



Mexico City, Mexico, July 25, 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, 2017. All figures included herein are stated in nominal Mexican pesos and have been prepared in accordance with International Financial Reporting Standards (IFRS).

## Contents

---

- A. Highlights of the Second Quarter 2017
- B. Comments from the CEO
- C. Operating Results for the Second Quarter 2017
- D. MD&A for the Second Quarter 2017 Consolidated Results
- E. Other Corporate Events

## A. Q2 2017 Highlights (vs. Q2 2016)

---

- Net Revenues for the second quarter 2017 were Ps. 2.91 billion; a 2.5% year on year increase. Year to date, Net Revenues totaled 6.11 billion, representing a 7.5% increase compared to the same quarter in 2016, in line with the Company’s guidance for the full year.
- Second quarter 2017 Adjusted EBITDA amounted to Ps. 607.7 million; an 11.9% year-on-year increase, representing a 20.9% margin. Year to date, Adjusted EBITDA amounted to Ps. 1.30 billion, representing a margin of 21.3%.
- Genomma achieved Ps. 287.9 million in adjusted free cash flow generation in the second quarter 2017. Including capex associated with the construction of Genomma’s new manufacturing facility, free cash flow amounted to PS. 168.4 million.
- Net Income amounted to Ps. 290.4 million for the second quarter of 2017.
- Second Quarter 2017 Highlights by Region:
  - Net Revenues from Mexican operations were Ps. 1.21 billion; a 6.9% increase year-on-year, in line with the Company’s expectations for the quarter.
  - Sales from Genomma Lab’s Latin American operations increased 5.6%, to Ps. 1.41 billion, as compared to Ps. 1.34 billion during the second quarter of 2016.
  - Net Revenues for U.S. operations were Ps. 288.2 million; a 21.7% decrease year on year. This is due to management’s strategic decision to conclude Genomma’s limited exclusive agreement with one of the largest pharmacy retailers in the U.S., with the objective of expanding Genomma’s horizontal distribution to other pharmacy retailers. This result is also due to a high comparable base in the second quarter of 2016 as well as to a weak U.S. consumer environment during the second quarter 2017.



## B. Comments from the CEO

---

Mr. Máximo Juda, Chief Executive Officer, commented: “We continue to make strong progress on bringing Genomma Lab back to healthy sales and profitability levels. I can confidently say that our Mexican operations are firmly back on track with robust sales growth and significantly improved EBITDA margins, underscored by the benefit of achieving operating leverage and our ability to continue to realize cost efficiencies. Likewise, our Latin American operations are also on track, despite continued economic and political volatility in Brazil and lower than expected fill rate levels throughout the region.

Genomma’s U.S. operations will continue to perform below our expectations for the balance of the year while we prepare to source and market through those pharmacy retailers we previously were unable to serve due to certain limited exclusive agreements which we had in place.

Service levels are expected to improve for the remainder of the year, and to normalize by the first quarter of 2018. We therefore maintain Genomma’s consolidated sales growth guidance unchanged for the full year 2017.

Consolidated sales for the second quarter were Ps. 2.91 billion, representing a 2.5% year-on-year increase, primarily on increased revenues in Mexico which grew 6.9%, and in Latin America with a sales increase of 5.6%. Consolidated results were moderated by the performance in the U.S. market during the quarter. Additionally, our profitability remains strong with an Adjusted EBITDA margin of 20.9%, on track with our new EBITDA expectations for the year.

We have made progress on our plans to shore up our ability to manage and directly control fulfillment levels. During the second quarter we acquired land in the State of Mexico, just north of the city of Toluca, where we intend to break ground for our own manufacturing facility. Additionally, we are working on high level engineering designs and have already made down payments for long-lead time equipment.

Our cash conversion cycle of 93 days is on track and within the range of our expectations as we focus on normalizing fill rate levels. Net Debt decreased to Ps. 3.92 billion, a reduction of over Ps. 140 million as compared to the prior year period. Of note, in an effort to begin repaying debt that will come due in September, we began buying back the Company’s CeBures (long term bonds).

