



Genomma Lab[®]
Internacional

Second Quarter Report 2014

Genomma Lab achieves **14.5%** Top Line Growth and a **14.7%** EBITDA increase in the Second Quarter of 2014

GENOMMA LAB INTERNACIONAL ANNOUNCES ITS SECOND QUARTER 2014 RESULTS

Mexico City, Mexico, July 24th, 2014

Genomma Lab Internacional, S.A.B. de C.V. (BMV: LAB.B) ("Genomma Lab" or "the Company"), announced today its results for the quarter ended June 30, 2014. All figures included herein are stated in nominal Mexican pesos and were prepared in accordance with International Financial Reporting Standards (IFRS). As of January 1st of 2012, the Company adopted IFRS as the accounting framework for its financial statements to comply with the provisions established by the Mexican National Banking and Securities Commission (CNBV).

2Q 2014 Highlights (vs. 2Q 2013)

- Net Sales for the second quarter reached Ps. 2.90 billion, increasing 14.5%, compared to the same period of 2013.
- During the second quarter, sales from our Mexican operations increased 6.6% to Ps. 1.60 billion, compared to the same quarter of 2013, representing 59.6% of total sales for the last twelve months.
- Sales from our international operations increased 26.0% in the second quarter to Ps. 1.30 billion, compared to the same quarter of 2013, representing 40.4% of total sales for the last twelve months.
- EBITDA increased 14.7% in the second quarter to Ps. 613.5 million, representing a margin of 21.2%.
- Consolidated Net Income reached Ps. 326.6 million. Earnings per Share¹ for the quarter increased 9.7% to Ps. 1.68, compared to the same period of 2013.
- Cash Conversion Cycle reached 145 days as of June 30, 2014, which is in line with our guidance.

¹ Earnings per Share are for the last 12 months and were calculated using the weighted average of shares outstanding for the period.

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Comments from the CEO

Mr. Rodrigo Herrera, Chief Executive Officer, mentioned: "We are satisfied with the 14.5% Net Sales growth achieved in this second quarter.

Net Sales growth was mainly driven by our international operations, where we continue to see strong potential, as we have seen positive results for our initiatives. Genomma's presence is increasing internationally and we expect to see a solid performance throughout the second half of the year, despite the slight deceleration seen during the quarter in some of the countries in which operate, such as Brazil.

Our Mexican sales performed above our expectations during the quarter, with a 6.6% growth compared to 2013, notwithstanding the weak consumption in the country. This increase was driven by the performance of our OTC products and a slight recovery in our personal care sales, which year-to-date show a growth of 2.9%. Notwithstanding this quarter's results, we remain cautious regarding our expectations for our Mexican sales for the second half of the year.

Management's focus on cash conversion cycle has been reflected in the continuously improving results, as the actions we have taken in previous quarters have allowed us to mitigate its seasonality and maintain a healthy level of cash conversion cycle days, which as of the second quarter are in line with our guidance. Nevertheless, we will continue to work on improving the working capital and cash flow generation of the Company."

Consolidated Results of Operations for the Second Quarter of 2014

The following table shows consolidated results of operations, in millions of pesos (except share and per-share data), and margins are shown as a percentage of Net Sales. All figures for 2014 are compared to the same period of the previous year:

For the three and six month periods ended June 30, 2014 and 2013
(In millions of current Mexican Pesos)

	2nd Quarter			January to June		
	2014	2013	%Var	2014	2013	%Var
Net Sales	2,900.0	2,532.2	14.5	5,338.1	4,616.4	15.6
Gross Profit	2,014.2	1,724.6	16.8	3,708.9	3,161.4	17.3
Gross Margin	69.5%	68.1%	1.4	69.5%	68.5%	1.0
EBITDA ¹	613.5	534.9	14.7	989.8	864.6	14.5
EBITDA Margin	21.2%	21.1%	0.1	18.5%	18.7%	(0.2)
Operating Income	589.4	518.3	13.7	946.9	834.0	13.5
Operating Income Margin	20.3%	20.5%	(0.2)	17.7%	18.1%	(0.4)
Net Income of Majority Shareholders	308.0	317.0	(2.8)	461.4	448.3	2.9
Net Income of Majority Shareholders Margin	10.6%	12.5%	(1.9)	8.6%	9.7%	(1.1)
Weighted average number of shares outstanding	1,048,733,370	1,048,733,370	0.0	1,048,733,370	1,048,415,780	0.0
EPS (12 months) ²	1.68	1.54	9.7	1.68	1.54	9.6

¹ EBITDA is calculated by adding depreciation and amortization to the Operating Income.

