

Medquímica
Indústria
Farmacêutica
Ltda.

Financial statements
March 31, 2017 and 2016

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KPMG Auditores Independentes

Rua Paraíba, 550 - 12º andar - Bairro Funcionários

30130-141 - Belo Horizonte/MG - Brasil

Caixa Postal 3310 - CEP 30130-970 - Belo Horizonte/MG - Brasil

Telefone +55 (31) 2128-5700, Fax +55 (31) 2128-5702

www.kpmg.com.br

To the quotaholders of
Medquímica Indústria Farmacêutica Ltda.
Belo Horizonte - MG

Opinion

We have examined the financial statements of Medquímica Indústria Farmacêutica Ltda. ("Company"), comprising the balance sheet as of March 31, 2017 and the related statements of operations, comprehensive income and changes in quotaholders' equity, and cash flows for the year then ended, as well as the corresponding notes, comprising the significant accounting policies and other clarifying information.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Medquímica Indústria Farmacêutica Ltda. as of March 31, 2017, the performance of its operations and its cash flows, for the year then ended, in conformity accounting practices adopted in Brazil and with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

Basis for opinion

Our audit was conducted in accordance with Brazilian and international standards on auditing. Our responsibilities, in compliance with such standards, are described in the following section, titled "Auditors' Responsibilities for the Audit of Financial Statements." We are independent in relation to the Company, according to the relevant ethical principles established in the Accountants' Professional Code of Ethics and the professional standards issued by the Federal Accounting Council, and we comply with the other ethical responsibilities according to these standards. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the management and governance for the financial statements

The Management is responsible for the preparation and adequate presentation of the financial statements in accordance with the accounting practices adopted in Brazil and with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and the internal controls it deemed necessary to enable the preparation of financial statements free of material misstatements, regardless of whether caused by fraud or error.

In the preparation of financial statements, management is responsible for assessing the ability of the Company to continue as a going concern, disclosing, where applicable, the matters relating to its going concern and the use of this basis of accounting in preparing the financial statements, unless management intends to wind-up the Company or cease its operations, or has no realistic alternative to avoid the closure of operations.



Those charged with governance of the Company are the people responsible for overseeing the process of preparation of the financial statements.

Responsibilities of the auditors regarding the audit of financial statements

Our objectives are to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatements, regardless of whether any such misstatement is caused by fraud or error, and issue an audit report containing our opinion. Reasonable assurance is a high assurance level, but not a guarantee that the audit performed according to the Brazilian and international auditing standards always detect possible existing material misstatements. Misstatements may be due to fraud or error and are considered material when, individually or taken as a whole, can influence, within a reasonable perspective, the economic decisions of users taken based on these financial statements.

As part of the audit performed according to the Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition:

We identify and assess the risks of material misstatement in the financial statements (regardless of whether any such misstatement is caused by fraud or error), we plan and perform audit procedures in response to such risks, and we obtain audit evidence that is appropriate and sufficient to underpin our opinion. The risk of not detecting material misstatement resulting from fraud is greater than that of misstatement resulting from error, since fraud may involve intentional misrepresentation, circumvention of internal controls, collusion, falsification or omission.

We obtain an understanding of the internal controls relevant to the audit to design audit procedures suitable to the circumstances, but not with the aim of expressing an opinion on the effectiveness of the Company's internal controls.

We evaluated the adequacy of the adopted accounting policies and the reasonableness of the accounting estimates, and the respective disclosures made by management.

We reach a conclusion as to the suitability of Management's use of the accounting basis for going concern and, based on the audit evidence obtained, as to whether there is a material uncertainty regarding events or conditions that could raise a significant doubt regarding the Company's capacity for going concern. If we conclude that there is material uncertainty, we will call attention in our audit report to the respective disclosures in the financial statements or include any change in our opinion, if the disclosures are inappropriate. Our conclusions are based on the audit evidences obtained through our reporting date. However, future events or conditions may cause the Company to no longer remain in going concern.

We assess the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the corresponding transactions and events in a manner that is consistent with the objective of proper reporting.



We communicate with Management regarding, among other things, the planned scope and timing of the audit, as well as significant audit findings, including any significant deficiencies in internal controls that we identify during our work.

Belo Horizonte, May 16, 2017.

KPMG Auditores Independentes
CRC SP-014428/O-6 F-MG
Original report in Portuguese signed by
Anderson Luiz de Menezes
Accountant CRC MG-070240/O-3

Medquímica Indústria Farmacéutica Ltda.

Balance sheets at March 31, 2017 and 2016

(In thousands of Reals)

Assets	Note	3/31/2017	3/31/2016	Liabilities	Note	3/31/2017	3/31/2016
Cash and cash equivalents	5	2,842	4,634	Suppliers	13	10,466	14,258
Trade accounts receivable	6	38,510	28,774	Loans and financing	14	37,591	25,715
Inventories	7	25,674	24,570	Taxes payable	15	3,602	3,508
Recoverable taxes	8	382	1,536	Salaries and payroll charges	16	4,926	4,393
Prepaid expenses		189	92	Other debits	17	5,299	4,835
Other credits	9	391	2,107				
Total current assets		67,988	61,713	Total current liabilities		61,884	52,709
Recoverable taxes	8	250	43	Loans and financing	14	6	110
Interest earning bank deposits	10	30,040	28,812	Taxes payable	15	3,650	5,698
Other credits	9	9,454	6,440	Deferred tax liabilities	27	20,320	34,181
				Salaries and payroll charges	16	361	556
				Provision for contingencies	18	2,042	2,558
				Other debits	17	30,799	29,760
Total non-current assets		39,744	35,295				
Property, plant and equipment	11	67,474	64,893	Total non-current liabilities		57,178	72,863
Intangible assets	12	125,533	148,937	Quotaholders' equity	19		
				Capital		208,800	190,769
Total non-current assets		232,751	249,125	Capital reserves			4,953
				Accumulated losses		(27,123)	(10,456)
				Total quotaholders' equity		181,677	185,266
Total assets		300,739	310,838	Total liabilities and quotaholders' equity		300,739	310,838

See the accompanying notes to the financial statements.

