Genomma Lab Internacional Reports Second Quarter 2018 Results

HIGHLIGHTS

Q2-2018 Sales increased by **Ps. 14.1 million**, a **+0.5%** year-on-year growth

EBITDA margin for **Q2-2018** reached **20.2%**, a **10 bps** year-on-year decline

Q2-2018 SGM&A(1) closed at **45.2%**, a **280 bps** year-on-year improvement

Free Cash Flow of **Ps. 145.5 million** and **Net Debt reduction** of **Ps. 40.5 million** quarter on quarter, despite **Ps 312.0 million** investments in:
- New Plant
- Brands acquisition
- Share buy-backs

Acquisition of **BUFFERIN®, Cheracol D®**, and **Rose Milk®** brands; expands OTC offering in the U.S. market

(1) Selling, General, Marketing and Administrative Expenses

Mexico City, May 1, 2019 – Genomma Lab Internacional, S.A.B. de C.V. (BMV: LAB B) ("Genomma Lab" or "the Company"), today announced its re-stated results for the second quarter ended June 30, 2018. All figures included herein are stated in nominal Mexican pesos and have been prepared in accordance with International Financial Reporting Standards (IFRS). These figures include the effects of the adoption of hyperinflation accounting (IAS 29 & IAS 21).

The following table provides an abridged Income Statement, in millions of Mexican pesos. The margin for each figure represents its ratio to net sales and the percentage change from the second quarter 2018, as compared with the same period in 2017:

	Q2-2018(2)	% Sales	Q2-2017	% Sales	Var. %
Net Sales	**2,924.7**	***100.0%***	**2,910.6**	***100.0%***	**+0.5%**
Gross Profit	1,908.6	*65.3%*	2,002.6	*68.8%*	(4.7)%
Operating Income	574.4	*19.6%*	570.4	*19.6%*	+0.7%
EBITDA(3)	**591.0**	***20.2%***	**589.6**	***20.3%***	**+0.2%**
Net Income(4)	304.3	*10.4%*	273.2	*9.4%*	+11.4%

(2) 2018 Restated Results by the application of IAS-29 & IAS-21 under IFRS standards as if adopted on January 1st. 2018.
(3) EBITDA is defined as operating income before depreciation and amortization.
(4) Net Income of Majority Shareholders.

Comments from the Company:

"Our second quarter results demonstrate continued progress towards our strategic priorities. Entering into the final phase of our cost containment and cash generation program, we are turning our focus to growth and innovation. The growth in topline is a reflection of our strong sales performance this quarter despite challenging macroeconomic headwinds in Argentina and Brazil. We have made initial progress in our product innovation program, which will be running at full speed by the fourth quarter of 2019. During this quarter, innovation contributed to our topline growth, with particularly outstanding performance by our Asepxia brand in all countries, Suerox® in Mexico and Tafirol® in Argentina."

"As part of our turn-around process, we further improved our operational efficiency this quarter. The construction of our manufacturing plant is on schedule. This facility will contribute to reduce our COGS line, to deliver enhanced shareholder value once the OTC plant begins operation this fall and the PC plant ramps-up during the first half of 2019."

KEY DATA

% Sales by Segment:

OTC 47.0%

PC 53.0%

Presence in **19 Countries** and over **270,000 POS***

OTC-grade isotonic beverage segment represents **one of the largest OTC categories in the Mexican market**.

*POS: Points of Sale.

Business Review

During the second quarter of 2018, the Company continued to execute on the turnaround process it had embarked upon in 2015. Second quarter top-line growth was driven by product innovation and by implementing important distribution expansion initiatives.

Mexico

During the quarter, Mexico achieved **+6.2% topline growth**, supported by early wins from our innovation program, reflecting a positive sell-out trend as was reported by our clients. Specifically, Suerox® achieved double-digit growth during the peak season. The Company expects to capture the full benefits of its innovation program by Q4 2019.

In the second quarter 2018, the Company reached more than 12,000 additional points of sale within the *Mom & Pop* channel, engaging three new *Distribution Business Partners* and attained direct distribution to more than 67,000 points of sale ("POS") in this channel.