I am pleased with the continued progress towards our full year objectives. While we still have work to do on our turn around process, our diversified business model is showing enhanced levels of consistency and improvement in all lines, which will continue in the quarters ahead.”



## C. Results for the Second Quarter 2017

**NOTE:** Genomma Lab strengthened its financial policies during 2015 and 2016, implementing additional procedures and controls that resulted in adjustments reported within the corresponding Results Release. We believe these policies reflect a **prudent<sup>a</sup>** 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 reflect the Company's consolidated results of operations on an as reported basis, in million pesos. Margins are shown as a percentage of Net Sales.

Statement of Operations and Balance Sheet figures for the second quarter and year-end 2016 include the audited numbers approved by the Annual Ordinary General Shareholders meeting.

For the second quarter ended June 30, 2017 and 2016  
(In million pesos)

Q2	REPORTED			ON A "Like-for-Like" BASIS		
	Q2 2016	Reported Q2 2017	Variation vs Q2'16	Adjusted Q2 2016	Q2 2017	Variation vs Q2'16
Net Sales	2,838.3	2,910.6	2.5%			
Gross Profit	2,023.7	2,002.6	-1.0%			
Gross Margin	71.3%	68.8%				
EBITDA <sup>1</sup>	-2,411.4	589.6	NA	542.9	607.7	11.9%
EBITDA Margin	-85.0%	20.3%		19.1%	20.9%	
Operating Income	-2,433.4	570.4	NA	521.0	588.5	13.0%
Operating Margin	-85.7%	19.6%		18.4%	20.2%	
Net Income of Majority Shareholders	-2,541.2	273.2	NA			
Net margin	-89.5%	9.4%				

<sup>a</sup> 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.



YTD	REPORTED			ON A "Like-for-Like" BASIS		
	Q2 2016	Reported Q2 2017	Variation vs Q2'16	Adjusted Q2 2016	Q2 2017	Variation vs Q2'16
Net Sales	5,688.9	6,113.7	7.5%			
Gross Profit	4,025.3	4,235.0	5.2%			
Gross Margin	70.8%	69.3%				
EBITDA <sup>1</sup>	-1,916.4	1,283.8	NA	1,105.6	1,301.9	17.7%
EBITDA Margin	-33.7%	21.0%		19.4%	21.3%	
Operating Income	-1,966.9	1,248.0	NA	1,055.1	1,266.1	20.0%
Operating Margin	-34.6%	20.4%		18.5%	20.7%	
Net Income of Majority Shareholders	-2,182.6	710.1	NA			
Net margin	-38.4%	11.6%				

<sup>1</sup> EBITDA is calculated by adding depreciation and amortization to the Operating Income.

The total number of shares as of June 30, 2017 totaled 1,048,733,370, and the Company held 97,671,118 shares in treasury.

## D. MD&A for the Second Quarter 2017 Consolidated Results

**Net Sales** increased 2.5% during the second quarter of 2017 compared to the same period of 2016, amounting to Ps. 2.91 billion. Year to date, Net Sales increased 7.5% compared to the results from the same quarter of the previous year amounting to Ps. 6.11 billion.

Results by region were:

### Mexico

**Net Sales** amounted to Ps. 1.21 billion in the second quarter of 2017; a 6.9% increase year-on-year and in line with our expectations for the quarter. Year to date, Net Sales amounted to 2.31 billion, representing an 8.7% increase compared to the second quarter 2016.

It is important to note that inventories of Genomma's products at Marzam decreased to 30 days at the end of the second quarter of 2017, compared to 47 days at the end of December 2016.

**Adjusted EBITDA** amounted to Ps. 257.9 million in the second quarter of 2017, representing a 21.3% margin. This result was primarily due to operating leverage and to Genomma's continued effort to reduce sales, general and administrative expenses. Year to date, EBITDA has reached Ps. 460.5 million, representing a 19.9% margin.

### Latin America

**Net Sales** increased 5.6% in the second quarter of 2017 as compared to the prior year, to Ps. 1.41 billion, mainly driven by strong results in Colombia, Peru and Argentina. Year to date, Net Sales amounted to Ps. 3.07 billion; a 13.1% year-on-year increase.



