Financial Statements

Diagnósticos da América S.A.

December 31, 2013

Diagnósticos da América S.A.

Financial statements

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Management Report

To the shareholders

We hereby submit the Management Report and the Financial Statements of Diagnósticos da América S.A. and its subsidiaries for the year 2013. These documents follow the standards established by the Brazilian Corporation Law and the Brazilian Securities Commission (CVM).

The information contained in this material is available on Diagnósticos da América website, at: www.dasa3.com.br.

In 2013, the Company reached a new level of organic, profitability and quality growth. The Company ended 2013 with a 10.2% increase in gross revenue, once again achieving a consistent two-digit growth. We made significant changes in the Company's expansion process, especially by opening units and refurbishing the existing ones, which will support the Company's growth in the following years.

We are still committed to improve the quality of our operations and, to achieve this, we invested in training and recruitment of employees, cutting-edge equipment, and in the expansion of our capacity in order to process medical tests in our central laboratories.

We are still focused on improving the Company’s relationship with the medical community. We emphasize our significant participation in the Radiological Society of North America (RSNA) and the American Association for Clinical Chemistry (AACC). DASA had 38 projects accepted by RSNA 2013, the most significant scientific and educational radiology forum worldwide. The Company also had 63 projects approved at AACC 2013, the most significant American congress of Clinical Analysis, which corresponded to 61% of Brazilian attendance of studies presented in the event.

Over 200 medical events of Radiology and Imaging Diagnosis, with social and scientific programs, impacting approximately 130 thousand doctors throughout Brazil were held in 2013. These events promoted a closer relation of prescribing physicians with the doctors of DASA’s clinical body. One of the main programs was the II Simpósio Internacional de Medicina Diagnóstica (2nd Diagnostic Medicine International Symposium) conducted in October by Delboni Auriemo brand. This conference had classes of six medical specialties and lecturers of international reference for an audience of more than 600 physicians.

In accordance with our strategy for relationship with the medical community, over five thousand physicians were impacted by the medical visitation program, and also the second year of our nation-wide scientific magazine, named Inovar Saúde, which impacts over 30 thousand physicians throughout Brazil every four months. In 2013, our gross revenue was R$ 2,744.4 million, i.e. a 10.2% increase in comparison with year 2012. Following are our 2013 market share figures in comparison with year 2012.

Market	2013 Gross revenue (R$ million)	2012 Gross revenue (R$ million)	2013 gross revenue (%)	Growth 2013 vs. 2012
Ambulatory	2,007.6	1,833.7	73.2%	9.5%
Hospital	266.8	233.3	9.7%	14.4%
Support	288.0	242.7	10.5%	18.6%
Public	182.0	180.2	6.6%	1.0%
Total	2,744.4	2,490.0	100.0%	10.2%

Investments totaled R$ 144.3 million, with focus on modernization of our systems, opening and refurbishing medical units and equipment. We opened 11 units in 2013 and installed 2 computed tomography machines and 7 MRI machines in the already existing units.

Overview

The Company is the largest auxiliary diagnostic support service provider in Latin America and is among the world's 4 largest publicly-held companies in the sector[1]. It operates in 12 Brazilian states and in the Federal District through 25 different brands. In December 2013, the Company had 19,272 employees, compared to 18,910 in December 2012, and 519 units, including 63 hospital units and 456 ambulatory units, 49 of which are Mega Units. In 2012, there were 523 units, with 71 hospital units, and 452 ambulatory units, 46 of which are Mega Units.

Their services are divided into three different lines:

- **Ambulatory and Hospital:** The Company's most traditional service, operating directly through its 456 operating units throughout the Brazilian territory. It renders the following services:

  - Clinical analyses;

  - Diagnostic imaging.

- **Hospital:** The Company provides clinical analysis and imaging diagnosis services in 63 hospitals

- **Support to laboratories**: The Company provides services to small- and medium-sized laboratories. It has client laboratories in all states of Brazil, including the Federal District.

- **Public Health Sector:** The Company operates in the sector especially through the CientíficaLab brand, which focuses on providing auxiliary diagnostic support services for the public health sector. In December 2013, CientíficaLab served 590 collection points, among hospitals and outpatient clinics, at 28 public customers in the States of São Paulo, Rio de Janeiro, Espírito Santo, Minas Gerais and Pernambuco.

In 2013, we participated in the National Health Survey, conducted by the Ministry of Health together with FIOCRUZ and IBGE.

In the first phase, IBGE interviewed approximately 80,000 participants, conducting a survey on Individual Health. 20,000 of these were selected to undergo laboratory tests.

Laboratory activities are coordinated by Hospital Sírio Libanês, in the city of São Paulo, which is financing this activities, and engaged DASA and another laboratory to perform these tests under DASA's supervision. Most part of the sample collection throughout Brazil (671 cities) is performed by DASA, using nearly 570 local laboratories, which are clients of DASA support network (Álvaro). This unprecedented survey will enable the development of health-oriented measures, planned on realistic bases. This research also includes the analysis on consumption of salt, which has important effects on prevention of hypertension, as well as other food and diets.

[1] Based on the sales of 2012.

This is a new business based on our capillarity, which enables us to carry out nationwide surveys.

In operating the Company's business, Management understands that the similarities among the companies integrating DASA Group – due to similar economic and business characteristics, services and production process, type of customers, suppliers and logistic process – and defines "auxiliary diagnostic support services" as the single operating segment and single reporting unit, given the similarity existing in the Company's entire business.

Economic Scenario

Sources: *Brazilian Institute of Geography and Statistics (IBGE), National Health Agency (ANS) and Central Bank of Brazil*

In 2013, a few significant facts took place, such as (i) the small growth of the world's economy due to a crisis in the international market, (ii) the non-rupture of Eurozone, and (iii) the recovery of the US economy. The US FED took certain measures to stabilize the US monetary policy, and announced a cut down in acquisition of debt securities.

During 2013, long-term interest rates were increased, which strengthened the US dollar and decreased the prices of financial assets in emerging countries.

After six quarters in recession, Eurozone had a timid growth.

China growth rate is still in decline, and the risk of a significant slowdown is not considered low.

International perspective for 2014 is slightly better, with a more stable growth and lower risks. The US economy is improving.

As for the domestic scenario, growth in GDP for 2013 was 2.3%, above the rate for 2013; however below the figure expected at the beginning of the year. Despite the moderate activity, and the lower job creation rate than 2012, unemployment levels remained close to the historical figures.

In 2013, the Brazilian Central Bank (BACEN) increased the interest basic rate by 275 base points, and ended 2013 at 10.0% p.a. IPCA was stable, and ended 2013 at 5.9%. Brazilian currency was depreciated in relation to the US dollar, and the foreign exchange rate ended 2013 at R$ 2.36 per US dollar.

In September 2013, beneficiaries of private healthcare plans represent 25.1% of the population. Of the 49.0 million beneficiaries, 20% were from individual plans, 65% from collective corporate plans, 14% from collective plans by adherence, and 1% from other means.

Comments on the healthcare and diagnostic medicine sector in Brazil

Sources: *National Health Agency (ANS), Brazilian Institute of Geography and Statistics (IBGE), World Health Organization (WHO) and PNA*

Brief Description

Healthcare services, in general, and diagnostic medicine, in particular, form a considerably sized and constantly increasing market in Brazil. Seen from a broader viewpoint, that of product and service consumption, the healthcare market shows even stronger figures.

According to the WHO, total expenditure on healthcare services represented 8.9% of total Brazilian GDP in 2011. Demographic and economic factors explain the evolution of the market. Firstly, Brazilians' life expectancy is increasing, thanks to advances in medicine and improvement in living conditions, as shown by other IBGE studies.

According to IGBE, the life expectancy in Brazil for 2013 is 74.5 years, 78.2 years for women and 70.9 years for men. In 2012, Brazil had 24.85 million senior citizens, i.e. 12.6% of the population.

