Genomma Lab
Internacional ®

Restatement of Second Quarter 2016 Results

Mexico City, Mexico, June 2, 2017

Genomma Lab Internacional, S.A.B. de C.V. **(BMV: LAB.B)** ("Genomma Lab" or "the Company"), today announced its results for the second quarter ended June 30, 2016. All figures included herein are stated in nominal Mexican pesos and have been prepared in accordance with International Financial Reporting Standards (IFRS).

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A. Q2 2016 Highlights (vs. Q2 2015)

- Net Revenues for the second quarter 2016 were Ps. 2.84 billion, in line with the first quarter but representing a 4.6% year on year decline. Year to date, sales are 5.3% above the Company's guidance.

- Highlights by Region:
  - The Company announces the completion of its destocking process in Mexico and maintains stocks at point of sale (POS) of between 45 and 60 days. International operations also currently operate within those levels.
  - Net Revenues from Mexican operations were Ps. 1.13 billion; a 4.4% decline year on year as we finished the destocking process, coupled with a lower than expected fill rate during the quarter.
  - Sales from Latin American operations decreased 6.7% to reach Ps. 1.34 billion, as compared to Ps. 1.43 billion during the second quarter of 2015, as the macro situation and forex fluctuation in Brazil and some other countries in which Genomma operates continued to negatively impact results.
  - Net Revenues for Genomma's U.S. operations were Ps. 368.0 million, representing a 3.3% increase year on year. Year-to-date, sales for the U.S. are 26.7% above our 2015 figures.
- Second quarter 2016 adjusted[a] EBITDA amounted to Ps. 542.9 million, which represented a 19.1% margin compared to a EBITDA Margin guidance for the quarter of 16.5%
- Cash Conversion Cycle closed at 78 days; a 13-day improvement compared to 91 days at the end of the first quarter 2016, and a 64-day improvement compared to 142 days at the end of the second quarter of 2015.

[a] EBITDA was adjusted by adding restructuring non-recurring charges., as well as non-cash one-time charges.

- Genomma achieved Ps. 426.6 million in free cash flow generation in the second quarter 2016, and Ps. 1.15 billion year-to-date. During the quarter, the Company invested Ps. 499.1 million as part of its stock repurchase program. Year-to-date, Genomma has invested 534.4 million in this program and will continue to invest most of its free cash flow in Genomma shares throughout the year while continuing to reduce the Company's net debt.

B. Comments from the CEO

Mr. Máximo Juda, Chief Executive Officer, commented: "We're thrilled to announce the end of our destocking process in Mexico, as we continue to successfully implement our new strategy and turnaround process within a challenging macroeconomic and exchange rate environment.

Consolidated sales amounted to Ps. 2.84 billion during the quarter, driven by our Mexican operations, which amounted to Ps. 1.13 billion during the quarter; year to date, sales in this country are 33.1% above guidance. These strong results were mainly due to a faster than expected inventory destocking process for some of our products, which resulted in more orders from clients than we anticipated. Sell-out in Mexico during the quarter decreased 4.5% compared to 2015; 1.3% below our expectations, mainly due to lower than normal levels of service to our customers resulting from decreased inventories and the rebalancing at our warehouses as part of the destocking process and our efforts to reduce working capital. The Company is currently working with its supplier base to increase manufacturing levels and improve fulfillment of customer orders.

Genomma's U.S. operations posted a 3.3% growth, to Ps. 368.0 million. Year to date, results for our U.S. operations are 26.7% above 2015 figures. On a year-to-date basis, our U.S. operations continue to outperform our expectations, quarterly variations are, as explained in previous quarters, due to volatile comparison periods of last year.

Sales in Latin America continue to be negatively affected by the macroeconomic weakness and forex fluctuation in Brazil and other countries in which we operate, resulting in a 6.7% decline in sales compared to the same period of 2015. Sales were also negatively impacted by our low service level of products outsourced from Mexico, where inventories at our warehouse were significantly reduced as part of our new working capital objectives. We are focusing our efforts during the next quarters to improve our service levels both for Mexico and abroad.

We have achieved considerable strides in our internal processes and systems in order to strengthen our cash flow generation. As a result, I am proud to announce that we again achieved strong Cash Flow generation during the quarter, allowing the Company to reduce its Net Debt by Ps. 386.8 million compared to December 2015 and to repurchase Ps. 499.1 million of our own shares during the quarter. We ended the period with a cash position of Ps. 1.86 billion.

As we continue to focus on strengthening our Free Cash Flow generation during the quarter, our Cash Conversion Cycle improved to 78 days, compared to 114 days at year-end 2015. We expect to further improve our cash conversion cycle days in the next quarters by streamlining our operations.

We also continued to strengthen our financial policies and procedures. Due to changing macro circumstances, Genomma's new management and the Audit Committee proposed to the Board of Directors that a deeper revision of the Company's long-lived assets be conducted in order to more accurately reflect these assets fair value on the Balance sheet.

