

(A free translation of the original in Portuguese)

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

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 6/30/2016 - RAIA DROGASIL S.A.

Contents

Company information

Capital composition	1
Dividends	2

Parent company financial information

Balance sheet - assets	3
Balance sheet - liabilities and equity	4
Statement of income	6
Statement of comprehensive income	7
Statement of cash flow	8
Statement of changes in equity	
1/1/2016 to 6/30/2016	9
1/1/2015 to 6/30/2015	10
Statement of value added	11

Consolidated financial information

Balance sheet - assets	12
Balance sheet - liabilities and equity	13
Statement of income	15
Statement of comprehensive income	16
Statement of cash flow	17
Statement of changes in equity	
1/1/2016 to 6/30/2016	18
1/1/2015 to 6/30/2015	19
Statement of value added	20
Comments on company performance	21
Notes to the quarterly information	37
Comment on the behavior of business projections	69

Opinions and representations

Report on special review - without exceptions	70
Opinion of supervisory board or equivalent body	72
Officers' representation on financial statements	73
Officers' representation on independent auditor's report	74
Reasons for restatement	75

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 6/30/2016 - RAIA DROGASIL S.A.

Company information/capital composition

Number of shares (units)	Current quarter 6/30/2016
Paid-up share capital	
Common shares	330,386,000
Preferred shares	0
Total	330,386,000
Treasury shares	
Common shares	1,049,086
Preferred shares	0
Total	1,049,086

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 6/30/2016 - RAIA DROGASIL S.A.

Company information/dividends

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

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 6/30/2016 - RAIÁ DROGASIL S.A.

Parent company financial information/balance sheet - assets

(R\$ thousand)

Code	Description	Current quarter 6/30/2016	Prior year 12/31/2015
1	Total assets	4,787,508	4,636,460
1.01	Current assets	2,695,277	2,637,016
1.01.01	Cash and cash equivalents	54,410	264,549
1.01.03	Trade receivables	784,229	670,123
1.01.03.01	Customers	652,248	572,083
1.01.03.01.01	Checks receivable	2,869	2,836
1.01.03.01.02	Credit and debit cards	584,511	507,980
1.01.03.01.03	PBM – Medicine Benefit Program	46,521	47,681
1.01.03.01.04	Agreements with companies	20,264	20,479
1.01.03.01.05	Bank slips/ Online transfer	3	0
1.01.03.01.08	(-) Provision for impairment of trade receivables	-1,920	-6,893
1.01.03.02	Other receivables	131,981	98,040
1.01.03.02.01	Advances to employees	10,545	8,470
1.01.03.02.02	Returns to suppliers	15,737	10,427
1.01.03.02.03	Commercial agreements	66,122	61,536
1.01.03.02.04	Loan receivable	14,537	0
1.01.03.02.08	Other	25,040	17,607
1.01.04	Inventory	1,753,550	1,633,604
1.01.04.01	Goods for resale	1,767,635	1,653,305
1.01.04.02	Materials	4,640	4,611
1.01.04.03	(-) Allowance for losses on goods	-18,725	-24,312
1.01.06	Taxes recoverable	82,282	59,068
1.01.06.01	Current taxes recoverable	82,282	59,068
1.01.07	Prepaid expenses	20,806	9,672
1.02	Non-current assets	2,092,231	1,999,444
1.02.01	Long term receivables	52,179	44,261
1.02.01.03	Trade receivables	335	346
1.02.01.03.02	Other receivables	335	346
1.02.01.07	Prepaid expenses	3,154	2,029
1.02.01.09	Other non-current assets	48,690	41,886
1.02.01.09.04	Judicial deposits	23,061	18,730
1.02.01.09.05	Taxes recoverable	25,068	22,595
1.02.01.09.06	Court-ordered debt bonds	561	561
1.02.02	Investments	27,879	23,497
1.02.02.01	Equity interests	27,879	23,497
1.02.02.01.02	Interests in subsidiaries	27,879	23,497
1.02.03	Property and equipment	887,871	801,283
1.02.04	Intangible assets	1,124,302	1,130,403

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 6/30/2016 - RAIÁ DROGASIL S.A.

Parent company financial information/balance sheet - liabilities and equity

(R\$ thousand)

Code	Description	Current quarter 6/30/2016	Prior year 12/31/2015
2	Total liabilities and equity	4,787,508	4,636,460
2.01	Current liabilities	1,622,086	1,614,754
2.01.01	Social security and labor obligations	206,981	163,430
2.01.01.01	Social security obligations	32,799	30,433
2.01.01.02	Labor obligations	174,182	132,997
2.01.02	Trade payables	1,043,040	1,117,928
2.01.02.01	Domestic suppliers	1,043,040	1,117,928
2.01.03	Tax obligations	69,681	55,398
2.01.03.01	Federal tax obligations	38,401	20,406
2.01.03.01.01	Income tax and social contribution payable	1,648	0
2.01.03.01.02	Other federal tax obligations	36,753	20,406
2.01.03.02	State tax obligations	27,991	33,104
2.01.03.03	Municipal tax obligations	3,289	1,888
2.01.04	Borrowing	109,363	102,266
2.01.04.01	Borrowing	109,363	102,266
2.01.04.01.01	In local currency	109,363	102,266
2.01.05	Other obligations	176,326	101,818
2.01.05.02	Other	176,326	101,818
2.01.05.02.01	Dividends and interest on capital	83,318	24,402
2.01.05.02.04	Rentals	48,851	44,371
2.01.05.02.06	Other payables	44,157	33,045
2.01.06	Provision	16,695	13,914
2.01.06.01	Provision for tax, social security, labor and civil contingencies	1,035	3,439
2.01.06.01.01	Tax provision	93	93
2.01.06.01.05	Provision for legal claims	942	3,346
2.01.06.02	Other provisions	15,660	10,475
2.01.06.02.06	Provisions for sundry obligations	15,660	10,475
2.02	Non-current liabilities	422,564	387,897
2.02.01	Borrowing	211,395	187,419
2.02.01.01	Borrowing	211,395	187,419
2.02.01.01.01	In local currency	211,395	187,419
2.02.02	Other obligations	36,725	35,332
2.02.02.01	Payables to related parties	34,633	31,632
2.02.02.01.02	Payables to subsidiaries	34,633	31,632
2.02.02.02	Other	2,092	3,700
2.02.02.02.03	Tax Recovery Program (REFIS)	2,092	3,700
2.02.03	Deferred taxes	169,515	161,826
2.02.03.01	Deferred income tax and social contribution	169,515	161,826
2.02.04	Provision	4,929	3,320
2.02.04.01	Provision for tax, social security, labor and civil contingencies	4,929	3,320
2.02.04.01.05	Provision for legal claims	4,929	3,320
2.03	Equity	2,742,858	2,633,809
2.03.01	Paid-up share capital	1,808,639	1,808,639
2.03.02	Capital reserves	136,223	128,767
2.03.03	Revaluation reserves	12,476	12,569
2.03.04	Revenue reserves	665,820	714,064

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 6/30/2016 - RAIA DROGASIL S.A.

Parent company financial information/balance sheet - liabilities and equity

(R\$ thousand)

Code	Description	Current quarter 6/30/2016	Prior year 12/31/2015
2.03.04.01	Legal reserve	42,454	42,454
2.03.04.02	Statutory reserve	623,366	623,367
2.03.04.08	Proposed additional dividends	0	48,243
2.03.05	Retained earnings (accumulated deficit)	149,930	0
2.03.06	Carrying value adjustments	-30,230	-30,230

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 6/30/2016 - RAIÁ DROGASIL S.A.

Parent company financial information/statement of income

(R\$ thousand)

Code	Description	Current quarter 4/1/2016 to 6/30/2016	Accumulated - current year 1/1/2016 to 6/30/2016	Same quarter of prior year 4/1/2015 to 6/30/2015	Accumulated - prior year 1/1/2015 to 6/30/2015
3.01	Net sales revenue	2,700,102	5,149,426	2,186,860	4,154,427
3.01.01	Gross sales revenue	2,840,976	5,411,174	2,281,177	4,333,610
3.01.02	Taxes on sales	-103,160	-195,652	-66,767	-127,883
3.01.03	Rebates	-37,714	-66,096	-27,550	-51,300
3.02	Cost of sales and/or services	-1,790,306	-3,491,471	-1,490,952	-2,868,056
3.03	Gross profit	909,796	1,657,955	695,908	1,286,371
3.04	Operating income/expenses	-676,446	-1,295,708	-534,320	-1,025,940
3.04.01	Selling expenses	-541,631	-1,038,099	-416,189	-803,059
3.04.02	General and administrative expenses	-136,998	-259,951	-118,131	-222,881
3.04.02.01	Administrative expenses	-70,845	-131,453	-62,528	-113,770
3.04.02.03	Depreciation and amortization	-66,153	-128,498	-55,603	-109,111
3.04.06	Equity in the results of investees	2,183	2,342	0	0
3.05	Profit before finance results and taxes	233,350	362,247	161,588	260,431
3.06	Finance results	-23,628	-40,076	-14,672	-29,072
3.06.01	Finance income	22,422	47,218	20,820	35,082
3.06.02	Finance costs	-46,050	-87,294	-35,492	-64,154
3.07	Profit before income tax and social contribution	209,722	322,171	146,916	231,359
3.08	Income tax and social contribution	-54,441	-76,889	-38,691	-52,807
3.08.01	Current	-56,144	-69,152	-33,995	-33,995
3.08.02	Deferred	1,703	-7,737	-4,696	-18,812
3.09	Profit (loss) from continuing operations	155,281	245,282	108,225	178,552
3.11	Profit/loss for the period	155,281	245,282	108,225	178,552
3.99	Earnings per share - (Reais/share)				
3.99.01	Basic earnings per share - R\$				
3.99.01.01	Common shares	0,47101	0,74400	0,32867	0,54224
3.99.02	Diluted earnings per share - R\$				
3.99.02.01	Common shares	0,47101	0,74400	0,32867	0,54224

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 6/30/2016 - RAIA DROGASIL S.A.

Parent company financial information/statement of comprehensive income

(R\$ thousand)

Code	Description	Current quarter 4/1/2016 to 6/30/2016	Accumulated - current year 1/1/2016 to 6/30/2016	Same quarter of prior year 4/1/2015 to 6/30/2015	Accumulated - prior year 1/1/2015 to 6/30/2015
4.01	Profit for the period	155,281	245,282	108,225	178,552
4.03	Comprehensive income for the period	155,281	245,282	108,225	178,552

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 6/30/2016 - RAIÁ DROGASIL S.A.

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

(R\$ thousand)

Code	Description	Accumulated -	Accumulated -
		current year 1/1/2016 to 6/30/2016	prior year 1/1/2015 to 6/30/2015
6.01	Net cash provided by operating activities	63,777	161,261
6.01.01	Cash from operations	477,900	356,927
6.01.01.01	Profit before income tax and social contribution	322,171	231,359
6.01.01.02	Depreciation and amortization	128,498	109,111
6.01.01.03	Share-based compensation plan	4,882	1,379
6.01.01.04	Interest on additional stock option	3,002	0
6.01.01.05	Result on disposal of property and equipment and intangible assets	782	1,681
6.01.01.06	Provision (Reversal) for legal claims	2,772	-2,150
6.01.01.07	(Reversal) provision for inventory losses	-5,587	1,609
6.01.01.08	Provision for impairment of trade receivables	830	477
6.01.01.09	(Reversal) provision for store closures	4,818	-1,313
6.01.01.10	Interest expenses	18,074	14,774
6.01.01.11	Equity in results of investees	-2,342	0
6.01.02	Changes in assets and liabilities	-348,060	-151,270
6.01.02.01	Trade receivables and other receivables	-100,217	-60,542
6.01.02.02	Inventory	-114,359	-38,801
6.01.02.03	Other current assets	-34,347	-18,345
6.01.02.04	Long term receivables	-7,921	-4,287
6.01.02.05	Trade payables	-139,105	-56,936
6.01.02.06	Salaries and social charges	43,551	34,684
6.01.02.07	Taxes and contributions	-12,686	-12,031
6.01.02.08	Other liabilities	12,544	2,006
6.01.02.09	Rentals payable	4,480	2,982
6.01.03	Other	-66,063	-44,396
6.01.03.01	Interest paid	-9,657	-10,225
6.01.03.02	Income tax and social contribution paid	-56,406	-34,171
6.02	Net cash used in investing activities	-225,083	-145,673
6.02.01	Purchases of property and equipment and intangible assets	-210,982	-146,584
6.02.02	Proceeds from sale of property and equipment	436	911
6.02.03	Loans granted to subsidiaries	-14,537	0
6.03	Net cash used in financing activities	-48,833	-85,850
6.03.01	Borrowing	71,224	28,418
6.03.02	Repayments of borrowing	-48,568	-50,293
6.03.03	Interest on capital and dividends paid	-71,489	-63,975
6.05	Increase (decrease) in cash and cash equivalents	-210,139	-70,262
6.05.01	Cash and cash equivalents at the beginning of the period	264,549	281,189
6.05.02	Cash and cash equivalents at the end of the period	54,410	210,927

Parent company financial information/statement of changes in equity - 1/1/2016 to 6/30/2016

(R\$ thousand)

Code	Description	Paid-up share capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings/ accumulated deficit	Other comprehensive income	Equity
5.01	Opening balance	1,808,639	128,767	726,633	0	-30,230	2,633,809
5.03	Adjusted opening balance	1,808,639	128,767	726,633	0	-30,230	2,633,809
5.04	Equity transactions with owners	0	7,455	-48,243	-95,445	0	-136,233
5.04.07	Interest on capital	0	0	0	-95,500	0	-95,500
5.04.08	Interest on capital of 2015 approved at the AGM of March 31, 2016	0	0	-48,243	0	0	-48,243
5.04.09	Interest on capital prescribed	0	0	0	55	0	55
5.04.10	Restricted share plan – Vesting period	0	6,543	0	0	0	6,543
5.04.11	Restricted share plan –Delivery	0	-890	0	0	0	-890
5.04.12	Restricted shares – Acquisition of 4Bio	0	1,802	0	0	0	1,802
5.05	Total comprehensive income	0	0	0	245,282	0	245,282
5.05.01	Profit for the period	0	0	0	245,282	0	245,282
5.06	Internal changes in equity	0	0	-93	93	0	0
5.06.02	Realization of revaluation reserve	0	0	-141	141	0	0
5.06.03	Taxes on realization of revaluation reserve	0	0	48	-48	0	0
5.07	Closing balance	1,808,639	136,222	678,297	149,930	-30,230	2,742,858

Parent company financial information/statement of changes in equity - 1/1/2015 to 6/30/2015

(R\$ thousand)

Code	Description	Paid-up share capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings/ accumulated deficit	Other comprehensive income	Equity
5.01	Opening balance	908,639	1,019,791	528,507	0	0	2,456,937
5.03	Adjusted opening balance	908,639	1,019,791	528,507	0	0	2,456,937
5.04	Equity transactions with owners	0	1,379	-40,331	-67,736	0	-106,688
5.04.07	Interest on capital	0	0	0	-67,900	0	-67,900
	2014 interest on capital approved at the AGM of April 9, 2015	0	0	-40,331	0	0	-40,331
5.04.08	Interest on capital prescribed	0	0	0	164	0	164
5.04.09	Restricted Shares Plan	0	1,379	0	0	0	1,379
5.04.10		0					
5.05	Total comprehensive income	0	0	0	178,552	0	178,552
5.05.01	Profit for the period	0	0	0	178,552	0	178,552
5.06	Internal changes in equity	0	0	-93	93	0	0
5.06.02	Realization of revaluation reserve	0	0	-141	141	0	0
5.06.03	Taxes on realization of revaluation reserve	0	0	48	-48	0	0
5.07	Closing balance	908,639	1,021,170	488,083	110,909	0	2,528,801

