(A free translation of the original in Portuguese)

Hypermarcas S.A.

Quarterly information (ITR) at June 30, 2012 and report on review of quarterly information

(A free translation of the original in Portuguese)

Report on review of quarterly information

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

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Hypermarcas S.A., included in the Quarterly Information Form (ITR) for the quarter ended June 30, 2012, comprising the balance sheet as at that date and the statements of operations for the quarter and six-month period then ended, and the statements of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company 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 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 CVM.

Hypermarcas S.A.

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.

Other matters

Statements of value added

We have also reviewed the parent company and consolidated statements of value added for the six-month period ended June 30, 2012. These statements are the responsibility of the Company's management, and are required to be presented in accordance with standards issued by the CVM applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which do not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

São Paulo, August 10, 2012

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Valdir Renato Coscodai
Contador CRC 1SP165875/O-6

Hypermarcas S.A.

Balance sheet

All amounts in thousands of reais (A free translation of the original in Portuguese)

	Parent		Consolidated	
Assets	**June 30, 2012**	**December 31, 2011**	**June 30, 2012**	**December 31, 2011**
Current assets				
Cash and cash equivalents (note 9)	2,250,917	2,521,029	2,298,486	2,596,325
Trade receivables (note 10)	1,143,608	933,861	1,162,080	940,575
Inventories (note 11)	315,408	380,997	512,813	540,680
Taxes recoverable (note 12)	389,826	386,909	442,403	424,242
Other assets	107,195	201,766	145,655	216,585
	4,206,954	4,424,562	4,561,437	4,718,407
Non-current assets held for sale	10,785	11,086	10,785	11,086
	4,217,739	4,435,648	4,572,222	4,729,493
Non-current assets				
Long-term receivables				
Related parties (note 31)	13,275	43,418		
Deferred income tax and social contribution (note 20)	184,865	196,194	188,629	218,012
Taxes recoverable (note 12)	95,299	95,632	109,718	107,630
Other assets	74,659	77,589	77,007	78,883
	368,098	412,833	375,354	404,525
Investment in related companies (note 14)	768,435	606,278	2,500	
Other investments	434	434	434	434
Intangible assets (note 16)	6,770,641	6,778,826	6,921,773	6,932,170
Property, plant and equipment (note 15)	675,271	729,405	1,343,790	1,258,664
	8,214,781	8,114,943	8,268,497	8,191,268
Total assets	12,800,618	12,963,424	13,216,073	13,325,286

	Parent		Consolidated	
Liabilities and equity	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Current liabilities				
Trade payables (note 18)	263,027	187,989	385,549	290,722
Borrowings (note 19)	519,926	494,338	555,938	532,488
Salaries payable	95,287	84,799	126,200	108,035
Income tax and social contribution payable	50	15,476	625	15,722
Taxes payable (note 21)	42,203	44,531	86,447	65,137
Notes payable (note 23)	284,320	396,562	296,374	408,040
Proposed dividends	7	7	7	7
Payables (note 22)	190,646	160,217	217,952	179,724
	1,395,466	1,383,919	1,669,092	1,599,875
Non-current liabilities				
Borrowings (note 19)	3,796,640	3,928,218	3,869,115	4,014,204
Related parties (note 31)		431		
Notes payable (note 23)	300,821	374,703	312,972	386,274
Deferred income tax and social contribution (note 20)	29,699	29,955	69,298	64,558
Other payables	85,734	103,488	102,466	117,139
Provisions for contingencies (note 29)	523,972	496,776	524,844	497,302
	4,736,866	4,933,571	4,878,695	5,079,477
	6,132,332	6,317,490	6,547,787	6,679,352
Equity				
Share capital (note 26(a))	5,231,066	5,227,017	5,231,066	5,227,017
Capital reserves (note 26)	1,402,112	1,394,676	1,402,112	1,394,676
Carrying value adjustments (note 26)	(204,443)	(204,443)	(204,443)	(204,443)
Revenue reserves	228,684	228,684	228,684	228,684
Profit for the period	10,867		10,867	
	6,668,286	6,645,934	6,668,286	6,645,934
Total liabilities and equity	12,800,618	12,963,424	13,216,073	13,325,286

The accompanying notes are an integral part of this quarterly Information.

Hypermarcas S.A.

Statement of operations

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

	Parent			
	Current quarter 4/1/2012 to 6/30/2012	**Accumulated - current year 1/1/2012 to 6/30/2012**	**Same quarter of prior year 4/1/2011 to 6/30/2011**	**Accumulated - prior year 1/1/2011 to 6/30/2011**
Continuing operations				
Net revenue (note 28)	969,079	1,876,150	803,968	1,475,521
Cost of sales	(397,267)	(766,944)	(342,357)	(614,835)
Gross profit	571,812	1,109,206	461,611	860,686
Selling and marketing expenses (note 25(a))	(328,555)	(644,798)	(332,274)	(571,818)
General and administrative expenses (note 25(b))	(49,140)	(102,708)	(57,072)	(105,366)
Other operating income (expenses), net	22,754	6,835	77,089	83,506
Equity in the earnings (loss) of subsidiaries (note 14(a))	(14,220)	(22,256)	16,744	33,913
Operating profit	202,651	346,279	166,098	300,921
Finance income (note 25(d))	50,685	117,139	67,629	114,414
Finance costs (note 25(c))	(275,763)	(396,128)	(131,966)	(256,866)
Finance result	(225,078)	(278,989)	(64,337)	(142,452)
Profit (loss) before income tax and social contribution	(22,427)	67,290	101,761	158,469
Income tax and social contribution (note 20)	(4,557)	(42,989)	(53,677)	(75,242)
Profit (loss) for the period from continuing operations	(26,984)	24,301	48,084	83,227
Discontinued operations				
Profit (loss) for the period from discontinued operations	(2,956)	(13,434)	5,207	3,002
Profit (loss) for the period	(29,940)	10,867	53,291	86,229

Statement of operations

All amounts in thousands of reais unless otherwise stated **(continued)**

	Consolidated			
	Current quarter 4/1/2012 to 6/30/2012	**Accumulated - current year 1/1/2012 to 6/30/2012**	**Same quarter of prior year 4/1/2011 to 6/30/2011**	**Accumulated - prior year 1/1/2011 to 6/30/2011**
Continuing operations				
Net revenue (note 28)	956,960	1,854,070	861,873	1,649,987
Cost of sales	(355,713)	(695,258)	(319,693)	(600,387)
Gross profit	601,247	1,158,812	542,180	1,049,600
Selling and marketing expenses (note 25(a))	(347,349)	(680,518)	(361,510)	(654,265)
General and administrative expenses (note 25(b))	(57,754)	(118,313)	(74,504)	(144,192)
Other operating income (expenses), net	10,421	(9,616)	63,990	72,334
Operating profit	206,565	350,365	170,156	323,477
Finance income (note 25(d))	51,481	119,295	68,507	116,243
Finance costs (note 25(c))	(282,779)	(406,961)	(135,702)	(264,302)
Finance result	(231,298)	(287,666)	(67,195)	(148,059)
Profit (loss) before income tax and social contribution	(24,733)	62,699	102,961	175,418
Income tax and social contribution (note 20)	(2,251)	(38,398)	(54,877)	(92,191)
Profit (loss) for the period from continuing operations	(26,984)	24,301	48,084	83,227
Discontinued operations				
Profit (loss) for the period from discontinued operations (note 13)	(2,956)	(13,434)	5,207	3,002
Profit (loss) for the period	(29,940)	10,867	53,291	86,229

The accompanying notes are an integral part of this quarterly Information.

	Capital reserves					Revenue reserves							
	Share capital	Share premium	Stock options	Treasury shares	Carrying value adjustments	Legal reserve	Tax incentives reserve	Unrealized profits reserve	Statutory reserves	Profits retention reserve	Profit for allocation by the Annual General Meeting	Retained earnings	Total
At December 31, 2010	**3,321,195**	**1,390,996**	**13,289**		**50,276**	**17,945**	**38,726**	**27,685**	**44,327**		**154,652**		**5,059,091**
Payment of capital - funds obtained from the stock option program	5,822												5,822
Payment of capital - merger of shares (note 26(a))	1,900,000												1,900,000
Adjustments to debentures convertible into shares					(33)								(33)
Stock options (note 27(c))			6,389										6,389
Unrealized profits reserve (note 26(f))								5,403			(5,403)		
Establishment of tax incentive reserve (note 26(e))							23,613				(23,613)		
Establishment of statutory reserve									125,636		(125,636)		
Treasury shares (note 26(c))				(18,804)									(18,804)
Fair value adjustment in business combination					(254,686)								(254,686)
Profit for the period												86,229	86,229
At June 30, 2011	**5,227,017**	**1,390,996**	**19,678**	**(18,804)**	**(204,443)**	**17,945**	**62,339**	**33,088**	**169,963**			**86,229**	**6,784,008**
Stock options			6,721										6,721
Establishment of tax incentive reserve (note 26(e))										70,699			70,699
Reversal of statutory reserve (note 26(g))									(70,699)				(70,699)
Treasury shares (note 26(c))				(3,915)									(3,915)
Loss for the period												(140,880)	(140,880)
Offset of losses against reserves								(33,088)	(21,563)			54,651	
At December 31, 2011	**5,227,017**	**1,390,996**	**26,399**	**(22,719)**	**(204,443)**	**17,945**	**62,339**		**77,701**	**70,699**			**6,645,934**
Payment of capital - funds obtained from the stock option program	4,049												4,049
Stock options			7,436										7,436
Profit for the period												10,867	10,867
At June 30, 2012	**5,231,066**	**1,390,996**	**33,835**	**(22,719)**	**(204,443)**	**17,945**	**62,339**		**77,701**	**70,699**		**10,867**	**6,668,286**

The accompanying notes are an integral part of this quarterly Information.

Hypermarcas S.A.

Statement of cash flows
Six-month periods ended June 30
All amounts in thousands of reais (A free translation of the original in Portuguese)

	Parent		Consolidated	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Cash flows from operating activities				
Profit before taxation including discontinued operations	50,156	163,017	45,565	179,966
Adjustments				
Depreciation and amortization	30,901	23,407	48,592	42,262
Result on sale of permanent assets	3,167	(28,588)	3,119	(29,089)
Impairment of assets	6,252		6,252	
Equity in the (earnings) loss of subsidiaries	22,256	(33,913)		
Foreign exchange gains (losses), net	125,871	(28,203)	129,074	(29,144)
Interest and other related expenses	153,118	170,656	158,592	177,203
Stock option expenses	5,208	5,998	7,436	6,389
Adjusted profit	396,929	272,374	398,630	347,587
Decrease (increase) in assets				
Trade receivables	(223,743)	272,564	(220,006)	286,336
Inventories	45,065	(175,158)	40,699	(169,215)
Taxes recoverable	(17,626)	(74,512)	(19,702)	(94,618)
Judicial deposits and other	(4,219)	2,825	(4,498)	460
Other receivables	30,058	(33,342)	11,679	(29,388)
Increase (decrease) in liabilities				
Trade payables	90,740	(47,337)	94,828	(41,867)
Income tax and social contribution paid	(15,427)	(22,956)	(15,820)	(45,371)
Taxes payable	7,103	4,012	23,792	10,579
Salaries and social charges	13,502	9,991	17,974	10,808
Payables	39,289	(72,005)	44,110	(83,258)
Interest paid	(19,634)	(2,080)	(22,722)	(4,105)
Other payables	27,333	(3,892)	27,542	(24,378)
Net cash provided by operating activities	369,370	130,484	376,506	163,570
Cash flows from investing activities				
Acquisition of subsidiaries (less net cash acquired)/capital payments	(124,624)	(908,710)	(19,537)	(826,675)
Purchase of property, plant and equipment	(34,489)	(73,048)	(117,402)	(112,945)
Purchase of intangible assets	(3,108)	(93,979)	(5,080)	(97,617)
Cash and cash equivalents received through mergers		50,829		
Proceeds from the sale of permanent assets	75,216	31,527	75,543	38,834
Interest received	106,681	109,247	108,395	109,913
Net cash provided by (used in) investing activities	19,676	(884,134)	41,919	(888,490)
Cash flows from financing activities				
Payment of capital	4,049	5,822	4,049	5,822
Proceeds from borrowings	33,178	1,640,707	2,061	1,670,437
Purchases of treasury shares		(18,804)		(18,805)
Repayment of borrowings - principal	(508,133)	(386,212)	(530,294)	(410,502)
Payment of borrowings - interest	(188,252)	(164,550)	(192,080)	(163,008)
Dividends paid				(12,124)
Net cash provided by (used in) financing activities	(659,158)	1,076,963	(716,264)	1,071,820
Net increase (decrease) in cash and cash equivalents	(270,112)	323,313	(297,839)	346,900
Cash and cash equivalents at the beginning of the six-month period	2,521,029	2,386,446	2,596,325	2,409,503
Cash and cash equivalents at the end of the six-month period	2,250,917	2,709,759	2,298,486	2,756,403
Increase (decrease) in cash and cash equivalents	(270,112)	323,313	(297,839)	346,900
Transactions not involving cash				
Acquisition of property, plant and equipment through leases	1,646	1,196	1,646	3,838
Acquisition of companies		1,753,616		1,753,616
	1,646	1,754,812	1,646	1,757,454

The accompanying notes are an integral part of this quarterly Information.

	Parent		Consolidated	
	June 30, 2012	**June 30, 2011**	**June 30, 2012**	**June 30, 2011**
Gross revenue				
Sales of goods and products	2,395,138	1,949,900	2,394,783	2,251,927
Other revenue	6,835	83,506	(9,616)	72,334
Provision for impairment of trade receivables	(15,361)	(13,686)	(15,398)	(13,702)
	2,386,612	2,019,720	2,369,769	2,310,559
Inputs acquired from third parties				
Cost of materials, goods and services sold	(920,943)	(683,531)	(842,900)	(628,434)
Materials, electricity, outsourced services and others	(743,564)	(629,284)	(796,845)	(823,179)
	(1,664,507)	(1,312,815)	(1,639,745)	(1,451,613)
Gross value added	722,105	706,905	730,024	858,946
Depreciation and amortization	(30,901)	(23,407)	(48,592)	(42,262)
Net value added generated by the Company	691,204	683,498	681,432	816,684
Value added received through transfer				
Equity in the earnings (loss) of subsidiaries	(22,256)	33,913		
Finance income	117,139	114,414	119,295	116,243
	94,883	148,327	119,295	116,243
Total value added to distribute	786,087	831,825	800,727	932,927
Distribution of value added	786,087	831,825	800,727	932,927
Personnel and social charges	248,310	217,468	341,774	359,720
Direct remuneration	195,544	168,352	262,421	281,001
Benefits	39,946	37,047	61,800	59,228
Government Severance Indemnity Fund for Employees (FGTS)	12,820	12,069	17,553	19,491
Taxes and contributions	114,758	255,855	17,103	195,153
Federal	70,068	115,099	47,886	128,439
State	42,636	137,937	(34,827)	61,063
Municipal	2,054	2,819	4,044	5,651
Interest	393,548	255,360	403,843	262,222
Rentals	18,604	16,913	27,140	29,603
Retained earnings	10,867	86,229	10,867	86,229

The accompanying notes are an integral part of this quarterly Information.

1 General information

Hypermarcas S.A. (the "Company") is a Brazilian corporation engaged in the manufacturing of mass consumer products, operating two main business lines, with a wide portfolio of traditional brands: (i) Pharmaceutical; (ii) Consumer products (Beauty and personal hygiene). Among the several brands of the Company's portfolio, we highlight the following: Agecare, Alivium, Apracur, Atroveran, Apraz, Bambair, Biotônico Fontoura, Blumel, Calminex, Celastamine, Celestone, Cibrato, Cizax, Coristina, Dersab, Diprogenta, Diprosalio, Diprosone, Diprospan, Dramovit, Doril, Engov, Epocler, Estomazil, Epidac, Epidrat, Episol, Fluir, Furacin, Gastrol, Garasone, Gelol, Lactopurga, Lisador, Lucretin, Melhoral, Merthiolate, Macrodantina, Milgamma, Nasaleze, Neo Química Genéricos, Ovatel, Oximax, Pelus, Polaramine, Pratium, Predsim, Procsim, Quadriderm, Rinosoro, Scaflam, Senareti, Tamarine, Tefin, Virilon, Active, Avanço, Affective, Bigfral, Biocolor, Biorene, Bitufo, Bozzano, Cremer, Éh!, NY.Looks, Paixão, Cenoura & Bronze, Fluffy, Gigafral, Jontex, Leve, Maturidade, Monange, Olla, Personna, Protegy, Trés Marchand, Rastro, Risqué, Sensibaby, Única, Sanifill, Finn, Zero Cal, Palinetes , Pom Pom, Plim-Plim, Puppet, Sapeka, Silhouette, York.

The production of merchandise related to the pharmaceutical, beauty and personal hygiene segments is substantially carried out by the subsidiaries Cosmed Indústria de Cosméticos e Medicamentos S.A. and Brainfarma Indústria e Farmacêutica S.A.

The Company's industrial complexes and distribution centers are located in: Bragança Paulista-SP, Cajamar-SP, Guarulhos-SP, Itupeva - SP, Mogi das Cruzes-SP, São Roque-SP, Taboão da Serra-SP, Anápolis-GO, Aparecida de Goiânia-GO, Goiânia-GO, Senador Canedo-GO, Contagem-MG, Juiz de Fora-MG, Curitiba-PR, Cabo de Santo Agostinho-PE, Rio de Janeiro-RJ and Duque de Caxias-RJ. The Company is headquartered in São Paulo, capital of the State of São Paulo.

2 Summary of significant accounting policies

The main accounting policies applied in the preparation of this parent company and consolidated quarterly information (ITR) are the same as those disclosed in the annual financial statements for the year ended December 31, 2011. When the notes to this quarterly information are not fully disclosed because of redundancy in relation to the Company's financial statements, the complete information should be read in the corresponding note in the Company's annual financial statements.

The parent company interim accounting information has been prepared in accordance with the Technical Pronouncement CPC 21 - Interim Financial Reporting, and the consolidated interim accounting information has been prepared in accordance with the Technical Pronouncement CPC 21 and International Accounting Standard IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR).

This quarterly information was approved by the Company's Board of Directors on August 10, 2012.

3 Critical accounting estimates and judgments

Estimates and judgments are continually reassessed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The accounting estimates and judgments for 2012 have not been changed in relation to those disclosed in the 2011 annual financial statements.

4 Financial risk management

Financial risk factors

There are no differences between the current financial risk factors and risk management policy and those described in the annual financial statements for the year ended December 31, 2011. The financial information for the current period is stated in the tables below, in comparison to December 31, 2011.

(a) Foreign exchange risk

At June 30, 2012 and December 31, 2011, the assets and liabilities denominated in foreign currency and the financial instruments that mitigate foreign exchange risks were as follows:

	Consolidated			
	6/30/2012		12/31/2011	
	US$ thousand	R$ thousand	US$ thousand	R$ thousand
Assets				
Cash			(1,865)	(3,499)
Trade receivables	(72)	(146)	(182)	(342)
Liabilities				
Trade payables	36,795	74,374	22,169	41,585
Borrowings	871,734	1,762,035	902,018	1,692,006
Notes payable	85,059	171,929	229,710	430,890
Derivative instruments that mitigate risks	(262,249)	(530,083)	(414,454)	(777,432)
Net exposure	731,267	1,478,109	737,396	1,383,208

(b) Risk of share price volatility

At June 30, 2012, the Company had investments in shares amounting to R$ 5,772. However, these investments were not subject to the risk of changes in the prices of the shares, since they are linked to and represent a guarantee related to the Company's liability referring to the acquisition of the NY Looks brands (note 23 - Notes payable).

