Hypermarcas S.A.

Report on review of Quarterly Information - ITR at March 31, 2014

(A free translation of the original in Portuguese)

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Hypermarcas announces Net Revenue growth of 10.5% to R$1,058.9 million and Adjusted EBITDA of R$259.0 million, 14.0% higher than 1Q13

São Paulo, April 25, 2014 – Hypermarcas S.A. (BM&FBovespa: HYPE3; Reuters: HYPE3.SA; Bloomberg: HYPE3 BZ; ADR: HYPMY) announces its financial results for the first quarter of 2014. Financial data shown here are taken from quarterly consolidated financial information of Hypermarcas S.A., prepared in accordance with norms of the Brazilian Accounting Pronouncement Committee (CPC) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Highlights

- **Net Revenue Growth of 10.5%,** to R$1,058.9 million
- **Adjusted EBITDA Growth of 14.0%,** to R$259.0 million, or 24.5% of Net Revenue
- **Free Cash Flow of R$146.6 million,** with Net Debt reduction of R$80.8 million

Table 1

(R$ million)	1Q13	% NR	1Q14	% NR	Δ %	Δ NR p.p.
Net Revenue	958.4	100.0%	1,058.9	100.0%	10.5%	-
Gross Profit	612.6	63.9%	681.1	64.3%	11.2%	0.4 p.p.
S,G&A (ex-Marketing)	(214.5)	22.4%	(230.8)	21.8%	7.6%	-0.6 p.p.
Marketing	(178.2)	18.6%	(208.7)	19.7%	17.1%	1.1 p.p.
Adjusted EBITDA (1)	227.1	23.7%	259.0	24.5%	14.0%	0.8 p.p.
Net Income	102.3	10.7%	90.2	8.5%	-11.8%	-2.2 p.p.

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



Operating Scenario

Hypermarcas' performance in 1Q14 was consistent with its sustainable, profitable organic growth strategy. The Company, which has increasing focus on the improvement of its execution, also marches towards the completion of its operational restructuring program, which comprised the review of its organizational model, operating platform and financial strategy over the past three years.

With the realignment of its marketing, innovation, sales and distribution strategy, Hypermarcas' net revenue advanced 10.5% in 1Q14, compared to the same quarter of the prior year, reaching R$1,058.9 million. Such expansion results from growth of 12.5% in the Pharma division and 7.8% in the Consumer division, in the same comparison basis.

Such growth was accompanied by an Adjusted EBITDA increase to R$259.0 million in 1Q14, or 14.0% higher than in 1Q13. In addition, there was an Adjusted EBITDA margin expansion of 0.8 p.p., to 24.5% of net revenue.

This improvement reflects the 0.4 p.p. gross margin increase compared to 1Q13, to 64.3% of net revenue in 1Q14, and the discipline in terms of selling, general and administrative expenses (ex-marketing), which were equivalent to 21.8% of net revenue in 1Q14, with 0.6 p.p. increase compared to 1Q13.

With the improvement in its operating performance, Hypermarcas was able to increase marketing investments by 17.1% compared to 1Q13, with 1.1 p.p. increase, on the same comparison basis. The Company increased the investments in its brands in the media and in the exposure of its products in the points of sale. Moreover, it strengthened its medical visit team in the Pharma division.

In the quarter, the Company posted net income of R$90.2 million and free cash flow of R$146.6 million, which allowed for a reduction of its net debt by R$80.8 million, reaching a leverage ratio of 2.7 times last twelve months Adjusted EBITDA until March 2014.

CONSUMER DIVISION

In 1Q14, the Consumer division kept its focus on finalizing its restructuring program, on three main fronts: Marketing/Innovation, Operations, Sales/Distribution. Net revenue of the division reached R$446.9 million in the quarter, a 7.8% growth compared to 1Q13.

On the Marketing/Innovation front, the division invested in five media campaigns for its brands *Monange*, *Cenoura & Bronze*, *Olla* e *Paixão*. It relaunched the complete *Bozzano* Men's Care line, with new formulation, packaging and product variants, and also launched the new nail polish collection *Brasil por Risqué. É Campeão!*, with a theme related to the soccer universe. In 1Q14, the incontinence brand *BigFral* was extended to new market segments. The division also continued with its efforts to consolidate launches that were carried out in 2013, such as *Monange* (Moisturizers and Hair Care) and *Cenoura & Bronze* (Sunscreen).

On the Operations front, the division advanced in the quarter in the consolidation of its operating platform in Midwest Brazil, with the closing of the Cabo de Santo Agostinho (in the state of Pernambuco) and Guarulhos (in the state of São Paulo) disposables plants. Since April 1, the invoicing of all Consumer brands has been totally transferred to the Distribution Center in Goiânia, which has started centralizing distribution activities to every Brazilian state.

On the Sales/Distribution front, the division progressed on the modification of its distribution model, with the selection of about 50 semi-exclusive distributors (that only operate with the Company's brands in categories in which Hypermarcas is active). The Company also kept its focus on improving sales of the Consumer division brands in the direct channel, especially to key accounts in the pharmaceutical and food retail channels, and also continued on the merchandising program "*Hyperexecução*".



PHARMA DIVISION

The Pharma division posted net revenue of R$612.0 million in 1Q14, a 12.5% increase compared to 1Q13. As the Consumer division, the Pharma division continued on its sustainable, profitable organic growth plan, focusing on the Operations, Marketing/Innovation and Sales/Distribution fronts.

On the Operations front, Hypermarcas advanced on the transfer of production from the Rio de Janeiro plant to Anápolis (GO). During 1Q14, the manufacturing of injectables and dermocosmetics were transferred and now runs on modern facilities in Anápolis. The Company expanded the productivity improvement program (Lean Manufacturing) to the generics and branded generics manufacturing module. In addition, it invested in the expansion of capacity in the solids plant to cope with the accelerated growth of the demand for its products.

On the Marketing/Innovation front, the division invested in more than 15 campaigns in the quarter, for brands like *Engov*, *Estomazil*, *Epocler*, *Gelol*, *Maracugina*, *Tamarine*, *Lacto-Purga*, *Calminex*, *Merthiolate*, among others, in special a new institutional campaign for *Neo Química*, with the Brazilian soccer icon Ronaldo Nazário. Additionally, the division increased its medical visit team, aiming at raising the level of medical prescriptions in its RX line. In the quarter, the Company launched many products in the generics and branded generics markets, such as *fexofenadine hydrochloride* (antihistamine), *cefalexin* (antibiotic) and *cyproterone acetate + ethynilestradiol* (treatment of women's hormonal disorders). It also launched a new relevant line extension for the pioneering vitamin D brand in Brazil, *Addera D3*.

On the Sales/Distribution front, the division increased its merchandising team, aiming at improving end-consumers' access to products in the points of sale, and also its investments in the relationship with clients and the exposure of the Company's products.



Earnings Discussion

Income Statement

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

Table 2

(R$ million)	1Q13	% NR	1Q14	% NR	Δ
Net Revenue	**958.4**	***100.0%***	**1,058.9**	***100.0%***	***10.5%***
Gross Profit	**612.6**	***63.9%***	**681.1**	***64.3%***	***11.2%***
Marketing	(178.2)	*-18.6%*	(208.7)	*-19.7%*	*17.1%*
Selling Expenses	(161.4)	*-16.8%*	(173.0)	*-16.3%*	*7.2%*
General and Administrative Expenses	(53.1)	*-5.5%*	(57.8)	*-5.5%*	*8.9%*
Other Operational Net Expenses	(28.9)	*-3.0%*	(22.5)	*-2.1%*	*-22.0%*
Equity in Subsidiaries	(0.2)	*0.0%*	(0.4)	*0.0%*	*66.2%*
Continuing Operations EBIT	**190.8**	***19.9%***	**218.7**	***20.6%***	***14.6%***
Net Financial Expenses	(53.2)	*-5.6%*	(107.9)	*-10.2%*	*102.7%*
Income Tax and CSLL	(35.4)	*-3.7%*	(18.3)	*-1.7%*	*-48.2%*
Net Income from Discontinued Operations	0.2	*0.0%*	(2.2)	*-0.2%*	-
Net Income (Loss)	102.3	*10.7%*	90.2	*8.5%*	*-11.8%*
EBITDA [(1)]	216.3	*22.6%*	245.0	*23.1%*	*13.3%*
Adjusted EBITDA [(1)]	**227.1**	***23.7%***	**259.0**	***24.5%***	***14.0%***

[(1)] Based only on Continuing Operations.



Net Revenue

Chart 1

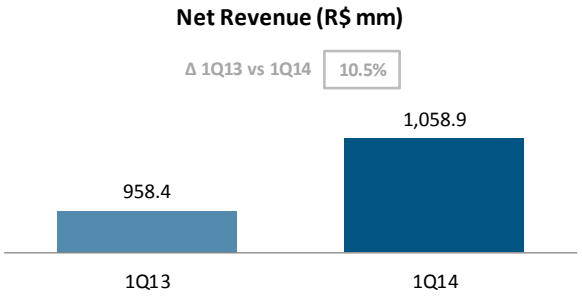


Table 3

(R$ million)	1Q13	%	1Q14	%	Δ
Pharma	543.9	*56.7%*	612.0	*57.8%*	*12.5%*
Consumer	414.5	*43.3%*	446.9	*42.2%*	*7.8%*
Total	**958.4**	***100.0%***	**1,058.9**	***100.0%***	***10.5%***

Net Revenue in Pharma increased 12.5% compared to 1Q13. Such growth was similar to the performance in FY2013, when the expansion was 12.2%. In the quarter, generics and branded generics posted outstanding growth.

In Consumer, in spite of tough comparison basis, Net Revenue growth was 7.8% compared to 1Q13, when the division grew 16.2% in core brands.

Gross Profit

Chart 3

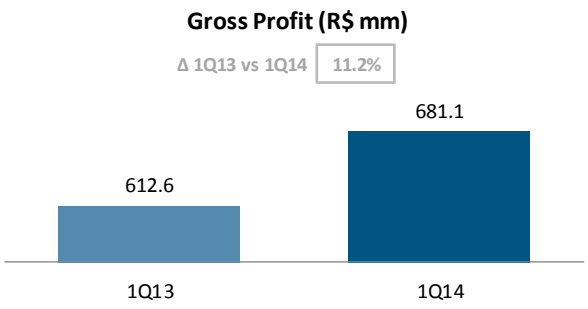


Chart 4

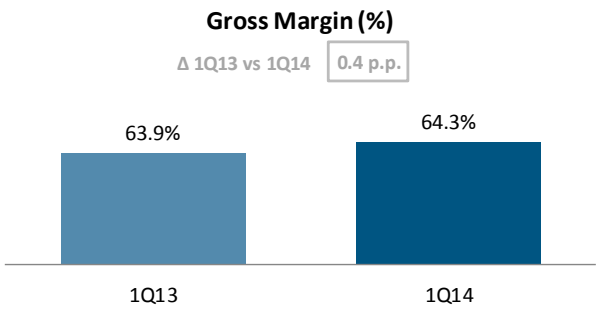




Table 4

(R$ million)	1Q13	% NR	1Q14	% NR	Δ
Pharma	415.3	76.4%	458.3	74.9%	-1.5 p.p.
Consumer	197.3	47.6%	222.7	49.8%	2.2 p.p.
Total	**612.6**	***63.9%***	**681.1**	***64.3%***	***0.4 p.p.***

In Pharma, the sale of remaining inventories related to third-party manufacturing contract with MSD, with lower Gross Margin than the average for the division, caused a 1.5 p.p. drop in 1Q14 margin, compared to 1Q13.

The 2.2 p.p. expansion in the Consumer Gross Margin is related to the consolidation of operations in Goiás. The division ended the quarter with Gross Margin of 49.8%, in line with the performance in 4Q13.

Marketing Expenses

Table 5

(R$ million)	1Q13	% NR	1Q14	% NR	Δ
Marketing Expenses	(178.2)	-18.6%	(208.7)	-19.7%	17.1%
Advertisement and Consumer Promotion	(75.0)	-7.8%	(83.9)	-7.9%	11.9%
Trade Deals	(50.3)	-5.2%	(57.9)	-5.5%	15.1%
Medical Visits and Promotional Samples	(52.9)	-5.5%	(66.9)	-6.3%	26.4%

Marketing Expenses grew 17.1% compared to 1Q13, a higher figure than the Net Revenue growth in the same period, in line with the strategy of strengthening the Company's brands in the media and points of sale. Additionally, the increase in expenses with Medical Visits and Promotional Samples is explained by the gradual increase of the medical visit team during 1Q14.

Selling Expenses

Table 6

(R$ million)	1Q13	% NR	1Q14	% NR	Δ
Selling Expenses	(161.4)	-16.8%	(173.0)	-16.3%	7.2%
Commercial Expenses	(127.8)	-13.3%	(130.7)	-12.3%	2.2%
Freights	(32.5)	-3.4%	(33.2)	-3.1%	2.2%
Delinquency	(1.0)	-0.1%	(9.1)	-0.9%	786.6%

Selling Expenses amounted to 16.3% of Net Revenue in 1Q14, or 0.5 p.p. lower than in 1Q13. Commercial Expenses, which grow approximately with wage inflation, grew below that trend specifically in the quarter.



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

Table 7

(R$ million)	1Q13	% NR	1Q14	% NR	Δ
General, Administrative and Other Expenses	(53.1)	-5.5%	(57.8)	-5.5%	8.9%
Other Operating Revenues (Expenses)	(28.9)	-3.0%	(22.5)	-2.1%	-22.0%

G&A Expenses grew approximately with wage inflation and below Net Revenue growth in the same period.

Other Operating Expenses, net of non-recurring effects (please refer to Table 17), are composed mainly of losses from inventories and raw materials.

Adjusted EBITDA – Continuing Operations

Chart 7

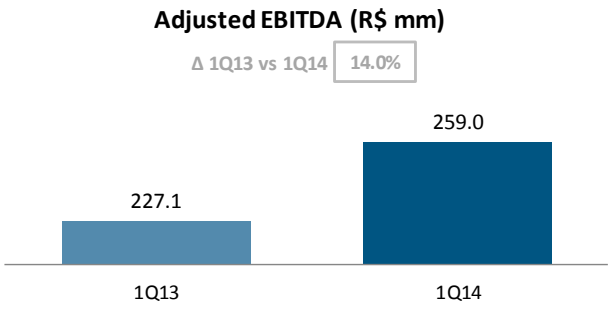
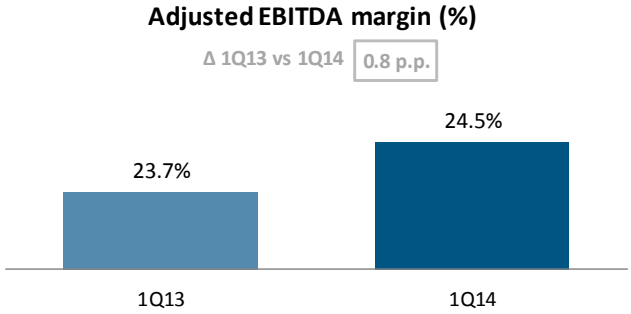


Chart 8



Adjusted EBITDA increased 14.0% compared to 1Q13, to R$259.0 million in 1Q14, with margin of 24.5% of Net Revenue, representing a 0.8 p.p. gain compared to 1Q13. This result reflects the Gross Profit increase and the dilution of Commercial Expenses, in spite of higher Marketing Expenses.