Parent company financial information/statement of value added

(R\$ thousand)

Code	Description	Accumulated - current year 1/1/2016 to 6/30/2016	Accumulated - prior year 1/1/2015 to 6/30/2015
7.01	Revenue	5,344,425	4,282,555
7.01.01	Sales of products and services	5,345,077	4,282,312
7.01.02	Other income	178	720
7.01.04	Provision for/reversal of impairment of trade receivables	-830	-477
7.02	Inputs acquired from third parties	-3,451,270	-2,823,446
7.02.01	Cost of sales and services	-3,145,663	-2,587,298
7.02.02	Materials, energy, outsourced services and other	-299,886	-235,076
7.02.03	Impairment/recovery of assets	-5,721	-1,072
7.03	Gross value added	1,893,155	1,459,109
7.04	Retentions	-128,498	-109,111
7.04.01	Depreciation, amortization and depletion	-128,498	-109,111
7.05	Net value added generated by the entity	1,764,657	1,349,998
7.06	Value added received through transfer	49,560	35,082
7.06.01	Equity in the results of investees	2,342	0
7.06.02	Finance income	47,218	35,082
7.07	Total value added to distribute	1,814,217	1,385,080
7.08	Distribution of value added	1,814,217	1,385,080
7.08.01	Personnel	565,605	443,230
7.08.01.01	Direct remuneration	450,523	350,238
7.08.01.02	Benefits	83,491	67,692
7.08.01.03	Unemployment compensation fund	31,591	25,300
7.08.02	Taxes and contributions	733,123	553,716
7.08.02.01	Federal	214,283	158,804
7.08.02.02	State	511,138	389,173
7.08.02.03	Municipal	7,702	5,739
7.08.03	Providers of capital	270,207	209,582
7.08.03.01	Interest	86,923	63,958
7.08.03.02	Rentals	183,284	145,624
7.08.04	Stockholders and the Company	245,282	178,552
7.08.04.01	Interest on capital	95,500	67,900
7.08.04.03	Profits reinvested/loss for the period	149,782	110,652

Consolidated financial information/balance sheet - assets

(R\$ thousand)

Code	Description	Current quarter 6/30/2016	Prior year 12/31/2015
1	Total assets	4,861,771	4,699,201
1.01	Current assets	2,759,072	2,685,844
1.01.01	Cash and cash equivalents	56,496	266,051
1.01.03	Trade receivables	819,971	700,092
1.01.03.01	Customers	702,467	601,831
1.01.03.01.01	Checks receivable	53,644	32,901
1.01.03.01.02	Credit and debit cards	583,994	507,680
1.01.03.01.03	PBM – Medicine Benefit Program	46,521	47,681
1.01.03.01.04	Agreements with companies	20,264	20,479
1.01.03.01.05	Bank slip/ Online transfer	3	0
1.01.03.01.08	(-) Provision for impairment of receivables	-1,959	-6,910
1.01.03.02	Other receivables	117,504	98,261
1.01.03.02.01	Advances to employees	10,565	8,567
1.01.03.02.02	Returns to suppliers	15,737	10,427
1.01.03.02.03	Commercial agreements	66,122	61,536
1.01.03.02.08	Other	25,080	17,731
1.01.04	Inventory	1,777,079	1,650,453
1.01.04.01	Goods for resale	1,791,164	1,670,154
1.01.04.02	Materials	4,640	4,611
1.01.04.03	(-) Provision for losses on goods	-18,725	-24,312
1.01.06	Taxes recoverable	84,578	59,530
1.01.06.01	Current taxes recoverable	84,578	59,530
1.01.07	Prepaid expenses	20,948	9,718
1.02	Non-current assets	2,102,699	2,013,357
1.02.01	Long term receivables	52,179	44,499
1.02.01.03	Trade receivables	335	584
1.02.01.03.02	Other receivables	335	584
1.02.01.07	Prepaid expenses	3,154	2,029
1.02.01.09	Other non-current assets	48,690	41,886
1.02.01.09.04	Judicial deposits	23,061	18,730
1.02.01.09.05	Taxes recoverable	25,068	22,595
1.02.01.09.06	Court-ordered debt bonds	561	561
1.02.03	Property and equipment	888,662	801,985
1.02.04	Intangible assets	1,161,858	1,166,873

Consolidated financial information/balance sheet - liabilities and equity

(R\$ thousand)

Code	Description	Current quarter 6/30/2016	Prior year 12/31/2015
2	Total liabilities and equity	4,861,771	4,699,201
2.01	Current liabilities	1,667,074	1,648,766
2.01.01	Social security and labor obligations	209,616	165,409
2.01.01.01	Social security obligations	33,252	30,874
2.01.01.02	Labor obligations	176,364	134,535
2.01.02	Trade payables	1,079,108	1,203,382
2.01.02.01	Domestic suppliers	1,079,108	1,203,382
2.01.03	Tax obligations	73,495	55,878
2.01.03.01	Federal tax obligations	41,268	20,735
2.01.03.01.01	Income tax and social contribution payable	4,369	81
2.01.03.01.02	Other federal tax obligations	36,899	20,654
2.01.03.02	State tax obligations	28,937	33,254
2.01.03.03	Municipal tax obligations	3,290	1,889
2.01.04	Borrowing	111,742	108,192
2.01.04.01	Borrowing	111,742	108,192
2.01.04.01.01	In local currency	111,742	108,192
2.01.05	Other obligations	176,387	101,991
2.01.05.02	Other	176,387	101,991
2.01.05.02.01	Dividends and interest on capital	83,318	24,402
2.01.05.02.04	Rentals	48,851	44,371
2.01.05.02.06	Other payables	44,218	33,218
2.01.06	Provision	16,726	13,914
2.01.06.01	Provision for tax, social security, labor and civil contingencies	1,035	3,439
2.01.06.01.01	Tax provision	93	93
2.01.06.01.05	Provision for legal claims	942	3,346
2.01.06.02	Other provisions	15,691	10,475
2.01.06.02.06	Provisions for sundry obligations	15,691	10,475
2.02	Non-current liabilities	426,934	393,637
2.02.01	Borrowing	211,395	188,196
2.02.01.01	Borrowing	211,395	188,196
2.02.01.01.01	In local currency	211,395	188,196
2.02.02	Other obligations	37,382	36,108
2.02.02.01	Payables to related parties	34,633	31,632
2.02.02.01.04	Payables to other related parties	34,633	31,632
2.02.02.02	Other	2,749	4,476
2.02.02.02.03	Tax Recovery Program (REFIS)	2,749	4,476
2.02.03	Deferred taxes	173,228	165,981
2.02.03.01	Deferred income tax and social contribution	173,228	165,981
2.02.04	Provision	4,929	3,352
2.02.04.01	Provision for tax, social security, labor and civil contingencies	4,929	3,352
2.02.04.01.05	Provision for legal claims	4,929	3,352
2.03	Consolidated equity	2,767,763	2,656,798
2.03.01	Paid-up share capital	1,808,639	1,808,639
2.03.02	Capital reserves	136,223	128,767
2.03.03	Revaluation reserves	12,476	12,569
2.03.04	Revenue reserves	665,820	714,064

Quarterly Information (ITR) - 6/30/2016 - RAIA DROGASIL S.A.
(A free translation of the original in Portuguese)

Consolidated financial information/balance sheet - liabilities and equity

(R\$ thousand)

Code	Description	Current quarter 6/30/2016	Prior year 12/31/2015
2.03.04.01	Legal reserve	42,454	42,454
2.03.04.02	Statutory reserve	623,366	623,367
2.03.04.08	Proposed additional dividends	0	48,243
2.03.05	Retained earnings (accumulated deficit)	149,930	0
2.03.06	Carrying value adjustments	-30,230	-30,230
2.03.09	Noncontrolling interests	24,905	22,989

Quarterly Information (ITR) - 6/30/2016 - RAIA DROGASIL S.A.
(A free translation of the original in Portuguese)

Consolidated financial information/statement of income

(R\$ thousand)

Code	Description	Current quarter 4/1/2016 to 6/30/2016	Accumulated - current year 1/1/2016 to 6/30/2016	Same quarter of prior year 4/1/2015 to 6/30/2015	Accumulated - prior year 1/1/2015 to 6/30/2015
3.01	Net sales revenue	2,783,211	5,298,638	0	0
3.01.01	Gross sales revenue	2,930,451	5,571,530	0	0
3.01.02	Taxes on sales	-107,198	-202,548	0	0
3.01.03	Rebates	-40,042	-70,344	0	0
3.02	Cost of sales and/or services	-1,858,386	-3,616,873	0	0
3.03	Gross profit	924,825	1,681,765	0	0
3.04	Operating income/expenses	-686,624	-1,313,656	0	0
3.04.01	Selling expenses	-546,843	-1,048,476	0	0
3.04.02	General and administrative expenses	-139,781	-265,180	0	0
3.04.02.01	Administrative expenses	-73,172	-135,641	0	0
3.04.02.03	Depreciation and amortization	-66,609	-129,539	0	0
3.05	Profit before finance results and taxes	238,201	368,109	0	0
3.06	Finance results	-24,636	-41,825	0	0
3.06.01	Finance income	23,282	48,923	0	0
3.06.02	Finance costs	-47,918	-90,748	0	0
3.07	Profit before income tax and social contribution	213,565	326,284	0	0
3.08	Income tax and social contribution	-56,498	-79,086	0	0
3.08.01	Current	-58,317	-71,792	0	0
3.08.02	Deferred	1,819	-7,294	0	0
3.09	Profit (loss) from continuing operations	157,067	247,198	0	0
3.11	Profit/loss for the period	157,067	247,198	0	0
3.11.01	Attributable to owners of the Company	155,281	245,282	0	0
3.11.02	Attributable to noncontrolling interests	1,786	1,916	0	0
3.99	Earnings per share - (Reais/share)				
3.99.01	Basic earnings per share - R\$				
3.99.01.01	Common shares	0,47642	0,74981	0.00000	0.00000
3.99.02	Diluted earnings per share - R\$				
3.99.02.01	Common shares	0,47642	0,74981	0.00000	0.00000

Quarterly Information (ITR) - 6/30/2016 - RAIA DROGASIL S.A.
 (A free translation of the original in Portuguese)

Consolidated financial information/statement of comprehensive income

(R\$ thousand)

Code	Description	Current quarter 4/1/2016 to 6/30/2016	Accumulated - current year 1/1/2016 to 6/30/2016	Same quarter of prior year 4/1/2015 to 6/30/2015	Accumulated - prior year 1/1/2015 to 6/30/2015
4.01	Consolidated profit for the period	157,067	247,198	0	0
4.03	Consolidated comprehensive income for the period	157,067	247,198	0	0
4.03.01	Attributable to owners of the Company	155,281	245,282	0	0
4.03.02	Attributable to noncontrolling interests	1,786	1,916	0	0

Consolidated financial information/statement of cash flow - indirect method

(R\$ thousand)

Code	Description	Accumulated - current year 1/1/2016 to 6/30/2016	Accumulated - prior year 1/1/2015 to 6/30/2015
6.01	Net cash provided by operating activities	54,112	0
6.01.01	Cash from operations	485,816	0
6.01.01.01	Profit before income tax and social contribution	326,285	0
6.01.01.02	Depreciation and amortization	129,539	0
6.01.01.03	Share-based compensation plan	4,882	0
6.01.01.04	Interest on additional stock option	3,002	0
6.01.01.05	Result on disposal of property and equipment and intangible assets	782	0
6.01.01.06	Provision for legal claims	2,740	0
6.01.01.07	(Reversal of) Provision for inventory losses	-5,587	0
6.01.01.08	Provision for impairment of trade receivables	852	0
6.01.01.09	Provision for store closures	4,818	0
6.01.01.10	Interest expenses	18,503	0
6.01.02	Changes in assets and liabilities	-363,586	0
6.01.02.01	Trade receivables and other receivables	-120,549	0
6.01.02.02	Inventory	-121,039	0
6.01.02.03	Other current assets	-36,277	0
6.01.02.04	Long term receivables	-7,683	0
6.01.02.05	Trade payables	-128,491	0
6.01.02.06	Salaries and social charges	44,209	0
6.01.02.07	Taxes and contributions	-10,580	0
6.01.02.08	Other liabilities	12,344	0
6.01.02.09	Rentals payable	4,480	0
6.01.03	Other	-68,118	0
6.01.03.01	Interest paid	-10,302	0
6.01.03.02	Income tax and social contribution paid	-57,816	0
6.02	Net cash used in investing activities	-210,725	0
6.02.01	Purchases of property and equipment and intangible assets	-211,161	0
6.02.02	Proceeds from sale of property and equipment	436	0
6.03	Net cash used in financing activities	-52,942	0
6.03.01	Borrowing	80,665	0
6.03.02	Repayments of borrowing	-62,118	0
6.03.03	Interest on capital and dividends paid	-71,489	0
6.05	Increase (decrease) in cash and cash equivalents	-209,555	0
6.05.01	Cash and cash equivalents at the beginning of the period	266,051	0
6.05.02	Cash and cash equivalents at the end of the period	56,496	0

Consolidated financial information/statement of changes in equity - 1/1/2016 to 6/30/2016

(R\$ thousand)

Code	Description	Paid-up share capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings/ accumulated deficit	Other comprehensive income	Equity	Noncontrolling interests	Consolidated equity
5.01	Opening balance	1,808,639	128,767	726,633	0	-30,230	2,633,809	22,989	2,656,798
5.03	Adjusted opening balance	1,808,639	128,767	726,633	0	-30,230	2,633,809	22,989	2,656,798
5.04	Equity transactions with owners	0	7,455	-48,243	-95,445	0	-136,233	0	-136,233
5.04.07	Interest on capital	0	0	0	-95,500	0	-95,500	0	-95,500
5.04.08	Interest on capital of 2015 Approved at the AGM of March 31, 2016	0	0	-48,243	0	0	-48,243	0	-48,243
5.04.09	Interest on capital prescribed	0	0	0	55	0	55	0	55
5.04.10	Restricted share plan - Vesting period	0	6,543	0	0	0	6,543	0	6,543
5.04.11	Restricted share plan - Delivery	0	-890	0	0	0	-890	0	-890
5.04.12	Restricted shares – Acquisition of 4Bio	0	1,802	0	0	0	1,802	0	1,802
5.05	Total comprehensive income	0	0	0	245,282	0	245,282	1,916	247,198
5.05.01	Profit for the period	0	0	0	245,282	0	245,282	1,916	247,198
5.06	Internal changes in equity	0	0	-93	93	0	0	0	0
5.06.02	Realization of revaluation reserve	0	0	-141	141	0	0	0	0
5.06.03	Taxes on realization of revaluation reserve	0	0	48	-48	0	0	0	0
5.07	Closing balance	1,808,639	136,222	678,297	149,930	-30,230	2,742,858	24,905	2,767,763

Consolidated financial information/statement of changes in equity - 1/1/2015 to 6/30/2015

(R\$ thousand)