(c) Cash flow and fair value interest rate risk

The Company's exposure to the interest rate risk of transactions linked to the variation of the Interbank Deposit Certificate (CDI) interest rate and to the Long-term Interest Rate (TJLP) is shown below:

	Parent	Consolidated
Borrowings	1,404,702	1,414,676
Notes payable	348,675	370,983
Financial investments	(2,233,197)	(2,282,091)
Net exposure	(479,820)	(496,432)

(d) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits with banks and other financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and commitments.

For banks and financial institutions, the Company adopts the policy of diversifying its financial investments among prime financial institutions with the rating classification described in note 8 (credit quality of financial assets).

(e) Liquidity risk

	Consolidated 6/30/2012				
	No later than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Debentures	452,691	672,776	1,907,209	153,135	3,185,811
Borrowings	192,388	389,113	383,687	1,971,262	2,936,450
Notes payable	295,076	208,268	135,825		639,169
Trade payables	385,549				385,549
Other payables	102,466				102,466
Derivative financial instruments	(14,445)	(5,355)	(3,240)		(23,040)
	1,413,725	1,264,802	2,423,481	2,124,397	7,226,405

	Consolidated 12/31/2011				
	No later than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Debentures	231,020	507,715	2,404,781	209,378	3,352,894
Borrowings	414,573	209,921	583,349	1,885,073	3,092,916
Notes payable	460,765	303,532	165,063		929,360
Trade payables	290,722				290,722
Other payables		117,139			117,139
Derivative financial instruments	(3,590)	(5,537)	3,819		(5,308)
	1,393,490	1,132,770	3,157,012	2,094,451	7,777,723

(f) Derivatives

At June 30, 2012, the transactions with foreign exchange derivative instruments entered into by the Company amounted to R$ 530,083 (December 2011 - R$ 777,432), and the results of unsettled transactions were gains of R$ 21,324 (December 2011, gains of R$ 4,585). At June 30, 2012, interest rate derivative transactions amounted to R$ 4,762 (December 2011 - R$ 11,932), and the results of unsettled transactions represented gains of R$ 139 (December 2011 - gains of R$ 238).

The transactions at June 30, 2012 and December 31, 2011 can be summarized as follows:

Type	Counterparties	Notional amount		Fair value		Receivables/payables		Realized gains/losses		Unrealized gains/ losses	
(in thousands of reais)		Jun/12	Dec/11	Jun/12	Dec/11	Jun/12	Dec/11	Jun/12	Dec/11	Jun/12	Dec/11
Foreign currency											
Forward contracts		**306,681**	**506,187**	**323,600**	**523,972**	**16,919**	**17,785**	**19,506**	**37,898**	**16,919**	**17,785**
Purchased position	Merrill Lynch, DB, HSBC, JP, Itau, Santander	306,681	506,187	323,600	523,972	16,919	17,785	19,506	37,898	16,919	17,785
Sold position											
Swap contracts		**202,078**	**266,660**	**206,483**	**253,460**	**4,405**	**(13,200)**			**4,405**	**(13,200)**
Purchased position	Citibank	202,078	266,660	206,483	253,460	4,405	(13,200)			4,405	(13,200)
Sold position											
Subtotal		**508,759**	**772,847**	**530,083**	**777,432**	**21,324**	**4,585**	**19,506**	**37,898**	**21,324**	**4,585**
Interest rate											
Swap contracts		**4,824**	**12,412**	**4,762**	**11,932**	**139**	**238**	**79**	**63**	**139**	**238**
Asset position - fixed rate	BTG Pactual	4,824	12,412	4,762	11,932						
Liability position - floating rate		(4,824)	(12,412)	(4,623)	(11,694)	139	238	79	63	139	238
Total		**513,583**	**785,259**	**534,845**	**789,364**	**21,463**	**4,823**	**19,585**	**37,961**	**21,463**	**4,823**

The contracts listed above fall due as follows:

Maturity			Notional amount	
Foreign currency - USD	**Jun/12**	**Rate**	**Dec/11**	**Rate**
1/19/2012			74,580	1.865
2/7/2012			63,020	2.146
2/10/2012			1,562	1.905
4/19/2012			46,393	1.903
6/1/2012			182,814	1.896
7/30/2012	9,551	2.089	7,987	1.747
8/10/2012	2,341	1.874	2,341	1.916
9/20/2012	4,333	2.069		
9/21/2012	5,177	1.801		
9/28/2012	10,208	1.981		
10/11/2012	4,197	2.217		
10/19/2012	47,707	1.916	21,703	1.809
12/3/2012	26,705	1.926	26,705	1.801
1/21/2013	78,744	1.931	76,394	1.915
2/8/2013	2,321	1.936	2,321	1.926
4/19/2013	48,841	1.968		
7/30/2013	8,571	1.895	8,571	1.874
8/8/2013	2,284	1.895	2,284	1.931
12/2/2013	32,563	2.11	30,956	2.108
2/4/2014	195,131	1.903	195,132	1.936
12/1/2014	30,085	2.011	30,084	2.069
Total	**508,759**	**1.943**	**772,847**	**1.934**

Interest rate	**Jun/12**	**Liability rate CDI+**	**Dec/11**	**Liability rate CDI+**
1/16/2012			1,300	1.25%
2/15/2012			1,281	1.25%
3/15/2012			1,266	1.25%
4/16/2012			1,263	1.25%
5/15/2012			1,243	1.25%
6/15/2012			1,236	1.25%
7/16/2012	1,224	1.25%	1,224	1.25%
8/15/2012	1,211	1.25%	1,211	1.25%
9/17/2012	1,202	1.25%	1,202	1.25%
10/15/2012	1,187	1.25%	1,186	1.25%
Total	**4,824**	**1.25%**	**12,412**	**1.25%**

(g) Methodology for calculating the fair value of derivatives

Consistent with December 31, 2011, the methodology for the calculation is as follows:

. Forward currency contracts are valued by utilizing an interpolation of the market rates of US dollar futures contracts for each reporting date, as informed by the Brazilian Futures and Commodities Exchange (BM&F).

. Swaps are valued by using an interpolation of the market rates of foreign exchange coupons and the future interbank deposit (DI) interest rate for each reporting date, as informed by the BM&F.

(h) Additional sensitivity analysis required by the Brazilian Securities Commission (CVM)

Risk	**Scenario I**		**Scenario II**		**Scenario III**	
(in thousands of reais)			**25% fluctuation**		**50% fluctuation**	
	Appreciation	**Depreciation**	**Appreciation**	**Depreciation**	**Appreciation**	**Depreciation**
US dollar exchange rate	**1.761**	**2.281**	**1.516**	**2.527**	**1.011**	**3.032**
Foreign currency						
Hedge	**(46,882)**	**89,531**	**(111,197)**	**153,845**	**(243,717)**	**286,366**
Forward contracts	(24,719)	58,557	(63,981)	97,819	(144,881)	178,719
Swaps	(22,163)	30,974	(47,216)	56,026	(98,836)	107,647
Hedged transactions	**(13,665)**	**(151,624)**	**51,378**	**(216,666)**	**185,401**	**(350,689)**
Short-term borrowings and notes payable subject to exchange variation	(13,665)	(151,624)	51,378	(216,666)	185,401	(350,689)
Net effect	**(60,547)**	**(62,093)**	**(59,819)**	**(62,821)**	**(58,316)**	**(64,323)**
Other liabilities	**199,477**	**(199,477)**	**387,568**	**(387,568)**	**775,137**	**(775,137)**
Other borrowings and notes payable subject to exchange variation	199,477	(199,477)	387,568	(387,568)	775,137	(775,137)

The sensitivity analysis presented above considers changes in the US dollar exchange rate, with all variables associated with other risks held constant.

Based on the current monetary policy which prioritizes economic stability, the Company expects a decrease of 1.0 p.p. in the variable interest rates to which it is exposed, which would reduce the official interest (SELIC) rate to 7.50% by September 2012. In accordance with the sensitivity analysis concerning the decrease in interest rates, considering as the most probable scenario a decrease of 1.0 p.p, the Company could have a negative impact on its finance income of approximately R$ 5,721. For stressed scenarios of 25% and 50%, the impact would amount to R$ 11,986 and R$ 23,972, respectively.

Scenarios of changes in the SELIC	***Decrease of 1.0p.p.***	***Decrease of 25%***	***Decrease of 50%***
Impact (R$)	*(5,721)*	*(11,986)*	*(23,972)*

The Company from time to time enters into fixed to variable interest rate swap transactions to hedge against fair value interest rate risk. At June 30, 2012, the Company had interest rate swap transactions with a notional amount of R$ 4,824, in which the Company has an asset position in a fixed rate and a liability position in a floating rate.

5 Capital management

The gearing ratios at June 30, 2012 and December 31, 2011 were as follows:

	Consolidated	
	June 30, 2012	December 31, 2011
Total borrowings (note 19)	4,425,053	4,546,692
Total notes payable (note 23)	609,346	794,314
Less: cash and cash equivalents (note 9)	(2,298,486)	(2,596,325)
Net debt	2,735,913	2,744,681
Total equity	6,668,286	6,645,934
Total	9,404,199	9,390,615
Gearing ratio - %	29	29

6 Fair value estimation

No changes were made to the criterion or method for fair value measurement. In addition, as the nature of the amounts measured at fair value have not changed, the reference utilized (prices quoted or not) has also not been changed. Therefore, consistent with December 31, 2011, the Group's assets at fair value through profit or loss (there are no liabilities in this category) are substantially represented by the funds invested classified as "Financial investments" (note 9).

7 Financial instruments by category

Except for the financial assets at fair value through profit or loss (financial investments (note 9) and derivative financial instruments (note 4(f))), the other financial assets and liabilities are recorded in "Loans and receivables" and "Other financial liabilities", respectively.

8 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired is assessed by reference to historical information about default rates:

	Parent		Consolidated	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Current accounts and short-term bank deposits (*)				
AAA	2,238,057	2,263,934	2,285,561	2,338,631
AA+		254,054		254,777
A	128	279	128	279
A-		1		1
BBB+	110	2,620	110	2,620
	2,238,295	2,520,888	2,285,799	2,596,308

The remaining balance of "Cash and cash equivalents" in the balance sheet comprises cash on hand.

	Parent		Consolidated	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Derivative financial assets				
AAA	21,324	17,785	21,324	17,785
AA	139	238	139	238
	21,463	18,023	21,463	18,023

(*) Source: credit rating agencies Moody's, Standard & Poor's and Fitch, on local scale.

None of the financial assets that are fully performing has been renegotiated in the last year. None of the related-party borrowings was past due or impaired.

Trade receivables - The credit analysis area evaluates a customer's credit quality by taking into consideration its financial position, payment history, public information and information from credit analysis entities (Serasa, CISP and Credinfar). Individual risk limits are determined based on ongoing internal monitoring.

A significant part of the Company's sales is made to distributors, large retail networks and supermarkets with a distribution network spread throughout Brazil, which mitigates the consolidated credit risk of the Company. Additionally, the credit analysis area uses the controls mentioned above for constant follow-up and evaluation of the Company's portfolio. Historically, there is no record of significant losses in the Company's trade receivables. See details on the aging analysis in note 10.

9 Cash and cash equivalents

	Parent		Consolidated	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Cash and banks	17,720	21,889	16,395	21,836
Financial investments:				
Repurchase commitments	1,275,036	1,669,748	1,275,036	1,681,116
CDBs	958,161	827,680	1,007,055	891,661
Other		1,712		1,712
	2,233,197	2,499,140	2,282,091	2,574,489
	2,250,917	2,521,029	2,298,486	2,596,325

Repurchase transactions yield from 100.5% to 104% of the Interbank Deposit Certificate (CDI) interest rate (with a weighted average of 102.28%). Bank Deposit Certificates (CDB) yield between 96.5% and 104% of the CDI rate (with a weighted average of 101.03%).

10 Trade receivables

	Parent		Consolidated	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Local customers	1,203,796	979,921	1,225,081	987,123
Foreign customers	146	342	146	342
Customers - related parties	1,020	264		
	1,204,962	980,527	1,225,227	987,465
Provision for impairment of trade receivables	(61,354)	(46,666)	(63,147)	(46,890)
	1,143,608	933,861	1,162,080	940,575

The fair values of trade receivables approximate the above carrying amounts, as all these amounts are realizable in the short term.

At June 30, 2012, consolidated trade receivables of R$ 132,512 (December 31, 2011 - R$ 88,590) were past due, but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

At June 30, 2012, Parent company trade receivables of R$ 126,874 (December 31, 2011 - R$ 88,574) were past due, but not impaired. These receivables are also from customers for which there is no history of default. The ageing analysis of these trade receivables is as follows:

	Parent		Consolidated	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Up to 3 months	107,382	80,848	111,086	80,864
3 to 6 months	19,492	7,726	21,426	7,726
	126,874	88,574	132,512	88,590

The recording and reversals of the provision for impaired receivables have been included in "Selling and marketing expenses" in the statement of operations. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Company pledged certain notes receivable, as mentioned in note 19(a).

11 Inventories

	Parent		Consolidated	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Finished products and goods for resale	271,780	222,947	310,465	269,164
Semi-finished products	12,669	40,322	39,810	60,198
Raw materials	53,928	125,196	206,829	247,699
Maintenance materials and supplies	10,419	25,781	16,940	31,423
Provision for loss on inventories	(33,388)	(33,249)	(61,231)	(67,804)
	315,408	380,997	512,813	540,680

12 Taxes recoverable

	Parent		Consolidated	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Federal taxes (PIS/ COFINS/IPI/other)	205,336	238,975	236,792	264,692
ICMS (credit balance and tax substitute system)	206,551	218,572	240,170	241,107
IRPJ and CSLL recoverable	73,238	24,994	75,159	26,073
	485,125	482,541	552,121	531,872
Current	389,826	386,909	442,403	424,242
Non-current	95,299	95,632	109,718	107,630

13 Discontinued operations

Analysis of the results of the discontinued operations

	Consolidated					
	Accumulated second quarter of 2012			Accumulated second quarter of 2011		
	Discontinued operation (b)	Profit (loss) on sale/ impairment	Total discontinued operation	Discontinued operation	Profit (loss) on sale/ impairment	Total discontinued operation
Net sales revenue	129,289		129,289	131,873		131,873
Cost of products sold	(123,764)		(123,764)	(89,505)		(89,505)
Gross profit	5,525		5,525	42,368		42,368
Expenses	(15,705)		(15,705)	(37,820)		(37,820)
Profit (loss) on sale		(702)	(702)			
Impairment (a)		(6,252)	(6,252)			
Operating profit (loss)	(10,180)	(6,954)	(17,134)	4,548		4,548
Profit (loss) before income tax and social contribution	(10,180)	(6,954)	(17,134)	4,548		4,548
Income tax and social contribution	3,461	239	3,700	(1,546)		(1,546)
Profit (loss) for the period	(6,719)	(6,715)	(13,434)	3,002		3,002

(a) Refers to the Serenity (Argentina) investment.
(b) Refers to the disposal of business related to food, hygiene and cleaning in 2011

Reconciliation of continuing and discontinued operations

The statement of operations for the accumulated period up to the second quarter of 2011 was reclassified retrospectively, as determined by CPC 31, with the purpose of disclosing separately the discontinued operations related to hygiene and beauty and food, disposed of in the last quarter of 2011. See note 13 to the financial statements for the year ended December 31, 2011 for more details.

The reconciliation of the statements of operations for the continuing and discontinued operations with the original statements is as follows:

	Accumulated second quarter of 2012			Consolidated Accumulated second quarter of 2011		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Net sales revenue	1,854,070	129,289	1,983,359	1,649,987	131,873	1,781,860
Cost of products sold	(695,258)	(123,764)	(819,022)	(600,388)	(89,505)	(689,893)
Gross profit	1,158,812	5,525	1,164,337	1,049,599	42,368	1,091,967
Expenses	(808,447)	(15,705)	(824,152)	(726,122)	(37,820)	(763,942)
Profit (loss) on sale		(702)	(702)			
Impairment (a)		(6,252)	(6,252)			
Operating profit	350,365	(17,134)	333,231	323,477	4,548	328,025
Finance income / costs	(287,666)		(287,666)	(148,059)		(148,059)
Profit before income tax and social contribution	62,699	(17,134)	45,565	175,418	4,548	179,966
Income tax and social contribution	(38,398)	3,700	(34,698)	(92,191)	(1,546)	(93,737)
Profit after income tax and social contribution	24,301	(13,434)	10,867	83,227	3,002	86,229

(a) Refers to the Serenity (Argentina) investment.
(b) Refers to the disposal of business related to food, hygiene and cleaning in 2011

14 Investment in related companies

The investments in related companies are as follows:

Company	Country	Business	Direct investment
Cosmed Indústria de Cosméticos e Medicamentos S.A.	Brazil	Consumer products	100%
My Agência de Propaganda Ltda.	Brazil	Advertising agency	100%
Brainfarma Indústria e Farmacêutica S.A.	Brazil	Pharmaceutical	100%
IPH&C Indústria de Produtos de Higiene e Cosméticos Ltda.	Brazil	Consumer products	100%
Bionovis S/A	Brazil	Pharmaceutical	25%

Changes in investments

	Versoix (1)		Luper (1)		York (1)		Facilit (1)		DPH (Maripa)		Active (1)		Sapeka (1)		
	Cost	Goodwill	Cost	Goodwill	Cost	Goodwill	Cost	Goodwill	Cost	Goodwill	Cost	Goodwill	Cost	Goodwill	Subtotal
At December 31, 2010	25,735	155,266	32,841	44,052	33,220	64,416	33,213	47,229					218,350	406,793	1,061,115
Dividends received															
Capital payment												9,097		683	9,780
Equity in the results of investees															
Stock options															
Merger	(2,627)		(39,613)		(7,821)		(21,811)						(102,011)		(173,883)
Transfers															
Reclassification of fair value (i)	(23,108)	(5,207)	6,772	(7,457)	(25,399)	(6,466)	(11,402)	(8,218)		28,267			(116,339)	8,452	(160,105)
Other						(949)								(2,153)	(3,102)
Transfer to intangible assets		(150,059)		(36,595)		(57,001)		(39,011)		(28,267)		(9,097)		(413,775)	(733,805)
At December 31, 2011															

	IPH&C		Mabesa (1)		Mantecorp IQ (1)		Brainfarma	Cosmed		My	Bionovis (*)		
	Cost	Goodwill	Cost	Goodwill	Cost	Goodwill	Cost	Cost	Goodwill	Cost	Cost	Subtotal	Total
At December 31, 2010	20,264	57,192						161,304	48,085	651		287,496	1,348,611
Capital payment			(27,547)	433,469	(13,798)	2,342,759	330,181	73,409				3,138,473	3,148,253
Equity in the results of investees	(1,067)		(25,498)	5,591	52,274	(12,920)	(35,364)	(57,801)		(752)		(75,537)	(75,537)
Stock options								573				573	573
Merger	(5,904)		(27,708)		(379,748)			304				(413,056)	(586,939)
Reclassification of fair value (i)	(6,277)	(41,189)	80,753	(85,914)	341,272	(531,369)	45,753	16,916				(180,055)	(340,160)
Other													(3,102)
Transfer to intangible assets				(353,146)		(1,798,470)						(2,151,616)	(2,885,421)
At December 31, 2011	7,016	16,003					340,570	194,705	48,085	(101)		606,278	606,278
Capital payment							44,702	139,629			2,500		186,831
Equity in the results of investees	(1,003)						(6,051)	(13,927)		(1,275)			(22,256)
Stock options							1,722	498		8			2,228
Reclassification of fair value (i)							(4,646)						(4,646)
At June 30, 2012	6,013	16,003					376,297	320,905	48,085	(1,368)	2,500	606,278	768,435

(*) Bionovis S.A. - Companhia brasileira de Biotecnologia Farmacêutica - Payment of capital on April 2, 2012, referring to the investment of 25%. The business comprises the research, development, production, distribution and sale of biotechnological products.

i) These amounts refer to the allocation of the fair value in business combinations, mainly trademarks, inventories and property, plant and equipment, in companies not merged. The corresponding entry was in the Investment caption, in the parent company.

