Blau Farmacêutica S.A.

Quarterly information - ITR

March 31, 2017

Contents

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Report on the review of quarterly information - ITR

To the Officers and Shareholders of
Blau Farmacêutica S.A.
Cotia - SP

Introduction
We have reviewed the interim, individual and consolidated financial information of Blau Farmacêutica S.A. ("Company"), contained in the Quarterly Information - ITR Form for the quarter ended March 31, 2017, which comprise the balance sheet on March 31, 2017 and related statements of income, of comprehensive income, of changes in shareholders' equity and of cash flows for the quarter then ended, including explanatory notes.

Company's Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with CPC 21(R1) - Interim Statement and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of this information in a manner consistent with the standards issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of the Quarterly Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of the review
Our review was carried out in accordance with the Brazilian and international review standards for interim information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists in asking questions, chiefly to the persons in charge of financial and accounting affairs, and in applying analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, we are not aware of any facts that would lead us to believe that the individual and consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, applicable to the preparation of Quarterly Information - ITR, and presented in a manner consistent with the standards issued by the Securities Commission.

Other issues

On November 13, 2017, we issued a review report without changes on individual and consolidated interim financial information of Blau Farmacêutica S.A. for the quarter ended June 31, 2017 and at the time are restated. As described in note 8, this interim financial information was changed and is being restated to reflect correction of information referring to earnings per share and other improvements in disclosure of inventories, financial instruments, net income, related parties, shareholders' equity and subsequent events, as described in said note.

Accordingly, our conclusion considers these changes and replaces previously issued conclusion. Our conclusion is not qualified in respect of this matter.

Statements of added value

We also reviewed the individual and consolidated value-added statements for the quarter ended March 31, 2017, prepared by the Company's management, whose presentation in the interim information is required according to the standards issued by the CVM - Securities and Exchange Commission, applicable to the preparation of Quarterly Information - ITR and considered supplementary information by the IFRS, which do not require the presentation of the SVA. These statements were subjected to the review procedures previously described and, based on our review, we are not aware of any other event that make us believe that those were not prepared, in all material respects, in accordance with the individual and consolidated interim financial information taken as a whole.

São Paulo, February 28, 2018

KPMG Auditores Independentes
CRC 2SP014428/O-6

Leonardo Augusto Giusti
Accountant CRC 1SP203952/O-9

Blau Farmacêutica S.A.

Balance sheets at March 31, 2017 and December 31, 2016

(In thousands of reais)

		Parent company		Consolidated	
Assets	**Notes**	**31/03/2017**	**31/12/2016**	**31/03/2017**	**31/12/2016**
Cash and cash equivalents	11	410	1.764	8.512	10.199
Trade accounts receivable	12	134.498	97.453	133.276	98.721
Inventories	13	119.422	96.124	126.514	104.440
Recoverable taxes	14	4.368	4.027	5.594	4.902
Other receivables		6.672	3.120	8.135	3.760
Total current assets		265.370	202.488	282.031	222.022
Judicial deposits		1.263	1.254	1.263	1.254
Loans receivable - related parties	18	1.462	1.462	1.462	1.462
Recoverable taxes	14	6.540	7.455	6.540	7.455
Deferred income tax and social contribution	20	1.079	957	1.530	1.402
		10.344	11.128	10.795	11.573
Investments	15	24.064	24.027	-	10
Biological assets		306	306	306	306
Property, plant and equipment	16	73.758	70.885	74.788	72.023
Intangible assets	17	1.978	2.138	9.301	9.790
		100.106	97.356	84.395	82.129
Total non-current assets		110.450	108.484	95.190	93.702
Total assets		**375.820**	**310.972**	**377.221**	**315.724**

		Parent company		Consolidated	
Liabilities	**Notes**	**31/03/2017**	**31/12/2016**	**31/03/2017**	**31/12/2016**
Suppliers	19	81.906	45.216	82.102	45.998
Loans and financing	21	121.087	105.831	121.401	108.198
Tax liabilities		2.607	1.063	2.713	1.230
Income and social contribution taxes	20	12.647	6.279	12.647	6.279
Labor obligations		11.579	11.085	11.723	11.518
Other accounts payable		8.933	7.334	9.396	7.857
Total current liabilities		238.759	176.808	239.982	181.080
Loans and financing	21	20.278	33.234	20.350	33.707
Provisions for contingencies	22	3.548	3.443	3.654	3.450
Total non-current liabilities		23.826	36.677	24.004	37.157
Shareholders' equity	23				
Capital		56.070	56.070	56.070	56.070
Retained earnings (loss)		17.621	-	17.621	-
Profit reserves		33.878	35.631	33.878	35.631
Other comprehensive income		5.666	5.786	5.666	5.786
Total shareholders' equity		113.235	97.487	113.235	97.487
Total liabilities		262.585	213.485	263.986	218.237
Total liabilities and shareholders' equity		**375.820**	**310.972**	**377.221**	**315.724**
		-	-	-	-

See the accompanying notes to the financial statements.

Blau Farmacêutica S.A.

Statements of income

Periods ended March 31, 2017 and 2016

(In thousands of reais)

		Parent company		Consolidated	
	Notes	**31/03/2017**	**31/03/2016**	**31/03/2017**	**31/03/2016**
Net Revenues	24	133.527	77.521	135.750	79.000
Cost of goods and products sold	25	(79.125)	(47.676)	(79.821)	(49.519)
Gross income		**54.402**	**29.845**	**55.929**	**29.481**
Commercial expenses	26	(7.749)	(6.422)	(8.732)	(7.737)
Administrative expenses	26	(19.870)	(17.337)	(20.657)	(18.394)
Other operating income, net		1.100	5.812	1.162	5.814
Total operating expenses, net		(26.519)	(17.947)	(28.227)	(20.317)
Income (loss) before financial income (loss) and taxes		**27.883**	**11.898**	**27.702**	**9.164**
Financial income	27	4.270	9.935	4.341	9.986
Financial expenses	27	(8.867)	(14.507)	(8.997)	(15.027)
Net financial expenses		(4.597)	(4.572)	(4.656)	(5.041)
Profit sharing of investees accounted for under the equity method, net of taxes	15	1.118	(2.206)	-	-
Income (loss) before taxes		**24.404**	**5.120**	**23.046**	**4.123**
Current income tax and social contribution	20	(6.792)	(6.246)	(6.792)	(6.246)
Deferred income tax and social contribution	20	(346)	4.369	(346)	4.369
Income tax and social contribution		**(7.138)**	**(1.877)**	**(7.138)**	**(1.877)**
Net income for the period		**17.266**	**3.243**	**15.908**	**2.246**
Income (loss) attributed to:					
Controlling shareholders		17.266	3.243	15.908	2.246
Net income for the period		**17.266**	**3.243**	**15.908**	**2.246**
Basic and diluted earnings per common share (Restated)		**0,12**	**0,02**	**0,11**	**0,02**

See the accompanying notes to the financial statements.

Blau Farmacêutica S.A.

Statements of comprehensive income

Periods ended March 31, 2017 and 2016

(In thousands of reais)

	Parent company		Consolidated	
	31/03/2017	**31/03/2016**	**31/03/2017**	**31/03/2016**
Net profit for the period	17.266	3.243	15.908	2.246
Other comprehensive income (OCI)				
Items that will not be reclassified to profit or loss				
Accumulated translation adjustment in subsidiaries	235	226	235	226
Total comprehensive income	**17.501**	**3.469**	**16.143**	**2.472**
Comprehensive income attributable to				
Controlling shareholders	17.501	3.469	16.143	2.472
Non-controlling shareholders	-	-	-	-
Total comprehensive income	**17.501**	**3.469**	**16.143**	**2.472**

See the accompanying notes to the financial statements.

Blau Farmacêutica S.A.

Statements of changes in shareholders' equity

Periods ended March 31, 2017 and 2016

(In thousands of reais)

		Profit reserves						
	Capital	**Legal reserves**	**Investment reserves**	**Additional dividends proposed**	**Other comprehensive income**	**Retained earnings**	**Total parent company's shareholders' equity**	**Total consolidated shareholders' equity**
Balance at December 31, 2015	**56.070**	**3.117**	**11.465**	**-**	**8.536**	**-**	**79.188**	**79.188**
Comprehensive income for the year								
Net profit for the period	-	-	-	-	-	3.243	3.243	3.243
Accumulated translation adjustment in subsidiary	-	-	-	-	226	-	226	226
Total comprehensive income, net of taxes	**-**	**-**	**-**	**-**	**226**	**3.243**	**3.469**	**3.469**
Transactions with shareholders and formation of reserves								
Realization of equity valuation adjustments	-	-	-	-	(357)	357	-	-
Minimum dividends	-	-	- -	-	-	-	-	-
Interim dividends	-	-	(1.380)	-	-	-	(1.380)	(1.380)
Formation of reserves	-	-	-	-	-	-	-	-
Total transactions with shareholders and formation of reserves	**-**	**-**	**(1.380)**	**-**	**(357)**	**357**	**(1.380)**	**(1.380)**
Balance at March 31, 2016	**56.070**	**3.117**	**10.085**	**-**	**8.405**	**3.600**	**81.277**	**81.277**
Balance at December 31, 2016	**56.070**	**4.722**	**232**	**30.677**	**5.786**	**-**	**97.487**	**97.487**
Comprehensive income for the year								
Net profit for the period	-	-	-	-	-	17.266	17.266	17.266
Accumulated translation adjustment in subsidiary	-	-	-	-	235	-	235	235
Total comprehensive income, net of taxes	**-**	**-**	**-**	**-**	**235**	**17.266**	**17.501**	**17.501**
Transactions with shareholders and formation of reserves								
Realization of equity valuation adjustments	-	-	-	-	(355)	355	-	-
Interim dividends	-	-	-	(1.753)	-	-	(1.753)	(1.753)
Formation of reserves	-	-	-	-	-	-	-	-
Additional dividends proposed	-	-	(232)	232	-		-	-
Total transactions with shareholders and formation of reserves	**-**	**-**	**(232)**	**(1.521)**	**(355)**	**355**	**(1.753)**	**(1.753)**
Balance at March 31, 2017	**56.070**	**4.722**	**-**	**29.156**	**5.666**	**17.621**	**113.235**	**113.235**

See the accompanying notes to the financial statements.

Blau Farmacêutica S.A.