Other factors driving the increasing demand for healthcare services are the increase in income, after economic stabilization, as from mid-90's, and, more recently, social mobility. Another fundamental data is the recent growth in the number of formal jobs, with which employees can have access to healthcare plans, which are a great source of payment for hospitals, physicians and exams.

In 2013, jobs in service segment increased 3.37% (+546,917 jobs) in comparison with the prior year. Number of jobs in sales segment grew 3.36% (+301,095) and civil construction segment grew 3.44% (+107,024 jobs). Services, sales and civil construction segments had the highest job creation numbers in relative amounts.

Brazil created 1,117,717 registered jobs in 2013, according to data from the Monthly Listing of Work Hirings and Separations (CAGED), disclosed by the Ministry of Labor.

Diagnostic Medicine

The Diagnostic Medicine market includes clinical analyses, such as imaging diagnostics. We estimate that there are around 16 thousand unregistered laboratories in Brazil, with either irregular consultancies or small or medium scale laboratories.

Since then, the clinical analysis market has undergone changes, as a result of the acceleration of the technological development and implementation of new techniques and services capable of processing diagnostic tests with high accuracy, effectiveness and in higher volumes.

Private Sector

The number of heavy healthcare plan users, according to information from Brazil's National Regulatory Agency for Private Health Insurance and Plans (ANS), reached 49.0 million in September 2013, with a 0.92% increase in comparison with the previous quarter. Also in accordance with the ANS, 65% of the healthcare plan beneficiaries have a collective corporate plan, and 14% a collective plan by adherence, and 20% have individual plans.

Popular Market

Classes C and D form one of the Company's primary operational focus. They usually do not have health care plans and make their payments in cash. The increase in income of lower classes, together with the lack of offering of auxiliary diagnostic support services at popular prices, prompted this market's significant growth.

Despite the increase in the purchasing power of lower income classes, according to data from the ANS and the IBGE, in 2013 only 25.1% of the Brazilian population had access to healthcare plans. Additionally, the vast majority of people from classes C and D, the vast majority of the country's population, do not have access to this service, and end up by having little access to preventive health care and worse quality and expectation of a healthy life.

Public Sector

The Public health sector in Brazil is managed by the Unified Health System (SUS), created in 1988 and responsible for the structure of public health — hospitals, clinics, research centers and service units.

To cope with the lack of service in the sector, private service providers may integrate the SUS network by means of agreements entered into by means of public bidding processes. In this situation, payment is determined by the service rendered: clinical analyses, surgeries or treatments.

In the last 10 years, as a consequence of the increase in the population's demand for health service, the Brazilian government had to invest in the expansion of the SUS network and start contracting private institutions to render services not offered by the SUS network.

In an attempt to provide public health services at a lower cost and with greater effectiveness, the government increased the number and types of outsourced services, which are rendered by private companies. The Company realized this trend and strongly invested in this segment by means of its subsidiary CientíficaLab, for exclusive operation in this sector.

Comments on performance and investments

The Company's growth level has changed in 2013. Despite the indications that the Brazilian economy is slowing down, with a smaller number of jobs created, we are still growing in all our business lines, which demonstrates that we took adequate measures in 2013.

We are still focused on assuring a new organic growth pace, strengthening all our business segments, improving the quality of our services, reinforcing our knowledge and technical quality, and also reinforce the alignment of our people with DASA's culture, in order to decrease the turnover of employees. We are gradually and constantly improving our margins. We continue to improve our internal processes and believe that the Company is constantly progressing towards its objective of becoming recognized worldwide by the quality and efficiency of its diagnostic medicine services, provided to all social classes and remunerating its shareholders.

Gross operating income

DASA's consolidated gross income in 2013 was R$ 2,744.4 million, representing a 10.2% growth in comparison with the prior year, which is primarily a consequence of the maturity of projects implemented over 2012, extension of service schedule and more flexible appointments. In the fourth quarter of 2013, gross revenue was R$ 688.7 million, a 14.0% growth in comparison with the fourth quarter of 2012, when we reached R$ 604.3 million.

By analyzing DASA's gross revenue per service line, we observe that the Support market had the best performance for the year, with a revenue of R$ 288.0 million, a 18.6% growth, compared with 2012, reaching 10.5% of DASA's total income. In this quarter, revenue was R$ 73.4 million, with a 26.7% growth in comparison with the fourth quarter of 2012, reaching 10.7% of the Company's total income.

Ambulatory market's revenue was 2,007.6 million, representing a 9.5% increase in comparison with 2012, reaching 73.2% of DASA's total income. Revenue for the quarter totaled R$ 508.5 million, representing a 14.5% increase in comparison with the fourth quarter of 2012, reaching 73.8% of the Company's total income.

Hospital market's revenue was R$ 266.8 million, with a 14.4% growth in 2013, which represents 9.7% of total DASA's income. In this quarter, revenue was R$ 66.0 million, with a 12.6% growth in comparison with the fourth quarter of 2012, reaching 5.9% of the Company's total income.

Public sector's revenue was R$ 182.0 million, with a 1.0% increase for the year, representing 6.6% of DASA's income. In this quarter, revenue was R$ 40.8 million, with a 6.7% decrease in comparison with the fourth quarter of 2012, reaching 9.6% of the Company's total income.

Costs and gross profit

In 2013, cost of services rendered totaled R$ 1,714.6 million, equivalent to 68.9% of net revenue, and a 9.6% increase in comparison with prior-year costs. In 2013, gross income was R$ 772.9 million, representing a 10.5% increase in comparison with previous year. In this quarter, cost of services rendered totaled R$ 441.2 million, equivalent to 70.2% of net revenue, a 6.5% increase in comparison with the fourth quarter of the previous year. Gross profit amounted to R$ 187.2 million, i.e. a 40.6% increase in comparison with the fourth quarter of the previous year.

Operating expenses

Operating expenses totaled R$ 483.4 million in 2013, representing 19.4% of net revenue. In relation to year 2012, there was a 6.4% increase, however, in that year it represented 20.1 of net revenue. In the fourth quarter of 2013, operating expenses totaled R$ 112.5 million, equivalent to R$ 17.9% of net revenue, a 0.9% increase in comparison with the fourth quarter of the previous year.

EBITDA

In 2013, the Company's EBITDA reached the amount of R$ 443.6 million, representing a 8.9% increase in relation to the R$ 407.3 million for the previous year. This year, our margin was 17.8%, compared with last year's 18.0% margin. In the fourth quarter of 2013, the Company's EBITDA totaled R$ 113.0 million, representing a 53.7% increase in relation to the R$ 73.5 million in the previous year. We are still committed with the integration of the acquisitions made, as well as with optimization of production and administrative areas, and with the continuous decrease in costs through a management focused on delivering solid results and creating sustainable value for the shareholders in the future. Breakdown of EBITDA is as follows:

In thousands of reais	*4T13*	*4T12*	*Δ%*	*2013*	*2012*	*Δ%*
Net income for the year	*36,9*	*-1,6*	*-2404%*	*131,6*	*84,7*	*55,3%*
(+) Income and social contribution taxes	*17,7*	*1,1*	*1587%*	*71,3*	*46,5*	*53,3%*
(+) Net financial expenses	*20,1*	*22,1*	*-9%*	*86,6*	*113,7*	*-23,8%*
(+) Depreciation and amortization	*38,3*	*51,9*	*-26%*	*154,1*	*162,4*	*-5,10%*
EBITDA (R$ MM)	*113*	*73,5*	*54%*	*443,6*	*407,3*	*8,90%*
Ebtida margin	*18%*	*13,40%*	*4,6p.p*	*18%*	*18%*	*(0,1) p.p*