(1) These companies were merged in 2011 and, therefore, the goodwill was reclassified to intangible assets.

The Company's share in the results of its main direct subsidiaries, all of which are unlisted, as well as in the total assets (including goodwill) and liabilities, was as follows:

June 30, 2012	Assets	Liabilities	Revenue	Profit (loss)
Cosmed Indústria de Cosméticos e Medicamentos S.A.	624,457	298,164	516,313	(11,847)
My Agência de Propaganda Ltda.	1,405	2,773	900	(1,274)
Brainfarma Indústria e Farmacêutica S.A.	593,641	221,883	196,639	(6,073)
IPH&C Indústria de Produtos de Higiene e Cosméticos Ltda.	10,990	5,774	20,686	451

December 31, 2011	Assets	Liabilities	Revenue	Profit (loss)
Cosmed Indústria de Cosméticos e Medicamentos S.A.	392,867	(194,855)	1,003,487	(61,653)
My Agência de Propaganda Ltda.	770	(871)	1,800	(753)
Brainfarma Indústria e Farmacêutica S.A.	545,908	(215,212)	263,296	(29,048)
IPH&C Indústria de Produtos de Higiene e Cosméticos Ltda.	9,353	(4,589)	38,229	34

a) Equity in the results of investees

	Adjusted equity at June 30, 2012	Interest %	Equity in the earnings (loss) of continuing operations at June 30, 2012	Equity in the results of discontinued operations - June 30, 2012	Investment balance at June 30, 2012	Equity in the earnings (loss) of continuing operations at June 30, 2011	Equity in the results of discontinued operations - June 30, 2011	Investment balance at December 31, 2011
Cosmed Indústria de Cosméticos e Medicamentos S.A. (i)	320,905	100%	(13,927)		320,905	(11,435)		194,705
My Agência de Propaganda Ltda. (ii)	(1,368)	100%	(1,275)		(1,368)	(226)		(101)
Luper Indústria Farmacêutica Ltda. (iii)		100%				(685)		
IPH&C Indústria de Produtos de Higiene e Cosméticos Ltda. (iv)	6,013	100%	(1,003)		6,013	(775)		7,016
Mabesa do Brasil S.A. (v)		100%				6,436		
Mantecorp Indústria Química Farmacêutica S.A. (vi)		100%				37,278		
Bionovis S.A. (viii)	10,000	25%			2,500			
Brainfarma Indústria e Farmacêutica S.A. (vii)	376,297	100%	(6,051)		376,297	3,320		340,570
			(22,256)		704,347	33,913		542,190
Goodwill on non-merged companies					64,088			64,088
			(22,256)		768,435	33,913		606,278

(i) Hypermarcas holds 428,031,497 common shares of its subsidiary Cosmed Indústria de Cosméticos e Medicamentos S.A.

(ii) Hypermarcas holds 9,999 quotas of its subsidiary My Agência de Propaganda Ltda., out of a total of 10,000 equity units.

(iii) The subsidiary Luper Indústria Farmacêutica Ltda. was merged in April 2011.

(iv) Hypermarcas holds 5,109,999 quotas of its subsidiary IPH&C Indústria de Produtos de Higiene e Cosméticos Ltda., out of a total of 5,110,000 equity units.

(v) The subsidiary Mabesa do Brasil S.A. was merged in December 2011.

(vi) The subsidiary Mantecorp Indústria Química Farmacêutica S.A. was merged in December 2011. Mantecorp Logística S.A. (105,043,143 shares) was merged in February 2011.

(vii) Hypermarcas is the holder of 127,004,645 common shares of its subsidiary Brainfarma Indústria e Farmacêutica S.A.

(viii) Hypermarcas holds 25% of the capital of Bionovis S.A.

15 Property, plant and equipment

Parent

	Land	Buildings and improvements	Machinery, equipment and facilities	Vehicles	Furniture and fittings	Tools, containers and other	Total in use	Construction in progress	Total PP&E
At December 31, 2011	78,216	197,110	369,639	7,764	16,002	10,624	679,355	50,050	729,405
Additions		193	13,461		1,246	1,759	16,659	20,475	37,134
Spin-off			(12,081)	24	(221)		(12,278)	(845)	(13,123)
Payment of capital	(876)	(13,374)	(31,072)	(5)	(775)	(998)	(47,100)	(4,331)	(51,431)
Disposals	(2,806)	(813)	(1,688)	(111)	(127)	(31)	(5,576)		(5,576)
Purchase price allocation (PPA)			(666)		(45)		(711)		(711)
Transfers		6,493	1,203	66	(2)	201	7,961	(7,961)	
Depreciation/ amortization		(4,488)	(12,878)	(879)	(897)	(1,285)	(20,427)		(20,427)
At June 30, 2012	74,534	185,121	325,918	6,859	15,181	10,270	617,883	57,388	675,271
Total cost	74,534	257,025	569,441	13,614	25,735	14,470	954,819	57,388	1,012,207
Accumulated depreciation		(71,904)	(243,523)	(6,755)	(10,554)	(4,200)	(336,936)		(336,936)
Net book value	74,534	185,121	325,918	6,859	15,181	10,270	617,883	57,388	675,271

Consolidated

	Land	Buildings and improvements	Machinery, equipment and facilities	Vehicles	Furniture and fittings	Tools, containers and other	Leases	Total in use	Construction in progress	Total PP&E
At December 31, 2011	85,436	322,834	619,989	9,281	27,132	24,076	1,144	1,089,892	168,772	1,258,664
Additions		195	31,080		1,489	4,468		37,232	85,300	122,532
Disposals	(2,806)	(813)	(1,871)	(111)	(142)	(109)		(5,852)		(5,852)
Transfers	(270)	8,330	2,326	210	171	332	(65)	11,034	(11,308)	(274)
Depreciation/ amortization		(6,136)	(19,805)	(996)	(1,311)	(3,032)		(31,280)		(31,280)
At June 30, 2012	82,360	324,410	631,719	8,384	27,339	25,735	1,079	1,101,026	242,764	1,343,790
Total cost	82,360	412,205	1,024,362	16,794	47,583	43,075	1,079	1,627,458	242,764	1,870,222
Accumulated depreciation		(87,795)	(392,643)	(8,410)	(20,244)	(17,340)		(526,432)		(526,432)
Net book value	82,360	324,410	631,719	8,384	27,339	25,735	1,079	1,101,026	242,764	1,343,790

16 Intangible assets

	Parent		Consolidated	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Goodwill on non-merged companies				
IPH&C Indústria de Produtos de Higiene e Cosméticos Ltda.			16,003	16,003
Cosmed Indústria de Cosméticos e Medicamentos S.A.			48,085	48,085
Goodwill on acquisition of investments in merged companies				
Active Indústria e Comércio de Produtos de Higiene Pessoal e Cosmésticos S.A.			10,991	9,097
Mantecorp Indústria Química Farmacêutica S.A.	1,798,470	1,798,470	1,798,470	1,798,470
Mabesa do Brasil S.A.	353,146	353,146	353,146	353,146
Luper Indústria Farmacêutica Ltda.	36,595	36,595	36,595	36,595
Sapeka Indústria e Comércio de Fraldas Descartáveis S.A.	413,775	413,775	413,775	413,775
Versoix Participações Ltda.	150,059	150,059	150,059	150,059
York S.A Indústria e Comércio Ltda.	57,001	57,001	57,001	57,001
Facilit Odontológica e Perfumaria Ltda.	39,011	39,011	39,011	39,011
DPH Distribuidora de produtos de Higiene Ltda.	28,267	28,267	28,267	28,267
Laboratório Neo Química Comércio e Indústria S.A.	965,820	965,820	965,820	965,820
DM Indústria Farmacêutica Ltda.	743,029	743,029	743,029	743,029
Laboratório Americano de Farmacoterapia S.A. Farmasa	666,808	666,808	666,808	666,808
Pom Pom Produtos Higiênicos Ltda.	269,263	269,263	269,263	269,263
Aprov Comércio de Cosméticos Ltda.	275,535	275,535	275,535	275,535
Inal - Indústria Nacional do Látex S.A.	156,260	156,260	156,260	156,260
Ceil Comércio e Distribuidora Ltda.	148,887	148,887	148,887	148,887
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
Éh Cosméticos S.A.	15,860	15,860	15,860	15,860
	6,169,598	6,169,598	6,244,677	6,242,783
Rights of use	48,366	54,480	50,421	56,763
Trademarks and patents	539,883	540,235	540,884	540,564
Computer software	8,585	10,325	9,471	11,257
Product development	4,209	4,188	76,320	80,803
	6,770,641	6,778,826	6,921,773	6,932,170

Goodwill is measured as the excess of the consideration paid over the fair value of the net assets acquired and, is mainly based on expected future profitability, supported by appraisal reports prepared by a specialized company, utilizing the cash flow discounted to present value method. The discount rates used in the calculations were based on the Weighted Average Cost of Capital (WACC). For acquisitions carried out as from 2009, portions of the initial goodwill were allocated to certain assets acquired in the transactions (inventories, property, plant and equipment, trademarks, among others).

Changes in the balances

Parent

	Rights of use	Trademarks and patents	System implementation	Product development	Goodwill	Total
At December 31, 2011	54,480	540,235	10,325	4,188	6,169,598	6,778,826
Spin-off	(40)	(484)				(524)
Payment of capital	(115)	(188)	71			(232)
Additions	2,343	320	66	379		3,108
Disposals				(63)		(63)
Amortization	(8,302)		(1,877)	(295)		(10,474)
At June 30, 2012	48,366	539,883	8,585	4,209	6,169,598	6,770,641
Total cost	111,691	539,883	25,033	5,793	6,169,598	6,851,998
Accumulated amortization	(63,325)		(16,448)	(1,584)		(81,357)
Net book value	48,366	539,883	8,585	4,209	6,169,598	6,770,641

Consolidated

	Rights of use	Trademarks and patents	System implementation	Product development	Goodwill	Total
At December 31, 2011	56,763	540,564	11,257	80,803	6,242,783	6,932,170
Additions	2,392	320	91	2,277	1,624	6,704
Transfers	4				270	274
Disposals				(63)		(63)
Amortization	(8,738)		(1,877)	(6,697)		(17,312)
At June 30, 2012	50,421	540,884	9,471	76,320	6,244,677	6,921,773
Total cost	120,594	540,884	26,067	111,679	6,244,677	7,043,901
Accumulated amortization	(70,173)		(16,596)	(35,359)		(122,128)
Net book value	50,421	540,884	9,471	76,320	6,244,677	6,921,773

Impairment of assets

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

17 Business combination

The Company uses the acquisition method to account for business combinations. The cost of an acquisition is the aggregate of the consideration paid, measured at fair value at the acquisition date. Costs directly attributable to the acquisition are expensed as incurred.

When acquiring a business, the Company values the assets acquired and the liabilities assumed in order to classify them and allocate them pursuant to the terms of the agreements, economic circumstances and the conditions prevailing at the acquisition date.

Goodwill is measured as the excess of the consideration paid over the fair value of the net assets acquired (identified assets acquired and liabilities assumed).

In the first quarter of 2012, there was an increase of R$ 1,894 in the goodwill of Active, mainly due to the adjustment in the Purchase Price Allocation (PPA).

The tables below show the adjustments made in 2011:

						12/31/2011
Company	Acquisition date	Net consideration	Identifiable assets and liabilities, adjusted at fair value	Additional fair value adjustments to identifiable assets and liabilities	Accounting goodwill	Acquisition expenses (*)
Mabesa	Jan/11	342,917	84,026	(73,797)	353,146	7,163
Mantecorp	Jan/11	2,237,660	(226,128)	(213,062)	1,798,470	38,140
Active	Aug/11	35,231	(4,324)	(21,810)	9,097	
Total		2,615,808	(146,426)	(308,669)	2,160,713	45,303

The following main allocations were made:

						12/31/2011
Composition of additional allocations						
Company	Contingencies and provisions	Tax assets/ liabilities	Inventories	Property, plant and equipment	Intangible assets	Total
Mabesa	28,103	(24,604)	(1,555)	(54,906)	(20,835)	(73,797)
Mantecorp	315,146	(106,440)	(6,054)	(270,326)	(145,388)	(213,062)
Active	(2,295)	10,624	1,237	(31,376)		(21,810)
Total	340,954	(120,420)	(6,372)	(356,608)	(166,223)	(308,669)

(*) These refer to legal and advisory services, among other expenses, incurred in connection with the acquisitions and directly recorded in profit or loss for the period.

18 Trade payables

	Parent		Consolidated	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Local suppliers	145,428	154,697	311,175	249,137
Suppliers - related parties	93,988	7,519		
Foreign suppliers	23,611	25,773	74,374	41,585
	263,027	187,989	385,549	290,722

19 Borrowings

		Parent		Consolidated	
		June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Foreign currency					
Borrowings in US$ (i)	US$ + 2.30% to 3.74% p.a.	254,264	295,874	255,107	296,656
Bonds (ii)	6.50% p.a.	1,506,928	1,395,350	1,506,928	1,395,350
Local currency					
Financing for ventures in Center-West (FCO) (i)	8.5% p.a.	58,019	59,767	107,352	112,978
Borrowings	CDI + 1.25% p.a.		192,672		192,672
Borrowings (*)	CDI + 4.31% p.a.; Fixed rate of 4.50% to 8.70% p.a. and TJLP + 3% p.a.	16,698	21,922	25,203	33,145
FINEP - Fund for Financing of Studies and Projects	TJLP			3,073	4,100
National Bank for Economic and Social Development (BNDES) (i)	Fixed rate of 3.5% to 6% p.a. and TJLP + 1.5% to 3% p.a.	34,691	41,040	81,424	95,860
Debentures (i)	Consumer Price Index (IPC) +3% to 8.43% p.a.; 111% and 113.72% of CDI; CDI + 1.65% to 1.85% p.a., fixed rate of 11.30% p.a.	2,445,966	2,415,931	2,445,966	2,415,931
		4,316,566	4,422,556	4,425,053	4,546,692
Current		519,926	494,338	555,938	532,488
Non-current		3,796,640	3,928,218	3,869,115	4,014,204

(*) Includes leases and Government Agency for Machinery and Equipment Financing (FINAME) loans.

(i) Agreements containing covenants restricting the level of indebtedness and interest coverage in relation to certain financial information (EBITDA and net interest expenses), sale, spin-off, combination, merger or any other corporate restructuring which, if applicable, should be previously authorized by the financial agents. If any of these events occur without approval of the creditors, outstanding balances will fall due immediately.

(ii) On April 20, 2011, the Company issued foreign bonds amounting to US$ 750 million. Total finance charges correspond to the internal rate of return of 8% per annum. Repayments will be made semiannually, the first on October 20, 2011 and the last on April 20, 2021. Transaction costs totaled R$ 32,383.

The amounts of R$ 105,452 and R$ 1,401,476 of the outstanding debt balance are recorded in current and non-current liabilities, respectively.

The analysis of transaction costs to be amortized, by year, is as follows:

	6/30/2012
2012	1,382
2013	2,639
2014	2,848
2015	3,075
2016	3,331
2017	3,587
2018	3,874
2019	4,184
2020	4,531
2021	1,442
	30,893

Debentures - analysis

	Date of issue	Maturity	Repayment	Type of issue	Amount at date of issue	Number of debentures issued	Number in the market	Unit value	Annual financial charges	Convertibility
1st public issue	1/8/2010	1/8/2013	Final	Public	200,000,000	200	200	1,000,000	113.72% DI	Not convertible into shares
3rd public issue	7/15/2010	7/15/2014	Final	Public	201,026,000	201,026	201,026	1,000	CDI + 1.65%	Not convertible into shares
3rd public issue 2nd series	7/15/2010	7/15/2015	Final	Public	335,601,000	335,601	335,601	1,000	CDI + 1.85%	Not convertible into shares
3rd public issue 3rd series	7/15/2010	7/15/2016	50% - 7/15/2015 50% - 7/15/2016	Public	114,415,000	114,415	114,415	1,000	IPCA + 8.4%	Not convertible into shares
1st private issue 1st series	10/15/2010	10/15/2015	Final	Private	549,998,042	548,725	548,725	1,002.32	IPCA + 3%	Right to subscribe common shares
1st private issue 2nd series	10/15/2010	10/15/2018	In periods of six months as from 4/15/13	Private	549,998,042	548,725	548,725	1,002.32	11.3%	Not convertible into shares
4th public issue 1st series	3/28/2011	3/28/2014	Final	Public	200,000,000	200	200	1,000,000	111.00% DI	Not convertible into shares
4th public issue 2nd series	3/28/2011	4/28/2014	Final	Public	200,000,000	200	200	1,000,000	111.00% DI	Not convertible into shares

Debentures - changes

	1st public issue	3rd public issue 1st, 2nd and 3rd series	1st private issue 1st, 2nd series	4th public issue 1st and 2nd series	Total
At December 31, 2011	212,286	694,894	1,097,249	411,502	2,415,931
Financial charges	13,814	30,221	58,525	29,449	132,009
Payment of interest	(13,087)	(35,677)	(29,991)	(23,219)	(101,974)
At June 30, 2012	213,013	689,438	1,125,783	417,732	2,445,966
Unamortized costs of transactions	156	3,650	2,543	782	7,131
Current	156	1,284	692	415	2,547
Non-current		2,366	1,851	367	4,584
	156	3,650	2,543	782	7,131

The analysis of long-term borrowings and debentures by maturity year is as follows:

	Parent		Consolidated	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
2013	100,235	360,009	111,204	383,750
2014	907,338	898,896	924,944	916,642
2015	1,052,779	1,019,531	1,069,657	1,036,375
2016	146,094	148,004	153,979	155,844
2017	82,537	87,590	86,559	91,689
2018	82,537	87,091	86,477	91,126
2019	5,143	3,704	8,493	7,143
2020	5,006	3,534	7,674	6,316
2021	1,406,482	1,311,301	1,408,863	1,313,766
2022	4,866	4,682	7,247	7,147
2023	3,623	3,876	4,018	4,406
	3,796,640	3,928,218	3,869,115	4,014,204

(a) Collateral provided for borrowings

	Parent		Consolidated	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Trade receivables - pledged in guarantee	31,595	174,027	36,902	174,027
Letter of guarantee (i)	30,971	38,143	37,701	45,837
Surety of stockholder and former stockholder			34,379	38,723
Property, plant and equipment (net) pledged in guarantee	74,151	47,365	105,067	75,511
	136,717	259,535	214,049	334,098

(i) Financial investments amounting to R$ 68,286 (R$ 76,062 at December 31, 2011) have also been given as guarantees.