Statements of cash flows – Indirect method

Periods ended March 31, 2017 and 2016

(In thousands of reais)

	Parent company		Consolidated	
	31/03/2017	**31/03/2016**	**31/03/2017**	**31/03/2016**
Cash flow from operating activities				
Income (loss) before income tax	24.404	5.120	23.046	4.123
Adjustments to reconcile income for the year with cash from operating activities:				
Depreciation and amortization	2.163	2.020	2.201	2.065
Decreases in fixed and intangible assets	2.672	3.913	3.073	3.913
Financial charges on financing	2.986	5.917	2.986	5.917
Unrealized exchange-rate change on loans and SWAP/MTM provision	(244)	(4.384)	(244)	(4.384)
Unrealized exchange-rate change on loans and trade accounts receivable	(3.371)	(120)	(3.371)	(120)
Equity in net income of subsidiaries	(1.118)	2.206	-	-
Allowance for doubtful accounts, net	233	752	66	820
Provision for inventory losses, net	(1.086)	4.817	(1.535)	4.817
Other (reversals), net	423	(322)	468	(1.107)
Provision for contingencies, net	105	(688)	204	(688)
	27.167	19.231	26.894	15.356
(Increase) decrease in asset accounts				
Trade accounts receivable	(37.301)	8.223	(34.644)	11.917
Inventories	(22.212)	(13.497)	(20.539)	(15.013)
Recoverable taxes	574	(6.539)	223	(3.157)
Other receivables	(3.558)	(6.443)	(4.375)	(7.492)
Judicial deposits	(9)	(11)	(9)	(27)
Increase (decrease) in liability accounts				
Suppliers	40.084	9.472	39.498	9.299
Labor obligations	494	1.593	205	1.484
Tax liabilities	1.544	361	1.483	660
Other accounts payable	1.606	2.176	1.540	(1.333)
Cash generated by operating activities	8.389	14.566	10.276	11.694
Income tax and social contribution paid				
Net cash flow from operating activities	8.389	14.566	10.276	11.694
Cash flows from investment activities				
Additions in property, plant and equipment	(7.537)	(5.632)	(7.538)	(5.632)
Advance for future capital increase in investee	-	(1.570)	-	-
Additions to intangible assets	(11)	-	(11)	-
Net cash flow used in investment activities	(7.548)	(7.202)	(7.549)	(5.632)
Cash flows from financing activities				
Dividends and interest on own capital	(1.753)	(1.173)	(1.753)	(1.173)
Loans and financing	31.993	64.295	34.438	64.295
Loans made to related parties	-	6.180		6.180
Payment of loans and financing - principal	(29.567)	(70.970)	(34.539)	(70.970)
Payment of loans and financing - interest	(2.868)	(5.855)	(2.795)	(6.095)
Net cash flow invested in financing activities	(2.195)	(7.523)	(4.649)	(7.763)
Net increase (decrease) in cash and cash equivalents	(1.354)	(159)	(1.922)	(1.701)
Cash and cash equivalents at January 1	1.764	350	10.199	10.044
Effect of changes in exchange rate on the balance of cash and cash equivalents	-	-	235	226
Cash and cash equivalents at March 31	410	191	8.512	8.569
Net increase (decrease) in cash and cash equivalents	(1.354)	(159)	(1.922)	(1.701)
	-	-	-	-

See the accompanying notes to the financial statements.

Blau Farmacêutica S.A.

Statements of added value

Periods ended March 31, 2017 and 2016

(In thousands of reais)

	Parent company		Consolidated	
	31/03/2017	**31/03/2016**	**31/03/2017**	**31/03/2016**
Income	**141.571**	**83.365**	**142.717**	**86.983**
Sale of merchandise, products and services	140.770	83.715	142.993	85.194
Other (expenses) income, net	1.167	402	111	2.610
Allowance for doubtful accounts	(366)	(752)	(387)	(821)
Inputs acquired from third parties	**(77.534)**	**(45.039)**	**(78.959)**	**(47.900)**
Cost of products and goods sold and services rendered	(63.284)	(35.184)	(63.980)	(37.029)
Materials, energy, outsourced services and other	(14.250)	(9.888)	(14.979)	(10.904)
Gain (loss) from asset values	-	33		33
Gross added value	**64.037**	**38.326**	**63.758**	**39.083**
Depreciation, amortization and depletion	(2.172)	(1.994)	(2.212)	(2.038)
Net added value produced by the Entity	**61.865**	**36.332**	**61.546**	**37.045**
Added value received as transfer	**5.529**	**7.729**	**5.600**	**7.778**
Income (loss) from ownership interest	1.118	(2.206)	1.118	(2.206)
Financial income	4.411	9.935	4.482	9.984
Other	-			
Total added value payable	67.394	44.061	67.146	44.823
Personnel	**18.420**	**16.820**	**19.386**	**18.054**
Direct remuneration	14.048	12.265	14.864	13.245
Benefits	2.402	2.051	2.552	2.305
FGTS	1.970	2.504	1.970	2.504
Taxes, duties and contributions	**16.303**	**2.549**	**16.415**	**2.555**
Federal	10.616	(1.304)	10.714	(1.304)
State	5.453	3.713	5.467	3.719
Municipal	234	140	234	140
Third-party capital remuneration	**15.405**	**21.449**	**15.535**	**21.968**
Interest	4.199	11.400	4.199	11.400
Financial expenses (incl. exchange-rate changes)	4.668	3.107	4.798	3.626
Rentals	6.538	6.942	6.538	6.942
Remuneration of own capital	**17.266**	**3.243**	**15.810**	**2.246**
Dividends and interest on own capital	1.754	1.174	1.754	1.174
Retained earnings (losses) for the year, including discontinued operations	15.512	2.069	14.056	1.072
Non-controlling interest at Blau Colombia				
Total added value paid	67.394	44.061	67.146	44.823
	-		-	

See the accompanying notes to the financial statements

Notes to the financial statements

(In thousands of reais)

1 Operations

Blau Farmacêutica S.A., hereinafter referred to as "Blau" or "Company", is a privately-held corporation headquartered in the city of Cotia, State of São Paulo, at Rodovia Raposo Tavares km 30,5.

The Company's individual and consolidated interim financial information for the period ended March 31, 2017 includes the Company and its subsidiaries. The Company and its subsidiaries are engaged in the wholesale trade, distribution, import and export, industrialization of pharmaceutical products, medicines and the like for human use.

Currently, the Company is comprised of nine subsidiaries, seven of which are located in the State of São Paulo, one in Paraná and one in Ceará.

(i) Unit I - Building 100 - Head Office:
Located at Rodovia Raposo Tavares, 2.833, Km 30, Barro Branco, Cotia - SP.
Wholesale trade, distribution, import and export of medicines and drugs for human use, pharmaceutical products, inputs for the production of medicines and raw materials.

(ii) Branch 01:
Located at Avenida Mario Isaac Pires, 7.602, Caucaia, Cotia - SP.
Industrialization of cancer drugs in the form of injectable solution, lyophilic powder, tablets and capsules, intended to serve the pharmaceutical and hospital division.

(iii) Branch 02:
Located at Rodovia Raposo Tavares, 2.833, Km 30,5, Barro Branco, Cotia - SP.
Production of allopathic, biological and biotechnological drugs for human use in the form of injectable solution, lyophilic powder, intended to serve the pharmaceutical and hospital division.

(iv) Branch 03:
Located at Rua João Bettega, 101, Sala 213, Curitiba - PR.
Contact office for rental of equipment and vehicles (rental not included in the lease act).

(v) Branch 04:
Located at Rua Tomas Acioli, 840, Sala 701, in the State of Ceará.
Administrative office, exclusively for contacts of sellers and sales representatives.

(vi) Branch 05:
Located at Rodovia Raposo Tavares, 2.833, Km 30,5, Barro Branco, Cotia - SP.

Manufacturing of raw materials to meet the consumption needs in the production of medicines for human use, including the manufacturing of pharmaceutical specialties and quality control for third parties; research, development and innovations in inputs, including raw materials and medicines, biological, biopharmaceutical and biotechnology products.

(vii) Branch 06:
Located at Rua Thomaz Sepe, 454, Jardim da Glória, Cotia - SP.
Warehouse of primary and secondary packaging material, semi-finished preservatives, pharmaceutical retention material and related items of plants I and II, obsolete equipment and material for product incineration, shipping and storing of packaging materials.

(viii) Branch 07:
Located at Rua Etiópia 258, Parque São Lourença, Cotia - SP.
Warehouse of primary and secondary packaging material, semi-finished preservatives, pharmaceutical retention material and related items of plants I and II, obsolete equipment and material for product incineration, shipping and storing of packaging materials.

(ix) Branch 08:
Located at Rua Adherbal Stresser, 84, Jardim Arpoador, São Paulo - SP
Industrialization of condoms, related products, injectable and lyophilic powder antibiotics intended to serve the pharmaceutical and hospital division.

2 List of subsidiaries

Subsidiaries

Company	**Country**	**Interest**	
		03/31/2017	**12/31/2016**
Blau Farmacéutica Colombia S.A.S.	Colombia	100%	100%
Blau Farma Uruguay S.A.	Uruguay	100%	100%
Preserv S.A.	Brazil	-	100%

Blau Farmacéutica Colombia S.A.S.
Blau Farmacéutica Colombia is a subsidiary headquartered in the city of Bogotá, Colombia, engaged in the production and trading of pharmaceutical drugs for human consumption and biopharmaceutical inputs, operating in the main pharmaceutical segments. The company’s main activity is the import of Company's products for distribution in Colombia and other countries. The commercial operations started in August 2012.

Blau Farma Uruguay S.A.
Blau Farma Uruguay is a subsidiary headquartered in the city of Montevideo, Uruguay, engaged in the production and trading of pharmaceutical drugs for human consumption and biopharmaceutical inputs, operating in the main pharmaceutical segments. The company's main activity is the import of Company's products for distribution in Uruguay and other countries. The commercial operations started in February 2015.

Preserv S.A.
Preserv is a subsidiary headquartered in the city of Cotia, State of São Paulo, engaged in the trading, import and export of condoms and related products intended for intimate and personal hygiene.

3 Acquisition of jointly-controlled entity

Acquisition of jointly-controlled subsidiary

Based on its expansion project for the pharmaceutical market, on November 11, 2016 the Company acquired full equity control of Preserv S.A. for R$ 2,274. Considering that Preserv was controlled by the same shareholders of the Company, following the accounting practices adopted in Brazil, the transaction was carried out by the accounting net assets based on the balance sheet as of October 31, 2016, as follows:

Assets		**Liabilities**	
Current assets	**7,148**	**Current liabilities**	**3,886**
Cash and cash equivalents	(12)	Suppliers	2,982
Trade accounts receivable	1,414	Loans and financing	401
Inventories	2,721	Tax liabilities	37
Other receivables	3,025	Labor and social security obligations	101
Non-current assets	**345**	Accounts payable	130
		Provisions	235
Property, plant and equipment	335	**Non-current liabilities**	**1,333**
Intangible assets	10		
		Loans and financing	1,333
Total assets	**7,493**	**Total liabilities**	**5,219**
		Acquired net assets	**2,274**

The Extraordinary Shareholders' Meeting held on January 30, 2017 approved the Equity Appraisal Report of Preserv S.A. and ratified the merger of the subsidiary by the Company on January 27, 2017 with effective retroactive date to January 1, 2017.

4 Preparation basis

a. Declaration of conformity

This individual and consolidated interim financial information was prepared according to the International Financial Reporting Standards ("Interim Financial Reporting - IAS 34"), issued by the International Accounting Standards Board (IASB) and also in accordance with Technical Pronouncement CPC 21 (R1) - Interim Statement, also including the supplementary standards issued by Securities Commission (CVM).

On February 28, 2018, the Company's Board of Directors held a meeting and authorized the conclusion and preparation of the interim financial information.

Company's Management affirms that all relevant information characteristic of quarterly information, and are being evidenced and correspond to those used by Management.