Code	Description	Paid-up share capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings/ accumulated deficit	Other comprehensive income	Equity	Noncontrolling interests	Consolidated equity
5.01	Opening balance	908,639	1,019,791	528,507	0	0	2,456,937	0	2,456,937
5.03	Adjusted opening balance	908,639	1,019,791	528,507	0	0	2,456,937	0	2,456,937
5.04	Equity transactions with owners	0	1,379	-40,331	-67,736	0	-106,688	0	-106,688
5.04.07	Interest on capital	0	0	0	-67,900	0	-67,900	0	-67,900
5.04.08	Interest on capital of 2014 Approved at the AGM of April 9, 2015	0	0	-40,331	0	0	-40,331	0	-40,331
5.04.09	Interest on capital prescribed	0	0	0	164	0	164	0	164
5.04.10	Restricted share plan - Vesting period	0	1,379	0	0	0	1,379	0	1,379
5.05	Total comprehensive income	0	0	0	178,552	0	178,552	0	178,552
5.05.01	Profit for the period	0	0	0	178,552	0	178,552	0	178,552
5.06	Internal changes in equity	0	0	-93	93	0	0	0	0
5.06.02	Realization of revaluation reserve	0	0	-141	141	0	0	0	0
5.06.03	Taxes on realization of revaluation reserve	0	0	48	-48	0	0	0	0
5.07	Closing balance	908,639	1,021,170	488,083	110,909	0	2,528,801	0	2,528,801

Consolidated financial information/statement of value added

(R\$ thousand)

Code	Description	Accumulated - current year 1/1/2016 to 6/30/2016	Accumulated - prior year 1/1/2015 to 6/30/2015
7.01	Revenue	5,500,510	0
7.01.01	Sales of products and services	5,501,184	0
7.01.02	Other income	178	0
7.01.04	Provision for/reversal of impairment of trade receivables	-852	0
7.02	Inputs acquired from third parties	-3,583,248	0
7.02.01	Cost of sales and services	-3,271,065	0
7.02.02	Materials, energy, outsourced services and other	-306,462	0
7.02.03	Impairment/recovery of assets	-5,721	0
7.03	Gross value added	1,917,262	0
7.04	Retentions	-129,539	0
7.04.01	Depreciation, amortization and depletion	-129,539	0
7.05	Net value added generated by the entity	1,787,723	0
7.06	Value added received through transfer	48,923	0
7.06.02	Finance income	48,923	0
7.07	Total value added to distribute	1,836,646	0
7.08	Distribution of value added	1,836,646	0
7.08.01	Personnel	572,078	0
7.08.01.01	Direct remuneration	454,435	0
7.08.01.02	Benefits	85,818	0
7.08.01.03	Unemployment compensation fund	31,825	0
7.08.02	Taxes and contributions	743,438	0
7.08.02.01	Federal	217,664	0
7.08.02.02	State	518,043	0
7.08.02.03	Municipal	7,731	0
7.08.03	Providers of capital	273,932	0
7.08.03.01	Interest	90,030	0
7.08.03.02	Rentals	183,902	0
7.08.04	Stockholders and the Company	247,198	0
7.08.04.01	Interest on capital	95,500	0
7.08.04.03	Profits reinvested/loss for the period	149,782	0
7.08.04.04	Noncontrolling interests in retained earnings	1,916	0

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 6/30/2016 - RAIÁ DROGASIL S.A.

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

2Q16 EARNINGS RELEASE

São Paulo, July 28th, 2016. Raia Drogasil S.A. (BM&FBovespa: RADL3) announces today its results for the 2nd quarter of 2016 (2Q16). The quarterly information of Raia Drogasil S.A. was prepared in accordance with the Accounting Pronouncement 21 – Interim Financial Reporting as well as the standards issued by the Brazilian Securities and Exchange Commission – CVM and the international financial reporting standards (IFRS) and was reviewed by our independent auditors in accordance with Brazilian standards on review of interim financial information. Such information was prepared in thousands of Reais and all growth rates relate to the same period of 2015.

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

CONSOLIDATED HIGHLIGHTS:

- **Drugstores: 1,330 stores in operation (58 openings and two closures)**
- **Gross Revenue: R\$ 2.9 billion, 26.1% of growth (14.5% of retail same-store sales growth)**
- **Gross Margin: 31.6% of gross revenue, a 1.3 percentage point margin increase**
- **EBITDA: R\$ 304.8 million, a 10.4% margin, 1.0 percentage point margin increase**
- **Adjusted Net Income: R\$ 167.8 million, a 5.7% margin and an increase of 40.6%**
- **Cash Flow: R\$ 1.6 million negative free cash flow, R\$ 79.7 million total cash consumption**
- **Store Opening Guidance: from 165 to 200 in 2016 and from 195 to 200 in 2017**

Summary	2Q15	3Q15	4Q15	1Q16	2Q16
<i>(R\$ thousand)</i>					
# of Stores Raia Drogasil + 4Bio	1,145	1,180	1,235	1,274	1,330
Store Openings	38	37	62	39	58
Store Closures	(5)	(2)	(7)	0	(2)
# of Stores (average)	1.126	1.159	1.206	1.250	1,285
Headcount	25,010	25,529	26,520	26,720	27,767
Pharmacist Count	4,230	4,479	4,698	4,963	5,214
# of Tickets (000)	41,115	42,067	43,908	44,145	46,696
Gross Revenue	2,323,102	2,436,861	2,574,215	2,641,079	2,930,451
Gross Profit	702,775	696,319	740,084	756,940	924,825
% of Gross Revenues	30.3%	28.6%	28.7%	28.7%	31.6%
EBITDA	218,910	182,611	188,120	192,839	304,811
% of Gross Revenues	9.4%	7.5%	7.3%	7.3%	10.4%
Adjusted Net Income	119,346	95,463	94,865	100,829	167,766
% of Gross Revenues	5.1%	3.9%	3.7%	3.8%	5.7%
Net Income	108,647	83,999	78,347	90,131	157,068
% of Gross Revenues	4.7%	3.4%	3.0%	3.4%	5.4%
Free Cash Flow	37,760	68,182	35,613	(161,451)	(1,584)

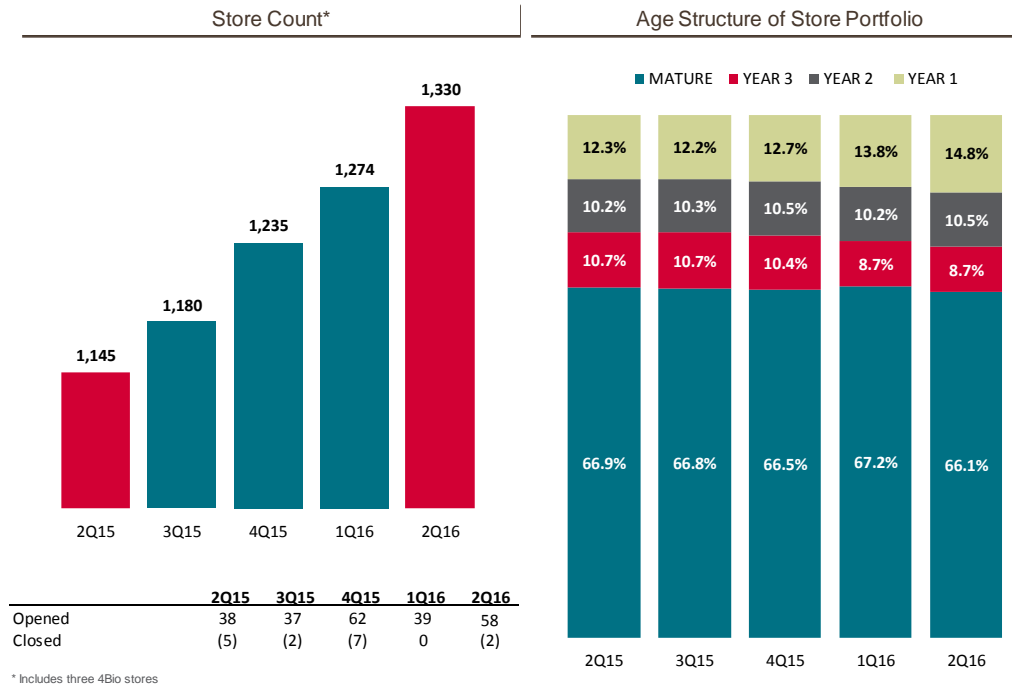
(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 6/30/2016 - RAIÁ DROGASIL S.A.

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

STORE DEVELOPMENT



We opened 58 new stores in the 2Q16 and 97 new stores year to date, ending the quarter with 1,330 stores in operation, including three 4Bio stores. We have closed two stores in the quarter. Over the last twelve months, we have opened a total of 196 new stores, a relevant acceleration in our store-opening pace. As a result, we are increasing our store opening guidance from 165 to 200 stores in 2016 and from 195 to 200 stores in 2017.

At the end of the period, 33.9% of our stores were still in the process of maturation, and had not yet reached their full potential in terms of revenue and profitability. We ended the quarter with the highest percentage of non-mature stores since the 3Q13 as well as with the highest percentage of first-year stores in the merged Company's history.

Our average comparable national market share including 4Bio reached 11.5% in the quarter, a 1.6 percentage point pro-forma increase when compared to 2015. Our market share figures were adjusted by IMS Health to exclude new informants, so as to preserve the historical comparability. Considering the inclusion of new informants, our national market share totaled 11.1%.

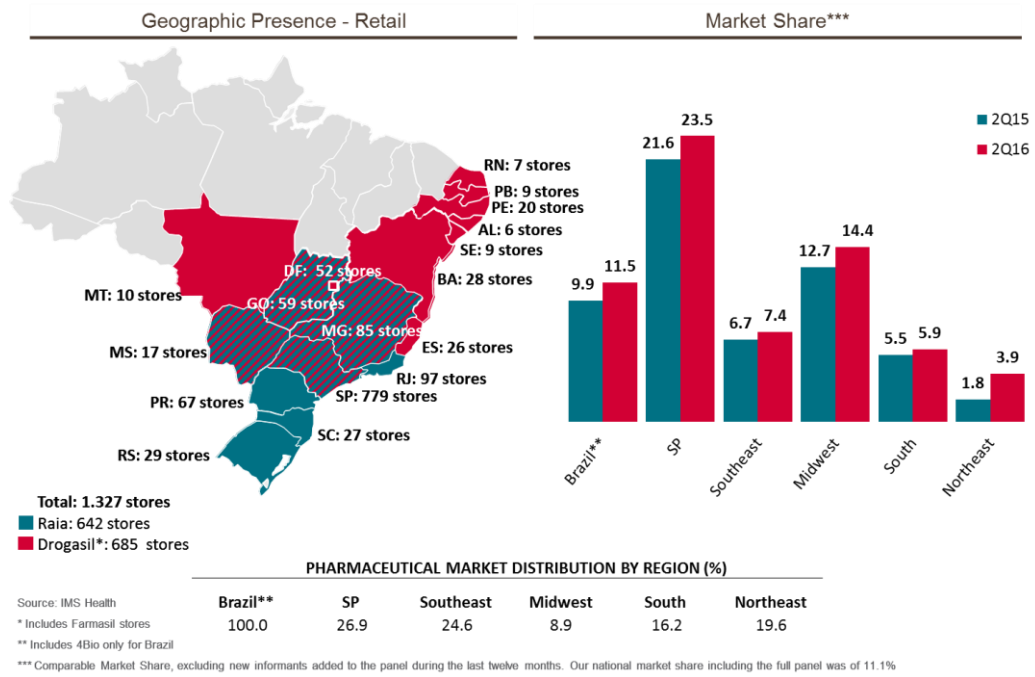
Our market share increased in every region where we operate. The Northeast was our main highlight, where we recorded a market share of 3.9%, a 2.1 percentage point increase driven by our growth in Bahia as well as by the maturation of our operations in five other states where we entered in 2014. We also recorded outstanding performances in São Paulo, where we reached a market share of 23.5%, a 1.9 percentage point increase, and in the Midwest, where our market share increased by 1.7 percentage point, driven in both markets by our organic expansion and by the solid performance of our mature stores. In the remaining states of the Southeast, we gained 0.7 percentage point. Finally, we increased our market share in the Southern region by 0.4 percentage point.

(A free translation of the original in Portuguese)

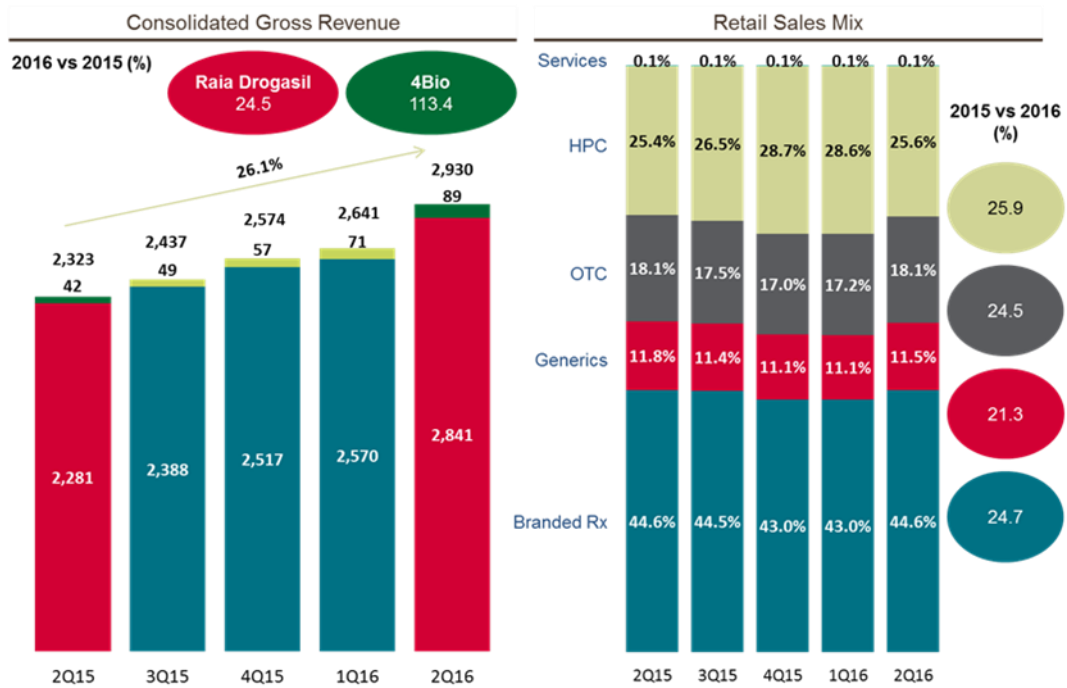
Quarterly Information (ITR) - 6/30/2016 - RAIÁ DROGASIL S.A.