Table 8 - Adjusted EBITDA Reconciliation – Continuing Operations

(R$ million)	1Q13	% NR	1Q14	% NR	Δ
Net Income	102.3	10.7%	90.2	8.5%	(11.8%)
(-) Net Income from Discontinued Operations	(0.2)	0.0%	2.2	0.2%	-
(+) Income Tax and CSLL	35.4	3.7%	18.3	1.7%	(48.2%)
(+) Net Interest Expenses	53.2	5.6%	107.9	10.2%	102.7%
EBIT	190.8	19.9%	218.7	20.6%	14.6%
(+) Depreciations / Amortizations	25.6	2.7%	26.3	2.5%	3.0%
EBITDA	216.3	22.6%	245.0	23.1%	13.3%
(+) Non-Recurring Expenses	9.5	1.0%	12.2	1.1%	27.9%
(+) Non-Cash Expenses	1.3	0.1%	1.8	0.2%	42.5%
Adjusted EBITDA	**227.1**	**23.7%**	**259.0**	**24.5%**	**14.0%**

Obs.: Refers only to Continuing Operations – please refer to Explanatory Note 14 of the quarterly financial information.

Net Financial Expenses



Table 9

(R$ million)	1Q13	% NR	1Q14	% NR	Δ R$
Net Financial Expenses	(53.2)	-5.6%	(107.9)	-10.2%	(54.7)
Net Interest Expenses	(62.6)	-6.5%	(75.8)	-7.2%	(13.3)
Cost of Hedge and FX Gains (Losses)	20.2	2.1%	(22.9)	-2.2%	(43.1)
Monetary Adjustment on Contingencies	(4.9)	-0.5%	(3.7)	-0.4%	1.1
NPV Adjustment Realization	(6.0)	-0.6%	(5.4)	-0.5%	0.6

Net Interest Expenses increased mainly as a function of: i) the impact of higher IPCA (*Broad Consumer Prices Index*) over inflation-linked debt notes in the beginning of the year; ii) the increase of Net Interest Expenses after the use of cash invested at CDI rate for the partial repurchase of the dollar-denominated Bond (6.5% coupon per annum).

In addition, Financial Expenses were impacted in 1Q14 by the cost of hedge for the outstanding portion of the Bond and for payments to foreign suppliers. It is worth stressing that there was a positive impact of FX variation of R$20.2 million in 1Q13.

Net Income

Table 10

(R$ million)	1Q13	1Q14	Δ
Continuing Operations EBIT	190.8	218.7	14.6%
(-) Net Financial Expenses	(53.2)	(107.9)	102.7%
(-) Income Tax and Social Contribution	(35.4)	(18.3)	-48.2%
(+) Discontinued Operation Net Income	0.2	(2.2)	-
Net Income	**102.3**	**90.2**	**(11.8%)**

Net Income was R$90.2 million in 1Q14, or 11.8% below 1Q13, because of the increase of Financial Expenses, on the same comparison basis. It is worth stressing that Financial Expenses had a positive impact of FX variation of R$20.2 million in 1Q13.

Cash Flow

Chart 11

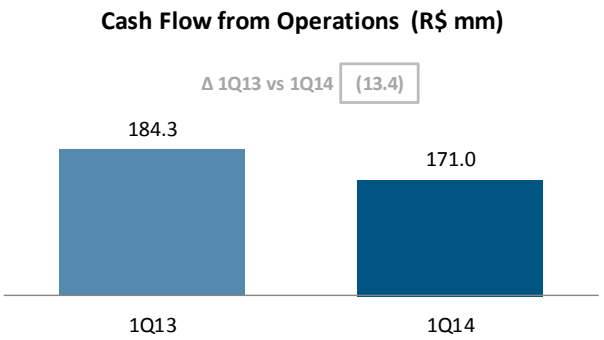


Table 11



(R$ milhões)	1Q13	1Q14
Cash Flow from Operations	184.3	171.0
Net Purchase of Property, Plant and Equipment	(28.3)	(19.1)
Purchase of Property, Plant and Equipment	(34.2)	(55.1)
Sale of Property, Plant and Equipment	6.0	36.0
Purchase of Intangible Assets	(5.0)	(5.3)
(=) Free Cash Flow	**151.1**	**146.6**

Free Cash Flow was virtually stable compared to 1Q13. While the net Capex decreased by R$9.2 million, mostly due to the sale of fixed assets (to MSD), Cash Flow from Operations was reduced by R$13.3 million, in the same comparison basis.

Net Debt

Table 12

(R$ million)	Balance on 1Q14	Short Term	Long Term							
			2Q-4Q 2015	2016	2017	2018	2019	2020	2021	2022>
Loans and Financing	4,128.6	704.9	1,179.2	279.9	661.8	506.7	20.0	19.2	714.2	42.8
Notes Payable	172.7	133.8	39.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross Debt	**4,301.3**	**838.7**	**1,218.2**	**279.9**	**661.8**	**506.7**	**20.0**	**19.2**	**714.2**	**42.8**
Cash and Cash Equivalents	(1,464.7)									
Net Debt	**2,836.6**									

In nominal terms, Net Debt was reduced by R$80.8 million, compared to 4Q13, to R$2,896.6 million in 1Q14, resulting in a leverage of 2.7 times LTM Adjusted EBITDA, against 2.9 times in 4Q13. This reduction results mostly from the Free Cash Flow in the quarter.

In April, the Board of Directors approved the issuance of R$400.0 million in debentures, in the context of the stand-by facility contracted in 2013, with the objective of strengthening the cash position to cope with short-term commitments and extending the debt profile of the Company. The remaining R$350.0 million in this credit line may be withdrawn in a second tranche between July and November 2015.



Investor Relations Agenda

Earnings Conference Call

	Portuguese	English
Date:	April 28, 2014	April 28, 2014
Time:	10:30 am (Brasília) 9:30 am (New York)	12:00 pm (Brasília) 11:00 am (New York)
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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	10044108

Contact Information

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Upcoming events

Table 13

Date	Event	Place
27-29-may	Citi - Global Consumer	New York
28-30-may	BofA - 2014 Global Emerging Markets Corporate Credit Conference	Miami
03-05-jun	BofA - CalGEMs Global Emerging Markets One-on-One Conference	California
03-04-jun	HSBC - Annual LATAM Investor Forum in Dubai	Dubai
04-05-jun	Citi - Annual Brazil Equity Conference	Sao Paulo
17-19-jun	DB - 11th Annual Global Consumer Conference	Paris
20-jun	DB - Access Latin American Consumer Day	London



Disclaimer

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

In addition, unaudited information herein reflects management's interpretation of information taken from its quarterly information and their respective adjustments, which were prepared in accordance with market practices and for the sole purpose of a more detailed and specific analysis of our results. Therefore, these additional 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 or our reviewed quarterly information for purposes of a decision to invest in our stock, or for any other purpose.



Consolidated Income Statement (R$thousand)

Table 14

	1Q13	1Q14
Revenue	**958,432**	**1,058,875**
Cost of Goods Sold	(345,837)	(377,810)
Gross Profit	**612,595**	**681,065**
Operating Income (Expenses)		
Selling and Marketing Expenses	(339,621)	(381,681)
General and Administrative Expenses	(53,132)	(57,849)
Other Operating Income (Expenses), Net	(28,867)	(22,515)
Equity in Subsidiaries	(219)	(364)
Operating Income Before Equity Income and Financial Result	**190,756**	**218,656**
Financial Result	(53,232)	(107,903)
Financial Expenses	(89,601)	(142,293)
Financial Income	36,369	34,390
Profit Before Income Tax and Social Contribution	**137,524**	**110,753**
Income Tax and Social Contribution	(35,414)	(18,329)
Net Profit/ Loss from Continued Operations	**102,110**	**92,424**
Net Profit from Discontinued Operations	200	(2,187)
Net Profit/Loss	**102,310**	**90,237**
Earnings per Share – R$	**0.16305**	**0.14645**



Consolidated Balance Sheet (R$thousand)

Table 15

Assets	12/31/2013	3/31/2014	Liabilities and Shareholders Equity	12/31/2013	3/31/2014
Short-term assets	**3,784,978**	**4,064,264**	**Short-term**	**1,916,989**	**1,861,939**
Cash and Cash Equivalents	1,158,833	1,464,674	Suppliers	500,000	471,241
Trade Accounts Receivable	1,229,329	1,225,046	Loans and Financing	769,231	704,878
Inventories	591,271	577,099	Payroll and Social Charges	143,372	113,611
Tax Recoverable	561,972	594,230	Income Tax and Social Contribution	3,015	272
Other Assets	232,788	192,430	Taxes Payable	66,564	60,279
Assets Held for Sale	10,785	10,785	Dividends to be Paid	9	9
			Accounts Payable	305,296	377,875
			Notes Payable	129,502	133,774
Non-current assets	**8,717,009**	**8,772,282**	**Non-Current Liabilites**	**10,584,998**	**10,974,607**
Long term assets	**244,831**	**266,148**	**Long Term Liabilities**	**3,506,421**	**3,820,247**
Deferred Income Tax and Social Contribution	37,233	22,736	Loans and Financing	3,139,621	3,423,683
Tax Recoverable	81,630	84,602	Deferred Income Tax and Social Contribution	33,933	37,435
Other Assets	125,968	158,810	Notes Payable	37,865	38,963
			Other Accounts Payable	144,922	172,049
			Allowance for Contingencies	150,080	148,117
Investments	**8,472,178**	**8,506,134**	**Shareholders Equity**	**7,078,577**	**7,154,360**
Investments	623	259	Capital	5,269,124	5,269,124
Other Investments	631	631	Capital Reserve	1,426,689	1,412,235
Fixed Assets	1,521,759	1,556,905	Equity Valuation Adjustments	(204,443)	(204,443)
Intangible	6,949,165	6,948,339	Profit Reserve	587,207	587,207
			Profit for the Period	0	90,237
Total Assets	**12,501,987**	**12,836,546**	**Total Liabilities and Shareholders' Equity**	**12,501,987**	**12,836,546**



Consolidated Cash Flow Statement (R$thousand)

Table 16

	1Q13	1Q14
Cash Flows from Operating Activities		
Income (Loss) Before Income Taxes	137,827	108,508
Depreciation and Amortization	25,574	26,339
Impairment	0	1,460
Gain on Permanent Asset Disposals	(1,165)	527
Equity Method	219	364
Foreign Exchange Losses	(20,209)	22,908
Interest Expense and Related	73,441	84,995
Provisions	14,229	28,887
Stock Option Expense	1,292	1,841
Adjusted Results	**231,208**	**275,829**
Decrease (Increase) in Assets	**17,931**	**(30,983)**
Trade Accounts Receivable	167,566	(4,787)
Inventories	(137,214)	(7,268)
Taxes Recoverable	(42,372)	(24,987)
Judicial Deposits and Others	575	656
Other Accounts Receivable	29,376	5,403
Increase (Decrease) in Liabilities	**(64,816)**	**(73,875)**
Suppliers	21,021	(28,759)
Income Tax and Social Contribution Paid	0	(3,015)
Taxes Payable	(7,283)	(6,097)
Salaries and Payroll Charges	(31,388)	(29,763)
Accounts Payable	(64,919)	(12,646)
Operations Interest Paid	7,229	10,723
Other Accounts Payable	10,524	(4,318)
Net Cash Provided by Operating Activities	**184,323**	**170,971**
Cash flows from investing activities		
Acquisitions of Property, Plant and Equipment	(34,212)	(55,060)
Intangible Assets	(5,000)	(5,312)
Proceeds from the Sale of Assets with Permanent Nature	5,958	35,971
Interest Received	29,260	20,752
Net Cash Provided by (Used in) Investing Activities	**(3,994)**	**(3,649)**
Cash Flows from Financing Activities		
Borrowings	58,373	521,244
Treasury Stock Purchase / Sale	4,115	(16,295)
Repayment of Loans - Principal	(103,267)	(304,342)
Interest Paid on Loans - Interest	(49,080)	(61,330)
Debt Issuance Cost	0	(758)
Net Cash Provided by (Used in) Financing Activities	**(89,859)**	**138,519**
Increase in Cash and Cash Equivalents, Net	**90,470**	**305,841**
Statement of Increase in Cash and Cash Equivalents, Net		
Cash and Cash Equivalents at the Beginning of the Period	1,736,402	1,158,833
Cash and Cash Equivalents at the End of the Period	1,826,872	1,464,674
Increase in Cash and Cash Equivalents, Net	**90,470**	**305,841**



Other Information

Non Recurring Expenses

Table 17

(R$ million)	1Q13	1Q14		
		Other Revenues/ Expenses	Other Lines	Total
Expenses Related to Acquisitions	0.0	0.0	0.0	0.0
Other Non-Recurring Expenses	3.6	1.4	8.1	9.4
Expenses Related to Restructurings *	12.7	21.9	1.4	23.3
Other Revenues	(6.8)	(20.6)	0.0	(20.6)
Non-Recurring from Continued Operations	**9.5**	**2.7**	**9.5**	**12.2**
Result from Divestitures / Discontinued Operations	(0.3)	0.0	2.2	2.2
Total Non-Recurring	**9.2**	**2.7**	**11.7**	**14.4**

** Expenses related to the integration of acquired businesses, or operating restructuring costs, such as severance and termination of labor and expenses with closing plants to transfer production to Goiás.*

Cash Conversion Cycle

Table 18

(R$ million)	4Q13	1Q14	Δ
Receivables	1,229	1,225	(4)
Inventories	591	577	(14)
Payables	(500)	(471)	29
Working Capital	**1,321**	**1,331**	**10**

(Days)	4Q13	1Q14	Δ
Receivables *	86	91	5
Inventories	132	137	5
Payables	(112)	(112)	0
Cash Conversion Cycle	**106**	**116**	**10**

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



Tax Goodwill Amortization and Others

The Company holds R$3,474.5 million of tax goodwill to be amortized over the coming years, according to the table below. In addition, there are R$678.8 million of recoverable taxes (please refer to Explanatory Note 12 of the quarterly financial information) and also income tax and social contribution losses carry-forward, with the tax effect of R$1,049.6 million, after applying the income tax and social contribution rates (please refer to Explanatory Note 20(a) of the quarterly financial information.)

Table 20

(R$ million)	
2014	580.7
2015	747.2
2016	657.1
2017	607.4
2018	593.2
2019	250.0
2020	36.3
2021	2.7
Total	**3,474.5**

Source: Hypermarcas



Report on review of Quarterly Information - ITR

To the Board of Directors and Stockholders
Hypermarcas S.A.
São Paulo - SP

Introduction
We have reviewed the accompanying individual and consolidated interim financial information of Hypermarcas S.A. ("The Company"), comprised in the Quarterly Information Form - ITR for the quarter ended March 31, 2014, comprising the balance sheet as at March 31, 2014 and the respective statements of income and comprehensive income, the changes in shareholders' equity and cash flows for the three months period then ended, including the notes.

Management is responsible for the preparation of the individual interim financial information in accordance with the Technical Pronouncement CPC 21(R1) - Interim Financial Information, and the consolidated interim financial information in accordance with CPC 21(R1) and the international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, such as for the presentation of these information in accordance with the standards issued by the Brazilian Securities Commission - CVM, applicable to the preparation of Quarterly Information – ITR. Our responsibility is to express a conclusion on these interim financial information based on our review.

Review scope
We conducted our review in accordance with the Brazilian and International standards on reviews of interim 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 inquires, primarily of persons responsible for the 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 the audit standards 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 financial information
Based on our review, nothing has come to our attention that causes us to believe that the individual interim financial information included in the Quarterly Information - ITR referred to above has not been prepared, in all material respects, in accordance with CPC 21(R1) applicable to the preparation of Quarterly Information - ITR, and presented in accordance with the standards issued by the Brazilian Securities Commission - CVM.