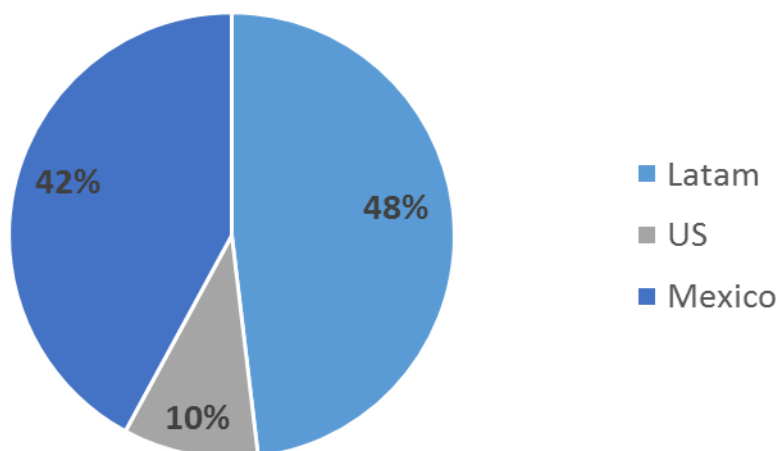
*EBITDA* amounted to Ps. 357.6 million in the second quarter of 2017, representing a margin of 25.3%. Year to date, EBITDA for the region has amounted to Ps. 788.4 million, representing a margin of 25.7%.

#### *U.S.A.*

*Net Sales* decreased 21.7%, to Ps. 288.2 million in the second quarter 2017. This result is due to the Company's decision to conclude its limited exclusivity agreement with a large client in the U.S. in order to allow Genomma to expand through new clients, coupled with a high comparable base in the second quarter of 2016 and a weak consumer environment. While this decision will affect the Company's sales in the short term, this is expected to result in benefits and improved sales in the future.

*EBITDA* amounted to Ps. -7.7 million in the second quarter of 2017, representing a margin of -2.7%. This result is due to a lower sales base and costs related to the setup of new customers.

#### *Net Sales Reported by Region and Segment for the Second Quarter 2017*



(In million pesos)

	OTC			PC			Total		
	2Q17	2Q16	%Var	2Q17	2Q16	%Var	2Q17	2Q16	%Var
Mexico	564.0	640.8	-12.0%	646.0	491.4	31.5%	1,210.0	1,132.2	6.9%
LATAM	521.9	461.8	13.0%	890.5	876.2	1.6%	1,412.4	1,338.0	5.6%
USA	155.9	186.8	-16.6%	132.4	181.2	-26.9%	288.2	368.0	-21.7%
<b>TOTAL</b>	<b>1,241.7</b>	<b>1,289.4</b>	<b>-3.7%</b>	<b>1,668.9</b>	<b>1,548.8</b>	<b>7.8%</b>	<b>2,910.6</b>	<b>2,838.3</b>	<b>2.5%</b>



**Gross Profit** decreased 1.0% to Ps. 2.00 billion in the second quarter of 2017, compared to Ps. 2.02 billion during the second quarter of 2016. Second quarter 2017 Gross Margin decreased 2.5 percentage points, to 68.8%. This decrease in margin is primarily due to increased costs on some product formulations we've launched and a change in product sales mix in the last quarters.

**Selling, General, Marketing and Administrative Expenses**, decreased 5.8 percentage points as a percentage of Net Sales, to 48.6%, compared to SGM&A expenses of 54.4% (excluding non-recurring charges) in the same quarter of 2016. This decrease is due to the operational leverage achieved during the quarter, together with the Company's continued successful execution of Company-wide expense reduction.

**Adjusted EBITDA** amounted to Ps. 607.7 million in the second quarter of 2017, compared to an Adjusted EBITDA of Ps. 542.9 for the same period of 2016. Second quarter 2017 Adjusted EBITDA margin was 20.9%, due to lower Selling, General, Marketing and Administrative Expenses (excluding Depreciation and Amortization).