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated



GROSS REVENUES



(A free translation of the original in Portuguese)

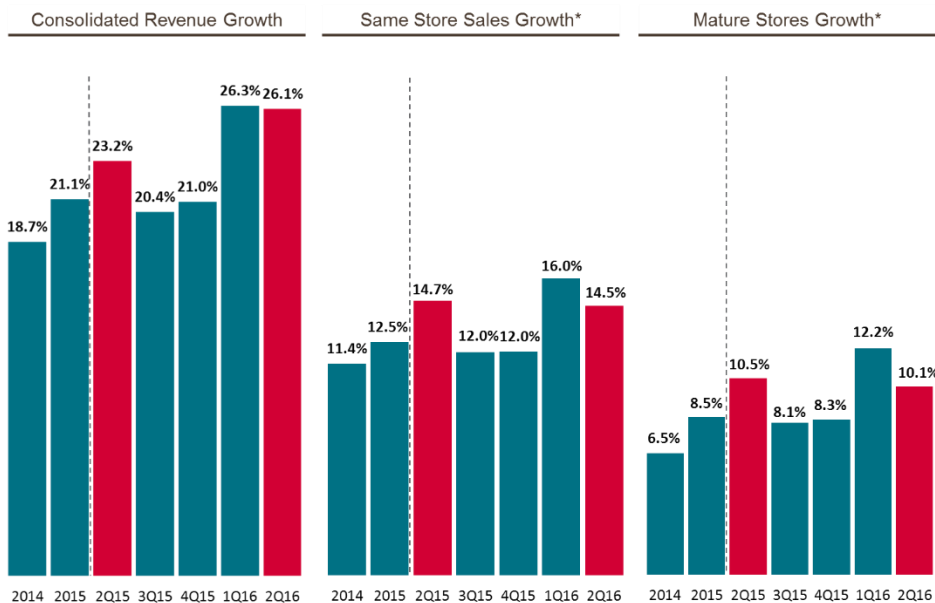
Quarterly Information (ITR) - 6/30/2016 - RAI DROGASIL S.A.

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

We ended the quarter with consolidated gross revenues of R\$ 2,930.5 million, a 26.1% increase over the previous year. Raia Drogasil recorded a growth of 24.5%, while 4Bio grew by 113.4% in the period.

HPC was the highlight of the quarter, recording a growth of 25.9% and increasing its participation in the sales mix by 0.2 percentage point. Branded Rx and OTC grew 24.7% and 24.5%, respectively, and maintained their participation in the mix. Generics grew by 21.3%, reducing its participation by 0.2 percentage point on the back of a generics price reduction applied in São Paulo during the 1Q16 which passed down to consumers a reduction in sales tax, thus penalizing the category growth without affecting our gross profit.



Same-store sales at Raia Drogasil increased by 14.5% in the quarter, while our mature stores grew by 10.1%. We recorded a positive calendar effect of 0.9% in the quarter.

The Brazilian pharmaceutical market recorded a nominal growth of 13.3% (5.7% in units sold) in the last twelve months ended in June, 2016, according to the IMS Health, a testament to the defensive nature of our market.

GROSS PROFIT

Our gross margin reached 31.6%, a 1.3 percentage point increase versus the 2Q15.

This margin expansion was driven by the inflationary gains in pharmaceuticals arising from the annual price cap increase, which averaged 11.8%, significantly higher than the 6.0% recorded in the 2Q15.

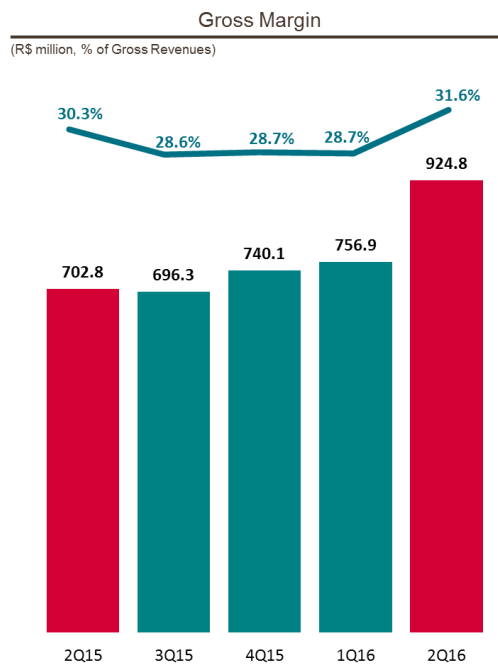
It is important to mention that the high growth recorded by 4Bio caused a negative margin mix effect of 0.2 percentage point in the quarter, since Specialty Drugs have a lower gross margin than Retail.

(A free translation of the original in Portuguese)

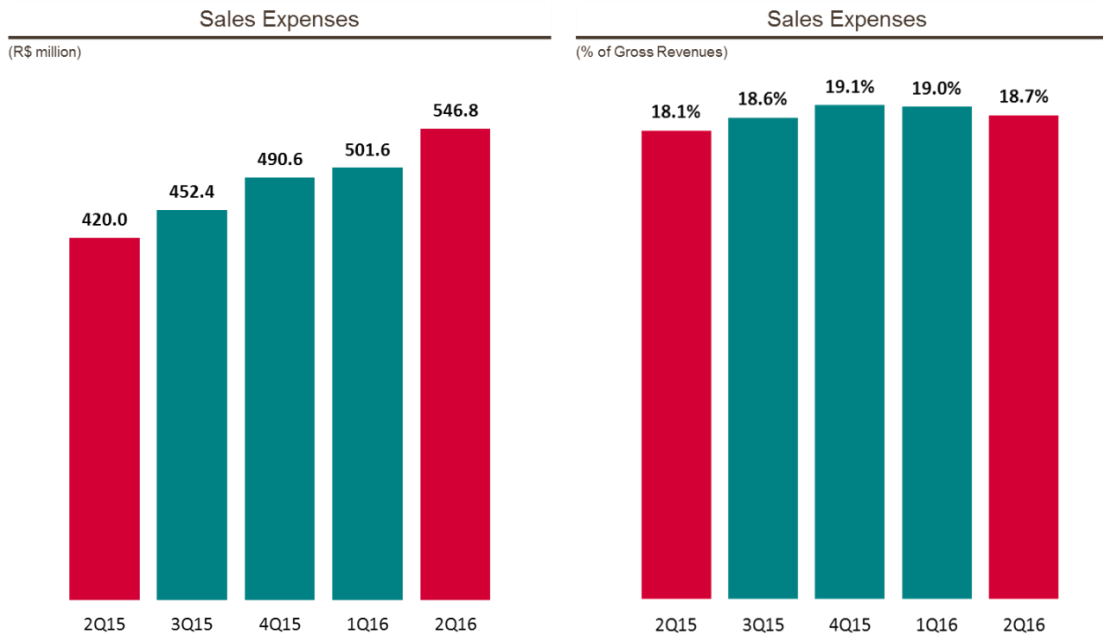
Quarterly Information (ITR) - 6/30/2016 - RAIA DROGASIL S.A.

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated



SALES EXPENSES



(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 6/30/2016 - RAIA DROGASIL S.A.

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

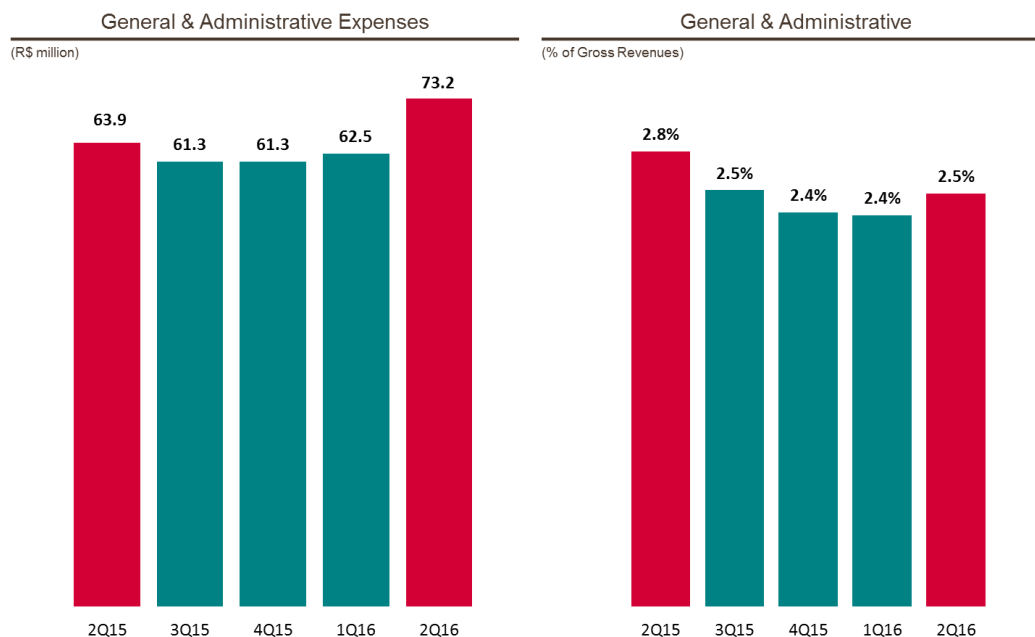
In the 2Q16, sales expenses totaled R\$ 546.8 million, equivalent to 18.7% of gross revenue, a 0.6 percentage point increase over the 2Q15 and a 0.4 dilution versus the 4Q15.

Marketing expenses increased by 0.2 percentage point, while asset write-offs related to store closures went up by 0.2 percentage point (9 defined closings booked in the quarter versus 5 in the 2Q15). Logistics expenses increased by 0.1 percentage due to the opening of our new distribution center in the Northeast, while personnel and electricity pressured our sales expenses by 0.1 percentage point each. Finally, the faster store-opening pace increased pre-operational expenses by 0.1 percentage point in the quarter. These pressures were partially offset by a 0.2 percentage point dilution related to 4Bio, which has lower sales expenses and achieved significant operating leverage in the quarter.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses amounted to R\$ 73.2 million in the 2Q16, equivalent to 2.5% of gross revenue, a 0.3 percentage point dilution versus the 2Q15. It is important to highlight that the 2Q15 comp base was inflated due to non-recurring provisions in the amount of 0.2 percentage point.

Our General and Administrative Expenses in the quarter increased by 0.1 percentage point versus the 4Q15 and the 1Q16 due to a higher level of provisioning for labor contingencies, which we believe to be transitory.



(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 6/30/2016 - RAI DROGASIL S.A.

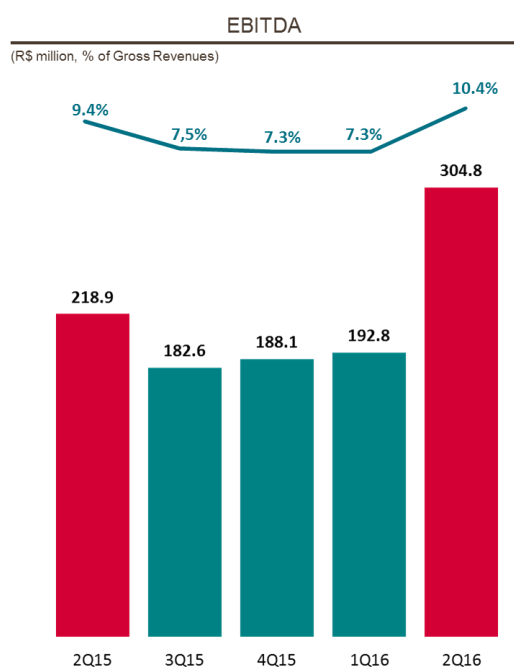
Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

EBITDA

Our EBITDA reached R\$ 304.8 million, a 39.2% increase over the 2Q15. The EBITDA margin totaled 10.4%, a 1.0 percentage point margin expansion driven by a gross margin increase of 1.3 percentage point, which was partially offset by an SG&A pressure of 0.3 percentage point.

New stores opened in the quarter, as well as those that were in the opening process, reduced the EBITDA by R\$ 11.8 million in the 2Q16. Therefore, considering only the 1,235 stores in operation since the end of 2015 and the full absorption of logistics as well as of general and administrative expenses by such stores, our adjusted EBITDA would have totaled R\$ 316.6 million, equivalent to an EBITDA margin of 11.1% over gross revenue.



Raia Drogasil achieved a retail EBITDA of R\$ 297.3 million, an EBITDA margin of 10.5% in the 2Q16, a 1.0 percentage point margin expansion when compared to the previous year. 4Bio reached an EBITDA of R\$ 7.5 million in the quarter, an increase of 335.5% over the previous year. The EBITDA margin totaled 8.4%, a 4.3 percentage point increase driven by the inflationary gain arising from the annual drug price increase and by the operating leverage achieved as the Company more than doubled its revenues.

In the case of 4Bio, the inflationary gain on inventories are much more relevant than for Raia Drogasil, since the base margin is much lower and since forward buying can represent a much higher percentage of the base inventories, thus allowing 4Bio to boost its profitability.

Finally, it is important to highlight that 4Bio has higher capital-efficiency than Raia Drogasil, since its cash cycle and Capex are much lower. When comparing the EBIT, 4Bio recorded a margin of 8.3% in the 2Q16, versus 8.2% for Raia Drogasil.

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 6/30/2016 - RAIÁ DROGASIL S.A.

Notes to the Quarterly Information

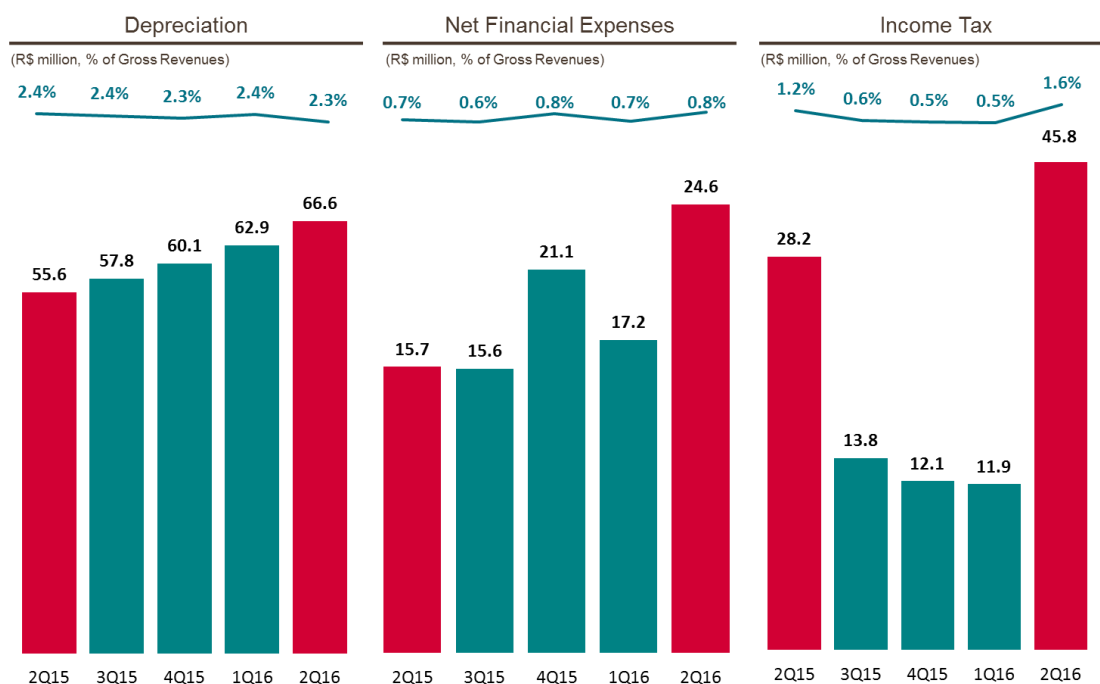
All amounts in thousands of reais unless otherwise stated

DEPRECIATION, NET FINANCIAL EXPENSES AND INCOME TAXES

Depreciation expenses totaled R\$ 66.6 million in the 2Q16, equivalent to 2.3% of gross revenue, a 0.1 percentage point dilution when compared to the same period of the previous year.