5 Functional and presentation currency

The individual and consolidated interim financial information is presented in Brazilian Real, functional currency of the Company. All balances have been rounded to the nearest value, except otherwise indicated.

6 Use of estimates and judgments

The preparation of this individual and consolidated interim financial information, Management used judgments, estimates and assumptions that affect the application of accounting policies, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of interim financial information requires the use of accounting estimates, with a basis on Management's judgment for determination of the adequate amount to be recorded in the financial information.

Significant items subject to these estimates and assumptions include:

- **Note 12** – Trade accounts receivable - allowance for doubtful accounts;
- **Note 13** - Inventories - Provision for inventory losses;
- **Note 17** - Intangible assets - amortization and goodwill impairment test - main assumptions in relation to recoverable values;
- **Note 22** – Provision for contingencies.

The settlement of transactions involving these estimates may result in significantly different amounts described in financial information due to the process related to estimates. The Company reviews its estimates at each reporting date, and if changes in estimates are required, they will be recognized prospectively.

Measurement of fair value

A number of the Company and its subsidiary's accounting policies and disclosures requires the measurement of fair value, for both financial and non-financial assets and liabilities.

Significant assessment issues are reported to the Company's Management.

When measuring fair value of an asset or liability, the Company and its subsidiaries use market observable data as much as possible. The fair value is classified in different levels of a hierarchy based on the information (inputs) utilized on the valuation techniques in the following way.

- **Level 1:** Prices quoted (not adjusted) in active markets for identical assets and liabilities.

- **Level 2:** Inputs, except for quoted prices, included in Level 1 which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices).

- **Level 3**: Inputs, for assets or liabilities, which are not based on observable market data (non-observable inputs).

Additional information on the assumptions adopted in the measurement of fair values is included in the following note:

- **Note 28** – Financial instruments.

7 Measuring basis

The individual and consolidated interim financial information were prepared based on the historical cost, except for the following material items recognized in the balance sheets:

- Derivative financial instruments measured at fair value;

- Non-derivative financial instruments measured at fair value through profit or loss; and

- Biological assets are measured at acquisition cost and any changes are recognized in income (loss).

8 Restatement of corresponding amounts

The financial information for the three and six-month period ended March 31, 2017 and 2016 is restated due to the following reasons:

a. Earnings per share

As disclosed in note 30, on September 20, 2017, Shareholders' Meeting approved split of shares issued by the Company. Information about earnings per share for the three-month period ended March 31, 2017 and 2016, included in respective financial information originally issued on November 13, 2017, has been prepared considering the number of shares then existing, instead of the number approved and paid-up on financial information issuance date. According to applicable accounting practice, financial information should be restated and is, in fact, restated below.

Impact on Statement of Income and Note 23, Shareholders' equity

	Impacts of rectification of errors			
	Parent company		**Consolidated**	
	03/31/2017	**03/31/2016**	**03/31/2017**	**03/31/2016**
Net income for the period	17,498	3,243	16,140	2,246
Basic and diluted earnings per common share (Previously stated)	0.95	0.18	0.87	0.12
Adjustment	(0.83)	(0.15)	(0.76)	(0.11)
Basic and diluted earnings per common share (Restated)	0.12	0.02	0.11	0.02

b. Improvement of disclosing

Additional information was included in notes: (i) related parties, note 18, in relation to policies applied on related-party transactions, (ii) financial instruments, note 28, in relation to derivative contracts (book account recorded in the balance sheet), as well as inclusion of foreign exchange rate for probable scenario in sensitivity analysis table, (iii) inventories, note 13, in relation to policy for valuation of inventories, (iv) net income, note 24, in relation to disclosure of consolidated income per types of treatment, geographical location and main clients, (v) shareholders' equity, note 23, in relation to information about earnings per share, and (vi) subsequent events note 30, in relation to split of common shares issued by the Company. Changes made to said notes have the purpose of improving presented information.

9 Consolidation

(i) Business combination

Business combinations are recorded using the acquisition method on acquisition date, that is, when control is transferred to the Company. Control is defined as the ability to rule the entity's financial and operating policies in order to benefit from its activities. When determining that its control is in place, the Company takes into account the currently exercisable potential voting rights.

The Company calculates goodwill in the date of acquisition as:

- fair value of transferred consideration; plus
- the recognized amount of any non-controlling interest in the acquiree; less
- the net value (generally at fair value) of identifiable assets acquired and liabilities assumed.

When the value is negative, the gain from an advantageous purchase is recorded directly in income (loss) for the period.

Transferred consideration does not include amounts referring to payment of pre-existing relations. These amounts are usually recognized in income (loss) for the period.

Transaction costs, except costs for issuing debt or equity instruments, incurred by the Company in connection with business combinations, are recorded in income (loss) as incurred.

(ii) Interest of non-controlling shareholders

For each business combination, the Company chooses to measure any minority interest in the acquired company using one of the following criteria:

- at fair value; or
- by proportional interest of identifiable net assets of the acquiree, which are generally at fair value.

Changes to the Company’s interest in a subsidiary that do not result in loss of control are accounted for as transactions with shareholders, in the capacity of shareholders. Adjustments to minority interest are based on a proportional amount of the subsidiary’s net assets. No adjustment is made to goodwill based on future profitability and no gain or loss is recognized in income (loss) for the period.

(iii) Subsidiaries

The interim financial information of the subsidiaries is included in the consolidated financial statements as from the date they start to be controlled by the Company until the date such control ceases. The accounting policies of the subsidiaries are aligned with the policies adopted by the Company.

In the individual interim financial information of the parent company, financial information of subsidiaries is recognized under the equity method, considering the financial information of subsidiaries.

The consolidated interim financial information includes the information of the parent company and the subsidiaries in operation, Blau Farmacéutica Colombia S.A.S. and Blau Farma Uruguay S.A. The remaining subsidiaries established in 2017 and still without relevant operations were not consolidated and their respective balances are recognized by the investment cost.

(iv) Transactions eliminated in the consolidation

Intragroup and transaction balances, and any unrealized income or expenses derived from intragroup transactions, are eliminated in the preparation of the consolidated interim financial information. Unrealized gains originating from transactions with investees recorded using the equity method are eliminated against the investment in the proportion of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only up to the point where there is no evidence of loss due to impairment.

10 Significant accounting policies

The financial statements for the year ended December 31, 2016 were prepared and presented by the Company in accordance with IFRS International accounting standards issued by *International Accounting Standards Board* (IASB) and also with accounting practices adopted in Brazil in force until December 31, 2016. Significant accounting practices adopted by the Company in the preparation of its interim financial information - ITS for the three-month period ended March 31, 2017 have been applied consistently with those disclosed in Note 9 of the financial statements for the year ended December 31, 2016, and therefore should be read together.

The Company adopted all pronouncements, interpretations and guidance issued by the CPC and the IASB. The changes in existing standards were disclosed and are mandatory for the subsequent periods. None of those standards or changes in standards was adopted by the Company.

(i) IFRS 9 - Financial Instruments

IFRS 9 replaces guidelines of IAS 39 (CPC 38) Financial Instruments: Recognition and measurement. IFRS 9 includes new models for the classification and measurement of financial instruments and measurement of expected credit losses for financial and contractual assets, and new requirements on hedge accounting. The new standard maintains existing instructions on financial instrument recognition and derecognition of IAS 39.

IFRS 9 will become effective for annual periods starting on or after January 1, 2018, with early adoption allowed only to financial statements, pursuant to IFRSs.

The effective impact of the adoption of IFRS 9 on the Company's financial statements in 2018 cannot be estimated with confidence, as it will depend on the financial instruments held by the Company and the economic conditions in 2018, as well as accounting decisions and judgment calls that the Company will make in the future. The new standard will require the Company to review its accounting procedures and internal controls related to the classification and measurement of financial instruments, and these changes are not yet finalized. The Company is evaluating effects that IFRS 9 will have on financial statements and its disclosures.

Disclosures

IFRS 9 will require extensive new disclosures, specifically regarding hedge accounting and credit risk and expected credit losses.

Transition

The main issues addressed in IFRS 9 to be assessed by the Company are as follows:

- Determination of the business model within which a financial asset is held.
- The designation and revoke of previous designations of certain financial assets and liabilities.
- The designation of certain investments in equity instruments not held for trading.

(ii) IFRS 15 Revenues from Contracts with Customers

IFRS 15 introduces a comprehensive framework for determining whether and when income is recognized, and how income is measured. IFRS 15 replaces current income recognition standards, including CPC 30 (IAS 18) Income, CPC 17 (IAS 11) Construction Contracts, and CPC 30 Interpretation A (IFRIC 13) Client Loyalty Programs.

IFRS 15 will be in force for annual periods starting on or after January 1, 2018. Early adoption is permitted only for financial statements in accordance with IFRS. The Company is evaluating the effects IFRS 15 will have on its financial statements and disclosures.

Sale of products

Regarding sales, the income is currently recognized when the goods are delivered to the client's location, considered as the time when the client accepts the goods and the risks and benefits related to ownership are transferred. Income is recognized at this time, provided that the income and costs can be measured reliably, receipt of consideration is probable, and there is no continuous involvement of Management with the products.

Transition

The Company will adopt IFRS 15 in its financial statements for the year ended December 31, 2018 and intends to use the retrospective approach. As a result, the Company will apply all the requirements of IFRS 15 to each comparative period presented, adjusting its financial statements previously reported.

The Company plans to use practical expedients for completed contracts. This means that completed contracts that started and ended in the same comparative reporting period, as well as those that are completed contracts at the beginning of the oldest period reported, will not be re-reported.

(iii) IFRS 16 Leases

IFRS 16 introduces a single model of accounting of leases in the balance sheet to lessees. A lessee recognizes an asset of right of use that represents its right to use the leased asset and a lease liability that represents its obligation to make the lease payments. Optional exemptions are available for short-term leases and low-value items. The lessor's accounting remains similar to the current standard, that is, lessors continue to classify leases as financial or operating leases.

IFRS 16 replaces the current lease standards, including CPC 06 (IAS 17) Commercial Lease Operations and ICPC 03 (IFRIC 4, SIC 15 and SIC 27) Complementary Aspects of Commercial Lease Operations.

The standard is effective in years starting on or after January 1, 2019. The early adoption is only permitted for financial statements in accordance with IFRSs and only to entities that adopt IFRS 15 Income from Contracts with Clients on or before the date of early adoption of IRF 16.

The Company is evaluating the effects IFRS 16 will have on its financial statements and disclosures.

(iv) Disclosure Initiative (Amendments to CPC 26 / IAS 7)

The amendments require additional disclosures that allow users of financial statements to understand and assess changes in liabilities arising from financing activities, whether arising from cash flow and other changes.

Amendments are effective in years starting on or after January 1, 2017. Early adoption is permitted only for financial statements in accordance with IFRS.

In order to fulfill the new disclosure requirements, the Company intends to submit a reconciliation between the opening and closing balances of liabilities with changes arising from financing activities.

(v) Recognition of deferred tax assets for unrealized losses (Amendments to CPC 32 / IAS 12)

The changes clarify the accounting of deferred tax assets for unrealized losses on debt instruments measured at fair value.