### EBITDA Reconciliation

For the second quarter ended June 31, 2017 and 2016  
(In million pesos)

	<b>Second Quarter</b>	
	<b>2017</b>	<b>2016</b>
<b>Consolidated net income</b>	290.4	(2,568.8)
Income tax expense	99.8	165.7
Not consolidated subsidiaries' income (cost)	1.7	17.7
Comprehensive financing income (loss)	(181.9)	12.6
<b>Operating Income</b>	<b>570.4</b>	<b>(2,433.4)</b>
Depreciation and amortization	19.3	22.0
<b>EBITDA</b>	<b>589.6</b>	<b>(2,411.4)</b>
EBITDA margin	20.1%	-85.0%
Non-recurring expenses and one-off effects	18.1	2,954.3
<b>Adjusted EBITDA</b>	<b>607.7</b>	<b>542.9</b>
Adjusted EBITDA margin	20.9%	19.1%

**Comprehensive Financing Result** represented a Ps. 181.9 million loss in the second quarter of 2017, compared to a Ps. 12.6 million gain recorded in the second quarter of 2016. This variation was a result of: i.) a Foreign Exchange loss amounting to Ps. 70.7 million during the second quarter of 2017, compared to a Ps. 85.6 million gain during the same period of 2016; ii.) a Ps. 33.0 million increase in Financial Expenses to Ps. 113.1 million during the second quarter of 2017, compared to Ps. 80.1 million during the same period of 2016; as interest rates in Mexico have



significantly increased compared to the same period of last year; iii.) lower Interest Income amounting to Ps. 8.0 million during the second quarter of 2017, compared to Ps. 8.1 million in the same period of 2016; and, iv.) a Ps. 6.1 million loss in the second quarter of 2017 related to the Exchange Rate conversion from our foreign operations, compared to a Ps. 1.1 million loss in the same period of 2016.

**Net Income** amounted to Ps. 290.4 million in the second quarter of 2017; compared to a loss of Ps. 2.57 billion in the second quarter of 2016.

### Cash flow for the Second Quarter 2017

For the second quarter ended June 30, 2017  
(In million pesos)

	2Q17
<b>Net Income</b>	290.4
Charges to Results with no Cash Flow	250.5
Changes in Working Capital	(255.6)
<b>Net Cash from Operating Activities</b>	<b>285.3</b>
Purchase of Property, Plant & Equipment	(52.7)
Purchase of Businesses and Others	(64.2)
<b>Net Cash from Investing</b>	<b>(116.9)</b>
Proceeds (Repayment) of Borrowing	(19.0)
Financing Expenses/Income and Other	(113.9)
<b>Net Cash from Financing</b>	<b>(132.9)</b>
Effect of Exchange Rate Changes on Cash	(47.9)
Cash at the Beginning of the Period	1,886.8
<b>Cash at End of Period</b>	<b>1,874.4</b>

### Cash Flow from Operations

Net resources from operating activities amounted to Ps. 285.3 million in the second quarter of 2017.

### Cash Flow from Investing Activities

Net resources used by investing activities amounted to Ps. 116.9 million. This was primarily due to investments primarily made in land, machinery and other assets related to the construction of Genomma's new manufacturing facility. Excluding non-recurring investments, capex amounted to an income of Ps. 2.6 million.



### Cash Flow from Financing Activities

In the second quarter of 2017, the Company paid a total net of Ps. 132.9 million, mainly comprised of: net debt payments to financial institutions in the amount of Ps. 19.0 million and interest paid in the amount of Ps. 102.8 million.

