

Hypera S.A.
Quarterly information report
March 31, 2019

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Hypera Pharma reports EBITDA and Net Income from Continuing Operations growth of 10.7% and 9.5%, respectively

São Paulo, April 26, 2019 – Hypera S.A. (“Hypera Pharma” or “Company”; B3: HYPE3; Reuters: HYPE3.SA; Bloomberg: HYPE3 BZ; ISIN: BRHYPEACNOR0; ADR: HYPMY) announces its financial results for the first quarter of 2019. Financial data disclosed here are taken from the consolidated quarterly financial statements of Hypera S.A., prepared in accordance with the Brazilian Accounting Pronouncement Committee (CPC) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Highlights

- Sell-out¹ growth of 5.9%, speeding up the average growth to 8.4% from February/19
- EBITDA from Continuing Operations of R\$401.4 million, or 10.7% above 1Q18
- Net Income from Continuing Operations of R\$330.8 million, with 9.5% growth over 1Q18
- Interest on Capital approval of R\$161.0 million, or R\$0.25 per share

Table 1

(R\$ million)	1Q18	% NR	1Q19	% NR	Δ %
Net Revenue	927.9	100.0%	383.6	100.0%	-58.7%
Gross Profit	689.7	74.3%	185.9	48.5%	-73.1%
Marketing Expenses	(180.8)	-19.5%	(159.6)	-41.6%	-11.7%
Selling Expenses	(120.7)	-13.0%	(124.3)	-32.4%	3.0%
General and Administrative Expenses	(46.4)	-5.0%	(52.0)	-13.6%	12.0%
Other Operational Net Expenses	1.1	0.1%	521.9	136.1%	46250.1%
Equity in Subsidiaries	0.0	0.0%	(0.4)	-0.1%	na
EBIT from Continuing Operations	342.9	37.0%	371.4	96.8%	8.3%
Net Financial Expenses	1.1	0.1%	(1.8)	-0.5%	-
Income Tax and CSLL	(41.8)	-4.5%	(38.8)	-10.1%	-7.2%
Net Income (Loss) from Continuing Operations	302.2	32.6%	330.8	86.2%	9.5%
Net Income from Discontinued Operations	(2.4)	-0.3%	(9.6)	-2.5%	299.0%
Net Income (Loss)	299.8	32.3%	321.2	83.7%	7.1%
EBITDA from Continuing Operations	362.7	39.1%	401.4	104.6%	10.7%

⁽¹⁾ Sell out PPP (Pharmacy Purchase Price), as per IQVIA, considers the drug stores and big retailers average purchase price



Operating Scenario

As mentioned on the last conference call, the Company's working capital optimization was one of the priorities for 2019, mainly due to the investments in the operation over the last years, which brought significant improvements to the factory and to the products delivery lead time, and the recent increase of coverage by the merchandising team that serves the point of sales of medium and big chains.

With these improvements, the Company is able to reach the same service level with a lower investment in the branded products working capital. Thus, sales in Branded Prescription and Consumer Health were reduced in the quarter in order to decrease the inventory level of these products at the clients and, as a consequence, reduce the receivables term, which will positively contribute to the operational cash flow and to a more efficient capital allocation in the factory expansion and in the innovation projects in the medium and long term.

Hypera Pharma decided to reduce the investment in working capital in 1Q19 due to the booking of the tax credit related to the favorable ruling over the exclusion of ICMS (State Tax) from the calculation basis of PIS/COFINS (Federal Tax), that amounted R\$546.4 million, which preserved both EBITDA and Net Income from Continuing Operations, which grew 10.7% and 9.5%, respectively. The 1Q19 ROIC (Return on Invested Capital) reached 19.3%, or 0.4 percentage points higher than 4Q18.

With the working capital optimization, the Company starts to operate with a lower inventory level at its clients, generating several operational and financial benefits, such as: the higher assertiveness in sales projection and production planning, the more agile product delivery process and the better placement of the launches, which success is essential for the Company's long term sustainable growth.

With the conclusion of the working capital optimization, Hypera Pharma starts to concentrate its efforts on sell-out growth, without losing sight of the maintenance of the new inventory level in its clients. These variables start to compose the variable remuneration targets for the main executives of the Company this year.

In the quarter, Hypera Pharma's sell-out¹, according to IQVIA, grew 5.9% over 1Q18, with February and March being the highlights of the quarter with an average growth of 8.4%. The pharmaceutical retail market growth was 8.8%² in 1Q19.

The growth acceleration in the Company's sell-out on the second half of the quarter was mainly boosted by the investments in marketing and at the point of sales, as well as by the initial positive results from the increase of coverage by the merchandising team that serves the point of sales of medium and big chains.

The Company reinforces that it will continue with its bold investments plan to foster the sell-out growth throughout the year, which combined to the launches performance, should benefit the demand generation and the Company's net revenue, that from 2Q19 onwards will have a performance closer to the sell-out.

The operational cash flow and the increase in the net cash position allowed the Company to keep distributing capital to its shareholders through Interest on Capital (IOC). In 1Q19, the Company distributed R\$612.0 million on IOC related to the fiscal year of 2018, and the Board of Directors also approved the distribution of approximately R\$161.0 million, or around R\$0.25 per share, to be paid until January 31, 2020.

In the last general meeting held on April 24, the Company promoted some changes in its Board of Directors with the election of Dr. Flair Carrilho, head of the Department of Gastroenterology at *Instituto Central do Hospital das Clínicas*,

(1) Sell out PPP (Pharmacy Purchase Price), as per IQVIA, considers the drug stores and big retailers average purchase price

(2) According to IQVIA, excluding the infant formula segment

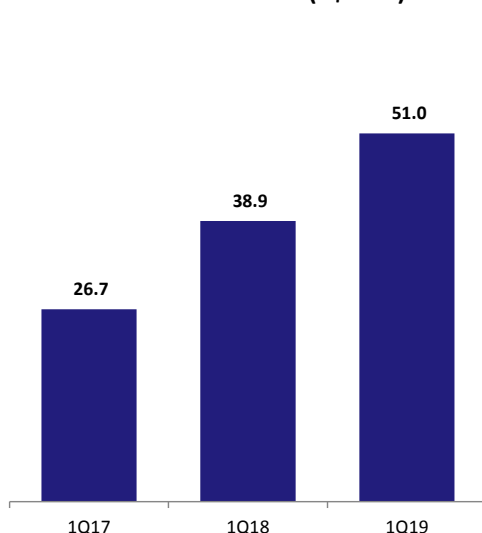


and Hugo Leal, lawyer and partner of *Cescon, Barrieu, Flesch & Barreto Sociedade de Advogados*, as members of the board. The same meeting also approved the election of Álvaro Stainfeld, member of the Board of Directors since 2014, to the position of Chairman.

In April 26, the Board of Directors approved the election of Adalmario Couto, Investor Relations Officer and Business Development Officer, to the position of CFO of the Company. Thereby, he will also lead the accounting and finance areas, which were previously led by Vivian Angiolucci, which will now dedicate even more time to the Company's strategic planning and projects. Furthermore, Luiz Clavis, Commercial and Marketing Vice President since 2018, became a statutory officer of the Company.

Innovation & Launches

R&D* Investments (R\$ mm)



Total investments in innovation, research and development, including the amount capitalized as intangible assets, grew 31.2% in 1Q19, and the innovation index, corresponding to the percentage of Net Revenue from products launched in the last five years, was 28%.

In the quarter, Hypera Pharma launched 9 products, and the highlights were Fluviral Dia and Fluviral Noite, brand extensions of the anti-flu Fluviral, to accelerate the sell-out growth in the anti-flu market.

The Company also launched the analgesic Atroveran Dip, which composes the line of products of Atroveran brand. Atroveran Dip has dipyrone as active pharmaceutical ingredient and starts to participate in a market of more than R\$2.5 billion in Brazil.



* It considers R&D expenses and the amount of capitalized as intangible assets. Excludes the Lei do Bem benefit and R&D amortization in the period.



Earnings Discussion

Income Statement

The following table is a summary of Hypera Pharma's Income Statement:

Table 2

(R\$ million)	1Q18	% NR	1Q19	% NR	Δ %
Net Revenue	927.9	100.0%	383.6	100.0%	-58.7%
Gross Profit	689.7	74.3%	185.9	48.5%	-73.1%
Marketing Expenses	(180.8)	-19.5%	(159.6)	-41.6%	-11.7%
Selling Expenses	(120.7)	-13.0%	(124.3)	-32.4%	3.0%
General and Administrative Expenses	(46.4)	-5.0%	(52.0)	-13.6%	12.0%
Other Operational Net Expenses	1.1	0.1%	521.9	136.1%	46250.1%
Equity in Subsidiaries	0.0	0.0%	(0.4)	-0.1%	na
EBIT from Continuing Operations	342.9	37.0%	371.4	96.8%	8.3%
Net Financial Expenses	1.1	0.1%	(1.8)	-0.5%	-
Income Tax and CSLL	(41.8)	-4.5%	(38.8)	-10.1%	-7.2%
Net Income (Loss) from Continuing Operations	302.2	32.6%	330.8	86.2%	9.5%
Net Income from Discontinued Operations	(2.4)	-0.3%	(9.6)	-2.5%	299.0%
Net Income (Loss)	299.8	32.3%	321.2	83.7%	7.1%
EBITDA from Continuing Operations	362.7	39.1%	401.4	104.6%	10.7%



Net Revenue

Graph 1

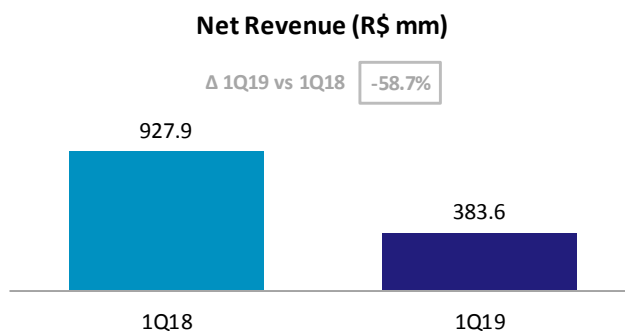


Table 3

(R\$ million)	1Q18	1Q19	Δ %
Net Revenue	927.9	383.6	-58.7%

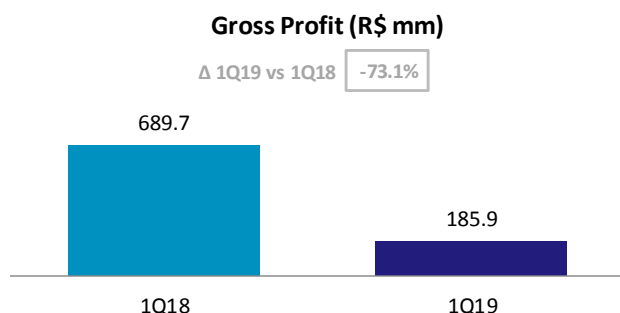
Net Revenue totaled R\$383.6 million and was impacted by 1Q19 working capital optimization, which resulted in the sales decrease in Branded Prescription and Consumer Health in order to reduce the inventory level of these products at clients and, as a consequence, the receivables term.

In Similar and Generics, the growth was boosted by the leading brands Neosoro, Flavonid, Doralgina and Gastrol, as well as by the performance of generics.



Gross Profit

Graph 2



Graph 3

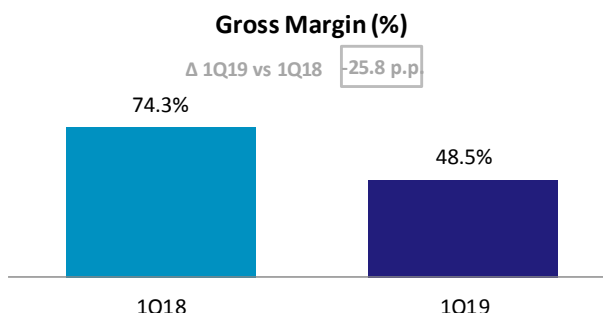


Table 4

(R\$ million)	1Q18	% NR	1Q19	% NR	Δ %	Δ p.p.
Gross Profit	689.7	74.3%	185.9	48.5%	-73.1%	-25.8 p.p.

Gross Profit was of R\$185.9 million, with Gross Margin of 48.5%. This reduction in both Gross Profit and Gross Margin is mainly a result from: (i) the lower Net Revenue due to the working capital optimization process promoted by the Company in 1Q19, which resulted in the reduction of sales in Branded Prescription and Consumer Health; (ii) the mix effect of products in the quarter, given the greater relevance of similars and generics sales in the period; and (iii) the lower dilution of fixed costs due to the lower Net Revenue.



Marketing Expenses

Table 5

(R\$ million)	1Q18	% NR	1Q19	% NR	Δ %
Marketing Expenses	(180.8)	-19.5%	(159.6)	-41.6%	-11.7%
Advertisement and Consumer Promotion	(64.6)	-7.0%	(48.3)	-12.6%	-25.2%
Trade Deals	(14.6)	-1.6%	(11.8)	-3.1%	-19.2%
Medical Visits, Promotions and Samples	(101.6)	-11.0%	(99.5)	-26.0%	-2.0%

Marketing Expenses decreased by 11.7%, mainly as a result of the lower expenses with Advertisement and Consumer Promotion in the quarter. It is worth to mention that for 2019 the marketing campaigns related to the advertising packages will occur in a more relevant way from the 2Q19 on, mainly due to the higher concentration of launches expected for the next quarters of the year.

Selling Expenses

Table 6

(R\$ million)	1Q18	% NR	1Q19	% NR	Δ %
Selling Expenses	(120.7)	-13.0%	(124.3)	-32.4%	3.0%
Commercial Expenses	(77.3)	-8.3%	(79.0)	-20.6%	2.2%
Freight and Logistics Expenses	(19.6)	-2.1%	(16.5)	-4.3%	-15.6%
Research & Development	(23.8)	-2.6%	(28.8)	-7.5%	20.9%

Selling Expenses increased 3.0% year over year, mostly reflected by a 20.9% growth in Research & Development expenses. This growth mainly reflects the increase in the Company's innovation investments to accelerate the pace of launches.

The total investments in R&D, including the amount capitalized as intangible assets, totaled R\$51.0 million in 1Q19, or 31.2% higher than 1Q18.

General and Administrative Expenses & Other Operating Revenues / Expenses, Net

Table 7

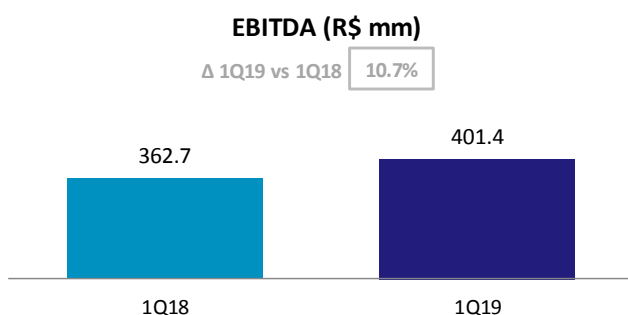
(R\$ million)	1Q18	% NR	1Q19	% NR	Δ %
General & Administrative Expenses	(46.4)	-5.0%	(52.0)	-13.6%	12.0%
Other Operating Revenues (Expenses)	1.1	0.1%	521.9	136.1%	46250.1%

General & Administrative Expenses totaled R\$52.0 million, up 12.0% year over year. This variation in General & Administrative Expenses also reflects the labor tax increase, in place since the beginning of 2019. Other Operating Revenues were positively affected by the booking of the tax credit related to the favorable ruling over the exclusion of ICMS (State Tax) from the calculation basis of PIS/COFINS (Federal Tax), that amounted R\$546.4 million in 1Q19.