² Earnings per share are for the last 12 months and were calculated using the weighted average of shares outstanding for the period. The total number of shares outstanding as of June 30, 2014 totaled 1,048,733,370.



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Net Sales rose 14.5% to Ps. 2.90 billion in the second quarter of 2014, from Ps. 2.53 billion in the second quarter of 2013.

Net Sales by brands are classified as follows:

- 1) **Base Brands** represent brands launched at least two years prior to the last fiscal year (2012, 2011, 2010 and earlier) in Mexico;
- 2) **Prior Year Launches** are brands launched during the prior fiscal year (2013) in Mexico;
- 3) **New Brands** are brands launched during the current fiscal year (2014) in Mexico; and
- 4) **International** refers to Net Sales of our international operations.

The increase in Net Sales resulted from the combination of the following factors:

- i) sales from **Base Brands** in Mexico amounting to Ps. 1.47 billion during the second quarter, including line extensions;
- ii) an increase of 250.6% (Ps. 89.7 million) from **Prior Year Launches** in Mexico during the second quarter due to the full year effect, including the recent line extensions of these brands, resulting in sales of Ps. 125.5 million;
- iii) sales amounting to Ps. 4.7 million in the second quarter of 2014 from **New Brands** in Mexico; and,
- iv) an increase of 26.0% (Ps. 268.2 million) in sales from **international** operations, totaling Ps. 1.30 billion in the second quarter of 2014.

The three largest countries in terms of sales (Brazil, Argentina and the United States) represented 66.9% of international sales in the second quarter of 2014.

Gross Profit increased 16.8% to Ps. 2.01 billion in the second quarter of 2014, compared to Ps. 1.72 billion during the second quarter of 2013. Gross Margin increased 1.4 percentage points, as a percentage of Net Sales, to 69.5% in the second quarter of 2014, compared to 68.1% in the same period of 2013. This increase in margin was primarily due to a better mix of our products, derived from a higher participation of pharma-related personal care products within our personal care sales which, as a percentage of Net Sales, have a lower cost of goods sold, as well as to changes of suppliers in Mexico to make costs more efficient in certain brands and products.

Selling, General and Administrative Expenses, as a percentage of Net Sales, increased 1.4 percentage points to 49.1% in the second quarter of 2014, compared to 47.7% in the same period of 2013. This increase was primarily derived from higher advertising expenses due to the 2014 World Cup, which changed the typical seasonality of the year, and we expect it will be compensated during the second half of 2014.

EBITDA increased 14.7% to Ps. 613.5 million in the second quarter of 2014, compared to Ps. 534.9 million in the second quarter of 2013. The EBITDA margin increased 0.1 percentage points, as a percentage of Net Sales, to 21.2% in the second quarter of 2014, from 21.1% in the same period of 2013. The EBITDA margin increased primarily due to lower cost of goods sold, as a percentage of Net Sales, which was offset by higher Selling, General and Administrative Expenses (excluding Depreciation and Amortization), as a percentage of Net Sales.

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EBITDA Reconciliation

For the second quarter ended June 30, 2014 and 2013
(In millions of current Mexican pesos)

	<u>Second Quarter</u>	
	<u>2014</u>	<u>2013</u>
Consolidated net income	326.6	323.2
Income tax expense	149.3	139.7
Not consolidated subsidiaries (income)	0.7	(8.4)
Comprehensive financing cost	112.7	63.9
Operating income	589.4	518.3
Depreciation and amortization	24.1	16.6
EBITDA	613.5	534.9
EBITDA margin	21.2%	21.1%

Operating Income increased 13.7% to Ps. 589.4 million in the second quarter of 2014, compared to Ps. 518.3 million in the second quarter of 2013. Operating Margin, as a percentage of Net Sales, decreased 0.2 percentage points, reaching 20.3% in the second quarter of 2014, from 20.5% in the same period of 2013.