Conclusion on the consolidated interim financial information
Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information included in the Quarterly Information - ITR referred to above has not been prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34 applicable to the preparation of Quarterly Information - ITR, and presented in accordance with the standards issued by the Brazilian Securities Commission – CVM.

Others matters

Interim information of the value added
We have also reviewed the individual and consolidated statements of value added (DVA), related to the three months period ended March 31, 2014, prepared under the responsibility of the Company's management, which presentation in the interim information is required in accordance with standards issued by the Brazilian Securities Commission - CVM applicable to the preparation of Quarterly Information - ITR, and is considered as a supplementary information under IFRS, which do not require the presentation of DVA. These statements were subject to the same review procedures described above, and based on our review, nothing has come to our attention that causes us to believe that it has not been prepared, in all material respects, in accordance with the individual and consolidated interim financial information taken as a whole.

Review of the individual and consolidated interim financial information for the quarter ended March 31, 2013
The financial information for the three months period ended on March 31, 2013, presented for comparative purposes, were reviewed by other independent auditors, who issued an unqualified review report as of May 3, 2013.

São Paulo, April 25, 2014

KPMG Auditores Independentes
CRC 2SP014428/O-6
(Original report in Portuguese signed by)
Wagner Bottino
Accountant CRC 1SP196907/O-7

Hypermarcas S.A.

Balance Sheet at March 31 2014 and December 31, 2013

In thousands of reais

	Parent company		Consolidated			Parent company		Consolidated	
Assets	**March 31, 2014**	**December 31, 2013**	**March 31, 2014**	**December 31, 2013**	**Liabilities and shareholders' equity**	**March 31, 2014**	**December 31, 2013**	**March 31, 2014**	**December 31, 2013**
Current assets					Current liabilities				
Cash and cash equivalents (Note 9)	1,220,471	416,634	1,464,674	1,158,833	Accounts payable to suppliers (note 18)	251,603	254,996	471,241	500,000
Accounts receivable (Note 10)	1,226,580	1,231,215	1,225,046	1,229,329	Loans and financing (Note 19)	675,457	741,419	704,878	769,231
Inventories (Note 11)	268,519	290,510	577,099	591,271	Salaries payable	70,635	95,093	113,611	143,372
Related parties (Note 30)	121,199	90	-	-	Related parties (Note 30)	5,792	71,830	-	-
					Income Tax and Social Contribution				
Recoverable taxes (Note 12)	495,315	471,956	594,230	561,972	Payable	-	-	272	3,015
Proposed dividends receivable	7,697	7,697	-	-	Taxes payable (Note 21)	32,153	38,092	60,279	66,564
Other assets (Note 13)	173,799	206,448	192,430	232,788	Notes payable (Note 23)	133,774	220,108	133,774	129,502
	3,513,580	2,624,550	4,053,479	3,774,193	Dividends payable	9	9	9	9
					Accounts payable (Note 22)	332,086	249,265	377,875	305,296
						1,501,509	1,670,812	1,861,939	1,916,989
Non-current assets held for sale	10,785	10,785	10,785	10,785					
	3,524,365	2,635,335	4,064,264	3,784,978					
					Non-current liabilities				
Non-current assets					Loans and financing (Note 19)	3,281,223	2,996,927	3,423,683	3,139,621
Long-term receivables					Related parties (Note 30)	818	-	-	-
Related parties (Note 30)	71	1,294	-	-	Notes payable (Note 23)	38,963	37,865	38,963	37,865
Deferred income tax and social					Deferred income tax and social contribution				
contribution (note 20 (a))	15,089	24,541	22,736	37,233	(note 20 (b))	-	-	37,435	33,933
Recoverable taxes (Note 12)	55,988	55,494	84,602	81,630	Provisions for contingencies (Note 29)	143,367	146,205	148,117	150,080
Other assets (Note 13)	154,322	121,087	158,810	125,968	Other accounts payable	156,710	129,041	172,049	144,922
	225,470	202,416	266,148	244,831		3,621,081	3,310,038	3,820,247	3,506,421
						5,122,590	4,980,850	5,682,186	5,423,410
					Shareholders' equity				
					Capital (Note 26 (a))	5,269,124	5,269,124	5,269,124	5,269,124
Investments (Note 15)	1,036,114	1,710,343	259	623	Capital reserves (Note 26)	1,412,235	1,426,689	1,412,235	1,426,689
Other investments	631	631	631	631	Equity valuation adjustments (Note 26)	(204,443)	(204,443)	(204,443)	(204,443)
Property, plant and equipment (Note 16)	695,571	714,907	1,556,905	1,521,759	Profit reserves	587,207	587,207	587,207	587,207
Intangible assets (Note 17)	6,794,799	6,795,795	6,948,339	6,949,165	Income for the period	90,237	-	90,237	-
	8,527,115	9,221,676	8,506,134	8,472,178		7,154,360	7,078,577	7,154,360	7,078,577
Total assets	12,276,950	12,059,427	12,836,546	12,501,987	Total liabilities and shareholders' equity	12,276,950	12,059,427	12,836,546	12,501,987

See the accompanying notes to the financial statements.

Hypermarcas S.A.

Statements of income
Three months period ended March 31, 2014 and 2013
In thousands of Reais, except when indicated otherwise

	Parent company		Consolidated	
	March 31, 2014	**March 31, 2013**	**March 31, 2014**	**March 31, 2013**
Continuing operations				
Net income (Note 28)	1,080,040	972,778	1,058,875	958,432
Cost of sales (Note 25 (a))	(428,773)	(404,581)	(377,810)	(345,837)
Gross profit	651,267	568,197	681,065	612,595
Selling and marketing expenses (Note 25 (a))	(362,085)	(318,029)	(381,681)	(339,621)
General and administrative expenses (Note 25 (a))	(42,179)	(41,894)	(57,849)	(53,132)
Other operating (expenses) income, net (Note 25 (d))	(17,746)	(14,582)	(22,515)	(28,867)
Equity in the results of investees (Note 15 (a))	(2,398)	6,787	(364)	(219)
Income before financial income and expenses	226,859	200,479	218,656	190,756
Financial income (Note 25 (c))	21,822	19,679	34,390	36,369
Financial expenses (Note 25 (b))	(139,831)	(88,755)	(142,293)	(89,601)
Net financial expenses	(118,009)	(69,076)	(107,903)	(53,232)
Income before income tax and social contribution	108,850	131,403	110,753	137,524
Income tax and social contribution (note 20 (c))	(16,426)	(29,293)	(18,329)	(35,414)
Net income from continuing operations	92,424	102,110	92,424	102,110
Discontinued operations				
Net results of discontinued operations (Note 14)	(2,187)	200	(2,187)	200
Net income for the period	90,237	102,310	90,237	102,310
Earnings per share				
Basic earnings per share (in R$)			0.14	0.16
Diluted earnings per share (in R$)			0.14	0.19
Earnings per share - Continuing operations				
Basic earnings per share (in R$)			0.14	0.16
Diluted earnings per share (in R$)			0.14	0.19

See the accompanying notes to the financial statements.

Hypermarcas S.A.

Statements of comprehensive income
Three months period ended March 31, 2014 and 2013
In thousands of Reais, except when indicated otherwise

	Parent company		Consolidated	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Net income for the period	**90,237**	**102,310**	**90,237**	**102,310**
Other comprehensive income		-		-
Comprehensive income for the period	**90,237**	**102,310**	**90,237**	**102,310**

See the accompanying notes to the financial statements.

Hypermarcas S.A.

Statements of shareholders' equity
Three months period ended March 31, 2014 and year ended December 31, 2013
In thousands of reais

		Capital reserves				Profit reserves					
	Capital	Share premium	Stock options	Treasury shares	Equity valuation adjustments	Legal reserve	Tax incentive reserve	Profit retention reserve	Proposed additional dividends	Retained earnings	Total
At January 1, 2013	**5,231,066**	**1,390,660**	**39,883**	**(21,397)**	**(204,443)**	**28,141**	**265,344**	**37,000**	**102,112**	**-**	**6,868,366**
Stock option	-	-	1,292	-	-	-	-	-	-	-	1,292
Result of sales of treasury shares (Note 26 (b))	-	(3,649)	-	-	-	-	-	-	-	-	(3,649)
Sales of shares	-	-	-	7,764	-	-	-	-	-	-	7,764
Net income for the period	-	-	-	-	-	-	-	-	-	102,310	102,310
At March 31, 2013	**5,231,066**	**1,387,011**	**41,175**	**(13,633)**	**(204,443)**	**28,141**	**265,344**	**37,000**	**102,112**	**102,310**	**6,976,083**
Dividends (Note 26 (c))	-	-	-	-	-	-	-	-	(102,112)	-	(102,112)
Capital contribution - proceeds from the stock option program (Note 26 (a))	38,058	-	-	-	-	-	-	-	-	-	38,058
Stock option	-	-	8,092	-	-	-	-	-	-	-	8,092
Result of sales of treasury shares (Note 26 (b))	-	(4,031)	-	-	-	-	-	-	-	-	(4,031)
Sales of shares	-	-	-	8,075	-	-	-	-	-	-	8,075
Net income for the year	-	-	-	-	-	-	-	-	-	154,412	154,412
Reversal of statutory reserves	-	-	-	-	-	-	-	(37,000)	-	37,000	-
Formation of reserves	-	-	-	-	-	12,836	280,886	-	-	(293,722)	-
At December 31, 2013	**5,269,124**	**1,382,980**	**49,267**	**(5,558)**	**(204,443)**	**40,977**	**546,230**	**-**	**-**	**-**	**7,078,577**
Stock option	-	-	1,841	-	-	-	-	-	-	-	1,841
Result of sales of treasury shares (Note 26 (b))	-	(2,379)	-	-	-	-	-	-	-	-	(2,379)
Sales of shares	-	-	-	4,763	-	-	-	-	-	-	4,763
Acquisitions of shares				(18,679)	-	-	-	-	-	-	(18,679)
Net income for the period	-	-	-	-	-	-	-	-	-	90,237	90,237
At March 31, 2014	**5,269,124**	**1,380,601**	**51,108**	**(19,474)**	**(204,443)**	**40,977**	**546,230**	**-**	**-**	**90,237**	**7,154,360**

See the accompanying notes to the financial statements.

Hypermarcas S.A.

Statements of cash flows
Period of three months ended March 31, 2014 and 2013
In thousands of reais

	Parent company		Consolidated	
	March 31, 2014	**March 31, 2013**	**March 31, 2014**	**March 31, 2013**
Cash flows from operating activities				
Income before income tax and social contribution, including discontinued operations	106,605	131,706	108,508	137,827
Adjustments				
Depreciation and amortization	13,874	14,950	26,339	25,574
Decrease to recoverable value of assets (Impairment)	-	-	1,460	-
Results of the sale of permanent assets	501	(1,929)	527	(1,165)
Equity on the results of investees of continuing operations	4,473	(6,787)	364	219
Foreign exchange (gains) losses	18,815	(18,935)	22,908	(20,209)
Interest and related expenses	99,194	88,011	84,995	73,441
Stock options	1,558	1,250	1,841	1,292
Provisions	29,069	7,634	28,887	14,229
Adjusted income	274,089	215,900	275,829	231,208
Changes in assets and liabilities				
Trade accounts receivable	(5,022)	182,736	(4,787)	167,566
Inventories	(8)	(53,085)	(7,268)	(137,214)
Recoverable taxes	(19,947)	(19,843)	(24,987)	(42,372)
Deposits in court and others	469	558	656	575
Other accounts receivable	2,053	(825)	5,403	29,376
Accounts payable to suppliers	(3,393)	(51,456)	(28,759)	21,021
Income tax and social contribution paid	-	-	(3,015)	-
Taxes payable	(5,983)	(5,382)	(6,097)	(7,283)
Salaries and payroll charges	(24,456)	(34,760)	(29,763)	(31,388)
Accounts payable	1,406	(59,272)	(12,646)	(64,919)
Interest from the transaction	5,852	5,793	10,723	7,229
Other accounts payable	(4,133)	13,912	(4,318)	10,524
Net cash provided by operating activities	220,927	194,276	170,971	184,323
Cash flows from investing activities				
Capital increase in subsidiaries/affiliated companies	420,970	(5,370)		
Purchase of property, plant and equipment	(10,704)	(9,710)	(55,060)	(34,212)
Purchase of Intangible assets	(3,085)	(2,815)	(5,312)	(5,000)
Proceeds from sale of assets of a permanent nature	35,410	6,816	35,971	5,958
Interest and others	12,682	12,851	20,752	29,260
Net cash provided by (used in) investing activities	455,273	1,772	(3,649)	(3,994)
Cash flows from financing activities				
Proceeds from borrowings	502,023	37,480	521,244	58,373
Payment of loans - principal	(299,043)	(96,946)	(304,342)	(103,267)
Payment of loans - interest	(58,290)	(47,093)	(61,330)	(49,080)
Purchase of treasury shares	(18,679)	-	(18,679)	-
Sales of treasury shares	2,384	4,115	2,384	4,115
Cost of funding transaction	(758)	-	(758)	-
Net cash provided by (used in) financing activities	127,637	(102,444)	138,519	(89,859)
Net increase in cash and cash equivalents	803,837	93,604	305,841	90,470
Cash and cash equivalents at beginning of year	416,634	727,356	1,158,833	1,736,402
Cash and cash equivalents at end of year	1,220,471	820,960	1,464,674	1,826,872
Change in cash and cash equivalent	803,837	93,604	305,841	90,470
Transactions not involving cash				
Acquisition of fixed assets through leasing/FINAME	-	3,160	1,575	3,160
Assets of a permanent nature	-	5,259	-	24,086

See the accompanying notes to the financial statements.

Hypermarcas S.A.

Statements of value added
Period of three months ended March 31, 2014 and 2013
In thousands of reais

	Parent company		Consolidated (*)	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Gross income				
Sales of goods and products, including discontinued operations	1,213,665	1,134,630	1,205,056	1,127,176
Other income	(17,937)	(14,582)	(23,322)	(28,867)
Revenues related to the construction of own assets	8,925	11,648	35,303	43,794
Allowance for doubtful accounts	(9,658)	(866)	(9,070)	(1,013)
	1,194,995	1,130,830	1,207,967	1,141,090
Inputs acquired from third parties				
Costs of products, goods and services sold	(461,526)	(444,142)	(352,867)	(366,352)
Materials, power, third-party services and others	(334,357)	(330,100)	(409,154)	(401,823)
Loss/recovery of asset values	-	-	(1,460)	-
	(795,883)	(774,242)	(763,481)	(768,175)
Gross value added	399,112	356,588	444,486	372,915
Depreciation/amortization	(13,874)	(14,950)	(26,339)	(25,574)
Net value added produced by the Company	385,238	341,638	418,147	347,341
Transferred value added				
Equity on the results of investees - continuing operations	(4,473)	6,787	(364)	(219)
Financial income	21,822	19,679	34,390	36,369
	17,349	26,466	34,026	36,150
Total value added to be distributed	402,587	368,104	452,173	383,491
Distribution of value added				
Personnel and charges	112,296	104,348	201,394	170,784
Direct remuneration	89,793	81,842	157,441	130,208
Benefits	16,386	16,737	33,645	31,159
FGTS (Government severance indemnity fund)	6,117	5,769	10,308	9,417
Taxes, fees and contributions	45,535	66,467	(978)	10,391
Federal	12,127	26,168	(63)	10,761
State	32,713	39,476	(1,833)	(2,455)
Municipal	695	823	918	2,085
Interest	142,387	88,610	146,259	90,465
Rents	12,132	6,369	15,261	9,541
Retained earnings	90,237	102,310	90,237	102,310
Value added distributed	402,587	368,104	452,173	383,491

See the accompanying notes to the financial statements.