Medquímica Indústria Farmacêutica Ltda.

Statements of operations

Year ended March 31, 2017 and 2016

(In thousands of Reais)

	Note	03/31/2017	03/31/2016
Income	20	125,794	108,034
Cost of sales	21	<u>(80,036)</u>	<u>(71,886)</u>
Gross income		45,758	36,148
Sales expenses	22	(18,089)	(18,042)
Administrative expenses	23	(46,159)	(32,819)
Other income (expenses), net	24	<u>297</u>	<u>(7,804)</u>
Income (loss) before net financial income (expenses) and taxes		<u>(18,193)</u>	<u>(22,517)</u>
Net financial income (loss)	25	<u>(4,209)</u>	<u>(7,979)</u>
Income (loss) before income taxes		<u>(22,402)</u>	<u>(30,496)</u>
Income and social contribution taxes	27	<u>6,033</u>	<u>4,487</u>
Net income (loss) of continued operations		<u>(16,369)</u>	<u>(26,009)</u>
Net income (loss) for the period		<u>(16,369)</u>	<u>(26,009)</u>

See the accompanying notes to the financial statements.

Medquímica Indústria Farmacêutica Ltda.

Statements of comprehensive income

Year ended March 31, 2017 and 2016

(In thousands of Reais)

	03/31/2017	03/31/2016
Net income (loss) for the period	<u>(16,369)</u>	<u>(26,009)</u>
Other comprehensive income for the period	<u>-</u>	<u>-</u>
Comprehensive income (loss) for the period	<u><u>(16,369)</u></u>	<u><u>(26,009)</u></u>

See the accompanying notes to the financial statements.

Medquímica Indústria Farmacêutica Ltda.

Statements of changes in quotaholders' equity

Years ended March 31 2017 and 2016

(In thousands of Reals)

	Capital	Capital reserves	Accumulated losses	Total quotaholders' equity
Opening balance at March 31, 2015.	37,014	1	(41,467)	(4,452)
Income (loss) for the period	-	-	(26,009)	(26,009)
Offset of donation and grant	-	(1)	1	-
Formation of reserve for capital increase	-	63,891	-	63,891
Elimination of quotaholders' equity at downstream merger	(37,014)	(63,891)	57,019	(43,886)
Merged shareholders' equity	175,441	4,953	-	180,394
Capital increase	15,328	-	-	15,328
Balance at March 31, 2016	190,769	4,953	(10,456)	185,266
Adjustments due to surplus reflex (Official Report)				
Property, plant and equipment	-	-	(292)	(292)
Intangible assets	-	-	(169)	(169)
Deferred tax liabilities	-	-	163	163
Income (loss) for the year	-	-	(16,369)	(16,369)
Merger of reserve for capital increase	4,953	(4,953)	-	-
Capital increase	13,078	-	-	13,078
Balance at March 31, 2017	208,800	-	(27,123)	181,677

See the accompanying notes to the financial statements.

Medquímica Indústria Farmacêutica Ltda.

Statements of cash flows

Year ended March 31, 2017 and 2016

(In thousands of Reals)

	03/31/2017	03/31/2016
Cash flow from operating activities		
Loss for the year	(16,369)	(26,009)
Adjustments for:		
Depreciation and amortization	19,092	14,109
Write-off of assets (investments, property, plant and equipment and intangible assets)	1,157	158
Allowance for doubtful accounts	935	947
Impairment of inventory	161	310
Reversal of provision for sales commissions	(157)	92
Tax expense and social contribution deferred	(6,033)	(4,487)
Loss from debt remission	-	2,157
Net financial income	<u>1,351</u>	<u>4,780</u>
	<u>137</u>	<u>(7,943)</u>
Changes:		
Trade accounts receivable	(9,736)	(9,192)
Inventories	(1,104)	(9,393)
Recoverable taxes	947	(60)
Other credits and prepaid expenses	(2,623)	(32,333)
Suppliers	(3,792)	(1,548)
Taxes payable	(1,954)	(1,105)
Social security obligations	337	270
Provision for contingencies	(516)	588
Interest paid	(2,694)	(5,848)
Other debts	1,503	32,410
	<u> </u>	<u> </u>
Net cash flow from (used in) operating activities	<u>(19,495)</u>	<u>(34,154)</u>
Cash flow from investment activities		
Acquisition of property, plant and equipment	(7,695)	(18,180)
Acquisition of intangible assets	(48)	(499)
	<u> </u>	<u> </u>
Cash flow from investing activities	<u>(7,743)</u>	<u>(18,679)</u>
Cash flows from new financing		
Funds from loans	30,127	38,074
Payment of loans/financing	(17,759)	(60,447)
Capital increase	13,078	79,219
	<u> </u>	<u> </u>
Cash flow from (used in) financing activities	<u>25,446</u>	<u>56,846</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,792)</u>	<u>4,013</u>
Cash and cash equivalents at the beginning of the period	4,634	621
Cash and cash equivalents at the end of the period	<u>2,842</u>	<u>4,634</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,792)</u>	<u>4,013</u>

See the accompanying notes to the financial statements.

Notes to the financial statements

(In thousands of reais)

1 Operations

Medquímica Indústria Farmacêutica Ltda. ("Medquímica" or the "Company"), limited liability company headquartered in the municipality of Juiz de Fora, Minas Gerais State, MG, is a manufacturer of the pharmaceutical industry with over 40 years of history. On June 23, 2015, it became part of Lupin Group, global company of the pharmaceutical industry specialized in producing active ingredients, generic medicaments, similar medicaments, specialty and biotechnology products. With head office in Mumbai, India, Lupin is present in the world's main markets.

2 Preparation basis

a. Statement of conformity

The financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and also in accordance with accounting practices adopted in Brazil comprising pronouncements and interpretations of the Accounting Pronouncement Committee (CPC) and standards issued by the Federal Accounting Council (CFC).