(b) Finance lease liabilities

The minimum future finance lease payments, in total and for each of the periods stated below, are as follows:

	Consolidated	
	June 30, 2012	December 31, 2011
Gross finance lease liabilities - minimum lease payments		
No later than 1 year	265	1,025
Later than 1 year and no later than 5 years		6
	265	1,031
Future finance charges on finance leases	(3)	(23)
Present value of finance lease liabilities	262	1,008
The present value of finance lease liabilities is as follows:		
No later than 1 year	262	987
Later than 1 year and no later than 5 years		21
	262	1,008

At June 30, 2012, the net position of the finance lease liabilities is R$ 262. This total, by asset categories, includes the category of IT equipment in the amount of R$ 6, maturing in 2012, and the category of Vehicles of R$ 256, of which R$ 117 matures in 2012 and R$ 139 in 2013. In comparison, at December 31, 2011, the net position of the agreements was R$ 1,008, including the categories of Machinery and equipment totaling R$ 111, Pallet racking structure of R$ 407 and Vehicles of R$ 490.

(c) Book values and fair value estimates

The book values and fair value estimates of borrowings are as follows:

		Consolidated book value		Fair value	
		June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Foreign currency					
Borrowings in US$	US$ + 2.30% to 5.65% p.a.	255,107	296,656	255,107	296,656
Bonds	6.50% p.a.	1,506,928	1,395,350	1,466,976	1,273,718
Local currency					
FCO	8.5% p.a.	107,352	112,978	97,654	99,596
Borrowings	CDI + 1.25% p.a.		192,672		196,374
Local-currency					
Borrowings (*)	CDI + 2.75% to 4.66% p.a.; fixed rate of 7% to 17.74% p.a. and fixed rate of 4.5% p.a. to 8.7% p.a. and TJLP + 1.3% to 5.70% p.a.	25,203	33,145	21,131	31,765
FINEP - Fund for Financing of Studies and Projects	TJLP + 6% p.a.	3,073	4,100	3,073	4,100
BNDES	Fixed rate of 3.5% to 6% p.a. and TJLP + 1.5% to 7% p.a.	81,424	95,860	76,332	86,871
Debentures	Consumer Price Index (IPC) +3% to 8.43% p.a.; 111% and 113.72% of CDI; CDI + 1.65% to 1.85% p.a., fixed rate of 11.30% p.a.	2,445,966	2,415,931	2,466,571	2,399,711
		4,425,053	4,546,692	4,386,844	4,388,791

(*) Includes leases and Government Agency for Machinery and Equipment Financing (FINAME) loans.

The fair value of certain borrowings equals the book values, since the impact of the discount to present value is not significant. The fair values are based on the discounted cash flows, using a CDI to CDI + 1.84% p.a. market rate (2011 - CDI to CDI + 2.00% p.a.).

(d) Simple debentures with a share subscription warrant

In connection with the issue of simple debentures on October 15, 2010, the Company issued 548,725 share subscription warrants at a subscription price of R$ 29.48 per share, to be adjusted in the same manner as the debt balance of the first-series debentures, so that the conversion will always be made for a fixed number of common shares, namely 34 shares for each subscription warrant, totaling a fixed number of 18,656,650 common shares.

The fair value of the liability component, included in non-current borrowings, was calculated using a market interest rate for an equivalent non-convertible bond. The remaining amount, representing the value of the subscription warrant, is included in equity in the amount of R$ 50,243 within "Carrying value adjustments", net of income tax and social contribution.

The balance of the first series of the first private issue of simple debentures with floating guarantee, combined with the subscription warrants, recorded in the balance sheet, was comprised as follows at June 30, 2012:

Face value of the convertible debentures	626,262
Unexpired costs	(58,252)
Liability component at June 30, 2012	568,010

For the second series, which is not convertible into shares, the amount recorded in liabilities is R$ 560,943.

20 Deferred income tax and social contribution

(a) Analysis of deferred tax assets

The deferred tax assets relate to tax loss carry-forwards and temporary differences, recorded based on a study of their probable offset against taxable income as from 2012.

	Parent		Consolidated	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Tax assets:				
Income tax and social contribution loss carry-forwards	485,039	382,750	521,703	415,837
Temporary differences, mainly: contingencies, goodwill amortization and exchange variations	602,883	561,853	623,686	588,276
	1,087,922	944,603	1,145,389	1,004,113
Goodwill of merged companies, pursuant to CVM 319/99:				
Erches Participações Ltda.		7,891		7,891
Setiba Participações S.A.	35,157	38,214	35,157	38,214
	35,157	46,105	35,157	46,105
Total tax assets	1,123,079	990,708	1,180,546	1,050,218
(-) Portion of deferred tax assets that can be offset against deferred tax liabilities of the same nature (also available for offset in the calculation of the current tax)	(938,214)	(794,514)	(991,917)	(832,206)
Remaining balance of tax assets	184,865	196,194	188,629	218,012
Deferred tax liabilities on temporary differences:				
Goodwill	806,712	633,800	806,712	633,800
Other business combination adjustments	128,076	150,374	197,696	204,465
Adjustments to present value and other	33,125	40,295	56,807	58,499
	967,913	824,469	1,061,215	896,764
(-) Portion of deferred tax liabilities that can be offset against deferred tax assets of the same nature	(938,214)	(794,514)	(991,917)	(832,206)
Remaining balance of deferred tax liabilities	29,699	29,955	69,298	64,558

The tax asset on the goodwill of merged companies corresponds to deferred income tax and social

contribution on the difference between the book value of the goodwill and its tax basis.

(b) Estimated realization period

Deferred tax assets are expected to be realized as follows:

Tax assets Utilization period	Total
2012	205,241
2013	63,197
2014	71,888
2015	83,448
2016	93,697
2017 to 2021	663,075
	1,180,546

The deferred tax assets arising from tax loss carry-forwards and temporary differences are expected to be realized by the end of 2021, in accordance with studies carried out by management, considering the projected future profitability expected to arise from the corporate restructuring actions, which take into consideration: (i) the large number of brands which are well placed in the market; (ii) the diversification of operations in two market segments; and (iii) positive cash flows.

(c) Reconciliation of the income tax and social contribution expense

	Parent		Consolidated	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Profit before taxation - continuing operations	67,290	158,469	62,699	175,418
Loss before taxation - discontinued operations	(17,134)	4,548	(17,134)	4,548
Profit before income tax and social contribution	50,156	163,017	45,565	179,966
Share of profit (loss) of continuing operations of subsidiaries	22,255	(33,913)		
Calculation basis	72,441	129,104	45,565	179,966
Income tax and social contribution rate (%)	34%	34%	34%	34%
Income tax and social contribution at the statutory rate	(24,620)	(44,071)	(15,468)	(61,961)
Provision for impairment of trade receivables and other	(15,488)	28,670	(11,339)	36,430
Exchange rate variations - deferred	(41,145)	2,249	(41,145)	2,079
Permanent additions, net	(12,996)	(10,603)	(21,092)	(15,755)
Amortization of goodwill	205,407	140,840	205,407	140,840
Transitional Tax System (RTT)	(8,344)	(11,681)	(10,584)	(11,538)
Tax incentives		577		720
Offset of tax loss carry-forwards		35	257	2,264
Income tax and social contribution benefit - current	102,814	106,016	106,036	93,079
Derecognition of income tax and social contribution due to offset			(223)	(2,229)
Derecognition of income tax and social contribution due to spin-off	(525)	(19,502)	(525)	(19,502)
Realization of income tax and social contribution on temporary differences	53,104	(29,326)	49,007	(34,604)
Income tax and social contribution on goodwill (CPC 32)	(190,781)	(124,263)	(190,781)	(124,263)
Realization of deferred tax liabilities	7,047	2,814	12,736	6,309
Realization on goodwill - CVM Regulatory Instruction 319/99	(10,948)	(12,527)	(10,948)	(12,527)
Income tax and social contribution expense - deferred	(142,103)	(182,804)	(140,734)	(186,816)
Income tax and social contribution, net expense	(39,289)	(76,788)	(34,698)	(93,737)
Income tax and social contribution expense on continuing operations	(42,989)	(75,242)	(38,398)	(92,191)
Income tax and social contribution benefit on discontinued operations	3,700	(1,546)	3,700	(1,546)

Deferred tax assets are recognized for tax loss carry-forwards to the extent that the offset of the related tax benefit through future taxable profits is probable.

(d) Deferred tax liabilities

Deferred income tax and social contribution liabilities mainly relate to temporary difference between the tax basis of goodwill and its carrying amount in the balance sheet, since goodwill continues to be amortized for tax purposes, but is no longer being amortized in the accounting records since January 1, 2009. This temporary difference will result in amounts to be added back in the calculation of taxable income of future years, when the book value of the asset is reduced by impairment or is written off, making it necessary to record a deferred tax liability.

21 Taxes payable

	Parent		Consolidated	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Value-added Tax on Sales and Services (ICMS)	30,276	26,652	60,464	38,563

Excise Tax (IPI)	2,046	1,388	5,248	4,235
Social Integration Program (PIS)		653	1,236	1,254
Social Contribution on Revenues (COFINS)		2,982	5,880	5,855
Tax Recovery Program (REFIS)	8,049	10,639	10,587	12,454
Other taxes payable	1,832	2,217	3,032	2,776
	42,203	44,531	86,447	65,137

22 Payables

	Parent		Consolidated	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Freight payable	29,191	24,962	31,827	26,934
Services rendered	42,535	42,381	54,499	51,654
Allowances, commercial agreements and other	58,114	45,705	58,114	45,705
Advertising	40,957	15,495	40,957	15,495
Rentals	617	983	617	985
Hedge	2,025	7,445	2,025	7,445
Other	17,207	23,246	29,913	31,506
	190,646	160,217	217,952	179,724

23 Notes payable

	Parent		Consolidated	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Acquisition of DM Indústria Farmacêutica Ltda.	59,143	194,891	59,143	194,891
(-) Adjustment to present value		(5,655)		(5,655)
	59,143	189,236	59,143	189,236
Acquisition of Sapeka Indústria de Fraldas Descartáveis Ltda. (iv)	32,287	36,448	32,287	36,448
(-) Adjustment to present value	(1,140)	(1,326)	(1,140)	(1,326)
	31,147	35,122	31,147	35,122
Acquisition of Pom Pom Produtos Higiênicos Ltda. (i)	138,594	132,649	138,594	132,649
(-) Adjustment to present value	(3,824)	(4,923)	(3,824)	(4,923)
	134,770	127,726	134,770	127,726
Acquisition of Mabesa do Brasil S.A. (iii)	63,767	132,785	63,767	132,785
(-) Adjustment to present value	(1,189)	(2,183)	(1,189)	(2,183)
	62,578	130,602	62,578	130,602
Acquisition of Ind. Nacional de Artefatos de Látex S.A. (iii)	88,783	82,162	88,783	82,162
(-) Adjustment to present value	(5,877)	(7,310)	(5,877)	(7,310)
	82,906	74,852	82,906	74,852
Acquisition of NY Looks brands (ii)	18,493	17,614	18,493	17,614
(-) Adjustment to present value	(772)	(1,315)	(772)	(1,315)
	17,721	16,299	17,721	16,299
Acquisition of Facilit Odontológica e Perfumaria Ltda. (i)	26,141	29,578	26,141	29,578
(-) Adjustment to present value	(859)	(1,091)	(859)	(1,091)
	25,282	28,487	25,282	28,487

	Parent		Consolidated	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Acquisition of Luper Indústria Farmacêutica Ltda. (i)	18,347	17,824	18,347	17,824
(-) Adjustment to present value	(545)	(692)	(545)	(692)
	17,802	17,132	17,802	17,132
Acquisition of Bitufo (i)	34,761	33,241	34,761	33,241
(-) Adjustment to present value	(1,250)	(1,502)	(1,250)	(1,502)
	33,511	31,739	33,511	31,739
Acquisition of Sabonetes Pom Pom (i)	8,761	2,057	8,761	2,057
(-) Adjustment to present value	(37)	(141)	(37)	(141)
	8,724	1,916	8,724	1,916
Acquisition of Aprov Comércio de Cosméticos Ltda. (i)	71,207	68,247	71,207	68,247
(-) Adjustment to present value	(1,761)	(2,334)	(1,761)	(2,334)
	69,446	65,913	69,446	65,913
Acquisition of Niasi Ind. de Cosmésticos Ltda. (i)	28,630	27,373	28,630	27,373
(-) Adjustment to present value	(143)	(303)	(143)	(303)
	28,487	27,070	28,487	27,070
Active Indústria e Comércio de Prod. de Higiene Pessoal e Cosmésticos S.A. (i)			24,325	23,257
(-) Adjustment to present value			(120)	(208)
			24,205	23,049

	Parent		Consolidated	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Acquisition of Sul Química Ltda. (i)	465	8,639	465	8,639
(-) Adjustment to present value		(40)		(40)
	465	8,599	465	8,599
Acquisition of rights of use (v)	4,245	2,057	4,245	2,057
(-) Adjustment to present value	(73)	(111)	(73)	(111)
	4,172	1,946	4,172	1,946
Other	8,987	14,626	8,987	14,626
	8,987	14,626	8,987	14,626
	585,141	771,265	609,346	794,314
Current liabilities	284,320	396,562	296,374	408,040
Non-current liabilities	300,821	374,703	312,972	386,274

(i) Adjusted based on the rates used in the financial market, basically the CDI.

(ii) The contract for the acquisition of the brands (NY Looks, Bia Blanc, Radical, Aroma & Cor, Day, Dois!, Earth, Um!, Três!, Ski, Sun, and Eco) from Brasil Global Ltda. establishes a price escrow deposit of R$ 12,000 to collateralize possible contingencies of the seller. This amount is invested following the instructions of the creditor and, at June 30, 2012, totaled R$ 5,772, being invested in shares, recorded as a reduction to the related balance of notes payable. Consequently, both the investment and the related portion of the debt were stated at the market value of the shares. The remaining balance of the debt (net of investments in shares) is adjusted in accordance with the foreign exchange variation. The debt is collateralized by a Letter of Guarantee.

(iii) The agreement contains a clause that provides for the adjustment of the installments based on the variation of the US dollar exchange rate.

(iv) Installment subject to price adjustment. It has been adjusted by the CDI since 2011.

(v) Adjusted based on the General Market Price Index (IGP-M).

The rates used to calculate the adjustment to present value are disclosed in note 30.

Long-term amounts mature as follows:

	June 30, 2012
2013	176,729
2014	102,148
2015	27,750
2016	6,345
	312,972

24 Insurance

The Company's policy for insurance cover mainly takes into consideration the concentration of risks and the significance and replacement values of the assets. The main information on the insurance coverage in effect, by insurance policy, is as follows:

	Cosmed	Goiânia	Itajaí	Araçatuba	Brainfarma	Inal	Luper	Facilit	Sapeka	York	Bitufo	Mantecorp	Mabesa	Distribution centers
Fire, IDT, lightning and explosion of any nature	250,316	82,093	21,000	122,289	466,150	41,000	42,000	30,100	189,500	68,000	15,500	205,187	59,500	416,991
Maximum indemnity limit	250,316	82,093	21,000	122,289	466,150	41,000	42,000	30,100	189,500	68,000	15,500	205,187	59,500	416,991
Windstorm/smoke	75,000	15,000	15,000	15,000	75,000	15,000	15,000	15,000	45,000	15,000	15,000	15,000	60,000	180,000
Electrical damages	15,000	3,000	3,000	3,000	15,000	3,000	3,000	3,000	9,000	3,000	3,000	3,000	12,000	39,000

25 Analysis of the statement of operations accounts

a) Selling and marketing expenses

	Parent			
	4/1/2012 to 6/30/2012	1/1/2012 to 6/30/2012	4/1/2011 to 6/30/2011	1/1/2011 to 6/30/2011
Salaries, social charges and other (i)	(66,066)	(131,195)	(55,329)	(107,193)
Freight and insurance on sales	(31,507)	(65,641)	(25,841)	(48,834)
Advertising and publicity	(72,234)	(151,990)	(97,381)	(148,176)
Allowances, commercial agreements and other	(51,243)	(89,706)	(38,366)	(63,722)
Promotions, gifts and samples	(35,881)	(63,660)	(34,466)	(58,460)
Medical visits (i)	(22,921)	(41,277)	(27,864)	(41,266)
Sales commissions	(6,628)	(14,879)	(7,626)	(14,497)
Services rendered	(11,731)	(23,385)	(14,224)	(26,959)
Travel and lodging	(4,262)	(7,580)	(7,092)	(10,861)
Car rentals	(4,377)	(7,570)	(3,297)	(5,838)
Provision for impairment of trade receivables and other losses	(1,426)	(7,711)	(5,676)	(13,686)
Depreciation and amortization	(4,517)	(9,058)	(4,374)	(8,402)
Other selling expenses	(15,762)	(31,146)	(10,738)	(23,924)
	(328,555)	(644,798)	(332,274)	(571,818)

	Consolidated			
	4/1/2012 to 6/30/2012	1/1/2012 to 6/30/2012	4/1/2011 to 6/30/2011	1/1/2011 to 6/30/2011
Salaries, social charges and other (i)	(74,118)	(146,233)	(65,289)	(131,834)
Freight and insurance on sales	(32,380)	(66,731)	(30,433)	(57,572)
Advertising and publicity	(71,879)	(151,250)	(96,735)	(151,644)
Allowances, commercial agreements and other	(51,213)	(89,685)	(44,204)	(73,617)
Promotions, gifts and samples	(35,607)	(64,065)	(34,507)	(63,850)
Medical visits (i)	(22,921)	(41,277)	(27,966)	(51,475)
Sales commissions	(6,764)	(15,015)	(7,627)	(14,895)
Services rendered	(14,993)	(28,250)	(17,394)	(34,058)
Travel and lodging	(4,436)	(7,843)	(8,000)	(12,918)
Car rentals	(4,383)	(7,580)	(3,327)	(7,212)
Provision for impairment of trade receivables and other losses	(1,463)	(7,748)	(5,700)	(13,702)
Depreciation and amortization	(8,801)	(18,159)	(5,155)	(10,084)
Other selling expenses	(18,391)	(36,682)	(15,173)	(31,404)
	(347,349)	(680,518)	(361,510)	(654,265)

(i) Substantially salaries and social charges.