Amounts in R$	**Year ended 12/31/13**	**4Q13**	**Year ended 12/31/12**	**4Q12**
Income before income taxes	**202,909**	54,582	131,260	(549)
Adjustments:				
Depreciation and amortization (Cost)	**101,238**	26,214	94,064	27,814
Depreciation and amortization (General and administrative expenses)	**52,863**	12,063	68,306	24,127
Financial income (expenses)	**86,584**	20,144	113,691	22,146
EBITDA	**443,594**	113,003	407,321	73,539

Financial income (expenses)

In 2013, net financial expenses totaled R$ 86.6 million, in comparison with the amount of R$ 113.7 million recorded for the previous year, which represents a 23.8% decrease. Despite the negative impact of R$ 5.5 million, referring to payment of the option and write-off of prepaid expenses due to the exercise of right to repurchase the remaining portion of bonds, the decrease was mainly influenced by the replacement of the debt by a cheaper debt; by the lower net debt over the year; by non-current gain on adherence to PEP of ICMS/SP amounting to R$ 12.0 million; in addition to the extraordinary income of R$ 5.3 million referring to the write-off of an ICMS provision, which occurred in the fourth quarter of 2013. In this quarter, the amount of R$ 20.1 of net financial debt was recorded vis-à-vis the R$ 22.1 million for 2012, i.e. a 9.0% decrease.

Income and social contribution taxes

Income and social contribution taxes totaled R$ 71.3 million for the year (effective rate of 35.2%) compared with the R$ 46.5 million in the previous year (effective rate of 35.5%). In the quarter, income and social contribution taxes totaled R$ 17.7 million, in comparison with the R$ 1.1 million for the previous year.

Net income

Net income for the year totaled R$ 131.6, i.e. 55.3% higher than the income of R$ 84.7 million recorded for the previous year. In the quarter, net income was R$ 36.9 million, compared with a loss of R$ 1.6 million for the previous year.

Indebtedness

The Company's net debt totaled R$ 866.2 million at the end of 2013. Of the total gross indebtedness, 71.5% is for the long-term and 5.7% refers to debt in foreign currency. Foreign currency debt mostly refers to bank loans and financing of equipment. Debt in local currency mostly refers to debentures.

Cash and cash equivalents and short-term investments

Cash and cash equivalents and short-term investments at the end of the year totaled R$ 608.9 million, allocated to: ensure the expansion and modernization of the existing units; open new units and replace imaging equipment; and to improve the quality, payment of dividends, and payment of a portion of the debt principal amount, in addition to guarantee the Company's ordinary operations.

Investments

Net CAPEX investments in 4Q13 amount to R$ 42.6, in comparison with the amount of R$ 56.2 million in 2012. From January to December of this year, investments totaled R$ 144.3 million, in comparison with the amount of R$ 234 million in 2012. Investments were primarily directed toward: (i) renovation and expansion of new and existing operating units; (ii) purchase of imaging equipment; (iii) expansion and development of production and support systems; and (iv) renovation of technological facilities.

Information to shareholders – Capital markets

The Company's shares closed the year quoted at R$14.56, accumulating an increase of 10.4% in the year, against a 15.5% decrease in Ibovespa. Between January and December 2013, the Company's shares were traded on 100% of the auctions held at BM&FBovespa, and involved a financial volume of R$5.9 billion (a daily average of R$23.6 million).

Board of Directors

Board of Director's members were appointed in the shareholders' meeting, as follows:

		Term of Office	
Name	**Position**	**Beginning**	**Duration**
Romeu Côrtes Domingues	Chairman	04/22/2013	Until the Annual General Meeting that approves accounts for year 2014
Oscar de Paula Bernardes	Vice chairman (independent)	04/22/2013	
Maurício Bittencourt Almeida Magalhães	Director (independent)	04/22/2013	
Dickson Esteves Tangerino	Director	04/22/2013	
Carlos Fernando Costa	Director (independent)	04/22/2013	

In addition to the Board of Directors, the Statutory Audit Committee was established in April 2013.

Statutory Audit Committee

Following is the list of the Statutory Audit Committee members:

Name	Position	Term of Office	
		Beginning	Duration
Raimundo Lourenço Maria Christians	Coordinator	05/06/2013	10 years from date membership is assumed
Raphael Nascimento Diederichsen	Member (effective)	05/06/2013	
Maurício Bittencourt Almeida Magalhães	Member (effective)	05/06/2013	
Manuela Cristina Lemos Marçal	Member (effective)	05/06/2013	

Management

Following is the list of the Statutory Management members:

Name	Position	Term of office	
		Beginning	Duration
Dickson Esteves Tangerino	Chief Executive Officer	04/22/2013	Until the Annual General Meeting that approves the accounts for year 2015
Octavio Fernandes da Silva Filho	Chief Operations Officer	04/22/2013	
Antonio Carlos Gaeta	Chief Business Director	04/22/2013	
Paulo Bokel Catta-Preta	Chief Financial and Investor Relations Officer	04/22/2013	
Carlos Elder Maciel de Aquino	Chief Accounting Management and Accounts Receivable Officer	04/22/2013	
Emerson Leandro Gasparetto	Chief Radiology and Imaging Diagnosis Officer	04/22/2013	
Lilian Cristina Pacheco Lira	Chief Legal Officer	04/22/2013	
Marcelo Rucker	Chief People Officer	04/22/2013	
Carlos Roberto Katayama	Chief IT Officer	12/16/2013	

Significant events

CADE qualified approval – association with MD1

On December 4, 2013, the Brazilian Antitrust Agency (CADE) approved, in a session judged on that date, within the scope of Merger Review Process No. 08012.010038/2010-43, MD1 Diagnósticos S.A. acquisition transaction, concluded on January 5, 2011 (“MD1 Acquisition”), with restrictions based on the Performance Commitment Agreement (“TCD”) entered between the Company and CADE.

Closing of the 4th debenture public offering

On October 17, 2013, the Company communicated its shareholders and the general market that it has closed its public offering with restrictive efforts for placement of unregistered debentures not convertible into shares, of DASA’s fourth issue. 45,000 debentures were subscribed, with a 5-year term as from their issue date, therefore maturing on October 15, 2018, amounting to R$ 450,000,000.00.

Debentures have clauses determining the maximum indebtedness and leverage levels, which are computed by the indexes of (i) net debt/EBITDA, which should be equal or below 3.0, and (ii) IBITDA/Financial income (loss), which should be equal or above 2.0.

Appointment of Chief IT Office and changes in Officers' responsibilities

On December 16, 2013, the Company's Board of Directors approved the appointment of Mr. Carlos Roberto Katayama as Chief IT Officer, with a unified term of office, along with other Board of Directors' members, until the Annual General Meeting that approves the accounts for the year ending December 31, 2015. Additionally, the denomination of Chief Accounting and Infrastructure Officer was changed to Chief Accounting and Accounts Receivable Officer, which will also be responsible for the accounts receivable activities. The infrastructure area, previously led by the Chief Accounting and Infrastructure Officer is now under the responsibility by the Chief Operations Officer.

Significant subsequent events

Disclosure of Officer vote CADE – MD1

On February 10, 2014, the Company informed that it was notified by CADE about the vote of the Reporting Member referring to Merger Review Process No. 08012.010038/2010-43 (DASA x MD1), by means of disclosure of judgment certification on the Federal Official Gazette.
The public version of this vote, obtained from CADE website, is available in the headquarter and at the Company's website (www.dasa3.com.br).

Tender Offer

On December 23, 2013, the Company was informed, under the terms of the Material Fact Notice published on the same date of the voluntary tender offer to acquire the Company's equity control by CROMOSSOMO PARTICIPAÇÕES II S.A. ("Offeror"), to acquire at least 82,362,124 (eighty-two million three hundred sixty-two one hundred twenty-four) shares, which correspond to 26.41% (twenty-six point forty-one percent) plus 1 (one) share of the Company's capital, to all common shares issued thereby, for the share price of R$15.00 (fifteen) ("OPA").