The CFO authorized the issue of financial statements as of March 31, 2017 which will be sent to be approved on the Special Shareholders' Meeting up to May 16, 2017.

b. Measuring basis

The financial statements were prepared based on the historical cost.

c. Functional and presentation currency

These financial statements are being presented in Brazilian real, functional currency of the Company. All balances have been rounded to the nearest value, except otherwise indicated.

d. Use of judgment estimates

The preparation of financial statements according to accounting standards requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported values of assets, liabilities, income and expenses. The actual results could differ from these estimates.

Estimates and assumptions are reviewed in a continuous manner. Reviews in relation to accounting estimates are recognized in the year in which the estimates are reviewed and in any future years affected.

Information on uncertainties as to assumptions and estimates that pose a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 06 - Trade accounts receivable

- Note 07- Inventories
- Note 11 - Property, plant and equipment
- Note 12 - Intangible assets
- Note 18 - Provisions for contingencies

3 Significant accounting policies

The accounting policies described in detail below have been consistently applied to all the periods presented in these financial statements.

a. Foreign currency

(i) Foreign currency transactions

Transactions in foreign currency are translated into the respective functional currencies at the foreign rates on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the exchange rate at that date. Foreign exchange gain or loss in monetary items is the difference between the amortized cost of the functional currency at the beginning of the year, adjusted by interest and effective payments during the year, and the amortized cost in foreign currency at the exchange rate at the end of the presentation year. When applicable, non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated into the functional currency at the foreign exchange rate on the date the fair value was determined. Non-monetary items that are measured based on the historical cost in foreign currency are translated using the rate of the transaction date. Foreign currencies differences arising from reconversion are usually recognized in income (loss).

b. Financial instruments

(i) Non-derivative financial assets

The Company initially recognizes the loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are initially recognized on the date of the negotiation under which the Company becomes a party to the contractual provisions of the instrument.

The Company fails to recognize a financial asset when the contractual rights to the cash flow of the asset expire, or when the Company transfers the rights to the reception of contractual cash flows over a financial asset in a transaction in which essentially all the risks and benefits of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net value reported in the balance sheet only when there is a legally enforceable right to set off and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets in the following categories:

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments, but not quoted on any active market. These assets are recognized initially at fair value plus any attributable transaction costs. After their initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method, reduced by any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and financial investments with the original maturity of three months or less as from the contracting date. Which are subject to an insignificant risk of change in value and are used to manage short-term obligations.

(ii) Non-derivative financial liabilities

The Company recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the negotiation date on which the Company becomes a party to the contractual provisions of the instrument. The Company writes-off a financial liability when its contractual obligations are discharged or canceled or expire.

The Company classifies non-derivative financial liabilities in the category of other financial liabilities. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. After their initial recognition, these financial liabilities are measured at amortized cost using the effective interest rate method.

The Company has the following non-derivative financial liabilities: loans and financing, suppliers and other accounts payable.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. After the initial recognition, these financial liabilities are stated at amortized cost using the effective interest rate method.

In the year from April 1, 2016 to March 31, 2017, the Company did not operate with derivative financial instruments.

(iii) Capital

Capital quotas are classified as shareholders' equity. As defined in the bylaws, compulsory minimum dividends are recognized as liabilities, when the distribution is approved.

c. Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment items are stated at historical acquisition or construction cost, net of accumulated depreciation and impairment losses.

The cost includes expenditures that are directly attributable to the acquisition of assets. The cost of assets built by the Company includes:

- The cost of materials and direct labor;
- Any other costs attributable to bringing the assets to the location and condition required for them to operate in the manner intended by the Management;
- Borrowing costs on qualifying assets.

Purchased software that is integral to the functionality of a piece of equipment is capitalized as part of that equipment.

(ii) Subsequent costs

Subsequent expenditures are capitalized in accordance with the probability that associated future benefits may be earned by the Company. Maintenance expenses and recurring repairs are recorded in the income.

(iii) Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use, or, in the case of assets constructed by the Company, as of the date the construction is concluded and the asset is available for use.

Depreciation is calculated to amortize the cost of items of property, plant and equipment, net of their estimated residual values, using the straight-line method based on estimated useful lives of such items. Depreciation is generally recognized in income (loss), unless the amount is included in the book value of another asset. Leased assets are depreciated over the shorter of the lease term or the estimated useful life of the asset, unless it is reasonably certain that the Company will obtain ownership at the end of the lease term. Land is not depreciated.

The useful lives estimated for the current and comparative year are as follows:

	In years:
Buildings	33-46
Machinery and equipment	20
Vehicles	05
Computers and peripherals	05-10
Furniture and fixtures	10
Industrial facilities	05-10
Commercial facilities	10
Tools	10

d. Intangible assets

Goodwill

Goodwill is measured at cost, less accumulated impairment losses.

Other intangible assets

Other intangible assets acquired by the Company with finite useful lives are carried at cost, less accumulated amortization and impairment losses.

Amortization

The intangible assets are amortized on the straight-line method and the amortization is recognized in income based on the estimated useful life of the assets as of the date they are available for use. Estimated useful lives for current and comparative years are as follows:

Software	5 years
Distributors Relations	13 years
ANVISA records	5 years
Brands	Undefined
Non-competition agreement	5 years
Goodwill for future profitability	Undefined

e. Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the average cost principle and includes expenditure incurred in acquiring the inventories, production or conversion costs, as well as other costs incurred in bringing them to their existing location and condition.

The net realizable value is the estimated price at which inventories can be realized in the normal course of business, less the estimated completion costs and selling expenses.

f. Impairment

Financial assets

A financial asset not measured at fair value through profit or loss is assessed at each reporting date for objective evidence of impairment loss. An asset is impaired when there is objective evidence that a loss event has occurred after the initial recognition of the asset, and that such loss event had a negative effect on the projected future cash flows of that asset that can be reliably estimated.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of the amount due to the Company on terms that the Company would not consider otherwise, indication that the debtor or issuer will file for bankruptcy, or disappearance of an active market for a security. In addition, for an equity instrument, a significant or prolonged decrease in the fair value of the asset, below its cost, is objective evidence of impairment.

The Company considers as evidence of impairment (for receivables) both individually and on an aggregate basis. All and individually significant receivables are assessed for impairment. All the receivables are material on an individual basis; identified as non-impaired on an individual basis are collectively assessed for any impairment loss not yet identified. Receivables that are not individually significant are assessed on an aggregate basis in relation to impairment by grouping the notes with similar risk characteristics.