b) General and administrative expenses

	Parent			
	4/1/2012 to 6/30/2012	1/1/2012 to 6/30/2012	4/1/2011 to 6/30/2011	1/1/2011 to 6/30/2011
Salaries, social charges and other	(28,679)	(58,722)	(27,222)	(49,973)
Travel and lodging	(1,212)	(2,371)	(1,608)	(2,877)
Rentals	(660)	(1,279)	(1,890)	(2,836)
Donations and contributions	(121)	(1,548)		(416)
Services rendered	(11,347)	(24,931)	(19,558)	(36,474)
Depreciation and amortization	(3,706)	(7,547)	(2,607)	(4,921)
Other administrative expenses	(3,415)	(6,310)	(4,187)	(7,869)
	(49,140)	(102,708)	(57,072)	(105,366)

	Consolidated			
	4/1/2012 to 6/30/2012	1/1/2012 to 6/30/2012	4/1/2011 to 6/30/2011	1/1/2011 to 6/30/2011
Salaries, social charges and other	(31,639)	(63,449)	(35,100)	(72,263)
Travel and lodging	(1,435)	(2,692)	(1,684)	(3,130)
Rentals	(2,103)	(4,175)	(2,869)	(5,189)
Donations and contributions	(621)	(2,048)	(14)	(441)
Services rendered	(13,784)	(28,484)	(24,533)	(44,614)
Depreciation and amortization	(4,002)	(8,064)	(5,147)	(8,711)
Other administrative expenses	(4,170)	(9,401)	(5,157)	(9,844)
	(57,754)	(118,313)	(74,504)	(144,192)

c) Finance costs

	Parent			
	4/1/2012 to 6/30/2012	1/1/2012 to 6/30/2012	4/1/2011 to 6/30/2011	1/1/2011 to 6/30/2011
Working capital	(170)	(5,320)	(15,498)	(30,661)
	(170)	(5,320)	(15,498)	(30,661)
Center-West Financing (FCO)	(39)	(95)	(334)	(898)
FINEP/ Import Financing (FINIMP)	(426)	(899)		
BNDES	(722)	(1,510)	(1,197)	(3,047)
FINAME	(186)	(528)	(654)	(934)
	(1,373)	(3,032)	(2,185)	(4,879)
Interest on foreign-currency borrowings	(32,283)	(65,155)	(17,188)	(19,828)
Interest on notes payable	(7,090)	(14,743)	(18,155)	(35,936)
Monetary restatements of contingencies	(4,124)	(23,745)	(43)	(356)
Tax Recovery Program (REFIS)	(1,243)	(4,010)	(406)	(786)
Debentures	(58,869)	(124,515)	(78,147)	(144,316)
Interest and commissions on letters of guarantee	(2,452)	(5,545)	(3,295)	(5,457)
Bank expenses, discounts granted and other	(2,644)	(7,515)	(4,850)	(13,889)
Exchange variations on loans (net)	(145,461)	(105,969)	15,793	12,398
Exchange variations on acquisition of company	(9,577)	(17,738)	5,529	13,046
Exchange variations on trade payables and receivables (net)	(2,897)	(2,164)	1,251	2,759
Other	360	1,156	(650)	(980)
	(266,280)	(369,943)	(100,161)	(193,345)
Reversals of adjustments to present value	(7,940)	(17,833)	(14,122)	(27,981)
	(275,763)	(396,128)	(131,966)	(256,866)

	Consolidated			
	4/1/2012 to 6/30/2012	1/1/2012 to 6/30/2012	4/1/2011 to 6/30/2011	1/1/2011 to 6/30/2011
Working capital	(170)	(5,320)	(15,498)	(30,661)
	(170)	(5,320)	(15,498)	(30,661)
Center-West Financing (FCO)	(444)	(957)	(334)	(898)
FINEP/ Import Financing (FINIMP)	(483)	(1,020)	(77)	(160)
BNDES	(1,593)	(3,288)	(1,359)	(3,379)
FINAME	(315)	(774)	(815)	(1,252)
	(2,835)	(6,039)	(2,585)	(5,689)
Interest on foreign-currency borrowings	(32,283)	(65,155)	(17,188)	(19,828)
Interest on notes payable	(7,090)	(15,314)	(22,461)	(40,242)
Monetary restatements of contingencies	(4,129)	(23,763)	(54)	(367)
Tax Recovery Program (REFIS)	(1,193)	(4,369)	1,251	(902)
Debentures	(58,869)	(124,515)	(78,147)	(144,316)
Interest and commissions on letters of guarantee	(2,464)	(5,574)	(3,432)	(5,848)
Bank expenses, discounts granted and other	(3,957)	(9,151)	(5,491)	(15,072)
Exchange variations on loans (net)	(145,490)	(105,990)	16,426	12,398
Exchange variations on acquisition of company	(9,616)	(17,777)	5,529	13,046
Exchange variations on trade payables and receivables (net)	(6,280)	(5,307)	1,372	3,699
Other	(199)	(514)	(1,408)	(2,581)
	(271,570)	(377,429)	(103,603)	(200,013)
Reversals of adjustments to present value	(8,204)	(18,173)	(14,016)	(27,939)
	(282,779)	(406,961)	(135,702)	(264,302)

d) Finance income

	Parent			
	4/1/2012 to 6/30/2012	1/1/2012 to 6/30/2012	4/1/2011 to 6/30/2011	1/1/2011 to 6/30/2011
Interest receivable	5,521	9,398	3,066	4,447
Income from financial investments and other	45,164	107,741	64,563	109,967
	50,685	117,139	67,629	114,414

	Consolidated			
	4/1/2012 to 6/30/2012	1/1/2012 to 6/30/2012	4/1/2011 to 6/30/2011	1/1/2011 to 6/30/2011
Interest receivable	5,602	9,581	3,034	4,929
Income from financial investments and other	45,879	109,714	65,473	111,314
	51,481	119,295	68,507	116,243

26 Share capital and reserves

(a) Share capital

At June 30, 2012, the Company was authorized to increase share capital up to the limit of R$ 5,500,000, pursuant to a provision in its bylaws and as approved by the Board of Directors and at the Extraordinary General Meeting of stockholders held on January 24, 2011.

At June 30, 2012, the share capital amounted to R$ 5,231,066 (December 31, 2011 - R$ 5,227,017), represented by 627,396,559 (December 31, 2011 - 626,784,912) common shares. In 2012, capital was increased by R$ 4,049 through funds obtained from the stock option program.

In April 2011, capital was increased by R$ 5,822 through funds obtained from the issue of 924,595 shares under the 2008 and 2009 stock option programs.

In January 2011, share capital was increased by R$ 1,900,000 through the issue of 78,013,947 common shares resulting from the merger of Mantecorp.

(b) Share premium reserve

This reserve is recorded in connection with share issues and refers to the portion of the issue price of shares without par value exceeding the amount allocated to capital.

(c) Treasury shares

In 2011, 1,671,200 shares were purchased for the average price of R$ 13.5947 each, totaling R$ 22,719.

(d) Legal reserve

The legal reserve is credited annually with 5% of the profit for the year and cannot exceed 20% of the capital. The purpose of the legal reserve is to protect the Company’s capital, and it can only be used to offset losses and increase capital.

(e) Tax incentive reserve

On April 29, 2011, the Annual General Meeting of stockholders (AGM) approved the transfer to this reserve of R$ 23,613, in accordance with article 195-A of the Brazilian Corporation Law (amended by Law 11,638 of 2007). The reserve is credited with the benefits of tax incentives, which are recognized in the results of operations for the year and appropriated from retained earnings to this reserve. These incentives are not included in the calculation of the minimum mandatory dividend.

(f) Unrealized profits reserve

On April 29, 2011, the AGM approved the transfer to this reserve of R$ 5,403, in accordance with provisions of article 197 of the Brazilian Corporation Law, considering that the mandatory dividend, calculated according to the Company's bylaws, exceeded the realized portion of profit for the year. In the six-month period ended December 31, 2011, the total balance of R$ 33,088 was reversed to offset losses.

(g) Statutory reserve

Also on April 29, 2011, the AGM approved the transfer to this reserve of R$ 54,937, in accordance with provisions of article 194 of the Brazilian Corporation Law and article 39, sole paragraph, of the Company's bylaws. In the six-month period ended December 31, 2011, the amount of R$ 21,563 was reversed to offset losses.

(h) Profits retention reserve

On April 29, 2011, based on the capital budget in accordance with articles 196 of the Brazilian Corporation Law and 41 of the Company's bylaws, the amount of R$ 70,699 was appropriated to this reserve.

(i) Carrying value adjustments

Fair value of business combination with change in corporate holding

In January 2011, 78,013,947 shares of Hypermarcas S.A. were issued with a par value of R$ 24.35 each in connection with the acquisition of a 76.23% ownership interest in Mantecorp for R$ 1,900,000. The fair value per share was calculated at R$ 21.09 totaling R$ 1,645,314, which, therefore, generated a fair value adjustment of R$ 254,686.

(j) Profit for allocation by the Annual General Meeting

After the establishment of the legal reserve and the calculation of the minimum mandatory dividend, the remaining balance of the profit for the year remains in a revenue reserve account until the AGM decides on its allocation.

27 Segment information

Management has determined the Company's operating segments based on the reports used to make strategic decisions reviewed by the Chief Executive Officer (CEO).

The CEO analyzes the business also from a business segment perspective. The defined segments are: Pharmaceutical and Consumer products.

The revenue generated by the operating segments reported mainly arises from the manufacture and sale of pharmaceutical, hygiene and beauty products.

The consolidated segment information reviewed by the CEO for the period ended June 30, 2012 is as follows:

			Consolidated 4/1/2012 to 6/30/2012			Consolidated 1/1/2012 to 6/30/2012
	Pharmaceutical	Consumer products	Total	Pharmaceutical	Consumer products	Total
Net sales revenue	530,649	426,311	956,960	1,050,928	803,142	1,854,070
Cost of sales	(130,975)	(224,738)	(355,713)	(268,186)	(427,072)	(695,258)
Gross profit	399,674	201,573	601,247	782,742	376,070	1,158,812

For the period ended June 30, 2011, the consolidated segment information was as follows:

			Consolidated			Consolidated
			4/1/2011 to 6/30/2011			1/1/2011 to 6/30/2011
	Pharmaceutical	Consumer products	Total	Pharmaceutical	Consumer products	Total
Net sales revenue	439,079	422,794	861,873	882,247	767,740	1,649,987
Cost of sales	(97,754)	(221,939)	(319,693)	(211,696)	(388,691)	(600,387)
Gross profit	341,325	200,855	542,180	670,551	379,049	1,049,600

The assets per business segment are as follows:

	Consolidated	
	June 30, 2012	December 31, 2011
Pharmaceutical	5,552,758	5,598,285
Consumer products	3,177,194	3,093,701
Unallocated	4,486,121	4,633,300
	13,216,073	13,325,286

28 Revenue

The reconciliation between gross and net revenue is as follows:

			Parent	
	4/1/2012 to 6/30/2012	1/1/2012 to 6/30/2012	4/1/2011 to 6/30/2011	1/1/2011 to 6/30/2011
Gross sales and services	1,127,268	2,224,110	964,503	1,769,872
Returns	(26,913)	(61,997)	(34,194)	(61,924)
Discounts	(16,381)	(58,534)	(6,655)	(8,482)
Taxes on revenue	(114,895)	(227,429)	(119,686)	(223,945)
Net revenue	969,079	1,876,150	803,968	1,475,521

			Consolidated	
	4/1/2012 to 6/30/2012	1/1/2012 to 6/30/2012	4/1/2011 to 6/30/2011	1/1/2011 to 6/30/2011
Gross sales and services	1,126,352	2,223,755	1,072,296	2,071,899
Returns	(29,745)	(64,941)	(37,572)	(70,338)
Discounts	(16,381)	(58,534)	(32,971)	(84,394)
Taxes on revenue	(123,266)	(246,210)	(139,880)	(267,180)
Net revenue	956,960	1,854,070	861,873	1,649,987

29 Contingent liabilities

Provisions for contingencies

At June 30, 2012 and December 31, 2011, the Company had the following provisions for contingencies and the corresponding judicial deposits related to contingencies:

	Parent									
	June 30, 2012					December 31, 2011				
	Judicial deposits	Probable losses	Contingencies assumed in business combinations (a)	Contingencies net of judicial deposits	Possible losses	Judicial deposits	Probable losses	Contingencies assumed in business combinations (a)	Contingencies net of judicial deposits	Possible losses
Labor	3,601	7,851	33,042	37,292	15,558	3,794	6,779	26,687	29,672	16,848
Civil	350	888	19,580	20,118	10,292	256	849	19,676	20,269	1,947
Tax	16,389	16,686	462,869	463,166	12,358	16,423	14,274	446,205	444,056	16,704
Administrative/other	2	1,018	2,380	3,396	1,781		607	2,172	2,779	1,677
	20,342	26,443	517,871	523,972	39,989	20,473	22,509	494,740	496,776	37,176

	Consolidated									
	June 30, 2012					December 31, 2011				
	Judicial deposits	Probable losses	Contingencies assumed in business combinations (a)	Contingencies net of judicial deposits	Possible losses	Judicial deposits	Probable losses	Contingencies assumed in business combinations (a)	Contingencies net of judicial deposits	Possible losses
Labor	3,642	8,122	33,042	37,522	28,735	3,796	6,819	26,687	29,710	20,717
Civil	350	1,045	19,580	20,275	10,696	256	871	19,676	20,291	2,279
Tax	20,848	21,510	462,869	463,531	12,576	20,203	18,418	446,205	444,420	16,706
Administrative/ other	2	1,138	2,380	3,516	2,101		709	2,172	2,881	1,942
	24,842	31,815	517,871	524,844	54,108	24,255	26,817	494,740	497,302	41,644

a) Judicial claims under the responsibility of the Company, assumed in business combinations

The significant contingencies can be summarized as follows:

	Labor / Civil		Tax		
	Probable	Possible	Probable	Possible	Total
Mabesa	2,118	17,469	70,763	26,506	116,856
Mantecorp	4,729	30,686	10	365,590	401,015
	6,847	48,155	70,773	392,096	517,871

When acquiring Mabesa and Mantecorp, the Company assumed some of their contingencies. As required by CPC 15 - Business Combinations (see note 17), in addition to the provision for probable losses, the Company also recorded provisions for possible losses, at fair value.

The possible and probable losses arising from the business combinations is estimated at R$ 517,871, of which R$ 33,042 refers to labor lawsuits, R$ 19,580 to civil lawsuits, R$ 462,869 to tax lawsuits and R$ 2,380 to administrative, regulatory and other lawsuits.

(i) Civil

There are approximately 64 claims, of which 23 resulted from the acquisition of Mabesa, 2 of Mantecorp Logística and 39 of Mantecorp Indústria Química, in which the forecast of losses in the business combination is estimated at R$ 19,580.

The Medicine Market Regulation Chamber (CMED) applied two fines, of R$ 3,205 and R$ 2,261, against Mantecorp, in view of alleged irregular increases in medicine prices. These fines are being challenged at the administrative and judicial levels and, according to the opinion of external legal counsel, the likelihood of loss is possible.

Lawsuit 2008.34.00.000496-0 challenges the application of a fine by the Brazilian Antitrust Agency (CADE) against Mantecorp, of R$ 7,023, due to the alleged formation of a cartel of pharmaceutical laboratories, in order to impair the sale of generic products. According to the opinion of the external lawyers, the likelihood of loss is possible.

(ii) Labor

There are 157 claims, of which 35 resulted from the acquisition of Mabesa, 57 of Mantecorp Logística and 65 of Mantecorp Indústria Química, in which the forecast of loss in the business combination is estimated at R$ 33,042.

The Company is also a defendant in labor claims filed by service providers of Mabesa (merged into the Company), in which the plaintiffs seek the recognition of an employment relationship and the consequent payment of official labor-related remuneration, social charges and other benefits. The Company's estimated possible loss in these proceedings is R$ 440.

(iii) Tax

There are 315 claims, of which 135 resulted from the acquisition of Mabesa, 29 of Mantecorp Logística and 151 of Mantecorp Indústria Química, in which the forecast of loss in the business combination is estimated at R$ 462,869.

Mabesa transferred finished products to a specific warehouse, which were subsequently sold to customers. Due to procedural failures, the company did not issue an invoice registering the return of the stored products to the establishment responsible for the sales. Consequently, the São Paulo State Revenue Department ("SEFAZ/SP") filed a tax assessment notice alleging that the products were sold without invoices. The tax execution phase started in March 2011 and the restated amount considered to be a probable debt is R$ 60,141.

ICMS credits, calculated by the Rio de Janeiro State Revenue Department ("SEFAZ/RJ") in Mantecorp Logística., relating to the medicine "Remicade" that was sold to government agencies with an exemption from taxes in the period between December 2006 and August 2008 were disallowed. SEFAZ/RJ challenges the lack of a legal basis for the credits. The restated possible loss totals R$ 262,257 and the litigation is at the administrative level.

Mantecorp Indústria Química was challenged by the Federal Revenue Secretariat in relation to the offsets made based on a preliminary injunction conceded by decision MS 2000.51.01.004617-1, which discussed the illegality of the inclusion of ICMS in the PIS/COFINS calculation basis. The restated possible loss totals R$ 36,813 and the litigation is at the administrative level, with the debt guaranteed by a Letter of Guarantee.

(iv) Regulatory

There are approximately 60 regulatory proceedings, resulting from the acquisition of Mantecorp Indústria Química, in which the forecast of loss in the business combination is estimated at R$ 2,380.

b) Possible contingencies - (responsibility of the Company and its subsidiaries)

The Company and its subsidiaries are parties to labor, civil, tax and regulatory lawsuits which, according to the current evaluation of the likelihood of a favorable outcome, based on the opinion of legal counsel and legal aspects, do not require the recording of provisions, either because they are classified as possible losses, or because of exclusion of responsibility arising from contractual agreements.

The amount of possible losses arising from these lawsuits is estimated at R$ 54,107, of which R$ 28,735 refers to labor lawsuits, R$ 10,696 to civil lawsuits, R$ 12,576 to tax lawsuits and R$ 2,101 to administrative, regulatory and other lawsuits.

The Company is in litigation with competitors regarding the registration of trademarks with the National Institute of Industrial Property (INPI), with no financial contingency determinable at present.

(i) Civil

The Public Prosecution Office of the State of Mato Grosso filed a Public Civil Suit against the Company and various other laboratories for the medicine industries to start to produce drugs in fractional (small) units, based on Law 5,348/05, which authorizes the sale of such packaged drugs in drugstores. The Company has already filed an objection and, currently, is waiting the defense of the other parties. The amount involved cannot be estimated and, according to the opinion of external legal counsel, the

likelihood of loss is possible.

(ii) Labor

The Company and/or its subsidiaries are parties to 1,204 labor lawsuits under their responsibility and/or of vendor partners of companies acquired by and merged into the Company, in which the possible loss is estimated at R$ 28,735.

These lawsuits claim overtime, failure to compensate overtime hours worked, salary differences, indemnities related to occupational diseases and/or work accidents, health hazard or hazardous duty premiums and recognition of an employment relationship, among other issues.

Of these labor lawsuits, 114 arose from the acquisition of Laboratório Americano de Farmacoterapia S.A. (Farmasa), merged into the Company, with possible losses under the Company's responsibility estimated at R$ 5,224, and 122 arose from the acquisition of Brainfarma Indústria Química e Farmacêutica S.A., Mantecorp Logística Distribuição e Comércio S.A. and Mantecorp Indústria Química e Farmacêutica S.A., with possible losses under the Company's responsibility estimated at R$ 11,108, claiming, among other issues, indemnities related to occupational diseases and/or accidents, employment relationship and resulting payment of payroll amounts, salary differences, overtime and related effects, as well as temporary job stability.