Financial expenses represented 0.8% of gross revenues, a 0.1 percentage point increase when compared to the previous year. Excluding the Net Present Value (NPV) Adjustment, the interest accrued on debt amounted to 0.4% of gross revenues in the 2Q16. Of the R\$ 24.6 million of net financial expenses recorded in the quarter, R\$ 12.1 million refers to the NPV Adjustment, while R\$ 12.5 million refers to net interest accrued.

Finally, we booked R\$ 45.8 million in taxes, equivalent to 1.6% of gross revenue, a 0.4 percentage point increase due to the higher operating margin of the quarter.



ADJUSTED NET INCOME

Adjusted net income totaled R\$ 167.8 million in the quarter, a 40.6% increase over the previous year. We achieved an adjusted net margin of 5.7%, a 0.6 percentage point increase.

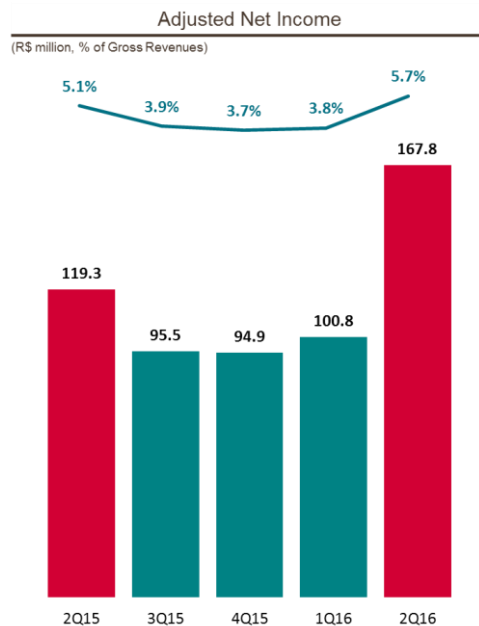
Excluding the benefit from the goodwill amortization, we recorded a reported net income of R\$ 157.1 million, a net margin of 5.4%, which represent an increase of 44.6% when compared to the previous year.

(A free translation of the original in Portuguese)

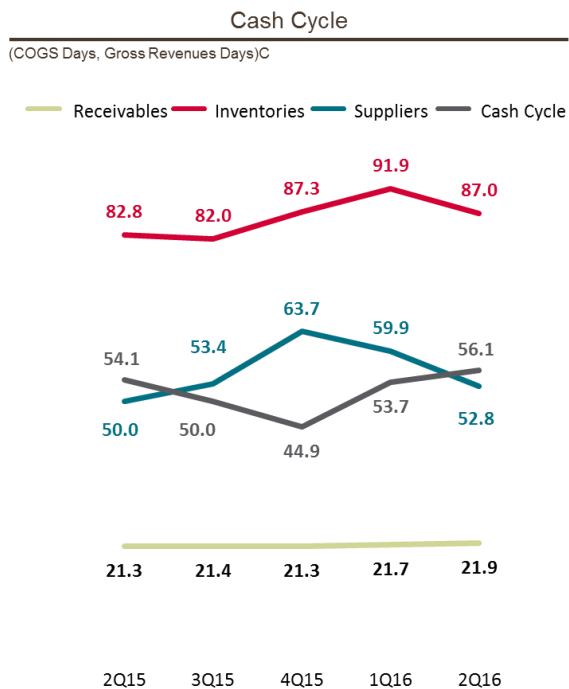
Quarterly Information (ITR) - 6/30/2016 - RAIA DROGASIL S.A.

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated



CASH CYCLE



• Jun/16 receivables was adjusted to reflect discount of R\$ 3.3 million (representing 0,1 day)

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 6/30/2016 - RAI DROGASIL S.A.

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

Our cash cycle increased by 2.0 days when compared to the 2Q15. Inventories increased by 4.2 days, reflecting both a larger forward buying and the opening of our new distribution center in the Northeast, while accounts payable increased by 2.8 days and receivables increased by 0.6 day.

It is important to highlight that we ended the 2Q16 with R\$ 3.3 million in discounted receivables to fulfill our short-term financing needs, which resulted in an artificial decrease of 0.1 day.

CASH FLOW

In the 2Q16, we generated a negative free cash flow of R\$ 1.6 million, and a negative total cash flow of R\$ 79.7 million.

Cash Flow	2Q16	2Q15	6M16	6M15
<i>(R\$ million)</i>				
Adjusted EBIT	238.2	163.3	368.1	263.6
Income Tax (34%)	(81.0)	(55.5)	(125.2)	(89.6)
Tax Shield from Goodwill Amortization	10.7	10.7	21.4	21.4
Depreciation	66.6	55.6	129.5	109.2
Others	20.0	13.3	17.4	0.5
Resources from Operations	254.5	187.4	411.3	305.1
Cash Cycle*	(163.5)	(96.3)	(370.1)	(158.4)
Other Assets (Liabilities)	19.2	28.0	6.5	5.7
Operating Cash Flow	110.2	119.1	47.7	152.4
Investments	(111.8)	(81.4)	(210.7)	(145.8)
Free Cash Flow	(1.6)	37.8	(163.0)	6.7
Interest on Equity	(71.5)	(63.6)	(71.5)	(64.0)
Income Tax Paid over Interest on Equity	(6.6)	(4.6)	(6.6)	(8.8)
Net Financial Expenses	(24.6)	(15.7)	(41.8)	(30.9)
Income Tax (Tax benefit over financial expenses and interest on equity)	24.6	17.4	46.7	43.4
Total Cash Flow	(79.7)	(28.7)	(236.3)	(53.6)

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

** Does not include financing cash flow

Resources from operations amounted to R\$ 254.5 million, equivalent to 9.0% of gross revenue, while we recorded a working capital increase of R\$ 144.3 million, amounting to a positive operating cash flow of R\$ 110.2 million.

Of the R\$ 111.8 million invested in the 2Q16, R\$ 77.8 million corresponded to new store openings, R\$ 16.6 million to the renovation of existing stores, and R\$ 17.4 million to investments in infrastructure.

Net financial expenses totaled R\$ 24.6 million, while R\$ 71.5 million were paid in net interest on equity, with R\$ 6.6 million of taxes retained. These expenses were partially offset by the R\$ 24.6 million tax shield related to the net financial expenses and to the interest on equity accrued in the period that shall be paid at a later date.

We accrued R\$ 47.8 million in interest on equity in the 2Q16, reflecting a payout of 30.4% through the full utilization of the legal interest on equity limit.

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 6/30/2016 - RAIA DROGASIL S.A.

Notes to the Quarterly Information

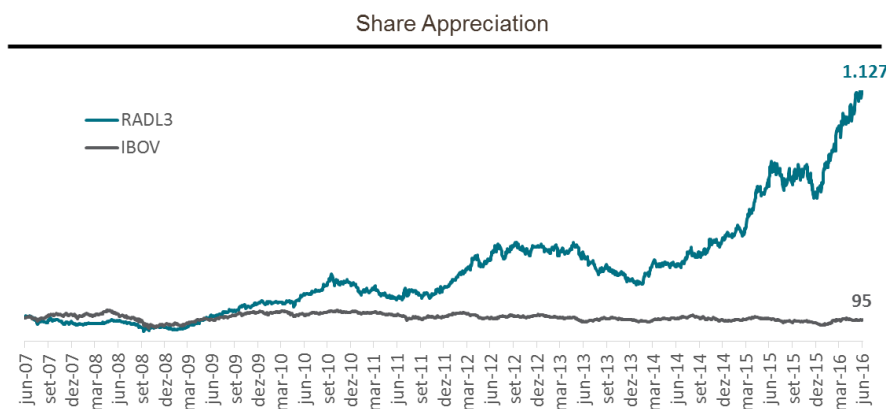
All amounts in thousands of reais unless otherwise stated

INDEBTEDNESS

At the end of the quarter, we recorded a net debt position of R\$ 266.6 million, versus a net debt of R\$ 64.0 million recorded in the same period of 2015.

Our gross debt totaled R\$ 323.1 million, of which 99.3% corresponds to BNDES (Brazilian Economic and Social Development Bank) lines and 0.7% corresponds to the bank debt related to 4Bio. Of our total debt, 65% is long-term, while 35% relates to the short-term parcels of our long-term debt. We ended the quarter with a total cash position (cash and marketable securities) of R\$ 56.5 million.

TOTAL SHAREHOLDER RETURN



Our share price appreciated by 78.0% in 2016, 59.1 percentage points above the Ibovespa, which increased by 18.9%.

Since the IPO of Drogasil, we achieved a cumulative share appreciation of 1,027% versus a negative return of 5.3% of the IBOVESPA. Including the payment of interest on equity, we generated an average annual total return to shareholders of 30.8%.

Considering the IPO of Raia in December of 2010, the cumulative return amounted to 502.7% versus a decrease of 24.2% by the Ibovespa. Considering the payment of interest on equity, this resulted in an average annual total return to shareholders of 38.3%.

We recorded an average daily trading volume of R\$ 56.4 million in the quarter.

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 6/30/2016 - RAIA DROGASIL S.A.

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

Adjusted Income Statement <i>(R\$ thousand)</i>	2Q15	2Q16	6M15	6M16
Gross Revenue	2,323,102	2,930,451	4,413,701	5,571,530
Taxes, Discounts and Returns	(96,900)	(147,240)	(183,507)	(272,892)
Net Revenue	2,226,202	2,783,211	4,230,194	5,298,638
Cost of Goods Sold	(1,523,427)	(1,858,386)	(2,930,854)	(3,616,873)
Gross Profit	702,775	924,825	1,299,340	1,681,765
Operational (Expenses) Revenue				
Sales	(419,952)	(546,842)	(810,113)	(1,048,475)
General and Administrative	(63,913)	(73,172)	(116,440)	(135,640)
Operational Expenses	(483,865)	(620,014)	(926,553)	(1,184,115)
EBITDA	218,910	304,811	372,787	497,650
Depreciation and Amortization	(55,640)	(66,609)	(109,213)	(129,539)
Operational Earnings before Financial Results	163,270	238,201	263,574	368,110
Financial Expenses	(37,060)	(47,918)	(67,022)	(90,747)
Financial Revenue	21,344	23,282	36,129	48,922
Financial Expenses/Revenue	(15,716)	(24,636)	(30,893)	(41,825)
Earnings before Income Tax and Social Charges	147,554	213,565	232,681	326,285
Income Tax and Social Charges	(28,209)	(45,800)	(31,877)	(57,691)
Net Income	119,346	167,766	200,805	268,595

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 6/30/2016 - RAIA DROGASIL S.A.

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

Income Statement <i>(R\$ thousand)</i>	<u>2Q15</u>	<u>2Q16</u>	<u>6M15</u>	<u>6M16</u>
Gross Revenue	2,323,102	2,930,451	4,413,701	5,571,530
Deductions	(96,900)	(147,240)	(183,507)	(272,892)
Net Revenue	2,226,202	2,783,211	4,230,194	5,298,638
Cost of Goods Sold	(1,523,427)	(1,858,386)	(2,930,854)	(3,616,873)
Gross Profit	702,775	924,825	1,299,340	1,681,765
Operational (Expenses) Revenue				
Sales	(419,952)	(546,842)	(810,113)	(1,048,475)
General and Administrative	(63,913)	(73,172)	(116,440)	(135,640)
Operational Expenses	(483,865)	(620,014)	(926,553)	(1,184,115)
EBITDA	218,910	304,811	372,787	497,650
Depreciation and Amortization	(55,640)	(66,609)	(109,213)	(129,539)
Operational Earnings before Financial Results	163,270	238,201	263,574	368,110
Financial Expenses	(37,060)	(47,918)	(67,022)	(90,747)
Financial Revenue	21,344	23,282	36,129	48,922
Financial Expenses/Revenue	(15,716)	(24,636)	(30,893)	(41,825)
Earnings before Income Tax and Social Charges	147,554	213,565	232,681	326,285
Income Tax and Social Charges	(38,907)	(56,498)	(53,273)	(79,087)
Net Income	108,647	157,068	179,408	247,199

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 6/30/2016 - RAIA DROGASIL S.A.

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

Assets	2Q15	2Q16
<i>(R\$ thousand)</i>		
Current Assets		
Cash and Cash Equivalents	211,578	56,496
Accounts Receivable	543,466	702,467
Inventories	1,386,053	1,777,080
Taxes Receivable	48,919	84,579
Other Accounts Receivable	113,169	117,503
Following Fiscal Year Expenses	15,186	20,947
	<u>2,318,371</u>	<u>2,759,072</u>
Non-Current Assets		
Deposit in Court	17,620	23,061
Taxes Receivable	18,292	25,629
Income Tax and Social Charges deferred	177	0
Other Credits	2,119	3,489
Property, Plant and Equipment	691,991	888,662
Intangible	1,122,608	1,161,858
	<u>1,852,807</u>	<u>2,102,699</u>
ASSETS	<u>4,171,178</u>	<u>4,861,771</u>

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 6/30/2016 - RAIÁ DROGASIL S.A.

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

Liabilities and Shareholder's Equity <i>(R\$ thousand)</i>	2Q15	2Q16
Current		
Suppliers	836,549	1,079,108
Loans and Financing	101,856	111,741
Salaries and Social Charges Payable	178,095	209,616
Taxes Payable	41,207	73,495
Dividend and Interest on Equity	58,944	83,318
Provision for Lawsuits	3,899	942
Other Accounts Payable	92,821	108,854
	<u>1,313,371</u>	<u>1,667,074</u>
Non-Current Assets		
Loans and Financing	173,696	211,395
Provision for Lawsuits	3,658	4,928
Income Tax and Social Charges deferred	144,710	173,228
Other Accounts Payable	4,181	37,382
	<u>326,245</u>	<u>426,934</u>
Shareholder's Equity		
Common Stock	909,407	1,808,639
Capital Reserves	1,021,170	136,222
Revaluation Reserve	12,662	12,476
Income Reserves	475,420	665,820
Accrued Income	112,903	149,930
Equity Adjustments	0	(30,230)
Non Controller Interest	0	24,906
Additional Dividend Proposed	0	0
	<u>2,531,562</u>	<u>2,767,763</u>
LIABILITIES AND SHAREHOLDERS' EQUITY	<u>4,171,178</u>	<u>4,861,771</u>

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 6/30/2016 - RAIÁ DROGASIL S.A.