Amendments are effective in years starting on or after January 1, 2017, and early adoption is allowed only to financial statements, pursuant to IFRSs.

The Company is evaluating the potential impact on its financial statements.

(vi) Other changes

- Amendments to CPC 10 (IFRS 2) – Share-based payment in relation to the classification and measurement of certain share-based payment transactions.

- Amendments to CPC 36 Consolidated Statements (IFRS 10) and CPC 18 Investments in Associated Company (IAS 28) in relation to sales or contributions of assets between an investor and its associated company or joint venture.

- The Company's Management started an assessment and understands that applying the mentioned pronouncements to be adopted in the financial statements on the dates required may have some effect on the balances to be reported. Nonetheless, this assessment's current stage does not allow quantifying these effects, if any, until a detailed review is made at the time of actual adoption.

- The Accounting Pronouncements Committee has not yet issued any accounting pronouncement or amendments in current pronouncements corresponding to all IFRS new standards. Therefore, the early adoption of these IFRS is not permitted for entities that disclose their financial statements according to accounting practices adopted in Brazil.

- The Company adopted these changes in the preparation of financial statements and does not intend to early adopt such standards.

11 Cash and cash equivalents

	Parent company		Consolidated	
	03/31/2017	**12/31/2016**	**03/31/2017**	**12/31/2016**
Cash equivalent in US$	2	-	3	-
Cash equivalent in Euros	1	3	1	3
Cash in Reais	2	3	2	154
	5	6	6	157
Bank checking account	405	1,758	5,215	7,624
Interest earnings bank deposits		-	3,291	2,418
	405	1,758	8,506	10,042
Total cash and cash equivalents	**410**	**1,764**	**8,512**	**10,199**

Highly liquid short-term interest earning bank deposits are promptly convertible into a known sum of cash and subject to an insignificant risk of change of value. The subsidiary Blau Farmacêutica Colombia SAS has the option of early redemption of said securities, without penalties or loss of profitability, whose average rate is 5.2% p.a. for the period ended March 31, 2017 and 2.5% p.a. for the year ended December 31, 2016.

The Company's exposure to risks of interest rate and changes in exchange rates are disclosed in Note 28.

12 Trade accounts receivable

	Parent company		Consolidated	
	03/31/2017	**12/31/2016**	**03/31/2017**	**12/31/2016**
Domestic	124,240	90,169	124,240	91,709
Abroad	3,502	2,657	9,927	10,150
Related parties (Note 18)	10,261	7,899	3,708	1,395
	138,003	100,725	137,875	103,254
Allowance for doubtful accounts	(3,505)	(3,272)	(4,599)	(4,533)
	134,498	**97,453**	**133,276**	**98,721**

Age of balances of trade accounts receivable:

	Parent company					
	Private		Public		Total	
	03/31/2017	**12/31/2016**	**03/31/2017**	**12/31/2016**	**03/31/2017**	**12/31/2016**
Falling due	55,243	44,158	22,542	23,530	77,785	67,688
Overdue (days)	8,138	8,903	52,080	24,134	60,218	33,037
1–30	1,529	2,538	37,959	11,999	39,488	14,537
31–60	1,557	980	345	1,056	1,902	2,036
61–180	1,270	1,750	11,141	7,295	12,411	9,045
>181	3,782	3,635	2,635	3,784	6,417	7,419
Subtotal	63,381	53,061	74,622	47,664	138,003	100,725
Allowance for doubtful accounts	(3,505)	(3,272)	-	-	(3,505)	(3,272)
Total	59,876	49,789	74,622	47,664	134,498	97,453

	Consolidated					
	Private		Public		Total	
	03/31/2017	**12/31/2016**	**03/31/2017**	**12/31/2016**	**03/31/2017**	**12/31/2016**
Falling due	54,021	43,145	22,542	23,530	76,563	66,675
Overdue (days)	9,232	12,445	52,080	24,134	61,312	36,579
1–30	2,623	3,848	37,959	11,999	40,582	15,847
31–60	1,557	980	345	1,056	1,902	2,036
61–180	1,270	2,815	11,141	7,295	12,411	10,110
>181	3,782	4,802	2,635	3,784	6,417	8,586
Subtotal	63,253	55,590	74,622	47,664	137,875	103,254
Allowance for doubtful accounts	(4,599)	(4,533)	-	-	(4,599)	(4,533)
Total	58,654	51,057	74,622	47,664	133,276	98,721

The Company adopts the procedure of recording an allowance for doubtful accounts for overdue notes of private clients, except related parties, whose collection is carried out at the administrative level. Currently, 35% of the balance receivable with private clients is given as collateral for bank loans and financing, as presented in Note 21.

Changes in the allowance for doubtful accounts are shown below:

	Parent company	
	03/31/2017	**12/31/2016**
Opening balance	(3,272)	(3,024)
Formation	(386)	(1,196)
Write-off	117	-
Reversal	36	948
Closing balance	**(3,505)**	**(3,272)**

	Consolidated	
	03/31/2017	**12/31/2016**
Opening balance	(4,533)	(4,805)
Formation	(386)	(1,381)
Write-off	117	-
Reversal	203	1,653
Closing balance	**(4,599)**	**(4,533)**

13 Inventories (Restated)

	Parent company		Consolidated	
	03/31/2017	**12/31/2016**	**03/31/2017**	**12/31/2016**
Finished goods	25,281	24,295	30,663	30,606
Products for resale	-	-	581	681
Semi-finished products	9,127	17,707	10,186	18,949
Work in process	142	94	142	94
Raw materials	47,316	32,324	47,316	32,324
Packaging materials	15,943	19,385	16,011	19,465
Materials in possession of third parties	86	83	86	83
Imports in progress	18,614	418	18,614	418
Advance for imports	2,751	1,569	2,753	1,571
Production of auxiliary material	162	249	162	249
	119,422	**96,124**	**126,514**	**104,440**

In the period ended March 31, 2017, the provision for inventory devaluation, to bring to its net realizable values, totaled R$ 5,732 in the parent company and R$ 6,262 in the consolidated (R$ 6,818 in the parent company and R$ 7,797 in the consolidated in the year ended December 31, 2016).

Provision for devaluation is calculated considering products' validity date as well as expected future trading of products. Full provision is recorded for products with expired validity, as well as for those with validity expiring in up to 180 days, regardless of whether sale is expected or not.

Changes in provision for inventory losses:

	Parent company		Consolidated	
	03/31/2017	**12/31/2016**	**03/31/2017**	**12/31/2016**
Opening balance	(6,818)	(5,124)	(7,797)	(6,890)
Formation	(2,181)	(4,745)	(2,181)	(3,667)
Write-off	2,983	652	2,983	-
Reversal	284	2,399	733	2,760
Closing balance	**(5,732)**	**(6,818)**	**(6,262)**	**(7,797)**

14 Recoverable taxes

	Parent company		Consolidated	
	03/31/2017	**12/31/2016**	**03/31/2017**	**12/31/2016**
Current				
ICMS	1,617	1,241	1,617	1,506
IPI	218	204	218	212
PIS	475	276	475	276
COFINS	1,071	1,363	1,071	1,363
Other	11	20	1,135	597
Taxes withheld	976	923	1,078	948
Subtotal	**4,368**	**4,027**	**5,594**	**4,902**
Non-current				
CIAP	598	551	598	551
PIS	1,131	1,300	1,131	1,300
COFINS	4,811	5,604	4,811	5,604
	6,540	**7,455**	**6,540**	**7,455**
Total	**10,908**	**11,482**	**12,134**	**12,357**

In 2016, the Company engaged a specialized company to assess and recognize amounts related to tax credits arising from overpayments and credits not recorded timely. This work involved a review of the entire process for calculation of indirect taxes and also the analysis of consistency of the tax and information recorded covering the period from January 2012 to August 2016. The credit amounts recognized in 1Q16 under "Recoverable taxes" as a contraentry to other income in the profit or loss were as follows:

ICMS	2,625
PIS	1,158
COFINS	5,366
Total	**9,149**

These credits have already been offset in 2016, with IRPJ/CSLL offset against PIS and COFINS. The extemporaneous ICSM credit was used to offset the balance payable.

15 Investments

	Parent company		Consolidated	
	03/31/2017	12/31/2016	03/31/2017	12/31/2016
Interest - Blau Farmacêutica Colombia S.A.S.	15,693	14,327	-	-
Investment goodwill - Blau Colombia S.A.S.	6,800	6,800	- -	
Total investment - Blau Colombia S.A.S.	**22,493**	**21,127**	**-**	**-**
Interest - Blaufarma Uruguay S.A.	961	1,443	-	-
Investment goodwill - Blaufarma Uruguay S.A. (i)	271	271	-	-
Advance for future capital increase (ii)	339	339	-	-
Total investment - Blaufarma Uruguay S.A	**1,571**	**2,053**	**-**	**-**
Participação Preserv S.A (iii)	-	847	-	-
Total Investment Preserv S.A.	**-**	**847**	**-**	**-**
Other investments	-	-	-	10
Total investment	**24,064**	**24,027**	**-**	**10**

(i) For consolidation purposes, the goodwill amounts of investees Blau Colombia (R$ 6,800) and Blau Uruguay (R$ 271) were reclassified to intangible assets. See Note 17.

(ii) Remittance of capital under advance for future capital increase in the amount of USD 100 thousand, equivalent to R$ 339.

(iii) As Note 3, Preserv S.A. was merged on January 1, 2017.

Changes in investments:

	Blau Colombia	Blau Uruguay	Preserv	Total
Balance at December 31, 2016	**14,327**	**1,443**	**847**	**16,617**
Decrease in investment due to merger - Preserv	-	-	(847)	(847)
Equity in net income of subsidiaries	190	(449)	-	(259)
Unrealized profit	1,497	(120)	-	1,377
Total equity in net income of subsidiaries, net	**1,687**	**(569)**	**-**	**1,118**
Translation adjustment	188	47	**-**	235
Result of deferred income tax and social contribution	(509)	40	**-**	(469)
Balance at March 31, 2017	**15,693**	**961**	**-**	**16,654**

In compliance with CPC 45 and IFRS 12 - Disclosure of Interests in Other Entities, the Company presents below the summary of the financial information of Blau Colombia and Blau Uruguay as of March 31, 2017 and Blau Colombia, Blau Uruguai and Preserv as of December 31, 2016:

	03/31/2017		12/31/2016		
	Blau Colombia	**Blaufarma Uruguay**	**Blau Colombia**	**Blaufarma Uruguay**	**Preserv**
Current assets	19,720	3,031	19,971	3,078	3,920
Non-current assets	810	923	1,141	891	141
Total assets	20,530	3,954	21,112	3,969	4,061
Current liabilities	4,765	2,549	5,752	1,845	3,122
Non-current liabilities	72	106	45	343	92
Shareholders' equity	15,693	1,299	15,315	1,781	847
Total liabilities and shareholders' equity	20,530	3,954	21,112	3,969	4,061
Net income	4,010	867	18,411	2,498	1,188
Net income (loss)	190	(449)	(1,070)	(1,948)	(551)