A labor lawsuit was also filed against the Company in the 82nd Labor Court of São Paulo by one of the former officers of Ceil Comércio e Distribuidora Ltda. (merged by the Company), with an estimated amount of R$ 6,878. The likelihood of loss from this contingency was classified by the Company's legal counsel as possible, but practically the entire period involved is the responsibility of the partners that sold Ceil, with contractual mechanisms for reimbursement of any losses incurred.

Brainfarma, a wholly-owned subsidiary of the Company, is being investigated in a Public Civil Inquiry in which the Ministry of Labor, through the Labor Public Prosecutor's Office of the 18th Region, is examining the possible existence of irregularities arising from excessive working hours of the subsidiary's employees. This is an investigatory procedure for which it is presently not possible to estimate the amounts involved.

(iii) Tax

The Company received a tax assessment notice issued by the Santa Catarina State Revenue Department ("SEFAZ/SC/Itajaí plant") due to the appropriation of ICMS credits on the return of products stored in a third-party warehouse and the reversal of ICMS debits in the tax records, at the restated amount of R$ 14,190. The decision is pending analysis at the administrative level.

c) Contingencies of companies acquired - possible and probable losses (responsibility of sellers)

The Company opted to not record provisions for contingencies whose likelihood of loss is classified as probable and possible, and which are the responsibility of the selling partners. Should these losses be confirmed, the Company has contractual mechanisms for reimbursement. As regards certain acquisitions, there are amounts payable to the selling partners which are not yet due, recorded in notes payable, which can be retained in case of losses arising from these contingencies.

The State of São Paulo filed a Public Civil Suit against the Company for the payment of indemnity due to the alleged illegal sale of drugs in 2008 by Mantecorp. The amount involved was estimated at R$ 108.6 million and, according to the opinion of external legal counsel, the likelihood of loss is possible. The proceeding is in the evidence phase.

Below is a summary of the contingencies and probable and possible losses which are the responsibility of the sellers:

Company and/or trademarks acquired	Possible	Probable	Total
Aprov	4,663	153	4,817
Bitufo	1,354	47	1,401
Ceil	44,558	2,897	47,455
Cosmed (Niasi) + Pom Pom	9,710	3,829	13,538
DM	27,107	8,289	35,397
Facilit	3,175	641	3,816
Farmasa	80,082	10,150	90,232
Mantecorp	108,648		108,648
Inal	82	24	106
Luper	2,696	2,265	4,961
Mabesa	20,159	12,402	32,561
Neo Química	10,679	20,683	31,362
Sapeka	4,996	2,458	7,454
Etti	564	557	1,122
Sul Química	4,678	250	4,928
Ny Looks	1,984	421	2,405
York	3,071	3,175	6,246
	328,206	68,241	396,449

30 Adjustment to present value

In accordance with Technical Pronouncement CPC 12/08 and CVM Resolution 564/08, adjustments to present value were applied to the following main liabilities:

(a) Long-term notes payable (note 23) - Resulting from the acquisition of companies and/or assets, adjusted by foreign exchange variations or the CDI rate, but not bearing interest. Besides the applicable adjustment indexes, the initial adjustment was calculated using the average funding rate at the date of acquisition. The corresponding entries for the initial adjustments were recorded as a reduction of the costs of the assets-goodwill, as follows:

Companies	Rates	Balance adjusted to present value	
		June 30, 2012	December 31, 2011
DM	7.25% p.a.		(5,655)
NY Looks	7.73% p.a.	(772)	(1,315)
Inal	5.00% p.a.	(5,877)	(7,310)
Pom Pom	2.00% p.a.	(3,824)	(4,923)
Luper	2.00% p.a.	(545)	(692)
Sapeka	2.00% p.a.	(1,140)	(1,326)
Facilit	2.00% p.a.	(859)	(1,091)
Niasi/Aprov	2.00% p.a.	(1,904)	(2,637)
ASR	2.00% p.a.	(73)	(111)
Sul Química	2.00% p.a.		(40)
Bitufo	2.00% p.a.	(1,250)	(1,502)
Sabonetes Pom Pom	2.00% p.a.	(37)	(141)
Mabesa	2.00% p.a.	(1,189)	(2,183)
Active	2.00% p.a.	(120)	(208)

(b) Payments in installments - the adjustment to present value was calculated by installment, considering the funding rate in the period when the borrowing was obtained (2% rate).

(c) "Fomentar" loan - The long-term debt, bearing interest of 2.4% per year, was discounted to present value using the estimated discount at auctions (89%). The corresponding entry for the original adjustments was recorded in "ICMS on sales/sales deductions", since the amount financed refers to ICMS payable.

Analysis of adjustment to present value

	6/30/2012			
	Federal taxes payable in installments	Fomentar	Notes payable	Total
a) Recognition: ICMS expenses		11,835		11,835
b) Reversal of adjustment to present value - finance costs	(1,185)	(309)	(16,679)	(18,173)

	6/30/2011			
	Federal taxes payable in installments	Fomentar	Notes payable	Total
c) Recognition: ICMS expenses		14,200		14,200
d) Reversal of adjustment to present value - finance costs	(27,366)	(515)	(58)	(27,939)

31 Related-party transactions

(a) Transactions and balances

Management considers that the main asset and liability balances, as well as the transactions that impacted the results of operations for the period, arising from transactions between the Company and its subsidiaries, were realized under normal market terms and conditions for such types of transactions.

Intercompany loans are adjusted by the Interbank Deposit Certificate (CDI) interest rate and fall due in one year.

In business transactions with related parties, prices are established considering the characteristics and nature of the transactions.

(i) The business transactions related to the purchase and sale of products, raw materials, services and rentals, as well as the financial transactions referring to intercompany loans are presented below:

(ii) The rental agreement with TV Serra Dourada Ltda. is adjusted based on the General Price Index - Market (IGPM - FGV) variation for an indefinite period.

The rental agreement with Neo Marcas Indústria Farmacêutica e Alimentos e Participações Ltda. is not adjusted for inflation.

	6/30/2012							
	Cosmed Indústria de Cosméticos e Medicamentos S.A.	**My Agência Propaganda Ltda.**	**TV Serra Dourada Ltda.**	**Neo Marcas Ind. Farm. E Alim. e Participações Ltda.**	**IPH&C**	**Mantecorp IQ**	**Brainfarma**	**Total**
Balances								
Current receivables	**1,007**	**1**				8	4	**1,020**
Trade receivables	1,007	1				8	4	1,020
Long-term receivables	**9,931**	**1,963**		**34**	**728**		**619**	**13,275**
Loans	9,931	1,963		34	728		619	13,275
Current liabilities	**(56,726)**	**(150)**			**(1,508)**		**(35,604)**	**(93,988)**
Trade payables	(56,726)	(150)			(1,508)		(35,604)	**(93,988)**
Transactions								
Sales of goods/products	(503,560)				(18,948)		**(195,517)**	**(718,025)**
Purchases of goods/products	(503,560)				(18,948)		(195,517)	**(718,025)**
Sundry expenses/revenues		**(900)**	**(3,396)**	**480**				**(3,816)**
Advertising		(900)	(3,600)					**(4,500)**
Rentals			204	480				684

															12/31/2011
	Cosmed Indústria de Cosméticos e Medicamentos S.A.	**My Agência Propaganda Ltda.**	**TV Serra Dourada Ltda.**	**Neo Marcas Ind. Farm. E Alim. e Participações Ltda.**	**Luper Indústria Farmacêutica Ltda.**	**Facilit Odontológica e Perfumaria Ltda.**	**Igarapava Participações S.A. (parent company)**	**Neolatina**	**IPH&C**	**Mabesa**	**Mantecorp IQ**	**Brainfarma**	**Active**	**Total**
Balances														
Current receivables	**259**	**4**										**1**		**264**
Trade receivables	259	4										1		264
Long-term receivables	**7,049**	**244**						**30**				**36,095**		**43,418**
Loans	7,049	244						30				36,095		43,418
Current liabilities	**2,458**	**(150)**										**(9,827)**		**(7,519)**
Trade payables	2,458	(150)										(9,827)		(7,519)
Dividends payable							(18,001)							(18,001)
Long-term liabilities									**(431)**					**(431)**
Loans									(431)					(431)
Transactions	**(984,821)**	**(1,650)**			**(7,642)**	**(764)**			**(36,918)**		**(757,217)**	**(248,782)**	**3**	**(2,037,791)**
Sales of goods/ products	1,082												3	1,085
Purchases of goods/ products	(985,903)	(1,650)			(7,642)	(764)			(36,918)		(757,217)	(248,782)		(2,038,876)
Sundry expenses/ revenues		**(1,500)**	**(7,194)**	**(960)**										**(9,654)**
Advertising		(1,500)	(6,704)											(8,204)
Rentals			(490)	(960)										(1,450)
Interest on intercompany loans	**1,263**	**2**		**1**	**49**				**67**	**624**	**15**	**(1,269)**		**752**
Finance costs	(80)	(1)									(11)	(839)		(931)
Finance income	1,343	3		1	49				67	624	26	(430)		1,683

The assets and liabilities of Active Indústria e Comércio de Produtos de Higiene Pessoal e Cosméticos S.A. were acquired by the subsidiary Cosmed, and one of the minority stockholders of Hypermarcas is an indirect holder of a percentage of the capital of Active (note 17).

(b) Key management compensation

Key management includes directors and officers, members of the Executive Committee. The compensation paid or payable to key management for employee services is shown below:

	June 30, 2012	June 30, 2011
Salaries and other short-term key management benefits	24,154	21,303
Directors' fees	329	221
Share-based payments	4,084	9,803
	28,567	31,327

32 Events after the reporting period

On July 31, 2012, the Company redeemed in advance simple subordinated debentures, non-convertible into shares, of its first issue, in a single series ("Debentures" and First issue", respectively), in the amount of R$ 201,105.

* * *

Hypermarcas announces Net Revenue growth of 11.0%, to R$957.0 million, and Adjusted EBITDA of R$224.5 million in 2Q12

Sao Paulo, August 10, 2012 – Hypermarcas S.A. (BM&FBovespa: HYPE3; Reuters: HYPE3.SA; Bloomberg: HYPE3 BZ) announces its results for the second quarter of 2012. Financial data shown here are taken from consolidated financial statements of Hypermarcas S.A., prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Quarter Highlights

- **Net Revenue of R$957.0 million,** 11.0% higher than 2Q11.
- **Adjusted EBITDA[(1)] of R$224.5 million** with margin of 23.5%.
- **Free Cash Flow[(2)] of R$169.5 million in 2Q12,** versus R$70.1 million in 2Q11.

Table 1

(R$ million)	1H11	% NR	1H12	% NR	Δ %	Δ NR p.p.	2Q11	% NR	2Q12	% NR	Δ %	Δ NR p.p.
Net Revenue	1,650.0	100.0%	1,854.1	100.0%	12.4%	-	861.9	100.0%	957.0	100.0%	11.0%	-
Gross Profit	1,049.6	63.6%	1,158.8	62.5%	10.4%	-1.1 p.p.	542.2	62.9%	601.2	62.8%	10.9%	-0.1 p.p.
S, G&A (ex-marketing)	(457.9)	27.7%	(452.6)	24.4%	-1.2%	-3.3 p.p.	(232.6)	27.0%	(223.5)	23.4%	-3.9%	-3.6 p.p.
Marketing	(340.6)	20.6%	(346.3)	18.7%	1.7%	-1.9 p.p.	(203.4)	23.6%	(181.6)	19.0%	-10.7%	-4.6 p.p.
Adjusted EBITDA [(1)]	427.8	25.9%	417.0	22.5%	-2.5%	-3.4 p.p.	211.1	24.5%	224.5	23.5%	6.3%	-1.0 p.p.
Net Income	86.2	5.2%	10.9	0.6%	-87.4%	-4.6 p.p.	53.3	6.2%	(29.9)	-3.1%	-156.2%	-9.3 p.p.
Free Cash Flow [(2)]	50.6	3.1%	259.1	14.0%	411.8%	10.9 p.p.	70.1	8.1%	169.5	17.7%	141.7%	9.6 p.p.

Ps.: Accounting data as of 06/30/2012 segregate continuing from discontinued operations as a result of the divestitures carried out in 2011 (sale of the Home Care and Food businesses). For further information on such divestitures, please refer to Explanatory Note 13 of the Quarterly Financial Information as of 6/30/2012.

[(1)] EBITDA of continuing operations before non-recurring expenses and other non-cash expenses. See Reconciliation of EBITDA in Table 8.

[(2)] Free Cash Flow (=) Cash flow from operations (-) Purchase of property, plant and equipment. See Table 11.

Income Statement, in accordance with CPC 31, presents the results of Discontinued Operations (primarily the former Home Care and Food Division) by their net results.



Operating Scenario

In 2Q12, Hypermarcas results were consistent with the Company's strategy of pursuing sustainable, profitable growth with strong operating cash generation. Net revenue totaled R$957.0 million in the quarter, leading to an organic growth of 11.0%, compared to 2Q11. Adjusted EBITDA was R$224.5 million – the best quarterly result since 4Q10 –, with margin of 23.5%, while cash flow from operations totaled R$237.1 million in the quarter and advanced 79.1% compared to the equivalent period of 2011.

The double-digit revenue growth in 2Q12 was driven by a combination of factors such as resilience of the markets in which the Company operates, which kept growing in 2012, in spite of the economic slowdown; strong brands with leading position in several segments; and, mainly, the results of the actions undertaken in 2011 and 2012, which have started to impact on the Company's results. In the Pharma division, in particular, in which the program of changes was initiated earlier than in the Consumer division, results in 2Q12 and in 1H12 are already showing consistent effects, such as organic growth of 20.9% in 2Q12, compared to 2Q11, and accumulated growth of 19.1% in 1H12 against the same period of the prior year.

Among other measures which have led to this performance, it is worth highlighting the adjustment of the commercial policy in 2011, with reduction of discounts and improvement in distribution. Additionally, in 2012, the Company intensified such efforts with the restructuring of sales, merchandising and medical reps forces, and also increased media and POS investments.

Besides the double-digit organic growth, the Company's operating result was very satisfactory, by reaching an Adjusted EBITDA of R$224.5 million, representing 23.5% of net revenue in 2Q12. This performance was also marked by gross margin of 62.8% and marketing investments of 19.0% of net revenue, both in line with historical levels, and by a 100 bps decrease in commercial expenses (17.3% versus 18.3% in 2Q11.) Similarly to the net revenue advance, the improvement in SG&A expenses is due to a series of cost reduction actions which have been executed since 2011 and early 2012, including the creation of a Shared Services Center (SSC) in Goiânia, the improvement of sales forces productivity, the rationalization of expenses and the implementation of operating synergies.

Additionally to organic growth and satisfactory operating result, with reduction of expenses, Hypermarcas reported strong cash flow from operations, of R$237.1 million in the quarter, or 79.1% above 2Q11. That amount sufficed to cover the Company's investment plan of consolidating operations (Project Matrix) and other Capex, in a total of R$67.6 million, plus interest expenses totaling R$57.6 million, allowing the Company to end 2Q12 with a free cash flow after Capex and financial expenses of R$111.9 million. This performance is also in line with the Company's objectives of generating cash to reduce its indebtedness. Net debt reduction was not higher only because of a negative foreign currency variation in a total of R$161.4 million (related to the Company's Bond, which matures in 2021.)

The Company reiterates its commitment to proceed with its plan of sustainable, profitable organic growth, with operating cash generation. Aiming at aligning the whole Company with its goals, Hypermarcas also carried out in the quarter corporate efforts to disseminate a strong result-driven culture within the organization. The Company's results in 2Q12 confirm it is moving in the right path, but a number of opportunities is still to be captured in several fronts of the business to support value creation over the coming years.



Pharma Division

Hypermarcas' Pharma division outgrew the Brazilian pharmaceutical market in 2H12. Consequently, the Company's market share in the Pharma business reached a historic peak in 2Q12, with good performance in each of the segments in which the Company operates, particularly in Generics drugs, as Neo Química Genéricos is the fastest-growing brand in that market.

In addition, the Company remains absolute leader in the local OTC drugs market, with the strongest portfolio of brands in Brazil. According to a report by Nicholas Hall & Company, Hypermarcas is now the 19th largest OTC drugs manufacturer in the world and 2nd largest in Latin America. If large multinational companies are excluded, Hypermarcas ranks 3rd and 1st, respectively.

To reinforce its leadership and enhance sales during Brazil's winter season, the Company launched a new TV campaign for the anti-flu brand Benegrip, with the widely-popular soccer player Ronaldo, and had TV or radio campaigns for other anti-flu and analgesics OTC drugs such as Melhoral, Fluviral, Doril, Apracur and Coristina D. A total of 18 OTC brands were supported by TV or radio advertisements during the quarter.

On July 27, ANVISA, the national regulator of the pharmaceutical industry, published new rules regarding the sale of OTC drugs in the Brazilian retail market. The move allowed consumers all over the country to be able to purchase such products directly at drugstores isles.

Consumer Division

In 1H12, the Consumer division started implementing a series of initiatives towards stronger demand generation. In addition, the division advanced on projects Matrix I and II, aimed at more efficient operations on both the manufacturing and commercial levels.

The Company proceeded with its strategy of innovation, brand renovation and line extensions. The traditional make-up remover brand Leite de Colônia was extended with a new facial cleansing tissue presentation; Risqué's portfolio was complemented with a new crackle nail polish version. The Oral Care line Sanifill – including mouthwash and toothbrushes – will be totally re-launched in 3Q12, after P&D work conducted at the Company's Center of Consumer Studies and Innovation.

In order to support its brands, the Company had consistent exposure on TV, radio, and print media. Hypermarcas launched a new TV campaign for Paixão (Body Oil and Moisturizers,) and also aired TV commercials for Jontex (Condoms,) Pom Pom (Diapers,) Risqué (Nail Polish) and Monange (Moisturizers, Hair Care.) The list was complemented by radio exposure for those brands, plus Zero-Cal (Sweeteners), Bozzano (Men's Care), Monange (Deodorants) and Olla (Condoms.)

In particular, Risqué brand has had outstanding performance on social media, and its Facebook page has already engaged more than 1.2 million fans. The brand had the third largest engagement rate (4.96%) in Brazil in 1H12, according to a survey by GraphMonitor.

On the manufacturing front, operations at the new plant in Senador Canedo have started in July 2012, after the completion of the bulk of the construction work, and production lines are being gradually transferred to the new site, starting with Deodorants and Oral Care lines of brands Sanifill and Bitufo. By the end of 2Q13, the new plant will centralize the production of the entire Company's Beauty and Personal Care businesses.



On the commercial front, sales teams were restructured starting July 2012 to become more productive and better capture market growth, particularly on key accounts of the Food and Pharma channels, aiming to extend to these channels the strong positioning the Company has already consolidated on regional and independent chains.