Over the years, the Company has invested substantial resources in long-lived assets to develop new ventures. However, the use of these assets has either not been optimal or has experienced delays due to circumstances that have changed over time. In order to ensure the full transparency of our financial disclosure, the Company is disclosing that, as a result of the thorough revision, non-cash, non-recurring charges were recorded in our balance sheet.

We are confident that these prudent and more exacting policies are the right steps needed to be taken to achieve the appropriate levels of transparency, supported by strengthened policies, procedures and controls that will continue to support the Genomma's new strategy and the future performance."

C. Results for the Second Quarter 2016 – On a "like-for-like" basis

NOTE: Genomma Lab strengthened its financial policies during 2015 and 2016, as well as implemented additional procedures and controls, resulting in adjustments reported within the corresponding Quarter and Full Year Results Release. We believe these policies reflect a **prudent**[b] accounting approach based on the current circumstances. These policies, which were presented to and approved by the Company's Audit Committee and Board of Directors, enhance the relevance and reliability of information contained within the financial statements.

The following tables show consolidated results of operations on a reported basis and adjusted for restructuring non-recurring charges and one-time charges for comparative purposes, in millions of pesos. Margins are shown as a percentage of Net Sales. Figures for the current quarter have been reported following the new financial policies implemented by the Company during 2015 and 2016.

Balance Sheet figures for year-end 2015 and June 2016 include the previously reported restructuring-based non-recurring charges and one-time charges[c]. P&L figures for 2016 have been compared to the same period of the previous year.

[b] IASB considers that **prudence** (defined as the exercise of caution when making judgements under conditions of uncertainty) can help achieve neutrality in the application of accounting policies. Another way of looking at prudence is to only record a revenue transaction or an asset when it is certain, and record an expense transaction or liability when it is probable**.**

[c] The vast majority of which were **non-cash** one-time charges, as well as other non-recurring cash restructuring charges

For the second quarter ended June 30, 2016 and 2015
(In million pesos)

Q2	REPORTED			ON A "Like-for-Like" BASIS		
	Q2 2015	Reported Q2 2016	*Variation vs Q2'15*	Q2 2015	Adjusted Q2 2016	*Variation vs Q2'15*
Net Sales	**2,974.7**	**2,838.3**	*-4.6%*			
Gross Profit	**2,104.4**	**2,023.7**	*-3.8%*			
Gross Margin	*70.7%*	*71.3%*				
EBITDA[1]	**596.2**	**-2,411.4**	*-504.5%*	**602.2**	**542.9**	*-9.8%*
EBITDA Margin	*20.0%*	*-85.0%*		*20.2%*	*19.1%*	
Operating Income	567.7	-2,433.4	*-528.6%*	573.7	521.0	*-9.2%*
Operating Margin	*19.1%*	*-85.7%*		*19.3%*	*18.4%*	
Net Income of Majority Shareholders	358.8	-2,541.2	*-808.3%*			
Net margin	12.1%	-89.5%				

YTD	REPORTED			ON A "Like-for-Like" BASIS		
	Q2 2015	Reported Q2 2016	*Variation vs Q2'15*	Q2 2015	Adjusted Q2 2016	*Variation vs Q2'15*
Net Sales	**5,743.2**	**5,688.9**	*-0.9%*			
Gross Profit	**4,039.3**	**4,025.3**	*-0.3%*			
Gross Margin	*70.3%*	*70.8%*				
EBITDA[1]	**1,036.5**	**-1,916.4**	*-284.9%*	**1,051.6**	**1,105.6**	*5.1%*
EBITDA Margin	*18.0%*	*-33.7%*		*18.3%*	*19.4%*	
Operating Income	979.2	-1,966.9	*-300.9%*	994.3	1,055.1	*6.1%*
Operating Margin	*17.0%*	*-34.6%*		*17.3%*	*18.5%*	
Net Income of Majority Shareholders	496.8	-2,182.6	*-539.4%*			
Net margin	8.6%	-38.4%				

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

Note: "Like-for-like" results were adjusted by adding restructuring non-recurring charges, as well as non-cash one-time charges derived from strengthening policies, both in Q2 and same quarter of 2015.

D. Non-recurring charges -Second Quarter 2016

Context:

- *December 16, 2015:* The Company appointed **Antonio Zamora** as its **new CFO**.

- *December 31, 2015:* The Company strengthened its **financial policies and procedures**, resulting in adjustments reported within the corresponding Fourth Quarter and Full Year Results Release. The new policies reflect a **prudent**[1] accounting approach based on the current circumstances.

- *February 25, 2016:* New policies were presented to and **approved** by the Company's **Audit Committee** and **Board of Directors**, in order to enhance the relevance and reliability of information contained within the financial statements. All the accounts that were reviewed in detail were fully adjusted; however, given the short period of time in which this was done, certain accounts required further revision. It is important to note that working capital accounts were adjusted and needed no further revision.

- *March 23, 2016:* To further reinforce operational controls, the Company **replaced its Internal Audit Team**. The new team is now responsible for uniformly implementing a **stricter auditing process** throughout the Company, in line with Genomma's new financial policies.