Mexico's EBITDA margin was impacted during the quarter by a short-term product mix effect as well as pre-production and pre-operating expenses associated with the new manufacturing plant. This infrastructure project will allow Genomma to reduce its COGS line to again expand margins.

During the quarter, the Company invested Ps. 241.2 million in the new manufacturing facility, and incurred expenses in the amount of Ps. 18.9 million related to pre-production and pre-operating processes associated with the new plant. Over-the-Counter (OTC) production is expected to begin this fall and Personal Care production ramp up will take place during the first half of 2019.

U.S.

During the quarter, Genomma's U.S. operations continued a successful transformation process. Genomma's U.S. business achieved +**6.5% topline growth in local currency** (+12.7% in terms of Mexican Pesos), despite the discontinuation of its supplements line. This business showed particularly strong performance by its Cicatricure®, Asepxia® and Teatrical® brands within its Personal Care category, and by its Silka®, Dragon® and Lagicam® brands within its OTC category.

Throughout the year, Genomma has secured agreements with new retail clients, such as CVS and Rite Aid, to reach more than 3,000 new points of sale to date. The expansion to these retail outlets, complemented by healthy demand for Genomma products at Walmart, enabled the Company to partially offset the negative impact of the conclusion in 2017 of Genomma's limited exclusivity agreement with a large U.S. retail client. Consequently, and supported by the Company's cost and expense reduction program, the U.S. subsidiary continued to deliver a healthy EBITDA margin of 20.2% during the quarter.

2Q-2018 Innovation
supporting topline growth

In the second quarter 2018, Genomma acquired two OTC brands, **BUFFERIN®, Cheracol D®** and one Personal Care brand **Rose Milk®**, as part of its strategy to strengthen its presence in the U.S. branded consumer health market, while leveraging the Company's marketing and distribution capabilities. These are heritage brands with strong brand equity and consumer recognition, to successfully enhance Genomma's presence in the U.S. market.

Latin America

Genomma's Latin America operations delivered strong topline growth in local currency. Particularly strong performance in Colombia, Brazil and Argentina contributed to Genomma's strong performance in this region. Due to currency devaluations in Argentina and Brazil, this translated into 6.9% decline in Mexican Pesos.

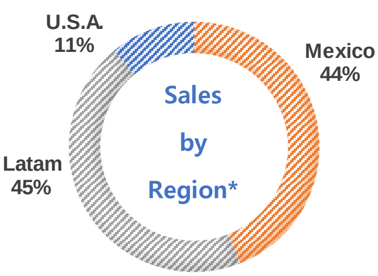
Innovation played a key role at Genomma's Argentina operations, particularly with the Tafirol® and Lomecan® brands, helping to offset the negative impact of the major currency devaluation in that country.

In Brazil, innovation and results from our cost containment program in that country, enabled the team to contribute to the top and bottom lines, also offsetting local headwinds.

Genomma Lab continued to expand its footprint within the non-pharma channel, in all countries in which it operates. As of the second quarter 2018, the Company has reached more than 52,000 points of sale across the region.

Genomma also executed on its *"perfect store"* initiative, built on important customer and category insights as a key driver for bringing Genomma's products to life and increasing profitability. This has achieved improved levels of execution at the point of sale in Colombia and the rest of the region.

2Q-2018



*Percentage of Consolidated Net Sales by Region as of 2Q-2018.

Sales by Category & Region

(Figures in million Mexican Pesos)

	Over-the-Counter (OTC)			Personal Care (PC)			Total		
	Q2-2017	Q2-2018	%Var	Q2-2017	Q2-2018	%Var	Q2-2017	Q2-2018	%Var
Mexico	564.0	703.3	24.7%	646.0	581.1	(10.0)%	1,210.0	1,284.5	6.2%
Latam	521.9	502.7	(3.7)%	890.5	812.6	(8.8)%	1,412.4	1,315.3	(6.9)%
U.S.	155.9	169.6	8.8%	132.4	155.3	17.3%	288.2	324.9	12.7%
Total	**1,241.8**	**1,375.6**	**10.8%**	**1,668.9**	**1,549.0**	**(7.2)%**	**2,910.6**	**2,924.7**	**0.5%**