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

Cash Flow	2Q15	2Q16	6M15	6M16
Earnings before Income Tax and Social Charges	147,555	213,565	232,682	326,285
Adjustments				
Depreciation and Amortization	55,640	66,609	109,213	129,539
Compensation plan with restricted shares, net	922	2,962	1,379	4,882
Interest over additional stock option		1,535		3,002
P,P&E and Intangible Assets residual value	1,581	619	1,681	782
Provisioned Lawsuits	(559)	2,587	(2,160)	2,740
Provisioned Inventories Loss	1,870	(1,991)	1,609	(5,587)
Allowance for Doubtful Accounts	605	201	477	852
Provisioned Store Closures	(981)	4,818	(1,313)	4,818
Interest Expenses	7,609	9,224	15,186	18,503
	214,242	300,129	358,754	485,816
Assets and Liabilities variation				
Accounts Receivable	(51,410)	(79,650)	(66,533)	(120,549)
Inventories	66,227	689	(36,690)	(121,039)
Other Short Term Assets	8,164	(6,800)	(18,861)	(36,277)
Long Term Assets	2,445	(2,801)	(4,661)	(7,683)
Suppliers	(111,138)	(84,532)	(55,144)	(128,491)
Salaries and Social Charges	35,135	45,020	35,459	44,209
Taxes Payable	(22,098)	(27,747)	(11,741)	(10,580)
Other Liabilities	2,513	8,138	2,553	12,344
Rent Payable	1,863	3,386	2,982	4,480
Cash from Operations	145,943	155,832	206,118	122,230
Interest Paid	(5,036)	(4,929)	(10,637)	(10,302)
Income Tax and Social Charges Paid	(22,094)	(43,048)	(34,733)	(57,816)
Net Cash from (invested) Operational Activities	118,813	107,855	160,748	54,112
Investment Activities Cash Flow				
P,P&E and Intangible Acquisitions	(81,938)	(112,232)	(146,689)	(211,161)
P,P&E Sale Payments	578	436	911	436
Net Cash from Investment Activities	(81,360)	(111,796)	(145,778)	(210,725)
Financing Activities Cash Flow				
Funding	35,560	52,410	39,865	80,665
Payments	(27,936)	(27,260)	(60,750)	(62,118)
Interest on Equity and Dividends Paid	(63,572)	(71,483)	(63,975)	(71,489)
Net Cash from Funding Activities	(55,948)	(46,333)	(84,860)	(52,942)
Cash and Cash Equivalents net increase	(18,495)	(50,274)	(69,890)	(209,555)
Cash and Cash Equivalents in the beginning of the period	230,073	106,770	281,468	266,051
Cash and Cash Equivalents in the end of the period	211,578	56,496	211,578	56,496

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

1. Operations

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

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

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

The Group performs its sales through 1,330 stores (1,235 stores – Dec-2015), distributed in 18 Brazilian states, as follows:

	Consolidated
	Jun-2016
São Paulo	781
Rio de Janeiro	97
Minas Gerais	85
Paraná	67
Goiás	59
Distrito Federal	52
Rio Grande do Sul	29
Bahia	28
Santa Catarina	27
Espírito Santo	26
Pernambuco	20
Mato Grosso do Sul	17
Mato Grosso	10
Paraíba	9
Sergipe	9
Rio Grande do Norte	7
Alagoas	6
Tocantins	1
	<hr/>
	1,330

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

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

2. Presentation of quarterly information

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

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

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

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

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

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

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

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

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

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

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

a) New and revised accounting standards

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

- (i) IFRS 9 - Financial Instruments (effective from January 1st, 2018): this standard's aim is to replace IAS 39. The main changes include: (i) all financial assets should be initially recognized at fair value; (ii) the standard divides all financial assets into two classifications: those measured at amortized cost and those measured at fair value; and (iii) the concept of embedded derivatives is eliminated. Management considers that the adoption of this standard will not have material effects.
- (ii) IFRS 15 - Revenue from Contracts with Customers (effective from January 1st, 2018): the main objective of IFRS 15 is to provide clear principles for revenue recognition and simplify the preparation of financial statements. Management considers that the adoption of this standard will not have material effects.
- (iii) IFRS 16 - Leases (effective from January 1st, 2019): the new standard requires lessees to recognize the liability of future payments and the right of use of the leased assets for virtually all lease contracts, including operating leases. Certain short-term and low-value contracts may be out of the scope of this new standard. The criteria for recognition and measurement of leases in the financial statements of the lessors are substantially maintained. Management is evaluating the effects of the adoption of this standard.

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

4. Significant accounting practices

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

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

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

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

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

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

Statement of value added	2015 Originally presented	Reclassification	2015 Reclassified
Inputs acquired from third parties	(2,911,744)	88,298	(2,823,446)
Cost of sales and services	(2,733,517)	146,219	(2,587,298)
Materials, energy, outsourced services and other	(177,155)	(57,921)	(235,076)
Net value added generated by the entity	1,261,700	88,298	1,349,998
Distribution of value added	1,296,782	88,298	1,385,080
Taxes and contributions	407,497	146,219	553,716
Federal	196,744	(37,940)	158,804
State	205,014	184,159	389,173
Providers of capital	267,503	(57,921)	209,582
Interest	121,879	(57,921)	63,958

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

6. Cash and cash equivalents

	Parent Company		Consolidated	
	Jun-2016	Dec-2015	Jun-2016	Dec-2015
Cash and banks	36,325	38,541	36,496	38,725
Automatic investment fund	1,106	2,759	1,106	2,759
Bank deposit certificates (CDBs)		60,554		60,554
Debentures held under repurchase agreements	16,979	162,695	18,894	163,810
Capitalization securities (premium bonds)				203
	<u>54,410</u>	<u>264,549</u>	<u>56,496</u>	<u>266,051</u>

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

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

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

7. Trade receivables

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>Jun-2016</u>	<u>Dec-2015</u>	<u>Jun-2016</u>	<u>Dec-2015</u>
Trade receivables	654,168	578,976	704,426	608,741
(-) Provision for impairment of trade receivables	(1,920)	(6,893)	(1,959)	(6,910)
	<u>652,248</u>	<u>572,083</u>	<u>702,467</u>	<u>601,831</u>

The ageing of trade receivables is as follows:

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>Jun-2016</u>	<u>Dec-2015</u>	<u>Jun-2016</u>	<u>Dec-2015</u>
Not yet due	621,273	551,719	668,507	579,379
Overdue				
Between 1 and 30 days	23,717	17,076	26,206	17,720
Between 31 and 60 days	3,060	306	3,542	1,556
Between 61 and 90 days	416	46	469	137
Between 91 and 180 days	575	6,853	575	6,936
Between 181 and 360 days	5,127	2,976	5,127	3,013
Provision for impairment of trade receivables	(1,920)	(6,893)	(1,959)	(6,910)
	<u>652,248</u>	<u>572,083</u>	<u>702,467</u>	<u>601,831</u>

Days sales outstanding are approximately 41 days, which is considered part of the normal conditions inherent in the Company's operations.

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

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>Jun-2016</u>	<u>Dec-2015</u>	<u>Jun-2016</u>	<u>Dec-2015</u>
Opening balance	(6,893)	(1,231)	(6,910)	(1,231)
Additions through business combinations				(128)
Additions	(5,416)	(19,168)	(5,823)	(19,254)
Reversals	10,389	13,506	10,774	13,703
Closing balance	<u>(1,920)</u>	<u>(6,893)</u>	<u>(1,959)</u>	<u>(6,910)</u>

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

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

8. Inventories

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>Jun-2016</u>	<u>Dec-2015</u>	<u>Jun-2016</u>	<u>Dec-2015</u>
Goods for resale	1,767,635	1,653,305	1,791,164	1,670,154
Materials	4,640	4,611	4,640	4,611
Provision for inventory losses	<u>(18,725)</u>	<u>(24,312)</u>	<u>(18,725)</u>	<u>(24,312)</u>
Total inventory	<u>1,753,550</u>	<u>1,633,604</u>	<u>1,777,079</u>	<u>1,650,453</u>

Changes in the provision for goods losses are as follows:

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>Jun-2016</u>	<u>Dec-2015</u>	<u>Jun-2016</u>	<u>Dec-2015</u>
Opening balance	(24,312)	(36,418)	(24,312)	(36,418)
Additions	(1,689)	(10,203)	(1,689)	(10,203)
Reversals	<u>7,276</u>	<u>22,309</u>	<u>7,276</u>	<u>22,309</u>
Closing balance	<u>(18,725)</u>	<u>(24,312)</u>	<u>(18,725)</u>	<u>(24,312)</u>

For the quarter ended June 30, 2016, cost of goods sold recognized in the statement of income was R\$ 1,790,306 (R\$ 1,490,952 – 2nd quarter/15) for the parent company and R\$ 1,858,386 for the consolidated accounts, including the amount of the write-offs of goods inventories recognized as losses for the quarter amounting to R\$ 18,265 (R\$ 21,800 – 2nd quarter/15) for the parent company and R\$ 18,271 for the consolidated accounts.

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

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

9. Taxes recoverable

	Parent Company		Consolidated	
	Jun-2016	Dec-2015	Jun-2016	Dec-2015
Taxes on profit				
Withholding Income Tax (IRRF)	105	1,735	122	1,735
Corporate Income Tax (IRPJ)	214	7,148	1,694	7,350
Social Contribution on Net Profit (CSLL)		923	550	1,097
	<u>319</u>	<u>9,806</u>	<u>2,366</u>	<u>10,182</u>
Other taxes				
Value Added Tax on Sales and Services (ICMS) – credit balance	81,792	48,942	82,041	49,028
ICMS – Refund of ICMS withheld in advance (CAT Ruling 17/99)	171	171	171	171
ICMS on acquisitions of fixed assets	25,068	22,595	25,068	22,595
Social Integration Program (PIS)		27		27
Social Contribution on Revenue (COFINS)		122		122
Social Investment Fund - 1982 - securities issued to cover court-ordered debts	561	561	561	561
	<u>107,592</u>	<u>72,418</u>	<u>107,841</u>	<u>72,504</u>
	<u>107,911</u>	<u>82,224</u>	<u>110,207</u>	<u>82,686</u>
Current assets	<u>(82,282)</u>	<u>(59,068)</u>	<u>(84,578)</u>	<u>(59,530)</u>
Non-current assets	<u>25,629</u>	<u>23,156</u>	<u>25,629</u>	<u>23,156</u>

The ICMS credits amounting to R\$ 81,792 and R\$ 171 (R\$ 48,942 and R\$ 171 – Dec-2015) for the parent company are the result of applying different ICMS rates and of refunds of ICMS-ST (the substitute taxpayer regime) on goods receiving and shipping operations carried out by the Company's distribution centers in the states of São Paulo, Paraná and Pernambuco, in order to supply its branches located in other Brazilian states. There was a higher accumulation of credits from such tax in the first and second quarters of 2016, due to the credit obtained on generic drug inventories in the State of São Paulo, because of the decrease in rate from 18% to 12% and also on several products that are no longer in the substitute taxpayer regime. There was also a specific accumulation of ICMS credit on inventories existing in the Distribution Center recently inaugurated in the State of Pernambuco, credit that will be utilized in the next months due to the supply of the branches in the Northeast Region.

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

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

10. Investments

(a) Business combinations

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

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

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

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

The Agreement also establishes the granting of call and put options for all the remaining shares held by the founding stockholder after January 2021, and the exercise price will be calculated based on the average of the adjusted EBITDA of 4Bio for the years ending December 31, 2018, 2019 and 2020 the fair value of which at June 30, 2016 corresponds to R\$ 34,633 (R\$ 31,632 – Dec-2015).

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

The fair value of the additional stock option of R\$ 34,633 (R\$ 31,632 - Dec-2015) is classified as Level 3 in the fair value hierarchy. The fair value estimates are based on a discount rate of 19.89%, which is the average of EBITDAs projected for the years from 2018 to 2020 and the multiple established by the contract.

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

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

(b) Changes in investments

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

<u>Company name</u>	<u>Main activity</u>	<u>Interest (%)</u>	<u>6/30/2016</u>
4Bio Medicamentos S.A.	Retail of special medicines	55%	27,879

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

	<u>Parent Company</u>
	<u>6/30/2016</u>
At December 31, 2015	23,497
Equity in the results of investees	2,342
Adjustment to purchase price	2,040
At June 30, 2016	<u>27,879</u>

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

	<u>Parent Company</u>
	<u>6/30/2016</u>
Result of 4Bio (for the six-month period ended 6/30/2016)	2,678
Amortization of surplus arising from the business combination	(336)
Adjusted profit of 4Bio	<u>2,342</u>

Adjusted equity	<u>6/30/2016</u>	<u>31/12/2015</u>
Investment at book value (55%)	10,684	8,006
Allocation of the purchase price (surplus of assets)	6,497	7,005
Deferred income tax liability on allocation adjustments	(2,209)	(2,381)
	<u>14,972</u>	<u>12,630</u>
Goodwill based on expected future profitability	12,907	10,867
	<u>27,879</u>	<u>23,497</u>

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

11. Property and equipment and intangible assets

a) Property and equipment

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

	<u>Land</u>	<u>Buildings</u>	<u>Furniture, fittings and facilities</u>	<u>Machinery and equipment</u>	<u>Vehicles</u>	<u>Leasehold improvements</u>	<u>Store renovation and modernization</u>	<u>Total</u>
Cost								
At December 31, 2015	27,440	41,917	383,876	226,323	21,327	608,375	10,939	1,320,197
Additions			62,583	27,921	1,230	98,916		190,650
Disposals and write-offs			(655)	(627)	(843)	(6,628)		(8,753)
Provision for store closures			(1,245)	(704)		(3,950)		(5,899)
At June 30, 2016	<u>27,440</u>	<u>41,917</u>	<u>444,559</u>	<u>252,913</u>	<u>21,714</u>	<u>696,713</u>	<u>10,939</u>	<u>1,496,195</u>
Accumulated depreciation								
Average annual depreciation rates (%)		<u>2.5 – 2.7</u>	<u>7.4 – 10</u>	<u>7.1 – 15.8</u>	<u>20.0 – 23.7</u>	<u>17.0 – 21.6</u>	<u>20.0</u>	
At December 31, 2015		(18,759)	(144,347)	(95,927)	(12,777)	(237,571)	(9,533)	(518,914)
Additions		(557)	(18,446)	(15,887)	(1,835)	(62,424)	(421)	(99,570)
Disposals and write-offs			312	527	513	6,206		7,558
Provision for store closures			268	186		2,148		2,602
At June 30, 2016		<u>(19,316)</u>	<u>(162,213)</u>	<u>(111,101)</u>	<u>(14,099)</u>	<u>(291,641)</u>	<u>(9,954)</u>	<u>(608,324)</u>
Net balance								
At December 31, 2015	<u>27,440</u>	<u>23,158</u>	<u>239,529</u>	<u>130,396</u>	<u>8,550</u>	<u>370,804</u>	<u>1,406</u>	<u>801,283</u>
At June 30, 2016	<u>27,440</u>	<u>22,601</u>	<u>282,346</u>	<u>141,812</u>	<u>7,615</u>	<u>405,072</u>	<u>985</u>	<u>887,871</u>

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

Changes in the consolidated property and equipment are as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Furniture, fittings and facilities</u>	<u>Machinery and equipment</u>	<u>Vehicles</u>	<u>Leasehold improvements</u>	<u>Store renovation and modernization</u>	<u>Total</u>
Cost								
At December 31, 2015	27,440	41,917	384,289	226,815	21,536	608,721	10,939	1,321,657
Additions			62,588	27,996	1,307	98,934		190,825
Disposals and write-offs			(655)	(627)	(843)	(6,629)		(8,754)
Provision for store closures			(1,245)	(704)		(3,950)		(5,899)
At June 30, 2016	<u>27,440</u>	<u>41,917</u>	<u>444,977</u>	<u>253,480</u>	<u>22,000</u>	<u>697,076</u>	<u>10,939</u>	<u>1,497,829</u>
Accumulated depreciation								
Average annual depreciation rates (%)		2.5 – 2.7	7.4 – 10	7.1 – 15.8	20 – 23.7	17 – 21.6	20	
At December 31, 2015		(18,759)	(144,551)	(96,174)	(12,942)	(237,713)	(9,533)	(519,672)
Additions		(557)	(18,473)	(15,922)	(1,842)	(62,441)	(421)	(99,656)
Disposals and write-offs			312	527	513	6,207		7,559
Provision for store closures			268	186		2,148		2,602
At June 30, 2016		<u>(19,316)</u>	<u>(162,444)</u>	<u>(111,383)</u>	<u>(14,271)</u>	<u>(291,799)</u>	<u>(9,954)</u>	<u>(609,167)</u>
Net balance								
At December 31, 2015	<u>27,440</u>	<u>23,158</u>	<u>239,738</u>	<u>130,641</u>	<u>8,594</u>	<u>371,008</u>	<u>1,406</u>	<u>801,985</u>
At June 30, 2016	<u>27,440</u>	<u>22,601</u>	<u>282,533</u>	<u>142,097</u>	<u>7,729</u>	<u>405,277</u>	<u>985</u>	<u>888,662</u>