- *April 28, 2016:* The **renewal of the Audit Committee** was approved and a new Chairperson was appointed at Genomma's Annual Shareholder's meeting.

- *July 27, 2016:* The CFO, together with the Internal Audit Team and Audit Committee, proposed to the Board of Directors that a deeper revision of the Company's long-lived assets be conducted, to more accurately reflect their fair value on the Balance sheet.

- *July 2016- April 2017:* Valuation experts were hired and, together with our external auditors, conducted a deep revision of the business identifying the total amount of non-cash, non-recurring charges of the asset to be impaired as part of the annual audit of 2016.

- *April 27, 2017:* the Audited Financial Statements were approved by the Annual Shareholder's meeting, recording the non-cash, non-recurring charges announced during the second quarter of 2016.

D.1. Restructuring non-recurring charges in Q2'2016 (Cash items)

Non-recurring restructuring charges in Mexico total **Ps. 16.1 million**. Key items are:

- **Severance payments** during the quarter amounted to Ps. 16.1 million, resulting from a reduction in headcount of non-essential back office staff at Genomma's corporate headquarters in Mexico, from 573 to 498 employees. These expenses were recorded as part of SGM&A.

D.2. Disclosure of non-cash, non-recurring charges to the Company's long-lived assets

Due to changing macro circumstances, Genomma's new Management and Audit Committee proposed to the Board of Directors that a deeper revision of the Company's long-lived assets be conducted, to more accurately reflect their fair value on the Balance sheet.

Over the years, the Company invested substantial resources in long-lived assets to develop new ventures. However, the use of these assets has either not been optimal or has experienced delays due to circumstances that have changed over time. In order to ensure full transparency in Genomma's financial disclosure, the Company is disclosing that as a result of the revision conducted certain charges to its balance sheet were generated.

The accounts reviewed totaled Ps. 2.94 billion, and include the following: a) intangible assets related to brands, sanitary registries and their related fixed assets and, b) carryover and prepaid advertising.

- **Intangibles related to brands, sanitary registries and their related fixed assets amounting to Ps. 2.01 billion**

Genomma's management team implemented a stricter methodology to determine whether events or changes in circumstances indicate that the carrying amount of long-lived assets may not be accurate. Whenever this happens, an impairment test will be executed, rather than waiting for the traditional annual review. Prior Company policy allowed for a certain degree of subjectivity and the use of discretionary criteria that under the new policy is no longer accepted.

These policies were presented to and approved by the Company's Audit Committee and Board of Directors, in order to enhance the relevance and reliability of information contained within the financial statements.

During the first half of 2016, Brazil experienced major political and macroeconomic turmoil. In light of this change in circumstances, the Company made the decision not to invest the additional resources required to launch the new brands and products associated with their related sanitary registries. Genomma's cash flow generation will instead be allocated to investments with shorter payback times in more stable environments.

The Company conducted impairment tests under the new methodology on 22 brands, 30 sanitary registries and their related fixed assets which were acquired in past years to be developed in Brazil as new ventures. It is worth noting that the impaired assets are separate from those of our operating business in that country.

- **Carryovers and Advertising for Ps. 926.0 million.**

The Company has accounts with more than 40 media companies throughout 20 countries. In some countries, networks have increased their prices for air-time, and have modified their commercial terms to compensate for their decline in viewer audience. Under these new conditions, the use of carryovers from previous years has been limited, constrained or even cancelled.

In light of the extensive negotiations, the Company believes it might not be able to use part of its advertising balance and that it is therefore prudent to impair these assets.

E. MD&A for the Second Quarter 2016 Consolidated Results

The Company has strengthened its financial policies and procedures. Accordingly, two types of adjustments were made during the fourth quarter of 2015 and in the second quarter of 2016; the vast majority of which were **non-cash** one-time charges, as well as other non-recurring cash restructuring charges.

Net Sales declined 4.6% during the second quarter of 2016 compared to the same period of 2015, amounting to Ps. 2.84 billion. Year to date, Net Sales are 5.3% above the Company's guidance.

Results by region were:

Mexico

Net Sales (sell-in) amounted to Ps. 1.13 billion in the second quarter of 2016, which represented a 4.4% year-on-year decline. Year to date, sell-in was 33.1% above our guidance for the quarter, as we finished the destocking process in the second quarter of 2016.

It is important to note that inventories of Genomma's products at Marzam were 53 days at the end of the second quarter of 2016, compared to 67 days at the end of December 2015.

Sell-out during the quarter decreased by 4.5% compared to the second quarter of 2015; 1.3% below our expectations due to a low fill-rate of certain products, which is a reflection of the strength of Genomma's brands in the market. The Company continues to focus on supply chain improvement in order to prevent further fulfillment challenges from happening in the future.

Adjusted EBITDA amounted to Ps. 172.2 million in the second quarter of 2016, representing a 15.2% margin. This higher than expected margin was due to the increased leverage obtained resulting from sales which were stronger than anticipated.