When assessing impairment on an aggregate basis the Company makes use of historical trends of probability of default, the recovery term and the amounts of losses incurred, adjusted to reflect the management's judgment in relation to the assumptions, if the current economic and credit conditions are such that the actual losses will be higher or lower than those suggested by historical trends.

A decrease in the recoverable value of a financial asset measured at amortized cost is calculated as the difference between the asset's book value and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Losses are recognized in income (loss) for the year in an allowance in a provision account against receivables.

Non-financial assets

The book values of the Company's non-financial assets, except for inventories and deferred income and social contribution taxes, are annually reviewed for indication of impairment. If such indication exists, the asset's recoverable amount is determined. Up to March 31, 2017, the Company's management did not conduct a study to determine indication of impairment loss, as it understood that there were no indications of change in relation to previous scenarios.

g. Provisions

A provision is formed when the Company has a legal or constructive obligation which can be reliably estimated, and it is probable that an outflow of funds will be required to settle the obligation. Provisions are calculated by discounting the expected future cash flows at a pre-tax rate which reflects the current market evaluations as to the value of the cash over time and the specific risks of the liability. The financial costs incurred are recorded in the statements of operations.

h. Operating income

Operating income from sale of goods in the normal course of business is measured at the fair value of the consideration received or receivable. Operating income is recognized when there is convincing evidence that the risks and rewards inherent to the ownership of the assets have been transferred to the purchaser, it is probable that the financial economic benefits will flow to the entity, the related costs and potential return of goods can be reliably estimated, there is no continued involvement with the goods sold, and the amount of operating income can be reliably measured. In the event it is probable that discounts will be granted and their amounts can be reliably measured, the discounts are recognized as to deduction from operating revenue as the related sales are recognized.

i. Financial income and expenses

Financial income covers interest received from interest earning bank deposits and changes in the fair value of financial assets measured at fair value through profit or loss. Interest income is recognized in income (loss) under the effective interest method.

Financial expenses include expenses with interest on loans and other expenses related to bank operations. Borrowing costs which are not directly attributable to the acquisition, construction, or production of a qualifying asset are accounted for in profit or loss using the effective interest rate method.

j. Income and social contribution taxes

The income and social contribution taxes of the year, both current and deferred, are calculated based on the rates of 15% plus a surcharge of 10% on taxable income in excess of R\$ 240 for income tax and 9% on taxable income for social contribution on net income, and consider the offsetting of tax loss carryforward and negative basis of social contribution, limited to 30% of the taxable income.

Income and social contribution tax expense comprises both current and deferred taxes. Current taxes and deferred taxes are recognized in profit or loss unless they are related to the business combination, or items directly recognized in quotholders' equity or other comprehensive income.

Current taxes are the taxes payable or receivable on the taxable income or loss for the year, at tax rates enacted or substantively enacted on the reporting date of financial statements, and any adjustments to taxes payable in relation to prior years.

To determine current and deferred income tax, the Company takes into consideration the impact of uncertainties on positions taken on taxes and if the additional income tax and interest payment has to be made. The Company believes that the provision for income tax recorded in liabilities is adequate for all outstanding tax periods, based on its evaluation of several factors, including interpretations of tax laws and past experience. This evaluation is based on estimates and assumptions that may involve several judgments on future events. New information may be provided, making the Company change its judgment on the existing provision adequacy; such changes will impact income tax expenses for the year in which they are made.

4 New standards and interpretations not yet effective

Several new standards, amendments to standards and interpretations will be effective for the years started after April 1, 2017, and have not been adopted to the preparation of these financial statements. Those that may be relevant to the Company are listed below. The Company does not plan to adopt these standards in advance.

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces guidelines of IAS 39 Financial Instruments: Recognition and Measurement (Financial Instruments: Recognition and Measurement). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and the hedge accounting requirements. The regulation maintains the IAS 39 guidelines about recognizing and derecognizing a financial instruments. IFRS 9 is effective for periods beginning on or after January 1, 2018. The Company is evaluating the effects that the IFRS 9 will have on financial statements and its disclosures.

IFRS 15 - Income from Clients

The IFRS 15 requires an entity to recognize the amount of income reflecting the consideration that it expects to receive in exchange for control of these goods or services. This new rule will replace most detailed guidelines on income recognition currently existing in IFRS's and in accounting principles generally accepted in the United States of America (U.S. GAAP) upon adoption. The new standard is applicable beginning on or after January 1, 2018. The standard may be adopted retrospectively, adopting a cumulative effects approach. The Company is evaluating the effects that the IFRS 15 will have on financial statements and its disclosures.

The Accounting Pronouncement Committee (CPC) has not yet issued such standards or made changes to the currently effective standards as to reflect the new guidance. Therefore, an early adoption of the new IFRS standards is not permitted for entities issuing financial statements in accordance with accounting practices adopted in Brazil.

5 Cash and cash equivalents

	03/31/2017	03/31/2016
Cash and bank deposits	2,842	304
Interbank funds applied	-	4,330
	<u>2,842</u>	<u>4,634</u>

The Company's interest rate risk exposure and a sensitivity analysis of financial assets and liabilities are disclosed in note 26.

6 Trade accounts receivable

	03/31/2017	03/31/2016
Trade accounts receivable	42,083	32,804
(-) Estimated losses with doubtful accounts	(3,573)	(4,030)
	<u>38,510</u>	<u>28,774</u>

Balance of accounts receivable per maturity is as follows:

Breakdown by maturity	03/31/2017	03/31/2016
Falling due	37,866	27,868
Overdue - in years:		
< 30	552	558
31-60	92	348
61-90	197	327
91-180	478	1,490
>181	2,898	2,213
	<u>42,083</u>	<u>32,804</u>

Based on historical analyses and after individualized analysis of overdue accounts receivable, the Company understands that a provision for losses must be recognized for notes overdue for more than 60 days.