EBITDA from Continuing Operations

Graph 4



Graph 5

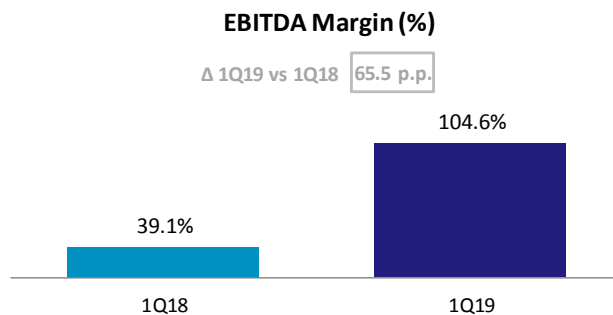


Table 8 –EBITDA from Continuing Operations Reconciliation

(R\$ million)	1Q18	% NR	1Q19	% NR	Δ %
Net Income	299.8	32.3%	321.2	83.7%	7.1%
(-) Net Income from Discontinued Operations	2.4	0.3%	9.6	2.5%	299.0%
(+) Income Tax and CSLL	41.8	4.5%	38.8	10.1%	-7.2%
(+) Net Interest Expenses	(1.1)	-0.1%	1.8	0.5%	-
EBIT from Continuing Operations	342.9	37.0%	371.4	96.8%	8.3%
(+) Depreciations / Amortizations	19.8	2.1%	29.9	7.8%	51.5%
EBITDA from Continuing Operations	362.7	39.1%	401.4	104.6%	10.7%

EBITDA from Continuing Operations reached R\$401.4 million in 1Q19, a 10.7% growth over 1T18. This growth was mainly due to the combination of: (i) the reduction of Net Revenue due to the lower Branded Prescription and Consumer Health sales related to the working capital optimization process; and (ii) the booking of the tax credit related to the favorable ruling over the exclusion of ICMS (State Tax) from the calculation basis of PIS/COFINS (Federal Tax).

In the quarter, the Company started the adoption of CPC 06/IFRS 16 Leases and it was also impacted by the labor tax increase for the pharmaceutical industry, in place since the beginning of the year. It is worth mentioning, however, that the impact on EBITDA from Continuing Operations related to the combination of these two factors was not significant.



Net Financial Expenses

Table 9

(R\$ million)	1Q18	% NR	1Q19	% NR	Δ R\$
Net Financial Expenses	1.1	0.1%	(1.8)	-0.5%	(2.9)
Net Interest Expenses	10.5	1.1%	7.7	2.0%	(2.8)
Cost of Hedge and FX Gains (Losses)	(2.2)	-0.2%	(1.0)	-0.3%	1.2
Other	(7.1)	-0.8%	(8.5)	-2.2%	(1.4)

Net Financial Expenses presented a negative balance of R\$1.8 million in the quarter, compared to a positive balance of R\$1.1 million in 1Q18. This variation also results from the accounting of interest related to leasing agreements, as per the adoption of CPC 06 / IFRS 16.

Net Income

Table 10

(R\$ million)	1Q18	1Q19	Δ %
EBIT from Continuing Operations	342.9	371.4	8.3%
(-) Net Financial Expenses	1.1	(1.8)	-
(-) Income Tax and Social Contribution	(41.8)	(38.8)	-7.2%
Net Income from Continuing Operations	302.2	330.8	9.5%
(+) Net Income from Discontinued Operations	(2.4)	(9.6)	299.0%
Net Income	299.8	321.2	7.1%
EPS	0.47	0.51	7.1%
EPS from Continuing Operations	0.48	0.52	9.4%

Net Income from Continuing Operations reached R\$330.8 million in 1Q19, an increase of 9.5% when compared to the previous year. This Net Income growth, at a higher level than the EBIT from Continuing Operations growth, is mainly a consequence of the lower effective tax rate, due to the increase of Interest on Capital approved.

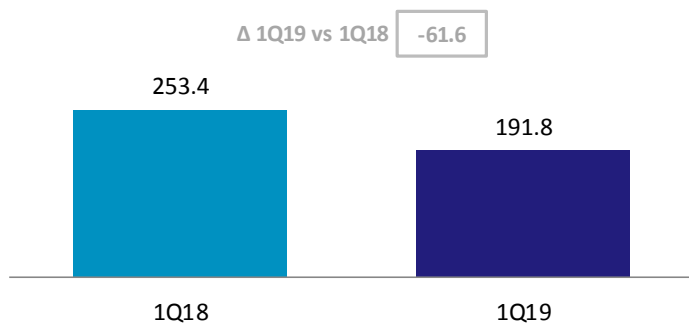
Net Income grew 7.1%, and it was affected negatively by the Net Income from Discontinued Operations of R\$9.6 million, which was mainly related to non-recurring provisions for contingencies booked in the quarter.



Cash Flow (Continuing and Discontinued Operations)

Graph 6

Cash Flow from Operations (R\$ mm)



Graph 7

Free Cash Flow (R\$ mm)

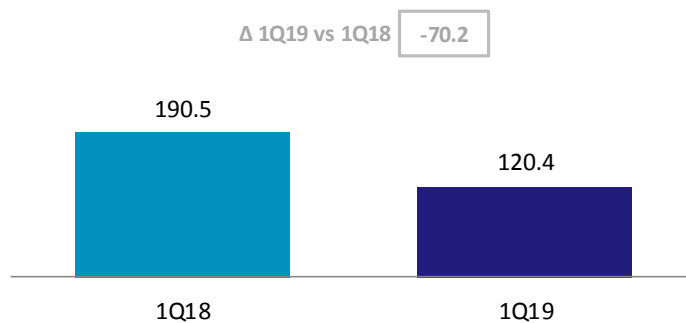


Table 11

(R\$ million)	1Q18	1Q19
Cash Flow from Operations	253.4	191.8
Purchase of Property, Plant and Equipment	(36.5)	(48.5)
Purchase of Intangible Assets	(15.6)	(23.4)
Sale of Property, Plant and Equipment	(10.7)	0.5
(=) Free Cash Flow	190.5	120.4

The Cash Flow from Operations was R\$191.8 million, a 24.3% decrease over 1Q18. This variation is mainly a consequence of the higher usage of federal tax credits for withholding taxes from Interest on Equity in 1Q18, when compared to 1Q19.

The Free Cash Flow was R\$70.1 million lower when compared to 1Q18, and it was affected, in addition to the reduction of Cash Flow from Operations, by the beginning of investments related to the expansion of the facilities in Anápolis and by the higher investments in innovation.



Net Debt

Table 12

(R\$ million)	1Q19
Loans and Financing	(551.3)
Notes Payable	(18.3)
Gross Debt	(569.7)
Cash and Cash Equivalents	1,189.5
Net Cash / (Debt)	619.9
Unrealized Gain/Loss on Debt Hedge	(6.9)
Net Cash / (Debt) After Hedge	613.0

Net Cash ended 1Q19 at R\$613.0 million, compared to R\$1,060.1 million in 4Q18 and R\$462.8 million in 1Q18. The Net Cash reduction when compared to 4Q18 reflected the payment of Interest on Capital in 1Q19, related to the fiscal year of 2018, while the Net Cash increase in comparison with 1Q18 was essentially due to Free Cash Flow growth in the period.



Investor Relations Agenda

Earnings Conference Call

	Portuguese	English
Date:	April 29, 2019	April 29, 2019
Time:	11:00 (Brasília) 09:00 (New York)	11:00 (Brasília) 09:00 (New York)
Phone:	+55 (11) 2188-0155	+1 (646) 843-6054
Code:	Hypera	Hypera
Webcast:	Click here	Click here
Replay:	+55 (11) 2188-0400	+55 (11) 2188-0400
Replay Code:	Hypera	Hypera

Contact Information

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Upcoming events

Table 13

Date	Event	Region
05-06-jun	Citi 12th Annual Brazil Equity Conference	São Paulo
10-11-jun	HSBC GEM's Investor Forum	New York
12-13-jun	Bradesco 11th London Conference	London



Disclaimer

This release contains forward-looking statements that are exclusively related to the prospects of the business, its operating and financial results, and prospects for growth. These data are merely projections and, as such, based exclusively on our management's expectations for the future of the business and its continued access to capital to fund its business plan. These forward-looking statements substantially depend on changing market conditions, government regulations, competitive pressures, the performance of the Brazilian economy and the industry, among other factors, as well as the risks shown in our filed disclosure documents, and are therefore subject to change without prior notice.

Additional unaudited information herein reflects management's interpretation of information taken from its financial information and their respective adjustments, which were prepared in accordance with market practices and for the sole purpose of a more detailed and specific analysis of our results. Therefore, these additional data must also be analyzed and interpreted independently by shareholders and market agents, who should carry out their own analysis and draw their own conclusions from the results reported herein. No data or interpretative analysis provided by our management should be treated as a guarantee of future performance or results and are merely illustrative of our directors' vision of our results.

Our management is not responsible for compliance or accuracy of the management financial data discussed in this report, which must be considered as for informational purposes only, and should not override the analysis of our audited consolidated financial statements or our reviewed quarterly information for purposes of a decision to invest in our stock, or for any other purpose.



Consolidated Income Statement (R\$ thousand)

Table 14

	1Q18	1Q19
Net Revenue	927,856	383,578
Cost of Goods Sold	(238,172)	(197,711)
Gross Profit	689,684	185,867
Selling and Marketing Expenses	(301,468)	(283,891)
General and Administrative Expenses	(46,447)	(52,009)
Other Operating Income (Expenses)	1,126	521,902
Equity in Subsidiaries	0	(433)
Operating Income Before Equity Income and Financial Result	342,895	371,436
Net Financial Expenses	1,113	(1,803)
Financial Expenses	(21,254)	(20,847)
Financial Income	22,367	19,044
Profit Before Income Tax and Social Contribution	344,008	369,633
Income Tax and Social Contribution	(41,838)	(38,828)
Net Income from Continuing Operations	302,170	330,805
Net Income from Discontinued Operations	(2,412)	(9,623)
Income for the Period	299,758	321,182
Earnings per Share – R\$	0.47	0.51



Consolidated Balance Sheet (R\$ thousand)

Table 15

Assets	31/12/2018	31/03/2019	Liabilities and Shareholders' Equity	31/12/2018	31/03/2019
Current Assets	4,318,253	3,458,643	Current Liabilities	1,419,235	968,091
Cash and Cash Equivalents	1,646,869	1,189,531	Suppliers	198,119	147,735
Accounts Receivables	1,457,265	979,421	Suppliers' Assignment of Receivables	161,200	145,822
Inventories	596,683	664,069	Loans and Financing	106,548	104,344
Recoverable Taxes	338,166	323,627	Salaries Payable	150,352	168,877
Financial Derivatives	7,292	5,791	Income Tax and Social Contribution	17	1,266
Other Assets	270,648	295,109	Taxes Payable	54,250	51,476
Assets Held for Sale	1,330	1,095	Accounts Payable	160,446	160,772
			Dividends and IOC Payable	560,295	161,014
			Notes Payable	18,070	18,349
			Financial Derivatives	2,327	1,345
			Liabilities Held for Sale	7,611	7,091
Non-Current Assets	6,238,730	6,868,973	Non-Current Liabilities	870,075	933,766
Long Term Assets	246,099	796,039	Loans and Financing	457,761	446,967
Deferred Income Tax and Social Contribution	27,745	28,647	Deferred Income Tax and Social Contribution	231,185	261,063
Recoverable Taxes	58,558	605,569	Taxes Payable	8,941	8,806
Other Assets	159,796	161,823	Accounts Payable	1,602	26,957
			Provisions for Contingencies	166,106	183,104
			Financial Derivatives	4,480	6,869
Investments	5,992,631	6,072,934	Shareholders' Equity	8,267,673	8,425,759
Investments	11,562	11,129	Capital	4,448,817	4,448,817
Investment Properties	154,263	153,270	Capital Reserve	1,285,171	1,283,207
Other Investments	369	369	Equity Valuation Adjustments	(254,680)	(253,516)
Property, Plants and Equipments	963,906	1,031,758	Profit Reserves	2,794,824	2,794,824
Intangible Assets	4,862,531	4,876,408	Treasury Stock	(6,459)	(4,215)
Total Assets	10,556,983	10,327,616	Total Liabilities and Shareholders' Equity	10,556,983	10,327,616



Consolidated Cash Flow Statement (R\$ thousand)

Table 16

	1Q18	1Q19
Cash Flows from Operating Activities		
Income (Loss) Before Income Taxes including Discontinued Operations	343,058	355,081
Depreciation and Amortization	19,765	29,940
Asset Impairment	(6)	0
Gain on Permanent Asset Disposals	1,962	15,494
Equity Method	(725)	(85)
Foreign Exchange (Gains) Losses	2,198	1,013
Net Interest and Related Revenue/Expenses	(3,296)	790
Expenses Related to Share Based Remuneration	2,820	2,960
Provisions (Delinquency, Inventories and Contingencies)	(2,981)	25,046
Adjusted Results	362,795	430,239
Decrease (Increase) in Assets	(83,628)	(158,040)
Trade Accounts Receivable	(60,958)	478,492
Inventories	(48,124)	(74,556)
Recoverable Taxes	75,035	(528,921)
Judicial Deposits and Others	(2,223)	(3,080)
Other Accounts Receivable	(47,358)	(29,975)
Increase (Decrease) in Liabilities	(25,727)	(80,381)
Suppliers	26,030	(46,193)
Suppliers' Assignment of Receivables	(1,077)	(15,379)
Financial Derivatives	(768)	1,863
Income Tax and Social Contribution Paid	(7,866)	(2,241)
Taxes Payable	512	(2,174)
Salaries and Payroll Charges	(35,837)	15,837
Accounts Payable	(28,224)	(21,514)
Operations Interest Paid	5,720	(7,320)
Other Accounts Payable	15,783	(3,260)
Net Cash Provided by Operating Activities	253,440	191,818
Cash flows from Investing Activities		
Acquisitions of Property, Plant and Equipment	(36,540)	(48,457)
Intangible Assets	(15,626)	(23,438)
Proceeds from the Sale of Assets with Permanent Nature	(10,737)	451
Interest and Others	10,658	12,031
Net Cash Used in Investing Activities	(52,245)	(59,413)
Cash Flows from Financing Activities		
Treasury Stock Purchase / Sale	11,701	0
Repayment of Loans - Principal	(175,043)	(22,558)
Repayment of Loans - Interest	(16,123)	(6,910)
Dividends Paid	(581,291)	(560,275)
Loan Derivatives	9,615	0
Net Cash Used in Financing Activities	(751,141)	(589,743)
Net Increase (Decrease) in Cash and Cash Equivalents	(549,946)	(457,338)
Statement of Increase in Cash and Cash Equivalents, Net		
Cash and Cash Equivalents at the Beginning of the Period	1,522,135	1,646,869
Cash and Cash Equivalents at the End of the Period	972,189	1,189,531
Change in Cash and Cash Equivalent	(549,946)	(457,338)



Other Information

Cash Conversion Cycle – Continuing Operations

Table 17

(Days)	1Q18	2Q18	3Q18	4Q18	1Q19	(R\$ million)	1Q18	2Q18	3Q18	4Q18	1Q19
Receivables ⁽¹⁾	114	115	118	128	197	Receivables	1,285	1,281	1,363	1,457	979
Inventories ⁽²⁾	189	189	184	185	302	Inventories	501	529	570	597	664
Payables ⁽²⁾⁽³⁾	(125)	(130)	(123)	(111)	(134)	Payables ⁽³⁾	(330)	(364)	(380)	(359)	(294)
Cash Conversion Cycle	178	174	179	201	366	Working Capital	1,456	1,446	1,552	1,695	1,350
						% of Annualized Net Revenue ⁽⁴⁾	38%	39%	42%	45%	51%

(1) Calculated based on Continuing Operations Gross Revenue, Net of Discounts.

(2) Calculated based on Continuing Operations COGS

(3) Includes Suppliers' Assignment of Receivables

(4) Annualized Net Revenue for the last 6 months

Goodwill Amortization for Fiscal Purposes / Tax Credits

The Company holds R\$88.7 million in goodwill to be amortized for fiscal purposes in 2019, generating a cash effect of R\$30.1 million, according to the following table:

Table 18

Period	R\$ million
2019	88.7
Total	88.7
Tax Rate	34%
Cash Effect	30.1

In addition, the Company holds the following tax credits:

- Federal Recoverable Taxes: R\$798.9 million (please refer to Explanatory Note 13 of the Financial Statements);
- Cash effect of Income Tax and Social Contribution Losses Carryforward: R\$1,334.9 million (please refer to Explanatory Note 23(a) of the Financial Statements).