Notes to the financial statements

(In thousands of Reais, except when indicated otherwise)

1 General Information

Hypermarcas S.A. ("Company") with its head office located in São Paulo - SP, is a Brazilian Company of products of health and wellness brands, operating in two major business segments: (i) Pharma and (ii) Consumer (Beauty and Personal Care), with a broad portfolio of traditional brands. Among them are: Addera D3, Agecare, Alivium, Apracur, Apraz, Atroveran, Benegrip, Biotônico Fontoura, Calminex, Celastamine, Celestone, Coristina, Digedrat, Diprogenta, Diprosalic, Diprosone, Diprospan, Doralgina, Doril, Engov, Escabin, Epocler, Estomazil, Epidrat, Episol, Fluir, Fluviral, Gastrol, Gelol, Gingilone, Histamin, Lacto-purga, Lisador, Lioram, Lipanon, Maracugina, Massageol, Maxsulid, Melhoral, Merthiolate, Mioflex-A, Miorrelax, Neo Química Genéricos, Neosoro, Polaramine, Predsim, Quadriderm, Rinosoro, Scaflam, Tamarine, Torsilax, Virineo, Adocyl, Aquamarine, Avanço, Bigfral, Biocolor, Bitufo, Bozzano, Cenoura & Bronze, Contouré, Cremer Disney, Denorex, Éh!, Finn, Fluidgel, Jontex, Leite de Colônia, Lovetex, Lucretin, Maturidade, Monange, Niasi Professional, NY.Looks, Olla, Paixão, Pom Pom, Rastro, Risqué, Sanifill, Sapeka, Silhouette, Summer Radical, Très Marchand,York and Zero-Cal.

The production of goods is carried out mainly in its subsidiaries Cosmed Indústria de Cosméticos e Medicamentos S.A. (Consumer) and Brainfarma Indústria Química e Farmacêutica S.A. (Pharma).

The main industrial parks are located in: Anápolis-GO, Senador Canedo-GO, Rio de Janeiro-RJ, São Roque-SP, Goiânia-GO and Aparecida de Goiânia-GO.

The main distribution centers are located in: Anápolis-GO, Goiânia-GO and Duque de Caxias-RJ.

2 Description of significant accounting policies

The main accounting policies applied in the preparation of this individual and consolidated Quarterly Information Report have not changed materially with respect to the policies presented in the financial statements for the year ended December 31, 2013. In the cases where the notes to the quarterly information are not presented in full, due to redundancy of information in relation to that presented in the financial statements, the complete information should be read in the corresponding note to the annual financial statements. Certain new accounting standards in force for 2014, as disclosed in the annual Financial Statements of 2013, have had no impact on the accounting policies adopted previously.

The individual and consolidated interim financial information was prepared in accordance with Technical Pronouncement CPC 21 (R1) - Interim Financial Reporting and with International Accounting Standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and presented in accordance with the standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Quarterly Information.

The present quarterly information was approved by the Board of Directors on April 25, 2014.

3 Critical accounting estimates and judgments

Estimates and judgments are evaluated on an on-going basis and are based on past experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The critical accounting estimates and judgments of this quarterly information are unchanged in relation to the annual financial statements published in 2013.

4 Financial risk management

a. Financial risk factors

There has been no change in the financial risk factors in the management policy for these risks in relation to what is described in the financial statements presented as of December 31, 2013. In the following tables the financial data for the current period are presented comparatively with the financial data as of December 31, 2013.

b. Foreign Exchange risk

At March 31, 2014 and December 31, 2013, the assets and liabilities denominated in foreign currencies and the financial instruments that mitigate exchange risks are as follow:

	Consolidated			
	March 31, 2014		December 31, 2013	
	US$ '000	R$'000	US$ '000	R$'000
Assets				
Accounts receivable	(203)	(462)	(91)	(215)
Other assets	(22,377)	(50,851)	(31,001)	(73,169)
Liabilities				
Accounts payable to suppliers	84,339	191,661	85,974	202,916
Loans and financing	635,092	1,443,247	514,959	1,215,407
Notes payable	14,544	33,051	13,777	32,517
Derivative instruments that mitigate risks	(710,255)	(1,614,054)	(588,732)	(1,389,525)
Net exposure	1,140	2,592	(5,114)	(12,069)

c. Risk of share prices volatility

At March 31, 2014 the company had investments in shares in the amount of R$3,459 (at December 31, 2013 - R$3,328). However, these investments do not bring a risk of changes in share prices for the Company, since any change in their value is reverted to the seller of the brand NY-Looks (Note 23 - Notes payable).

d. Risk for the cash flow or fair value associated with interest rate and inflation

The exposure to interest rate risk of the transactions pegged to the variation of the CDI (Interbank Deposit Certificate), TJLP (long-term interest rate) and IPCA (Amplified Consumer Price Index) is presented in the following table:

	March 31, 2014	
	Parent company	**Consolidated**
Loans, financing and Swaps - CDI	858,446	858,446
Financing - TJLP	14,658	34,878
Debentures - CDI	1,135,601	1,135,601
Debentures - IPCA	832,939	832,939
Notes payable - CDI	88,271	88,271
Financial investments (note 9)	(1,194,518)	(1,438,773)
Net exposure	1,735,397	1,511,362

e. Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits in banks and financial institutions as well as credit exposures to wholesale and retail customers, including outstanding accounts receivables and repurchase transactions.

For banks and financial institutions, the Company has the policy of diversifying its financial investments in top-tier institutions with ratings described in note 8 (Credit quality of financial assets).

f. Liquidity risk

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

	Consolidated -2014				
	Less than one year	**From one to two years**	**From two to five years**	**More than five years**	**Overall total**
Debentures	486,579	1,361,975	1,177,568	-	3,026,122
Loans and financing	339,881	104,438	701,012	960,534	2,105,865
Notes payable	127,980	39,785	9,260	-	177,025
Accounts payable to suppliers	471,241	-	-	-	471,241
Other accounts payable	-	172,049	-	-	172,049
Derivative financial instruments	(95,112)	(38,619)	209,473	-	75,742
	1,330,569	1,639,628	2,097,313	960,534	6,028,044

	Consolidated -2013				
	Less than one year	**From one to two years**	**From two to five years**	**More than five years**	**Total Overall total**
Debentures	495,128	1,357,110	1,212,028	-	3,064,266
Loans and financing	348,423	103,752	442,069	1,010,400	1,904,644
Notes payable	124,366	36,815	9,260	-	170,441
Accounts payable to suppliers	500,000	-	-	-	500,000
Other accounts payable	-	144,922	-	-	144,922
Derivative financial instruments	(2,553)	(15,295)	25,886	-	8,038
	1,465,364	1,627,304	1,689,243	1,010,400	5,792,311

g. Derivatives

At March 31, 2014, derivative instrument operations contracted by the Company totaled R$1,764,054 (At December 31, 2013 – R$1,539,525) in consolidated and R$1,647,339 (At December 31, 2013 – R$1,426,847) in the parent company. The results of unsettled transactions represented losses of R$85,614 (losses of R$1,983 at December 31, 2013,) in consolidated and losses of R$81,222 (losses of R$6,442 at December 31, 2013) in the parent company.

At March 31, 2014 and December 31, 2013, these transactions can be summarized as follows:

Parent company

Type	**Counterparties**	**Notional value**		**Fair value receivable (payable)**		**Gains (losses)**	
(In thousands of R$)		**Mar 2014**	**Dec 2013**	**Mar 2014**	**Dec 2013**	**Mar 2014**	**Dec 2013**
Foreign Currency							
Forward contracts		**804,663**	**1,076,683**	**(52,433)**	**(5,407)**	**3,009**	**48,249**
Purchased position	Merrill Lynch, DB, HSBC, JP Morgan, Santander, Itaú, Bradesco, BTG Pactual, Pine, Votorantim, Morgan Stanley	804,663	1,077,259	(52,433)	(5,372)	3,026	48,591
Sold position	JP Morgan	-	(576)	-	(35)	(17)	(342)
Swaps		**692,676**	**200,164**	**(27,849)**	**(76)**	**-**	**37,657**
Purchased position	Citibank, Itaú, Safra	692,676	200,164	(27,849)	(76)	-	37,657
Subtotal		**1,497,339**	**1,276,847**	**(80,052)**	**(5,483)**	**3,009**	**85,906**
Interest rate							
Swaps		**150,000**	**150,000**	**(1,170)**	**(959)**	**-**	**-**
Asset Position Pre-	Santander	150,000	150,000	(1,170)	(959)	-	-
Total		**1,647,339**	**1,426,847**	**(81,222)**	**(6,442)**	**3,009**	**85,906**

Consolidated

Type	Counterparties	Notional value		Fair Value receivable (payable)		Gains (losses)	
(In thousands of R$)		**Mar 2014**	**Dec 2013**	**Mar 2014**	**Dec 2013**	**Mar 2014**	**Dec 2013**
Foreign Currency							
Forward contracts		**921,378**	**1,189,361**	**(56,595)**	**(948)**	**5,283**	**55,982**
Purchased position	Merrill Lynch, DB, HSBC, JP Morgan, Santander, Itaú, Bradesco, BTG Pactual, Pine, Votorantim, Morgan Stanley	921,719	1,191,653	(56,622)	(810)	5,315	56,528
Sold position	JP Morgan	(341)	(2,292)	27	(138)	(32)	(546)
Swaps		**692,676**	**200,164**	**(27,849)**	**(76)**	**-**	**37,657**
Purchased position	Citibank, Itaú, Safra	692,676	200,164	(27,849)	(76)	-	37,657
Subtotal		**1,614,054**	**1,389,525**	**(84,444)**	**(1,024)**	**5,283**	**93,639**
Interest rate							
Swaps		**150,000**	**150,000**	**(1,170)**	**(959)**	-	**-**
Asset Position Pre-	Santander	150,000	150,000	(1,170)	(959)	-	-
Total		**1,764,054**	**1,539,525**	**(85,614)**	**(1,983)**	**5,283**	**93,639**

The consolidated contracts listed above have expiration dates on:

Maturity	Future value	
Foreign currency - USD	**Mar 2014**	**Rate**
Apr 2014	41,350	2.316
May 2014	17,581	2.331
Jun 2014	21,287	2.401
Jul 2014	18,502	2.476
Aug 2014	391,167	2.475
Sep 2014	10,336	2.427
Oct 2014	43,766	2.484
Nov 2014	10,718	2.543
Dec 2014	53,221	2.550
Jan 2015	649,681	2.542
Feb 2015	10,099	2.539
Mar 2015	4,814	2.548
May 2015	639	2.610
Jan 2017	252,687	2.980
Feb 2017	360,309	3.003
	1,886,157	2.664

Maturity Interest rate	Mar 2014	Liability rate % CDI
Apr 2014	996	98.10%
Oct 2014	305	98.10%
Apr 2015	(194)	98.10%
Oct 2015	(594)	98.10%
Apr 2016	(550)	98.10%
Oct 2016	(423)	98.10%
Apr 2017	(267)	98.10%
Oct 2017	(258)	98.10%
Apr 2018	(127)	98.10%
Oct 2018	(58)	98.10%
Total	(1,170)	98.10%

h. Methodology for calculating the fair value of derivatives

- Foreign currency forward contracts are valued using the interpolation of the market rates of American dollar futures contracts for each base date, as informed by BM&F BOVESPA.

- Swaps are valued using the interpolation of the exchange coupon market and future interbank deposit rates for each base date, as informed by BM&F BOVESPA.

i. Sensitivity analysis

We present below the sensitivity analysis chart of the financial instruments, including derivatives that describe the risks that may cause material losses for the Company, with the most likely scenario (scenario I, considering a fluctuation of 17.39% for the American dollar which corresponds to 3 standard deviations of the fluctuation of the three months of the first quarter of the year) according to the evaluation made by the Management, considering a range of perception of three months, when the next financial information containing this analysis should be released. In addition, two other scenarios are presented in order to provide 25% and 50% deterioration in the exchange rate of the real against the U.S. dollar, respectively (scenarios II and III).

						Consolidated
Risk	**Scenario I**		**Scenario II**		**Scenario III**	
(In R$thousands)			**25% fluctuation**		**50% fluctuation**	
	Appreciation	**Depreciation**	**Appreciation**	**Depreciation**	**Appreciation**	**Depreciation**
Quotation of the dollar	1.877	2.668	1.704	2.841	1.136	3.409
Foreign Currency						
Economic hedges	**(289,375)**	**289,375**	**(416,090)**	**416,090**	**(832,181)**	**832,181**
Forward contracts	(168,943)	168,943	(242,921)	242,921	(4485, 843)	485,843
Swap	(120,432)	120,432	(173,169)	173,169	(346,338)	346,338
Object of the economic hedge	**280,628**	**(280,628)**	**403,514**	**(403,514)**	**807,027**	**(807,027)**
Loans and financing and notes payable subject to short term exchange rate variation	280,628	(280,628)	403,514	(403,514)	807,027	(807,027)
Net effect	**(8,747)**	**8,747**	**(12,576)**	**12,576**	**(25,154)**	**25,154**
Other liabilities	**8,846**	**(8,846)**	**12,720**	**(12,720)**	**25,441**	**(25,441)**
Other Loans and financing and notes payable subject to exchange rate variation	8,846	(8,846)	12,720	(12,720)	25,441	(25,441)

The sensitivity analysis presented above considers changes regarding the quotation of the American dollar, keeping all other variables, associated with other hazards, constant.

The amounts resulting from monetary variations and floating interest on our loans, financing, debentures and notes payable in the second quarter of 2014 are shown below.

Parent company

Scenarios of change	Probable scenario*	25% change	50% change
Loans - CDI	2,097	2,621	3,145
Debentures - CDI	2,774	3,467	4,160
Debentures - IPCA	(2,977)	(3,721)	(4,465)
Notes payable - CDI	216	269	323
Financial investments	(2,917)	(3,647)	(4,376)
Total effect - loss (gain)	**(807)**	**(1,011)**	**(1,213)**

*** Probable Scenario Assumptions**
Forecast CDI - 10.82%
Accumulated IPCA of 1.81%
Forecast TJLP - 5.00%

Consolidated

Scenarios of change	Probable scenario*	25% change	50% change
Loans - CDI	2,097	2,621	3,145
Debentures - CDI	2,774	3,467	4,160
Debentures - IPCA	(2,977)	(3,721)	(4,465)
Notes payable - CDI	216	269	323
Financial investments	(3,514)	(4,392)	(5,271)
Total effect - loss (gain)	**(1,404)**	**(1,756)**	**(2,108)**

*** Probable Scenario Assumptions**
Forecast CDI - 10.82%
Accumulated IPCA of 1.81%
Forecast TJLP - 5.00%

5 Capital management

The Company's objectives when managing its capital are to safeguard the Company'ability to continue to offer a return for its shareholders and benefits for the other interested parties and to maintain an optimal capital structure in order to reduce this cost.

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

The Company monitors its capital based on the financial leverage ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including short and long term borrowings and notes payable, as presented in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated based on the sum of shareholders' equity, as presented in the consolidated balance sheet, with the net debt.

The financial leverage ratios at March 31, 2014 and December 31, 2013 may be summarized as follows:

	Consolidated	
	March 31, 2014	**December 31, 2013**
Total loans and financing (Note 19)	4,128,561	3,908,852
Total notes payable (Note 23)	172,737	167,367
Less: Cash and cash equivalents (Note 9)	(1,464,674)	(1,158,833)
Net debt	2,836,624	2,917,386
Total shareholders' equity	7,154,360	7,078,577
Total capital	9,990,984	9,995,963
Financial leverage ratio - %	28%	29%

6 Fair Value Estimate (Consolidated)

It is assumed that the balances of trade accounts receivable and accounts payable to suppliers at book value, less loss (impairment), closely approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows by the prevailing interest rate on the market, which is available to the Company for similar financial instruments (Note 19).