KEY POINTS

- Genomma's **new manufacturing facility** investment project is **on schedule**
- During the second quarter 2018 Genomma took **its first delivery of manufacturing equipment**
- The **installation** process for the **new manufacturing equipment** at the OTC facility will begin in **August, 2018**
- **Key manufacturing trials and tests** of this equipment is being conducted at the **Company's Mexico City pilot plant.**

New Manufacturing Facility

View of the Production Facility June 2018

Progress on the Finished Product Warehouse (over 31,000 SQM)

OTC Plant next to Finished Products Warehouse

Inside the Raw Materials OTC Warehouse

Manufacturing Equipment arrives at OTC Plant

Consolidated Results for 2Q-2018

2Q-2018 EBITDA increased by **Ps. 1.4 million** year-on-year

Second Quarter 2018 Net Sales reached Ps. 2.92 billion; a 0.5% increase compared to the same period of 2017. This year-on-year increase is primarily due to improved sell-out in the Mexico Region, to the recovery at the Company's U.S. operations and to the various innovation initiatives implemented in Latin America.

Second Quarter 2018 EBITDA reached Ps. 591.0 million, compared to 589.6 million for the same period of 2017. Second quarter 2018 EBITDA margin reached 20.2%; a 10 bps contraction as compared to second quarter of 2017. EBITDA growth is due to the Company's continued successful execution of important cost containment strategies and initiatives, which have been implemented since 2015 to enhance efficiencies across the organization. During the quarter, EBITDA margin was impacted by short-term product mix effects and the Ps. 18.9 million in pre-operating expenses related to the new manufacturing plant. Once its Mexico-based manufacturing facility is fully up and running, the Company will achieve COGS efficiencies resulting in EBITDA margin expansion.

Results by Region

MEXICO
Sales: +6.2%
EBITDA Margin: 13.8%

Mexico

Net Sales for the second quarter 2018 reached Ps. 1.28 billion; a 6.2% year on year increase. The Ps. 74.5 million increase is primarily due to continued improvements to sell-out and fulfillment capabilities across the different sales channels within the Mexico market. This increase was also supported by "*perfect store"* visibility-focused initiatives at the point of sale and to an enhanced emphasis on innovation.

EBITDA for the quarter reached Ps. 177.8 million; a 13.8% margin reflecting a 600 bps margin contraction. This was primarily due to a short-term sales mix effect and, to a lesser extent, second quarter 2018 EBITDA was impacted by a Ps. 18.9 million in expenses associated with pre-production and pre-operating processes related to ramp-up of Genomma's the new manufacturing facility.

U.S.
Sales local currency: +6.5%
EBITDA Margin: 20.2%

U.S.

Second quarter 2018 Net Sales for Genomma's U.S. operations increased by 12.7%, to reach Ps. 324.9 million; a Ps. 36.7 million year on year increase. Expressed in U.S. dollars, topline growth increased by 6.5%, year on year. During the quarter, the Company expanded its distribution with two new retail clients.

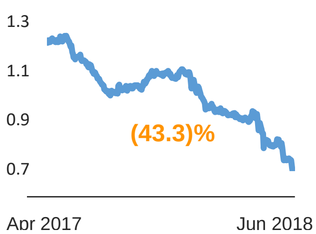
Second quarter 2018 EBITDA amounted to Ps. 65.7 million; a Ps. 73.5 million increase as compared to the same period of 2017. Second quarter 2018 EBITDA margin closed at 20.2%. The 22.9 percentage point positive variation in margin as compared to the negative EBITDA margin of the second quarter 2017 is a reflection of the Company's continued focus on cost and expense containment strategies throughout Genomma's

U.S. operations over the last twelve months. This margin improvement is also due to increased operating leverage resulting from improved sales growth achieved this quarter.