(A free translation of the original in Portuguese)

Report on review of quarterly information

To the Board of Directors and Stockholders
Hypera S.A.

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Hypera S.A. ("Parent company" or "Company"), included in the Quarterly Information Form (ITR) for the quarter ended March 31, 2019, comprising the balance sheet as at that date and the statements of income, comprehensive income, changes in equity and cash flows for the quarter then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and of the consolidated interim accounting information in accordance with CPC 21 and International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as for 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 parent company interim information

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

Conclusion on the consolidated interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 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.

Emphasis of matter - process of investigation

As mentioned in Note 31 to the Quarterly Information, and as a result of the investigations carried out by the Judiciary, search and seizure warrants were issued by the Judiciary, and executed by the Federal Police, one of which at the Company's premises, and the others at the residences of certain former officers and executives of the Company. Also, as described in this Note, the Company's Board of Directors established an Independent Investigation Committee to clarify the facts and suggest the adoption, by the Board, of measures that it considers applicable in respect of the facts that might be identified. Currently, due to the stage of the investigations, we are unable to determine any results or consequences. The Company's Quarterly Information does not include effects that may arise from this matter. Our conclusion is not qualified in respect of this matter.

Other matters**Statements of value added**

We have also reviewed the parent company and consolidated statements of value added for the quarter ended March 31, 2019. 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 and are considered supplementary information under the International Financial Reporting Standards (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.

Prior-period information

The Quarterly Information Form (ITR) mentioned in the first paragraph includes accounting information, presented for comparison purposes, related to the statements of income, comprehensive income, changes in equity, cash flows and value added for the quarter ended March 31, 2018. The review of the Quarterly Information Form (ITR) for the quarter ended March 31, 2018 was conducted under the responsibility of another firm of auditors, who have issued their review report dated April 26, 2018, without qualification.

Goiânia, April 26, 2019

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Valdir Renato Coscodai
Contador CRC 1SP165875/O-6

Hypera S.A.

Balance sheets In thousands of Reais

	Parent company		Consolidated			Parent company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018		March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Assets					Liabilities and equity				
Current					Current				
Cash and cash equivalents (Note 10)	1,070,862	1,578,684	1,189,531	1,646,869	Suppliers (Note 20)	309,695	416,478	147,735	198,119
Accounts receivable (Note 11)	982,282	1,460,045	979,421	1,457,265	Suppliers' assignment of receivables (Note 21)	843	1,349	145,822	161,200
Inventories (Note 12)	195,130	146,726	664,069	596,683	Loans, financing and debentures (Note 22)	72,389	74,805	104,344	106,548
Related parties (Note 30)	544	454	-	-	Salaries payable	93,807	84,622	168,877	150,352
Recoverable taxes (Note 13)	269,117	284,422	323,627	338,166	Related parties (Note 30)	5,517	2,644	-	-
Derivative financial instruments (Note 4 (e))	-	-	5,791	7,292	Income tax and social contribution payable	-	-	1,266	17
Dividends receivable	6,272	6,272	-	-	Taxes payable (Note 24)	32,890	33,126	51,476	54,250
Other assets (Note 14)	261,336	239,275	295,109	270,648	Notes payable	18,349	18,070	18,349	18,070
Assets held for sale (note 15)	1,060	1,060	1,095	1,330	Dividends and interest payable on shareholders' equity	161,014	560,295	161,014	560,295
	2,786,603	3,716,938	3,458,643	4,318,253	Derivative financial instruments (Note 4 (e))	-	-	1,345	2,327
					Accounts payable (Note 25)	115,205	110,841	160,772	160,446
					Liabilities held for sale (note 15)	6,934	7,443	7,091	7,611
						816,643	1,309,673	968,091	1,419,235
Non-current					Non-current				
Long-term receivables					Loans, financing and debentures (Note 22)	341,494	352,150	446,967	457,761
Related parties (Note 30)	2	-	-	-	Related parties (Note 30)	-	4	-	-
Deferred income tax and social contribution (Note 23)	-	-	28,647	27,745	Taxes payable (Note 24)	8,806	8,941	8,806	8,941
Recoverable taxes (Note 13)	568,252	21,957	605,569	58,558	Deferred income tax and social contribution (Note 23)	193,936	149,114	261,063	231,185
Other assets (Note 14)	121,352	119,692	161,823	159,796	Provision for contingencies (Note 26)	156,992	155,372	183,104	166,106
	689,606	141,649	796,039	246,099	Derivative financial instruments (Note 4 (e))	6,869	4,480	6,869	4,480
					Accounts payable (Note 25)	21,567	1,603	26,957	1,602
						729,664	671,664	933,766	870,075
Investments (Note 16)	1,572,945	1,505,587	11,129	11,562	Total liabilities	1,546,307	1,981,337	1,901,857	2,289,310
Investment properties (Note 17)	161,129	162,170	153,270	154,263	Equity				
Other investments	369	369	369	369	Share capital (Note 27 (a))	4,448,817	4,448,817	4,448,817	4,448,817
Property, plant and equipment (Note 18)	124,898	84,923	1,031,758	963,906	Capital reserves	1,283,207	1,285,171	1,283,207	1,285,171
Intangible assets (Note 19)	4,636,516	4,637,374	4,876,408	4,862,531	Equity valuation adjustments	(253,516)	(254,680)	(253,516)	(254,680)
	6,495,857	6,390,423	6,072,934	5,992,631	Profit reserves	2,794,824	2,794,824	2,794,824	2,794,824
	7,185,463	6,532,072	6,868,973	6,238,730	Treasury shares	(4,215)	(6,459)	(4,215)	(6,459)
					Retained earnings/accumulated losses for the period	156,642	-	156,642	-
						8,425,759	8,267,673	8,425,759	8,267,673
Total assets	9,972,066	10,249,010	10,327,616	10,556,983	Total liabilities and equity	9,972,066	10,249,010	10,327,616	10,556,983

See the accompanying notes to the quarterly information.

Hypera S.A.

Statements of income

Periods ended March 31

In thousands of Reais, unless stated otherwise

	Parent company		Consolidated	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Continuing operations				
Net revenue (Note 28)	398,159	959,172	383,578	927,856
Cost of sales (Note 29 (a))	(232,087)	(339,847)	(197,711)	(238,172)
Gross profit	166,072	619,325	185,867	689,684
Selling and marketing expenses (Note 29 (a))	(257,386)	(277,200)	(283,891)	(301,468)
General and administrative expenses (Note 29 (a))	(36,389)	(33,636)	(52,009)	(46,447)
Other operating (expenses) income, net (Note 29 (b))	543,309	2,670	521,902	1,126
Equity accounting (Note 16 (a))	(33,910)	18,951	(433)	-
Income before financial income and expenses	381,696	330,110	371,436	342,895
Financial income (Note 29 (c))	16,714	18,862	19,044	22,367
Financial expenses (Note 29 (d))	(16,092)	(15,221)	(20,847)	(21,254)
Net financial expenses	622	3,641	(1,803)	1,113
Income before income tax and social contribution	382,318	333,751	369,633	344,008
Income tax and social contribution (Note 23 (c))	(51,513)	(31,581)	(38,828)	(41,838)
Net income from continuing operations	330,805	302,170	330,805	302,170
Discontinued operations				
Net income from discontinued operations (Note 15)	(9,623)	(2,412)	(9,623)	(2,412)
Net income for the period	321,182	299,758	321,182	299,758
Earnings per share				
Basic earnings per share (in R\$)	0.50820	0.47441	0.50820	0.47441
Diluted earnings per share (in R\$)	0.50199	0.46976	0.50199	0.46976
Earnings per share - Continuing operations				
Basic earnings per share (in R\$)	0.52343	0.47823	0.52343	0.47823
Diluted earnings per share (in R\$)	0.51703	0.47354	0.51703	0.47354

See the accompanying notes to the quarterly information.

Hypera S.A.

Statements of comprehensive income

Periods ended March 31

In thousands of Reais, unless stated otherwise

	Parent company		Consolidated	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Net income for the period	321,182	299,758	321,182	299,758
Other comprehensive income				
Items that will be reclassified to income				
Cash flow hedge - effective portion of the changes in fair value	1,764	(96)	1,764	(96)
Income tax and social contribution on other comprehensive income	(600)	32	(600)	32
Other comprehensive income, net of income tax and social contribution	1,164	(64)	1,164	(64)
Comprehensive income for the period	322,346	299,694	322,346	299,694

See the accompanying notes to the quarterly information.

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Statements of changes in equity In thousands of Reais

	Capital	Capital reserves			Treasury shares	Equity valuation adjustments	Profit reserves			Retained earnings	Total
		Goodwill on issuance of shares	Share purchase options	Debentures subscription bonus option			Legal reserve	Government grant reserve	Profit retention reserve		
Balances at January 1, 2018	4,448,817	1,160,829	65,905	50,244	(12,981)	(254,975)	180,592	2,099,319	9	-	7,737,759
Recognition of expected credit losses as per CPC 48/IFRS 9	-	-	-	-	-	-	-	-	-	(2,859)	(2,859)
Recognition of expected returns as per CPC 47/IFRS 15	-	-	-	-	-	-	-	-	-	(1,238)	(1,238)
Related taxes	-	-	-	-	-	-	-	-	-	1,392	1,392
Share purchase option	-	-	2,820	-	-	-	-	-	-	-	2,820
Result on sales of treasury shares	-	897	-	-	-	-	-	-	-	-	897
Sales of shares (Note 27(b))	-	-	-	-	10,804	-	-	-	-	-	10,804
Acquisitions of shares (Note 27 (b))	-	-	-	-	(4,282)	-	-	-	-	-	(4,282)
Net income for the period	-	-	-	-	-	-	-	-	-	299,758	299,758
Interest on shareholders' equity	-	-	-	-	-	-	-	-	-	(134,000)	(134,000)
Other comprehensive income											
Gains or losses from derivatives, net of tax	-	-	-	-	-	(64,000)	-	-	-	-	(64,000)
Balance at March 31, 2018	4,448,817	1,161,726	68,725	50,244	(6,459)	(255,039)	180,592	2,099,319	9	163,053	7,910,987
Balances at January 1, 2018	4,448,817	1,161,726	73,201	50,244	(6,459)	(254,680)	180,592	2,470,495	143,737	-	8,267,673
Recognition of leases as per CPC 06/IFRS 16	-	-	-	-	-	-	-	-	-	(3,546)	(3,546)
Share purchase option	-	-	280	-	-	-	-	-	-	-	280
Result on sales of treasury shares	-	(2,244)	-	-	-	-	-	-	-	-	(2,244)
Sales of shares (Note 27(b))	-	-	-	-	2,244	-	-	-	-	-	2,244
Net income for the period	-	-	-	-	-	-	-	-	-	321,182	321,182
Interest on shareholders' equity	-	-	-	-	-	-	-	-	-	(160,994)	(160,994)
Other comprehensive income											
Gains or losses from derivatives, net of tax	-	-	-	-	-	1,164	-	-	-	-	1,164
Balance at March 31, 2019	4,448,817	1,159,482	73,481	50,244	(4,215)	(253,516)	180,592	2,470,495	143,737	156,642	8,425,759

See the accompanying notes to the quarterly information.

Hypera S.A.

Statements of cash flows

Periods ended March 31

In thousands of Reais

	Parent company		Consolidated	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Cash flows from operating activities				
Income before income tax and social contribution, including discontinued operations	367,341	333,049	355,081	343,058
Adjustments				
Depreciation and amortization	11,002	5,169	29,940	19,765
Impairment of assets	-	-	-	(6)
Results on the sales of permanent assets	15,607	1,785	15,494	1,962
Equity accounting	32,895	(19,207)	(85)	(725)
Foreign exchange gains (losses)	66	(36)	1,013	2,198
Interest and related expenses (income)	(688)	(3,589)	790	(3,296)
Share-based compensation expenses	2,876	2,239	2,960	2,820
Provision (PEC, inventories, contingencies and provision for returns)	2,447	(5,062)	25,046	(2,981)
Adjusted income	431,546	314,348	430,239	362,795
Changes in assets and liabilities				
Accounts receivable	478,397	(59,196)	478,492	(60,958)
Inventories	(49,275)	(27,340)	(74,556)	(48,124)
Recoverable taxes	(529,761)	83,851	(528,921)	75,035
Deposits in court and others	(3,266)	(2,018)	(3,080)	(2,223)
Other accounts receivable	(27,547)	(44,732)	(29,975)	(47,358)
Suppliers	(106,787)	(20,370)	(46,193)	26,030
Suppliers' assignment of receivables	(507)	407	(15,379)	(1,077)
Derivative financial instruments	-	30	1,863	(768)
Taxes payable	(254)	2,492	(2,174)	512
Salaries/wages payable	6,998	(22,469)	15,837	(35,837)
Income tax and social contribution paid	-	-	(2,241)	(7,866)
Accounts payable	(23,942)	(28,772)	(21,514)	(28,224)
Interest on transactions	(2,861)	6,150	(7,320)	5,720
Other accounts payable	(2,741)	14,279	(3,260)	15,783
Net cash provided by operating activities	170,000	216,660	191,818	253,440
Cash flows from investment activities				
Capital increase in subsidiaries	(101,100)	(3,480)	-	-
Purchases of property, plant and equipment	(3,044)	(2,911)	(48,457)	(36,540)
Purchases of intangible assets	(1,161)	(526)	(23,438)	(15,626)
Proceeds from sales of permanent assets	451	(10,772)	451	(10,737)
Interest and others	10,596	8,667	12,031	10,658
Loans receivable	(92)	(268)	-	-
Net cash used in investment activities	(94,350)	(9,290)	(59,413)	(52,245)
Cash flows from financing activities				
Sales of treasury shares	-	11,701	-	11,701
Payment of loans – principal	(20,086)	(172,730)	(22,558)	(175,043)
Payment of loans – interest	(5,978)	(15,267)	(6,910)	(16,123)
Derivatives related to loans	-	9,615	-	9,615
Dividends paid	(560,275)	(581,291)	(560,275)	(581,291)
Loans payable	2,867	(455)	-	-
Net cash used in financing activities	(583,472)	(748,427)	(589,743)	(751,141)
Net (decrease) increase in cash and cash equivalents	(507,822)	(541,057)	(457,338)	(549,946)
Cash and cash equivalents at beginning of year	1,578,684	1,354,720	1,646,869	1,522,135
Cash and cash equivalents at end of year	1,070,862	813,663	1,189,531	972,189
Change in cash and cash equivalents	(507,822)	(541,057)	(457,338)	(549,946)
Transactions not involving cash	729	1,313	5,658	7,738
Acquisition of property, plant and equipment	729	1,313	5,658	7,738

See the accompanying notes to the quarterly information.

Hypera S.A.