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

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

The table below presents the Company's assets and liabilities measured at fair value at March 31, 2014, as well as the amounts stated at fair value.

	Consolidated			
	Level 1	**Level 2**	**Level 3**	**Total balance**
Assets				
Financial investments (note 9)	-	1,438,773	-	1,438,773
Derivative financial instruments	-	90,611	-	90,611
Total assets	-	1,529,384	-	1,529,384

Liabilities				
Loans and financings stated at fair value (Note 19)	811,923	3,262,502	-	4,074,425
Derivative financial instruments	-	176,225	-	176,225
Total liabilities	811,923	3,438,727	-	4,250,650

The table below presents the Company's assets and liabilities measured at fair value at December 31, 2013.

	Consolidated			
	Level 1	**Level 2**	**Level 3**	**Total balance**
Assets				
Financial investments (note 9)	-	1,140,356	-	1,140,356
Derivative financial instruments	-	39,914	-	39,914
Total assets	-	1,180,270	-	1,180,270
Liabilities				
Loans and financing stated at fair value (Note 19)	807,255	3,017,013	-	3,824,268
Derivative financial instruments	-	41,897	-	41,897
Total liabilities	807,255	3,058,910	-	3,866,165

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

7 Financial instruments by category (Consolidated)

	March 31, 2014		
	Loans and receivables	**Assets at fair value through profit or loss**	**Total**
Assets, according to the balance sheet			
Trade accounts receivable (Note 10)	1,225,046	-	1,225,046
Financial investments (Note 9)	-	1,438,773	1,438,773
Cash and banks (Note 9)	25,901	-	25,901
Derivative financial instruments	-	90,611	90,611
	1,250,947	1,529,384	2,780,331

	March 31, 2014		
	Fair value through profit or loss	**Other financial liabilities**	**Total**
Liabilities, according to the balance sheet			
Loans and financing (Note 19)	-	4,128,561	4,128,561
Accounts payable to suppliers (Note 18)	-	471,241	471,241
Derivative financial instruments	176,225	-	176,225
	176,225	4,599,802	4,776,027

	December 31, 2013		
	Loans and receivables	**Assets at fair value through profit or loss**	**Total**
Assets, according to the balance sheet			
Trade accounts receivable (Note 10)	1,229,329	-	1,229,329
Financial investments (Note 9)	-	1,140,356	1,140,356
Cash and banks (Note 9)	18,477	-	18,477
Derivative financial instruments	-	39,914	39,914
	1,247,806	1,180,270	2,428,076

	December 31, 2013		
	Fair value through profit or loss	**Other financial liabilities**	**Total**
Liabilities, according to the balance sheet			
Loans and financing (Note 19)	-	3,908,852	3,908,852
Accounts payable to suppliers (Note 18)	-	500,000	500,000
Derivative financial instruments	41,897	-	41,897
	41,897	4,408,852	4,450,749

Except for financial assets at fair value through profit or loss (financial instruments - Note 9 and Derivative instruments - Note 4 (g)), the other financial assets are classified as "Loans and receivables" and the liabilities as "Other financial liabilities".

8 Credit quality of financial assets

The credit quality of financial assets (cash and cash equivalents) can be evaluated using historical information on default rates:

	Parent company		Consolidated	
	March 31, 2014	**December 31, 2013**	**March 31, 2014**	**December 31, 2013**
Current accounts and short-term bank deposits (*)				
AAA	1,220,108	416,269	1,464,227	1,158,374
AA	-	-	-	12
A+	3	3	14	11
BBB+	-	-	-	-
	1,220,111	416,272	1,464,241	1,158,397

The residual balance of "Cash and cash equivalents" in the balance sheet is substantially cash on hand.

	Parent company		Consolidated	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Derivative financial assets				
AAA	90,178	33,765	90,325	36,646
AA	-	197	-	286
AA-	77	834	142	1,601
A+	-	143	144	1,126
A	-	13	-	225
NA	-	-	-	30
	90,255	34,952	90,611	39,914

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

None of the fully performing financial assets was renegotiated in the last period. None of loans to related parties is expired or impaired.

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

A significant portion of the Company’s sales are made to distributors, large retail chains and supermarkets with a widespread distribution network in Brazil, which mitigates the Company’s consolidated credit risk. Additionally, the credit analysis department uses the aforementioned controls to constantly monitor and assess the Company's portfolio. Historically, there have been no records of material losses in the Company’s accounts receivable. See details on the analysis of due dates in Note 10.

9 Cash and cash equivalents

	Parent company		Consolidated	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Cash and banks	25,953	17,867	25,901	18,477
Financial investments:				
Repurchase operations	800,439	398,767	1,020,148	754,383
CDB (Bank deposit certificates)	394,079	-	418,625	385,973
	1,194,518	398,767	1,438,773	1,140,356
	1,220,471	416,634	1,464,674	1,158,833

Repurchase transactions yield from 99.5% to 104% (at December 31, 2013 from 75% to104%) of the variation of the CDI with a weighted average of 101.2% (at December 31, 2013 - 101.3 %). CDB yield from 97% to 101.8% (at December 31, 2013 between 96.5% and 101.8%) of the CDI with a weighted average of 101.0% (at December 31, 2013 - 101.6%).

10 Accounts receivable

	Parent company		Consolidated	
	March 31, 2014	**December 31, 2013**	**March 31, 2014**	**December 31, 2013**
Domestic customers / Foreign customers	1,305,837	1,304,095	1,307,660	1,305,470
Customers - related parties (Note 30(a))	1,860	1,931	-	-
	1,307,697	1,306,026	1,307,660	1,305,470
Allowance for doubtful accounts	(81,117)	(74,811)	(82,614)	(76,141)
	1,226,580	1,231,215	1,225,046	1,229,329

The fair values of trade accounts receivables closely approximate their carrying values because all the above amounts are realized in the short term.

At March 31, 2014, the balance of domestic customers/ foreign customers in the amount of R$58,407 (December 31, 2013 - R$50,897) in consolidated are overdue, but not impaired. These accounts refer to a series of independent clients for whom there is no recent history of default. At March 31, 2014, the balance of domestic customers/ foreign customers in the amount of R$58,359 (December 31, 2013 - R$51,074) in the Parent company are overdue, but not impaired. These accounts receivables are related to clients for whom there is no history of default. The aging analysis of these trade receivables is presented as follows:

	Parent company		Consolidated	
	March 31, 2014	**December 31, 2013**	**March 31, 2014**	**December 31, 2013**
Up to three months	57,522	50,817	57,583	50,836
Over three months	837	257	824	61
	58,359	51,074	58,407	50,897

The formation and write-off of the provision for doubtful accounts were recorded in the income statement as "Sales and marketing costs". Amounts charged to the allowance are generally written off from accounts receivable when there is no expectation of recovering the funds.

The maximum exposure to credit risk on the reporting date is the carrying value of each class of receivables mentioned above. The Company holds certain notes as a guarantee, as described in Note 19 (a).

Changes in the allowance for doubtful accounts for the quarter ended March 31, 2014 and December 31, 2013 are presented as follows:

	Parent company	Consolidated
Balance at December 31, 2013	(74,811)	(76,141)
Additions for the period	(11,340)	(11,808)
Write-offs for the period	5,034	5,335
Balance at March 31, 2014	(81,117)	(82,614)

11 Inventories

	Parent company		Consolidated	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Finished products and resale	214,470	215,319	245,473	255,953
Semi-finished products	13,119	23,798	38,541	43,300
Raw material	32,471	42,929	267,988	269,407
Maintenance and Supplies	8,459	8,464	25,097	22,611
	268,519	290,510	577,099	591,271

The balance of inventories is presented net of the provision for losses. The contra entry of this allowance was included in "other operating expenses".

The table below presents the changes in the provision for losses:

	Parent company	Consolidated
Balance at December 31, 2013	(57,862)	(94,623)
Additions for the period (a)	(26,609)	(37,404)
Write-offs for the period (b)	29,552	43,477
Balance at March 31, 2014	(54,919)	(88,550)

(a) They refer to the formation of the provision for losses for discontinuity, validity and quality, to cover expected losses on the realization of inventories, in accordance with the policy established by the Company and its Subsidiaries.

(b) Comprised of write-offs of products discarded by the Company and its Subsidiaries.

12 Recoverable taxes

	Parent company		Consolidated	
	March 31, 2014	**December 31, 2013**	**March 31, 2014**	**December 31, 2013**
PIS/COFINS/IPI and others	275,460	254,635	308,928	283,784
ICMS (credit balance and tax substitution)	167,977	162,315	237,794	227,533
Recoverable IRPJ and CSSL	107,866	110,500	132,110	132,285
	551,303	527,450	678,832	643,602
Current	495,315	471,956	594,230	561,972
Non-current	55,988	55,494	84,602	81,630

13 Other assets

	Parent company		Consolidated	
	March 31, 2014	**December 31, 2013**	**March 31, 2014**	**December 31, 2013**
Prepaid expenses	88,376	100,709	99,726	109,969
Notes receivable (*)	51,080	85,763	51,080	85,763
Deposits in court	57,123	56,028	60,598	59,639
Advances and others	41,287	50,082	49,225	63,471
Gains on derivative transactions	90,255	34,953	90,611	39,914
	328,121	327,535	351,240	358,756
Current	173,799	206,448	192,430	232,788
Non-current	154,322	121,087	158,810	125,968

(*) These amounts refer mainly to the sale of assets to MSD Brazil Investimentos BV.

14 Discontinued operations

Analysis of the results of discontinued operations

	Consolidated					
	1Q 2014			1Q 2013		
	Discontinued operation	**Capital Gains / *Impairment***	**Total discontinued operation**	**Discontinued operation**	**Capital Gains / *Impairment***	**Total discontinued operation**
Net sales	4	-	4	(1)		(1)
Cost of goods sold	-	-	-	-	-	-
Gross profit	**4**	**-**	**4**	**(1)**	**-**	**(1)**
(Expenses)/ Income	(174)	-	(174)	304	-	304
Impairment (*)	-	(2,075)	(2,075)	-	-	-
Profit (loss) before financial expenses	**(170)**	**(2,075)**	**(2,245)**	**303**	**-**	**303**
Profit (loss) before income tax and social contribution	**(170)**	**(2,075)**	**(2,245)**	**303**	**-**	**303**
Income tax and social contribution	58	-	58	(103)		(103)
Profit (loss) of discontinued operations	**(112)**	**(2,075)**	**(2,187)**	**200**	**-**	**200**

(*) Refers substantially to the discontinued operation in Argentina.

Reconciliation of continuing and discontinued operations

The reconciliation of the income statements of continuing and discontinued operations with the statements of the consolidated income is as follows.

	Consolidated					
	1Q 2014			1Q 2013		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Net sales	1,058,875	4	1,058,879	958,432	(1)	958,431
Cost of goods sold	(377,810)	-	(377,810)	(345,837)	-	(345,837)
Gross profit	681,065	4	681,069	612,595	(1)	612,594
(Expenses)/ Income	(462,409)	(174)	(462,583)	(421,839)	304	(421,535)
Impairment (*)	-	(2,075)	(2,075)	-	-	-
Profit (loss) before financial expenses	218,656	(2,245)	216,411	190,756	303	191,059
Financial (expenses)/income	(107,903)	-	(107,903)	(53,232)	-	(53,232)
Profit (loss) before income tax and social contribution	110,753	(2,245)	108,508	137,524	303	137,827
Income tax and social contribution	(18,329)	58	(18,271)	(35,414)	(103)	(35,517)
Net income for the year	92,424	(2,187)	90,237	102,110	200	102,310

15 Investments

The investments held by the Company are presented below:

Company	Country	Business	Direct investments in shares /quotas
Cosmed Indústria de Cosméticos e Medicamentos S.A.	Brazil	Consumer	100%
My Agência de Propaganda Ltda.	Brazil	Advertising agency	100%
Brainfarma Indústria Química e Farmacêutica S.A.	Brazil	Pharma	100%
Bionovis S.A.	Brazil	Joint Venture	25%
Street Distribuidora de Medicamentos e Cosméticos S.A.	Brazil	Pharma	100%

Changes in the investments

	Brainfarma		Cosmed	My	Bionovis	Street	
	Cost	Cost	Goodwill	Cost	Cost	Cost	Total
Balances at December 31, 2013	542,953	1,115,054	48,085	3,492	623	136	1,710,343
Capital payment	-	-	-	1,190	-	-	1,190
Capital increase/(decrease)	(35,000)	(650,000)	-	14	-	-	(684,986)
Equity in the results of investees	(1,479)	(1,670)	-	(960)	(364)	-	(4,473)
Stock Option	140	139	-	4	-	-	283
Equity valuation adjustments	-	13,757	-	-	-	-	13,757
Balances at March 31, 2014	506,614	477,280	48,085	3,740	259	136	1,036,114

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

March 31, 2014	Assets	Liabilities	Revenue	Profit (loss)	Adjusted Profit (Loss) (*)
Cosmed Indústria de Cosméticos e Medicamentos S.A.	1,021,934	541,550	245,169	2,780	(1,670)
My Agência de Propaganda Ltda.	5,066	1,325	450	(960)	(960)
Brainfarma Indústria Química e Farmacêutica S.A.	824,972	315,001	166,538	(706)	(1,479)
Street Distribuidora de Medicamentos e Cosméticos S.A.	136	-	-	-	-

December 31, 2013	Assets	Liabilities	Revenue	Profit (loss)	Adjusted Profit (Loss) (*)
Cosmed Indústria de Cosméticos e Medicamentos S.A.	1,542,256	428,548	1,118,173	12,734	21,612
My Agência de Propaganda Ltda.	4,434	942	1,800	(3,643)	(3,643)
Brainfarma Indústria Química e Farmacêutica S.A.	886,917	340,367	593,934	38,001	34,483
Street Distribuidora de Medicamentos e Cosméticos S.A.	136	-	-	(249)	(249)

(*) Refers to profit (loss) for the period adjusted mainly by elimination of profits on inventory.

(a) Equity in the results of investees

	Adjusted shareholders' equity as of March 31, 2014	Ownership %	Equity in the results of investees - March 31, 2014 (vi)	Balance of the investment as of March 31, 2014	Equity in the results of investees - March 31, 2013	Balance of the investment as of December 31, 2013
Cosmed Indústria de Cosméticos e Medicamentos S.A. (i)	477,280	100%	(1,670)	477,280	1,426	1,115,054
My Agência de Propaganda Ltda. (ii)	3,740	100%	(960)	3,740	(860)	3,492
Brainfarma Indústria Química e Farmacêutica S.A. (iii)	506,614	100%	(1,479)	506,614	6,440	542,953
Bionovis S.A. (iv)	1,035	25%	(364)	259	(219)	623
Street Distribuidora de Medicamentos e Cosméticos S.A. (v)	136	100%	-	136	-	136
			(4,473)	988,029	6,787	1,662,258
Goodwill in non-merged company			-	48,085	-	48,085
			(4,473)	1,036,114	6,787	1,710,343

(i) Hypermarcas holds 1,582,212,335 common shares of its wholly owned subsidiary Cosmed Indústria de Cosméticos e Medicamentos S.A.;

(ii) Hypermarcas owns 12,009,999 of the total 12,010,000 quotas issued by its subsidiary My– Agência de Propaganda Ltda.;

(iii) Hypermarcas holds 174,833,227 common shares of its wholly owned subsidiary Brainfarma Indústria de Cosméticos e Medicamentos S.A.;

(iv) Hypermarcas owns 2,500,000 common shares issued by Bionovis S.A.;

(v) Hypermarcas holds 950,100 common shares of its wholly owned subsidiary Street Distribuidora de Medicamentos e Cosméticos S.A;

(vi) Equity in the results of continuing operations amount to R$2,398 and of discontinued operations amount to R$2,975.