Comprehensive Financing Result represented a loss of Ps. 112.7 million in the second quarter of 2014, which represents an increase in loss of Ps. 48.8 million compared to the loss of Ps. 63.9 million recorded in the second quarter of 2013. This change was a result of: i) a Foreign Exchange loss amounting to Ps. 7.0 million during the second quarter of 2014, compared to a Ps. 21.8 million gain during the same period of 2013, the loss in this quarter was a result of the depreciation of the US Dollar exchange rate vs. the Company's operating currencies, which was reflected in the Company's cash position in US Dollars; ii) an increase of Ps. 16.6 million in Financial Expenses to Ps. 89.0 million during the second quarter of 2014, compared to Ps. 72.5 million during the same period of 2013; iii) a higher Interest Income amounting to Ps. 2.4 million during the second quarter of 2014, compared to Ps. 1.9 million in the same period of 2013; and, iv) a Ps. 19.1 million loss in the second quarter of 2014 related to the Exchange Rate conversion from our foreign operations, compared to a Ps. 15.1 million loss in the same period of 2013.

Consolidated Net Income increased 1.0% to Ps. 326.6 million in the second quarter of 2014, representing a margin of 11.3% over Net Sales, compared to Ps. 323.2 million in the second quarter of 2013, which represented a margin of 12.8%. The lower Net Income is mainly explained by higher financial expenses due to a higher level of debt compared to the same quarter of 2013, and by the negative effect of foreign exchange seen in our international operations and in our cash position in dollars.



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Balance Sheet

As of June 30, 2014, June 30, 2013 and December 31, 2013
(In millions of current Mexican pesos)

	June 30, 2014	June 30, 2013	Var Jun '14 vs Jun '13	% Var Jun '14 vs Jun '13	December 31, 2013	Var Jun '14 vs Dec '13	% Var Jun '14 vs Dec '13
Balance Sheet Information:							
Cash and Equivalents	1,461.8	1,616.3	(154.5)	-9.6%	1,767.1	(305.4)	-17.3%
Clients	5,146.6	3,964.0	1,182.5	29.8%	5,016.1	130.5	2.6%
Inventories	1,361.9	1,258.6	103.2	8.2%	1,442.1	(80.2)	-5.6%
Other current Assets	2,079.0	1,757.1	321.9	18.3%	1,762.0	317.0	18.0%
Total Assets	18,318.5	13,890.8	4,427.7	31.9%	17,352.9	965.6	5.6%
Suppliers	1,441.3	1,222.1	219.2	17.9%	1,644.1	(202.8)	-12.3%
Other current Liabilities	717.0	757.3	(40.2)	-5.3%	705.1	11.9	1.7%
Current portion of debt	298.2	1,274.0	(975.8)	-76.6%	805.0	(506.8)	-63.0%
Unsecured local bonds	3,984.3	-	3,984.3		3,982.1	2.2	0.1%
Long-term Loans with financial institutions	1,785.7	2,725.6	(939.9)	-34.5%	668.7	1,117.0	167.0%
Total Liabilities	8,991.6	6,378.0	2,613.6	41.0%	8,517.6	474.0	5.6%
Stockholders Equity	9,326.9	7,512.8	1,814.1	24.1%	8,835.3	491.6	5.6%
Working Capital ⁽¹⁾	7,592.6	6,616.7	975.9	14.7%	7,638.0	(45.4)	-0.6%
Working Capital less cash	6,130.8	5,000.4	1,130.4	22.6%	5,870.9	259.9	4.4%
Clients days	153	135	18	13.6%	159	(6)	-3.6%
Inventories days	137	139	(2)	-1.7%	152	(15)	-10.2%
Suppliers days	145	135	10	7.1%	173	(28)	-16.5%
Cash Conversion Cycle	145	139	6	4.5%	138	7	5.3%

⁽¹⁾ Working Capital consists of current assets minus current liabilities.