Of total trade notes receivable, the Company maintains the amount of R\$2,015 pledged in guarantee, in accordance with loan and financing contracts disclosed in note 14. Company's credit and currency risk exposure and impairment loss exposure related to trade accounts receivable are disclosed in Note 26.

7 Inventories

	03/31/2017	03/31/2016
Finished products	9,003	4,813
Work in process	1,647	2,037
Raw material	5,974	9,879
Packaging Material	2,545	2,706
Storeroom and other inventories	2,920	1,302
Advances to suppliers	4,060	4,146
Impairment	(475)	(313)
	<u>25,674</u>	<u>24,570</u>

As of March 31, 2017, raw materials, consumption materials and changes to inventory of work in process and finished products included in 'Sales cost' totaled R\$58,446, see Note 21.

A provision for impairment losses was recognized for inventory items without movement for more than 180 days, and for expired and obsolete items, in the amount of R\$475. (R\$ 313 as of March 31, 2016).

8 Recoverable taxes

	03/31/2017	03/31/2016
IPI recoverable	19	58
IRPJ and CSLL recoverable	-	52
Non-cumulative PIS/COFINS to offset	-	452
ICMS on property, plant and equipment	346	75
Retention by APF entities	22	34
IPI reimbursement	-	632
Other taxes	245	278
	<u>632</u>	<u>1,579</u>
Current	382	1,536
Non-current	250	43

9 Other credits

	03/31/2017	03/31/2016
Returned checks	43	186
Judicial deposit	245	285
Imports in progress	-	1,533
Accounts receivable - Former shareholders (a)	9,209	6,155
Other credits	348	388
	<u>9,845</u>	<u>8,547</u>
Current	391	2,107
Non-current	9,454	6,440

- (a) According to contract entered into with former shareholders, liabilities deriving from actions of the Company's former management will be reimbursed by them, thus reducing obligations with these shareholders and unblocking financial investments given in guarantee of said amount. In case receiving proceedings are not successful, the Company's parent company guarantees reimbursement of balance.

10 Interest earning bank deposits

	03/31/2017	03/31/2016
Interest earning bank deposits	<u>30,040</u>	<u>28,812</u>
	<u>30,040</u>	<u>28,812</u>

Amounts are invested with Bradesco Bank in an investment fund pegged to CDI (Interbank Deposit Certificate), which has an average yields of 13.50% a.a. (2016 13.49% a.a.). These financial investments are pledged in guarantee of accounts payable to former shareholders (see note 17), and may not be used by the Company for cash management.

11 Property, plant and equipment

Cost	Land and buildings	Machinery and equipment	Vehicles	Computers and peripherals	Furniture and fixtures	Facilities	Tools	Improvements to third-party property	Works in progress	PP&E in progress	Advances to suppliers	Total
Balance at March 31, 2015	17,856	15,343	402	860	1,187	337	65	-	1	8	-	36,059
Additions	284	2,842	(31)	417	158	32	-	-	9,907	1,555	2,985	18,180
Disposals	(239)	(35)	(40)	-	(5)	-	-	-	(361)	(8)	-	(731)
Transfers	2	283	0	-	-	-	-	-	-	-	-	285
Merger	13,598	8,144	783	55	593	487	25	-	484	-	-	24,169
Balance at March 31, 2016	31,501	26,577	1,154	1,292	1,926	851	90	-	10,031	1,555	2,985	77,962
Adjustment by official report	(3)	517	71	9	18	8	5	-	1	-	-	626
Balance at April 1, 2016	31,498	27,094	1,225	1,301	1,944	859	95	-	10,032	1,555	2,985	78,588
Additions	6	796	677	179	156	180	27	-	1,108	1,391	3,175	7,695
Disposals	-	(2,931)	(13)	(323)	(456)	(242)	(61)	-	-	(34)	(154)	(4,214)
Transfers	10,449	4,376	-	6	58	1,146	153	430	(11,120)	(2,183)	(3,315)	-
Balance at March 31, 2017	41,953	29,335	1,889	1,163	1,702	1,943	214	430	20	729	2,691	82,069
Depreciation												
Balance at March 31, 2015	1,151	8,135	386	695	645	295	64	-	-	-	-	11,371
Depreciation in the period	348	976	74	112	102	43	4	-	-	-	-	1,659
Disposals	-	(10)	(31)	(34)	(9)	-	-	-	-	-	-	(84)
Merger	-	4	99	6	11	3	-	-	-	-	-	123
Balance at March 31, 2016	1,499	9,105	528	779	749	341	68	-	-	-	-	13,069
Adjustment by official report	15	745	69	23	47	15	5	-	-	-	-	919
Balance at April 1, 2016	1,514	9,850	597	802	796	356	73	-	-	-	-	13,988
Depreciation in the period	455	2,104	369	166	174	111	10	86	-	-	-	3,475
Disposals	-	(2,040)	(6)	(307)	(300)	(164)	(51)	-	-	-	-	(2,868)
Balance at March 31, 2017	1,969	9,914	960	661	670	303	32	86	-	-	-	14,595
Shareholders' equity at March 31, 2016	30,002	17,472	626	513	1,177	510	22	10,031	4,540	-	-	64,893
Shareholders' equity at March 31, 2017	39,984	19,421	929	502	1,032	1,640	182	344	20	729	2,691	67,474

The Company did not change and did not identify unexpected and relevant wear and break, technological progress, and changes in market prices that indicate that assets' residual value or useful lives needed to be changed last year.