16 Property, plant and equipment

	Parent company								
	12/31/2015	**Addition**	**Transf.**	**Write-off**	**2/31/2016**	**Addition**	**Transf.**	**Write-off**	**03/31/2017**
Cost									
Land	500	-	-	-	500	-	-	-	500
Buildings	1,873	8	30	-	1,911	-	-	-	1,911
Machinery and equipment	53,392	6,595	277	(7)	60,257	1,588	18	-	61,863
Aircrafts and vehicles	1,772	9	-	(37)	1,744	-	-	-	1,744
Furniture and fixtures	4,329	197	2	(8)	4,520	81	-	-	4,601
Facilities in use	6,939	167	283	-	7,389	13	-	-	7,402
IT equipment	2,451	493	114	-	3,058	129	-	-	3,187
Property, plant and equipment in progress	23,500	5,852	(5,186)	(236)	23,930	4,050	(18)	(181)	27,781
Leasehold improvements	3,968	35	4,480	-	8,483	-	-	(306)	8,177
Advance of goods for future delivery	4,003	688	-	(2,506)	2,185	1,676	-	(2,185)	1,676
Total cost	**102,727**	**14,044**	**-**	**(2,794)**	**113,977**	**7,537**	**-**	**(2,672)**	**118,842**
Depreciation									
Buildings	(102)	(80)	-	-	(182)	(19)	-	-	(201)
Machinery and equipment	(22,798)	(5,946)	-	22	(28,722)	(1,512)	-	-	(30,234)
Aircrafts and vehicles	(1,662)	(203)	-	79	(1,786)	(44)	-	8	(1,822)
Furniture and fixtures	(3,835)	(475)	-	8	(4,302)	(98)	-	-	(4,400)
Facilities in use	(5,027)	(696)	-	-	(5,723)	(137)	-	-	(5,860)
IT equipment	(1,971)	(228)	-	-	(2,199)	(108)	-	-	(2,307)
Leasehold improvements	-	(178)	-	-	(178)	(82)	-	-	(260)
							-	-	
Total accumulated depreciation	**(35,395)**	**(7,806)**	**-**	**109**	**(43,092)**	**(2,000)**	**-**	**8**	**(45,084)**
Net balance	**67,332**	**6,238**	**-**	**(2,685)**	**70,885**	**5,537**	**-**	**(2,664)**	**73,758**

As of March 31, 2017, construction in progress totaled R$ 27,781, of which R$ 13,438 refers to the construction of a new warehouse for the storage of inventories. The Company's estimate for the conclusion of work is on the 4Q17.

	Consolidated									
	12/31/2015	**Acquisition of subsidiary (a)**	**Addition**	**Transf.**	**Write-off**	**12/31/2016**	**Addition**	**Transf.**	**Write-off**	**03/31/2017**
Cost										
Land	500	-	-	-	-	500	-	-	-	500
Buildings	1,873	-	8	30	-	1,911	-	-	-	1,911
Machinery and equipment	52,460	234	6,597	277	(46)	59,522	1,588	845	-	61,955
Aircrafts and vehicles	2,132	-	9	-	(89)	2,052	-	-	-	2,052
Furniture and fixtures	5,489	67	200	2	(72)	5,686	81	-	-	5,767
Facilities in use	6,996	9	176	283	(132)	7,332	13	(14)	(48)	7,283
IT equipment	2,590	54	497	114	(41)	3,214	141	-	-	3,355
Property, plant and equipment in progress	24,313	-	5,852	5,186)	(236)	24,743	4,050	(831)	(181)	27,781
Leasehold improvements	4,012	180	35	4,480	(180)	8,527	-	-	(350)	8,177
Advance of goods for future delivery	3,994	-	688	-	(2,506)	2,176	1,676	-	(2,185)	1,667
Total cost	104,359	544	14,062	-	(3,302)	115,663	7,549	-	(2,764)	120,448
Depreciation										
Buildings	(102)	-	(80)	-	-	(182)	(23)	-	-	(205)
Machinery and equipment	(22,534)	(132)	(5,967)	-	71	(28,562)	(1,514)	-	-	(30,076)
Aircrafts and vehicles	(1,959)	-	(303)	-	86	(2,176)	(55)	-	8	(2,223)
Furniture and fixtures	(4,059)	(43)	(515)	-	83	(4,534)	(101)	-	-	(4,635)
Facilities in use	(4,957)	(5)	(711)	-	11	(5,662)	(137)	-	-	(5,799)
IT equipment	(2,078)	(29)	(266)	-	27	(2,346)	(116)	-	-	(2,462)
Leasehold improvements	-	-	(178)	-	-	(178)	(82)	-	-	(260)
Total accumulated depreciation	(35,689)	(209)	(8,020)	-	278	(43,640)	(2,028)	-	-	(45,660)
Net balance	68,670	335	6,042	-	(3,024)	72,023	5,521	-	(2,756)	74,788

(a) Position of the closing balance and changes in Preserv's assets as of the acquisition date on November 11 to the closing position in December 2016.

17 Intangible assets

	Annual weighted rates of amortization	**12/31/2015**	**Addition**	**Write-off**	**12/31/2016**	**Addition**	**Write-off**	**03/31/2017**
Cost								
Software		3,791	49	(1)	3,839	8	-	3,847
Patent		877	-	-	877	3	-	880
Total cost		**4,668**	**49**	**(1)**	**4,716**	**11**	**-**	**4,727**
Amortization								
Software	25%	(1,875)	(703)	-	(2,578)	(171)	-	(2,749)
Total accumulated amortization		**(1,875)**	**(703)**	**-**	**(2,578)**	**(171)**	**-**	**(2,749)**
Net balance		**2,793**	**(654)**	**(1)**	**2,138**	**(160)**	**-**	**1,978**

	Annual weighted rates of amortization	12/31/2015	From acquisition of subsidiary	Addition	Write-off	12/31/2016	Addition	Write-off	03/31/2017
Cost									
Software		3,801	6	37	-	3,844	8	-	3,852
Patent		877	4	62	-	943	-	(306)	637
Brand		22	-	-	-	22	3	(10)	15
Sanitary records		272	-	402	-	674	-	-	674
Goodwill (i)		7,071	-	-	-	7,071	-	-	7,071
Total cost		**12,043**	**10**	**501**	**-**	**12,554**	**11**	**(316)**	**12,249**
Amortization									
Software	25%	(1,893)	-	(692)	-	(2,585)	(171)	-	(2,756)
Sanitary records	25%	(140)	-	(39)	-	(179)	(13)	-	(192)
Total accumulated amortization		**(2,033)**	**-**	**(731)**	**-**	**(2,764)**	**(184)**	**-**	**(2,948)**
Net balance		**10,010**	**10**	**(230)**	**-**	**9,790**	**(173)**	**(316)**	**9,301**

(i) Goodwill derives from the acquisitions of the investees Blau Colombia, in the amount of R$ 6,800, and of Blau Uruguay, in the amount of R$ 271, which are being presented in intangible assets (Consolidated) pursuant to the accounting standard. See Note 15.

Impairment testing - Intangible assets

The Company evaluated the recovery of the book value of goodwill using the “value in use” concept, by means of discounted cash flow models by means of an estimate of each Cash Generating Unit (“CGU”), representing the tangible and intangible assets recorded in parent company that generated a goodwill.

The process for determining the CGU recovery based on the value in use involves the use of assumptions, judgments and estimates on cash flows, such as income growth rates, costs and expenses, investment estimates and future working capital and discount rates. The assumptions of projections of growth, cash flow and future cash flows are based on Management’s best estimates, as well as on comparable market data, economic conditions during the economic life of the set of assets that provide the generation of cash flows. Future cash flows were discounted based on the rate representing the capital cost.

Based on the Company’s annual impairment test of intangible assets on projections made to the financial statements, expected growth at the time and monitoring of projections and operating income during the period, it was not identified possible losses or indications of losses, since the value in use is higher than the net book value on the date of evaluation. The main assumptions used in determining operating future cash flows discounted to present value of operations are as follows:

Sale of products - 12/31/2016	Considering sales net of taxes and returns
Hospital line	Growth of 9% p.a.
Oncology line	Growth of 10% p.a.
Biological line	Growth of 14% p.a.
Sutures	Growth of 9% p.a.
Operating expenses - 12/31/2016	
Fixed	Straight-line growth of 6% p.a.
Variables	Proportional to Net Income on 12/31/2016
DCF - Financial cost 12/31/2016	11.7% p.a. capitalized

On December 31, 2016, the Company assessed whether there was any indication that its assets at the end of their useful lives might be damaged or devalued, and concluded that there is no impairment indication.

18 Related parties (restated)

a. Final parent company

During the period ended March 31, 2017 and year ended December 31, 2016, new shares were not issued. Final controlling party is still Mr. Marcelo Hahn, who holds exclusive shareholding interest in the Company.

b. Remuneration of key management staff

The remuneration of key management personnel comprises salaries and direct benefits, such as healthcare, dental and food assistance. The Company does not provide non-cash benefits to directors, nor contributes to a defined post-employment benefit plan. The Company has no Company's stock option plans.

	03/31/2017	**03/31/2016**
Directors' fees	612	455

c. Balances and transactions with related parties

Transactions with related parties are duly formalized through contract or other equivalent instrument - for example, purchase order when it refers to commercial transactions - and consider the same principles and procedures that guide negotiations made by the Company with independent parties.

The main balances between related parties in the balance sheet and statement of income accounts are as follows:

	Parent company		Consolidated	
	03/31/2017	**12/31/2016**	**03/31/2017**	**12/31/2016**
Assets				
Current assets				
Clients (Note 12)				
Kollimed Com. Mat. Hospitalares Ltda. (a)	2,909	664	2,909	664
The Package Store Imp. Com. Distr. Emb. Ltda. (b)	799	731	799	731
Blau Farmacêutica Colômbia S.A.S. (c)	4,383	5,079	-	-
Blaufarma Uruguay S.A. (d)	2,170	1,425	-	-
Total clients	**10,261**	**7,899**	**3,708**	**1,395**
Investments (Note 15)				
Blaufarma Uruguay S.A. (Advances for Future Capital Increases)	339	339	-	-
Total	**339**	**339**	**-**	**-**
Non-current assets				
Loans receivable				
Shareholders (e)	1,462	1,462	1,462	1,462
Total loans receivable	**1,462**	**1,462**	**1,462**	**1,462**
Total assets	**12,062**	**9,700**	**5,170**	**2,857**

	Parent company		Consolidated	
	03/31/2017	**12/31/2016**	**03/31/2017**	**12/31/2016**
Liabilities				
Current liabilities				
Suppliers				
Kollimed Com. Mat. Hospitalares Ltda.	275	104	275	104
Total suppliers (Note 19)	**275**	**104**	**275**	**104**
Other accounts payable				
F - 11 Segurança Privada Ltda (f)	230	229	230	229
Interest on own capital (g)	1,753	-	1,753	-
Minimum dividends to shareholders	1,003	1,003	1,003	1,003
Total other accounts payable	**2,986**	**1,232**	**2,986**	**1,232**

Income (loss) Net income (Note 24) and costs of goods and products sold (Note 25)

	Parent company			
	03/31/2017		03/31/2016	
	Income	**Cost**	**Income**	**Cost**
Kollimed Com. Mat. Hospitalares Ltda.	5,673	3,243	2,346	1,944
The Package Store Imp. Com. Distr. Emb. Ltda.	530	317	540	295
Blau Farmacêutica Colômbia S.A.S.	1,853	1,954	4,612	3,273
Blaufarma Uruguay S.A.	801	723	460	300
Preserv S.A.	-	-	127	70
Total income (loss) with related parties	**8,857**	**6,237**	**8,085**	**5,882**

	Consolidated			
	03/31/2017		03/31/2016	
	Income	**Cost**	**Income**	**Cost**
Kollimed Com. Mat. Hospitalares Ltda.(a)	5,673	3,243	2,346	1,944
The Package Store Imp. Com. Distr. Emb. Ltda. (b)	530	317	540	295
Total income (loss) with related parties	**6,203**	**3,560**	**2,886**	**2,239**

Income (loss) - other operations

	03/31/2017	**03/31/2016**
Hahn Participações (f)	6,009	6,743
Giannetto e Faccio Advogados Associados . (h)	112	117
Alban Consultoria Empresarial Ltda	21	18
F - 11 Segurança Privada Ltda (g)	854	-
Total expenses with related parties	**6,996**	**6,878**

(a) Kolimed Com. Mat. Hospitalares Ltda. is mainly engaged in Distributing Medicines; amounts invoiced to Kolimed derive from sale of medicaments at regular market conditions. Sales margin used for related parties is 15%, and average payment term is 40 days.