Discussion of Results

Income Statement

The following table is a summary of Hypermarcas' Income Statement:

Table 2

INCOME STATEMENT *(R$ million)*	1H11	% NR	1H12	% NR	Δ	2Q11	% NR	2Q12	% NR	Δ
Net Revenue	**1,650.0**	***100.0%***	**1,854.1**	***100.0%***	***12.4%***	**861.9**	***100.0%***	**957.0**	***100.0%***	***11.0%***
Gross Profit	**1,049.6**	***63.6%***	**1,158.8**	***62.5%***	***10.4%***	**542.2**	***62.9%***	**601.2**	***62.8%***	***10.9%***
Selling Expenses	(313.7)	*-19.0%*	(334.2)	*-18.0%*	*1.7%*	(158.1)	*-18.3%*	(165.7)	*-17.3%*	*-10.7%*
Marketing	(340.6)	*-20.6%*	(346.3)	*-18.7%*	*6.6%*	(203.4)	*-23.6%*	(181.6)	*-19.0%*	*4.8%*
General and Administrative Expenses	(144.2)	*-8.7%*	(118.3)	*-6.4%*	*-17.9%*	(74.5)	*-8.6%*	(57.8)	*-6.0%*	*-22.5%*
Other Operational Net Expenses	72.3	*4.4%*	(9.6)	*-0.5%*	*-113.3%*	64.0	*7.4%*	10.4	*1.1%*	*-83.7%*
Continuing Operations EBIT	**323.5**	***19.6%***	**350.4**	***18.9%***	***8.3%***	**170.2**	***19.7%***	**206.6**	***21.6%***	***21.4%***
Net Financial Expenses	(148.1)	*-9.0%*	(287.7)	*-15.5%*	*94.3%*	(67.2)	*-7.8%*	(231.3)	*-24.2%*	*244.2%*
Income Tax and CSLL	(92.2)	*-5.6%*	(38.4)	*-2.1%*	*-58.3%*	(54.9)	*-6.4%*	(2.3)	*-0.2%*	*-95.9%*
Net Income from discontinued operations	3.0	*0.2%*	(13.4)	*-0.7%*	*-547.5%*	5.2	*0.6%*	(3.0)	*-0.3%*	*-156.8%*
Net Income (loss)	86.2	*5.2%*	10.9	*0.6%*	*-87.4%*	53.3	*6.2%*	(29.9)	*-3.1%*	*-156.2%*
Adjusted EBITDA [(1)]	**427.8**	***25.9%***	**417.0**	***22.5%***	***-2.5%***	**211.1**	***24.5%***	**224.5**	***23.5%***	***6.3%***
Cash Earnings	**239.6**	***14.5%***	**251.7**	***13.6%***	***5.0%***	**112.8**	***13.1%***	**143.1**	***15.0%***	***26.9%***

[(1)] *Based only on Continuing Operations.*

Ps: Accounting data as of 6/30/2012 segregate ongoing from discontinued as a result of the divestitures carried out in 2011 (primarily the sale of the Home Care and Food businesses). For a result of such divestitures, please refer to Explanatory Note 13 of the Quarterly Financial Information as of 6/30/2012.

Net Revenue

Chart 1

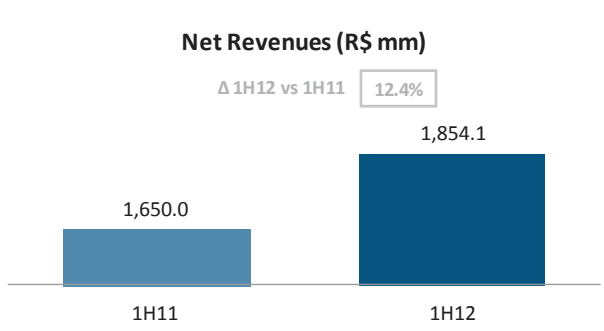


Chart 2

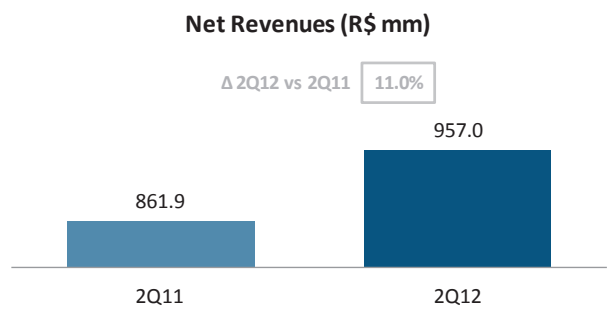


Table 3

(R$ million)	1H11	%	1H12	%	Δ	2Q11	%	2Q12	%	Δ
Pharma	882.2	53.5%	1,050.9	56.7%	*19.1%*	439.1	50.9%	530.6	55.5%	*20.9%*
Consumer	767.7	46.5%	803.1	43.3%	*4.6%*	422.8	49.1%	426.3	44.5%	*0.8%*
Total	**1,650.0**	**100.0%**	**1,854.1**	**100.0%**	***12.4%***	**861.9**	**100.0%**	**957.0**	**100.0%**	***11.0%***

`



The Company posted net revenue of R$957.0 million in 2Q12 and achieved organic growth of 11.0% compared to the same period of 2011.

The Pharma division accounted for R$530.6 million of the total net revenue in the quarter and kept at a double-digit expansion pace, equivalent to 20.9% in 2Q12 and to 19.1% in 1H12. This growth results from a series of initiatives which were implemented starting 2011, particularly in 2H11, with highlight to the change at commercial policy, which has led to better net prices, and to the market share gains in the segments of Generics drugs (as a function of expansion of the product portfolio, investment in advertising and improvement at distribution) and OTC drugs (as a result of increased support to our brands with media campaigns.)

The Consumer division contributed to the remaining R$426.3 million of the Company's total net revenue in the quarter, with organic growth of 0.8% in 2Q12 and of 4.6% in 1H12. The weaker performance in 2Q12 compared to 1Q12 was mainly due to the anticipation of clients' purchases of cosmetics and other beauty products in 1Q12, before price increases announced in advance for 2Q12.

Gross Profit

Chart 3

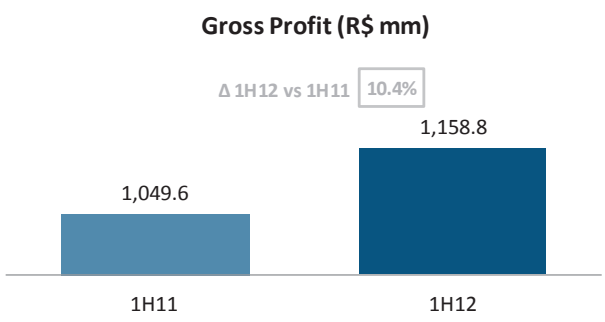


Chart 4

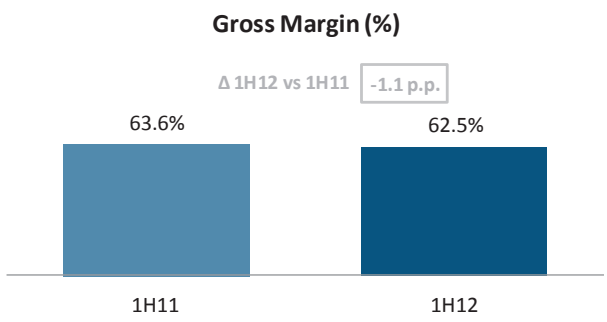


Chart 5

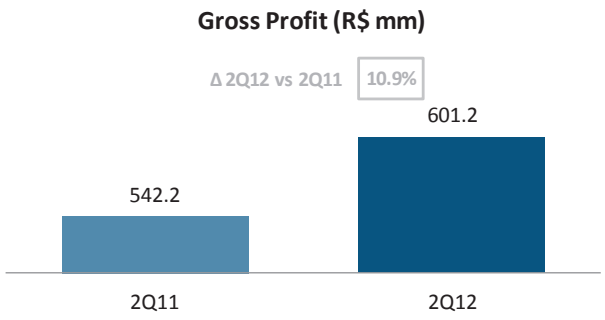


Chart 6

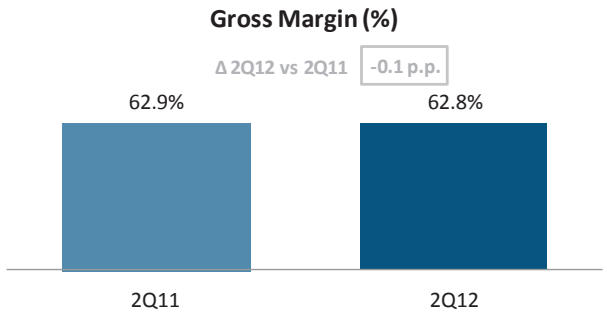


Table 4

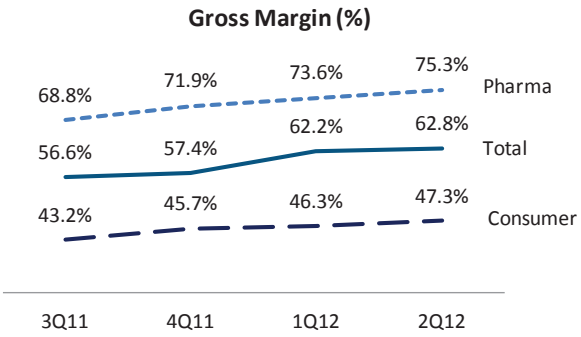
(R$ million)	1H11	% NR	1H12	% NR	Δ	2Q11	% NR	2Q12	% NR	Δ
Pharma	670.6	76.0%	782.7	74.5%	*-1.5 p.p.*	341.3	77.7%	399.7	75.3%	*-2.4 p.p.*
Consumer	379.0	49.4%	376.1	46.8%	*-2.5 p.p.*	200.9	47.5%	201.6	47.3%	*-0.2 p.p.*
Total	**1,049.6**	**63.6%**	**1,158.8**	**62.5%**	***-1.1 p.p.***	**542.2**	**62.9%**	**601.2**	**62.8%**	***-0.1 p.p.***



In 2Q12, the Company's gross margin totaled 62.8%, in line with the 62.9% posted in 2Q11.

In the Pharma division, the 2.4 p.p. gross margin decrease was related to the effect of volume reduction as a result of the transition of part of the production from the Rio de Janeiro plant to Anápolis.

Chart 7



Gross margin has been increasing consistently in both divisions since 3Q11, as a result, on the one hand, of the adjustments at the commercial policy, which have led to better net prices charged by the Company. On the other hand, as effect of the cost reduction which was made possible by the initiatives implemented by the Company, aiming at consolidating operations and capturing synergies.

Marketing Expenses

Table 5

(R$ million)	1H11	% NR	1H12	% NR	Δ	2Q11	% NR	2Q12	% NR	Δ
Marketing expenses	(340.6)	-20.6%	(346.3)	-18.7%	1.7%	(203.4)	-23.6%	(181.6)	-19.0%	-10.7%
Advertisement and consumer promotion	(151.6)	-9.2%	(151.3)	-8.2%	-0.3%	(96.7)	-11.2%	(71.9)	-7.5%	-25.7%
Trade deals	(73.6)	-4.5%	(89.7)	-4.8%	21.8%	(44.2)	-5.1%	(51.2)	-5.4%	15.9%
Promotional samples	(63.9)	-3.9%	(64.1)	-3.5%	0.3%	(34.5)	-4.0%	(35.6)	-3.7%	3.2%
Medical visits	(51.5)	-3.1%	(41.3)	-2.2%	-19.8%	(28.0)	-3.2%	(22.9)	-2.4%	-18.0%

Marketing expenses as percentage of net revenue in 2Q12 and 1H12 were in line with the Company's historic levels of about 19.0%. In 2011, the Company had concentrated marketing investments in the first half of the year, particularly in 2Q11.

Selling Expenses

Table 6

(R$ million)	1H11	% NR	1H12	% NR	Δ	2Q11	% NR	2Q12	% NR	Δ
Selling expenses	(313.7)	-19.0%	(334.2)	-18.0%	6.6%	(158.1)	-18.3%	(165.7)	-17.3%	4.8%
Commercial expenses	(242.4)	-14.7%	(259.8)	-14.0%	7.2%	(122.0)	-14.2%	(131.9)	-13.8%	8.1%
Freights	(57.6)	-3.5%	(66.7)	-3.6%	15.9%	(30.4)	-3.5%	(32.4)	-3.4%	6.4%
Delinquency	(13.7)	-0.8%	(7.7)	-0.4%	-43.5%	(5.7)	-0.7%	(1.5)	-0.2%	-74.3%



Selling expenses were 1.0 p.p. lower as a percentage of the Company's net revenue in 2Q12, compared to 2Q11. The reduction is related to the dilution of commercial expenses (which are basically composed of fixed costs) as a result of the net revenue growth in the period.

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

Table 7

(R$ million)	1H11	% NR	1H12	% NR	Δ	2Q11	% NR	2Q12	% NR	Δ
General, administrative and other expenses	(144.2)	*-8.7%*	(118.4)	*-6.4%*	*-17.9%*	(74.5)	*-8.6%*	(57.8)	*-6.0%*	*-22.5%*
Other operating expenses (revenues)	72.3	*4.4%*	(9.6)	*-0.5%*	*-113.3%*	64.0	*7.4%*	10.4	*1.1%*	*-83.7%*

General and administrative expenses in 2Q12 decreased 2.6 p.p. compared to 2Q11, despite inflation of wages. The decrease reflected lower non-recurring expenses, synergies from acquisitions and the effect of operating leverage, given higher sales levels in 2Q12. Of the total R$57.8 million in G&A expenses, R$6.9 million were allocated as non-recurring items.

The Company posted R$10.4 million in other operating revenue in 2Q12, resulting from R$32.8 million in credits allocated as non-recurring items in 2Q12, as they are not expected to recur in the future. That amount was offset by non-recurring expenses related to the transfer of production lines to Goiás (R$4.8 million); the remainder corresponds mainly to expenses related to discard of inventories.

Adjusted EBITDA – Continuing Operations

Chart 8

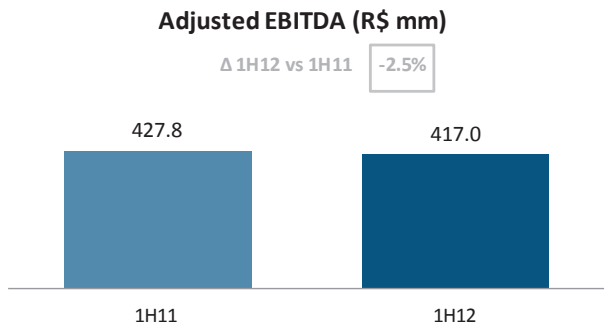


Chart 9

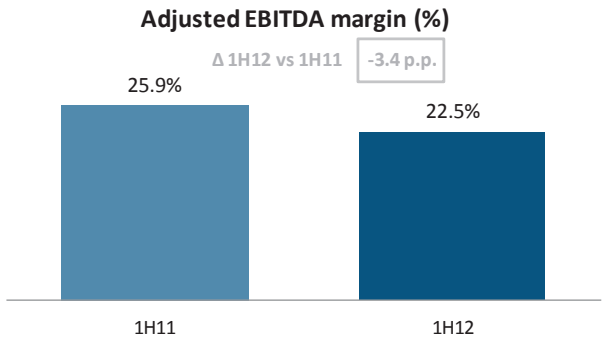


Chart 10

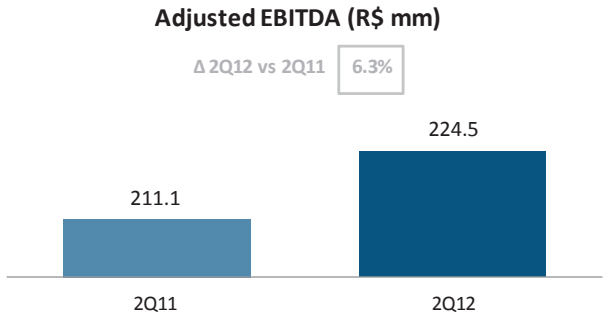
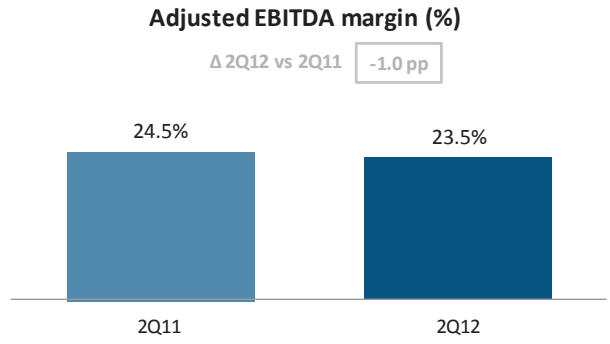


Chart 11





In 2Q12, the Adjusted EBITDA margin was 1.0 p.p. lower compared to 2Q11, due to other operating expenses with positive margin of 7.4% in 2Q11 compared to a positive margin of 1.1 p.p. in 2Q12, in spite of a reduction at selling, marketing and administrative expenses from 50.6% to 42.4% of net revenue (refer to Table 2).

Compared to 1Q12, the Adjusted EBITDA margin increased 2.1 p.p..

Table 8 *(unaudited) - Adjusted EBITDA Reconciliation – Continuing Operations*

(R$ million)	1H11	% NR	1H12	% NR	Δ	2Q11	% NR	2Q12	% NR	Δ
Net Income	86.2	*5.2%*	10.9	*0.6%*	*(87.4%)*	53.3	*6.2%*	(29.9)	*-3.1%*	*(156.2%)*
(-) Net Income from discontinued operations	(3.0)	*0.2%*	13.4	*-0.7%*	*(547.5%)*	(5.2)	*-0.6%*	3.0	*0.3%*	*(156.8%)*
(+) Income Tax and CSLL	92.2	*-5.6%*	38.4	*-2.1%*	*(58.3%)*	54.9	*6.4%*	2.3	*0.2%*	*(95.9%)*
(+) Net Interest Expenses	148.1	*-9.0%*	287.7	*-15.5%*	*94.3%*	67.2	*7.8%*	231.3	*24.2%*	*244.2%*
EBIT	323.5	*19.6%*	350.4	*18.9%*	*8.3%*	170.2	*19.7%*	206.6	*21.6%*	*21.4%*
(+) Depreciations / Amortizations	39.3	*2.4%*	48.6	*2.6%*	*23.8%*	21.9	*2.5%*	23.8	*2.5%*	*8.7%*
EBITDA	362.7	*22.0%*	399.0	*21.5%*	*10.0%*	192.1	*22.3%*	230.4	*24.1%*	*19.9%*
(+) Non-recurring expenses	56.9	*3.5%*	10.6	*0.6%*	*(81.4%)*	15.1	*1.8%*	(10.1)	*-1.1%*	*(166.8%)*
(+) Non-cash expenses	8.1	*0.5%*	7.4	*0.4%*	*(8.6%)*	3.9	*0.5%*	4.2	*0.4%*	*8.3%*
Adjusted EBITDA	427.8	*25.9%*	417.0	*22.5%*	*(2.5%)*	211.1	*24.5%*	224.5	*23.5%*	*6.3%*

Ps.: Refers only to continuing operations – see Table 19.