16 Property, plant and equipment

Parent company

	Land	Buildings and improvements	Machinery, equipment and facilities	Vehicles	Furniture and fixtures	Tools, bottles and others	Total in operation	Fixed assets under construction	Total property, plant and equipment
Balances at December 31, 2013	72,298	178,420	354,168	5,416	19,438	7,699	637,439	77,468	714,907
Additions	-	18	1,758	-	356	599	2,731	8,925	11,656
Disposal	-	-	(13)	(86)	-	-	(99)	(500)	(599)
Transfer	-	44,525	(44,521)	-	(2,372)	2,368	-	-	-
Equity valuation adjustment	(1,487)	(19,186)	-	-	-	-	(20,673)	-	(20,673)
Depreciation	-	(2,620)	(5,574)	(329)	(418)	(779)	(9,720)	-	(9,720)
Balances at March 31, 2014	70,811	201,157	305,818	5,001	17,004	9,887	609,678	85,893	695,571
Total cost	70,811	287,167	582,763	12,383	29,042	19,947	1,002,113	85,893	1,088,006
Accumulated depreciation	-	(86,010)	(276,945)	(7,382)	(12,038)	(10,060)	(392,435)	-	(392,435)
Residual value	70,811	201,157	305,818	5,001	17,004	9,887	609,678	85,893	695,571

Consolidated

	Land	Buildings and improvements	Machinery, equipment and facilities	Vehicles	Furniture and fixtures	Tools, bottles and others	Leasing	Total in operation	Fixed assets under construction	Total property, plant and equipment
Balances at December 31, 2013	81,041	432,016	802,442	6,162	30,911	25,274	234	1,378,080	143,679	1,521,759
Additions	-	18	12,151	-	584	6,432	-	19,185	35,303	54,488
Disposal	-	-	(503)	(86)	(1)	(97)	-	(687)	(500)	(1,187)
Transfer	-	44,525	(40,898)	-	(2,363)	2,371	-	3,635	(3,594)	41
Impairment	-	12	386	-	129	77	-	604	-	604
Depreciation	-	(4,424)	(11,196)	(394)	(668)	(2,118)	-	(18,800)	-	(18,800)
Balances at March 31, 2014	81,041	472,147	762,382	5,682	28,592	31,939	234	1,382,017	174,888	1,556,905
Total cost	81,041	592,195	1,197,752	15,482	51,764	66,038	234	2,004,506	174,888	2,179,394
Accumulated depreciation	-	(120,048)	(435,370)	(9,800)	(23,172)	(34,099)	-	(622,489)	-	(622,489)
Residual value	81,041	472,147	762,382	5,682	28,592	31,939	234	1,382,017	174,888	1,556,905

17 Intangible assets

	Parent company		Consolidated	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Goodwill in non-merged company				
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 Cosméticos S.A.	-	-	10,992	10,992
IPH&C Indústria de Produtos de Higiene e Cosméticos Ltda.	-	-	16,003	16,003
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.	45,917	45,917	45,917	45,917
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.	62,061	62,061	62,061	62,061
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.	967,154	967,154	967,154	967,154
DM Indústria Farmacêutica Ltda.	743,029	743,029	743,029	743,029
Farmasa - Laboratório Americano de Farmacoterapia S.A.	666,808	666,808	666,808	666,808
Pom Pom Produtos Higiênicos Ltda.	267,928	267,928	267,928	267,928
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
	6,183,979	6,183,979	6,259,059	6,259,059
Trademarks and patents	584,168	585,954	584,660	586,276
Rights of use and software	21,225	20,545	23,644	23,337
Product development	5,427	5,317	80,976	80,493
	6,794,799	6,795,795	6,948,339	6,949,165

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

Changes in the balances

Parent company

	Trademarks and patents	Rights of use & software	Product development	Goodwill	Total
Balances at December 31, 2013	585,954	20,545	5,317	6,183,979	6,795,795
Additions	-	2,966	192	-	3,158
Amortization	(1,786)	(2,286)	(82)	-	(4,154)
Balances at March 31, 2014	584,168	21,225	5,427	6,183,979	6,794,799
Total cost	638,064	83,469	7,772	6,183,979	6,913,284
Accumulated amortization	(53,896)	(62,244)	(2,345)	-	(118,485)
Residual value	584,168	21,225	5,427	6,183,979	6,794,799

Consolidated

	Trademarks and patents	Rights of use & software	Product development	Goodwill	Total
Balances at December 31, 2013	586,276	23,337	80,493	6,259,059	6,949,165
Additions	-	3,016	3,726	-	6,742
Transfer	171	(152)	(60)	-	(41)
Impairment	-	12	-	-	12
Amortization	(1,787)	(2,569)	(3,183)	-	(7,539)
Balances at March 31, 2014	584,660	23,644	80,976	6,259,059	6,948,339
Total cost	638,580	94,753	137,189	6,259,059	7,129,581
Accumulated amortization	(53,920)	(71,109)	(56,213)	-	(181,242)
Residual value	584,660	23,644	80,976	6,259,059	6,948,339

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

18 Accounts payable to suppliers

	Parent company		Consolidated	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Domestic suppliers	48,099	59,182	273,489	288,607
Foreign suppliers	43,288	50,847	191,661	202,916
Related party suppliers (Note 30(a))	160,216	144,967	6,091	8,477
	251,603	254,996	471,241	500,000

19 Loans and financing

		Parent company		Consolidated	
	Nominal rate	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Foreign Currency					
Loans (i)	US$ + 2.15% to 3.05% p.a.	696,211	453,414	696,211	453,414
Bonds (ii)	US$ + 6.50% p.a.	747,036	761,993	747,036	761,993
Local currency					
Loans	Fixed rate of 10.64% p.a.	-	22,232	-	22,232
FCO (i)	Fixed rate from 2.50% to 8.50% p.a.	40,277	33,095	173,471	163,451
Financing	Fixed rate from 2.50% to 8.70% p.a. and TJLP + 2.91% to 3.00% p.a.	9,088	10,525	25,300	25,635
BNDES (i)	Fixed rate from 3.50% to 4.50% p.a. and TJLP + 1.50% to 3.00% p.a.	21,276	21,807	43,751	46,847
Debentures (i)	IPCA + 3% to 8.43% p.a.; 109.95% to 111.00% of the CDI; CDI + 1.85% p.a. and Fixed rate 11.30% p.a.	2,442,792	2,435,280	2,442,792	2,435,280
		3,956,680	3,738,346	4,128,561	3,908,852
Current		675,457	741,419	704,878	769,231
Non-current		3,281,223	2,996,927	3,423,683	3,139,621

(i) Contracts with covenants on debt levels and coverage of interest in relation to certain financial information (EBITDA and net interest expenses), disposal, spin-off, merger or any corporate restructuring, which occur, must be approved in advance by the financial agents. If any of these events occur without the consent of the lenders, the outstanding balances will have early maturity. Until December 31, 2013 the covenants were complied with and the next measurement will be at June 30, 2014.

(ii) On April 20, 2011 the Company issued instruments of indebtedness abroad ("Bonds"), in the amount of seven hundred and fifty million dollars, bearing interest at 6.5% per annum and maturing on April 20, 2021. The total charges correspond to an internal rate of return of 8% per annum, amortized semiannually.

In November 2013, the Company decided to repurchase an amount of US$ 420,164,000 of the total outstanding bonds at face value. The purpose of the transaction was to reduce the Company's exposure to exchange rate variations. The amount of R$51,735 is recorded as current and R$695,301 as noncurrent.

Transaction costs totalled R$32,383, where R$11,682 is unrealized, as presented below:

	March 31, 2014
2014	1,298
2015	1,329
2016	1,439
2017	1,550
2018	1,675
2019	1,809
2020	1,959
2021	623
	11,682

Debentures - Breakdown (Parent company and Consolidated)

	Date of issue	**Date of maturity**	**Form of amortization**	**Type of emission**	**Value at date of issue**	**Number issued**	**Quantity placed on the market**	**Unit Value**	**Annual financial charges**	**Convertibility**
3rd Public Issue 2nd Series	Jul 15, 2010	Jul 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	Jul 15, 2010	Jul 15, 2016	50% - Jul 15, 2015 50% - Jul 15, 2016	Public	114,415,000	114,415	114,415	1,000	IPCA + 8.4%	Not convertible into shares
1st Private Issue 1st Series	Oct 15, 2010	Oct 15, 2015	Final	Private	549,998,042	548,725	548,725	1,002.32	IPCA + 3%	Right to subscription of common shares
1st Private Issue 2nd Series	Oct 15, 2010	Oct 15, 2018	Semiannual as from Apr 15, 2013	Private	549,998,042	548,725	548,725	1,002.32	11.30%	Not convertible into shares
4th Public Issue 2nd Series	Mar 28,2011	Apr 28, 2014	Final	Public	200,000,000	200	200	1,000,000	111.00% DI	Not convertible into shares
5th Public Issue Single Series	Aug 02, 2013	Aug 02, 2018	Final	Public	400,000,000	40,000	40,000	10,000	109.95% DI	Not convertible into shares
6th Public Issue Single Series	Nov 24, 2013	Jul 24, 2017	Final	Public	200,000,000	200	200	1,000,000	110.75% DI	Not convertible into shares

Debentures - Changes (Parent company and Consolidated)

	1st Private Issue 1st & 2nd Series	3rd Public Issue 1st, 2nd & 3rd Series	4th Public Issue 1st & 2nd Series	5th Public Issue Single series	6th Public Issuance Single series	Total
Balance at December 31, 2013	1,103,428	496,155	219,086	414,850	201,761	2,435,280
Expenses to be incurred	-	-	-	-	(60)	(60)
Amortization of principal	-	-	(14,000)	-	-	(14,000)
Financial charges	36,863	15,922	6,136	10,709	4,588	74,218
Amortization of interest	-	(18,459)	(11,240)	(20,198)	(2,749)	(52,646)
Balance at March 31, 2014	1,140,291	493,618	199,982	405,361	203,540	2,442,792
Unrealized transaction cost	1,342	1,239	18	1,276	328	4,203
Current	644	864	18	182	66	1,401
Non-current	698	375	-	1,094	262	2,802
	1,342	1,239	18	1,276	328	4,203

Long-term loans, financing and debentures have the following breakdown, by year of maturity:

	Parent company	Consolidated
	March 31, 2014	March 31, 2014
2015	1,160,352	1,179,227
2016	261,822	279,873
2017	646,290	661,793
2018	491,231	506,652
2019	4,984	19,990
2020	4,503	19,175
2021	699,804	714,188
2022	4,353	18,385
2023	3,958	14,410
2024	3,926	9,990
	3,281,223	3,423,683

a. Guarantee for loans and financing

	Parent company	Consolidated
	March 31, 2014	March 31, 2014
Accounts receivables – pledged in guarantee	33,343	105,229
Letter of guarantee (i)	21,186	43,661
Pledged fixed assets	16,196	104,170
	70,725	253,060

(i) Additionally, there are financial investments in the amount of R$990 (R$990 at December 31, 2013) given in guarantee for bank guarantee operations.

b. Book values and estimated fair value

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

		Consolidated		Fair Value	
	Nominal rate	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Foreign Currency					
Loans	US$ + 2.15% to 3.05% p.a.	696,211	453,414	696,211	453,693
Bonds	US$ + 6.50% p.a.	747,036	761,993	811,923	807,255
Local currency					
Loans	Fixed rate of 10.64% p.a.	-	22,232	-	22,232
FCO	Fixed rate from 2.5% to 8.50% p.a.	173,471	163,451	122,830	111,923
Financing	Fixed rate from 2.50% to 8.70% p.a. and TJLP + 2.91% to 3.00% p.a.	25,300	25,635	19,446	19,378
BNDES	Fixed rate from 3.50% to 4.50% p.a. and TJLP + 1.50% to 3.00% p.a.	43,751	46,847	38,580	43,300
Debentures	IPCA + 3% to 8.43% p.a.; 109.95% and 111.00% of the CDI; CDI + 1.85% p.a. and Fixed rate 11.30% p.a.	2,442,792	2,435,280	2,385,435	2,366,487
		4,128,561	3,908,852	4,074,425	3,824,268

The fair value of some of the current loans is equal to their book value, since the impact of the discount is not material. The fair values are based on discounted cash flows using a market rate of CDI + 0.51% to CDI + 2.31% p.a. (December 31, 2013 - CDI + 0.48% to CDI + 2.80% p.a.).

c. Debentures with indexed subscription bonus

Linked to the issue of the simple debentures issued on October 15, 2010, 548,725 shares subscription bonuses were issued at the price of R$29.48 (twenty-nine reais and forty-eight centavos) per share, updated in the same way as the debt balance of the debentures of the first series, so that the conversion will always give a fixed number of common shares of 34 shares for each subscription bonus, totaling a fixed number of 18,656,650 common shares.

The fair value of the liability component included in non-current loans was calculated using the market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the subscription bonus, is included in shareholders' equity in an equity valuation adjustment, net of income taxes and social contribution in the amount of R$50,243.

The balance of the first series of the first private issue of simple debentures with a floating guarantee, together with a subscription bonus, recognized in the balance sheet is composed as follows at March 31, 2014:

Updated value of the convertible debentures	691,055
Expenses to be incurred	(31,121)
Liability component at March 31, 2014	659,934

For the second series, which does not include the option of being converted into shares, the amount recorded in liabilities amounts to R$480,357.

20 Deferred income tax and social contribution

a. Breakdown of deferred tax assets

They refer to tax credits on accumulated tax loss carry forwards, negative bases of social contribution and on temporary differences. These assets are recognized in proportion to the likelihood of realization of the related tax benefit through future taxable income based on a study of future realization whose projection is the generation of taxable income as from 2015. Tax loss carry forwards and negative bases of social contribution are generated mainly on account of the fiscal use of goodwill from acquisition of companies (Note 17). According to projections prepared by management the use of the goodwill is already decreasing and will end in 2021.

	Parent company		Consolidated	
	March 31, 2014	**December 31, 2013**	**March 31, 2014**	**December 31, 2013**
Deferred tax assets:				
Tax loss carry forwards and negative bases of CSLL	1,011,467	952,878	1,049,638	983,904
Exchange gain	94,142	102,717	94,142	102,717
Contingencies	59,842	60,347	65,076	64,926
Amortized goodwill	183,050	193,866	183,050	193,866
Provisions for doubtful accounts and others	25,426	26,796	25,936	27,248
Provision for losses on inventories	18,673	19,774	30,107	33,933
Other temporary differences	47,840	47,154	59,982	64,736
Total deferred tax assets	1,440,440	1,403,532	1,507,931	1,471,330
(-) 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)	(1,425,351)	(1,378,991)	(1,485,195)	(1,434,097)
Remaining balance of deferred tax assets	15,089	24,541	22,736	37,233

b. Deferred tax liabilities

Comprising mainly deferred income tax and social contribution tax liabilities, arising from temporary differences between the tax basis of goodwill and its book value in the balance sheet, considering that the goodwill is still amortized for tax purposes tax but is no longer amortized in

the accounting records as from January 1, 2009. This temporary difference may result in amounts to be added in the calculation of taxable income of future years when the book value of the asset is reduced (impairment) or settled, thus making it necessary to record a deferred tax liability.