Latin America

Net Sales declined 6.7% to Ps. 1.34 billion in the second quarter of 2016 as compared to the prior year. The decline in sales was primarily driven by weak sales in Brazil, where a negative foreign exchange effect and weak consumer environment impacted second quarter 2016 sales. Sales in Latin America were also affected by low service levels to customers resulting from decreased fulfillment levels from Mexico’s suppliers. When expressed in local currency, sales increased by 0.4% in the second quarter.

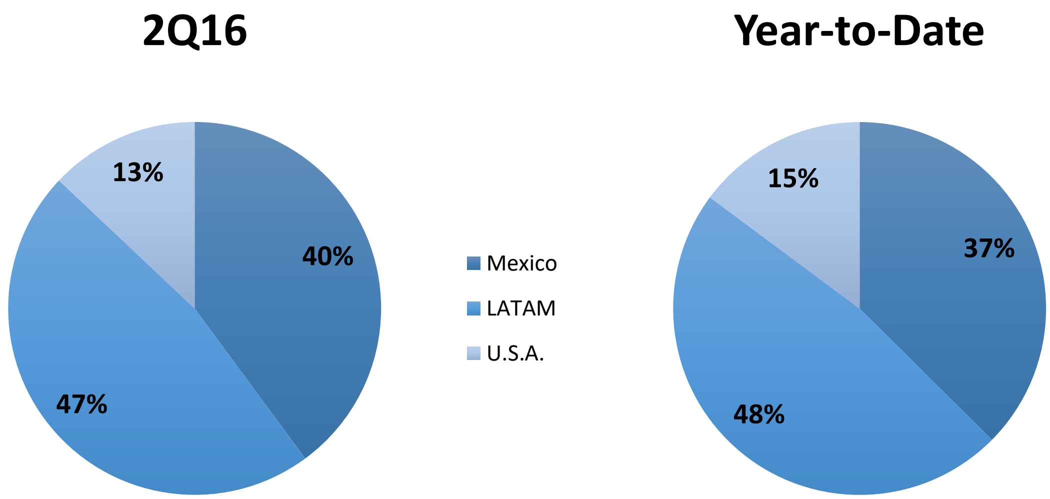
Adjusted EBITDA amounted to Ps. 284.2 million in the second quarter of 2016, representing a margin of 21.2%. This margin is lower than guidance for the quarter due to weaker than expected sales in the region as well as to a negative foreign exchange impact.

U.S.A.

Net Sales increased 3.3% to Ps. 368.0 million in the second quarter 2016, as Genomma continues to expand its presence in the U.S. market. On a year-to-date basis, results are 26.7% above the Company’s 2015 figures, with stronger sales in the first quarter than the second due to an acceleration of product launches and strengthening of relationships in the first quarter of the year. Genomma’s U.S. operations continue to outperform expectations on a year-to-date basis, however, quarterly variations were again due to volatile comparison periods in 2015. When expressed in local currency, sales decreased 12.6% in the second quarter.

EBITDA amounted to Ps. 86.5 million in the second quarter of 2016, representing a margin of 23.5%.

Net Sales Reported by Region and Segment



(In million pesos)

	2Q16			2Q15			
	Pharma*	PC	Total 2Q16	Pharma*	PC	Total 2Q15	%Var
Mexico	640.8	491.4	**1,132.2**	597.8	586.3	**1,184.2**	-4.4%
LATAM	461.8	876.2	**1,338.0**	416.8	1,017.4	**1,434.3**	-6.7%
EUA	186.8	181.2	**368.0**	222.7	133.5	**356.2**	3.3%
TOTAL	**1,289.4**	**1,548.8**	**2,838.3**	**1,237.4**	**1,737.3**	**2,974.7**	**-4.6%**

	YEAR-TO-DATE 2Q16			YEAR-TO-DATE 2Q15			
	Pharma*	PC	Total YTD 2Q16	Pharma*	PC	Total YTD 2Q15	%Var
Mexico	1,220.9	909.0	**2,129.9**	1,089.6	1,076.6	**2,166.2**	-1.7%
USA	890.5	1,824.3	**2,714.8**	825.5	2,085.4	**2,910.9**	-6.7%
USA	454.0	390.2	**844.2**	475.8	190.4	**666.1**	26.7%
TOTAL	**2,565.4**	**3,123.5**	**5,688.9**	**2,390.9**	**3,352.3**	**5,743.2**	**-0.9%**

Gross Profit decreased 3.8% to Ps. 2.02 billion in the second quarter of 2016, compared to Ps. 2.10 billion during the second quarter of 2015. Gross Margin increased 0.6 percentage points to 71.3% in the second quarter of 2016. The gross margin expansion was largely due to improved commercial policies, primarily at Genomma's Mexican operations.

Selling, General, Marketing and Administrative Expenses, excluding non-recurring charges, increased 2.4 percentage points as a percentage of Net Sales to 54.4%, compared to 51.9% in the same quarter of 2015. This increase was primarily due to higher prices from TV networks, which was partially offset by the improved optimization of Genomma's advertising expenses.