(b) The Package Store Imp. Com. Distr. Emb. Ltda. is mainly engaged in selling glass packaging for the pharmaceutical industry; amounts invoiced to The Package derive from glass packaging bought by the Company from suppliers abroad and resold to The Package at regular market conditions. Sales margin used for related parties is 15%, and average payment term is 40 days.

(c) Refers to export transactions of medicine manufactured by the Company and resold by subsidiary in Colombian territory. Transactions are carried out in North-American dollars and average payment term is 90 days.

(d) Refers to export transactions of medicine manufactured by the Company and resold by subsidiary in Uruguayan territory. Transactions are carried out in North-American dollars and average payment term is 180 days.

(e) Loans receivable from shareholders do not have an expiration date, inflation adjustment or guarantee terms. Amounts receivable are settled on an annual basis through rebate of dividends owed to shareholders, as evidenced in note 23 (d). Outstanding balance as of December 31, 2016 was fully settled in September 2017.

(f) The Company had real estate rental agreements with the related party Hahn Participações Eireli, signed in June 2013 with a term of 5 years. The agreement had no guarantee clauses. The rental amount was monetarily updated annually using inflation indexes, and the payments were made monthly. The contract provided for a grace period of 36 months for cancellation, being therefore subject to fine in case of early termination. Rental expense totaled R$ 6,009 in the three-month period ended March 31, 2017 (R$ 6,743 as of March 31, 2016).

(g) The Company has a security service agreement entered into in the second semester of 2016 with the related company F-11 Seguranças Privada Ltda., where Mr. Marcelo Hahn holds a 89%-interest and the Legal Director holds a 10%-interest. Service expenses affected the result of general and administrative expenses in the amount of R$ 854 in the three-month period ended March 30, 2017. Contract is effective for one year and renewal will occur through signature of respective contract addendum by both parties. Contract will be adjusted during its effectiveness on base date of the category (January). Payment will be made on the fourth business day of the month subsequent to provision of services and, in case of delay, fine of 2% on invoice value, in addition to financial charges referring to interest on arrears of 1% p.m.

(h) The Company currently has a statutory Legal Director, which holds interest in the Giannetto Faccio Advogados Associados law firm, engaged in legal advisory in labor and civil disputes, and service expenses affected general and administrative expenses in the amount of R$ 112 in the three-month period ended March 31, 2017 (R$ 117 on March 31, 2016).

19 Suppliers

	Parent company		Consolidated	
	03/31/2017	**12/31/2016**	**03/31/2017**	**12/31/2016**
Domestic	8,979	7,944	8,979	8,029
Abroad	72,652	37,168	72,848	37,865
Subtotal	**81,631**	**45,112**	**81,827**	**45,894**
Related parties (Note 18)	275	104	275	104
Total suppliers	**81,906**	**45,216**	**82,102**	**45,998**

20 Income tax and social contribution

Current

	Parent company		Consolidated	
	03/31/2017	**12/31/2016**	**03/31/2017**	**12/31/2016**
Income tax	9,281	4,587	9,281	4,587
Social contribution	3,366	1,692	3,366	1,692
Subtotal	**12,647**	**6,279**	**12,647**	**6,279**

Changes in income and social contribution taxes payable

	Parent company		Consolidated	
	03/31/2017	**12/31/2016**	**03/31/2017**	**12/31/2016**
Opening balance	6,279	13,067	6,279	13,067
Provision	6,792	14,530	6,792	14,530
Interest	173	1,831	173	1,831
Compensation	(597)	(2,340)	(597)	(2,340)
Tax paid	-	(20,809)	-	(20,809)
Closing balance	**12,647**	**6,279**	**12,647**	**6,279**

Effective rate in the parent company

Reconciliation of income tax and social contribution	**03/31/2017**	**12/31/2016**
Income before income tax and social contribution	24,404	45,944
Statutory rate	34%	34%
Amount of income and social contribution taxes on the accounting profit at the statutory rate	8,297	15,621
Additions:	**6,009**	**16,594**
Blau Farmacêutica Colômbia S.A.S. Income	190	209
Tax incentives	445	256
Negative equity in subsidiaries	449	4,654
Non-deductible provisions	2,949	7,042
Other	1,976	4,433
Exclusions:	**7,548**	**15,467**
Reversal of provisions	4,065	4,111
Expenses with R&D for technological innovation (Law 11.196)	1,120	4,474
Positive equity in subsidiaries	190	209
Expenses with development of aggregated products	333	1,333
Interest on own capital	1,753	5,269
Other	87	71
Taxable income	**22,865**	**47,071**
Statutory rate	**34%**	**34%**
Combined nominal rate of 25% for IRPJ and 9% for CSLL		
Current income tax and social contribution	6,729	14,530
Deferred income tax and social contribution	346	(919)
Net income tax and social contribution in P&L	**7,075**	**13,611**
Effective rate	**31%**	**29%**

Deferred income and social contribution taxes, net

	Parent company		Consolidated	
	03/31/2017	**12/31/2016**	**03/31/2017**	**12/31/2016**
Liabilities				
Income tax	(1,745)	(1,879)	(1,745)	(1,879)
Social contribution	(628)	(676)	(628)	(676)
Subtotal	**(2,373)**	**(2,555)**	**(2,373)**	**(2,555)**
Assets				
Income tax	2,479	2,524	2,803	2,970
Social contribution	973	988	1,100	987
Subtotal	**3,452**	**3,512**	**3,903**	**3,957**
Total – assets (liabilities)	**1,079**	**957**	**1,530**	**1,402**

Changes of deferred income and social contribution taxes

	Parent company		Consolidated	
	03/31/2017	**12/31/2016**	**03/31/2017**	**12/31/2016**
Opening balance	957	(182)	957	(182)
Income tax and social contribution on equity valuation adjustment	182	1,135	182	1,135
Income tax and social contribution on inventory losses	(65)	1,494	(65)	1,494
Income tax and social contribution on provision for contingencies	36	(475)	36	(475)
Income and social contribution on other	(31)	(1,015)	(31)	(1,015)
Total – assets	**1,079**	**957**	**1,079**	**957**
IR/CS on tax loss of negative social contribution basis of Blau Colombia	-	-	451	445
Total – liabilities	**-**	**-**	**451**	**445**
Total	**1,079**	**957**	**1,530**	**1,402**

21 Loans and financing

			Parent company		Consolidated	
Description	**Average rate**	**Guarantee**	**03/31/2017**	**12/31/2016**	**03/31/2017**	**12/31/2016**
Cash and cash equivalents			1,165	-	1,165	-
ACC	US$+4.38% p.a.	CEO's consent	15,351	15,870	15,351	15,870
Leases	11% p.a..	Lien	-	-	71	38
Loan	5% p.a..		-	-	34	77
Working capital	15.10% p.a., 18.07% p.a.	35% of Private receivables	76,607	72,532	76,888	75,257
Working capital	17.38% p.a., 16.95% p.a. (SWAP)	35% of Private Receivables	48,242	50,663	48,242	50,663
Total loans and financing with financial institutions			**141,365**	**139,065**	**141,751**	**141,905**
Current			121,087	105,831	121,401	108,198
Non-current			20,278	33,234	20,350	33,707
Total			**141,365**	**139,065**	**141,751**	**141,905**

Long-term loans and financing are broken down as follows:

	Parent company		Consolidated	
The maturity of non-current liabilities will be on:	**31/03/ 2017**	**12/31/2016**	**03/31/2017**	**12/31/2016**
2018	19,802	33,234	19,874	33,707
2019	476	-	476	-
Total	**20,278**	**33,234**	**20,350**	**33,707**

As of March 31, 2017, there are no covenants to be met by the Company and its subsidiaries.

Covenants for the year ended December 31, 2016:

The Company had four working capital loan agreements with Banco Itaú BBA with covenants determining that certain obligations be fulfilled so that their respective amounts do not have earlier maturities, among which the main is as follows:

- The ratio between (A) the net bank debt (B) and the EBITDA should always be less than or equal to 2.5.

The Company complied with all covenants contained in those agreements.

22 Provisions for contingencies

The Company and its subsidiaries, in the ordinary course of their business, are subject to judicial proceedings of tax, labor and civil nature. The Management, based on its legal advisors' opinion and, whenever applicable, grounded on specific opinion issued by experts, assesses the expectation of the outcome of the proceeding in course and determines the need or not for forming a provision for contingencies. Based on this assessment, the following provisions were made:

	Parent company				
	12/31/2016	**Inflation adjustment**	**Addition**	**Reversals**	**03/31/2017**
Labor proceedings	2,498	71	823	(496)	2,896
Civil proceedings	805	4	-	(297)	512
Anvisa Proceedings	140	-	-	-	140
Total	**3,443**	**75**	**823**	**(793)**	**3,548**

	Consolidated				
	12/31/2016	**Inflation adjustment**	**Addition**	**Reversals**	**03/31/2017**
Labor proceedings	2,529	71	922	(496)	3,026
Civil proceedings	781	4	-	(297)	488
ANVISA Proceedings	140	-	-	-	140
Total	**3,450**	**75**	**922**	**(793)**	**3,654**

The main lawsuits refer to labor claims, but the Company does not expect a material outflow of funds as the result of said lawsuits.

a. Causes classified as a possible loss by the legal advisors

The Company is subject to other lawsuits evaluated by the Company's legal advisors as having a possible risk of loss in the amount of R$ 6,591 as of March 31, 2017 (R$ 7,006 as of December 31, 2016). No provision was recognized for contingencies classified as possible, according to their nature:

Nature	**03/31/2017**	**12/31/2016**
Tax	3,910	3,432
Labor	510	548
Civil	2,171	3,026
Total	**6,591**	**7,006**

23 Shareholders' equity

a. Capital

The Company’s capital, subscribed and paid-up on March 31, 2017, is represented by 18,500,000 common and nominative shares, with no par value, in the amount of R$ 56,070 on March 31, 2017 and (R$ 56,070 as of December 31, 2016).