### Balance Sheet for the Second Quarter 2017

As of June 30, 2017, June 30, 2016 and December 31, 2016

	June 30, 2017	June 30, 2016	Var Jun '17 vs Jun '16	% Var Jun '17 vs Jun '16	December 31, 2016	Var Jun '17 vs Dec '16	% Var Jun '17 vs Dec '16
<b>Balance Sheet Information:</b>							
Cash and Equivalents	1,874.4	1,859.7	14.7	0.8%	1,846.2	28.2	1.5%
Accounts Receivable	2,470.8	1,964.7	506.1	25.8%	2,493.5	(22.7)	-0.9%
Inventories	1,226.8	1,012.0	214.8	21.2%	1,172.0	54.7	4.7%
Other current Assets	2,704.5	2,614.4	90.1	3.4%	2,284.5	420.0	18.4%
Fixed, Intangible and other LT Assets	7,866.0	7,341.2	524.7	7.1%	7,912.3	(46.3)	-0.6%
Total Assets	16,142.5	14,792.0	1,350.4	9.1%	15,708.6	433.9	2.8%
Trade Payables	1,047.3	867.7	179.6	20.7%	1,033.5	13.7	1.3%
Other current Liabilities	2,334.3	1,401.1	933.2	66.6%	1,993.0	341.4	17.1%
Current portion of debt	2,074.4	133.5	1,941.0	1454.5%	2,073.9	.5	0.0%
Unsecured local bonds	3,496.5	5,489.6	(1,993.1)	-36.3%	3,494.4	2.1	0.1%
Long-term loans with financial institutions	228.1	304.1	(76.0)	-25.0%	266.1	(38.0)	-14.3%
Total Liabilities	9,829.8	8,256.9	1,572.9	19.0%	8,915.7	914.0	10.3%
Stockholders Equity	6,312.7	6,535.1	(222.4)	-3.4%	6,792.9	(480.2)	-7.1%
Working Capital <sup>(1)</sup>	2,820.5	5,048.6	(2,228.1)	-44.1%	2,696.0	124.5	4.6%
Working Capital less cash	946.1	3,188.9	(2,242.8)	-70.3%	849.7	96.3	11.3%
Accounts Receivable days	76	64	12	17.4%	79	(3)	-4.3%
Inventories days	115	97	18	17.6%	116	(1)	-1.1%
Trade Payables days	98	84	14	17.1%	102	(4)	-4.0%
Cash Conversion Cycle	93	78	15	18.8%	93	-	0.0%

<sup>(1)</sup> Working Capital consists of current assets minus current liabilities.

**Cash and Equivalents** amounted to Ps. 1.87 billion as of June 30, 2017, representing a 0.8% year on year increase, and a 1.5% increase compared to year end 2016. This increase was primarily due to cash generated by operations, which was offset by working capital requirements as well as investments made in the Company's new manufacturing facility.

**Accounts Receivable** amounted to Ps. 2.47 billion as of June 30, 2017; a 25.8% increase since June 2016 and a 0.9% decrease compared to December 2016. Days of Accounts Receivable amounted to 76. The Company continues to maintain healthy levels of Accounts Receivable at its Mexican and international operations.





Days of Accounts Receivable as of June 2017 by region were:

	Days of Accounts Receivable	
	Q2'17	Q4'16
<b>Mexico</b>	79	81
<b>Latam</b>	80	89
<b>USA</b>	48	42

*Inventories* amounted to Ps. 1.23 billion as of June 30, 2017. Days of Inventories amounted to 115; an 18-day increase compared to June 2016 due to efforts to return to normalized fill-rate levels in order to fulfill customer orders at Genomma's Mexico and Latin America operations. Compared to year-end 2016, days of inventories decreased by one day. We expect inventories to decrease as we deploy SAP in the rest of the countries in which Genomma operates and when the production facilities begin operation.

*Other Current Assets* amounted to Ps. 2.70 billion as of June 30, 2017.

*Trade Payables* amounted to Ps. 1.05 billion as of June 30, 2017. As of the second quarter of 2017, DPO increased to 98 days from 84 days as of June 2016, as procurement levels at our Mexican operations increased to improve inventory levels and thereby enhance client service at our Mexican and Latin America Operations.

*Other Current Liabilities* amounted to Ps. 2.33 billion as of June 30, 2017.

*Financial Leverage*- Gross Debt amounted to Ps. 5.80 billion as of June 30, 2017, compared to Ps. 5.93 billion in June of 2016; a decrease of Ps. 128.2 million.