Adjusted EBITDA amounted to Ps. 542.9 million in the second quarter of 2016, compared to Ps. 602.2 million in the second quarter of 2015. The Adjusted EBITDA margin was 19.1% in the second quarter of 2016 as a result of higher Selling, General, Marketing and Administrative Expenses (excluding Depreciation and Amortization), which was partially offset by lower costs of goods sold, as a percentage of Net Sales.

EBITDA Reconciliation

For the second quarter ended June 30, 2016 and 2015
(In million pesos)

	Second Quarter	
	2016	2015
Consolidated net income	(2,568.8)	388.0
Discontinued operations (loss)	-	36.4
Income tax expense	165.7	167.7
Not consolidated subsidiaries' income (cost)	17.7	(1.4)
Comprehensive financing income (loss)	12.6	(47.0)
Operating income	**(2,433.4)**	**567.7**
Depreciation and amortization	22.0	28.5
EBITDA	**(2,411.4)**	**596.2**
EBITDA margin	*-85.0%*	*20.0%*
Non-recurring expenses and one-off effects[1]	2,954.3	6.0
Adjusted EBITDA	**542.9**	**602.2**
Adjusted EBITDA margin	19.1%	20.2%

1 Non-recurring expenses are related to the downsizing of our headcount in Mexico (severance payments) incurred during Q2´16 and Q2'15. One-off effects are related to the asset review conducted in 2016.

Comprehensive Financing Result represented an income of Ps. 12.6 million in the second quarter of 2016, compared to a Ps. 47.0 million loss recorded in the second quarter of 2015. This variation was a result of: i.) a Foreign Exchange gain amounting to Ps. 85.6 million during the second quarter of 2016, compared to a Ps. 14.4 million loss during the same period of 2015; ii.) a Ps. 23.8 million decrease in Financial Expenses to Ps. 80.1 million during the second quarter of 2016, compared to Ps. 103.9 million during the same period of 2015; iii.) higher Interest Income amounting to Ps. 8.1 million during the second quarter of 2016, compared to Ps. 7.6 million in the same period of 2015; and, iv.) a Ps. 1.1 million loss in the second quarter of 2016 related to the Exchange Rate conversion from our foreign operations, compared to a Ps. 63.7 million gain in the same period of 2015.

Net Income amounted to a loss of Ps. 2.57 billion in the second quarter of 2016, compared to Ps. 388.0 million gain during the second quarter of 2015.

Cash flow for the Second Quarter 2016

For the second quarter ended June 30, 2016
(In million pesos)

	June 2016
	2Q16
Net Income	**(2,568.8)**
Charges to Results with no Cash Flow	3,001.1
Changes in Working Capital	(13.7)
Net Cash from Operating Activities	**418.6**
Purchase of Property, Plant & Equipment	9.5
Purchase of Businesses and Others	(1.4)
Net Cash from Investing	**8.1**
Proceeds (Repayment) of Borrowing	(176.2)
Financing Expenses/Income and Other	(565.7)
Net Cash from Financing	**(741.9)**
Effect of Exchange Rate Changes on Cash	161.2
Cash at Beginning of Period	**2,013.7**
Cash at End of Period	**1,859.7**

Cash Flow from Operations

Net resources from operating activities amounted to Ps. 418.6 million in the second quarter of 2016.

Cash Flow from Financing Activities

In the second quarter of 2016, the Company paid a total of Ps. 741.9 million, comprised of: stock repurchases in the amount of Ps. 499.1 million, net debt payments to financial institutions in the amount of Ps. 176.2 million and interest paid in the amount of Ps. 84.7 million.

Cash Flow from Investing Activities

Net resources used in investing activities amounted to an income of Ps. 8.1 million, primarily related to net maintenance CAPEX. This amount is in line with the Company's strategy to reduce overall investments, particularly related to brand acquisitions.

Balance Sheet for the Second Quarter 2016

As of June 30, 2016 and December 31, 2015
(In million pesos)