Cash and Equivalents decreased 9.6% (Ps. 154.5 million) to Ps. 1.46 billion as of June 30, 2014, compared to Ps. 1.62 billion as of June 30, 2013. This decrease was mainly due to several payments for acquisitions, which were also financed with new loans from financial institutions, and it was offset by cash generated from our operations during the last twelve months.

Clients amounted to Ps. 5.15 billion as of June 30, 2014, compared to Ps. 3.96 billion as of June 30, 2013. Days of Clients increased 18 days to 153 days as of June 30, 2014, from 135 days as of June 30, 2013. This increase was mainly due to the international expansion and the entrance to new channels both in Mexico and abroad, in addition to a very low comparative base given the implementation of stricter commercial policies during the first two quarters of 2013.

Inventories amounted to Ps. 1.36 billion as of June 30, 2014, compared to Ps. 1.26 billion as of June 30, 2013. Days of Inventories decreased 2 days to 137 days as of June 30, 2014, compared to 139 days as of June 30, 2013. This is the result of the Company's efforts to maintain a healthy and stable level of inventories, despite the strong international growth.

Other Current Assets amounted to Ps. 2.08 billion as of June 30, 2014, from Ps. 1.76 billion as of June 30, 2013. This increase was derived from taxes in favor of the Company that will be compensated throughout the second half of 2014.

Suppliers amounted to Ps. 1.44 billion as of June 30, 2014, compared to Ps. 1.22 billion as of June 30, 2013. Days of Suppliers increased 10 days to 145 as of June 30, 2014, from 135 days as of June 30, 2013. This increase is the result of building better relationships with suppliers outside of Mexico, as scale and volume have increased.



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Other Current Liabilities amounted to Ps. 717.0 million as of June 30, 2014, from Ps. 757.3 million as of June 30, 2013.

Loans with Financial Institutions amounted to Ps. 2.08 billion as of June 30, 2014, compared to Ps. 4.00 billion as of June 30, 2013. The current portion of long term debt amounted to Ps. 298.2 million, which represents 14.3% of the total debt with financial institutions.

Unsecured debt certificates ("Certificados Bursátiles") amounted to Ps. 3.98 billion as of June 30, 2014.

As of June 30, 2014 the Gross Debt with cost of the Company amounted to Ps. 6.07 billion, which represents a Net Debt to EBITDA ratio of 1.47.

Cash Conversion Cycle reached 145 days at the end of the second quarter of 2014, which represents an increase of 6 days compared to the 139 days at the end of the same period of 2013. We are very satisfied with the results seen so far in our cash conversion cycle, as we have been able to mitigate its volatility between quarters and maintain a healthy level that is close to our year-end guidance.

Operations Summary

Net Sales Segmentation for the second quarter of 2014

During the second quarter of 2014, pharmaceutical products¹ represented 57.9% of our Mexican sales, while the personal care products² represented 42.1%.

Net Sales of our pharmaceutical products in Mexico¹ increased 5.6% to Ps. 927.3 million during the second quarter of 2014, compared to the same period of 2013.

Net Sales of our personal care products in Mexico increased 8.1% in the second quarter of 2014 to Ps. 673.3 million, compared to the same period of 2013.

Net Sales from our international operations increased 26.0% to Ps. 1.30 billion for the second quarter of 2014, compared to Ps. 1.03 billion for the same period in 2013.

(In millions of current Mexican Pesos)

	2Q14			2Q13			%Var
	Pharma*	PC	Total 2Q14	Pharma*	PC	Total 2Q13	
Mexico	927.3	673.3	1,600.6	878.5	622.6	1,501.0	6.6%
International	392.7	906.7	1,299.4	370.2	661.0	1,031.2	26.0%
TOTAL	1,320.0	1,580.0	2,900.0	1,248.7	1,283.5	2,532.2	14.5%

¹ Pharmaceutical products: includes OTC products and generics in Mexico. We have decided to add sales from OTC products and generics in one single segment (Pharma) since Primer Nivel, our generics line of business, is not significant enough to be viewed as a different segment and, therefore, will be considered one of our brands as part of our pharmaceutical segment.