Net Debt amounted to Ps. 3.93 billion; a Ps. 142.9 million decrease compared to June 2016. This reduction in Net Debt was primarily due to cash generated from operations.

The Company's CeBures (long-term bonds) reach maturity on the following dates: September 2017, July 2018 and January 2020. In the second quarter the Company repurchased Ps. 50.1 million pesos of its own LAB-13 CeBures in the market, as an effort to begin repaying debt which will mature in September 2017.

*Cash Conversion Cycle* reached 93 days at the end of the second quarter of 2017, compared to 78 days on June 2016 and 93 days on December 2016.

## **E. Other Corporate Events**

- In the second quarter of 2016, the Company received a payment of Ps. 40 million as part of the purchase price of Marzam. To date, the Company has received Ps. 200 million. The final portion of the pending payment is scheduled to be settled in the balance of the year.
- The Company repurchased Ps. 50.1 million of its own Debt Certificates in the market to reduce negative carry of interests. These will reach maturity on September 2017. The rating agencies Fitch Ratings and HR Ratings have ratified their investment grade rating of



AA(mex)" and "HR AA", respectively. HR Ratings has reaffirmed a Stable Outlook for the Company.

### Analyst Coverage

Genomma Lab is covered by the following analysts:

Casa de Bolsa Credit Suisse; Banco Itaú BBA; Santander Investment Securities; BBVA Bancomer.; UBS Casa de Bolsa; Vector Casa de Bolsa; Barclays Bank; BTG Pactual U.S. Capital; GBM Grupo Bursátil Mexicano.; Grupo Financiero Banorte; Grupo Financiero Interacciones; HSBC Securities (USA); Invex Grupo Financiero; Signum Research, and JP Morgan Securities.

### 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).

#### **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.

#### Contact:

Investor Relations

Tel: +52 (55) 5081-0000 Ext. 4016

E-mail: [inversion@genommalab.com](mailto:inversion@genommalab.com)

#### In New York:

Barbara Cano, MBS Value Partners

Tel: +1 (646) 452-2334

E-mail: [barbara.cano@mbsvalue.com](mailto:barbara.cano@mbsvalue.com)



## Income Statement

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

For the three and six month periods ended on June 30, 2017 and 2016

(Thousands of Mexican pesos)

	SECOND QUARTER			ACCUMULATED		
	2017	2016	Var %	2017	2016	Var %
Net Sales	2,910,589	2,838,258	2.5%	6,113,715	5,688,901	7.5%
Cost of goods sold	908,026	814,562	11.5%	1,878,755	1,663,580	12.9%
<b>Gross Income</b>	<b>2,002,563</b>	<b>2,023,696</b>	<b>(1.0%)</b>	<b>4,234,960</b>	<b>4,025,321</b>	<b>5.2%</b>
Selling, general and administrative expenses	1,395,730	2,560,896	(45.5%)	2,946,947	4,040,329	(27.1%)
Other expenses	29,426	1,900,712	(98.5%)	39,076	1,928,453	(98.0%)
Other income	12,211	26,517	(54.0%)	34,862	27,093	28.7%
<b>EBITDA</b>	<b>589,618</b>	<b>(2,411,395)</b>	<b>(124.5%)</b>	<b>1,283,799</b>	<b>(1,916,368)</b>	<b>(167.0%)</b>
Depreciation and amortization	19,266	21,959	(12.3%)	35,837	50,537	(29.1%)
<b>Income (loss) from Operations</b>	<b>570,352</b>	<b>(2,433,354)</b>	<b>(123.4%)</b>	<b>1,247,962</b>	<b>(1,966,905)</b>	<b>(163.4%)</b>
Interest expense	(113,112)	(80,068)	41.3%	(201,058)	(155,786)	29.1%
Interest income	8,011	8,091	(1.0%)	17,983	14,275	26.0%
Exchange (expense) income	(76,826)	84,537	(190.9%)	(44,448)	234,901	(118.9%)
<b>Comprehensive financing income (cost)</b>	<b>(181,927)</b>	<b>12,560</b>	<b>(1548.5%)</b>	<b>(227,523)</b>	<b>93,390</b>	<b>(343.6%)</b>
Associated company	1,734	17,716	(90.2%)	14,093	18,563	(24.1%)
<b>Income (loss) before income taxes</b>	<b>390,159</b>	<b>(2,403,078)</b>	<b>(116.2%)</b>	<b>1,034,532</b>	<b>(1,854,952)</b>	<b>(155.8%)</b>
Income tax expense	99,794	165,701	(39.8%)	272,568	287,595	(5.2%)
<b>Consolidated net income</b>	<b>290,365</b>	<b>(2,568,779)</b>	<b>(111.3%)</b>	<b>761,964</b>	<b>(2,142,547)</b>	<b>(135.6%)</b>
Net income of minority stockholders	17,133	(27,539)	(162.2%)	51,911	40,031	29.7%
<b>Net income of majority stockholders</b>	<b>273,232</b>	<b>(2,541,240)</b>	<b>(110.8%)</b>	<b>710,053</b>	<b>(2,182,578)</b>	<b>(132.5%)</b>