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

b) Intangible assets

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

	Points of sale	Software license and systems implementation	Goodwill on business acquisition(Vison Ltda)	Goodwill on business acquisition (Raia S.A.)	Trademarks	Customer portfolio	Other intangible assets	Total
Cost								
At December 31, 2015	229,210	100,813	22,275	780,084	151,700	41,700	5,479	1,331,261
Additions	15,266	9,115					172	24,553
Write-offs	(1,848)						(53)	(1,901)
Provision for store closures	(4,415)	(8)						(4,423)
At June 30, 2016	238,213	109,920	22,275	780,084	151,700	41,700	5,598	1,349,490
Accumulated amortization								
Average annual amortization rates (%)	17.0 – 23.4	20	Indefinite useful life	Indefinite useful life	Indefinite useful life	6.7 - 25	20	
At December 31, 2015	(102,951)	(58,706)	(2,387)			(36,717)	(97)	(200,858)
Additions	(22,249)	(6,446)				(230)	(3)	(28,928)
Write-offs	1,641						53	1,694
Provision for store closures	2,899	5						2,904
At June 30, 2016	(120,660)	(65,147)	(2,387)			(36,947)	(47)	(225,188)
Net balance								
At December 31, 2015	126,259	42,107	19,888	780,084	151,700	4,983	5,382	1,130,403
At June 30, 2016	117,553	44,773	19,888	780,084	151,700	4,753	5,551	1,124,302

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

Changes in the consolidated intangible assets are as follows:

	Points of sale	Software license and systems implementation	Goodwill on business acquisition (Vison Ltda)	Goodwill on business acquisition (Raia S.A.)	Goodwill on business acquisition (4BIO)	Raia S.A. brands	4BIO brands	Raia S.A. customer portfolio	4BIO customer portfolio	4BIO distribution channel	Other intangible assets	Total
Cost												
At December 31, 2015	229,210	101,175	22,275	780,084	23,523	151,700	5,069	41,700	7,928	535	5,547	1,368,746
Additions	15,266	9,118			2,040						172	26,596
Disposals and write-offs	(1,849)										(53)	(1,902)
Provision for store closures	(4,415)	(8)										(4,423)
At June 30, 2016	<u>238,212</u>	<u>110,285</u>	<u>22,275</u>	<u>780,084</u>	<u>25,563</u>	<u>151,700</u>	<u>5,069</u>	<u>41,700</u>	<u>7,928</u>	<u>535</u>	<u>5,666</u>	<u>1,389,017</u>
Accumulated amortization												
Average annual amortization rates (%)	17 – 23.4	20	Indefinite useful life	Indefinite useful life	Indefinite useful life	Indefinite useful life	20	6.7 - 25	7	0.3	20	
At December 31, 2015	(102,951)	(58,870)	(2,387)				(253)	(36,717)	(142)	(401)	(153)	(201,874)
Additions	(22,249)	(6,472)					(507)	(230)	(283)	(134)	(9)	(29,884)
Disposals and write-offs	1,641										53	1,694
Provision for store closures	2,899	5										2,904
At June 30, 2016	<u>(120,660)</u>	<u>(65,337)</u>	<u>(2,387)</u>				<u>(760)</u>	<u>(36,947)</u>	<u>(425)</u>	<u>(535)</u>	<u>(109)</u>	<u>(227,160)</u>
Net balance												
At December 31, 2015	<u>126,259</u>	<u>42,305</u>	<u>19,888</u>	<u>780,084</u>	<u>23,523</u>	<u>151,700</u>	<u>4,816</u>	<u>4,983</u>	<u>7,786</u>	<u>134</u>	<u>5,394</u>	<u>1,166,872</u>
At June 30, 2016	<u>117,552</u>	<u>44,948</u>	<u>19,888</u>	<u>780,084</u>	<u>25,563</u>	<u>151,700</u>	<u>4,309</u>	<u>4,753</u>	<u>7,503</u>		<u>5,557</u>	<u>1,161,857</u>

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

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, which was merged into the Company from June 30, 2008.

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

d) Goodwill on acquisition of Raia S.A.

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

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

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

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

12. Borrowing

Borrowing for acquisition of:	Average annual long term interest rate	Parent Company		Consolidated	
		Jun-2016	Dec-2015	Jun-2016	Dec-2015
BNDES - FINEM					
Businesses	IPCA + 7.50% + 1.30% - Dec/2015 p.a.		3,565		3,565
BNDES – Sub-loan					
Businesses	TJLP + 3.11% (+ 3.32% - Dec/2015) p.a.	140,109	138,488	140,109	138,488
Businesses	SELIC + 2.56% (+ 2.69% - Dec/2015) p.a.	85,294	66,169	85,294	66,169
Machinery, equipment and vehicles	Fixed rate 3.04% (3.01% - Dec/2015) p.a.	6,865	9,072	6,865	9,072
Machinery, equipment and vehicles	TJLP + 2.00% (+ 1.79% - Dec/2015) p.a.	3,787	797	3,787	797
Working capital	SELIC + 2.87% (+ 3.10% - Dec/2015) p.a.	70,211	60,449	70,211	60,449
Machinery, equipment and vehicles	PSI + 8,58% (+8.36% - Dec/2015) p.a.	9,282	8,653	9,282	8,653
Other		5,210	2,492	5,210	2,492
Borrowing					
Other				2,379	6,703
		<u>320,758</u>	<u>289,685</u>	<u>323,137</u>	<u>296,388</u>
Current liabilities		<u>(109,363)</u>	<u>(102,266)</u>	<u>(111,742)</u>	<u>(108,192)</u>
Non-current liabilities		<u>211,395</u>	<u>187,419</u>	<u>211,395</u>	<u>188,196</u>

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

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

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

Part of the Company's borrowing from BNDES has been taken out in the form of sub-loans, totaling R\$ 320,758 (R\$ 286,120 - Dec/2015), subject to the following restrictive covenants:

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

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

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

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

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

Non-current amounts mature as follow:

	<u>Parent Company</u>	<u>Consolidated</u>
	<u>Jun-2016</u>	<u>Jun-2016</u>
2017	49,295	49,295
2018	78,857	78,857
2019	54,455	54,455
2020	22,594	22,594
2021 and thereafter	6,194	6,194
	<u>211,395</u>	<u>211,395</u>

13.Provision for contingencies and judicial deposits

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

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

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>Jun-2016</u>	<u>Dec-2015</u>	<u>Jun-2016</u>	<u>Dec-2015</u>
Labor and social security	12,712	10,024	12,712	10,024
Tax	547	514	547	514
Civil	346	294	346	326
	<u>13,605</u>	<u>10,832</u>	<u>13,605</u>	<u>10,864</u>
(-)Corresponding judicial deposits	<u>(7,734)</u>	<u>(4,166)</u>	<u>(7,734)</u>	<u>(4,166)</u>
Total	<u>5,871</u>	<u>6,666</u>	<u>5,871</u>	<u>6,698</u>
Current liabilities	(942)	(3,346)	(942)	(3,346)
Non-current liabilities	4,929	3,320	4,929	3,352

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

Changes in the provision are as follows:

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>Jun-2016</u>	<u>Dec-2015</u>	<u>Jun-2016</u>	<u>Dec-2015</u>
Opening balance	6,666	9,312	6,698	9,312
Additions	6,350	9,679	6,350	9,711
Write-offs	(3,058)	(12,613)	(3,058)	(12,613)
Revaluation of amounts	(1,369)	(3,354)	(1,401)	(3,354)
Monetary restatement	850	2,642	850	2,642
Defense and appeal related deposits	(3,568)	1,000	(3,568)	1,000
Closing balance	<u>5,871</u>	<u>6,666</u>	<u>5,871</u>	<u>6,698</u>

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

Possible losses

At June 30, 2016 and December 31, 2015, the Group was party to legal proceedings of a tax, civil and labor nature, the likelihood of loss in which is estimated as possible by management and its legal advisors, amounting to R\$ 88,234 (R\$ 114,388 – Dec/2015) for the parent company and R\$ 88,234 for the consolidated accounts.

Judicial deposits

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

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>Jun-2016</u>	<u>Dec-2015</u>	<u>Jun-2016</u>	<u>Dec-2015</u>
Labor and social security	14,104	13,048	14,104	13,048
Tax	5,751	3,343	5,751	3,343
Civil	3,206	2,339	3,206	2,339
Total	<u>23,061</u>	<u>18,730</u>	<u>23,061</u>	<u>18,730</u>

Labor contingencies

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

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

Tax contingencies

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

Civil contingencies

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

14. Income tax and social contribution

(a) Income tax and social contribution paid

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

	<u>Parent Company</u>	<u>Consolidated</u>	
	<u>2nd Quart- 2016</u>	<u>2nd Quart- 2015</u>	
		<u>2nd Quart- 2016</u>	
Profit before income tax and social contribution	209,722	146,916	213,565
Interest on capital	<u>(47,800)</u>	<u>(35,600)</u>	<u>(47,800)</u>
Taxable profit	<u>161,922</u>	<u>111,316</u>	<u>165,765</u>
Combined tax rate (25% for income tax and 9% for social contribution)	<u>34</u>	<u>34</u>	<u>34</u>
Theoretical tax expense	<u>(55,053)</u>	<u>(37,847)</u>	<u>(56,360)</u>
Permanent additions	(1,168)	(1,466)	(1,178)
Equity in the results of investees	742		
Reduction of taxes due to incentives	1,009	612	1,009
Other	<u>29</u>	<u>11</u>	<u>31</u>
Effective income tax and social contribution expense	<u>(54,441)</u>	<u>(38,690)</u>	<u>(56,498)</u>
Effective tax rate	26.0%	26.3%	26.5%

(b) Deferred income tax and social contribution

Deferred income tax and social contribution assets amounting to R\$ 61,279 at June 30, 2016 (R\$ 48,832 – Dec-2015) for the parent company and R\$61,582 at June 30, 2016 (R\$ 49,006 – Dec/2015) in the consolidated accounts arose from temporarily non-deductible expenses that may be carried forward indefinitely, with estimated realization as disclosed in item (c) below.

Deferred income tax and social contribution liabilities amounting to R\$ 230,794 at June 30, 2016 (R\$ 210,658 – Dec-2015) for the parent company and R\$ 234,810 at June 30, 2016 (214,987 - Dec-2015) in the consolidated accounts relate to tax charges on the remaining balances of: (i) the revaluation reserve; and (ii) goodwill on future profitability.

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

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

	Balance sheet				Statement of income		
	Parent Company		Consolidated		Parent Company		Consolidated
	Jun-2016	Dec-2015	Jun-2016	Dec-2015	2 nd Quart-2016	2 nd Quart-2015	2 nd Quart-2016
Revaluation at fair value of land and buildings	(7,210)	(7,258)	(7,210)	(7,258)			
Tax amortization of the goodwill on future profitability	(162,316)	(140,869)	(162,316)	(140,869)	(21,447)	(10,707)	(21,447)
Non-deductible intangible assets - merger of Raia S.A.	(61,268)	(62,531)	(61,268)	(62,531)	1,263	1,370	1,263
Non-deductible intangible assets - acquisition of 4Bio			(4,016)	(4,329)			314
Goodwill on profitability of Drogaria Vison Ltda.	365	365	365	365			
Tax losses to be offset against future taxable profits						(3,348)	
Adjustments of transition tax regime – RTT						(4)	
Adjustment to present value	1,384	2,308	1,493	2,363	(924)	363	(870)
Provision for inventory obsolescence	26,724	21,838	26,724	21,838	4,886	2,214	4,886
Provision for sundry obligations	7,592	2,691	7,656	2,705	4,901	2,226	4,951
Provision for sundry obligations	7,373	9,532	7,490	9,620	(2,159)	2,971	(2,130)
Provision for contingencies	4,625	3,683	4,625	3,694	942	(186)	931
Provision for impairment of trade receivables	2,141	1,859	2,154	1,865	282	206	289
Provision for commercial leases (renewal action)	1,974	1,667	1,974	1,667	307	48	307
Provision for customer loyalty programs	2,482	1,871	2,482	1,871	611	126	611
Provision for store closures	2,398	760	2,398	760	1,638	(334)	1,638
Provision for stock option plan	3,259	1,437	3,259	1,437	1,822	314	1,822
Provision for internal campaigns	731	116	731	116	615	(209)	615
Sundry provision	231	705	231	705	(474)	253	(474)
Deferred income tax and social contribution expense (credit)					<u>(7,737)</u>	<u>(4,697)</u>	<u>(7,294)</u>
Deferred tax assets (liabilities), net	<u>(169,515)</u>	<u>(161,826)</u>	<u>(173,228)</u>	<u>(165,981)</u>			
Reflected in the balance sheet as follows:							
Deferred tax liability	<u>(169,515)</u>	<u>(161,826)</u>	<u>(173,228)</u>	<u>(165,981)</u>			
Deferred tax assets (liabilities), net	<u>(169,515)</u>	<u>(161,826)</u>	<u>(173,228)</u>	<u>(165,981)</u>			
Reconciliation of deferred tax assets (liabilities), net	Jun-2016	Dec-2015	Jun-2016	Dec-2015			
Opening balance	(161,826)	(125,946)	(161,652)	(125,946)			
Additions through business combinations				(4,622)			
Taxable revenue recognized in the income statement	(7,737)	(35,976)	(11,624)	(35,509)			
Realization of deferred tax recognized in equity	48	96	48	96			
Closing balance	<u>(169,515)</u>	<u>(161,826)</u>	<u>(173,228)</u>	<u>(165,981)</u>			

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

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

The projections of future taxable profits are based on estimates relating to the Group's performance, the behavior of the market in which the Group operates and certain economic aspects, among other factors. Actual amounts may differ from these estimates. According to projections, the tax credit amounting to R\$61,297 in the parent company and R\$ 61,582 in the consolidated accounts will be substantially realized by the end of December 2016.

15.Earnings per share

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

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

	Parent Company		Consolidated
	2nd Quart- 2016	2nd Quart- 2015	2nd Quart- 2016
Basic			
Profit for the period	155,281	108,225	157,067
Weighted average number of common shares	329,679	329,286	329,679
Basic earnings per share - R\$	0.47101	0.32867	0.47642
Dilute			
Profit for the period	155,281	108,225	157,067
Weighted average number of common shares	329,679	329,286	329,679
Weighted average number of common shares adjusted for dilution effect	329,679	329,286	329,679
Diluted earnings per share - R\$	0.47101	0.32867	0.47642

16.Equity

(a) Share capital

At June 30, 2016, the fully paid-up capital amounted to R\$ 1,808,639 (R\$ 1,808,639 – Dec-2015), represented by 330,386,000 common registered book-entry shares with no par value, of which 198,857,666 shares were outstanding (198,520,879 ordinary shares – Dec-2015).