The shareholding structure is as follows:

(Amounts expressed in reais)

	03/31/2017			
Shareholders	**Number of shares**	**Capital**	**Shareholder' equity**	**%**
Marcelo Rodolfo Hahn	16,650,000	50,463	101,912	90%
Joyce Marrie Hahn	1,850,000	5,607	11,323	10%
Total	**18,500,000**	**56,070**	**113,235**	**100%**
Value per share	**18,500,000**	**R$ 3.03**	**R$ 6.12**	**-**

	12/31/2016			
Shareholders	**Number of shares**	**Capital**	**Shareholders' equity**	**%**
Marcelo Rodolfo Hahn	16,650,000	50,463	87,739	90%
Joyce Marrie Hahn	1,850,000	5,607	9,748	10%
Total	**18,500,000**	**56,070**	**97,487**	**100%**
Value per share	**18,500,000**	**R$ 3.03**	**R$ 5.26**	-

b. Profit reserve

Comprised by the legal reserve, investment reserve and additional dividends proposed.

The legal reserve is formed in conformity with Brazilian Corporation Law, on the basis of 5% of the net income of each year until it reaches 20% of the capital.

The investment reserve is formed based on up to 95% of the net income for each year, net of amounts allocated to legal reserve, reserve for contingencies reserve and tax incentive reserve. The investment reserve is intended to ensure sufficient funds for the expansion of the Company's activities and investments, and the balance of the reserve may not exceed the capital, either alone or in conjunction with other profit reserves.

c. Other comprehensive income

Refer to the gain and loss on the translation of the financial statements of subsidiaries domiciled abroad, and the revaluation adjustment in the initial adoption (deemed cost).

d. Profit distribution

Pursuant to the terms of the Bylaws, shareholders holding common shares are entitled to dividends of at least 5% on adjusted net income for the year, with offset of interim dividends and interest on own capital values.

On December 31, 2016, considering the profit for that year and the Company's bylaws, the mandatory minimum dividend was R$ 1,114, of which R$ 110 was offset against loans receivable from shareholders on that date, and R$ 1,003 were paid in cash in 2017.

In accordance with the option provided in Law 9249/95, the Company calculated interest on own capital at TJLP (Long-term interest rate) effective in the six-month period ended March 31, 2017 in the amount of R$ 1,753 (R$ 1,380 as of March 31, 2016), which were calculated under earning losses, as required by tax legislation. For the purposes of this interim financial information, such interest is being presented in the change in shareholders' equity as interim distribution of dividends.

As required by law and in accordance with the Company's Bylaws, interest on own capital were declared and distributed to shareholders as interim dividends. On March 31, 2017, the balance payable on interest on own capital declared in the same period is R$ 1,753, and will be settled up to June 30, 2017 (interest on own capital in the amount of R$ 6,199 for the year ended December 31, 2016 were fully settled in that year, and the amount of R$ 1,462 was offset against loans receivable from shareholders – see note 18(c), while the amount of R$ 4,737 was paid in cash before the end of that year).

The income and social contribution tax expense was decreased by R$ 596 in the period ended March 31, 2017 (R$ 2,107 in 2016) as a result of the deduction of these taxes by interest on own capital credited to shareholders.

e. Earnings per share (restated)

Earnings per share are presented by type and nature of share. Such presentation is in accordance with the practice of trading and quoting shares in lots adopted in Brazil. The Company has nominative, book-entry shares with no par value.

As disclosed in note 30, on September 20, 2017, a Shareholders' Meeting approved split of shares issued by the Company. Information related to earnings per share for the three-month periods ended March 31, 2017 and 2016, presented below, has been prepared considering the number of common shares approved and paid-up on financial information issuance date.

Basic and diluted

Basic earnings per share is calculated by dividing profit attributable to company shareholders by the number of shares of the period.

The Company does not have dilutive instruments, such as instruments convertible into shares, options or subscription warrants.

	Parent company	
	03/31/2017	**03/31/2016**
Numerator		
Net income for the period attributable to controlling shareholders	17,266	3,243
Denominator (in thousands of shares)		
Number of common shares	148,000	148,000
Earnings per share		
Basic and diluted earnings per common share	**0.11666**	**0.02191**

	Consolidated	
	03/31/2017	**03/31/2016**
Numerator		
Net income for the period attributable to controlling shareholders	15,908	2,246
Denominator (in thousands of shares)		
Number of common shares	148,000	148,000
Earnings per share		
Basic and diluted earnings per common share	**0.10749**	**0.01518**

24 Net Revenues (restated)

	Parent company		Consolidated	
	03/31/2017	**03/31/2016**	**03/31/2017**	**03/31/2016**
Revenues from sale of products - Domestic market	129,703	72,418	129,703	72,418
Revenues from sale of products - Foreign market	3,246	3,862	8,206	10,839
Revenues from related party sales (Note 18)	8,857	8,085	6,203	2,886
	141,806	**84,365**	**144,112**	**86,143**
(-) Taxes	(7,243)	(6,194)	(7,243)	(6,194)
(-) Discounts granted	(4)	(196)	(66)	(348)
(-) Returns	(1,032)	(454)	(1,053)	(601)
	(8,279)	**(6,844)**	**(8,362)**	**(7,143)**
Total	**133,527**	**77,521**	**135,750**	**79,000**

The Company's sales are mainly concentrated in the hospital segment, in the domestic and foreign market, and distributed and spread between private and public initiatives, as follows:

	Parent company		Consolidated	
	03/31/2017	**03/31/2016**	**03/31/2017**	**03/31/2016**
Private	73,182	66,123	75,405	67,602
Public	60,345	11,398	60,345	11,398
Total net revenues	133,527	77,521	135,750	79,000

Net Revenues segregated per types of treatments is as follows:

	Parent company		Consolidated	
	03/31/2017	**03/31/2016**	**03/31/2017**	**03/31/2016**
Biological	76,536	29,628	77,922	29,955
Specialized	29,117	36,809	29,013	37,184
Oncological	7,704	7,591	8,333	7,921
Other	20,170	3,493	20,481	3,940
Total	**133,527**	**77,521**	**135,750**	**79,000**

In relation to geographical location, net income in Brazil represents 94% and 87% of consolidated net revenues for the three-month periods ended March 31, 2017 and 2016, respectively.

	Consolidated	
	03/31/2017	**03/31/2016**
Brazil	127,626	68,622
Colombia	4,164	6,265
Peru	1,733	1,404
Uruguay	1,285	639
Thailand	604	1,307
Chile	338	270
Paraguay	-	493
	135,750	**79,000**

The main clients of the Company are segregated between private and public, as detailed below:

	Consolidated	
	03/31/2017	**03/31/2016**
Private		
CM Hospitalar	5,286	2,033
Servimed	4,859	4,087
Kollimed (Note 18)	5,673	2,346
Comercial Rioclarense	1,697	3,788
Macromed	-	745
Health care establishments	844	1,022
Pharmacies and drugstores	2,717	993
Other private clients	54,329	52,588
Total private	**75,405**	**67,602**
Public		
Ministry of Health	48,999	4,883
Health Departments	6,191	629
Other public bodies	5,155	5,886
Total Public	**60,345**	**11,398**
	135,750	**79,000**

25 Cost of goods and products sold

	Parent company		Consolidated	
	03/31/2017	**03/31/2016**	**03/31/2017**	**03/31/2016**
Costs of materials (raw material and packaging)	(59,317)	(33,384)	(60,012)	(35,227)
Labor	(3,717)	(3,401)	(3,717)	(3,401)
Depreciation and amortization	(1,428)	(1,186)	(1,428)	(1,186)
Other manufacturing expenses	(14,663)	(9,705)	(14,664)	(9,705)
Total cost of sales	**(79,125)**	**(47,676)**	**(79,821)**	**(49,519)**

26 Commercial and administrative expenses per position

	Parent company		Consolidated	
	03/31/2017	**03/31/2016**	**03/31/2017**	**03/31/2016**
Personnel expenses	(10,646)	(9,422)	(11,613)	(10,656)
Profit sharing	(52)	(33)	(52)	(33)
Directors' fees and fees	(498)	(364)	(498)	(364)
Regulatory	(276)	(257)	(356)	(327)
Specialized services	(2,616)	(1,522)	(2,763)	(1,596)
Vehicles	(306)	(1,217)	(306)	(1,217)
Marketing	(149)	(42)	(222)	(110)
Travel and representations	(378)	(144)	(397)	(206)
Freight expenses	(1,086)	(809)	(1,105)	(832)
Losses and provisions with clients	(366)	(752)	(387)	(820)
Depreciation and amortization	(744)	(1,113)	(784)	(1,158)
General expenses	(1,626)	(1,105)	(1,953)	(1,742)
Materials and services	(87)	(80)	(87)	(80)
Studies and tests on products	(446)	(105)	(446)	(105)
Maintenance	(290)	(46)	(290)	(46)
Expenses with materials	(369)	(256)	(369)	(256)
Communications expenses	(200)	(144)	(200)	(144)
Equipment	(130)	(281)	(130)	(281)
Contributions, rates and fines	(243)	(181)	(251)	(187)
Property rental.	(6,212)	(6,574)	(6,281)	(6,659)
Provision for contingencies	(899)	688	(899)	688
	(27,619)	**(23,759)**	**(29,389)**	**(26,131)**
Commercial expenses	(7,749)	(6,422)	(8,732)	(7,737)
Administrative expenses	(19,870)	(17,337)	(20,657)	(18,394)
	(27,619)	**(23,759)**	**(29,389)**	**(26,131)**

27 Net financial expenses

	Parent company		Consolidated	
	03/31/2017	**03/31/2016**	**03/31/2017**	**03/31/2016**
Foreign-exchange income	4,207	8,534	4,207	8,534
Interest received	53	59	124	59
Gains with SWAP operations	-	1,333	-	1,333
Discounts obtained	10	9	10	60
Total financial income	**4,270**	**9,935**	**4,341**	**9,986**
Foreign exchange costs	(1,925)	(2,900)	(1,925)	(2,900)
Interest paid	(3,309)	(6,943)	(3,439)	(7,463)
Losses from SWAP operations	(1,363)	-	(1,363)	-
Loss from MTM operations	(1,380)	(4,056)	(1,380)	(4,056)
IOF	(443)	(391)	(443)	(391)
Commissions and bank expenses	(269)	(158)	(269)	(158)
Other	(172)	(58)	(172)	(58)
Discounts granted	(6)	(1)	(6)	(1)
Total financial expenses	**(8,867)**	**(14,507)**	**(8,997)**	**(15,027)**
Net financial income (loss)	**(4,597)**	**(4,572)**	**(4,656)**	**(5,041)**

28 Financial instruments (restated)

The financial instruments of the Company and its subsidiaries are substantially the same and therefore the Company is presenting only the consolidated information.

a. Accounting classification and fair values

The following table shows the book and fair values of financial assets and liabilities, including their fair value classifications. It does not include information on the fair value of financial assets and liabilities not measured at fair value if the book value is a reasonable approximation of fair value.