Net Financial Expenses

Table 9

(R$ million)	1H11	% NR	1H12	% NR	Δ	2Q11	% NR	2Q12	% NR	Δ
Financial Income and Expenses	(148.1)	*-9.0%*	(287.7)	*-15.5%*	(139.6)	(67.2)	*-7.8%*	(231.3)	*-24.2%*	(164.1)
Net Interest Expenses	(148.9)	*-9.0%*	(116.7)	*-6.3%*	32.2	(76.5)	*-8.9%*	(57.6)	*-6.0%*	18.9
FX Gains (Losses)	29.1	*1.8%*	(129.1)	*-7.0%*	(158.2)	23.3	*2.7%*	(161.4)	*-16.9%*	(184.7)
Monetary adjustment on contingencies	(0.4)	*0.0%*	(23.8)	*-1.3%*	(23.4)	(0.1)	*0.0%*	(4.1)	*-0.4%*	(4.1)
NPV Adjustment Realization	(27.9)	*-1.7%*	(18.2)	*-1.0%*	9.8	(14.0)	*-1.6%*	(8.2)	*-0.9%*	5.8

In 2Q12, the R$164.1 million increase in financial expenses compared to 2Q11 was mainly due to the negative foreign currency exchange variation in 2Q12. Net interest expenses alone were reduced by R$18.9 million in 2Q12 versus 2Q11, which was possible by lower net debt level and lower average cost of debt. The currency exchange variation is a non-cash item linked to the Company's Bond, which matures in 2021.

Net Income

Table 10

(R$ million)	1H11	% NR	1H12	% NR	Δ	2Q11	% NR	2Q12	% NR	Δ
Continuing operations EBIT	323.5	*19.6%*	350.4	*18.9%*	*8.3%*	170.2	*19.7%*	206.6	*21.6%*	*21.4%*
(-) Net Financial Expenses	(148.1)	*-9.0%*	(287.7)	*-15.5%*	*94.3%*	(67.2)	*-7.8%*	(231.3)	*-24.2%*	*244.2%*
(-) Income tax and social contribution	(92.2)	*-5.6%*	(38.4)	*-2.1%*	*-58.3%*	(54.9)	*-6.4%*	(2.3)	*-0.2%*	*-95.9%*
(+) Discontinued operation net income	3.0	*0.2%*	(13.4)	*-0.7%*	*(547.5%)*	5.2	*0.6%*	(3.0)	*-0.3%*	*(156.8%)*
Net Income	86.2	*5.2%*	10.9	*0.6%*	*(87.4%)*	53.3	*6.2%*	(29.9)	*-3.1%*	*(156.2%)*



Net margin in 2Q12 was 9.3 p.p. lower than in 2Q11, as a function of higher net financial expenses related to the negative currency exchange variation in the quarter.

Cash Flow

Chart 12

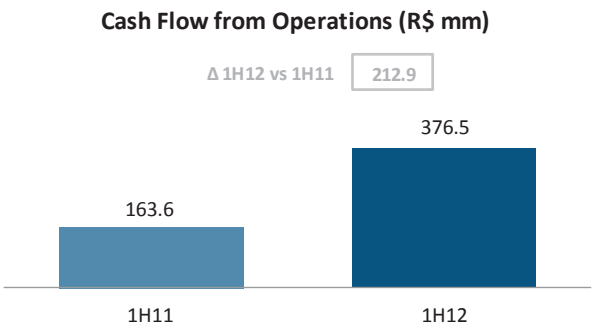


Chart 13

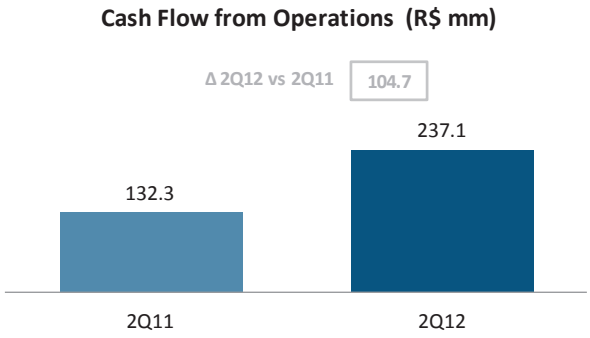


Table 11

(R$ Million)	1H11	1H12	2Q11	2Q12
Cash flow from operations	163.6	376.5	132.3	237.1
Purchase of property, plant and equipment	(112.9)	(117.4)	(62.2)	(67.6)
(=) Free cash flow	**50.6**	**259.1**	**70.1**	**169.5**
Net interest expenses	(148.9)	(116.7)	(76.5)	(57.6)
Free cash flow after interest expenses	**(98.3)**	**142.4**	**(6.3)**	**111.9**

Table 12

(R$ Million)	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12
Cash flow from operations	31.2	132.3	127.8	288.9	139.4	237.1
Purchase of property, plant and equipment	(50.7)	(62.2)	(46.0)	(28.8)	(49.8)	(67.6)
(=) Free cash flow	**(19.5)**	**70.1**	**81.8**	**260.1**	**89.6**	**169.5**
Net interest expenses	(72.4)	(76.5)	(86.1)	(72.0)	(59.1)	(57.6)
Free cash flow after interest expenses	**(91.9)**	**(6.3)**	**(4.2)**	**188.0**	**30.5**	**111.9**

During 2Q12, Hypermarcas continued with its efforts to optimize its working capital. As a result, cash flow from operations was R$104.8 million higher in the quarter than in 2Q11, given that the Company reduced inventories and continued to extended average payment terms to suppliers.

Since 4Q11, the Company has been generating positive free cash flow after financial expenses, in spite of the Capex levels related to the projects to consolidate the Company's operating platform.



Net Debt

Table 13 (*unaudited*)

DEBT PROFILE *(R$ million)*	Balance on 2Q12	Short Term	Long Term				
			2H13	2014	2015	2016	2017 and Others
Loans and Financing	4,425.1	555.9	111.2	924.9	1,069.7	154.0	1,609.3
Notes Payable	609.3	296.4	176.7	102.1	27.8	6.3	0.0
Gross Debt	**5,034.4**	**852.3**	**287.9**	**1,027.1**	**1,097.4**	**160.3**	**1,609.3**
Cash and Cash Equivalents	(2,298.5)						
Net Debt	**2,735.9**						
Leverage (Net Debt / 2Q12 EBITDA Annualized [(1)])	3.03 x						
Interest Coverage (LTM EBITDA / Net Interest expenses [(2)])	3.09 x						

[(1)] Pursuant to the calculation methodology for a maximum financial leverage covenant of 3.75x, we consider the maximum EBITDA value between the past 12 months and the annualized 2Q12 EBITDA.
[(2)] Pursuant to the calculation methodology for a minimum interest coverage covenant of 2.0x we consider the EBITDA of the past 12 months, divided by the sum of interest expenses and income.

In 2Q12, the Company's net debt increased by only R$36.2 million, (from R$2,699.7 million to R$2,735.9 million,) in spite of a negative effect of foreign currency variation of R$161.4 million, which was almost totally offset by the strong free cash flow in 2Q12.

Of the total debt, 31% are subject to currency exchange variation, and the average cost of debt is equivalent to approximately the CDI rate minus 0.3 p.p., with average maturity of 4.4 years. It is worth stressing that the unhedged portion of the Company's net debt denominated in foreign currency refers to the principal of the Bond, which matures in 2021.



Investor Relations Agenda

Earnings Conference Call

	Portuguese	English
Date:	August 13th, 2012	August 13th, 2012
Time:	10:30 am (Brasilia) 9:30 am (New York)	1:30 pm (Brasilia) 12:30 pm (New York)
Phone:	+55 (11) 2188-0155	+1 (877) 317-6776 (USA only) +1 (412) 317-6776 (other countries)
Code:	Hypermarcas	Hypermarcas
Webcast:	Click here	Click here
Replay:	+55 (11) 2188-0155	+1 (877) 344-7529 (USA only) +1 (412) 317-0088 (other countries)
Replay Code:	Hypermarcas	10016425

Investor Relations Team

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Upcoming events

Table 14

Date	Event	Place
20-22-ago	JP Morgan 6th Annual Consumer Check-up	São Paulo
10-12-sep	Morgan Stanley 15th Annual Latin America Conference	London
19-21-sep	BofA ML Global Consumer & Retail Conference 2012	London
09-11-oct	BTG Pactual CEO Conference	New York
29/oct - 09/nov	Quiet Period	
12-nov	3Q12 Earnings Release	



Subsequent Events

On July 31, 2012, Hypermarcas has prepaid its debentures of the First Public Issuance of Simple, Non-Convertible and Unsecured Debentures, in a Single Series, of the total amount of R$201.1 MM.

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.

In addition, unaudited information herein reflects management's interpretation of information taken from its financial statements 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 points and 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 for purposes of a decision to invest in our stock, or for any other purpose.



Consolidated Income Statement for the Period (R$ thousand)

Table 15

	1H11	1H12	2Q11	2Q12
Revenue	**1,649,987**	**1,854,070**	**861,873**	**956,960**
Cost of sales	(600,387)	(695,258)	(319,693)	(355,713)
Gross profit	**1,049,600**	**1,158,812**	**542,180**	**601,247**
Operating income (expenses)				
Selling and marketing expenses	(654,265)	(680,518)	(361,510)	(347,349)
General and administrative expenses	(144,192)	(118,313)	(74,504)	(57,754)
Other operating income (expenses), net	72,334	(9,616)	63,990	10,421
Operating income before equity income and financial result	**323,477**	**350,365**	**170,156**	**206,565**
Financial Result	(148,059)	(287,666)	(67,195)	(231,298)
Financial Expenses	(264,302)	(406,961)	(135,702)	(282,779)
Financial Income	116,243	119,295	68,507	51,481
Profit before income tax and social contribution	**175,418**	**62,699**	**102,961**	**(24,733)**
Income tax and social contribution	(92,191)	(38,398)	(54,877)	(2,251)
Net Profit/ Loss from continued operations	**83,227**	**24,301**	**48,084**	**(26,984)**
Net Profit from discontinued operations	3,002	(13,434)	5,207	(2,956)
Net Profit/ Loss	**86,229**	**10,867**	**53,291**	**(29,940)**
Earnings per share – R$	**0.14**	**0.02**	**0.08**	**-0.04**



Consolidated Balance Sheet (R$ thousand)

Table 16

Assets	12/31/2011	06/30/2012
Short-term assets	**4,729,493**	**4,572,222**
Cash and cash equivalents	2,596,325	2,298,486
Trade accounts receivable	940,575	1,162,080
Inventories	540,680	512,813
Tax recoverable	424,242	442,403
Other assets	216,585	145,655
Assets held for sale	11,086	10,785
Non-current assets	**8,595,793**	**8,643,851**
Long term assets	**404,525**	**375,354**
Related parties	0	0
Deferred income tax and social contribution	218,012	188,629
Tax recoverable	107,630	109,718
Other assets	78,883	77,007
Investments	**8,191,268**	**8,268,497**
Investments in subsidiaries	0	2,500
Other investments	434	434
Fixed assets	1,258,664	1,343,790
Intangible	6,932,170	6,921,773
Deferred charges	0	0
Total Assets	**13,325,286**	**13,216,073**

Liabilities and Shareholders Equity	12/31/2011	06/30/2012
Short-term	**1,599,875**	**1,669,092**
Suppliers	290,722	385,549
Loans and financing	532,488	555,938
Payroll and social charges	108,035	126,200
Income tax and social contribution	15,722	625
Taxes payable	65,137	86,447
Proposed Dividends / Dividends to be Paid	7	7
Accounts payable	179,724	217,952
Notes payable	408,040	296,374
Non-current liabilites	**11,725,411**	**11,546,981**
Long term liabilities	**5,079,477**	**4,878,695**
Related parties	0	0
Loans	4,014,204	3,869,115
Deferred income tax and social contribution	64,558	69,298
Notes payable	386,274	312,972
Other accounts payable	117,139	102,466
Allowance for contingencies	497,302	524,844
Shareholders equity	**6,645,934**	**6,668,286**
Capital	5,227,017	5,231,066
Capital reserve	1,394,676	1,402,112
Profit reserve	228,684	228,684
Equity valuation adjustments	(204,443)	(204,443)
Accumulated profit/loss	0	10,867
Total liabilities and shareholders' equity	**13,325,286**	**13,216,073**



Consolidated Cash Flow Statement (R$ thousand)

Table 17

	1H11	1H12	2Q11	2Q12
Cash flows from operating activities				
Income (loss) before income taxes	179,966	45,565	110,850	(29,210)
Adjustments:				
Depreciation and amortization	42,262	48,592	23,444	23,842
Impairment	0	6,252	0	0
Amortization of goodwill	0	0	0	0
Gain on permanent asset disposals	(29,089)	3,119	(27,509)	1,292
Equity method	0	0	0	0
Foreign exchange losses	(29,144)	129,074	(23,328)	161,385
Interest expense	177,203	158,592	90,523	69,913
Stock option expense	6,389	7,436	3,443	4,245
Adjusted results	**347,587**	**398,630**	**177,423**	**231,467**
Decrease (increase) in assets	**(6,425)**	**(191,828)**	**28,288**	**(139,173)**
Trade accounts receivable	286,336	(220,006)	121,389	(104,002)
Inventories	(169,215)	40,699	(61,040)	211
Taxes recoverable	(94,618)	(19,702)	(55,555)	(24,617)
Judicial deposits	460	(4,498)	3,367	(2,875)
Other accounts receivable	(29,388)	11,679	20,127	(7,890)
Increase (decrease) in liabilities	**(177,592)**	**169,704**	**(73,362)**	**144,798**
Suppliers	(41,867)	94,828	(12,171)	93,907
Income tax and social contribution paid	(45,371)	(15,820)	(20,703)	(2,078)
Taxes payable	10,579	23,792	2,311	22,082
Salaries and payroll charges	10,808	17,974	3,344	17,668
Accounts payable	(83,258)	44,110	(36,537)	16,353
Interest paid	(4,105)	(22,722)	(2,825)	(7,954)
Other accounts payable	(24,378)	27,542	(6,781)	4,820
Net cash provided by operating activities	**163,570**	**376,506**	**132,349**	**237,092**
Cash flows from investing activities				
Acquisitions of subsidiaries, net of cash acquired	(826,675)	(19,537)	(31,162)	(3,902)
Acquisitions of property, plant and equipment	(112,945)	(117,402)	(62,236)	(67,607)
Deferred charges	0	0	0	0
Intangible assets	(97,617)	(5,080)	(4,104)	(3,372)
Proceeds from the sale of assets with permanent nature	38,834	75,543	33,557	74,598
Interest received	109,913	108,395	67,036	45,157
Net cash provided by (used in) investing activities	**(888,490)**	**41,919**	**3,091**	**44,874**
Cash flows from financing activities				
Capital integralization	5,822	4,049	5,822	2,420
Borrowings	1,670,437	2,061	1,167,243	3,808
Treasury stock purchase	(18,805)	0	(15,954)	0
Repayment of loans	(410,502)	(530,294)	(300,158)	(195,885)
Interest received	0	0	0	0
Interest paid on loans	(163,008)	(192,080)	(80,546)	(69,896)
Dividends paid	(12,124)	0	0	0
Net cash provided by (used in) financing activities	**1,083,944**	**(716,264)**	**776,407**	**(259,553)**
Increase in cash and cash equivalents, net	**359,024**	**(297,839)**	**911,847**	**22,413**
Statement of increase in cash and cash equivalents, net				
At the beginning of the period	2,409,503	2,596,325	1,844,556	2,276,073
At the end of the period	2,756,403	2,298,486	2,756,403	2,298,486
Increase in cash and cash equivalents, net	**346,900**	**(297,839)**	**911,847**	**22,413**



Non Recurring Expenses

Table 18 *(Non Audited)*

BREAKDOWN NON-RECURRING EXPENSES (R$ million)	1H11	1H12	2Q11	2Q12
Expenses related to Restructurings *	44.1	32.1	30.7	17.5
Expenses related to Acquisitions **	41.3	(12.7)	12.9	(13.0)
Other Non-Recurring Expenses	0.0	(8.8)	0.0	(14.6)
Non-recurring from continued operations	**85.4**	**10.6**	**43.7**	**(10.1)**
Result from Divestitures / Discontinued Operations	(28.5)	17.2	(28.5)	4.5
Total Non-Recurring	**56.9**	**27.8**	**15.2**	**(5.6)**

* Expenses related to the completion and integration of acquired businesses, or operating restructuring costs , such as severance and termination of labor and plants closing to transfer production to Goiás (Matrix Project).

** Expenses related to lawyers, banks, auditors and consultants related to advice on acquisitions and integrations. 2Q12 also includes credit related to acquisition price adjustment.

Cash Conversion Cycle

Table 19 *(Non Audited)*

(Days)	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	Δ
Receivables *	95	78	73	75	80	87	(8)
Inventories	193	182	144	136	135	130	(63)
Payables	60	49	35	73	77	98	38
Cash Conversion Cycle	**228**	**211**	**182**	**138**	**137**	**119**	**(109)**

** Calculations based on Gross Revenues of continuing and discontinued operations.*

Adjusted EBITDA – Continuing and Discontinued Operations

Table 20 *(Non Audited)*

	1H11			1H12			2Q11			2Q12		
(R$ million)	**Cont.**	**Disc.**	**Total**	**Cont.**	**Disc.**	**Total**	**Cont.**	**Disc.**	**Total**	**Cont.**	**Disc.**	**Total**
Net Income	83.2	3.0	86.2	24.3	(13.4)	10.9	48.1	5.2	53.3	(27.0)	(3.0)	(29.9)
(+) Income Tax and CSLL	92.2	1.5	93.7	38.4	(3.7)	34.7	54.9	2.7	57.6	2.3	(1.5)	0.7
(+) Net Interest Expenses	148.1	0.0	148.1	287.7	0.0	287.7	67.2	0.0	67.2	231.3	0.0	231.3
EBIT	323.5	4.5	328.0	350.4	(17.1)	333.2	170.2	7.9	178.0	206.6	(4.5)	202.1
(+) Depreciations / Amortizations	39.3	3.0	42.3	48.6	0.0	48.6	21.9	1.5	23.4	23.8	0.0	23.8
EBITDA	362.7	7.6	370.3	399.0	(17.1)	381.8	192.1	9.4	201.5	230.4	(4.5)	225.9
(+) Non-recurring expenses	56.9	0.0	56.9	10.6	17.1	27.7	15.1	0.0	15.1	(10.1)	4.5	(5.6)
(+) Non-cash expenses	8.1	0.0	8.1	7.4	0.0	7.4	3.9	0.0	3.9	4.2	0.0	4.2
Adjusted EBITDA	**427.8**	**7.6**	**435.3**	**417.0**	**0.0**	**417.0**	**211.1**	**9.4**	**220.5**	**224.5**	**0.0**	**224.5**



Cash Earnings

Table 21 *(unaudited)*

(R$ million)	1H11	1H12	Δ	2Q11	2Q12	Δ
Adjusted EBITDA	435.3	417.0	-4.2%	220.5	224.5	1.8%
(-) Depreciation / Amortization	(42.3)	(48.6)	15.0%	(23.4)	(23.8)	1.7%
(-) Net Interest Expenses	(148.9)	(116.7)	-21.7%	(76.5)	(57.6)	-24.7%
Cash Earnings	244.2	251.7	3.1%	120.6	143.1	18.6%
Cash Earnings per Share	0.39	0.40	1.2%	0.19	0.23	3.6%

