marcello de Zagottis  
Director

Ricardo Castro de Azevedo  
Director

Rosângela Lutti  
Director