	Parent company		Consolidated	
	March 31, 2014	**December 31, 2013**	**March 31, 2014**	**December 31, 2013**
Goodwill	1,281,259	1,226,263	1,281,259	1,226,263
Other adjustments from business combinations	113,632	121,774	173,006	175,535
Adjustment to present value and others	30,460	30,954	68,365	66,232
	1,425,351	1,378,991	1,522,630	1,468,030
(-) Portion of deferred tax liabilities that can be offset against deferred tax assets of the same nature	(1,425,351)	(1,378,991)	(1,485,195)	(1,434,097)
Remaining balance of deferred liabilities	-	-	37,435	33,933

c. Reconciliation of the income tax and social contribution expense

	Parent company		Consolidated	
	March 31, 2014	**March 31, 2013**	**March 31, 2014**	**March 31, 2013**
Income before income tax and social contribution	106,605	131,706	108,508	137,827
Income tax and social contribution rate - %	34%	34%	34%	34%
Income tax and social contribution at statutory rate	(36,246)	(44,780)	(36,889)	(46,849)
Equity in the results of investees	(1,521)	2,308	(124)	(74)
Nondeductible expenses (permanent)	(9,870)	(3,453)	(12,522)	(5,123)
Tax incentives	31,598	17,208	31,598	17,208
Others	(329)	(679)	(334)	(679)
Income tax and social contribution expense	(16,368)	(29,396)	(18,271)	(35,517)
Continuing operations				
Current	58,532	67,163	65,537	65,883
Deferred	(74,958)	(96,456)	(83,866)	(101,297)
	(16,426)	(29,293)	(18,329)	(35,414)
Discontinued operations				
Current	58	(103)	58	(103)
Total	(16,368)	(29,396)	(18,271)	(35,517)
	15%	22%	17%	26%

d. Transition Tax Regime (RTT)

For purposes of calculating the income tax and social contribution on net income for the years 2013 and 2012, the Company and its subsidiaries opted for the transition tax regime (RTT), which allows the entity to eliminate the accounting effects of Law 11.638/07 and MP 449/08, transformed into Law 11941/09, through entries in the Taxable Income Control Register (LALUR) or auxiliary controls, without any change in the commercial accounting.

On November 11, 2013 Provisional Measure (MP) 627 was published, repealing the Transition Tax Regime (RTT) and it governs the taxation of persons resident in Brazil related to profits earned abroad. One of the objectives of the standard is to establish the adjustments that must be made in tax books for calculating the basis of the corporate income tax and social contribution on net income with the end of tax neutrality to the new accounting methods and criteria introduced by Laws 11.638/07 and 11.941/09. The Company analyzed the potential effects of the new standard including the amendments of 2014 approved by the Senate, considered them immaterial, and is awaiting their transformation into Law in order to take a decision with respect to optional adhesion.

21 Taxes payable

	Parent company		Consolidated	
	March 31, 2014	**December 31, 2013**	**March 31, 2014**	**December 31, 2013**
ICMS payable	20,164	23,347	28,670	30,451
IPI/PIS/COFINS payable	1,161	1,166	16,095	17,693
Tax recovery program (REFIS)	9,090	9,014	11,775	11,656
Other taxes payable	1,738	4,565	3,739	6,764
	32,153	38,092	60,279	66,564

22 Accounts payable

	Parent company		Consolidated	
	March 31, 2014	**December 31, 2013**	**March 31, 2014**	**December 31, 2013**
Freight payable	30,811	28,863	34,710	33,682
Services rendered	34,591	29,192	50,163	46,001
Commercial agreements and advertising	148,214	168,834	148,443	168,938
Rents	3,661	3,781	8,846	8,683
Losses on derivative transactions	107,677	8,817	112,421	9,319
Purchases of fixed assets	1,313	1,657	12,787	13,561
Provision for operational restructuring	-	-	-	11,395
Others	5,819	8,121	10,505	13,717
	332,086	249,265	377,875	305,296

23 Notes payable

	Parent company		Consolidated	
	March 31, 2014	**December 31, 2013**	**March 31, 2014**	**December 31, 2013**
Acquisition of Sapeka Indústria de Fraldas Descartáveis Ltda. (i)	27,087	26,155	27,087	26,155
Acquisition of Pom Pom Produtos Higiênicos Ltda. (i)	52,577	49,906	52,577	49,906
Acquisition of Ind. Nacional de Artefatos de Látex S.A. (ii)	31,986	32,517	31,986	32,517
Acquisition of Facilit Odontológica e Perfumaria Ltda. (i)	19,747	19,176	19,747	19,176
Acquisition of Luper Indústria Farmacêutica Ltda. (i)	15,821	15,313	15,821	15,313
Acquisition of Bitufo. (i)	19,787	19,233	19,787	19,233
Acquisitions of Aprov Comércio de Cosméticos Ltda / Niasi Ind. de Cosméticos Ltda. (i)	4,947	4,821	4,947	4,821
Promissory notes with subsidiaries	-	90,606	-	-
Others	785	246	785	246
	172,737	257,973	172,737	167,367
Current liabilities	133,774	220,108	133,774	129,502
Non-current liabilities	38,963	37,865	38,963	37,865

(i) Update in accordance with CDI.

(ii) The contract includes a clause for adjustments of the installments in accordance with the exchange variation of the U.S. dollar.

Adjustment to present value

Adjustments were applied to present value, in accordance with Technical Pronouncement CPC-12 for notes payable resulting from the acquisition of companies and/or assets, adjusted by the exchange rate or CDI, without interest. For the calculation of the initial adjustment and the applicable updates, the average rate for raising funds on the date of acquisition was used. The contra entries of the initial adjustments are recorded as reductions in the costs of goodwill assets, as follows:

Companies	**Rates**	**Balance adjustment to present value**	
		March 31, 2014	**December 31, 2013**
Inal	5.00% p.a.	(1,065)	(1,503)
Pom Pom	2.00% p.a.	(692)	(926)
Luper	2.00% p.a.	(128)	(181)
Sapeka	2.00% p.a.	(460)	(551)
Facilit	2.00% p.a.	(223)	(303)
Bitufo	2.00% p.a.	(439)	(519)

24 Insurance coverage

The insurance policy takes into consideration mainly the concentration of risks, their relevance and the replacement value of the assets. The main information on the current insurance coverage, according to the insurance policies, is presented as follows:

	March 31, 2014
Fire, lightning, fire arising from tumult and explosions of any nature	1,070,000
Windstorm / smoke	45,000
Electrical damages	9,000
Fire Line	12,024
Other coverages	319,825
Loss of earnings	43,000

25 Breakdown of the statement of income accounts

a. Operating expenses and cost of goods sold

	Parent company		Consolidated	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Cost of goods sold	(428,773)	(404,581)	(377,810)	(345,837)
Raw material	(37,539)	(39,893)	(178,124)	(143,390)
Packaging material	(5,311)	(5,546)	(62,745)	(59,532)
Cost of processing	(18,394)	(21,830)	(97,280)	(85,219)
Depreciation and amortization	(4,777)	(6,875)	(11,614)	(11,526)
Resale	(361,597)	(290,578)	(1,328)	(4,655)
Changes in inventories/others	(1,155)	(39,859)	(26,719)	(41,515)
Selling and marketing expenses	(362,085)	(318,29)	(381,681)	(339,621)
Advertising and publicity	(84,164)	(75,069)	(83,879)	(74,992)
Agreements, budgets and others	(58,357)	(50,305)	(57,913)	(50,317)
Medical visitation, promotions, gifts and samples	(68,662)	(52,589)	(66,902)	(52,929)
Sales force and selling expenses	(104,892)	(103,714)	(122,251)	(118,635)
Freight and insurance of sales	(32,157)	(30,742)	(33,248)	(32,519)
Allowances for doubtful accounts and losses	(9,658)	(877)	(9,070)	(1,023)
Depreciation and amortization	(4,195)	(4,733)	(8,418)	(9,206)
General and Administrative expenses	(42,179)	(41,894)	(57,849)	(53,132)
Other expenses	(38,600)	(38,848)	(53,941)	(49,777)
Depreciation and amortization	(3,579)	(3,046)	(3,908)	(3,355)

b. Financial expenses

	Parent Company		Consolidated	
	March 31, 2014	**March 31, 2013**	**March 31, 2014**	**March 31, 2013**
Center-West Financing (FCO)	-	-	(1,274)	(409)
FINEP / FINIMP financing	-	(176)	-	(206)
BNDES Financing	(335)	(386)	(739)	(805)
FINAME - Financing of Machinery and Equipment	(112)	(172)	(392)	(324)
	(447)	(734)	(2,405)	(1,744)
Interest on foreign currency loans	(28,328)	(32,153)	(25,898)	(32,153)
Interest on notes payable	(3,623)	(5,056)	(3,623)	(5,263)
Monetary restatement on contingencies	(3,769)	(4,876)	(3,737)	(4,886)
Refis	(3,304)	(1,405)	(3,687)	(1,832)
Debentures	(70,649)	(54,939)	(70,649)	(54,939)
Interest and commission on letters of credit	(672)	(1,168)	(759)	(1,168)
Bank expenses, discounts granted and others	(390)	(662)	(628)	(932)
Cost of hedge and exchange variations on loans	(15,223)	18,745	(15,223)	18,757
Cost of hedge and exchange variation on acquisition of companies	(356)	(1,151)	(356)	(1,151)
Cost of hedge and exchange rate variations on suppliers and clients	(3,235)	1,341	(7,328)	2,603
Other	(4,464)	(804)	(2,585)	(920)
	(134,013)	(82,128)	(134,473)	(81,884)
Reversals of adjustment to present value	(5,371)	(5,893)	(5,415)	(5,973)
	(139,831)	(88,755)	(142,293)	(89,601)

c. Financial income

	Parent company		Consolidated	
	March 31, 2014	**March 31, 2013**	**March 31, 2014**	**March 31, 2013**
Interest received	5,132	5,643	5,401	5,724
Income from financial investments and others	16,690	14,036	28,989	30,645
	21,822	19,679	34,390	36,369

d. Other operating (expenses) income, net

	Parent company		Consolidated	
	March 31, 2014	**March 31, 2013**	**March 31, 2014**	**March 31, 2013**
Tax revenues	15,125	6,804	17,067	6,804
Expenditures on operational restructuring	(16,549)	(2,417)	(21,865)	(12,677)
Losses on products and inputs	(21,807)	(20,169)	(21,248)	(23,054)
Other gains	5,485	1,200	3,531	60
	(17,746)	(14,582)	(22,515)	(28,867)

26 Capital

a. Capital

On March 31, 2014, 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 held on January 24, 2011.

Capital at March 31, 2014 is R$5,269,124 (at December 31, 2013 - R$5,269,124), represented by 632,100,787 common shares (at December 31, 2013 – 632,100,787).

b. Treasury shares

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

	Number	Value
Balance at December 31, 2013	408,870	5,558
Purchase in the period	1,202,000	18,679
Sale in the period	(342,316)	(4,763)
Balance at March 31, 2014	1,268,554	19,474

27 Segment information

Management has determined the Company's operating segments based on the reports utilized 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: Pharma and Consumer.

The revenue generated by the reporting operating segments arises mainly from the manufacture and trading of pharmaceuticals and hygiene & beauty products.

The consolidated segment information, reviewed by the CEO and corresponding to the quarters ended March 31, 2014 and 2013 are as follows:

				Consolidated		
	March 31, 2014			March 31, 2013		
	Pharma	Consumer	Total	Pharma	Consumer	Total
Net sales	611,975	446,900	1,058,875	543,902	414,530	958,432
Cost of goods sold	(153,643)	(224,167)	(377,810)	(128,583)	(217,254)	(345,837)
Gross profit	458,332	222,733	681,065	415,319	197,276	612,595

Consolidated assets by business segment are as follows:

	March 31, 2014	December 31, 2013
Pharma	6,216,432	6,173,770
Consumer	3,934,523	3,965,411
Unallocated (*)	2,685,591	2,362,806
	12,836,546	12,501,987

(*) Mainly cash and cash equivalents, taxes and others.

28 Revenue

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

	Parent company		Consolidated	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Gross revenue of products and services	1,213,665	1,134,630	1,205,056	1,127,176
Returns	(23,934)	(42,611)	(23,792)	(41,723)
Unconditional discounts	(2,220)	(792)	(2,220)	(792)
Promotional discounts	(25,561)	(17,298)	(25,561)	(17,298)
Taxes	(81,910)	(101,151)	(94,608)	(108,931)
Net revenue	1,080,040	972,778	1,058,875	958,432

29 Contingencies

Provisions for probable losses and contingencies assumed in a business combination

At March 31, 2014 the Company had the following provisions for contingencies and corresponding deposits in court related to the contingencies:

	Parent company							
	March 31, 2014				December 31, 2013			
	Probable Loss	Contingencies assumed in a business combination (a)	Deposit in court	Contingencies net of deposit in court	Probable Loss	Contingencies assumed in a business combination (a)	Deposit in court	Contingencies net of deposit in court
Labor (ii)	8,662	14,996	(5,456)	18,202	8,796	17,230	(5,378)	20,648
Civil (i)	821	20,720	(103)	21,438	741	21,911	(86)	22,566
Fiscal and Tax (iii)	21,237	105,812	(27,081)	99,968	20,004	104,895	(25,823)	99,076
Administrative/other (iv)	1,324	2,435	-	3,759	1,263	2,652	-	3,915
	32,044	143,963	(32,640)	143,367	30,804	146,688	(31,287)	146,205

	Consolidated							
	March 31, 2014				December 31, 2013			
	Probable Loss	Contingencies assumed in a business combination (a)	Deposit in court	Contingencies net of deposit in court	Probable Loss	Contingencies assumed in a business combination (a)	Deposit in court	Contingencies net of deposit in court
Labor (ii)	13,519	14,996	(5,952)	22,563	12,583	17,230	(5,669)	24,144
Civil (i)	1,065	20,720	(118)	21,667	967	21,911	(86)	22,792
Fiscal and Tax (iii)	31,372	105,812	(37,214)	99,970	29,306	104,895	(35,123)	99,078
Administrative/other (iv)	1,482	2,435	-	3,917	1,414	2,652	-	4,066
	47,438	143,963	(43,284)	148,117	44,270	146,688	(40,878)	150,080

Changes in the contingencies

	Parent company					
	Balance at December 31, 2013					Balance at March 31, 2014
	Contingencies net of deposits	Monetary restatement	Additions	Reversals	Payments	Contingencies net of deposits
Labor	26,026	(280)	2,046	(3,832)	(302)	23,658
Civil	22,652	338	127	(1,512)	(64)	21, 541
Fiscal and Tax	124,899	3,581	1,231	(2,662)	-	127,049
Administrative/ other	3,915	130	-	(286)	-	3,759
	177,492	3,769	3,404	(8,292)	(366)	176,007
Deposits in court	(31,287)	(58)	(1,356)	7	54	(32,640)
	(31,287)	(58)	(1,356)	7	54	(32,640)
	146,205	3,711	2,048	(8,285)	(312)	143,367

	Consolidated					
	Balance at December 31, 2013					Balance at March 31, 2014
	Contingencies net of deposits	Monetary restatement	Additions	Reversals	Payments	Contingencies net of deposits
Labor	29,813	(323)	3,418	(4,057)	(336)	28,515
Civil	22,878	342	142	(1,513)	(64)	21,785
Fiscal and Tax	134,201	3,581	2,065	(2,663)	-	137,184
Administrative/ other	4,066	137	-	(286)	-	3,917
	190,958	3,737	5,625	(8,519)	(400)	191,401
Deposits in court	(40,878)	(187)	(2,317)	29	69	(43,284)
	(40,878)	(187)	(2,317)	29	69	(43,284)
	150,080	3,550	3,308	(8,490)	(331)	148,117

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

Table summarizing the main contingencies:

	Labor / Civil / Administrative and Other		Fiscal and Tax		
	Probable	**Possible**	**Probable**	**Possible**	**Total**
Mabesa	3,609	79	9,688	18,849	32,225
Mantecorp	19,316	15,147	-	77,275	111,738
	22,925	15,226	9,688	96,124	143,963

On the acquisition of Mabesa and Mantecorp, the Company assumed some of their contingencies. In addition to the provision for probable losses, the Company also recorded provisions for possible losses, at fair value, as required by CPC 15 - Business Combinations.