12 Intangible assets

	Brands	Software	Pharmaceutical development	Development	Acquisition of dossiers for formulas	Licenses	Goodwill for future profitability (a)	Distributors	ANVISA records	Non-competition agreement	Total
Cost											
Balance at March 31, 2015	6,854	104	826	5,607	100	-	-	-	-	-	13,491
Additions	-	60	56	383	-	-	-	-	-	-	499
Disposals	(6,854)	-	(882)	(5,990)	(100)	-	-	-	-	-	(13,826)
Merger	6,700	(4)	-	-	-	-	69,382	20,465	64,341	1,882	152,766
Balance at March 31, 2016	6,700	160	-	-	-	-	69,382	10,465	64,341	1,882	152,930
Adjustment by official report	-	(9)	-	-	-	5	14	335	7,359	218	7,922
Balance at April 1, 2016	6,700	151	-	-	-	5	69,396	10,800	71,700	2,100	160,852
Additions	-	21	-	-	-	26	-	-	-	-	47
Disposals	-	-	-	-	-	-	-	-	-	-	-
Merger	-	-	-	-	-	-	(7,664)	-	-	-	(7,664)
Balance at March 31, 2017	6,700	172	-	-	-	31	61,732	10,800	71,700	2,100	153,235
Amortization											
Balance at March 31, 2015	-	73	-	-	-	-	-	-	-	-	73
Amortization in the period	-	15	-	-	-	-	-	210	3,990	105	3,920
Balance at March 31, 2016	-	88	-	-	-	-	-	210	3,990	105	3,993
Adjustment by official report	-	1	-	-	-	-	-	429	7,444	218	8,092
Balance at April 1, 2016	-	89	-	-	-	-	-	639	11,034	323	12,085
Amortization in the period	-	21	-	-	-	5	-	831	14,340	420	15,617
Balance at March 31, 2017	-	110	-	-	-	5	-	1,470	25,374	743	27,702
Shareholders' equity at March 31, 2016	6,700	72	-	-	-	-	69,382	10,255	60,751	1,777	148,937
Shareholders' equity at March 31, 2017	6,700	82	-	-	-	26	61,732	9,330	46,326	1,857	125,533

- (a) Goodwill refers to merger transactions and corresponds to goodwill paid upon acquisition of investment transferred to the Company in accordance with appraisal report issued on December 14, 2015.

13 Suppliers

	03/31/2017	03/31/2016
Domestic suppliers	6,738	6,935
Foreign suppliers	3,728	7,323
	<u>10,466</u>	<u>14,258</u>

For more information on the Company's interest rate and foreign currency risk exposure, see note 26.

14 Loans and financing

	03/31/2017	03/31/2016
Current liabilities		
Financing assets	166	98
Working capital loans	30,708	15,963
Secured account	6,717	9,654
	<u>37,591</u>	<u>25,715</u>
Non-current liabilities		
Financing assets	6	90
Working capital loans	-	20
	<u>6</u>	<u>110</u>
Total	<u>37,597</u>	<u>25,825</u>

For more information on the Company's interest rate and foreign currency risk exposure, see note 27.

Balance at March 31, 2016	<u>25,825</u>
Loans and financing obtained	30,127
Monetary restatement and foreign exchange variation, net	(1,876)
Financial charges provisioned	3,974
Financial charges paid	(2,694)
Amortization of principal	(17,759)
Balance at March 31, 2017	<u>37,597</u>

a. Guarantees

The Company has loans and financing guaranteed by property, plant and equipment assets (see note 11) and receivables from clients (see note 6).

b. Compliance with contractual obligations ("covenants")

As of March 31, 2017, the Company does not have contracts and/or financing with covenants.

c. Terms and schedule of debt amortization

The following statement provides information on schedule for settlement of debt based on terms of contracts for loans and financing recognized on March 31, 2017, which are measured an amortized cost.

Terms	Guarantee	Currency	Nominal interest rate p.a.	Year of maturity	Face value	Book value
Banco Santander (Brazil) S/A.	Lien 30%	RS	21.13%	2017	6,717	6,717
Banco Itauleasing S/A.	Well financed	RS	7.06%	2018	152	152
BNDES Card	Well financed	RS	10.82-12.82%	2017-2020	20	20
Lupin Holdings B.V	Without guarantee	USD	6%	2017	14,964	14,964
Banco Citibank S.A.	Without guarantee	RS	11.83%	2018	15,744	15,744
Total					<u>35,597</u>	<u>37,597</u>

	2017	2018	2019	Total
Banco Santander (Brazil) S/A.	6,717	-	-	6,717
Banco Itauleasing S/A.	127	25	-	152
BNDES Card	12	6	2	20
Lupin Holdings B.V	14,964	-	-	14,964
Banco Citibank S.A.	-	15,744	-	15,744
Total	21,820	15,775	2	37,597

15 Taxes payable

	03/31/2017	03/31/2016
Current liabilities		
PIS/COFINS payable	610	344
ICMS payable	914	842
Installment payment of ICMS	2,793	3,496
Installment payment - Law No. 11.941/2009	863	1,679
Installment Law No. 12.996/2014	864	1,250
Installment payment of taxes and contributions	1,158	1,423
Provision for corporate income tax and social contribution	-	107
Other taxes payable	50	65
	7,252	9,206
Current	3,602	3,508
Non-current	3,650	5,698

16 Social security obligations

	03/31/2017	03/31/2016
Current liabilities		
Salaries and wages	763	691
Provision for vacation	2,095	1,953
INSS	794	657
FGTS	148	121
Installment payment - INSS	619	789
Other social security obligations	868	738
	5,287	4,949
Current	4,926	4,393
Non-current	361	556

17 Other debits

	03/31/2017	03/31/2016
Advances from clients	33	52
Sales representatives (a)	889	1,048
Accounts payable - Former shareholders (b)	30,696	29,760
Provision for charges and fines	-	39
Other liabilities	4,480	3,786
	<u>36,098</u>	<u>34,595</u>
Current	5,299	4,835
Non-current	30,799	29,760

- (a) Sales representatives are legal entities remunerated through on commission on sales.
- (b) The Company recorded, upon merger, accounts payable to former shareholders. Such amounts will be paid over 5 years counted as of acquisition date, less liabilities that may arise deriving from such shareholders' management.

18 Provision for contingencies

The Company is a party to lawsuits and administrative proceedings before courts and government agencies, deriving from the normal course of its operations and involving labor and tax lawsuits.

The Company recorded provisions for disputes and administrative proceedings for which it is probable there will be a present obligation on balance sheet date. The Company's management believes that possible disbursements, in excess to amounts recorded in provisions after conclusion of respective proceedings, will not materially affect its operating income neither its financial position. The amount of possible lawsuits recognized as provision for disputes totals R\$2,042 on March 31, 2017 (R\$2,588 on March 31, 2016).