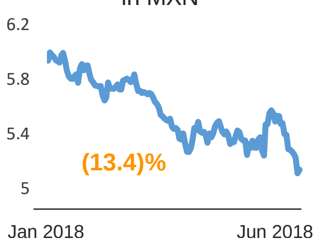
LATIN AMERICA
Sales: Ps. 1.32 billion
EBITDA Margin: 26.4%

FX headwinds

1 ARS expressed in MXN



1 BRL expressed in MXN



SGM&A decreased by **2.8 percentage points**

A **Ps. 74.1 million** decrease in **Comprehensive Financing Result**

Latin America

Second quarter 2018 Net Sales decreased by 6.9% year on year, to Ps. 1.32 billion. Sales during the quarter were driven by product innovation and by operational initiatives at the point of sale implemented throughout the region. Sales were offset by currency depreciation in Brazil and Argentina, and by the adoption of new IFRS accounting standards.

EBITDA for the second quarter of 2018 reached Ps. 347.5 million, as compared to Ps. 357.6 million for the same period in 2017. The EBITDA margin for the quarter closed at 26.4%; a 110 bps margin increase as compared to the 25.3% EBITDA margin in the second quarter of 2017. The expansion in EBITDA margin is due to a positive sales mix effect, and to the Company's cost containment program. Second quarter EBITDA growth was partially offset by macro headwinds in Argentina and Brazil.

Other Income Statement Results

Gross Profit decreased by 4.7% to Ps. 1.91 billion in the second quarter of 2018, compared to Ps. 2.00 billion during the second quarter of 2017. Second quarter 2018 Gross Margin declined by 350 bps, to close at 65.3%. Gross margin contraction for the quarter was primarily driven by a short-term product mix effect, as certain higher-cost SKUs made a more significant contribution to the Company's top-line results in the quarter.

Selling, General, Marketing and Administrative Expenses, declined by 2.8 percentage points as a percentage of net sales, to 45.2%, compared to SGM&A of 48.0% for the same quarter of 2017. This decrease is due to the Company's continued successful execution of Company-wide expense reduction initiatives. The SGM&A savings were partially offset by the pre-operating expenses associated with the investments made related to ramp-up of Genomma's new manufacturing facility.

Comprehensive Financing Result represented a Ps. 107.8 million cost in the second quarter of 2018, compared to a Ps. 181.9 million cost in the second quarter of 2017. The Ps. 38.8 million positive variation was a result of: i) a Ps. 28.7 million gain in Q2 2018 related to the Exchange Rate conversion from the Company's international operations, compared to a Ps. 76.8 million loss in Q2 2017; ii) a Ps. 12.2 million increase in Financial Expenses to Ps. 125.4 million during Q2 2018, compared to Ps. 113.1 million during Q2 2017; iii) a higher interest income amounting to Ps. 11.4 million during Q2 2018, compared to Ps. 8.0 million in Q2 2017; and to iv) a non-cash Ps. 22.6 million monetary loss resulting from applying hyperinflation accounting in Argentina.

Income Tax Expense for the second quarter 2018 reached Ps. 167.7 million as compared to the Ps. 99.8 million Income Tax Expense during the second quarter of

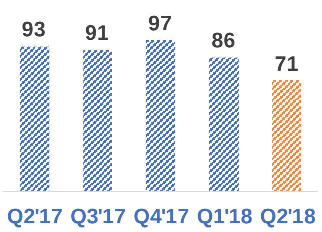
2017. The Ps. 67.9 million variation is the result of the Ps. 81.8 million increase in Income before Income Taxes and to higher effective tax rate from the consolidation effects of international operations.

Net Income amounted to Ps. 304.3 million in the second quarter of 2018, compared to Ps. 273.2 million for net income of majority shareholders in the second quarter of 2017. The Ps. 31.0 million increase in Net Income is mainly due to the Ps. 81.8 million of additional Income before taxes for the second quarter of 2018 as compared with the same period of last year; and that the Company does not have minority stockholders in any of its subsidiaries, which last year earned Ps. 17.1 million during the second quarter of 2017.

Earnings per Share (EPS) as of June 30, 2018 amounted to Ps. 1.19 as compared to Ps. 1.19 reported as of June 30, 2017.