On January 22, 2014, the Company was informed by the Offeror that the OPA public notice was amended, with the waiver by the Offeror in relation to the condition to acquire equity interest representing the acquisition of the Company's equity control. This information was the subject matter of Material Fact Notice published on January 22, 2014. Considering the amendment, the OPA still intended to acquire total common shares issued by the Company, but not conditioned upon acquiring a minimum number of shares to be completed.

The Brazilian Securities and Exchange Commission ("CVM"), through Marketable Securities Registration Supervisory Office, disregarded the referred to amendment produced by the Offeror. After a claim filed by the Offeror, on January 29, 2014, CVM reported that the claim was analyzed by its Board, who decided to authorize the OPA auction as "Unified OPA", with (i) Voluntary OPA, under the terms of item IV of CVM Ruling No. 361/02; and (ii) OPA for the acquisition of equity control, under the terms of item V, both of article 2 of the same ruling.

In compliance with item 4.8 of BM&FBOVESPA Mercado Novo Listing Regulation, on January 13, 2014 and on February 6, 2014, the Company's Board of Directors was favorable to accepting the OPA and Unified OPA, respectively. The Board of Directors pointed out that the final decision on whether to accept the OPA is the responsibility of each shareholder. It recommends that all documents publicly available be read, and financial, legal and tax advisers be consulted with before deciding to accept it so as to check for legal, exchange and tax implications.

The auction was held on February 10, 2014, and for the subsequent 30 days, Cromossomo acquired total 150,769,012 shares, which account for 48.35% of DASA capital. Interest held by the Offeror, in conjunction with that of its indirect controlling shareholders, Mr. Edson de Godoy Bueno and Ms. Dulce Pugliese de Godoy, according to the Material Fact Notice Published by the Offeror on March 12, 2014, accounts for 71.94% of DASA capital on that date.

On March 11, 2014, the Company was referred to as defendant in the arbitration filed by Cromossomo in the Market Arbitration Chamber, to contest the obligation to realize OPA as provided in article 45 of the Company’s Articles of Association.

Perspectives for 2014

In 2014, DASA is expanding its capacity by opening new units, and refurbishing and expanding the existing ones.

We are reinforcing our relationship with the medical community trough seminars, meetings and visitations, in order to share our knowledge and techniques. We will continue developing techniques and analyses to promote knowledge and broaden the perception of quality of our operations.

All investments made in the modernization of existing units, opening of new units, replacement of imaging equipment, together with greater investment to improve the quality of operations, will enable an environment more favorable to growth. We are unifying the Company's systems, in order to improve and streamline our management processes.

Projections and non-accounting data

The statements contained in this document, referring to business perspectives, projections on operating outcomes, financial income (expenses), and those related to the Company's expected growth, are only projections and, as such, based solely on Management's expectations for the future of the Company's businesses. This performance report includes accounting and non-accounting data, such as: operating and financial data, and projections based the Management’s expectations. Non-accounting data, except for EBITDA, were not subject to audit by the Company's independent auditors.

Management Representation

Relationship with the medical community

By means of surveys carried out with members of the middle class, the Company was able to measure important achievements related to the initiatives performed. The requesting physicians already noted the restructuring of the clinical body, revitalization of the technology park, and also the improvement of the activities promoting the relationship with the medical community.

Aware of the importance of a good relationship with the medical community for the Company to continue providing an excellent service, in the forefront of science and in line with the needs of its patients, the Company will continue developing its institutional medical communication program, so that there can be an alignment with Company’s corporate strategy and that market regional specificities can be met.

Great emphasis will be given to scientific productions and to the development of innovative projects generating new services and products to leverage the generation of income. In 2013, we held various events with renowned physicians, and we also attended international conferences of Clinical Analysis and Magnetic Resonance(MRI); these events will be again in focus in 2014.

Relationship with the independent auditor

In compliance with CVM Instruction No. 381/2003, the Company did not engage services not related to independent audit for the year 2013. The Company's policy is to meet all regulations that define restrictions on independent auditor's service restrictions. The Company's financial information presented herein is in compliance with the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) and integrate the audited financial statements.

The non-financial statements, as well as other operating information, were not subject to auditing by our independent auditor.

Arbitration Clause

The Company is bound to arbitration of the Market Arbitration Chamber, in accordance with the arbitration clause provided for in Article 49 of its Articles of Incorporation.

Representation of the Executive Board

Observing the provisions of CVM Instruction No. 480, the Board represents that it has discussed, reviewed and agreed with the financial statements and with the independent auditor's report issued on the respective Financial Statements for the year ended December 31, 2013.

Acknowledgements

We thank our employees for their commitment, effort and talent, which enable us to obtain promising results and thank our customers and shareholders for their trust.

Building a better
working world

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A free translation from Portuguese into English of Report of Independent Auditors on financial statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS)

Independent auditor's report on financial statements

The Shareholders, Board of Directors and Officers
Diagnósticos da América S.A.
São Paulo – SP

Introduction

We have audited the accompanying individual and consolidated financial statements of Diagnósticos da América S.A. ("Company"), identified as Company and Consolidated, respectively, which comprise the balance sheet as at December 31, 2013 and the related income statement, statements of change in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of the individual financial statements in accordance with accounting practices adopted in Brazil and of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and with accounting practices adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the individual financial statements

In our opinion, the individual financial statements referred to above present fairly, in all material respects, the financial position of Diagnosticos da América S.A. (“Company”) as at December 31, 2013, and the performance of its operations and its cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Diagnosticos da América S.A. (“Company”) as at December 31, 2013, and the consolidated performance of its operations and its consolidated cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the accounting practices adopted in Brazil.

Emphasis

As described in Note 4, the individual financial statements were prepared in accordance with accounting practices adopted in Brazil. In the case of Diagnosticos da América S.A. (“Company”), such practices differ from IFRS applicable to separate financial statements only in connection with valuation of investments in subsidiaries, affiliates and joint ventures by the equity pickup method, which, under IFRS, it would be measured at cost or fair value. Our opinion is not qualified in respect to this matter.

Other matters

Statements of value added

We have also audited the individual and consolidated statement of value added (SVA) for the year ended December 31, 2013, prepared under the responsibility of Company’s Management, the presentation of which is required by the Brazilian Corporation Law for publicly-held companies, and as supplementary information under IFRS, whereby no statement of value added presentation is required. These statements have been subject to the same auditing procedures previously described and, in our opinion, are presented fairly, in all material respects, in relation to the overall financial statements.

São Paulo, March 24, 2014.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6

Antonio Carlos Fioravante
Accountant CRC-1SP184973/O-0

Rita de C. S. de Freitas
Accountant CRC-1SP214160/O-5

Diagnósticos da América S.A.