## Balance Sheet

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

As of June 30, 2017, June 30, 2016 and December 31, 2016  
(Thousands of Mexican pesos)

ASSETS	JUNE		VARIATION		DECEMBER	VARIATION	
	2017	2016	Amount	%	2016	Amount	%
<b>Current assets</b>							
Cash and equivalents	1,769,213	1,842,862	(73,649)	(4%)	1,823,024	(53,811)	(3%)
Restricted fund	105,216	16,841	88,375	525%	23,204	82,012	353%
Clients - Net	2,470,807	1,964,682	506,125	26%	2,493,546	(22,739)	(1%)
Others accounts receivable	2,122,057	1,892,436	229,621	12%	1,868,351	253,706	14%
Inventory - Net	1,226,767	1,011,974	214,793	21%	1,172,041	54,726	5%
Prepaid expenses	582,455	722,009	(139,554)	(19%)	416,200	166,255	40%
<b>Total current assets</b>	<b>8,276,515</b>	<b>7,450,804</b>	<b>825,711</b>	<b>11%</b>	<b>7,796,366</b>	<b>480,149</b>	<b>6%</b>
<b>Non-current assets</b>							
Trademarks	5,059,197	5,168,611	(109,414)	(2%)	5,149,099	(89,902)	(2%)
Investment in shares	1,434,572	1,371,041	63,531	5%	1,420,480	14,092	1%
Building, properties and equipment – Net	369,640	325,154	44,486	14%	368,627	1,013	0%
Deferred income tax	746,047	336,680	409,367	122%	817,822	(71,775)	(9%)
Other assets - Net	256,497	139,736	116,761	84%	156,224	100,273	64%
<b>Total non-current assets</b>	<b>7,865,953</b>	<b>7,341,222</b>	<b>524,731</b>	<b>7%</b>	<b>7,912,252</b>	<b>(46,299)</b>	<b>(1%)</b>
<b>TOTAL ASSETS</b>	<b>16,142,468</b>	<b>14,792,026</b>	<b>1,350,442</b>	<b>9%</b>	<b>15,708,618</b>	<b>433,850</b>	<b>3%</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>							
<b>Current Liabilities</b>							
Current portion of long-term debt	2,074,437	133,451	1,940,986	1454%	2,073,908	529	0%
Suppliers	1,047,279	867,683	179,596	21%	1,033,545	13,734	1%
Due to related parties	239,033	17,229	221,804	1287%	31,873	207,160	650%
Other current liabilities	1,939,729	1,221,708	718,021	59%	1,829,043	110,686	6%
Income tax payable	153,613	150,377	3,236	2%	129,063	24,550	19%
Statutory employee profit sharing	1,944	11,756	(9,812)	(83%)	2,972	(1,028)	(35%)
<b>Total current liabilities</b>	<b>5,456,035</b>	<b>2,402,204</b>	<b>3,053,831</b>	<b>127%</b>	<b>5,100,404</b>	<b>355,631</b>	<b>7%</b>
<b>Non-current liabilities</b>							
Long-term debt securities	3,496,497	5,489,613	(1,993,116)	(36%)	3,494,376	2,121	0%
Long-term loans with financial institutions	228,065	304,087	(76,022)	(25%)	266,076	(38,011)	(14%)
Other long term liabilities	43,686	56,563	(12,877)	(23%)	48,744	(5,058)	(10%)
Deferred income tax	1,628	2,706	(1,078)	(40%)	2,270	(642)	(28%)
Employee retirement obligations	3,848	1,711	2,137	125%	3,848	-	-
Long-term due to related parties	600,000	-	600,000	100%	-	600,000	100%
<b>Total liabilities</b>	<b>9,829,759</b>	<b>8,256,884</b>	<b>1,572,875</b>	<b>19%</b>	<b>8,915,718</b>	<b>914,041</b>	<b>10%</b>
<b>Stockholders' equity</b>							
Capital stock	1,914,306	1,914,306	-	-	1,914,306	-	-
Retained earnings	4,714,122	7,195,046	(2,480,924)	(34%)	7,195,046	(2,480,924)	(34%)
Net income	710,053	(2,182,578)	2,892,631	(133%)	(1,680,924)	2,390,977	(142%)
Cumulative translation effects of foreign subsidiaries	170,908	449,091	(278,183)	(62%)	589,109	(418,201)	(71%)
Share buy back fund	(1,657,060)	(1,108,981)	(548,079)	49%	(1,656,086)	(974)	0%
Net premium in placement of repurchased shares	39,749	39,749	-	-	39,749	-	-
Share-based payments	226,869	-	226,869	100%	179,674	47,195	26%
Minority interest	193,762	228,509	(34,747)	(15%)	212,026	(18,264)	(9%)
<b>Total stockholders' equity</b>	<b>6,312,709</b>	<b>6,535,142</b>	<b>(222,433)</b>	<b>(3%)</b>	<b>6,792,900</b>	<b>(480,191)</b>	<b>(7%)</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>16,142,468</b>	<b>14,792,026</b>	<b>1,350,442</b>	<b>9%</b>	<b>15,708,618</b>	<b>433,850</b>	<b>3%</b>