Financial Position

Cash Conversion Cycle (Days)



Working Capital was optimized during the quarter and cash conversion cycle was reduced from 86 days at the end of the previous quarter to 71 days at the end of June, 2018:

- **Accounts Receivable** amounted to Ps. 2.71 billion as of June 30, 2018. The days of consolidated accounts receivable amounted to 82; an eight-day improvement as compared to the first quarter of 2018.
- **Inventories** closed at Ps. 1.13 billion as of June 30, 2018. Days of Inventories amounted to 100; an 18-day decrease compared to June 30, 2017.
- **Trade Payables** amounted to Ps. 1.26 billion as of June 30, 2018. As of the second quarter 2018, Days Payable Outstanding (DPO) increased to 111 days, from 98 days as of June 30, 2017.

Days of Accounts Receivable (DSO)

	Q2'17	Q4'17	Q2'18
Mexico	96	107	91
LatAm	81	81	79
U.S.	34	74	60
Consolidated	**82**	**90**	**82**

Fixed Assets. The Company invested Ps. 301.2 million in the three months ended June 30, 2018, primarily related to the construction of the Company's new manufacturing facility located in the State of Mexico, and to the investment made to acquire three brands in the U.S.

Recoverable Taxes. The position is comprised of claims against the tax authorities relating mostly to VAT (IVA) and income taxes. The position increased by Ps. 378.3 million year-to-date.

Net Financial Debt decreased slightly during the quarter even after the significant investments made into the new plant, brands acquired and the share buyback program resumption:

- **Cash and Equivalents** amounted to Ps. 1.19 billion as of June 30, 2018, representing a 36.7% year on year decrease; primarily due to debt repayment

CONFERENCE CALL Q2-2018

Thursday, July 26, 2018
at **11:00 a.m. ET /**
10:00 a.m. CST

Led by:
Máximo Juda
CEO

Antonio Zamora
CFO

Enrique González
IRO

Webcast:
Genomma Lab Q2 '18 Results Call

To participate, please dial-in:

United States:
+1 877-407-8031

International:
+1 201-689-8031

throughout the year, and to the use of proceeds for the investments made in Genomma's new manufacturing facility.

- **Gross Financial Debt** amounted to Ps. 4.92 billion as of June 30, 2018, compared to Ps. 5.80 billion in June 2017; a Ps. 879.9 million decrease and a Ps. 1.3 billion decrease as compared to Q1-2018.

- **Net Financial Debt** amounted to Ps. 3.73 billion; a Ps. 192.4 million decrease as compared to June 2017 and a Ps. 40.5 million decrease as compared to Q1-2018. The Company's long-term debt represented 92.1% of total debt at the end of the second quarter 2018.

Share Buyback Program. During the three months ended on June 30, 2018, the Company reactivated its share buyback program, repurchasing 690,000 shares representing a total amount of Ps. 10.9 million.

Free Cash Flow from Operations. Genomma generated Ps. 145.5 million during the second quarter of 2018. Excluding investments made in the Company's new manufacturing facility and brands acquisition, free cash flow would have reached Ps. 446.7 million for the second quarter of 2018.

Key Financial Data

Financial Metrics	Q2-2018
EBITDA / Interest Paid	4.84x
Net Debt / EBITDA	**1.46x**
Shares Outstanding (as of June 30, 2018)	1,048,000,000
Earnings per Share (12 months)	$1.19

Q2-2018 Other Relevant Corporate Events

- **Acquisition of OTC brands in the U.S. (US$ 3.02 mm)** – The Company's U.S. subsidiary acquired the **BUFFERIN®** brand from Dr. Reddy's Laboratories Ltd., and in a separate transaction acquired the **Cheracol D®** and **Rose Milk®** brands from Sheffield Pharmaceuticals, LLC.

  Genomma plans to revitalize these heritage brands and to execute a full relaunch by 2020. The transaction deepens of Genomma's U.S. offering to complements the Company's strong Latin American OTC presence.

- **Financing package of almost US $100 million with IDB Invest and IFC** – **IDB Invest** and the **Inter-American Development Bank (IDB)**, together with the **International Finance Corporation (IFC)**, a member of the **World Bank Group**, have signed a financing package to support the Company's debt refinancing program as well as the construction of Genomma Lab's new manufacturing facility. The IFC, signed a **US$ 50 million** loan equivalent in Mexican Pesos and the IDB signed a **Ps. 900 million** loan.