Statements of financial position
December 31, 2013 and 2012
(In thousands of reais)

		Company		Consolidated	
	Note	2013	2012	2013	2012
Assets					
Current					
Cash and cash equivalents	7	**486,571**	152,546	**535,881**	228,519
Marketable securities	8	**-**	-	**72,980**	31,953
Trade accounts receivable	9	**389,860**	354,812	**566,262**	498,455
Inventories	10	**40,406**	39,460	**59,383**	61,442
Taxes recoverable	11	**107,299**	82,042	**169,696**	138,462
Prepaid expenses		**883**	789	**897**	979
Derivative financial instruments	26	**85**	-	**85**	-
Other receivables		**30,740**	33,430	**33,442**	33,628
		1,055,844	663,079	**1,438,626**	993,438
Non-current assets					
Long-term receivables					
Trade accounts receivable	9	**295**	-	**5,940**	-
Deferred tax assets	23	**-**	-	**58,002**	57,002
Prepaid expenses		**788**	982	**789**	982
Judicial deposits	21	**90,695**	91,117	**95,540**	95,274
Related parties	27	**25,000**	15,500	**-**	-
Marketable securities	8	**26,184**	46,803	**37,793**	57,635
Derivative financial instruments	26	**22**	-	**22**	-
Others		**28**	28	**2,431**	3,412
Investments	12	**453,127**	401,915	**786**	516
Property and equipment	13	**543,082**	539,808	**720,180**	716,474
Intangible assets	14	**2,285,279**	2,299,035	**2,331,702**	2,347,442
		3,424,500	3,395,188	**3,253,185**	3,278,737
Total assets		**4,480,344**	4,058,267	**4,691,811**	4,272,175

	Note	Company 2013	Company 2012	Consolidated 2013	Consolidated 2012
Liabilities					
Current Liabilities					
Trade accounts payables	15	**45,804**	54,714	**65,479**	84,429
Loans and financing	16	**6,628**	16,840	**100,942**	44,520
Debentures	17	**319,912**	74,485	**319,912**	74,485
Taxes and contributions payable		**10,476**	9,608	**22,386**	30,335
Social and labor liabilities	18	**81,270**	59,409	**103,659**	81,191
Taxes in installments	19	**1,108**	2,370	**4,293**	4,820
Accounts payable for acquisition of subsidiaries	20	**1,689**	1,598	**1,689**	1,598
Dividends and interest on equity	22.f	**31,188**	20,235	**31,255**	20,235
Derivative financial instruments	26	**-**	763	**-**	763
Provision for negative equity of Subsidiaries	12	**-**	26,130	**-**	-
Other payables and provisions		**67,559**	46,590	**81,163**	58,590
		565,634	312,742	**730,778**	400,966
Non-current Liabilities					
Loans and financing	16	**1,803**	11,312	**17,507**	102,877
Debentures	17	**1,036,814**	884,499	**1,036,814**	884,499
Taxes in installments	19	**9,430**	10,022	**24,892**	28,010
Deferred tax liabilities	23	**82,211**	45,538	**82,211**	47,130
Provisions for tax, social security, labor and civil proceedings	21	**37,494**	128,926	**40,445**	132,251
Accounts payable for acquisition of subsidiaries	20	**35,061**	57,002	**46,670**	67,834
Financial instruments	26	**-**	470	**-**	470
Other payables		**3,683**	946	**3,684**	946
		1,206,496	1,138,715	**1,252,223**	1,264,017
Equity	22				
Paid-in capital		**2,234,135**	2,234,135	**2,234,135**	2,234,135
Capital reserves		**49,727**	48,171	**49,727**	48,171
Profit reserves		**423,218**	322,664	**423,218**	322,664
Other comprehensive income		**943**	1,571	**943**	1,571
Additional proposed dividends		**191**	269	**191**	269
		2,708,214	2,606,810	**2,708,214**	2,606,810
Non-controlling interest		**-**	-	**596**	382
		2,708,214	2,606,810	**2,708,810**	2,607,192
Total liabilities		**4,480,344**	4,058,267	**4,691,811**	4,272,175

The accompanying notes are an integral part of the financial statements.

Diagnósticos da América S.A.

Income statements
Years ended December 31, 2013 and 2012
(In thousands of reais)

		Company		Consolidated	
	Note	2013	2012	2013	2012
Net revenue	29	**1,779,733**	1,595,626	**2,487,487**	2,264,142
Cost of services provided	24	**(1,232,867)**	(1,124,729)	**(1,714,637)**	(1,564,923)
Gross profit		**546,866**	470,897	**772,850**	699,219
Other revenue		**3,653**	10,956	**18,690**	24,464
General and administrative expenses	25	**(381,005)**	(349,347)	**(502,048)**	(478,732)
Income before net financial / expenses, equity pick-up and taxes		**169,514**	132,506	**289,492**	244,951
Financial income	30	**79,612**	31,807	**91,371**	50,927
Financial expenses	30	**(150,939)**	(137,467)	**(177,955)**	(164,619)
Net financial expenses		**(71,327)**	(105,660)	**(86,584)**	(113,692)
Equity pick-up	12	**69,787**	71,666	**-**	-
Income before income and social contribution taxes		**167,974**	98,512	**202,908**	131,259
Income and social contribution taxes	23	**(36,673)**	(13,320)	**(71,326)**	(46,531)
Net income for the year		**131,301**	85,192	**131,582**	84,728
Income attributable to:					
Controlling shareholders		**131,301**	85,192	**131,301**	85,192
Non-controlling shareholders		**-**	-	**281**	(464)
Net income for the year		**131,301**	85,192	**131,582**	84,728
Earnings per share					
Earnings per common share - basic (in R$)		**0.42267**	0.27424	**0.42358**	0.27275
Earnings per common share - diluted (in R$)		**0.42224**	0.27393	**0.42314**	0.27244
Number of shares - basic		**310,644**	310,644	**310,644**	310,644
Number of shares - diluted		**310,963**	310,998	**310,963**	310,998

The accompanying notes are an integral part of the financial statements.

Diagnósticos da América S.A.

Statements of changes in equity
Years ended December 31, 2013 and 2012
(In thousands of reais)

		Company											
			Capital reserves			Income reserves							
	Note	Paid-in capital	Goodwill reserves	Granted options	Treasury shares	Legal reserves	Retained earnings	Other comprehensive income	Retained earnings	Additional proposed dividends	Total Company	Non-controlling interest	Total consolidated
Opening balances at January 1, 2012		2,234,135	65,427	-	(18,617)	19,302	238,045	2,199	-	1,857	2,542,348	(328)	2,542,020
Net income for the year		-	-	-	-	-	-	-	85,192	-	85,192	(464)	84,728
Non-controlling interest		-	-	-	-	-	-	-	-	-	-	1,174	1,174
Depreciation of deemed cost		-	-	-	-	-	628	(628)	-	-	-	-	-
Allocations													
Legal reserves	22	-	-	-	-	4,260	-	-	(4,260)	-	-	-	-
Retained earnings reserve	22	-	-	-	-	-	60,430	-	(60,430)	-	-	-	-
Dividends	22	-	-	-	-	-	-	-	(20,233)	-	(20,233)	-	(20,233)
Additional proposed dividends	22	-	-	-	-	-	(1)	-	(269)	(1,588)	(1,858)	-	(1,858)
Stock-option plan	22	-	-	1,361	-	-	-	-	-	-	1,361	-	1,361
Closing balances at December 31, 2012		**2,234,135**	**65,427**	**1,361**	**(18,617)**	**23,562**	**299,102**	**1,571**	**-**	**269**	**2,606,810**	**382**	**2,607,192**
Net income for the year		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**131,301**	**-**	**131,301**	**281**	**131,582**
Non-controlling interest		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(67)**	**(67)**
Depreciation of deemed cost		**-**	**-**	**-**	**-**	**-**	**628**	**(628)**	**-**	**-**	**-**	**-**	**-**
Allocations													
Legal reserves	22	**-**	**-**	**-**	**-**	**6,565**	**-**	**-**	**(6,565)**	**-**	**-**	**-**	**-**
Retained earnings reserve	22	**-**	**-**	**-**	**-**	**-**	**93,361**	**-**	**(93,361)**	**-**	**-**	**-**	**-**
Dividends	22	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(31,184)**	**-**	**(31,184)**	**-**	**(31,184)**
Additional proposed dividends	22	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(191)**	**(78)**	**(269)**	**-**	**(269)**
Stock-option plan	22	**-**	**-**	**1,556**	**-**	**-**	**-**	**-**	**-**	**-**	**1,556**	**-**	**1,556**
Closing balances at December 31, 2013		**2,234,135**	**65,427**	**2,917**	**(18,617)**	**30,127**	**393,091**	**943**	**-**	**191**	**2,708,214**	**596**	**2,708,810**

The accompanying notes are an integral part of the financial statements.

Diagnósticos da América S.A.