Statements of added value (*)

Periods ended March 31

In thousands of Reais

	Parent company		Consolidated	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Gross income				
Sales of goods and products, including discontinued operations	417,786	998,884	417,872	998,987
Other income	564,570	6,503	549,844	6,380
Income related to the construction of own assets	1,285	1,559	24,463	19,971
Allowance for doubtful accounts	635	(5,037)	609	(5,002)
	<u>984,276</u>	<u>1,001,909</u>	<u>992,788</u>	<u>1,020,336</u>
Inputs acquired from third parties				
Costs of materials, goods and services sold	(229,745)	(322,839)	(93,111)	(158,420)
Materials, power, third-party services and others	(197,947)	(302,012)	(269,990)	(360,753)
Impairment of assets	(12,348)	(11,543)	(17,465)	(11,626)
	<u>(440,040)</u>	<u>(636,394)</u>	<u>(380,566)</u>	<u>(530,799)</u>
Gross added value	<u>544,236</u>	<u>365,515</u>	<u>612,222</u>	<u>489,537</u>
Depreciation and amortization	(11,002)	(5,169)	(29,940)	(19,765)
Net added value produced by the Company	<u>533,234</u>	<u>360,346</u>	<u>582,282</u>	<u>469,772</u>
Transferred added value received				
Equity accounting	(32,895)	19,207	85	725
Financial income	16,714	19,696	19,044	23,356
	<u>(16,181)</u>	<u>38,903</u>	<u>19,129</u>	<u>24,081</u>
Total added value to be distributed	<u>517,053</u>	<u>399,249</u>	<u>601,411</u>	<u>493,853</u>
Distribution of added value				
Personnel and charges	114,438	95,134	215,011	179,936
Salaries and wages	95,173	78,695	173,872	142,693
Benefits	13,597	11,675	30,490	27,942
FGTS (Government severance indemnity fund for employees)	5,668	4,764	10,649	9,301
Taxes, fees and contributions	64,021	(19,780)	41,006	(17,521)
Federal	55,018	43,672	58,293	73,641
State	8,421	(64,041)	(18,030)	(91,941)
Municipal	582	589	743	779
Interest	16,146	15,438	20,790	21,385
Rentals	1,266	8,699	3,422	10,295
Retained earnings	321,182	299,758	321,182	299,758
Added value distributed	<u>517,053</u>	<u>399,249</u>	<u>601,411</u>	<u>493,853</u>

(*) The statement of added value is not an integral part of the consolidated quarterly information in conformity with IFRS.

See the accompanying notes to the quarterly information.

Hypera S.A.

Quarterly information report
March 31, 2019

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Notes to the quarterly information report

(In thousands of Reais, unless otherwise stated)

1 General information

Hypera S.A. (the Company), headquartered in São Paulo-SP, is a Brazilian pharmaceutical company with a leading position in the several markets in which it is present (according to IQVIA data), and has as its corporate mission “providing access to health for the Brazilian population, offering high quality and safe products, continually investing in innovation and growing in a sustainable way, so that people may live longer and better”.

Main products:

- a) With the umbrella brand Mantecorp Farmasa, the Company operates in several medical specialties in the Primary Care lines, including the top ten in the country according to data from Close-Up International, with products such as Predsim, Celestamine, Maxsulid, Diprospan, Mioflex-A and Addera D3; with Mantecorp Skincare it offers dermo-cosmetics recommended by dermatologists throughout Brazil, also according to information from Close-Up International;
- b) The Company is a leader in the Brazilian market for prescription-free medicines, according to IQVIA data, with brands such as Apracur, Benegrip, Coristina d, Engov, Epocler and Estomazil, among others. It also operates in the nutritional, sweeteners and vitamin supplement lines, with brands such as Tamarine, Vitasay, Biotônico Fontoura and Zero-Cal, the Top of Mind brand for 15 years in Brazil, according to Datafolha;
- c) With the Neo Química brand, the Company is a leader in the markets for similar and generic medicines, according to IQVIA data. The brand is regularly used by more than 80% of Brazilians, according to a research by MillwardBrown, fulfilling its mission of providing access to health for the Brazilian population.

The production of goods is carried out mainly in the subsidiaries Brainfarma Indústria Química e Farmacêutica S.A. and Cosmed Indústria de Cosméticos e Medicamentos S.A., located in the State of Goiás. Its main distribution center is located in Anápolis - GO.

The Company also has a wide sales and distribution structure with national coverage. Its products are distributed throughout Brazil, either directly to retailers or indirectly via distributors and wholesalers.

2 Summary of significant accounting policies

The individual interim financial information has been prepared in accordance with CPC 21(R1) - Interim Financial Reporting and the consolidated interim financial information has been prepared in accordance with CPC 21(R1) and IAS 34, issued by the IASB applicable to the preparation of Quarterly Information - ITR and presented in a manner consistent with the standards issued by the Brazilian Securities and Exchange Commission applicable to the preparation of Quarterly Information - ITR.

The presentation of the individual and consolidated statements of added value is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil for listed companies. The IFRS do not require the presentation of such statement. Under IFRS, the presentation of such statement is considered supplementary information, and not part of the set of the interim financial information.

The main accounting policies applied in the preparation of this individual and consolidated Quarterly Information - ITR have not changed materially with respect to the policies presented in the financial statements for the year ended December 31, 2018 except for the practices described in Note 2.1. In cases where the notes to these Quarterly Information - ITR are not presented in full, due to redundancy of information in relation to that presented in the financial statements, the complete information should be read in the corresponding Note to the annual financial statements. Certain new accounting standards in force for 2019, as disclosed in the annual financial statements for 2018, have had no impact on the accounting policies adopted previously.

2.1 Changes in significant accounting policies

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Company's individual and consolidated financial statements as at and for the year ended December 31, 2018:

The Company has initially adopted CPC 06/IFRS 16 - Leases from January 1, 2019, using the cumulative effect method with initial application of the standard on the starting date (i.e. January 1, 2019). As a result, the Company will not apply the requirements of CPC 06 (IFRS 16) to the comparative period presented.

The application of the requirements of CPC 06/IFRS 16 - Leases resulted in the recording of a right-of-use asset in the amount of R\$ 50,583, lease liabilities in the amount of R\$ 55,955, deferred tax assets in the amount of R\$ 1,826, and an adjustment to the opening balance of retained earnings of R\$ 3,546 at January 1, 2019.

The weighted average discount rate is 10.24% p.a.

IFRIC 23 – Uncertainty over Tax Treatments

This interpretation clarifies how to apply the recognition and measurement requirements of CPC 32 Income Taxes (IAS 12 Income Taxes) when there is uncertainty over income tax treatments.

In such circumstances, an entity shall recognize and measure its current or deferred tax assets or liabilities, applying the requirements of CPC 32/IAS 12 based on taxable income (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined based on this interpretation.

This interpretation became effective on January 1, 2019. The Company did not identify material impacts on its financial statements as a result of applying this interpretation.

2.2 Approval of the interim financial information

The present Quarterly Information - ITR was approved by the Board of Directors on April 26, 2019.

3 Critical accounting estimates and judgments

Accounting estimates and judgments are evaluated on an on-going basis and are based on experience and other factors, including expectations of future events that are considered reasonable under the circumstances. The critical accounting estimates and judgments of this Quarterly Information - ITR have not been changed in relation to those published in the annual financial statements for 2018.

4 Financial risk management

There has been no change in the financial risk factors and in the risk management policy in relation to those described in the financial statements as at December 31, 2018.

In the following tables the financial data for the current period are presented comparatively with the financial data as at December 31, 2018.

a. Foreign exchange risk

At March 31, 2019 and December 31, 2018, the assets and liabilities denominated in foreign currencies and the financial instruments that mitigate exchange risks were as follows:

	Parent company					
	March 31, 2019			December 31, 2018		
	US\$ '000	EUR '000	RS '000	US\$ '000	EUR '000	RS '000
Liabilities						
Suppliers	101	-	396	60	-	232
Suppliers' assignment of receivables	-	-	-	-	-	-
Loans and financing	-	20,470	90,126	-	20,401	90,761
Derivative instruments that mitigate risks	-	(20,090)	(88,454)	-	(20,090)	(89,378)
Accounts payable	3	-	11	489	-	1,900
Net exposure	104	380	2,079	549	311	3,515

b. Cash flow or fair value risk associated with the interest and inflation rates

The exposure to interest rate risk of the transactions related to the variation of the Interbank Deposit Certificate (CDI) rate, long-term interest rate (TJLP) and referential rate (TR) is presented in the following table:

	March 31, 2019	
	Parent company	Consolidated
Loans, financing and swaps - CDI	98,749	98,749
Financing – TJLP	248,770	248,770
Financing – TR	42,789	137,247
Notes payable - CDI	18,349	18,349
Financial investments - CDI	(1,063,685)	(1,180,880)
Net exposure	(655,028)	(677,765)

c. Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits in banks and financial institutions and credit exposure to wholesale and retail customers, including outstanding accounts receivable and repurchase operations.

For banks and financial institutions, the Company has a policy of diversifying its financial investments in top-tier institutions with ratings described in Note 9 (Credit quality of the financial assets).

d. Liquidity risk

The amounts disclosed in the table below are the undiscounted future cash flows, which include interest to be incurred, which is why these amounts do not match the amounts disclosed in the balance sheet.

Parent company

	March 31, 2019				
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Loans and financing	71,987	69,095	286,103	46,873	474,058
Notes payable	18,349	-	-	-	18,349
Suppliers	309,695	-	-	-	309,695
Suppliers' assignment of receivables	843	-	-	-	843
Accounts payable	115,205	21,567	-	-	136,772
Derivative financial instruments	-	-	(1,236)	-	(1,236)
	<u>516,079</u>	<u>90,662</u>	<u>284,867</u>	<u>46,873</u>	<u>938,481</u>

	December 31, 2018				
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Loans and financing	74,597	70,322	292,842	61,280	499,041
Notes payable	18,070	-	-	-	18,070
Suppliers	416,478	-	-	-	416,478
Suppliers' assignment of receivables	1,349	-	-	-	1,349
Accounts payable	110,841	1,603	-	-	112,444
Derivative financial instruments	-	-	(4,792)	-	(4,792)
	<u>621,335</u>	<u>71,925</u>	<u>288,050</u>	<u>61,280</u>	<u>1,042,590</u>

Consolidated

	March 31, 2019				
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	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Loans and financing	100,672	97,024	360,159	99,556	657,411
Notes payable	18,349	-	-	-	18,349
Suppliers	147,735	-	-	-	147,735
Suppliers' assignment of receivables	145,822	-	-	-	145,822
Accounts payable	160,772	12,423	11,240	3,294	187,729
Derivative financial instruments	(487)	-	(1,236)	-	(1,723)
	<u>572,863</u>	<u>109,447</u>	<u>370,163</u>	<u>102,850</u>	<u>1,155,323</u>

	December 31, 2018				
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Loans and financing	103,440	98,441	369,395	113,995	685,271
Notes payable	18,070	-	-	-	18,070
Suppliers	198,119	-	-	-	198,119
Suppliers' assignment of receivables	161,200	-	-	-	161,200
Accounts payable	160,446	1,602	-	-	162,048
Derivative financial instruments	(5,018)	-	(4,792)	-	(9,810)
	<u>636,257</u>	<u>100,043</u>	<u>364,603</u>	<u>113,995</u>	<u>1,214,898</u>

e. Derivatives

At March 31, 2019, the notional value of the derivative instruments contracted by the Company totaled R\$ 288,879 (at December 31, 2018 - R\$ 283,727) in the consolidated and R\$ 88,454 (at December 31, 2018 - R\$ 89,378) in the parent company. The results of the transactions not yet settled represented losses of R\$ 2,423 (at December 31, 2018 gains of R\$ 485) in the consolidated and losses of R\$ 6,869 (at December 31, 2018 losses of R\$ 4,480) in the parent company.

At March 31, 2018 and December 31, 2018, these transactions can be summarized as follows:

Parent company

Type	Counterparties	Notional value		Fair value receivable (payable)		Realized gains (losses)	
		Mar/19	Dec/18	Mar/19	Dec/18	Mar/19	Dec/18
<i>(In R\$ thousand)</i>							
Foreign currency							
Forward contracts		-	-	-	-	-	143
Long position	BofA, Bradesco, Morgan Stanley	-	-	-	-	-	139
Short position		-	-	-	-	-	4
Swaps		88,454	89,378	(6,869)	(4,480)	-	3,610
Long position	Itaú	88,454	89,378	(6,869)	(4,480)	-	3,610
Short position		-	-	-	-	-	-
Subtotal		<u>88,454</u>	<u>89,378</u>	<u>(6,869)</u>	<u>(4,480)</u>	<u>-</u>	<u>3,753</u>
Rate of interest							
Swaps		-	-	-	-	-	989
Asset Position-Pre	Santander	-	-	-	-	-	989
Total		<u>88,454</u>	<u>89,378</u>	<u>(6,869)</u>	<u>(4,480)</u>	<u>-</u>	<u>4,742</u>

Consolidated

Type	Counterparties	Notional value	Fair value receivable (payable)	Realized gains (losses)
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(In R\$ thousand)		Mar/19	Dec/18	Mar/19	Dec/18	Mar/19	Dec/18
Foreign currency							
Forward contracts		200,425	194,349	4,446	4,965	1,863	17,289
Long position	BofA, BR Partners, Bradesco, Citibank, Itaú, Morgan Stanley, Original, Safra, Santander, MUFG	209,511	205,741	4,564	4,916	1,758	17,209
Short position		(9,086)	(11,392)	(118)	49	105	80
Swaps		88,454	89,378	(6,869)	(4,480)	-	3,610
Long position	Itaú	88,454	89,378	(6,869)	(4,480)	-	3,610
Short position		-	-	-	-	-	-
Subtotal		288,879	283,727	(2,423)	485	1,863	20,899
Rate of interest							
Swaps		-	-	-	-	-	989
Asset Position-Pre	Santander	-	-	-	-	-	989
Total		288,879	283,727	(2,423)	485	1,863	21,888

f. Methodology for calculating the fair value of derivatives

- (i) Foreign currency forward contracts are valued using the interpolation of the market rates of US Dollar futures contracts for each base date, as stated by B3 (formerly BM&F BOVESPA).
- (ii) Swaps are valued using the interpolation of the exchange coupon market and future interbank deposit rates for each base date, as stated by B3 (formerly BM&F BOVESPA).

g. Sensitivity analysis

We present below the sensitivity analysis table of the financial instruments, including derivatives that describe the risks that may cause material losses to the Company, with the most likely scenario (scenario I, considering a fluctuation of 6.20% for the US Dollar, and the same fluctuation considered in the Euro variation for loans, which corresponds to three standard deviations of the fluctuation of the three months of the first quarter of the year) according to the evaluation made by management, considering a three-month horizon, when the next Quarterly Information - ITR containing this analysis should be released. In addition, two other scenarios are presented in order to provide a 25% and 50% deterioration in the exchange rate of the Real against the US Dollar and against the Euro, respectively (scenarios II and III).

Parent company						
Risk	Scenario I		Scenario II		Scenario III	
<i>(In R\$ thousand)</i>			25% fluctuation		50% fluctuation	
	Appreciation	Depreciation	Appreciation	Depreciation	Appreciation	Depreciation
Quotation of the US Dollar	3.680	4.166	2.942	4.904	1.962	5.885
Foreign currency						
Economic hedge	(5,483)	5,483	(22,114)	22,114	(44,227)	44,227
Forward contracts	-	-	-	-	-	-
Swap	(5,483)	5,483	(22,114)	22,114	(44,227)	44,227
Object of the economic hedge	5,483	(5,483)	22,114	(22,114)	44,227	(44,227)
Loans, financing and notes payable subject to short-term exchange rate variation	5,483	(5,483)	22,114	(22,114)	44,227	(44,227)
Net effect	-	-	-	-	-	-
Consolidated						
Risk	Scenario I		Scenario II		Scenario III	
<i>(In R\$ thousand)</i>			25% fluctuation		50% fluctuation	
	Appreciation	Depreciation	Appreciation	Depreciation	Appreciation	Depreciation
Quotation of the US Dollar	3.680	4.166	2.942	4.904	1.962	5.885
Foreign currency						
Economic hedge	(17,766)	17,766	(71,655)	71,655	(143,310)	143,310
Forward contracts	(12,283)	12,283	(49,541)	49,541	(99,083)	99,083
Swap	(5,483)	5,483	(22,114)	22,114	(44,227)	44,227
Object of the economic hedge	17,343	(17,343)	69,948	(69,948)	139,896	(139,896)
Loans, financing and notes payable subject to short-term exchange rate variation	17,343	(17,343)	69,948	(69,948)	139,896	(139,896)
Net effect	(423)	423	(1,707)	1,707	(3,414)	3,414

The sensitivity analysis presented above shows the net effect on the profit and loss and considers changes regarding the exchange rate of the US Dollar and of the Euro, keeping all other variables, associated with other risks, constant.

Below are shown the values resulting from monetary variations and floating interest on the Company's loans, financing, debentures and notes payable projected for the second quarter of 2019.