## Cash Flow

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

For the three and six month periods ended on June 30, 2017

(In thousands of current Mexican pesos)

	JUNE 2017	
	2nd QUARTER	ACCUMULATED
Cash and cash equivalents beginning of period	1,886,790	1,846,229
Consolidated Net Income	290,366	761,964
Charges to results with no cash flow:		
Depreciation and amortization	19,267	35,837
Income tax	99,794	272,568
Accrued interest and others	131,445	253,707
	540,872	1,324,076
Changes in Working Capital:		
Clients - Net	40,302	22,773
Inventories	(149,409)	(54,727)
Suppliers	112,843	12,932
Other current assets	(134,659)	(502,895)
Paid income tax	(231,740)	(255,264)
Other current liabilities	107,105	276,672
	(255,558)	(500,509)
Net cash generated (used) in operating activities	285,314	823,567
Investing activities:		
Investment in fixed assets	(53,452)	(70,051)
Sales of equipment	756	3,205
Others assets acquisitions	(64,245)	(102,357)
Net cash generated (used) in investing activities	(116,941)	(169,203)
Financing activities:		
Payments of borrowings with financial institutions	(19,006)	(38,011)
Interest paid	(102,846)	(195,532)
Stock repurchase	-	(4,008)
Minority interest	(11,011)	(70,174)
Net cash used in financing activities	(132,863)	(307,725)
Net increase in cash and cash equivalents before foreign exchange adjustments coming from international operations and inflationary affects cash	35,510	346,639
Foreign exchange and inflationary effects from international operations	(47,871)	(318,439)
Accumulated cash flow at the end of the period	1,874,429	1,874,429
Less - restricted fund	105,216	105,216
Cash and cash equivalents at end of period balance for operation	1,769,213	1,769,213