² Personal care products: includes only personal care products in Mexico.



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	1H14			1H13			%Var
	Pharma*	PC	Total 1H14	Pharma*	PC	Total 1H13	
Mexico	1,588.7	1,082.2	2,670.9	1,502.5	1,052.0	2,554.5	4.6%
International	803.2	1,864.0	2,667.2	572.1	1,489.8	2,061.9	29.4%
TOTAL	2,391.9	2,946.2	5,338.1	2,074.6	2,541.8	4,616.4	15.6%

* *Pharma* refers to OTC and generic pharmaceutical products in Mexico and OTC pharmaceutical products in the international operations.

New Product Launches and Line Extensions

During the second quarter of 2014, the Company launched 3 line extensions from our **Base Brands** and **Prior Year Launches**. Some of the products recently launched are:

Teatrical Células Madre, a line extension of our *Teatrical* brand, helps fight and prevent visible signs of premature aging, favoring the natural mechanisms to regenerate skin.

Ah-micol, acquired in September of 2013 and recently re-launched, is recommended as a family treatment to eliminate ameba in one single dose.

Xyloderm, acquired in September of 2013 and recently re-launched, is an anti-inflammatory, anti-allergenic, anti-microbiotic and local analgesic.

Other Corporate Events

At the end of the second quarter, with the approval of the Federal Economic Competition Commission and having met all the necessary conditions, Genomma Lab closed the acquisition of approximately 50% of Grupo Marzam, paying the previously agreed \$600 million pesos, which was financed with the Company's long-term credit lines. Additionally, Genomma Lab has the option to acquire up to 100% of Grupo Marzam, at the end of 2016.

Also, in line with the strategic plan for this transaction, the Company is advancing in the process of establishing a trust that will serve as a vehicle to provide transparency to the acquisition and commercialization of pharmaceutical and personal care products. This trust will be completely independent to Genomma Lab and Grupo Marzam and will be held in a first level financial institution.

Analyst Coverage

Actinver Casa de Bolsa S.A. de C.V.; Banco Itaú BBA, S.A.; Barclays Bank Mexico, S.A.; BBVA Bancomer, S.A. Institución de Banca Múltiple; BTG Pactual US Capital LLC; Casa de Bolsa Credit Suisse S.A.; GBM Grupo Bursátil Mexicano, S.A. de C.V. Casa de Bolsa; Grupo Financiero Monex; Grupo Financiero Banorte S.A.B de C.V.; Grupo Financiero Ve por Más, HSBC Securities (USA) Inc.; Intercam Casa de Bolsa, S.A. de C.V.; Invex Grupo Financiero S.A. de C.V.; JP Morgan Securities LLC; Santander Investment Securities Inc.; Signum Research; UBS Casa de Bolsa S.A., and Vector Casa de Bolsa.

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Company Description

Genomma Lab Internacional, S.A.B. de C.V. is one of the fastest growing pharmaceutical and personal care products companies in Mexico with an increasing international presence. Genomma Lab develops, sells and markets a broad range of premium branded products, many of which are leaders in the categories in which they compete in terms of sales and market share. Genomma Lab relies on the combination of a successful new product development process, a consumer-oriented marketing, a broad retail distribution network and a low-cost, highly flexible operating model.

Genomma Lab's shares are listed on the Mexican Stock Exchange under the ticker symbol "LAB.B" (Bloomberg: labb.mx).

Note on Forward-Looking Statements

This report may contain certain forward-looking statements and information relating to the Company that reflect the current views and/or expectations of the Company and its management with respect to its performance, business and future events. Forward looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain words like "believe," "anticipate," "expect," "envisages," "will likely result," or any other words or phrases of similar meaning. Such statements are subject to a number of risks, uncertainties and assumptions. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in this presentation and in oral statements made by authorized officers of the Company. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



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Income Statement

Genomma Lab Internacional S.A.B. de C.V. and subsidiaries

For the three and six month periods ended on June 30, 2014 and 2013

(In thousands of current Mexican pesos)