Parent company

Variation scenarios	Likely scenario*	25% change	50% change
Loan – CDI	28	1,580	3,160
Financing - TJLP	(1,790)	4,372	8,744
Loan – TR	4	-	-
Notes payable - CDI	5	294	587
Financial investments	(300)	(17,019)	(34,038)
Total loss (gain) effect	(2,053)	(10,773)	(21,547)

Consolidated

Variation scenarios	Likely scenario*	25% change	50% change
Loan – CDI	28	1,580	3,160
Financing - TJLP	(1,790)	4,372	8,744
Loan – TR	14	-	-
Notes payable - CDI	5	294	587
Financial investments	(333)	(18,894)	(37,788)
Total loss (gain) effect	(2,076)	(12,648)	(25,297)

***Likely scenario assumptions**
Forecast CDI of 6.43% p.a.
Forecast TR of 0.01% p.a.
Forecast TJLP of 6.26 % p.a.

5 Capital management

The Company's objectives when managing its capital are to safeguard the Company's ability to continue to offer returns to its shareholders and benefits to other stakeholders and to maintain an optimal capital structure for reducing this cost.

To maintain or adjust the capital structure, the Company can review the dividend payment policy, return capital to shareholders, or even issue new shares or sell assets to reduce, for example, the level of indebtedness.

The Company monitors its capital based on the financial leverage ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total loans (including short and long-term loans, financing, debentures and notes payable, as shown in the consolidated balance sheet) less the amount of cash and cash equivalents and (loss) gain on financial hedge. Total capital is calculated based on the sum of shareholders' equity, as shown in the consolidated balance sheet, and net debt.

The financial leverage ratios at March 31, 2019 and December 31, 2018 may be summarized as follows:

	Parent company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Total loans, financing and debentures (Note 22)	413,883	426,955	551,311	564,309
Total notes payable	18,349	18,070	18,349	18,070
Loss (gain) on financial hedge	6,869	4,480	6,869	4,480
Cash and cash equivalents (Note 10)	(1,070,862)	(1,578,684)	(1,189,531)	(1,646,869)
Cash and cash equivalents, net	(631,761)	(1,129,179)	(613,002)	(1,060,010)
Total shareholders' equity	8,425,759	8,267,673	8,425,759	8,267,673
Adjusted shareholders' equity	7,793,998	7,138,494	7,812,757	7,207,663
Net debt to adjusted equity ratio (*)	N.A.	N.A.	N.A.	N.A.

(*) Not applicable because the amount of cash and cash equivalents is higher than the net debt shown above.

6 Estimate of fair value (consolidated)

It is assumed that the balances of accounts receivable and suppliers at book value, less the loss (impairment), are close to their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows by the prevailing market interest rate, which is available to the Company for similar financial instruments (Note 22 (b)).

The Company applies CPC 40/IFRS 7 to financial instruments measured in the balance sheet at fair value, which requires disclosure of the fair value measurements per level of the following fair value measurement hierarchy:

- Prices quoted (unadjusted) in active markets for similar assets and liabilities (level 1).
- Inputs, other than quoted prices included in level 1 that are adopted by the market for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2).
- Inputs for the assets or liabilities that are not based on data adopted by the market (i.e. unobservable inputs) (level 3).

The table below presents the Company's assets and liabilities at March 31, 2019, as well as the amounts stated at fair value.

			Parent company
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	-	-
Total assets	-	-	-
Liabilities			
Derivative financial instruments	-	6,869	6,869
Total liabilities	-	6,869	6,869
			Consolidated
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	5,791	5,791
Total assets	-	5,791	5,791
Liabilities			
Derivative financial instruments	-	8,214	8,214
Total liabilities	-	8,214	8,214

The table below presents the Company's assets and liabilities at December 31, 2018, as well as the amounts stated at fair value.

	Parent company		
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	-	-
Total assets	-	-	-
Liabilities			
Derivative financial instruments	-	4,480	4,480
Total liabilities	-	4,480	4,480

	Consolidated		
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	7,292	7,292
Total assets	-	7,292	7,292
Liabilities			
Derivative financial instruments	-	6,807	6,807
Total liabilities	-	6,807	6,807

The fair value of financial instruments that are not traded in active markets (e.g. derivatives) is determined using valuation techniques. These valuation techniques maximize the use of data adopted by the market when it is available and rely as little as possible on the Company's specific estimates.

7 Hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency variation and interest rate risk exposures.

According to the characteristics of the hedge, it is the Company's accounting policy to adopt hedge accounting, as established in CPC 38 (IAS 39). For operations that are designated for hedge accounting, the Company formally documents the relationship between the hedge instruments and the hedged items, including the risk management objectives and the strategy in conducting the hedge transaction, together with the methods that will be used to evaluate the effectiveness of the hedge relationship. The Company makes a forward-looking assessment, both at the time of the designation of the hedge relationship, and continuously, if there are expectations that the hedge instruments will be "highly effective" in offsetting changes in the fair value of the respective hedged items during the period for which the hedge is designated, and if the actual results of each hedge are within the range of 80% to 125%. Specifically for hedge accounting, the Company has not yet adopted the new rule of CPC 48 (IFRS 9). As permitted by the standard, the Company decided not to adopt the accounting practice of hedge accounting for the outstanding transactions at January 1, 2019.

Cash flow hedges

Currently the Company adopts the fair value hedge for its transactions, so that both the hedge instruments and the hedged items are stated at the FVTPL. See below the transactions and accounting effects arising from adopting this practice:

					Parent company
Operation	Indexing	Type of hedge	Principal amount	Asset/(liability) balance	Gain/loss in the income
Loan - 4131	EUR + spread	Fair value	88,454	89,450	167
Swap - 4131	EUR + Spread vs. % CDI	Fair value	88,454	(6,869)	-

					Consolidated
Operation	Indexing	Type of hedge	Principal amount	Asset/(liability) balance	Gain/loss in the income
Loan - 4131	EUR + spread	Fair value	88,454	89,450	167
Swap - 4131	EUR + Spread vs. % CDI	Fair value	88,454	(6,869)	-

If the hedge instrument no longer meets the criteria for hedge accounting, expires or is sold, closed, exercised, or has its designation revoked, then hedge accounting is discontinued prospectively. Hedged items previously recognized at fair value are recorded at amortized cost.

Cash flow hedges

The Company adopts cash flow hedges for most foreign supplier operations. Hedge instruments are stated at fair value and the hedged item is stated at the amount on the curve. The variation between the amount on the curve of the hedge instrument and the fair value is considered in the Company's shareholders' equity, so that both the hedge instruments and the hedged items affect the income by the amount on the curve.

					Parent company
Operation	Indexing	Type of hedge	Principal amount	Asset/(liability) balance	Loss in comprehensive income
Suppliers	USD	Cash flow	-	-	-
NDF	USD vs BRL	Cash flow	-	-	-

					Consolidated
Operation	Indexing	Type of hedge	Principal amount	Asset/(liability) balance	Loss in comprehensive income
Suppliers	USD	Cash flow	155,586	(155,586)	-
NDF Suppliers	USD vs BRL	Cash flow	155,586	2,600	(91)
NDF Future purchase	USD vs BRL	Cash flow	35,309	1,902	1,255
Total					1,164

The cash flows of these operations are stated in the note on Financial Risk Management - Liquidity Risk (Note 4 (d)).

If the hedge instrument no longer meets the criteria for hedge accounting, expires or is sold, closed, exercised, then hedge accounting is discontinued prospectively and a deferred hedge accounting adjustment in shareholders' equity is recognized in the income statement for the year.

8 Financial instruments by category (consolidated)

Parent company

	March 31, 2019				
	Amortized cost	FVOCI	FVTPL	Designated for fair value hedge	Designated for cash flow hedge
Financial assets, as per the balance sheet					
Accounts receivable (Note 11)	982,282	-	-	-	-
Financial investments (Note 10)	1,063,685	-	-	-	-
Cash and banks (Note 10)	7,177	-	-	-	-
Derivative financial instruments	-	-	-	-	-
Other assets (Note 14)	65,130	-	-	-	-
	<u>2,118,274</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,118,274</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

FVOCI - Fair Value Through Other Comprehensive Income

FVTPL - Fair Value Through Profit or Loss

	March 31, 2019				
	FVOCI	FVTPL	Amortized cost	Designated for fair value hedge	Designated for cash flow hedge
Financial liabilities, as per the balance sheet					
Loans, financing and debentures (Note 22)	-	-	413,883	-	-
Suppliers (Note 20)	-	-	309,695	-	-
Suppliers' assignment of receivables (Note 21)	-	-	843	-	-
Accounts payable	-	-	97,361	-	-
Derivative financial instruments	-	6,869	-	-	-
	<u>-</u>	<u>6,869</u>	<u>821,782</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>6,869</u>	<u>821,782</u>	<u>-</u>	<u>-</u>

	December 31, 2018				
	Amortized cost	FVOCI	FVTPL	Designated for fair value hedge	Designated for cash flow hedge
Financial assets, as per the balance sheet					
Accounts receivable (Note 11)	1,460,045	-	-	-	-
Financial investments (Note 10)	1,565,258	-	-	-	-
Cash and banks (Note 10)	13,426	-	-	-	-
Derivative financial instruments	-	-	-	-	-
Other assets (Note 14)	67,988	-	-	-	-
	<u>3,106,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>3,106,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	December 31, 2018				
	FVOCI	FVTPL	Amortized cost	Designated for fair value hedge	Designated for cash flow hedge
Financial liabilities, as per the balance sheet					
Loans, financing and debentures (Note 22)	-	-	426,955	-	-
Suppliers (Note 20)	-	-	416,478	-	-
Suppliers' assignment of receivables (Note 21)	-	-	1,349	-	-
Accounts payable	-	-	74,251	-	-
Derivative financial instruments	-	4,480	-	-	-
	<u>-</u>	<u>4,480</u>	<u>919,033</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>4,480</u>	<u>919,033</u>	<u>-</u>	<u>-</u>

Consolidated

						March 31, 2019
	Amortized cost	FVOCI	FVTPL	Designated for fair value hedge	Designated for cash flow hedge	Total
Financial assets, as per the balance sheet						
Accounts receivable (Note 11)	979,421	-	-	-	-	979,421
Financial investments (Note 10)	1,180,880	-	-	-	-	1,180,880
Cash and banks (Note 10)	8,651	-	-	-	-	8,651
Derivative financial instruments	-	1,987	38	-	3,766	5,791
Other assets (Note 14)	81,842	-	-	-	-	81,842
	2,250,794	1,987	38	-	3,766	2,256,585

March 31, 2019					
			Designated for fair value hedge	Designated for cash flow hedge	Total
	FVOCI	FVTPL	Amortized cost		
Financial liabilities, as per the balance sheet					
Loans, financing and debentures (Note 22)	-	-	551,311	-	-
Suppliers (Note 20)	-	-	147,735	-	-
Suppliers' assignment of receivables (Note 21)	-	-	145,822	-	-
Accounts payable	-	-	139,824	-	-
Derivative financial instruments	-	7,047	-	-	1,167
	-	7,047	984,692	-	1,167
					992,906

	December 31, 2018					
	Amortized cost	FVOCI	FVTPL	Designated for fair value hedge	Designated for cash flow hedge	Total
Financial assets, as per the balance sheet						
Accounts receivable (Note 11)	1,457,265	-	-	-	-	1,457,265
Financial investments (Note 10)	1,632,296	-	-	-	-	1,632,296
Cash and banks (Note 10)	14,573	-	-	-	-	14,573
Derivative financial instruments	-	498	127	-	6,667	7,292
Other assets (Note 14)	84,447	-	-	-	-	84,447
	3,188,581	498	127	-	6,667	3,195,873

	December 31, 2018					
				Designated for fair value hedge	Designated for cash flow hedge	
	FVOCI	FVTPL	Amortized cost			Total
Financial liabilities, as per the balance sheet						
Loans, financing and debentures (Note 22)	-	-	564,309	-	-	564,309
Suppliers (Note 20)	-	-	198,119	-	-	198,119
Suppliers' assignment of receivables (Note 21)	-	-	161,200	-	-	161,200
Accounts payable	-	-	114,589	-	-	114,589
Derivative financial instruments	-	5,399	-	-	1,408	6,807
	-	5,399	1,038,217	-	1,408	1,045,024

9 Credit quality of financial assets

The credit quality of financial assets (cash and cash equivalents) can be evaluated as shown below:

	Parent company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Current account, bank deposits and short-term financial investments (*)				
AAA	1,034,870	1,534,450	1,153,537	1,602,631
AA+	35,979	44,219	35,979	44,219
	<u>1,070,849</u>	<u>1,578,669</u>	<u>1,189,516</u>	<u>1,646,850</u>

(*) Source: Moody's, Standard & Poor's and Fitch rating agencies, on a local scale, when available, otherwise on a global scale.

The residual balance of “cash and cash equivalents” in the balance sheet is substantially cash on hand.

	Parent company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Derivative financial assets				
AAA	-	-	5,283	6,743
A-	-	-	508	549
	<u>-</u>	<u>-</u>	<u>5,791</u>	<u>7,292</u>

None of the fully performing financial assets were renegotiated in the last financial year. None of the loans with related parties are overdue or impaired.

Accounts receivable - The credit analysis department assesses the credit quality of the customers considering their financial position, payment history, public information and that of credit analysis institutions (Serasa, CISP and Credinfar). Individual risk limits are determined based on regular internal monitoring processes.

A significant portion of the Company's sales are made to large retail chains and distributors with a widespread distribution network in Brazil, which mitigates the Company's consolidated credit risk. Additionally, the credit analysis department uses the aforementioned controls to constantly monitor and assess the Company's portfolio. See the details on the analysis of due date in Note 11.

10 Cash and cash equivalents

	Parent company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Cash and banks	7,177	13,426	8,651	14,573
Short-term financial investments:				
Repurchase operations	183,179	260,800	224,895	291,929
Bank deposit certificates (CDBs)	880,506	1,304,458	955,985	1,340,367
	<u>1,063,685</u>	<u>1,565,258</u>	<u>1,180,880</u>	<u>1,632,296</u>
	<u>1,070,862</u>	<u>1,578,684</u>	<u>1,189,531</u>	<u>1,646,869</u>

Financial investments yielded between 94.0% and 102.0% (at December 31, 2018 between 94.0% and 102.0%) of the CDI with a weighted average of 99.3% (at December 31, 2018 - 98.9%).

11 Accounts receivable

	Parent company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Domestic customers	1,042,138	1,520,546	1,045,606	1,523,966
Related parties (Note 30)	3,469	3,321	-	-
Expected credit loss	(63,325)	(63,822)	(66,185)	(66,701)
	<u>982,282</u>	<u>1,460,045</u>	<u>979,421</u>	<u>1,457,265</u>

The amounts of accounts receivable that are overdue, but not impaired, refer to a number of independent customers that have no recent history of default. The aging analysis of these accounts receivable is presented as follows:

	Parent company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Up to three months	7,447	2,454	7,452	2,460
Over three months	3,896	3,875	3,901	3,878
	<u>11,343</u>	<u>6,329</u>	<u>11,353</u>	<u>6,338</u>

The additions and write-off of the allowance for doubtful accounts were recorded in the income statement as “Selling and marketing expenses”. Amounts charged to the expected credit loss are generally written off from receivables when there is no expectation of recovery of the funds.

The maximum exposure to credit risk on the reporting date is the carrying amount of each class of receivables mentioned above. The Company holds certain notes as a guarantee, as described in Note 22 (a).

Changes in the allowance for doubtful accounts for the period ended March 31, 2019 are as follows:

	Parent company	Consolidated
Balances at 12/31/2018	(63,822)	(66,701)
Additions for the period	597	609
Write-offs for the period	(100)	(93)
Balances at 3/31/2019	<u>(63,325)</u>	<u>(66,185)</u>

12 Inventories

	Parent company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Finished goods and resale	227,103	175,180	314,119	222,243
Semi-finished goods	-	47	38,309	36,596
Raw material	-	5	301,466	323,059
Maintenance and supplies	74	26	66,482	67,036
Provision for losses	(32,047)	(28,532)	(56,307)	(52,251)
	<u>195,130</u>	<u>146,726</u>	<u>664,069</u>	<u>596,683</u>

The table below presents the changes in the provision:

	Parent company	Consolidated
At 12/31/2018	(28,532)	(52,251)
Additions for the period (a)	(6,567)	(14,547)
Write-offs for the period (b)	3,052	10,491
At 3/31/2019	<u>(32,047)</u>	<u>(56,307)</u>

(a) Refers to the addition of a provision for losses due to discontinuity, validity, quality and realization of inventories, in accordance with the policy established by the Company, recorded in the income statement as "Cost of sales".