As of June 30, 2018, the Company disbursed Ps. 417.0 million to acquire manufacturing equipment. During the month of July, the Company disbursed an additional Ps. 737 million to repaid short-term bank debt.

Sell-side Analyst Coverage

As of the end of June, 2018 LAB B is covered by 14 sell-side analysts at the following brokerages: 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 US Capital; GBM Grupo Bursátil Mexicano.; Grupo Financiero Banorte; HSBC Securities (USA); Invex Grupo Financiero; Bradesco BBI, and JP Morgan Securities.

About

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 ***"LAB B" (Bloomberg: LABB:MM).***

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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GENOMMA LAB INTERNACIONAL, S.A.B. DE C.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three and six months ended June 30, 2018 and 2017

Thousands of Mexican pesos	SECOND QUARTER					ACCUMULATED				
	2018	%Sales	2017	%Sales	Var %	2018	%Sales	2017	%Sales	Var %
Net Sales	2,924,736	100.0%	2,910,589	100.0%	0.5%	5,935,527	100.0%	6,113,715	100.0%	(2.9)%
Cost of goods sold	1,016,095	34.7%	908,026	31.2%	11.9%	1,998,028	33.7%	1,878,755	30.7%	6.3%
Gross Profit	**1,908,641**	**65.3%**	**2,002,563**	**68.8%**	(4.7)%	**3,937,499**	**66.3%**	**4,234,960**	**69.3%**	(7.0)%
Selling, general and administrative expenses	1,321,845	45.2%	1,395,729	48.0%	(5.3)%	2,705,032	45.6%	2,946,947	48.2%	(8.2)%
Other (income) expense	(4,235)	(0.1)%	17,215	0.6%	(124.6)%	(25,299)	(0.4)%	4,214	0.1%	(700.4)%
EBITDA	**591,031**	**20.2%**	**589,619**	**20.3%**	0.2%	**1,257,766**	**21.2%**	**1,283,799**	**21.0%**	(2.0)%
Depreciation and amortization	16,591	0.6%	19,266	0.7%	(13.9)%	32,785	0.6%	35,837	0.6%	(8.5)%
Income from operations	**574,440**	**19.6%**	**570,353**	**19.6%**	0.7%	**1,224,981**	**20.6%**	**1,247,962**	**20.4%**	(1.8)%
Interest expense	(125,357)	(4.3)%	(113,112)	(3.9)%	10.8%	(244,235)	(4.1)%	(201,058)	(3.3)%	21.5%
Interest income	11,404	0.4%	8,011	0.3%	42.4%	19,567	0.3%	17,983	0.3%	8.8%
Foreign exchange result	28,723	1.0%	(76,826)	(2.6)%	(137.4)%	(13,807)	(0.2)%	(44,448)	(0.7)%	(68.9)%
Inflationary result from monetary position	(22,553)	(0.8)%	-	0.0%		(36,187)	(0.6)%	-	0.0%	
Comprehensive financing income (cost)	**(107,783)**	**(3.7)%**	**(181,927)**	**(6.3)%**	(40.8)%	**(274,662)**	**(4.6)%**	**(227,523)**	**(3.7)%**	20.7%
Associated company	5,319	0.2%	1,734	0.1%	206.7%	16,095	0.3%	14,093	0.2%	14.2%
Income before income taxes	**471,976**	**16.1%**	**390,160**	**13.4%**	21.0%	**966,414**	**16.3%**	**1,034,532**	**16.9%**	(6.6)%
Income tax expense	167,725	5.7%	99,794	3.4%	68.1%	286,470	4.8%	272,568	4.5%	5.1%
Consolidated net income	**304,251**	**10.4%**	**290,366**	**10.0%**	4.8%	**679,944**	**11.5%**	**761,964**	**12.5%**	(10.8)%
Net income of minority stockholders	-	0.0%	17,133	0.6%	(100.0)%	-	0.0%	51,911	0.8%	(100.0)%
Net income of majority stockholders	**304,251**	**10.4%**	**273,233**	**9.4%**	11.4%	**679,944**	**11.5%**	**710,053**	**11.6%**	(4.2)%