	June 30, 2016	June 30, 2015	Var Jun '16 vs Jun '15	% Var Jun '16 vs Jun '15	December 31, 2015	Var Jun '16 vs Dec '15	% Var Jun '16 vs Dec '15
Balance Sheet Information:							
Cash and Equivalents	**1,859.7**	1,731.7	128.0	7.4%	1,725.9	133.8	7.8%
Accounts Receivable	**1,964.7**	3,261.0	(1,296.4)	-39.8%	2,072.6	(107.9)	-5.2%
Inventories	**1,012.0**	1,472.6	(460.7)	-31.3%	1,158.9	(146.9)	-12.7%
Other current Assets	**2,614.4**	10,011.8	(7,397.3)	-73.9%	2,581.6	32.8	1.3%
Fixed, Intangible and other LT Assets	**7,341.2**	8,288.0	(946.8)	-11.4%	10,094.2	(2,752.9)	-27.3%
Total Assets	**14,792.0**	24,765.2	(9,973.1)	-40.3%	17,633.2	(2,841.1)	-16.1%
Trade Payables	**867.7**	1,037.8	(170.2)	-16.4%	670.1	197.6	29.5%
Other current Liabilities	**1,401.1**	4,860.1	(3,459.0)	-71.2%	1,475.1	(74.0)	-5.0%
Current portion of debt	**133.5**	272.9	(139.5)	-51.1%	350.9	(217.4)	-62.0%
Unsecured local bonds	**5,489.6**	5,484.3	5.3	0.1%	5,487.0	2.6	0.0%
Long-term loans with financial institutions	**304.1**	1,331.0	(1,026.9)	-77.2%	342.3	(38.2)	-11.2%
Total Liabilities	**8,256.9**	13,898.2	(5,641.3)	-40.6%	8,384.5	(127.6)	-1.5%
Stockholders Equity	**6,535.1**	10,867.0	(4,331.8)	-39.9%	9,248.6	(2,713.5)	-29.3%
Working Capital [(1)]	**5,048.6**	10,306.3	(5,257.7)	-51.0%	5,042.9	5.7	0.1%
Working Capital less cash	**3,188.9**	8,574.6	(5,385.7)	-62.8%	3,317.0	(128.1)	-3.9%
Accounts Receivable days	**64**	98	(34)	-34.5%	68	(4)	-5.3%
Inventories days	**97**	147	(50)	-33.5%	110	(13)	-11.4%
Trade Payables days	**84**	103	(19)	-19.2%	64	20	30.6%
Cash Conversion Cycle	**78**	142	(63)	-44.7%	114	(36)	-31.3%

Cash and Equivalents amounted to Ps. 1.86 billion as of June 30, 2016, representing a 7.4% increase compared to December 31, 2015. This increase was primarily due to cash generated from operations during the quarter, which was offset by debt prepayment and share repurchases. In the second quarter of 2016, the Company repurchased Ps. 499.1 million in shares.

Accounts Receivable amounted to Ps. 1.96 billion as of June 30, 2016; a 5.2% decrease since December 2015. Days of Accounts Receivable amounted to 64. The Company was able to maintain healthy levels of Accounts Receivable since December 2015 due to significant progress in collection at its Mexican and international operations.

Accounts Receivable as of June 2016 by region were:

	Accounts Receivable	
	Q2'16	**Q4'15**
Mexico	51	75
LATAM	78	65
U.S.A.	49	61

Inventories amounted to Ps. 1.01 billion as of June 30, 2016; a Ps. 146.9 million decrease since December 2015. Days of Inventories amounted to 97; a 13-day reduction compared to year-end 2015. This reduction was driven by the destocking process at the Company's Mexican operations as well as higher than expected sales at our Mexican operations.

Other Current Assets amounted to Ps. 2.61 billion as of June 30, 2016.

Trade Payables amounted to Ps. 867.7 million as of June 30, 2016, compared to Ps. 670.1 million as of December 31, 2015. As of June 2016, DPO increased to 84 days from 64 days as of December as procurement levels at our Mexican operations have started to strengthen as the Company reaches the final stages of its destocking process.

Other Current Liabilities amounted to Ps. 1.40 billion as of June 30, 2016; a Ps. 74.0 million decrease compared to year-end 2015.

Financial Leverage- Gross Debt amounted to Ps. 5.93 billion as of June 30, 2016, compared to Ps. 6.18 billion in December of 2015; a Ps. 253.0 million reduction.

Net Debt amounted to Ps. 4.07 billion; a Ps. 386.8 million reduction compared to December 2015. This decrease in Net Debt was primarily due to improved cash flow generation from operations.

The Company's CeBures (long-term bonds) reach maturity on the following dates: September 2017, July 2018 and January 2020.

Cash Conversion Cycle reached 78 days at the end of the second quarter of 2016, compared to 114 days on December 2015.

F. Other Corporate Events

- Genomma's Audit Committee was renewed at the Company's Annual Shareholders' Meeting, held on April 27, 2016. The new Audit Committee is comprised of the following members: Jorge Ricardo Gutiérrez Muñoz, as Chairman, and Scott R. Emerson and Juan Alonso as Independent Members.

- Genomma's Corporate Practices Committee was also renewed at the Company's Annual Shareholders' Meeting, appointing Héctor Carrillo Gónzalez, as Chairman, and Leandro Martín Sigman Gold and Juan Alonso as Committee Members.

- The Company invested Ps. 499.1 million during the Second Quarter of 2016 as part of its stock repurchase program. As of June 30, 2016, the Company had invested Ps. 534.4 million in its own shares, year to date.

Analyst Coverage

Casa de Bolsa Credit Suisse S.A.; Banco Itaú BBA, S.A.; Santander Investment Securities Inc.; BBVA Bancomer, S.A.; UBS Casa de Bolsa S.A.; Barclays Bank PLC; BTG Pactual US Capital LLC; GBM Grupo Bursátil Mexicano, S.A. de C.V.; Grupo Financiero Banorte S.A.B de C.V.; Grupo Financiero Interacciones, S.A. de C.V.; HSBC Securities (USA) Inc.; Invex Grupo Financiero S.A. de C.V.; Signum Research, and JPMorgan Securities LLC.