(b) Composed, mainly, by write-offs and reversals of products discarded by the Company and its subsidiaries.

13 Recoverable taxes

	Parent company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
PIS/COFINS/IPI and others	732,485	166,027	751,801	183,597
ICMS	76,702	75,673	130,334	129,638
Recoverable IRPJ and CSSL	28,182	64,679	47,061	83,489
	<u>837,369</u>	<u>306,379</u>	<u>929,196</u>	<u>396,724</u>
Current	<u>269,117</u>	<u>284,422</u>	<u>323,627</u>	<u>338,166</u>
Non-current	<u>568,252</u>	<u>21,957</u>	<u>605,569</u>	<u>58,558</u>

Lawsuits of the parent company had a final and unappealable decision, authorizing the recovery of PIS and COFINS improperly levied on the ICMS included in the billing notes. In addition to the lawsuit of Hypera S.A. , there are other lawsuits involving PIS and COFINS of the subsidiaries Cosmed and Brainfarma, which are still pending.

With these favorable decisions, the Company calculated the gain and made the accounting entry in the first quarter of 2019.

Additional analyses are being carried out, but there is no expectation of increases in the calculated amounts.

14 Other assets

	Parent company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Prepaid expenses (a)	187,967	149,530	206,105	162,827
Bills receivable (b)	65,130	67,988	81,842	84,447
Deposits in court (c)	115,699	113,599	143,337	141,046
Advances	12,098	24,704	23,683	38,526
Others	1,794	3,146	1,965	3,598
	<u>382,688</u>	<u>358,967</u>	<u>456,932</u>	<u>430,444</u>
Current	<u>261,336</u>	<u>239,275</u>	<u>295,109</u>	<u>270,648</u>
Non-current	<u>121,352</u>	<u>119,692</u>	<u>161,823</u>	<u>159,796</u>

- (a) refer mainly to advance payments of advertising and publicity.
(b) refer mainly to contingency amounts paid of former owners, to be reimbursed.
(c) refer to deposits for the guarantee of contingent liabilities (Note 26).

15 Discontinued operations

a) Analysis of the balance sheet of discontinued operations

Effect of reclassifications on the Company's financial position:

	Parent company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Investments	1,060	1,060	1,095	1,330
Total assets held for sale	1,060	1,060	1,095	1,330
Allowance for negative profit sharing	6,934	7,443	7,091	7,611
Total liabilities held for sale	6,934	7,443	7,091	7,611
	5,874	6,383	5,996	6,281

The balances at March 31, 2019 refer to the investment in disposable products discontinued in Argentina.

b) Analysis of the results of discontinued operations

	Parent company		Consolidated	
	Discontinued operations		Discontinued operations	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Net revenue	-	-	-	-
Cost of sale	-	-	-	-
Gross profit	-	-	-	-
(Expenses)/income	(620)	818	518	725
Income from sale	(14,357)	(1,505)	(15,070)	(1,660)
Income before financial income and expenses	(14,977)	(687)	(14,552)	(935)
Financial expenses	-	(15)	-	(15)
Income before income tax and social contribution	(14,977)	(702)	(14,552)	(950)
Income tax and social contribution	5,354	(1,710)	4,929	(1,462)
Net income for the period	(9,623)	(2,412)	(9,623)	(2,412)

c) Analysis of the cash flow provided by (used in) discontinued operations

	Parent company		Consolidated	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Cash flows from operating activities	(5,203)	(11,862)	(4,472)	(11,714)
Cash flows from investment activities	447	(9,661)	447	(9,686)
Net cash provided by (used in) discontinued operations	(4,756)	(21,523)	(4,025)	(21,400)

16 Investments

The investments held by the Company are presented below:

Company	Date of incorporation	Country	Business	Interest in shares/quota s	Type of interest
Cosmed Indústria de Cosméticos e Medicamentos S.A.	12/17/2008	Brazil	Sweeteners/Pharma	100%	Direct
My Agência de Propaganda Ltda.	11/29/1999	Brazil	Advertising agency	100%	Direct
Brainfarma Indústria Química e Farmacêutica S.A.	6/24/2002	Brazil	Pharma	78.62%	Direct
Brainfarma Indústria Química e Farmacêutica S.A.	6/24/2002	Brazil	Pharma	21.38%	Indirect
Bionovis S.A.	7/15/2010	Brazil	Biotechnology	25%	Direct
Neolatina Comércio e Indústria Farmacêutica S.A.	9/15/1966	Brazil	Pharma	100%	Indirect
Mantecorp Participações S.A.	9/28/2016	Brazil	Pharma	100%	Direct

a. Changes in the parent company's investments

	Brainfarma	Cosmed	My	Bionovis	Total
Balance at January 1, 2019	948,126	537,013	8,886	11,562	1,505,587
Capital increase	101,100	-	-	-	101,100
Equity accounting	(26,921)	(6,852)	296	(433)	(33,910)
Portion of discontinued equity accounting in the investment	8,915	(7,891)	-	-	1,024
Stock option	(466)	2,135	(33)	-	1,636
Equity valuation adjustment	(1,554)	-	-	-	(1,554)
Leases	(713)	(222)	(3)	-	(938)
Balances at March 31, 2019	1,028,487	524,183	9,146	11,129	1,572,945

Below is the Company's interest in income (loss) of the main direct subsidiaries, as well as in their total assets and liabilities:

March 31, 2019	Assets	Liabilities	Revenue	Income (loss)	Adjusted net income (loss) (*)
Brainfarma Indústria Química e Farmacêutica S.A.	1,854,673	547,910	239,985	(35,773)	(26,921)
Cosmed Indústria de Cosméticos e Medicamentos S.A.	704,253	157,715	66,681	(5,497)	(6,852)
My Agência de Propaganda Ltda.	11,189	1,505	1,140	232	296

December 31, 2018	Assets	Liabilities	Revenue	Income (loss)	Adjusted net income (loss) (*)
Brainfarma Indústria Química e Farmacêutica S.A.	1,835,347	593,520	1,283,074	34,517	44,692
Cosmed Indústria de Cosméticos e Medicamentos S.A.	699,456	148,097	289,406	57,515	31,103
My Agência de Propaganda Ltda.	9,435	550	4,560	(1,202)	(1,202)

(*) This refers to the net income (loss) for the period for transactions between the investor and its investees.

b. Equity in the results of investees

	Number of shares and quotas	Adjusted shareholder s' equity at March 31, 2019	Ownership %	Equity accounting at March 31, 2019	Balance of the investment at March 31, 2019	Equity accounting at March 31, 2018	Balance of the investment at December 31, 2018
Cosmed Indústria de Cosméticos e Medicamentos S.A.	1,525,000,947	524,183	100%	(6,852)	524,183	15,720	537,013
My Agência de Propaganda Ltda.	20,129,999	9,146	100%	296	9,146	(2,455)	8,886
Brainfarma Indústria Química e Farmacêutica S.A.	302,326,223	1,028,487	100%	(26,921)	1,028,487	5,686	948,126
Bionovis S.A.	6,000,000	44,520	25%	(433)	11,129	-	11,562
				<u>(33,910)</u>	<u>1,572,945</u>	<u>18,951</u>	<u>1,505,587</u>

17 Investment properties

This refers to leased properties, one used as a distribution center that is rented to third parties and another a portion of real estate used by Cosmed Indústria de Cosméticos e Medicamentos S.A. (Fábrica de Adoçantes), and according to a technical report from an independent company, the total fair value of these properties is R\$ 255,000.

	Parent company	Consolidated
Balance at January 1, 2019	162,170	154,263
Additions	8	8
Depreciation	(1,049)	(1,001)
Balances at March 31, 2019	161,129	153,270
Total cost	184,054	174,448
Accumulated depreciation	(22,925)	(21,178)
Residual value	161,129	153,270

18 Property, plant and equipment

Parent company

	Land	Buildings and improvements	Machinery, equipment and facilities	Vehicles	Furniture and fixtures	Others	Total in operation	Fixed assets under construction	Total property, plant and equipment
Own assets									
Balance at January 1, 2019	7,091	22,702	33,978	180	9,625	9,471	83,047	1,876	84,923
Additions	-	-	610	-	543	-	1,153	1,277	2,430
Depreciation	-	(50)	(1,278)	(10)	(168)	(235)	(1,741)	-	(1,741)
Transfer	-	223	402	-	-	-	625	(625)	-
Balances at March 31, 2019	7,091	22,875	33,712	170	10,000	9,236	83,084	2,528	85,612
Right-of-use assets - leases									
Balance at January 1, 2019	-	-	-	-	-	-	-	-	-
Initial application of CPC 06/IFRS 16	-	15,606	-	29,732	-	-	45,338	-	45,338
Additions	-	2,280	-	706	-	-	2,986	-	2,986
Disposals	-	(2,542)	-	(15)	-	-	(2,557)	-	(2,557)
Amortization	-	(1,494)	-	(4,987)	-	-	(6,481)	-	(6,481)
Balances at March 31, 2019	-	13,850	-	25,436	-	-	39,286	-	39,286

Total costs of own assets and right-of-use assets - leases	7,091	77,299	72,296	64,794	15,164	15,268	251,912	2,528	254,440
Total accumulated depreciation	-	(40,574)	(38,584)	(39,188)	(5,164)	(6,032)	(129,542)	-	(129,542)
Residual value	7,091	36,725	33,712	25,606	10,000	9,236	122,370	2,528	124,898

Consolidated

	Land	Buildings and improvements	Machinery, equipment and facilities	Vehicles	Furniture and fixtures	Others	Total in operation	Fixed assets under construction	Total property, plant and equipment
Own assets									
Balance at January 1, 2019	20,849	285,846	564,525	286	23,477	18,218	913,201	50,705	963,906
Additions	-	-	12,168	-	706	124	12,998	24,454	37,452
Disposals	-	(85)	(5)	-	-	-	(90)	-	(90)
Impairment	-	-	-	-	-	-	-	-	-
Depreciation	-	(2,417)	(10,080)	(18)	(483)	(811)	(13,809)	-	(13,809)
Transfer	-	293	7,659	-	76	112	8,140	(8,140)	-
Balances at March 31, 2019	20,849	283,637	574,267	268	23,776	17,643	920,440	67,019	987,459
Right-of-use assets - leases									
Balance at January 1, 2019	-	-	-	-	-	-	-	-	-
Initial application of CPC 06/IFRS 16	-	17,526	-	33,057	-	-	50,583	-	50,583
Additions	-	2,280	-	706	-	-	2,986	-	2,986
Disposals	-	(2,542)	-	(15)	-	-	(2,557)	-	(2,557)
Amortization	-	(1,210)	-	(5,503)	-	-	(6,713)	-	(6,713)
Balances at March 31, 2019	-	16,054	-	28,245	-	-	44,299	-	44,299
Total costs of own assets and right-of-use assets - leases	20,849	401,720	967,249	73,288	49,165	41,881	1,554,152	67,019	1,621,171
Total accumulated depreciation	-	(102,029)	(392,982)	(44,775)	(25,389)	(24,238)	(589,413)	-	(589,413)
Residual value	20,849	299,691	574,267	28,513	23,776	17,643	964,739	67,019	1,031,758

19 Intangible assets

	Parent company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Goodwill on acquisition of investments in merged companies				
Mantecorp Indústria Química Farmacêutica S.A.	1,798,470	1,798,470	1,798,470	1,798,470
Luper Indústria Farmacêutica Ltda.	45,917	45,917	45,917	45,917
Laboratório Neo Química Comércio e Indústria S.A.	967,154	967,154	967,154	967,154
DM Indústria Farmacêutica Ltda.	743,029	743,029	743,029	743,029
Farmasa - Laboratório Americano de Farmacoterapia S.A.	666,808	666,808	666,808	666,808
Barrenne Indústria Farmacêutica Ltda.	33,955	33,955	33,955	33,955
Finn Administradora de Marcas Ltda.	17,857	17,857	17,857	17,857
	4,273,190	4,273,190	4,273,190	4,273,190
Trademarks and patents	339,702	340,529	333,431	336,723
Rights of use and software	13,181	13,208	49,451	50,113
Product development	10,443	10,447	220,336	202,505
	4,636,516	4,637,374	4,876,408	4,862,531

Goodwill is measured as the surplus of the consideration transferred in relation to the net assets acquired and is based mainly on future profitability which is supported by appraisal reports prepared by a specialized company, where the cash flow method discounted to present value is used. The discount rates used in the calculations were determined by adopting the Weighted Average Cost of Capital (WACC). For acquisitions after 2009, the consideration transferred was allocated to certain assets acquired in the business (inventories, property, plant and equipment, and trademarks, among others).

Changes in the balances

Parent company

	Trademarks and patents	Rights of use and software	Product development	Goodwill	Total
Balance at January 1, 2019	340,529	13,208	10,447	4,273,190	4,637,374
Additions	-	1,060	101	-	1,161
Disposals	-	-	(42)	-	(42)
Amortization	(827)	(1,087)	(63)	-	(1,977)
Balances at March 31, 2019	339,702	13,181	10,443	4,273,190	4,636,516
Total cost	360,620	84,794	11,078	4,273,190	4,729,682
Accumulated amortization	(20,918)	(71,613)	(635)	-	(93,166)
Residual value	339,702	13,181	10,443	4,273,190	4,636,516

Consolidated

	Trademark s and patents	Rights of use and software	Product development	Goodwill	Total
Balance at January 1, 2019	336,723	50,113	202,505	4,273,190	4,862,531
Additions	-	1,202	22,237	-	23,439
Disposals	-	-	(893)	-	(893)
Amortization	(3,292)	(1,864)	(3,509)	-	(8,665)
Transfer	-	-	(4)	-	(4)
Balances at March 31, 2019	333,431	49,451	220,336	4,273,190	4,876,408
Total cost	360,947	137,104	319,578	4,273,190	5,090,819
Accumulated amortization	(27,516)	(87,653)	(99,242)	-	(214,411)
Residual value	333,431	49,451	220,336	4,273,190	4,876,408

Impairment of assets

The Company tests its intangible assets with indefinite useful lives for impairment annually, or when there are indications that the value may not be recovered. These assets are represented mainly by the portion of goodwill for expected future income and trademarks arising from business combinations.

20 Suppliers

<u>Parent company</u>	<u>Consolidated</u>
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	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Domestic suppliers	5,592	13,720	112,665	151,742
Foreign suppliers	396	232	35,070	46,377
Related-party suppliers (Note 30 (a))	303,707	402,526	-	-
	<u>309,695</u>	<u>416,478</u>	<u>147,735</u>	<u>198,119</u>

21 Suppliers' assignment of receivables

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Local market (overdraft risk)	843	1,349	982	2,137
External market (forfait)	-	-	144,840	159,063
	<u>843</u>	<u>1,349</u>	<u>145,822</u>	<u>161,200</u>

Some suppliers have the option to assign Company receivables, without right to recourse, to financial institutions. In this operation, the supplier may have a decrease in its financial costs, because the financial institution takes into consideration the credit risk of the buyer.

At March 31, 2019, the discount rates in assignment operations carried out by the Company's suppliers with the financial institutions in the local market were between 0.70% and 0.70% with a weighted average of 0.70% per month (at December 31, 2018 these rates were between 0.70% and 0.73% with a weighted average of 0.72% per month).

At March 31, 2019, the discount rates in assignment operations carried out by the Company's suppliers with the financial institutions in the foreign market were between 2.20% and 7.57% with a weighted average of 4.51% p.a. (at December 31, 2018 these rates were between 3.47% and 5.97% with a weighted average of 4.23% p.a.).