	Consolidated – March 31, 2017						
				Fair value			
	Measured at fair value through profit or loss	**Loans and receivables**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	3,291	5,221	8,512	5,221	3,291	-	8,512
Trade accounts receivable	-	133,276	133,276	-	133,276	-	133,276
Other receivables	-	8,135	8,135	-	8,135	-	8,135
Loans receivable - related parties	-	1,462	1,462	-	1,462	-	1,462
	3,291	148,094	151,385	5,221	146,164	-	151,385

				Fair value			
	Measured at fair value through profit or loss	**Liabilities at amortized cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Suppliers	-	82,102	82,102	-	82,102	-	82,102
Loans and financing	-	139,008	139,008	-	139,008	-	139,008
Future exchange contracts (SWAP)	2,743	-	2,743	-	2,743	-	2,743
Other accounts payable	9,396	-	9,396	-	9,396	-	9,396
	12,139	221,110	233,249	-	233,249	-	233,249

Consolidated – December 31, 2016

				Fair value			
	Measured at fair value through profit or loss	**Loans and receivables**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	2,418	7,781	10,199	7,781	2,418	-	10,199
Trade accounts receivable	-	98,721	98,721	-	98,721	-	98,721
Other receivables	-	3,760	3,760	-	3,760	-	3,760
Loans receivable - related parties	-	1,462	1,462	-	1,462	-	1,462
	2,418	111,724	114,142	7,781	106,361	-	114,142

				Fair value			
	Measured at fair value through profit or loss	**Liabilities at amortized cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Suppliers	-	45,998	45,998	-	45,998	-	45,998
Loans and financing	-	137,661	137,661	137,661	-	-	137,661
Future exchange contracts (SWAP)	4,244	-	4,244	-	4,244	-	4,244
Other accounts payable	7,535	321	7,856	321	7,535	-	7,856
	11,779	183,980	195,759	137,982	57,777	-	195,759

b. Measurement of fair value

Valuation techniques and significant unobservable inputs

Table below presents valuation technique used for fair value measurement of Level 2, as well as significant non-observable inputs used.

Financial instruments measured at fair value

Type	**Valuation technique**	**Significant unobservable inputs**	**Relationship between significant unobservable inputs and measurement of fair value**
Forward exchange agreements and interest rate swap	Market comparison technique: Fair values are based on quotes from brokers. Similar contracts are negotiated in active markets and the quotes reflect current transactions of similar instruments.	Not applicable.	Not applicable.

c. Financial risk management

The Company and its subsidiaries are exposed to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk, and
- Market risk.

(i) Credit risks

Credit risk is the risk of the Company and its subsidiaries incurring financial losses due to a client or financial instrument counterparty fails to comply with contract obligations. Such risk is mainly due to trade accounts receivable, and financial instruments of the Company and its subsidiaries.

The book value of financial assets classified as loans and receivables represents the maximum credit exposure.

Accounts receivable and other receivables

The exposure of the Company and its subsidiaries to credit risk is influenced, mainly, by the individual characteristics of each client. However, management also considers the factors that may influence the credit risk of its client base, including the risk of non-payment of the industry and of the country in which the client operates.

The maximum exposure to credit risk was as follows as of March 31, 2017 and December 31, 2016:

	Parent company		**Consolidated**	
	03/31/2017	**12/31/2016**	**03/31/2017**	**12/31/2016**
Cash and cash equivalents	410	1,764	8,512	10,199
Trade accounts receivable	134,498	97,453	133,276	98,721
Other receivables	6,672	3,120	8,135	3,760
Total	**141,580**	**102,337**	**149,923**	**112,680**

Cash and cash equivalents

The Company and its subsidiaries held “Cash and cash equivalents” in the amount of R$ 8,512 as of March 31, 2017 (R$ 10,199 as of December 31, 2016). “Cash and cash equivalents” are maintained with banks and financial institutions, which are considered the prime line in the market.

(ii) Liquidity risk

Liquidity risk is the risk of the Company and its subsidiaries encountering difficulties in performing the obligations associated with its financial liabilities that are settled with cash payments or with another financial asset. The approach of the Company and its subsidiaries in liquidity is to guarantee, as much as possible, that will always have sufficient liquidity to perform their obligations upon maturity, under normal and stress conditions, without causing unacceptable losses or with a risk of sullying the reputation of the Company and its subsidiaries.

The Company and its subsidiaries monitor expected level of cash inflows deriving from ‘trade accounts receivable and other receivables’ as well as expected cash outflows related to ‘trade accounts payable and other accounts payable’.

Exposure to liquidity risk
We present below the contractual maturities of financial liabilities on the date of the interim financial information.

	Consolidated – 03/31/2017			
	Up to 1 year	**Up to 2 years**	**Total account amount**	**Total contractual flow**
Suppliers	82,102	-	82,102	82,102
Loans and financing	73,159	20,350	93,509	109,406
Future exchange contracts (SWAP)	48,242	-	48,242	56,444
Other accounts payable	9,396	-	9,396	9,396
Total	**212,899**	**20,350**	**233,249**	**257,348**

	Consolidated – 12/31/2016			
	Up to 1 year	**Up to 2 years**	**Total account amount**	**Total contractual flow**
Suppliers	45,998	-	45,998	45,998
Loans and financing	108,198	33,707	141,905	166,029
Other accounts payable	7,857	-	7,857	7,857
Total	**162,053**	**33,708**	**195,760**	**219,884**

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange and interest rates will impact the gains of the Company and its subsidiaries or the value of its financial instruments. The objective of market risk management is to manage and control exposures to market risks, within acceptable parameters, and at the same time to optimize the return.

The Company and its subsidiaries use derivatives to manage market risks.

Foreign exchange risk
The Company and its subsidiaries are exposed to foreign exchange risk deriving from differences between currencies in which sales and loans are denominated and the respective functional currencies of the Company's entities. The functional currencies of the Company and its subsidiaries are basically the Brazilian Real (R$), the Colombian Peso (COP) and the Uruguayan Peso (UYU). The currencies in which the transactions of the Company and its subsidiaries are primarily denominated are as follows: R$, USD, Colombian Peso (COP) and Uruguayan Peso (UYU).

In general, loans are denominated in currencies equal to the cash flows generated by the commercial operations of the Company and its subsidiaries, mainly in Brazilian reais, but also in USD.

With respect to other monetary assets and liabilities denominated in foreign currency, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to cover short-term mismatches.

Foreign exchange risk exposure
A summary of the foreign exchange risk exposure of the Company and its subsidiaries, as reported to management, is as follows:

	Consolidated 03/31/2017		**Consolidated 12/31/2016**	
	USD thou.	**Reais**	**USD thou.**	**Reais**
Trade accounts receivable	3,179	9,927	3,115	10,150
Suppliers	(23,331)	(72,848)	(11,404)	(37,865)
Loans and financing	(20,367)	(63,593)	(20,415)	(66,533)
Net exposure to forecasted transactions	(40,519)	(126,514)	(28,704)	(94,248)
Future foreign exchange contracts	15,540	48,242	15,545	50,663
Net exposure	(24,979)	(78,272)	(13,159)	(43,585)

Sensitivity analysis at foreign exchange risk
A reasonably possible appreciation (devaluation) of US dollar on March 31 would have affected measurement of financial instruments denominated in foreign currency and affected shareholders' equity and income (loss) at amounts shown below. The analysis considers that all the remaining variables, especially interest rates, will be constant and any impact in forecast of sales and purchase will be ignored.

For sensitivity analysis purposes, it adopted rates of R$ 3.1684 and R$ 3.5589, which refer to rates used as probable scenario on March 31, 2017 and 2016, respectively. For the possible scenario the rates used were R$ 3.9605 and R$ 4.3510, considering a 25% increase, and for the remote scenario, rates used were R$ 4.7526 and R$ 5.3383 considering a 50% increase.

	Consolidated – 03/31/2016			
Operation	**Exposure in R$**	**Probable scenario**	**Scenario I (25%)**	**Scenario II (50%)**
Trade accounts receivable	9,927	748	935	1,122
Suppliers	(72,848)	4,714	5,892	7,071
Future exchange contracts (SWAP)	48,242	4,041	5,051	6,062
Loans and financing	(63,593)	9,386	11,732	14,079

	Consolidated – 12/31/2016			
Operation	**Exposure in R$**	**Probable scenario**	**Scenario I (25%)**	**Scenario II (50%)**
Trade accounts receivable	10,150	765	956	1,148
Suppliers	(37,865)	1,887	2,359	2,831
Future exchange contracts (SWAP)	50,662	4,244	5,305	6,366
Loans and financing	(66,533)	9,829	12,286	14,744

As of March 31, 2017, the Company has loans amounting to USD 15,540 (USD 15,545 as of December 31, 2016), equivalent to R$ 48,242 as of March 31, 2017 (R$ 50,662 December 31, 2016), hedged by SWAP transactions.

Income from derivative financial instruments

Derivative financial instruments	03/31/2017	12/31/2016
Net gains (losses) from SWAP operations	(1,363)	(3,685)
Net effect (MtM) of SWAP transactions	(1,380)	(7,778)
Total	(2,743)	(11,463)

Financial instruments are recognized as loans and financing in the short-term, and gains or losses in group of net financial income.

Sensitivity analysis of variations in the interest rates
The Company and its subsidiaries make sensitivity analysis of main risks to which its financial instruments are exposed. For the sensitivity analysis of changes in interest rate, Management adopted for the probable scenario the same rates used on balance sheet date. Scenarios II and III were estimated as an additional devaluation of 25% and 50%, respectively, for rates in the probable scenario.

The table below shows possible impacts on results for each of the scenarios:

	Consolidated – 03/31/2017			
Operation	Exposure in R$	Probable scenario	Scenario I (25%)	Scenario II (50%)
Interest earnings bank deposits	3,291	197	247	296
Loans and financing	(141,751)	(16,859)	(21,074)	(25,288)

	Consolidated – 12/31/2016			
Operation	Exposure in R$	Probable scenario	Scenario I (25%)	Scenario II (50%)
Interest earnings bank deposits	2,418	145	181	218
Loans and financing	(141,905)	(16,877)	(21,096)	(25,316)

29 Firm commitments

In the second semester of 2016, the Company entered in an agreement to purchase machinery for the amount of R$ 3,864 thousand, with the expectation of receiving the equipment between November and December 2017.

30 Subsequent events (restated)

On June 30, 2017 Blau Farmacêutica S.A. and Hahn Participações entered into a purchase and sale agreement for the purchase of land and and buildings which were the object of the operating lease agreement, as presented in Note 18 - “Other related party transactions”.

On August 28, 2017, the shareholder Marcelo Rodolfo Hahn acquired the amount of 1,850,000 shares of the shareholder Joyce Marrie Hahn, thus holding 100% of the Company’s equity control.

As of September 20, 2017, during the Special Shareholders’ meeting, the Company approved the splitting of issuance shares in the proportion of 1:8, and Company’s capital was divided into 148,000,000 common, nominative, book-entry shares and with no par value.

* * *

CEO
Marcelo Rodolfo Hahn

CFO
Claudio Gomes

Controllership Manager
José Henrique Sobrinho,
Accountant CRC 1SP 220433/O-0