Balance at March 31, 2016	2,558
(Reversals) recorded in the year	516
Provisions recorded in the year	<u>-</u>
Balance at March 31, 2017	<u>2,042</u>

On March 31, 2017, lawsuits and administrative proceedings whose likelihood of loss is possible total R\$2,493 (R\$169 on March 31, 2016).

19 Quotaholders' equity

a. Capital

On July 1, 2016, the amount of R\$4,953 of *Capital Reserve* account was merged into capital, according to 1st amendment in articles of association registered with Minas Gerais State Division of Corporations (JUCEMG) under no. 5825651 on August 26, 2016.

On July 25, 2016, a capital contribution of R\$13,078 was made according to 2nd amendment in articles of association registered with Minas Gerais State Board of Trade (JUCEMG) under no. 5835897 on September 6, 2016.

As of March 31, 2017, fully subscribed and paid-in capital is R\$208,800 in domestic currency, divided into 208,800,161 quotas with par value of R\$1.00 each, owned by legal entities not residing in Brazil.

20 Related parties

The Company's key management personnel remuneration totaled R\$ 6,704 in the period from April 1, 2016 to March 31, 2017 (R\$1,616 as of March 31, 2016).

	Liabilities		Income (loss)	
	03/31/2017	03/31/2016	03/31/2017	03/31/2016
Loans	14,964	15,878	913	(1,814)
Accounts payable	1,401	1,317	(132)	(1,317)
	<u>16,365</u>	<u>17,195</u>	<u>781</u>	<u>(3,131)</u>

Transactions with related parties are comprised of loans raised with partners in foreign currency and executed through contract that includes principal value and interest of 6% p.a., and other accounts payable amounting to R\$1,401.

21 Operating income

	03/31/2017	03/31/2016
Gross income	147,357	124,153
(-) Returns and discounts	(1,459)	(960)
(-) Sales taxes (a)	<u>(20,104)</u>	<u>(15,159)</u>
	<u>125,794</u>	<u>108,034</u>

(a) Sales taxes are composed of PIS, COFINS and ICMS

22 Cost of sales

Sales cost is comprised of inputs used for production of medicaments, direct labor, and general manufacturing expenditures. The breakdown can be shown as follows:

	03/31/2007	03/31/2016
Inputs	(58,446)	(52,622)
Direct labor	(8,978)	(8,196)
Manufacturing general expenses	<u>(12,612)</u>	<u>(11,068)</u>
	<u>(80,036)</u>	<u>(71,886)</u>

23 Sales expenses

	03/31/2017	03/31/2016
Sales commissions - Representatives	(3,313)	(3,463)
Freight on sales	(3,450)	(3,677)
Marketing expenses	(2,233)	(1,531)
Other sales expenses	(3,387)	(3,679)
Salaries and payroll charges	(5,706)	(5,692)
	<u>(18,089)</u>	<u>(18,042)</u>

24 Administrative expenses

	03/31/2017	03/31/2016
Insurance	(199)	(72)
Depreciation/amortization	(17,503)	(13,073)
Maintenance, conservation and repair	(146)	984
Materials for use and consumption	(851)	(730)
Taxes, rates and contributions	(1,022)	(833)
Professional services rendered	(3,487)	(2,342)
Utilities and Services	(583)	(584)
Legal expenses	(955)	(853)
General expenses	(4,906)	(5,611)
Salaries and payroll charges	(16,507)	(9,705)
	<u>(46,159)</u>	<u>(32,819)</u>

25 Other operating income (expenses)

	03/31/2017	03/31/2016
Adjustment of inventory	464	208
PIS and COFINS credit on property, plant and equipment	14	160
Income from sale of scrap	68	50
Income from disposal of fixed assets	(1,158)	(144)
Other revenues and (expenses)	119	(6,849)
Reversal of inventory impairment	(162)	(311)
Research and development expenses	(790)	(1,198)
Reimbursements - Former shareholders	2,094	-
Reversal of provision for contingencies	(352)	280
	<u>297</u>	<u>(7,804)</u>

26 Net financial income (loss)

	03/31/2017	03/31/2016
Financial expenses		
IOF	(565)	(536)
Liability interest	(4,598)	(6,502)
Sales discounts	(599)	(631)
Foreign exchange variations in liabilities	(4,467)	(5,724)
Monetary variations in liabilities	807	(969)
Bank fees and expenses	(310)	(1,192)
Trade Notes Collection and Sale - Factoring		(119)
Hedge loss - Forward contract	(841)	(279)
	<u>(10,573)</u>	<u>(15,952)</u>
Financial income		
Asset interest	217	550
Active discounts	30	162
Yield from interest earning bank deposit	25	231
Monetary restatement - Assets	28	64
Foreign exchange rate	6,064	6,966
	<u>6,364</u>	<u>7,973</u>
Net financial income (loss)	<u>(4,209)</u>	<u>(7,979)</u>

27 Financial instruments

a. Management of risks and financial instruments

The Company takes part in transactions involving financial assets and liabilities for the purpose of managing financial resources generated by operation. Risks associated to these instruments are managed using conservative strategies, aiming at liquidity, profitability and safety. The evaluation of such financial assets and liabilities in relation to market values, was prepared based on information available and appropriate assessment methodologies. Nevertheless, the interpretation of market data and the valuation methods require considerable judgment and estimates in order to calculate the best estimate of their realizable value. Accordingly, estimates presented may differ in case different hypotheses and methodologies are used. Investments are always of the fixed-income type, in accordance with index percentages published by the Central Bank of Brazil and Official Government Agencies.

Accounting values of financial assets and liabilities segregated per category are as follows:

Financial assets	Note	03/31/2017	03/31/2016
Loans and receivables			
Cash and cash equivalents	5	2,842	4,634
Trade accounts receivable	6	38,510	28,774
Interest earning bank deposits	10	30,040	28,812
Total Assets		<u>71,392</u>	<u>62,212</u>
Financial liabilities			
Suppliers	13	10,466	14,258
Loans and financing	14	37,597	25,825
Other debits (a)	17	36,098	34,556
Total liabilities		<u>84,161</u>	<u>74,639</u>

(a) Except "Provision for charges and fines", "Debts with regulatory agencies" and "Insurance payable".