Company Description

Genomma Lab Internacional, S.A.B. de C.V. is one of the leading 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).

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Income Statement

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

For the three and six months ended on June 30, 2016 and 2015

(In thousands of current Mexican pesos)

	SECOND QUARTER			ACCUMULATED		
	2016	2015	Var %	2016	2015	Var %
Net Sales	2,838,258	2,974,661	(4.6%)	5,688,901	5,743,234	(0.9%)
Cost of goods sold	814,562	870,302	(6.4%)	1,663,580	1,703,901	(2.4%)
Gross Income	**2,023,696**	**2,104,359**	**(3.8%)**	**4,025,321**	**4,039,333**	**(0.3%)**
Selling, general and administrative expenses	2,560,896	1,516,227	68.9%	4,040,329	3,004,255	34.5%
Other expenses	1,900,712	1,576	120503.6%	1,928,453	8,492	22609.1%
Other income	26,517	9,595	176.4%	27,093	9,928	172.9%
EBITDA	**(2,411,395)**	**596,151**	**(504.5%)**	**(1,916,368)**	**1,036,514**	**(284.9%)**
Depreciation and amortization	21,959	28,464	(22.9%)	50,537	57,294	(11.8%)
(Loss) income from Operations	**(2,433,354)**	**567,687**	**(528.6%)**	**(1,966,905)**	**979,220**	**(300.9%)**
Interest expense	(80,068)	(103,858)	(22.9%)	(155,786)	(203,824)	(23.6%)
Interest income	8,091	7,562	7.0%	14,275	10,422	37.0%
Exchange income	84,537	49,297	71.5%	234,901	(23,667)	(1092.5%)
Comprehensive financing income (cost)	**12,560**	**(46,999)**	**(126.7%)**	**93,390**	**(217,069)**	**(143.0%)**
Associated company	17,716	(1,388)	(1376.4%)	18,563	(2,175)	(953.5%)
(Loss) income before income taxes	**(2,403,078)**	**519,300**	**(562.8%)**	**(1,854,952)**	**759,976**	**(344.1%)**
Income tax expense	165,701	167,725	(1.2%)	287,595	282,659	1.7%
Income from continuing operations	**(2,568,779)**	**351,575**	**(830.6%)**	**(2,142,547)**	**477,317**	**(548.9%)**
Net income from discontinued operations	-	36,433	(100.0%)	-	57,116	(100.0%)
Consolidated net income	**(2,568,779)**	**388,008**	**(762.0%)**	**(2,142,547)**	**534,433**	**(500.9%)**
Net income of minority stockholders	(27,539)	29,253	(194.1%)	40,031	37,670	6.3%
Net income of majority stockholders	(2,541,240)	358,755	(808.3%)	(2,182,578)	496,763	(539.4%)

Balance Sheet

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

As of June 30, 2016 and 2015 and December 31, 2015

(In thousands of current Mexican Pesos)