	SECOND QUARTER		VAR	ACCUMULATED		VAR
	2014	2013	%	2014	2013	%
Net Sales	2,899,958	2,532,199	14.5%	5,338,122	4,616,408	15.6%
Cost of goods sold	885,766	807,638	9.7%	1,629,220	1,455,023	12.0%
Gross Income	2,014,192	1,724,561	16.8%	3,708,902	3,161,385	17.3%
Selling, general and administrative expenses	1,400,385	1,191,844	17.5%	2,719,429	2,305,053	18.0%
Other expenses	1,067	68	1469.1%	1,643	464	254.1%
Other income	727	2,254	(67.7%)	2,000	8,758	(77.2%)
EBITDA	613,467	534,903	14.7%	989,830	864,626	14.5%
Depreciation and amortization	24,116	16,562	45.6%	42,963	30,655	40.2%
Income from Operations	589,351	518,341	13.7%	946,867	833,971	13.5%
Interest expense	(89,048)	(72,478)	22.9%	(178,149)	(146,486)	21.6%
Interest income	2,423	1,945	24.6%	5,827	3,674	58.6%
Exchange (expense) income	(26,060)	6,670	(490.7%)	(30,211)	(29,292)	3.1%
Comprehensive financing income (cost)	(112,685)	(63,863)	76.4%	(202,533)	(172,104)	17.7%
Associated company	(732)	8,400	(108.7%)	(1,067)	17,118	(106.2%)
Income before income taxes	475,934	462,878	2.8%	743,267	678,985	9.5%
Income tax expense	149,345	139,673	6.9%	237,554	207,875	14.3%
Consolidated Net Income	326,589	323,205	1.0%	505,713	471,110	7.3%
Net income of minority stockholders	18,584	6,188	200.3%	44,312	22,839	94.0%
Net income of majority stockholders	308,005	317,017	(2.8%)	461,401	448,271	2.9%
Conversion result from foreign currencies	(8,110)	57,054	(114.2%)	(16,778)	10,707	(256.7%)
Comprehensive Income	299,895	374,071	(19.8%)	444,623	458,978	(3.1%)



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Balance Sheet

Genomma Lab Internacional S.A.B. de C.V. and subsidiaries

As of June 30, 2014, December 31, 2013 and June 30, 2013

(In thousands of current Mexican Pesos)