Cash flow statements - Indirect method
Years ended December 31, 2013 and 2012
(In thousands of reais)

	Company		Consolidated	
	2013	2012	2013	2012
Net cash from operating activities				
Net income for the year	**131,301**	85,192	**131,582**	84,728
Adjustments for:				
Depreciation and amortization	**126,895**	120,635	**144,795**	152,580
Restatement of contingencies	**14,430**	12,532	**14,430**	13,016
Deferred taxes	**36,673**	13,320	**34,081**	9,778
Restatement of interest and exchange variation on loans	**99,798**	90,276	**119,858**	107,059
Residual write-off of property, equipment and intangible assets	**4,853**	4,001	**4,914**	(8,448)
Stock-option plan	**1,557**	1,361	**1,557**	1,361
Equity pick-up	**(69,787)**	(71,666)	**-**	-
Provision for disallowances and default	**(45,673)**	19,067	**(41,734)**	24,914
Restatement of interest and exchange variation marketable securities	**-**	-	**(4,098)**	(6,132)
Others	**374**	283	**-**	-
(Increase) / Decrease in accounts receivable and other receivables	**10,330**	(19,272)	**(32,013)**	(33,350)
(Increase) / Decrease in inventories	**(946)**	19,197	**2,059**	15,925
(Increase) / Decrease in other assets	**(27,221)**	25,055	**(30,865)**	(16,905)
(Increase) / Decrease in other non-current assets	**(4,027)**	(12,968)	**20,393**	6,118
Increase / (Decrease) in trade accounts payables	**(8,910)**	1,918	**(18,950)**	7,788
Increase / (Decrease) in accounts payable and provisions	**(83,142)**	(23,083)	**(62,180)**	(23,948)
Others	**-**	-	**(28,849)**	(24,063)
Net cash from operating activities	**186,505**	265,848	**254,980**	310,421
Net cash used in investing activities				
Acquisition of property and equipment	**(98,208)**	(176,293)	**(114,460)**	(208,495)
Acquisition of intangible assets	**(29,405)**	(27,916)	**(29,858)**	(29,402)
Increase of capital in subsidiaries	**(41,043)**	(4,578)	**-**	-
Dividends received	**53,439**	73,068	**-**	-
Acquisition of property and equipment – by merger	**-**	(929)	**-**	-
Acquisition of intangible assets – by merger	**-**	(66)	**-**	-
Proceeds from sale of property and equipment	**6,352**	26,100	**6,531**	49,100
Marketable securities	**-**	-	**(41,035)**	(1,937)
Redemption marketable securities -fair value through profit or loss	**-**	-	**4,106**	7,011
Net cash used in investing activities	**(108,865)**	(110,614)	**(174,716)**	(183,723)
Net cash from financing activities				
Loans raised	**445,862**	249,383	**519,282**	294,464
Loans amortization	**(83,082)**	(271,982)	**(178,768)**	(295,351)
Interest paid on loans	**(85,895)**	(100,666)	**(92,916)**	(110,836)
Dividends and interest on equity paid	**(20,500)**	(36,401)	**(20,500)**	(36,401)
Cash generate by (used in) financing activities	**256,385**	(159,666)	**227,098**	(148,124)
Increase / (Decrease) in cash and cash equivalents	**334,025**	(4,432)	**307,362**	(21,426)
Increase / (Decrease) in cash and cash equivalents				
Opening balances	**152,546**	156,978	**228,519**	249,945
Closing balances	**486,571**	152,546	**535,881**	228,519
	334,025	(4,432)	**307,362**	(21,426)

The accompanying notes are an integral part of the financial statements.

Diagnósticos da América S.A.

Statements of value added
Years ended December 31, 2013 and 2012
(In thousands of reais)

	Company		Consolidated	
	2013	**2012**	**2013**	**2012**
Revenue				
Sales of goods, products and services	**1,968,422**	1,767,938	**2,744,415**	2,489,994
Other revenue	**7,139**	10,956	**9,383**	24,464
Provision for disallowances and default	**(197)**	(324)	**(243)**	(201)
Inputs acquired from third parties				
(Includes ICMS, IPI, PIS and COFINS taxes)				
Costs of products, goods and services sold	**(675,497)**	(610,103)	**(954,526)**	(854,760)
Materials, energy, third party services and others	**(257,960)**	(250,511)	**(354,456)**	(335,959)
Gross value added	**1,041,907**	917,956	**1,444,573**	1,323,538
Depreciation and amortization	**(126,895)**	(120,635)	**(144,795)**	(152,580)
Net value added produced	**915,012**	797,321	**1,299,778**	1,170,958
Transferred value added received				
Equity pick-up	**69,787**	71,666	**-**	-
Financial income	**79,612**	31,807	**91,371**	50,927
Total value added to be distributed	**1,064,411**	900,794	**1,391,149**	1,221,885
Distribution of value added	**1,064,411**	900,794	**1,391,149**	1,221,885
Personnel	**441,800**	393,122	**606,594**	556,594
Taxes, charges and contributions	**235,615**	193,660	**348,904**	304,343
Debt remuneration				
Interest and rentals	**255,695**	228,820	**304,069**	276,220
Equity remuneration				
Dividends and interest on equity	**31,184**	-	**31,184**	-
Retained earnings for the year	**100,117**	85,192	**100,117**	85,192
Non-controlling interest	**-**	-	**281**	(464)

The accompanying notes are an integral part of the financial statements.

1. Operations

Diagnósticos da América S/A (Company) is a publicly-held corporation located in the city of Barueri, São Paulo State, with its registration granted by the Brazilian Securities Commission (CVM) for the trading of its securities on the stock market on November 5, 2004, and has been listed on the Novo Mercado segment of Bovespa since November 19, 2004, under code DASA3.

The Company's business purpose is to render services directly to individuals or through health insurance plans, insurance companies, medical-hospital assistance entities, other entities for healthcare financing, in the following areas: (i) clinical analysis, directly or through contracted laboratories; and (ii) other auxiliary diagnostic support services (SAD), exclusively through specialized clinics, as, for instance, in the following areas: a) cytology and pathologic anatomy; b) diagnostic by imaging and graphic methods; and c) nuclear medicine. As Management does not control them separately in their business process, they are not being recognized as reportable segments.

In addition, it explores activities related to: (i) tests in food and substances to evaluate risks for the human being; (ii) import, for its own use, of medical-hospital equipment, sets for diagnostics and related material in general; (iii) preparation, edition, publishing and distribution of newspapers, books, magazines, periodicals and other written media on scientific researches and activities developed by the Company; (iv) granting and administration of business franchising including advertising and publishing fund, training and selection of labor, supplying of equipment and research material suppliers, among others. The Company operates in lab-to-lab business (support to laboratories) through the Álvaro brand, and began offering services in the public health sector through the CientíficaLab brand. The Company can also hold equity interest in other entities.

(In thousands of Brazilian reais)

1. Operations (Continued)

The Company ended year 2013 with 519 operating units, ambulatory and hospital:

Brands	State	12/31/2013	12/31/2012
Delboni Auriemo (i)	São Paulo	**42**	41
Lavoisier	São Paulo	**77**	81
Bronstein	Rio de Janeiro	**41**	42
Lâmina (i)	Rio de Janeiro	**14**	13
Pasteur	Brasília	**25**	23
Frischmann	Paraná	**39**	42
Image	Bahia	**4**	4
Laboratório Álvaro	Paraná	**14**	14
LabPasteur	Ceará	**17**	18
Vita-Lâmina	Santa Catarina	**2**	2
Atalaia	Goiás	**22**	21
Exame	Brasília	**23**	22
MedImagem	Rio de Janeiro	**7**	7
Hospital Mãe de Deus	Rio Grande do Sul	**3**	2
Cedic/Cedilab	Mato Grosso	**9**	11
Unimagem	Ceará	**1**	1
CERPE	Pernambuco	**37**	40
Sérgio Franco	Rio de Janeiro	**80**	78
Proecho	Rio de Janeiro	**15**	15
Multi Imagem	Rio de Janeiro	**6**	6
CDPI	Rio de Janeiro	**7**	7
Previlab	São Paulo	**18**	19
Cytolab	São Paulo	**13**	12
Alta Excelência Diagnóstica – *Premium*	São Paulo and Rio de Janeiro	**3**	2
		519	523

(i) At December 31, 2013, the brand Club DA had 23 units, 19 of them linked to the brand Delboni Auriemo and 4 units linked to the brand Lâmina.