The market value for financial assets and liabilities do not differ from their book values, to the extent that they were agreed to and were recorded at market rates and conditions for operations of this nature, and similar risks and terms.

b. Credit risk

Credit risk is the risk of the Company incurring losses due to a client or financial instrument counterparty, resulting from failure in complying with contract obligations. Risk is mainly due to trade accounts receivable, and of financial instruments, as follows.

Credit risk exposure

The book values of financial assets classified as loans and receivables represent the maximum credit exposure. The maximum credit risk exposure on financial statements' date was:

Financial assets	Note	03/31/2017	03/31/2016
Loans and receivables			
Cash equivalents	5	2,842	4,626
Trade accounts receivable	6	38,510	28,774
Interest earning bank deposits	10	30,040	28,812
Total Assets		71,392	62,212

Trade accounts receivable

The Company has a credit policy in line with its annual plan.

Through a credit approval matrix, the Company is exposed to the minimum risk possible. Portfolio of receivables is distributed to several clients and has low concentration. Through a careful monthly analysis of all active clients, the Company minimizes existing risks by evaluating credit quality of clients, their good repute and financial capacity to amortize debt, their history with the Company, information collected by sellers themselves, and market behavior. When a certain limit is reached, sales to clients are generally interrupted. The Company does not expect default losses, except for the allowance for doubtful accounts, presented in note 6.

Cash and cash equivalents and interest earning bank deposits

Cash equivalents and financial investments are maintained with Banks and financial institutions, which are rated, based on Standard & Poor's agency, as follows:

Financial institution	Local rating
Itaú	B
Bradesco	B
Banco do Brasil	BB
Santander	B
CEF	B

c. Market risks

- **Interest rate risk:** This associated risk arises from the possibility that the Company might incur in losses due to fluctuations in interest rates that might increase its financial expenses on loans and financing obtained in the market. The Company continuously monitors market interest rates in order to assess the possible need to renegotiate operations.

- **Foreign exchange risk:** The Company is exposed to foreign exchange risk resulting from exposures to some currencies, basically US dollar. Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities. Management established a policy that requires administrating its foreign exchange risk in relation to its functional currency and annual plan. In case of exposure versus annual plan, the Company is required to protect its positions with hedge operations traded with local banks. On March 31, 2016, the Company's exposure is related to loan in foreign currency, equivalent to USD4,723, and import of raw material in the amount of USD438, on March 31, 2017.

The following exchange rates were applied during the year:

Closing rate on the date of the financial statements

03/31/2017

3.1684

d. Liquidity risks

The Company's risk is not to have sufficient funds to honor its financial commitments due to mismatch between receipt and payment periods. To avoid this risk, a financial plan is structured to project cash flow for a 12-month period. Through its planning, the Company believes that cash flows of operating activities, cash and cash equivalents, and available credit facilities are sufficient to finance future financial commitments.

e. Fair value estimate

Fair value of financial assets and liabilities is included in the value by which the instrument may be exchanged in a current transaction between parties that are willing to negotiate, and not in a forced sale or settlement. The following methods and assumptions were adopted to estimate the fair value:

Cash and cash equivalents, trade accounts receivable, accounts payable, trade accounts payable, other short-term obligations approximate their respective book value mostly due to the short-term maturity of these instruments.

The fair value of receivables does not differ significantly from the book balances, as they have a monetary restatement consistent with market rates and/or are adjusted by provision for impairment.

The interest rate of loans and financing is post-fixed and consistent with those practiced in the market. Accordingly, the book balances informed are close to the respective fair values.

The fair values of the financial assets and liabilities, together with the book values presented in the financial statement, are as follows:

March 31, 2017	Note	Book value	Fair value
Cash equivalents	5	2,842	4,634
Trade accounts receivable	6	38,510	28,774
Interest earning bank deposits	10	<u>30,040</u>	<u>28,812</u>
Total Assets		<u>71,392</u>	<u>71,392</u>
Suppliers	13	10,466	10,466
Loans and financing	14	37,597	37,597
Other debits	17	<u>36,799</u>	<u>36,799</u>
Total liabilities		<u>84,862</u>	<u>84,862</u>
March 31, 2016	Note	Book value	Fair value
Cash equivalents	5	4,634	4,634
Trade accounts receivable	6	28,774	28,774
Interest earning bank deposits	10	<u>28,812</u>	<u>28,812</u>
Total Assets		<u>62,220</u>	<u>62,220</u>
Suppliers	13	14,258	14,258
Loans and financing	14	25,825	25,825
Other debits	17	<u>34,556</u>	<u>34,556</u>
Total liabilities		<u>74,639</u>	<u>74,639</u>

28 Income and social contribution taxes

For fiscal years from April 1, 2016 to March 31, 2017, the Company opted for the Quarterly Taxable Income system. Taxes on income are calculated based on taxable income which, as a result of prevailing law, differs from accounting income due to adjustments (additions and exclusions).

	03/31/2017	03/31/2016
Statement of taxable income		
Accounting before income tax	(19,184)	(18,186)
(+) Additions	46,748	23,138
Provision for contingencies	6,714	5,077
Non-deductible provisions - Operating expenses	13,016	9,388
Provisions for sales commissions	-	-
Other additions	27,018	8,673
(-) Exclusions	(30,769)	(14,672)
Other provisions	(30,321)	(14,672)
Goodwill for profitability	(448)	-
Taxable income	(3,205)	(9,720)
Current tax	-	-
Deferred tax (a)	<u>6,033</u>	<u>4,487</u>

On March 31, 2017, value of unused tax losses for which no deferred tax asset is being recognized in the balance sheet is R\$33,281 (on March 31, 2016 R\$29,294).

(a) The amount of R\$6,033 (R\$4,487 on March 31, 2016) refers to reversal of provision for deferred tax liabilities on surplus (allocation).

29 Subsequent events

At the end of each year, Management evaluates the occurrence of events subsequent to the date of financial statements. No events occurred from the reporting date to approval date of the statements that should give rise to adjustments to or disclosures in the financial statements.