GENOMMA LAB INTERNACIONAL, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Thousands of Mexican pesos	As of June 30, 2018	As of June 30, 2017	As of December 31, 2017
ASSETS			
CURRENT ASSETS			
Cash and equivalents and restricted fund	1,186,892	1,874,429	1,092,741
Clients - Net	2,711,302	2,470,807	2,745,173
Recoverable Taxes	1,580,348	1,202,022	1,385,360
Other accounts receivable*	974,398	920,035	875,085
Inventory - Net	1,130,732	1,226,767	1,264,211
Prepaid expenses	871,060	582,455	478,069
Total current assets	**8,454,732**	**8,276,515**	**7,840,639**
Non-current assets			
Trademarks	4,920,938	5,059,197	5,149,632
Investment in shares	1,488,900	1,434,572	1,472,805
Building, properties and equipment – Net	858,704	369,640	548,649
Deferred income tax, assets and others	652,097	1,002,544	873,981
Total non-current assets	**7,920,639**	**7,865,953**	**8,045,067**
TOTAL ASSETS	**16,375,371**	**16,142,468**	**15,885,706**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Current portion of long-term debt	426,022	2,074,437	3,013,055
Suppliers	1,257,697	1,047,279	1,098,471
Other current liabilities	1,760,344	2,180,707	1,857,124
Income tax payable	203,576	153,613	336,373
Total current liabilities	**3,647,639**	**5,456,036**	**6,305,023**
Non-current liabilities			
Long-term debt securities	3,923,998	3,496,497	1,500,000
Long-term loans with financial institutions	569,044	228,065	190,054
Deferred income tax and other long term liabilities	193,982	49,162	41,962
Payable dividends to shareholders	800,000	600,000	800,000
Total liabilities	**9,134,663**	**9,829,760**	**8,837,039**
Stockholders' equity			
Contributed Capital	1,914,306	1,914,306	1,914,306
Retained earnings	6,226,459	5,424,174	5,993,327
Cumulative translation effects of foreign subsidiaries	297,822	170,908	332,609
Repurchased shares - Net	(1,197,879)	(1,390,442)	(1,393,476)
Minority interest	-	193,762	201,901
Total stockholders' equity	**7,240,708**	**6,312,708**	**7,048,667**
TOTAL EQUITY AND LIABILITIES	**16,375,371**	**16,142,468**	**15,885,706**

GENOMMA LAB INTERNACIONAL, S.A.B. DE C.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended June 30, 2018

Thousands of Mexican pesos	2018
Cash and cash equivalents beginning of period	**2,420,771**
Consolidated Net Income	**304,250**
Charges to results with no cash flow:	
Depreciation and amortization	16,825
Income tax	167,725
Accrued interest and others	128,838
	617,638
Changes in Working Capital:	
Clients - Net	275,997
Inventories	(7,320)
Suppliers	89,836
Other current assets	(167,825)
Paid income tax	(263,212)
Other current liabilities	(82,098)
	(267,293)
Net cash generated (used) in operating activities	**350,345**
Investing activities:	
Investment in fixed assets	(158,880)
Sales of equipment	2,294
Brand acquisitions and others	(51,495)
Disposals of assets available for sale	4,500
Other asset acquisitions	(1,221)
Net cash generated (used) in investing activities	**(204,802)**
Financing activities:	
Payments of borrowings with financial institutions	(2,144,433)
Loans with financial and securities institutions	867,000
Interest paid	(120,829)
Stock repurchase	(10,872)
Net cash used in financing activities	**(1,409,134)**
Net increase in cash and cash equivalents before foreign exchange adjustments coming from international operations and inflationary affects cash	**(1,263,591)**
Foreign exchange and inflationary effects from international operations	29,712
Accumulated cash flow at the end of the period	**1,186,892**
Less - restricted fund	23,458
Cash and cash equivalents at end of period balance for operation	**1,163,434**