In addition, CientificaLab operates in the public healthcare segment, and the revenue arises from agreements entered into with customers in this segment. This operation ended year 2013 with 28 clients, with exam requisitions totaling 6.1 million requests for examination. CientificaLab has 590 collection units, 76 of them are hospitals and 514 are Outpatient clinics not related to the units listed above.

The information above is not comprised by the scope of the audit services.

2. Agreement on Preservation of Reversibility of Operation (“APRO”) and Performance Commitment Agreement (“TCD”)

On October 26, 2011, the Company and the Administrative Council for Economic Defense ("CADE") executed an Agreement on Preservation of Reversibility of Operation, in the case records of Concentration Act nº 08012.010038/2010-43, an Agreement to Preserve Reversibility of Transactions (“APRO”), referring to the subject matter of the Contract of Association executed on December 7, 2010, for acquisition of MD1 Group companies (“Transaction”), upon direct acquisition and purchase of shares, as approved in the Special General Meeting held on January 5, 2011. The purpose of APRO is to prevent, until the judgment of merit of the Concentration Act and relating to the companies that are the subject matter of the Operation (MD1 Group), irreversible amendments or amendments of difficult reparation, thus ensuring the reversibility of the Operation in the event that, upon judgment of the merits, CADE understands that the imposition of restrictions will be necessary. As provided for in the APRO, the Company engaged an independent auditor, BDO RCS Auditores Independentes, to attest to the fulfillment of the Agreement. In all bi-monthly reports already issued by BDO, the auditors concluded that all the requirements set forth in the APRO regarding the obligations to be fulfilled by the parties have been complied with.

Based on the opinion of its external legal counsel, the Company concluded that, for purposes of compliance with the information disclosure obligations provided, at December 31, 2013 is not a related party of the companies of Amil Group, given that such companies are not controlled by and do not control of the Company, are not under common direct or indirect control and their controllers have no material influence on Company.

Merger Review Process No. 08012.010038/2010 was approved by CADE Administrative Court, in session held on December 4, 2013, under the terms of Reporting Member Ricardo Machado Ruiz, with restrictions negotiated with the Company and formalized by means of the Performance Commitment Agreement (“TCD”).

With the execution of TCD, the Transaction Reversibility Preservation Agreement (APRO) executed by the Company on October 26, 2011, CADE considered this completed, extinct and replaced by TCD, as it accomplished the objective of preserving the transaction reversibility nature.

Restrictions provided for by TCD are as follows:

(i) The Company shall dispose assets in the cities located in the state of Rio de Janeiro, jointly totaling R$ 110,000 of the revenue for the year for a single acquiring third party which (a) has no direct or indirect relationship with the Company; and (b) does not have more than 20% (twenty percent) of the relevant market of Medical Diagnosis Services (“SAD”) in the city of Rio de Janeiro;

2. Agreement on Preservation of Reversibility of Operation (“APRO”) and Performance Commitment Agreement (“TCD”) (Continued)

(ii) the Company, for the initial term of 3 (three) years, cannot conduct the operations described in items (a) to (c) below, involving SAD service providers in the cities of Duque de Caxias, Nilópolis, Niterói, Nova Iguaçu, Rio de Janeiro, São Gonçalo and Belford Roxo, in the relevant markets of: (a) clinical analysis, (b) pathology and cytopathology, (c) echocardiography, echocardiography, Doppler, ecovascular, ecocarotid and vertebral ecotransesophageal, (d) EEG, (e) CT (f) ultrasonography, (g) MRI, (h) bone densitometry and (i) mammogram:

(A) Merger or acquisition of company operating in SAD market (“merger/acquisition”);

(B) Direct or indirect acquisition, by purchase or exchange of shares, units of interest or securities convertible into shares, or tangible or intangible assets through contract or by any other mean, of the control or portion of one or more companies operating in the Medical Diagnosis Services (“SAD”) market; or

(C) execution of an association contract, consortium or joint venture with companies in the SAD market (“Association” and, together with merger/acquisition transactions, as defined above, “Qualifying Operations”).

(iii) the Company cannot perform, for the initial term of 2 (two) years, any of the Qualifying Operations involving SAD companies in the cities of Guarulhos, Osasco, Santo André, São Bernardo do Campo, São Caetano do Sul, São Paulo and Taboão da Serra, in relevant markets of: (a) clinical analysis, (b) pathology and cytopathology (c) echocardiography, echocardiography, Doppler, eco-vascular, eco-carotid, vertebral, and eco-transesophageal, (d) CT scan, (e) MRI, and (f) ultrasonography;

(iv) the Company cannot perform, for the initial term of 2 (two) years, any of the Qualifying Operations involving SAD companies in the cities of Curitiba and São José dos Pinhais, in the relevant markets of: (a) clinical analysis, (b) CT and (c) ultrasonography;

(v) after the initial three-year or two-year term, as the case may be, as determined in items (ii), (iii) and (iv) above, respectively, and for the additional term of two years after the initial term, the Company shall submit any Qualifying Operations to prior approval from CADE in the respective locations, even if the minimum billing standards provided by competition law for mandatory notification of merger procedures are not reached.

Observing the restrictions described above, TVD a) does not hinder the Company's, or any of its subsidiaries’, corporate restructuring operations, either directly or indirectly; b) does not hinder acquisition of companies outside the cities mentioned above; and c) does not have provisions that may hinder the Company’s organic growth.

(In thousands of Brazilian reais)

2. Agreement on Preservation of Reversibility of Operation (“APRO”) and Performance Commitment Agreement (“TCD”) (Continued)

The Company’s management shall take the necessary measures to comply with CADE obligations referring to TCD.

Finally, the public version of Reporting Member Ricardo Machado Ruiz, which influenced the decision of CADE Administrative Court, and exposes reason considered by CADE for the adopted decision, is available at www.cade.gov.br, as well as on the Company’s investor relations website (www.dasa3.com.br).

3. Consolidation procedures

The financial statements comprise the statements of the Company and the following subsidiaries:

Controladas Diretas	Participações	12/31/13	12/31/12
CDPI - Clínica de Diagnóstico por Imagem Ltda.	Diagnósticos da América S.A.	**99.99%**	99.99%
	Laboratórios Médicos Dr. Sérgio Franco Ltda.	**0.01%**	0.01%
Cientificalab Produtos Laboratoriais e Sistemas Ltda.	Diagnósticos da América S.A.	**75.95%**	99.99%
	DASA Real Estate Empreendimentos Imobiliários Ltda.	**24.05%**	0.01%
Clínica de Ressonância e Multi Imagem Ltda.	Diagnósticos da América S.A.	**99.99%**	99.99%
	Laboratórios Médicos Dr. Sérgio Franco Ltda.	**0.01%**	0.01%
Dasa Centro Oeste Participações Ltda.	Diagnósticos da América S.A.	**99.00%**	99.00%
	DASA Real Estate Empreendimentos Imobiliários Ltda.	**1.00%**	1.00%
Dasa Finance Corporation	Diagnósticos da América S.A.	**100.00%**	100.00%
Dasa Log Empreendimentos Ltda.	Diagnósticos da América S.A.	**99,00%**	99.00%
	DASA Real Estate Empreendimentos Imobiliários Ltda.	**1.00%**	1.00%
Dasa Nordeste Participações Ltda.	Diagnósticos da América S.A.	**99.00%**	99.00%
	DASA Real Estate Empreendimentos Imobiliários Ltda.	**1.00%**	1.00%
Dasa Real Estate Empreendimentos Imobiliários Ltda.	Diagnósticos da América S.A.	**99.99%**	99.99%
	Instituto de Endocrinologia e Medicina Nuclear do Recife Ltda.	**0.01%**	0.01%