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

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

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

	<u>Shares outstanding</u>
At December 31, 2015	198,520,879
(Purchase)/sale of restricted shares, net	<u>336,787</u>
At June 30, 2016	<u>198,857,666</u>

At June 30, 2016, the Company's common shares were quoted at R\$ 63.14 (closing quote) (R\$ 35.48 at December 31, 2015).

(b) Treasury shares

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

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

At June 30, 2016, the market value of the treasury shares, having as reference the quotation of R\$ 63.14 per share at that date, corresponds to R\$ 66,239.

(c) Restricted share plan

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

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

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

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

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

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

The changes of the restricted shares are summarized below:

	Jun-2016		Dec-2015	
	Shares	Amount	Shares	Amount
Opening balance	193,640	4,225	45,961	754
Granted shares for the period / year	108,547	6,543	147,679	3,471
	302,187	10,768	193,640	4,225
Value of the shares at the delivery date	(50,914)	(3,231)		
Negative goodwill on delivery of shares		2,048		
Negative goodwill on delivery of shares	(50,914)	(1,183)		
Closing balance	251,273	9,585	193,640	4,225

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

17. Net sales revenue

	Parent Company		Consolidated
	2nd Quart-2016	2nd Quart-2015	2nd Quart-2016
Gross sales revenue			
Sales revenue	2,837,788	2,278,229	2,927,222
Service revenue	3,188	2,948	3,229
	2,840,976	2,281,177	2,930,451
Taxes on sales	(103,160)	(66,767)	(107,198)
Returns, rebates and other	(37,714)	(27,550)	(40,042)
Net sales revenue	2,700,102	2,186,860	2,783,211

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

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

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

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

	<u>Parent Company</u>	<u>Consolidated</u>	
	<u>2nd Quart- 2016</u>	<u>2nd Quart- 2015</u>	
		<u>2nd Quart- 2016</u>	
Cost of sales	(1,790,306)	(1,490,952)	(1,858,386)
Personnel expenses	(349,761)	(277,033)	(353,675)
Service provider expenses	(29,731)	(25,379)	(29,918)
Depreciation and amortization	(66,153)	(55,603)	(66,609)
Other (i)	(232,984)	(176,305)	(236,422)
	<u>(2,468,935)</u>	<u>(2,025,272)</u>	<u>(2,545,010)</u>

Classified in the statement of income as:

	<u>2nd Quart- 2016</u>	<u>2nd Quart- 2015</u>	<u>2nd Quart- 2016</u>
Cost of sales	(1,790,306)	(1,490,952)	(1,858,386)
Selling expenses	(541,631)	(416,189)	(546,843)
General and administrative expenses	(70,845)	(62,528)	(73,172)
Depreciation and amortization (ii)	(66,153)	(55,603)	(66,609)
	<u>(2,468,935)</u>	<u>(2,025,272)</u>	<u>(2,545,010)</u>

- (i) These refer mostly to property rental expenses, credit and debit card management charges, transportation expenses, the maintenance of assets, utilities bills, consumables and condominium fees.
- (ii) Depreciation and amortization totaled R\$ 66,153 in the second quarter of 2016 (R\$ 55,603 – 2nd Quart-2015), of which R\$ 58,328 (R\$ 45,982 – 2nd Quart-2015) correspond to the sales area, and R\$ 7,825 (R\$ 9,621 – 2nd Quart-2015) to the administrative area.

19. Finance income and costs

(a) Finance income

	<u>Parent Company</u>	<u>Consolidated</u>	
	<u>2nd Quart-2016</u>	<u>2nd Quart-2015</u>	
		<u>2nd Quart-2016</u>	
Discounts obtained	311	171	314
Short-term investment yields	1,171	6,091	1,171
Interest on intercompany loans	473		
Monetary gains	509	705	523
Other finance income	1	12	35
Taxes thereon (PIS/COFINS)	(115)		(115)
Present Value Adjustment (PVA) - finance income	<u>20,072</u>	<u>13,841</u>	<u>21,354</u>
Total finance income	<u>22,422</u>	<u>20,820</u>	<u>23,282</u>

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

(b) Finance costs

	Parent Company		Consolidated	
	2nd Quart-2016	2nd Quart-2015	2nd Quart-2016	2nd Quart-2015
Discounts granted to customers	(409)	(92)	(519)	
Interest, charges and bank fees	(355)	(379)	(507)	
Charges on borrowings	(8,995)	(7,400)	(9,281)	
Monetary losses	(2,451)	(4,295)	(2,611)	
Interest on additional stock option	(1,534)		(1,534)	
PVA - finance costs	(32,306)	(23,326)	(33,466)	
Total finance costs	(46,050)	(35,492)	(47,918)	
Finance results	(23,628)	(14,672)	(24,636)	

20. Guarantees for lawsuits

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

	Parent Company		Consolidated	
	Jun-2016	Dec-2015	Jun-2016	Dec-2015
Furniture and facilities	35	37	35	37
Machinery and equipment	84	85	84	85
	119	122	119	122

21. Lease agreement commitments

The Company and its subsidiary have lease agreements with terms ranging from one to 20 years. Annual lease expenses vary depending on the number of agreements entered into or terminated. Total monthly expenses on these lease agreements (including rental, condominium fees and real estate tax amounted to R\$ 33,555 (R\$ 31,099 – Dec-2015) for the parent company and R\$ 33,660 (R\$ 31,275 - Dec-2015) for the consolidated accounts.

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

	Parent Company		Consolidated	
	Jun-2016	Dec-2015	Jun-2016	Dec-2015
From one to 12 months	336,344	306,669	336,603	307,046
From 13 to 60 months	819,876	764,191	820,429	764,847
Over 60 months	241,177	225,582	241,177	225,582
	1,397,397	1,296,442	1,398,209	1,297,475

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

22. Financial instruments and risk management policy

Financial instruments by category

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>Jun-2016</u>	<u>Dec-2015</u>	<u>Jun-2016</u>	<u>Dec-2015</u>
Assets as per balance sheet				
<u>Loans and receivables</u>				
Cash and cash equivalents (Note 6)	54,410	264,549	56,496	266,051
Trade receivables (Note 7)	652,248	572,083	702,467	601,831
Other receivables	131,981	98,040	117,504	98,261
Judicial deposits (Note 13)	23,061	18,730	23,061	18,730
	<u>861,700</u>	<u>953,402</u>	<u>899,528</u>	<u>984,873</u>
Total assets	<u>861,700</u>	<u>953,402</u>	<u>899,528</u>	<u>984,873</u>
Liabilities as per balance sheet				
<u>Liabilities at fair value through profit or loss</u>				
Additional stock option (Note 10)	34,633	31,632	34,633	31,632
	<u>34,633</u>	<u>31,632</u>	<u>34,633</u>	<u>31,632</u>
<u>Other financial liabilities</u>				
Trade payables	1,043,040	1,177,928	1,079,108	1,203,382
Borrowings (Note 12)	320,758	289,685	323,137	296,388
Other payables	145,486	123,316	146,234	124,265
	<u>1,509,284</u>	<u>1,590,929</u>	<u>1,548,479</u>	<u>1,624,035</u>
Total liabilities	<u>1,543,917</u>	<u>1,622,561</u>	<u>1,583,112</u>	<u>1,655,667</u>

Financial risk management

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

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

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

(a) Market risk

Foreign exchange risk

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

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

(b) Credit risk

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

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

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

(c) Liquidity risk

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

(d) Sensitivity analysis

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

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

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

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

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

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

(e) Capital management

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

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

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

	Parent Company		Consolidated	
	Jun-2016	Dec-2015	Jun-2016	Dec-2015
Short - and long-term borrowings	320,758	289,685	323,137	296,388
(-) Cash and cash equivalents	(54,410)	(264,549)	(56,496)	(266,051)
Net debt	266,348	25,136	266,641	30,337
Equity attributable to the stockholders of the parent company	2,742,858	2,633,809	2,742,858	2,633,809
Noncontrolling interest			24,906	22,989
Total equity	2,742,858	2,633,809	2,767,764	2,656,798
Gearing ratio	9.71	0.95	9.63	1.14

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

(f) Fair value estimation

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

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

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

	Parent company and consolidated
	Additional stock options
Opening balance	
Acquisition of 4Bio	31,632
Expenses recognized in the statement of income:	<u>3,001</u>
Closing balance	<u>34,633</u>
Total expenses for the period recognized in the statement of income	<u><u>3,001</u></u>
Changes in unrealized expenses for the period included in the statement of income	<u><u>3,001</u></u>

23. Derivative financial instruments

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

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

24. Transactions with related parties

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

	Relationship	Parent Company		Consolidated		Parent Company		Consolidated
		Current assets				Revenues		
		Jun-2016	Dec-2015	Jun-2016	Dec-2015	2 nd Quart-2016	2 nd Quart-2015	2 nd Quart-2016
Receivables								
Special plans (i)								
Regimar Comercial S.A.	Stockholder/Family	17	12	17	12	36	21	36
Heliomar S.A.	Stockholder/Board Member	1	2	1	2	4	2	4
Rodrigo Wright Pipponzi (Editora Mol Ltda.)	Stockholder/Family		1		1	1		1
		18	15	18	15	41	23	41
Other receivables								
Commercial agreements								
Natura Cosméticos S.A. (iv)	Stockholder / Related party	28		28		39		39
Loan receivable								
4Bio Medicamentos S.A. (v)	Subsidiary	14,537				473		
		14,565		28		512		39
		14,583	15	46	15	553	23	80

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

	Relationship	Parent Company		Consolidated		Parent Company		Consolidated
		Current liabilities				Expenses		
		Jun-2016	Dec-2015	Jun-2016	Dec-2015	2 nd Quart-2016	2 nd Quart-2015	2 nd Quart-2016
Payables								
Rentals (ii)								
Heliomar S.A.	Stockholder/Board Member	17	19	17	19	53	49	53
Antonio Carlos Pipponzi	Stockholder/Board Member	7	6	7	6	21	19	21
Rosalia Pipponzi Raia	Stockholder/Board Member	7	6	7	6	21	19	21
Estate of Franco Maria David	Stockholder/Board Member							
Pietro Pipponzi		7	6	7	6	21	19	21
		<u>38</u>	<u>37</u>	<u>38</u>	<u>37</u>	<u>116</u>	<u>106</u>	<u>116</u>
Service providers								
Zurcher, Ribeiro Filho, Pires	Stockholder/Family							
Oliveira Dias e Freire Advogados (ii)			1		1	1,521	1,087	1,521
Rodrigo Wright Pipponzi (Editora Mol Ltda.) (iii)	Stockholder/Family	790	702	790	702	2,024	798	2,024
		<u>790</u>	<u>703</u>	<u>790</u>	<u>703</u>	<u>3,545</u>	<u>1,885</u>	<u>3,545</u>
Suppliers								
Natura Cosméticos S.A. (iv)	Stockholder / Related party	1,195		1,195		1,776		1,776
		<u>1,195</u>		<u>1,195</u>		<u>1,776</u>		<u>1,776</u>
		<u>2,023</u>	<u>740</u>	<u>2,023</u>	<u>740</u>	<u>5,437</u>	<u>1,991</u>	<u>5,437</u>

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

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

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

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

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

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

(b) Key management compensation

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

	Parent Company	Consolidated
	2nd Quart- 2016	2nd Quart- 2015
Fees and social charges	3,482	1,491
Bonuses and social charges	4,817	4,772
	8,299	6,263
	8,299	8,745

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

25. Insurance coverage

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

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

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>Jun-2016</u>	<u>Dec-2015</u>	<u>Jun-2016</u>	<u>Dec-2015</u>
Inventory loss risks	147,372	117,363	163,428	118,799
Permanent assets	191,840	157,637	196,938	158,637
Loss of profits	171,500	142,500	195,679	142,500
Civil liability risks	<u>27,150</u>	<u>23,175</u>	<u>27,150</u>	<u>23,175</u>
	<u>537,862</u>	<u>440,675</u>	<u>583,195</u>	<u>443,111</u>

26. Non-cash transactions

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

- (i) the adjustment of the purchase price through shares to be transferred for the acquisition of 4Bio (Note 10);
- (ii) part of the remuneration of key management personnel (Note 24); and
- (iii) the installment purchase of property and equipment items in the amount of R\$ 15,822 (R\$ 11,604 – Dec-2015).

Comment on the Behavior of Business Projections

In this section, in accordance with CVM Instruction No. 480/09, we compare the projections of store openings for 2016 and 2017, which we disclosed to the market through a Significant Event Notice on July 28, 2016, with the data on the store openings every quarter, through the end of the current quarter.

YEAR	PRIOR PROJECTION	CURRENT PROJECTION	ACTUAL YTD¹
2016	165 store openings	200 store openings	97 store openings
2017	195 store openings	200 store openings	

¹ YTD 6/30/2016

Due to the increase in the number of contracts signed in the last 12 months supporting the acceleration of pace of store openings, we have reviewed the prior projection of store openings, 165 in 2016 and 195 in 2017, to 200 store openings every year, according to the significant event notice disclosed on July 28, 2016. Through June 30, 2016, the Company had opened 97 stores.

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 6/30/2016 - RAIA DROGASIL S.A.

Reports and Statements / Report on Special Review – Without Exceptions

Report on review of quarterly information

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

Introduction

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

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

Scope of review

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

Conclusion on the interim information

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

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 6/30/2016 - RAIA DROGASIL S.A.

Other matters

Statements of value added

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

São Paulo, July 28, 2016

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Renato Barbosa Postal
Contador CRC 1SP187382/O-0

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 6/30/2016 - RAIA DROGASIL S.A.

Opinions and Representations / Opinion of Supervisory Board or Equivalent Body

To the Board of Directors and Stockholders

Raia Drogasil S.A.

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

São Paulo, July 28, 2016.

Gilberto Lério
Supervisory Board member

Fernando Carvalho Braga
Supervisory Board member

Mário Antonio Luiz Corrêa
Supervisory Board member

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 6/30/2016 - RAIA DROGASIL S.A.

Opinions and Representations / Officers' Representation on Financial Statements

RAIA DROGASIL S.A.

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

São Paulo, July 28, 2016.

Marcilio D'Amico Pousada
Chief Executive Officer

Antonio Carlos Coelho
Officer

Antonio Carlos de Freitas
Officer

Eugênio De Zagottis
Officer

Fernando Kozel Varela
Officer

Marcello De Zagottis
Officer

Renato Cepollina Raduan
Officer

Maria Susana de Souza
Officer

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

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 6/30/2016 - RAIÁ DROGASIL S.A.

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

RAIA DROGASIL S.A.

In accordance with article 25, paragraph 1st, items V and VI, of CVM Instruction 480/09, the Company's officers represent that they have reviewed, discussed and agree with the opinions expressed in the Independent Auditor's Report on Special Review without exceptions referring to the Quarterly Information (ITR) for the quarter ended June 30, 2016.

São Paulo, July 28, 2016.

Marcilio D'Amico Pousada
Chief Executive Officer

Antonio Carlos Coelho
Officer

Antonio Carlos de Freitas
Officer

Eugênio De Zagottis
Officer

Fernando Kozel Varela
Officer

Marcello De Zagottis
Officer

Renato Cepollina Raduan
Officer

Maria Susana de Souza
Officer

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

(A free translation of the original in Portuguese)

Quarterly Information (ITR) - 6/30/2016 - RAIA DROGASIL S.A.

Reasons for Restatement

Version	Description
2	Restatement in compliance with Official Letter No. 270/2016-CVM/SEP/GEA-2 – disclosure of projections.