ASSETS	JUNE		VARIATION		DECEMBER	VARIATION	
	2014	2013	Amount	%	2013	Amount	%
Current assets							
Cash and equivalents	1,451,241	1,607,911	(156,670)	(10%)	1,759,019	(307,778)	(17%)
Restricted fund	10,544	8,383	2,161	26%	8,126	2,418	30%
Clients - Net	5,146,564	3,964,014	1,182,550	30%	5,016,080	130,484	3%
Others accounts receivable	860,134	619,594	240,540	39%	677,475	182,659	27%
Inventory - Net	1,361,851	1,257,862	103,989	8%	1,442,056	(80,205)	(6%)
Prepaid expenses	1,218,874	1,137,551	81,323	7%	1,084,498	134,376	12%
Total current assets	10,049,208	8,595,315	1,453,893	17%	9,987,254	61,954	1%
Non-current assets							
Trademarks	6,392,217	4,042,818	2,349,399	58%	6,110,114	282,103	5%
Investments in associated company	616,533	23,580	592,953	2515%	17,681	598,852	3387%
Building, properties and equipment – Net	431,622	392,699	38,923	10%	408,383	23,239	6%
Deferred income tax	53,787	33,433	20,354	61%	37,641	16,146	43%
Other assets - Net	775,120	802,945	(27,825)	(3%)	791,796	(16,676)	(2%)
Total non-current assets	8,269,279	5,295,475	2,973,804	56%	7,365,615	903,664	12%
Total assets	18,318,487	13,890,790	4,427,697	32%	17,352,869	965,618	6%
LIABILITIES AND STOCKHOLDERS' EQUITY							
Current Liabilities							
Current portion of long-term debt	298,250	1,274,036	(975,786)	(77%)	805,025	(506,775)	(63%)
Suppliers	1,441,339	1,222,130	219,209	18%	1,644,125	(202,786)	(12%)
Due to related parties	-	1,291	(1,291)	(100%)	-	-	-
Other current liabilities	638,660	733,664	(95,004)	(13%)	664,144	(25,484)	(4%)
Income tax payable	73,042	18,877	54,165	287%	30,881	42,161	137%
Statutory employee profit sharing	5,317	3,420	1,897	55%	9,911	(4,594)	(46%)
Total current liabilities	2,456,608	3,253,418	(796,810)	(24%)	3,154,086	(697,478)	(22%)
Non-current liabilities							
Long-term debt securities	3,984,271	-	3,984,271	100%	3,982,107	2,164	0%
Long-term loans with financial institutions	1,785,698	2,725,596	(939,898)	(34%)	668,745	1,116,953	167%
Other long term liabilities	74,840	60,562	14,278	24%	50,181	24,659	49%
Deferred income tax	687,861	336,434	351,427	104%	660,416	27,445	4%
Employee retirement obligations	2,279	1,969	310	16%	1,889	390	21%
Total liabilities	8,991,557	6,377,979	2,613,578	41%	8,517,424	474,133	6%
Stockholders' equity							
Capital stock	1,914,306	1,921,660	(7,354)	(0%)	1,914,306	-	-
Retained earnings	6,819,006	5,156,955	1,662,051	32%	5,066,538	1,752,468	35%
Net income	461,401	448,271	13,130	3%	1,752,468	(1,291,067)	(74%)
Cumulative translation effects of foreign subsidiaries	(3,943)	15,402	(19,345)	(126%)	12,835	(16,778)	(131%)
Share buy back fund	(71,000)	(157,523)	86,523	(55%)	(74,621)	3,621	(5%)
Net premium in placement of repurchased shares	39,749	39,749	-	-	39,749	-	-
Minority interest	167,411	88,297	79,114	90%	124,170	43,241	35%
Total stockholders' equity	9,326,930	7,512,811	1,814,119	24%	8,835,445	491,485	6%
Total equity and liabilities	18,318,487	13,890,790	4,427,697	32%	17,352,869	965,618	6%



Genomma Lab
Internacional

Second Quarter Report 2014

Cash Flow

Genomma Lab Internacional S.A.B. de C.V. and subsidiaries

For the three and six month periods ended on June 30, 2014

(In thousands of current Mexican pesos)

	JUNE 2014	
	2Q	ACCUMULATED
Cash and cash equivalents beginning of period	1,707,641	1,767,145
Consolidated Net Income	326,589	505,713
Charges to results with no cash flow:		
Depreciation and amortization	24,116	42,963
Income tax	149,345	237,554
Accrued interest and others	85,442	170,127
	585,492	956,357
Changes in Working Capital:		
Clients - Net	(479,033)	(130,488)
Inventories	139,908	80,206
Suppliers	51,210	(202,768)
Other current assets	(171,382)	(342,972)
Payed income tax	(99,639)	(184,028)
Other current liabilities	11,692	52,112
	(547,244)	(727,938)
Net cash generated (used) in operating activities	38,248	228,419
Investing activities:		
Investment in fixed assets	(17,050)	(54,961)
Sales of equipment	392	556
Brand acquisitions and others	(34,858)	(310,832)
Investment in shares	(600,000)	(600,000)
Others assets acquisitions	20	(5,147)
Net cash generated (used) in investing activities	(651,496)	(970,384)
Financing activities:		
Payments of borrowings with financial institutions	(13,889)	(541,829)
Loans with financial and securities institutions	462,433	1,165,779
Interest paid	(80,057)	(159,118)
Employee Stock Plan	(779)	(1,365)
Minority interest	(975)	(1,071)
Net cash used in financing activities	366,733	462,396
Net increase in cash and cash equivalents before foreign exchange adjustments coming from international operations and inflationary effects cash	(246,515)	(279,569)
Foreign exchange and inflationary effects from international operations	659	(25,791)
Accumulated cash flow at the end of the period	1,461,785	1,461,785
Less - restricted fund	10,544	10,544
Cash and cash equivalents at end of period balance for operation	1,451,241	1,451,241