The possible and probable losses arising from the business combinations are estimated at R$143,963, of which R$14,996 refers to labor lawsuits, R$20,720 to civil lawsuits, R$105,812 to tax lawsuits and R$2,435 to administrative, regulatory and other proceedings.

(i) Civil

There are approximately 28 claims, of which 8 resulted from the acquisition of Mabesa and 20 of Mantecorp Indústria Química, in which the likelihood of loss in the business combination is estimated at R$20,720.

The Medicine Market Regulation Chamber (CMED) applied a fine in the restated amount of R$5,205 against Mantecorp, in view of the alleged irregular increase in the prices of Desalex. This fine has been discussed in court. According to the opinion of external legal counsel, the likelihood of loss is probable.

Lawsuit 2008.34.00.000496-0 discuss the application of a fine of R$8,500, by the Brazilian Antitrust Agency (CADE) against Mantecorp, due to the alleged formation of a cartel of pharmaceutical laboratories, in order to prejudice the sale of generic products. According to the opinion of the external lawyers, the likelihood of loss is possible.

(ii) Labor

There are 194 claims, of which 58 resulted from the acquisition of Mabesa, 77 of Mantecorp Logística and 59 of Mantecorp Indústria Química, in which the likelihood of loss in the business combination is estimated at R$14,996.

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 labor-related remuneration, social charges and other benefits. The Company's estimated possible loss in these processes is R$2,236.

(iii) Fiscal and Tax

There are 330 claims, of which 146 resulted from the acquisition of Mabesa, 27 of Mantecorp Logística and 157 of Mantecorp Indústria Química, in which the likelihood of loss in the business combination is estimated at R$105,812.

Mantecorp 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$27,676 and the litigation is at the administrative level, with the amount guaranteed by a Letter of Guarantee.

(iv) Regulatory

There are approximately 47 regulatory processes, resulting from the acquisition of Mantecorp Indústria Química, in which the likelihood of loss in the business combination is estimated at R$2,435.

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, because of the current assessment of the 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.

	Parent company		Consolidated	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
	Possible loss	Possible loss	Possible loss	Possible loss
Labor	62,870	54,255	119,506	103,980
Civil	21,458	22,099	21,857	22,552
Fiscal and Tax	42,066	38,659	42,066	38,659
Administrative/other	2,797	2,561	3,386	2,964
	129,191	117,574	186,815	168,155

The amount of consolidated possible losses, arising from these lawsuits was estimated at R$186,815, of which R$119,506 refers to labor lawsuits, R$21,857 to civil lawsuits, R$42,066 to tax lawsuits and R$3,386 to administrative, regulatory and other proceedings.

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 Prosecutions Office of the State of Mato Grosso filed a Public Civil Suit against the Company and various other laboratories to require that the pharmaceutical industries start to produce drugs in fractional (small) units, based on Law 5,348/05, which authorizes the sale of such packaged drugs in drugstores. On September 11, 2013, the court decision which judged justified the action to sentence the defendants to manufacture drugs registered at ANVISA, in a batch preparation method allowing future bulk-breaking for drugs authorized to be produced in this manner, was rendered. The Company will file an appeal on the merits of the case. The amount involved cannot be estimated and, according to the opinion of external legal counsel, the likelihood of loss is possible.

The Federal Public Prosecutions Office of the judicial district of Bauru, State of São Paulo, filed a Public Civil Suit against the Company and various other laboratories in order to compel them to sell medicines to the public administration in accordance with the rules of the Medicine

Market Regulation Chamber (CMED). The Public Prosecutions Office also required the conviction of the laboratories to the payment of damages for collective pain and suffering in an amount to be determined in court. A decision was handed down by the Federal Regional Court (TRF) to compel the defendants to supply medicines to the public administration, whenever they are requested, at the maximum sale price to the government and the application of the Coefficient of Adequacy of Price (CAP), subject to a daily fine of R$50. The Company filed an objection and appealed against the decision of the TRF. 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 its subsidiaries are parties to legal proceedings in labor cases, which are the liability of the Company, its subsidiaries and/or selling partners of the acquired and merged companies , where the possible loss that are the liability of the Company and/or its subsidiaries is estimated at R$119,506.

In these proceedings they are discussing overtime, failure to take into consideration the bank of hours, wage differentials, compensation due to occupational diseases and/or accidents, health hazard allowances or for hazardous work, and recognition of employment relationships, among other claims.

Eighty (80) of these labor processes arise from the acquisition of Laboratório Americano de Farmacoterapia S.A. (Farmasa), which was merged by the Company, with possible likelihood of loss which is the liability of the Company in the amount of R$5,946, and 136 arise from the acquisition of Mantecorp Logística Distribuição e Comércio S.A. and Mantecorp Indústria Química e Farmacêutica S.A, with possible likelihood of loss which is the liability of the Company in the amount of R$23,190, where compensation resulting from illnesses or accidents at work, employment relationships and consequent payment of labor charges, wage differentials, overtime and effects and tenure, among other claims, are being discussed.

The Company is being investigated in public civil investigations through which (i) the Regional Office of the Attorney of Labor of Brasilia is investigating the changes in the work contracts of the employees transferred from Mantecorp to the Company, (ii) the Regional Office of the Attorney of Labor of Rio de Janeiro is investigating the methodology adopted by the Company to establish sales goals for the business area, specifically the Farmasa and DM divisions and (iii) the Regional Office of the Attorney of Labor of São Paulo is investigating the implementation of the quota of young apprentices by the Company. They address investigative procedures with respect to which the Company at this time is unable to estimate the amounts involved.

Cosmed Indústria de Cosméticos e Medicamentos S.A. is defendant in a collective labor claim filed by the Workers' Union of the Chemical, Pharmaceutical, Plastic Material and Alcohol Industries in the State of Goiás, in which the union, the plaintiff, is requesting payment of time spent in commuting and its consequences for employees who use transport provided by the Company. The Company has not yet managed to estimate the amounts under discussion in this litigation.

(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 consequent reversal of ICMS debits in the tax records, at the restated amount of R$10,288. The decision is pending analysis at the administrative level.

c. Contingencies of acquired companies, the responsibility of the former shareholders - possible and probable:

The Company has no provision for contingencies whose forecast is a probable and possible loss, in cases that are the responsibility of the selling partners.

The São Paulo State filed a public civil action against the Company to demand the payment of compensation for alleged illegal sale of medicines by Mantecorp in 2008. The amount involved was estimated at R$121,000 and, according to the opinion of external counsel, the chance of loss is possible. The process is in the fact-finding phase.

Below, there is a summary the contingencies which are the liability of the selling partners with probable and possible losses:

Company and / or acquired brands	Possible	Probable	Total
Aprov	1,923	744	2,667
Bitufo	1,758	100	1,858
Ceil	27,332	1,299	28,631
Cosmed (Niasi) + Pom Pom	8,266	3,922	12,188
DM	5,297	3,121	8,418
Etti	168	642	810
Facilit	1,836	561	2,397
Farmasa	74,305	2,737	77,042
Inal	9,462	-	9,462
Luper	2,378	1,041	3,419
Mabesa	24,804	14,599	39,403
Mantecorp	121,659	-	121,659
Neo Química (Brainfarma)	24,685	13,038	37,723
Ny Looks	1,717	132	1,849
Sapeka	9,907	539	10,446
Sul Química	1,829	1,408	3,237
York	9,114	2,824	11,938
	326,440	46,707	373,147

30 Related party transactions

a. Transactions and balances

The main asset and liability balances as well as the transactions between related parties that influenced the results for the quarter, result from transactions with the Company and its subsidiaries, which management considers to have been conducted under normal market conditions and terms for the respective types of operations.

Loans with related parties are restated by the variation of the CDI plus spread and the term is one year.

In business relationships with related parties prices are set considering the characteristics and nature of these transactions.

Business transactions for purchase and sale of products, raw materials, contracting of services and rentals, as well as financial transactions for lending and raising funds between the companies of the group are presented below:

- The rent agreement with TV Serra Dourada Ltda. is adjusted by the general market price index (IGP-M - FGV), and the maturity is open-ended.

- The rent agreement with Neo Marcas Indústria Farmacêutica e Alimentos e Participações Ltda. has no provision for inflation adjustments and maturity is open-ended.

- The rent agreement with Brainfarma Indústria Química Farmacêutica S.A. is adjusted by the general market price index (IGP-M - FGV) and matures on April 30, 2014, which can be extended based on agreements between the parties.

a.1 In assets and liabilities

	Parent company					
						March 31, 2014
	Cosmed Indústria de Cosméticos e Medicamentos S.A.	My - Agência Propaganda Ltda.	Brainfarma Ind. Quim. e Farmacêutica S.A.	Neolatina Comércio e Ind. Farmacêutica Ltda.	Embalagens Allbox Ltda.	Total
Accounts receivables	-	-	1,860	-	-	1,860
Proposed dividends receivable	-	-	7,697	-	-	7,697
Other receivables (*)	121,176	-	-	23	-	121,199
Loans	-	-	-	71	-	71
Accounts payable to suppliers	(69,498)	-	(90,718)	-	-	(160,216)
Other accounts payable	-	(448)	(5,344)	-	-	(5,792)
Loans	(70)	(10)	(738)	-	-	(818)

(*) This amount is mainly related to the capital reduction.

	Consolidated					
						March 31, 2014
	Cosmed Indústria de Cosméticos e Medicamentos S.A.	My - Agência Propaganda Ltda.	Brainfarma Ind. Quim. e Farmacêutica S.A.	Neolatina Comércio e Ind. Farmacêutica Ltda.	Embalagens Allbox Ltda.	Total
Accounts payable to suppliers	-	-	-	-	(6,091)	(6,091)

	Parent company					
						December 31, 2013
	Cosmed Indústria de Cosméticos e Medicamentos S.A.	My - Agência Propaganda Ltda.	Brainfarma Ind. Quim. e Farmacêutica S.A.	Neolatina Comércio e Ind. Farmacêutica Ltda.	Embalagens Allbox Ltda.	Total
Accounts receivables	1,473	2	456	-	-	1,931
Proposed dividends receivable	-	-	7,697	-	-	7,697
Other receivables	-	73	-	17	-	90
Loans	1,046	20	159	69	-	1,294
Accounts payable to suppliers	(80,201)	-	(64,766)	-	-	(144,967)
Notes payable	(62,438)	-	(28,168)	-	-	(90,606)
Other accounts payable	(34,293)	-	(37,537)	-	-	(71,830)

	Consolidated					
						December 31, 2013
	Cosmed Indústria de Cosméticos e Medicamentos S.A.	My - Agência Propaganda Ltda.	Brainfarma Ind. Quim. e Farmacêutica S.A.	Neolatina Comércio e Ind. Farmacêutica Ltda.	Embalagens Allbox Ltda.	Total
Accounts payable to suppliers	-	-	-	-	(8,477)	(8,477)

a.2 In Quarterly Income Statement

	Parent company								
									March 31, 2014
	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.	Brainfarma Ind. Quim. e Farmacêutica S.A.	Embalagens Allbox Ltda.	ICF Instituto de Ciências Farmacêuticas Ltda	Universo Online S.A.	Total
Transactions	(239,195)	(450)	-	-	(163,278)	-	-	-	(402,923)
Sales of goods/products	4,684	-	-	-	3,260	-	-	-	7,944
Purchases of goods/products	(243,879)	(450)	-	-	(166,538)	-	-	-	(410,867)
Other expenses/income	-	(450)	(3,191)	(240)	-	-	-	(133)	(4,014)
Advertising	-	(450)	(3,069)	-	-	-	-	-	(3,519)
Rents	-	-	(122)	(240)	-	-	-	-	(362)
Services provided	-	-	-	-	-	-	-	(133)	(133)
Interest on loan	(10)	-	-	(1)	(2)	-	-	-	(13)
Financial expenses	-	-	-	-	-	-	-	-	-
Financial income	(10)	-	-	(1)	(2)	-	-	-	(13)

	Consolidated								
	March 31, 2014								
	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.	Brainfarma Ind. Quim. e Farmacêutica S.A.	Embalagens Allbox Ltda.	ICF Instituto de Ciências Farmacêuticas Ltda	Universo Online S.A.	Total
Transactions	-	-	-	-	-	(12,475)	-	-	(12,475)
Purchases of goods / products / raw material	-	-	-	-	-	(12,475)	-	-	(12,475)
Other expenses/income	-	-	(3,191)	(240)	-	-	(147)	(133)	(3,711)
Advertising	-	-	(3,069)		-	-	-	-	(3,069)
Rents	-	-	(122)	(240)	-	-	-	-	(362)
Services provided	-	-	-	-			(147)	(133)	(280)

	Parent company						
	March 31, 2013						
	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.	Brainfarma Ind. Quim. e Farmacêutica S.A.	Neolatina Comércio e Ind. Farmacêutica Ltda.	Total
Transactions	(173,528)	(300)	-	-	(108,039)	-	(281,867)
Sales of goods/products	-	-	-	-	-	-	-
Purchases of goods/products	(173,528)	(300)	-	-	(108,039)	-	(281,867)
Other expenses/income	-	(450)	(520)	(240)	-	-	(1,210)
Advertising	-	(450)	(397)	-	-	-	(847)
Rents	-	-	(123)	(240)	-	-	(363)
Services provided	-	-	-	-	-	-	-
Interest on loan	(29)	(75)	-	-	17	(1)	(88)
Financial expenses	(29)	(75)	-	-	-	(1)	(105)
Financial income	-	-	-	-	17	-	17

	Consolidated						
	March 31, 2013						
	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.	Brainfarma Ind. Quim. e Farmacêutica S.A.	IPH&C Ind. de Produtos de Higiene e Cosm. Ltda.	Total
Transactions	-	-	-	-	-	-	-
Sales of goods/products	-	-	-	-	-	-	-
Purchases of goods/products	-	-	-	-	-	-	-
Other expenses/income	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-
Rents	-	-	-	-	-	-	-
Services provided	-	-	-	-	-	-	-
Interest on loan	-	-	-	-	-	-	-
Financial expenses	-	-	-	-	-	-	-
Financial income	-	-	-	-	-	-	-

b. Key management compensation

Key management personnel comprises the board members and directors and members of executive committees. The compensation paid or payable to key management is as follows:

	Parent company		Consolidated	
	March 31, 2014	**March 31, 2013**	**March 31, 2014**	**March 31, 2013**
Salaries and other short term benefits	11,743	18,587	15,230	21,531
Board members' fees	289	165	300	165
Share-based payments	1,556	1,250	1,841	1,292
	13,588	20,002	17,371	22,988

31 Subsequent events

a) Seventh Public Issue of Debentures

On April 9, 2014, the Board of Directors of the Company approved the issuing of 400 (four hundred) simple, unsecured debentures with a firm guarantee, not convertible into shares, in a single series, with a face value of R$1,000,000 (one million reais), totalling R$400,000,000.00 (four hundred million reais) on the date of issue. The term of maturity of the debentures is five (5) years from the date of issue, with remuneration equivalent to 110% of the Interbank Deposit Certificate (CDI).

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