22 Loans and financing

		Parent company		Consolidated	
	Nominal rate	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Foreign currency					
Loans (i)	€ + 1.61% p.a.	90,126	90,761	90,126	90,761
Local currency					
FCO (i)	FCO (i) Fixed rate from 2.50% to 8.50% p.a.	24,045	25,090	54,328	57,120
Financing	Fixed rate from 2.50% to 8.70% p.a.	2,128	2,277	9,184	9,780
BNDES (i)	Fixed rate from 3.50% to 4.50% p.a.	560	2,237	560	2,237
FINEP	TJLP - 1.00% p.a.	251,650	262,242	251,650	262,242
Real estate financing	TR + 9.60%p.a.	45,374	44,348	145,463	142,169
		<u>413,883</u>	<u>426,955</u>	<u>551,311</u>	<u>564,309</u>
Current		<u>72,389</u>	<u>74,805</u>	<u>104,344</u>	<u>106,548</u>
Non-current		<u>341,494</u>	<u>352,150</u>	<u>446,967</u>	<u>457,761</u>

(i) Contracts with covenants on debt levels and coverage of interest with respect to certain financial information (EBITDA and net interest expenses), disposal, spin-off, merger, amalgamation or any corporate restructuring which, if they occur, must be previously approved by the financial agents. If any of these events occur without the consent of the lenders, the outstanding balances will have their maturities accelerated. At December 31, 2018, the covenants were met. The next measurement will be made at June 30, 2019.

Long-term loans and financing at March 31, 2019 have the following breakdown, by year of maturity:

	Parent company	Consolidated
2020	41,788	59,107
2021	143,464	162,759
2022	53,863	73,047
2023	53,469	69,193
2024	38,688	50,079
2025	5,111	16,396
2026	5,111	16,386
	<u>341,494</u>	<u>446,967</u>

There was a reduction in the gross indebtedness and in the actual cost of the loans.

a. Guarantee of loans and financing at March 31, 2019

	Parent company	Consolidated
Accounts receivable – Pledged guarantees	17,146	26,930
Letter of guarantee (*)	252,210	252,210
Pledged fixed assets	55,400	185,307
	<u>324,756</u>	<u>464,447</u>

(*) The most significant letter of guarantee, with net amount pledged of R\$ 251,650, guarantees the loan from FINEP (Contract No.

0799/13).

b. Book values and estimated fair value

The book values and estimated fair values of loans, financing and debentures are as follows:

		Consolidated		Fair value	
	Nominal rate	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Foreign currency					
Loans	€ + 1.61% p.a.	90,126	90,761	90,126	90,761
Local currency					
FCO	Fixed rate from 2.50% to 8.50% p.a.	54,328	57,120	54,328	57,120
Financing	Fixed rate from 2.50% to 8.70% p.a.	9,184	9,780	8,501	8,984
BNDES	Fixed rate from 3.50% to 4.50% p.a.	560	2,237	560	2,237
FINEP	TJLP - 1.00% p.a.	251,650	262,242	251,650	262,242
Real estate financing	TR + 9.60% p.a.	145,463	142,169	142,714	144,850
		551,311	564,309	547,879	566,194

The fair value of some of the current loans is equal to their book value, since the impact of the discount is not material. The fair values are based on discounted cash flows, using a market rate of CDI + 0.32% to CDI + 1.20% p.a. (December 31, 2018 – CDI + 0.32% to CDI + 1.45% p.a.).

c. Reconciliation of changes in equity with the cash flows from financing activities

	Parent company									
	Liabilities						Derivatives (assets/liabilities) held to hedge long-term loans		Shareholders' equity	Total
	Loans and financing	Notes payable	Taxes payable	Related parties	Proposed dividends	Leases	Other assets - loans	Derivative financial instruments (assets)	Derivative financial instruments (liabilities)	
At December 31, 2018	426,955	18,070	42,067	2,648	560,295	-	(67,988)	-	4,480	8,267,673
Changes in financing cash flows										
Payment of loans – principal	(14,492)	-	(226)	-	-	(6,365)	997	-	-	(20,086)
Payment of loans – interest	(4,635)	-	-	-	-	(1,343)	-	-	-	(5,978)
Borrowings	-	-	-	2,867	-	-	-	-	-	2,867
Dividends paid	-	-	-	-	(560,275)	-	-	-	-	(560,275)
Total changes in cash flows and financing	(19,127)	-	(226)	2,867	(560,275)	(7,708)	997	-	-	(583,472)
Other changes										
Initial application	-	-	-	-	-	49,287	-	-	-	49,287
Write-off	-	-	-	-	-	(1,929)	-	-	-	(1,929)
Additions	-	-	-	-	-	1,778	-	-	-	1,778
Interest	-	-	-	-	-	1,152	-	-	-	1,152
Other assets	-	-	-	2	-	-	2,250	-	-	2,252
Sale of properties	-	-	-	-	-	-	481	-	-	481
Taxes payable	-	-	(254)	-	-	-	-	-	-	(254)
Stock option/matching	-	-	-	-	-	-	-	-	-	280
Interest	6,055	279	109	-	-	-	(870)	-	2,389	7,962
Interest on shareholders' equity	-	-	-	-	160,994	-	-	-	-	160,994
Net income for the year	-	-	-	-	-	-	-	-	-	156,642
Equity valuation adjustments	-	-	-	-	-	-	-	-	-	1,164
Total other changes related to liabilities	6,055	279	(145)	2	160,994	50,288	1,861	-	2,389	379,809
At March 31, 2019	413,883	18,349	41,696	5,517	161,014	42,580	(65,130)	-	6,869	9,050,537

	Consolidated									
	Liabilities						Derivatives (assets/liabilities) held to hedge long-term loans		Shareholders' equity	Total
	Loans and financing	Notes payable	Taxes payable	Proposed dividends	Leases	Other assets - loans	Derivative financial instruments (assets)	Derivative financial instruments (liabilities)		
At December 31, 2018	564,309	18,070	63,191	560,295	-	(84,447)	(7,292)	6,807	8,267,673	9,388,606
Changes in financing cash flows										
Payment of loans – principal	(16,677)	-	(226)	-	(6,653)	998	-	-	-	(22,558)
Payment of loans – interest	(5,395)	-	-	-	(1,515)	-	-	-	-	(6,910)
Dividends paid	-	-	-	(560,275)	-	-	-	-	-	(560,275)
Total changes in cash flows and financing	(22,072)	-	(226)	(560,275)	(8,168)	998	-	-	-	(589,743)
Other changes										
Initial application	-	-	-	-	55,955	-	-	-	-	55,955
Write-off	-	-	-	-	(1,929)	-	-	-	-	(1,929)
Additions	-	-	-	-	1,778	-	-	-	-	1,778
Interest	-	-	-	-	1,339	-	-	-	-	1,339
Other assets	-	-	-	-	-	2,250	-	-	-	2,250
Sale of properties	-	-	-	-	-	481	-	-	-	481
Taxes payable	-	-	(2,792)	-	-	-	-	-	-	(2,792)
Stock option/matching	-	-	-	-	-	-	-	-	280	280
Interest on shareholders' equity	-	-	-	160,994	-	-	-	-	-	160,994
Interest	9,074	279	109	-	-	(1,124)	-	2,388	-	10,726
Net income for the year	-	-	-	-	-	-	-	-	156,642	156,642
Equity valuation adjustments	-	-	-	-	-	-	-	-	1,164	1,164
Supplier hedge	-	-	-	-	-	-	433	(336)	-	97
Supplier hedge - interest paid	-	-	-	-	-	-	(2,770)	3,193	-	423
Fair Value Asset - Supplier hedge	-	-	-	-	-	-	3,838	(3,838)	-	-
Total other changes related to liabilities	9,074	279	(2,683)	160,994	57,143	1,607	1,501	1,407	158,086	387,408
At March 31, 2019	551,311	18,349	60,282	161,014	48,975	(81,842)	(5,791)	8,214	8,425,759	9,186,271

23 Deferred income tax and social contribution

a. Breakdown of deferred tax assets

This refers to the tax credits on accumulated tax loss carry-forwards, negative bases of social contribution and temporary differences. These assets are recognized in proportion to the likelihood of realization of the related tax benefit through future taxable income based on a study of future realization for which the projection is the generation of taxable income as from 2019. Tax loss carry-forwards and negative bases of social contribution are generated mainly due to the fiscal use of goodwill from the acquisition of companies (Note 19).

	Parent company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Deferred tax assets:				
Tax loss carry-forwards and negative bases of CSLL	1,308,768	1,204,275	1,334,942	1,219,317
Contingencies	63,407	61,955	73,538	66,876
Expected credit loss	56,484	56,652	59,641	59,816
Allowance for losses on inventories	10,896	9,701	22,742	22,159
Amortized goodwill	3,830	6,440	3,830	6,440
Other temporary differences	132,275	79,997	166,575	112,649
Total deferred tax assets	1,575,660	1,419,020	1,661,268	1,487,257
(-) Portion of deferred tax assets recoverable through deferred liabilities of the same company with the same tax authority (also recoverable in the calculation of the current tax)	(1,575,660)	(1,419,020)	(1,632,621)	(1,459,512)
Remaining balance of deferred tax assets	-	-	28,647	27,745

b. Deferred tax liabilities

This consists mainly of deferred income tax and social contribution tax liabilities, arising from temporary differences between the tax basis of goodwill and its book value in the balance sheet, considering that the goodwill continues to be amortized for tax purposes but has no longer been amortized in the accounting records since January 1, 2009. This temporary difference may result in amounts to be added in the calculation of taxable income for future years when the book value of the asset is reduced (impairment) or settled, thus making it necessary to record a deferred tax liability.

	Parent company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Goodwill	1,549,518	1,532,847	1,549,518	1,532,847
Tax debt - PIS/COFINS (*)	185,760	-	185,760	-
Fair value of property, plant and equipment - business combinations	11,732	11,762	46,066	47,170
Others	22,586	23,525	112,340	110,680
Total tax debt	1,769,596	1,568,134	1,893,684	1,690,697
(-) Portion of deferred tax liabilities recoverable through deferred assets of the same company with the same tax authority (also recoverable in the calculation of the current tax)	(1,575,660)	(1,419,020)	(1,632,621)	(1,459,512)
Remaining balance of deferred liabilities	193,936	149,114	261,063	231,185

(*) See Note 13.

c. Reconciliation of the income tax and social contribution expense

	Parent company		Consolidated	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Continuing and discontinued operations	367,341	333,049	355,081	343,058
Income before income tax and social contribution				
Combined rate - %	34%	34%	34%	34%
Income tax and social contribution expense at the combined rate	(124,897)	(113,237)	(120,728)	(116,622)
Equity accounting	(11,184)	6,530	29	245
Government grants	22,258	31,746	22,258	31,746
Interest on shareholders' equity	54,738	45,560	54,738	45,560
Other permanent additions/exclusions	12,926	(3,890)	9,804	(4,229)
Income tax and social contribution expense	<u>(46,159)</u>	<u>(33,291)</u>	<u>(33,899)</u>	<u>(43,300)</u>
Current	94,775	4,656	102,371	(2,686)
Deferred	<u>(140,934)</u>	<u>(37,947)</u>	<u>(136,270)</u>	<u>(40,614)</u>
Discontinued operations	5,354	(1,710)	4,929	(1,462)
Continuing operations	<u>(51,513)</u>	<u>(31,581)</u>	<u>(38,828)</u>	<u>(41,838)</u>
	<u>(46,159)</u>	<u>(33,291)</u>	<u>(33,899)</u>	<u>(43,300)</u>
	13%	10%	10%	13%

24 Taxes payable

	Parent company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
ICMS (value added tax) payable	39,387	39,146	51,270	49,269
IPI/PIS/COFINS payable	642	1,106	6,463	6,748
Other taxes payable	1,667	1,815	2,549	7,174
	<u>41,696</u>	<u>42,067</u>	<u>60,282</u>	<u>63,191</u>
Current	<u>32,890</u>	<u>33,126</u>	<u>51,476</u>	<u>54,250</u>
Non-current	<u>8,806</u>	<u>8,941</u>	<u>8,806</u>	<u>8,941</u>

25 Accounts payable

	Parent company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Freight payable	9,650	12,039	11,706	14,155
Services provided	29,426	22,978	49,743	40,503
Commercial agreements and advertising	10,082	33,028	10,096	33,028
Rents	827	1,054	6,175	6,185
Deferred revenues	8,811	11,215	8,811	11,215
Purchases of fixed assets	738	1,290	5,731	13,761
Payables arising from disposal	20,007	18,297	20,007	18,297
Leases	42,580	-	48,975	-
Accrued taxes on provision for inventory losses	5,787	3,899	14,093	12,993
Others	8,864	8,644	12,392	11,911
	<u>136,772</u>	<u>112,444</u>	<u>187,729</u>	<u>162,048</u>
Current	<u>115,205</u>	<u>110,841</u>	<u>160,772</u>	<u>160,446</u>
Non-current	<u>21,567</u>	<u>1,603</u>	<u>26,957</u>	<u>1,602</u>

26 Contingencies

Provision for contingencies

At March 31, 2019, the Company had the following provision for contingencies and corresponding deposits in court related to the contingencies.

	Parent company				Parent company			
	March 31, 2019				December 31, 2018			
	Forecast of likely loss	Contingencies assumed in the business combination (a)	Deposits in court	Contingencies net of deposit in court	Forecast of likely loss	Contingencies assumed in the business combination (a)	Deposits in court	Contingencies net of deposit in court
Civil	1,005	10,479	-	11,484	1,759	10,300	-	12,059
Labor	97,103	30,707	(29,029)	98,781	91,979	31,039	(26,418)	96,600
Tax	44	43,441	(324)	43,161	44	43,266	(259)	43,051
Administrative/other	3,353	361	(148)	3,566	3,363	471	(172)	3,662
	<u>101,505</u>	<u>84,988</u>	<u>(29,501)</u>	<u>156,992</u>	<u>97,145</u>	<u>85,076</u>	<u>(26,849)</u>	<u>155,372</u>

	Consolidated				Consolidated			
	March 31, 2019				December 31, 2018			
	Forecast of likely loss	Contingencies assumed in the business combination (a)	Deposits in court	Contingencies net of deposit in court	Forecast of likely loss	Contingencies assumed in the business combination (a)	Deposits in court	Contingencies net of deposit in court
Civil	1,025	10,479	-	11,504	1,779	10,300	-	12,079
Labor	110,465	30,707	(32,711)	108,461	106,149	31,039	(30,154)	107,034
Tax	46	43,441	(326)	43,161	46	43,266	(261)	43,051
Administrative/other	19,765	361	(148)	19,978	3,643	471	(172)	3,942
	<u>131,301</u>	<u>84,988</u>	<u>(33,185)</u>	<u>183,104</u>	<u>111,617</u>	<u>85,076</u>	<u>(30,587)</u>	<u>166,106</u>

Changes in contingencies

Parent company						
	December 31, 2018	Monetary restatements	Additions	Reversals	Payments	March 31, 2019
Civil	12,059	191	187	(758)	(195)	11,484
Labor	123,018	2,023	8,820	(3,774)	(2,277)	127,810
Tax	43,310	175	-	-	-	43,485
Administrative/other	3,834	36	167	(271)	(52)	3,714
	<u>182,221</u>	<u>2,425</u>	<u>9,174</u>	<u>(4,803)</u>	<u>(2,524)</u>	<u>186,493</u>
Deposits in court	(26,849)	(457)	(3,632)	1,309	128	(29,501)
	<u>155,372</u>	<u>1,968</u>	<u>5,542</u>	<u>(3,494)</u>	<u>(2,396)</u>	<u>156,992</u>

Consolidated						
	December 31, 2018	Monetary restatements	Additions	Reversals	Payments	March 31, 2019
Civil	12,079	191	187	(758)	(195)	11,504
Labor	137,188	2,288	9,024	(4,595)	(2,733)	141,172
Tax	43,312	175	-	-	-	43,487
Administrative/other	4,114	48	16,291	(275)	(52)	20,126
	<u>196,693</u>	<u>2,702</u>	<u>25,502</u>	<u>(5,628)</u>	<u>(2,980)</u>	<u>216,289</u>
Deposits in court	(30,587)	(543)	(3,791)	1,526	210	(33,185)
	<u>166,106</u>	<u>2,159</u>	<u>21,711</u>	<u>(4,102)</u>	<u>(2,770)</u>	<u>183,104</u>

a) Possible contingencies - Responsibility of the Company and its subsidiaries

The Company and its subsidiaries are involved in labor, civil, tax and regulatory lawsuits where the current evaluation of the likelihood of success established based on the assessment of the legal advisors and legal aspects does not require the recording of provision, either because the expectation of loss is classified as possible, or by exclusion of liability resulting from a contractual agreement.