	JUNE		VARIATION		DECEMBER	VARIATION	
ASSETS	2016	2015	Amount	%	2015	Amount	%
Current assets							
Cash and equivalents	1,842,862	1,713,808	129,054	8%	1,673,835	169,027	10%
Restricted fund	16,841	17,914	(1,073)	(6%)	52,069	(35,228)	(68%)
Clients - Net	1,964,682	3,261,036	(1,296,354)	(40%)	2,072,566	(107,884)	(5%)
Others accounts receivable	1,892,436	1,422,630	469,806	33%	1,846,954	45,482	2%
Inventory - Net	1,011,974	1,472,632	(460,658)	(31%)	1,158,913	(146,939)	(13%)
Prepaid expenses	722,009	1,614,692	(892,683)	(55%)	734,664	(12,655)	(2%)
Assets classified as held for sale	-	6,974,459	(6,974,459)	(100%)	-	-	-
Total current assets	**7,450,804**	**16,477,171**	**(9,026,367)**	**(55%)**	**7,539,001**	**(88,197)**	**(1%)**
Non-current assets							
Trademarks	5,168,611	6,986,218	(1,817,607)	(26%)	6,348,973	(1,180,362)	(19%)
Investment in shares	1,371,041	17,269	1,353,772	7839%	1,352,478	18,563	1%
Building, properties and equipment – Net	325,154	407,078	(81,924)	(20%)	406,646	(81,492)	(20%)
Deferred income tax	336,680	66,066	270,614	410%	323,435	13,245	4%
Other assets - Net	139,736	811,363	(671,627)	(83%)	1,662,626	(1,522,890)	(92%)
Total non-current assets	**7,341,222**	**8,287,994**	**(946,772)**	**(11%)**	**10,094,158**	**(2,752,936)**	**(27%)**
TOTAL ASSETS	**14,792,026**	**24,765,165**	**(9,973,139)**	**(40%)**	**17,633,159**	**(2,841,133)**	**(16%)**
LIABILITIES AND STOCKHOLDERS' EQUITY							
Current Liabilities							
Current portion of long-term debt	133,451	272,943	(139,492)	(51%)	350,884	(217,433)	(62%)
Suppliers	867,683	1,037,835	(170,152)	(16%)	670,116	197,567	29%
Due to related parties	17,229	22,376	(5,147)	(23%)	13,134	4,095	31%
Other current liabilities	1,221,708	949,691	272,017	29%	1,250,852	(29,144)	(2%)
Income tax payable	150,377	190,081	(39,704)	(21%)	184,285	(33,908)	(18%)
Statutory employee profit sharing	11,756	11,679	77	1%	26,797	(15,041)	(56%)
Debts classified as held for sale	-	3,686,290	(3,686,290)	(100%)	-	-	-
Total current liabilities	**2,402,204**	**6,170,895**	**(3,768,691)**	**(61%)**	**2,496,068**	**(93,864)**	**(4%)**
Non-current liabilities							
Long-term debt securities	5,489,613	5,484,314	5,299	0%	5,486,964	2,649	0%
Long-term loans with financial institutions	304,087	1,331,002	(1,026,915)	(77%)	342,266	(38,179)	(11%)
Other long term liabilities	56,563	63,010	(6,447)	(10%)	54,442	2,121	4%
Deferred income tax	2,706	846,280	(843,574)	(100%)	1,695	1,011	60%
Employee retirement obligations	1,711	2,685	(974)	(36%)	3,073	(1,362)	(44%)
Total liabilities	**8,256,884**	**13,898,186**	**(5,641,302)**	**(41%)**	**8,384,508**	**(127,624)**	**(2%)**
Stockholders' equity							
Capital stock	1,914,306	1,914,306	-	-	1,914,306	-	-
Retained earnings	7,195,046	8,263,564	(1,068,518)	(13%)	8,263,564	(1,068,518)	(13%)
Net income	(2,182,578)	496,763	(2,679,341)	(539%)	(1,068,518)	(1,114,060)	104%
Cumulative translation effects of foreing subsidiaries	449,091	244,351	204,740	84%	417,750	31,341	8%
Share buy back fund	(1,108,981)	(311,151)	(797,830)	256%	(578,955)	(530,026)	92%
Net premium in placement of repurchased shares	39,749	39,749	-	-	39,749	-	-
Minority interest	228,509	219,397	9,112	4%	260,755	(32,246)	(12%)
Total stockholders' equity	**6,535,142**	**10,866,979**	**(4,331,837)**	**(40%)**	**9,248,651**	**(2,713,509)**	**(29%)**
TOTAL EQUITY AND LIABILITIES	**14,792,026**	**24,765,165**	**(9,973,139)**	**(40%)**	**17,633,159**	**(2,841,133)**	**(16%)**

Cash Flow

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

For the three and six months ended on June 30, 2016
(In thousands of current Mexican pesos)

	JUNE 2016	
	2nd QUARTER	ACCUMULATED
Cash and cash equivalents beginning of period	**2,013,733**	**1,725,905**
Consolidated Net Income	**(2,568,780)**	**(2,142,548)**
Charges to results with no cash flow:		
Depreciation and amortization	21,960	50,537
Income tax	165,702	287,595
Impairment of assets	1,894,335	1,955,720
Accrued interest and others	919,066	993,783
	432,283	**1,145,087**
Changes in Working Capital:		
Clients - Net	138,042	107,916
Inventories	(121,607)	146,940
Suppliers	216,762	196,116
Other current assets	(2,930)	(14,503)
Payed income tax	(267,952)	(343,774)
Other current liabilities	23,958	(65,082)
	(13,727)	**27,613**
Net cash generated (used) in operating activities	**418,556**	**1,172,700**
Investing activities:		
Investment in fixed assets	(10,256)	(37,320)
Sales of equipment	19,756	20,130
Brand acquisitions and others	(1,016)	(1,016)
Others assets acquisitions	(410)	(265)
Net cash generated (used) in investing activities	**8,074**	**(18,471)**
Financing activities:		
Payments of borrowings with financial institutions	(233,638)	(349,974)
Loans with financial and securities institutions	57,429	57,429
Interest paid	(84,726)	(144,400)
Stock repurchase	(499,066)	(534,389)
Minority interest	18,100	(72,277)
Net cash used in financing activities	**(741,901)**	**(1,043,611)**
Net increase in cash and cash equivalents before foreign exchange adjustments coming from international operations and inflationary affects cash	**(315,271)**	**110,618**
Foreign exchange and inflationary effects from international operations	161,241	23,180
Accumulated cash flow at the end of the period	**1,859,703**	**1,859,703**
Less - restricted fund	16,841	16,841
Cash and cash equivalents at end of period balance for operation	**1,842,862**	**1,842,862**