	Parent company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
	Possible loss	Possible loss	Possible loss	Possible loss
Civil	47,580	45,023	47,594	45,023
Labor	452,211	458,327	488,583	500,095
Tax	113,212	111,124	144,757	141,782
Administrative/other	2,767	2,550	3,052	2,550
	<u>615,770</u>	<u>617,024</u>	<u>683,986</u>	<u>689,450</u>

b) Contingencies of acquired companies, where the responsibility is of the former owners - possible and probable:

The Company has no provision for contingencies with probable and possible losses, in cases that are the responsibility of the former owners.

Below is a summary of the contingencies considered as probable and possible losses under the responsibility of the former owners:

Company and/or acquired brands	Possible	Probable	Total
Aprov	253	812	1,065
Bitufo	-	208	208
Ceil	4,444	2,077	6,521
Cosmed-Pompom	1,555	2,807	4,362
Facilit	-	3,622	3,622
Farmasa	134,900	112	135,012
Inal	11,748	8	11,756
Neolatina	-	13,281	13,281
Luper	-	62	62
Mabesa	678	531	1,209
Mantecorp	191,860	-	191,860
Brainf.-NQ	118,315	14,149	132,464
Ny Looks	-	249	249
Sapeka	189	1,137	1,326
Sul Química	-	5,386	5,386
York	2,261	415	2,676
	<u>466,203</u>	<u>44,856</u>	<u>511,059</u>

In these cases, and when applicable, the Company makes the necessary payments of the causes and seeks reimbursement from the former owners.

27 Share capital

a. Share capital

In accordance with the Bylaws and as approved by the shareholders at the Extraordinary General Meeting held on January 24, 2011, the Company's Board of Directors is authorized to increase capital up to the limit of R\$ 5,500,000.

The share capital at March 31, 2019 was R\$ 4,448,817 (at December 31, 2017 - R\$ 4,448,817), represented by 632,238,060 common shares (at December 31, 2017 - 632,238,060).

b. Treasury shares

The changes in treasury shares occurred as shown in the table below:

	Number	Amount
At 12/31/2018	191,438	6,459
Purchases in the period	-	-
Sales in the period	(66,518)	(2,244)
At 3/31/2019	<u>124,920</u>	<u>4,215</u>

28 Revenue

The reconciliation of gross revenue with net revenue is as follows:

	Parent company		Consolidated	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Gross revenue from products	530,797	1,112,980	530,869	1,113,083
Returns	(30,312)	(17,616)	(30,312)	(17,616)
Unconditional discounts	(47,984)	(44,585)	(47,970)	(44,585)
Promotional discounts	(34,715)	(51,895)	(34,715)	(51,895)
Taxes	(19,627)	(39,712)	(34,294)	(71,131)
Net revenue	<u>398,159</u>	<u>959,172</u>	<u>383,578</u>	<u>927,856</u>

The Company does not present its revenue disaggregated by product since essentially: (a) the nature and the economic risk factors of the products are similar, (b) consumers and customers do not have relevant distinctions; (c) the company operates only in the national territory and (d) the presentations to investors mentioning different types of products reflect different go to market initiatives. Therefore, the Company has increasingly captured the synergies between these different models and leveraging its unique sell-out structure.

In addition, the decisions on the resources to be allocated are not related to business segments but occur individually by products to be launched, resulting in assessments of the general performance of the operating results for the entire portfolio of products.

Sales in prescription products and consumer health were reduced in the quarter in order to reduce the level of inventory of these products in the main customers of the Company.

29 Breakdown of the statement of income accounts

a. Operating expenses and cost of sales

	Parent company		Consolidated	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Cost of sales	(232,087)	(339,847)	(197,711)	(238,172)
Raw material	-	-	(99,827)	(89,757)
Packaging material	-	-	(50,591)	(50,975)
Labor	-	-	(77,282)	(57,803)
Depreciation and amortization expenses	-	-	(13,394)	(10,374)
Resale	(223,538)	(328,351)	(23,517)	(20,859)
Losses on inventories	(8,549)	(11,496)	(17,466)	(11,585)
Changes in inventories/others	-	-	84,366	3,181
Selling and marketing expenses	(257,386)	(277,200)	(283,891)	(301,468)
Marketing expenses	(168,138)	(187,690)	(159,605)	(180,773)
Advertising and consumer promotion	(49,273)	(64,591)	(48,296)	(64,591)
Trade deals	(11,763)	(14,566)	(11,763)	(14,566)
Medical detailing, promotions, gifts and samples	(107,102)	(108,533)	(99,546)	(101,616)
Selling expenses	(89,248)	(89,510)	(124,286)	(120,695)
Sales force	(56,970)	(48,751)	(58,108)	(53,871)
Freight and logistics expenses	(14,819)	(19,105)	(16,511)	(19,559)
Research and development	(2,055)	(2,453)	(28,793)	(23,817)
Depreciation and amortization expenses	(6,846)	(1,834)	(11,433)	(5,392)
Other expenses	(8,558)	(17,367)	(9,441)	(18,056)
General and administrative expenses	(36,389)	(33,636)	(52,009)	(46,447)
Salaries and payroll taxes	(20,416)	(18,047)	(37,921)	(28,130)
Lawyers, advisors and auditors	(6,717)	(9,588)	(8,600)	(12,869)
Depreciation and amortization expenses	(2,804)	(2,179)	(4,140)	(3,023)
Other expenses	(6,452)	(3,822)	(1,348)	(2,425)

b. Other operating (expenses) income, net

	Parent company		Consolidated	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Eventual gains (losses) (*)	543,248	4,332	538,904	4,082
Depreciation of investment properties	(973)	(976)	(973)	(976)
Rental income	4,858	4,779	4,167	4,108
Civil and labor contingencies	(3,824)	(5,465)	(20,196)	(6,088)
	543,309	2,670	521,902	1,126

(*) see comment in Note 13.

c. Financial income

	Parent company		Consolidated	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Interest received	3,329	8,446	4,078	9,252
Income from short-term financial investments and others	13,385	10,416	14,966	13,115
	<u>16,714</u>	<u>18,862</u>	<u>19,044</u>	<u>22,367</u>

d. Financial expenses

	Parent company		Consolidated	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Interest on financing	(5,423)	(3,502)	(8,273)	(6,688)
Interest on loans	(1,702)	(1,820)	(1,704)	(1,820)
Interest on notes payable	(279)	(312)	(279)	(312)
Monetary restatement of contingencies	(2,425)	(2,918)	(2,702)	(3,315)
Refis (financing of tax liabilities)	(108)	(63)	(108)	(63)
Debentures	-	(2,189)	-	(2,189)
Interest and commission on letter of guarantee	(949)	(846)	(949)	(814)
Bank expenses, discounts granted and others	(3,892)	(3,517)	(4,050)	(3,645)
Cost of hedge and exchange variation of loans	(51)	-	(51)	-
Cost of hedge and exchange variation of suppliers and customers	(14)	(10)	(962)	(2,244)
Reversals of present value adjustment	(996)	-	(1,180)	-
Others	(253)	(44)	(589)	(164)
	<u>(16,092)</u>	<u>(15,221)</u>	<u>(20,847)</u>	<u>(21,254)</u>

30 Related-party transactions

The Company is a publicly traded company with shares traded on the stock exchange. Under a Shareholders' Agreement entered into on June 23, 2010, and subsequently amended on March 16, 2016, October 24, 2016 and July 2017, the following are parties of the Control Block: Mr. João Alves de Queiroz Filho, with 21.42% of the share capital and Maiorem, S.A. de C.V., with 14.77% of the share capital; the other signatories of the Shareholders' Agreement hold 0.36% of the Company's share capital. The remaining 64.85% of the shares are held by various shareholders.

Transactions and balances

The main asset and liability balances as well as transactions between related parties that impacted the results for the period arise from transactions with the Company and its subsidiaries, which management considers as having been conducted under normal market conditions and within normal time frames for the respective types of transactions.

Loans with related parties are restated based on the variation of the CDI plus spread.

In commercial relationships with related parties, prices are established considering the characteristics and nature of these transactions. In this case, both Cosmed and Brainfarma manufacture and sell almost all their production to Hypera to be sold in the market.

Trading transactions involving purchase and sale of products, raw materials, contracting of

services and rents, as well as financial transactions involving loans and fund raising between group companies are presented as follows:

- The rental agreement with TV Serra Dourada Ltda. is monetarily restated based on the IGPM-FGV, and the maturity date is February 27, 2020.
- The rental agreement with Brainfarma Indústria Química Farmacêutica S.A. is monetarily restated based on the IGPM-FGV and the maturity date is May 2, 2020, which may be extended as agreed between the parties.
- The rental agreement with Brainfarma Indústria Química Farmacêutica S.A. (Sweeteners factory) is monetarily restated based on the IGPM-FGV as of April 1, 2019 and the maturity date is March 31, 2027, which may be extended as agreed between the parties.

a. In assets and liabilities

							Parent company
							March 31, 2019
Companies	Customers	Other receivables	Loans receivable	Suppliers	Accounts payable	Other amounts payable	Loans payable
Cosmed Indústria de Cosméticos e Medicamentos S.A.	3,469	539	-	67,156	-	-	-
My Agência Propaganda Ltda.	-	5	-	17	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	-	-	2	236,534	-	(5,517)	-
Universe Online S.A.	-	-	-	-	(667)	-	-
Total	3,469	544	2	303,707	(667)	(5,517)	-

							Consolidated
							March 31, 2019
Companies	Customers	Other receivables	Loans receivable	Suppliers	Other amounts payable	Other amounts payable	Loans payable
Universe Online S.A.	-	-	-	-	(667)	-	-
Total	-	-	-	-	(667)	-	-

							Parent company
							December 31, 2018
Companies	Customers	Other receivables	Loans receivable	Suppliers	Accounts payable	Other amounts payable	Loans payable
Cosmed Indústria de Cosméticos e Medicamentos S.A.	3,321	449	-	(66,061)	-	-	-
My Agência Propaganda Ltda.	-	5	-	-	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	-	-	-	(336,465)	-	(2,644)	(4)
Megatelecom Telecommunications S.A.	-	-	-	-	(746)	-	-
Total	3,321	454	-	(402,526)	(746)	(2,644)	(4)

							Consolidated
							December 31, 2018
Companies	Customers	Other receivables	Loans receivable	Suppliers	Other amounts payable	Other amounts payable	Loans payable
Universe Online S.A.	-	-	-	-	(746)	-	-
Total	-	-	-	-	(746)	-	-

b. In income for the year

							Parent company
							March 31, 2019
Companies	Transactions		Other (expenses)/income			Interest on loan	
	Purchases of goods/products	Rental income	Advertising	Rents	Services provided	Financial expenses	Financial income
Cosmed Indústria de Cosméticos e Medicamentos S.A.	(66,681)	686	-	-	-	-	-
My - Agência Propaganda Ltda.	-	51	(1,140)	-	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	(239,913)	-	-	(600)	-	-	1
Universo Online S.A.	-	-	(2,684)	-	-	-	-
Total	(306,594)	737	(3,824)	(600)	-	-	1

							Consolidated
							March 31, 2019
Companies	Transactions		Other (expenses)/income			Interest on loan	
	Purchases of goods/products	Rental income	Advertising	Rents	Services provided	Financial expenses	Financial income
TV Serra Dourada Ltda.	-	-	-	(150)	-	-	-
Universo Online S.A.	-	-	(2,684)	-	-	-	-
Megatelecom Telecommunications S.A.	-	-	-	-	(173)	-	-
Total	-	-	(2,684)	(150)	(173)	-	-

							Parent company
							March 31, 2018
Companies	Transactions		Other (expenses)/income			Interest on loan	
	Purchases of goods/products	Rental income	Advertising	Rents	Services provided	Financial expenses	Financial income
Cosmed Indústria de Cosméticos e Medicamentos S.A.	(71,819)	686	-	-	-	-	-
My - Agência Propaganda Ltda.	-	315	-	-	-	-	-
TV Serra Dourada Ltda.	-	-	(1,501)	-	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	(314,370)	-	-	(735)	-	-	4
Universo Online S.A.	-	-	(2,159)	-	-	-	-
Total	(386,189)	1,001	(3,660)	(735)	-	-	4

							Consolidated
							March 31, 2018
Companies	Transactions		Other (expenses)/income			Interest on loan	
	Purchases of goods/products	Rental income	Advertising	Rents	Services provided	Financial expenses	Financial income
TV Serra Dourada Ltda.	-	-	(1,501)	(150)	-	-	-
Universo Online S.A.	-	-	(2,159)	-	-	-	-
Megatelecom Telecommunications S.A.	-	-	-	-	(58)	-	-
Total	-	-	(3,660)	(150)	(58)	-	-

c. Compensation of key management personnel

The key management personnel comprise the members of the Board of Directors, Supervisory Board, Audit Committee and Statutory Directors. The compensation paid or payable to key management personnel is as follows:

	Parent company		Consolidated	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Salaries and other short-term benefits	3,618	4,155	4,211	4,155
Board members' fees	732	463	732	463
Share-based payments	1,907	983	2,178	983
	6,257	5,601	7,121	5,601

31 Other matters

On April 10, 2018, through an interlocutory injunction, a warrant for search and seizure was issued for the Company's head office and the residences of the then Company's CEO and the Chairman of the Board of Directors, related to facts included in the plea bargain signed by Mr. Nelson José de Mello, former Investor Relations Officer, as part of the investigations conducted by the Federal Public Prosecutors in the operation called "Tira-Teima", whose affairs were also the object of a Material Fact published on June 28, 2016, as well as other press releases disclosed by the Company

The then Company's CEO voluntarily presented a letter to the members of the Board requesting his resignation from the position of Chief Executive Officer and from all activities of the Company, for the period required to conclude the internal investigations and the investigations by the Federal Public Prosecutors. Also, the then Chairman of the Company's Board of Directors presented voluntarily a letter to the other members of the Board requesting his resignation as a member of the Board for the same period. The Board of Directors accepted the requests and elected a new CEO and a new Chairman of the Board of Directors.

The Board of Directors also resolved to set up an Independent Special Committee to coordinate an internal investigation of the facts that were the object of the Material Fact published by the Company on April 10, 2018 and of the Notice to the Market published by the Company on April 20, 2018. The Committee is responsible for (a) defining the scope of the internal investigation, (b) engaging external advisors, specifically a first-tier law firm and auditing firm; (c) presenting its conclusions to the Board of Directors; and (d) suggesting the adoption, by the Board, of measures it believes to be appropriate in view of the facts that may arise.

The Independent Special Committee will be in effect for the period required to fulfill its duties, as described above. From its establishment, the Committee has been taking actions regarding the investigation. After having engaged a law firm and forensic support firm, an action plan has been defined, and the necessary measures for the gathering, preservation, processing and analysis of documents and information have been taken.

In parallel and in complement to the work developed by the Independent Committee, the Company, through its specialized legal counselors, has supported and collaborated with the investigations conducted by the appropriate authorities. The Company will assess, based on the results and with the support of its specialized legal counselors, the convenience and the opportunity of eventually using legal mechanisms that are adequate to the conclusion of the matter, including the hypotheses of agreements with the appropriate authorities.

The Company's management is committed to adopting the necessary measures to conclude the investigation in course aimed at the clarification of the facts. At this moment, considering the stage of the investigation, management is not able to accurately assess when the investigation will be concluded or even its financial outcome and its impacts.

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