(In thousands of Brazilian reais)

Controladas Diretas	Participações	12/31/13	12/31/12
Dasa Sudoeste Participações Ltda.	Diagnósticos da América S.A.	**99.00%**	99.00%
	DASA Real Estate Empreendimentos Imobiliários Ltda.	**1.00%**	1.00%
Instituto de Endocrinologia e Medicina Nuclear do Recife Ltda.	Diagnósticos da América S.A.	**99.00%**	99.00%
	Dr. Luciano Flávio Freitas de Almeida	**1.00%**	1.00%
Dasa Property Participações Ltda.	Diagnósticos da América S.A.	**99.00%**	99.00%
	DASA Real Estate Empreendimentos Imobiliários Ltda.	**1.00%**	1.00%
Laboratórios Médicos Dr. Sérgio Franco Ltda.	Diagnósticos da América S.A.	**99.99%**	99.99%
	CDPI – Clínica de Diagnóstico por Imagem Ltda.	**0.01%**	0.01%
Previlab Análises Clínicas Ltda.	Diagnósticos da América S.A.	**99.55%**	99.55%
	Alcione Moya Aprilante	**0.39%**	0.39%
	César Antônio Blázio	**0.06%**	0.06%
Pro Echo Cardiodata Serviços Médicos Ltda.	Diagnósticos da América S.A.	**69.58%**	69.58%
	Laboratórios Médicos Dr. Sérgio Franco Ltda.	**30.42%**	30.42%
LAFÊ Serviços Diagnósticos Ltda. **(a)**	Diagnósticos da América S.A.	**99.00%**	-
	Pro Echo Cardiodata Serviços Médicos Ltda.	**1.00%**	-

Indirect subsidiaries	Interest	12/31/13	12/31/12
Check Up UP – Unidade Preventiva, Diagnóstico e Medicina Preventiva Ltda.	CDPI – Clínica de Diagnóstico por Imagem Ltda.	**99.99%**	99.99%
	Laboratórios Médicos Dr. Sérgio Franco Ltda.	**0.01%**	0.01%
Clínica de Ressonância e Multi Imagem Caxias Ltda.	Clínica de Ressonância Multi Imagem Ltda.	**99.99%**	99.99%
	Laboratórios Médicos Dr. Sérgio Franco Ltda.	**0.01%**	0.01%
Clínica de Ressonância e Multi Imagem Petrópolis Ltda.	Clínica de Ressonância Multi Imagem Ltda.	**70.00%**	70.00%
	José Antonio Fragoso Borges Filho	**15.00%**	15.00%
	José Carlos de Castro Bersot	**7.50%**	7.50%

(In thousands of Brazilian reais)

3. Consolidation procedures (Continued)

Indirect subsidiaries	Interest	12/31/13	12/31/12
	Eduardo Luiz Primo de Siqueira	**7.50%**	7.50%
Imagem e Diagnóstico Ltda.	CDPI – Clínica de Diagnóstico por Imagem Ltda.	**99.99%**	99.99%
	Laboratórios Médicos Dr. Sérgio Franco Ltda.	**0.01**	0.01
Multimagem PET S.A.	CDPI – Clínica de Diagnóstico por Imagem Ltda.	**100.00%**	100.00%
Stat Análises Clínicas Ltda.	Previlab Análises Clínicas Ltda.	**99.66%**	99.66%
	Alcione Moya Aprilante	**0.17%**	0.17%
	César Antônio Blázio Sanches	**0.17%**	0.17%
Pro Echo Cardiodata Serviços Médicos Ltda.	Diagnósticos da América S.A.	**69.58%**	69.58%
	Laboratórios Médicos Dr. Sérgio Franco Ltda.	**30.42%**	30.42%
Incebrás Instituto Brasileiro da Coluna e do Cérebro Ltda.	CDPI – Clínica de Diagnóstico por Imagem Ltda.	**29.00%**	29.00%
	Jorge Alberto Costa e Silva	**70.00%**	70.00%
	Romeu Côrtes Domingues	**1.00%**	1.00%

(a) Incorporation of Lafê Serviços Diagnósticos Ltda.

On December 20, 2013, the Company and its subsidiary Pro Echo Cariodata Serviços Médicos Ltda., costituted a limited liability company whose corporate purpose is providing auxiliary Medical Diagnosis Services (“SAD") for private patients or through accredited companies, insurance companies, health insurance entities or other health-related entities in the following areas: (i) clinical analysis, either directly or on a supplementary basis through third-party laboratories; (ii) other auxiliary diagnosis services, exclusively through specialized medical companies, such as diagnostic imaging and graphical methods. The Company’s subscribed capital is R$ 10,000.00 (ten thousand reais) divided into 10,000 (ten thousand) units of interest, divided between the Company, with 9,900 units of interest, and its subsidiary, with 100 units of interest.

4. Basis for preparation of quarterly financial statements

4.1. Statement of compliance (with respect to IFRS and CPC standards)

The financial statements include:

- The consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) presented and with the accounting practices adopted in Brazil, which follow the accounting pronouncements issued by the Accounting Pronouncements Committee (CPC); and are in compliance with the Brazilian Securities and Exchange Commission (CVM) rules.

4. Basis for preparation of quarterly financial statements (Continued)

4.1. Statement of compliance (with respect to IFRS and CPC standards) (Continued)

- The individual financial statements of the parent company were prepared according with accounting practices adopted in Brazil, which follow the accounting pronouncements issued by the Accounting Pronouncements Committee (CPC) and are in compliance with CVM rules.

The individual accounting statements of the parent company were prepared in accordance with the accounting practices adopted in Brazil. Regarding the Group, these practices differ from the IFRSs applicable to the separate financial statements due to the measurement of investments in subsidiaries through the equity pick-up method required by the accounting practices adopted in Brazil, while, for purposes of the IFRS, such measurement would be made at cost or fair value. However, the Group's equity and consolidated income does not differ from the equity and income stated in the individual financial statements of the parent company. Thus, the Group's consolidated financial statements and the individual financial statements of the parent company are hereby presented side by side in one single set of financial statements.

The publication of the individual and consolidated financial statements was authorized by the Board of Directors at the meeting held on March 24, 2014.

4.2. Basis for measurement

The individual and consolidated financial statements were prepared on the basis of historical cost, with except for the following items recognized in the statement of financial position: derivative financial instruments measured at fair value; and (ii) non-derivative financial instruments measured at fair value thought profit or loss.

4.3. Functional and reporting currency

The preparation of the individual and consolidated financial statements in accordance with IFRS and CPC standards requires Management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported values of assets, liabilities, revenue and expenses. Actual results may differ from such estimates.

4.4. Use of estimates and judgment

The preparation of the individual and consolidated financial statements in accordance with IFRS and with accounting practices adopted in Brazil requires Management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported values of assets, liabilities, revenue and expenses. Actual results may differ from such estimates.

4. Basis for preparation of quarterly financial statements (Continued)

4.4. Use of estimates and judgment (Continued)

Estimates and assumptions are permanently reviewed. Reviews relating to accounting estimates are recorded in the year in which the estimates are reviewed, as well as in any other future periods affected.

Uncertainties about the assumptions or estimates that may pose significant risks of material adjustments in the following reporting year are detailed in the following notes:

- Note 5.8 – Impairment – principal assumptions used in discounted cash flow estimates used for calculation of goodwill impairment;
- Note 9 - Trade accounts receivable, analysis of allowance for doubtful accounts;
- Note 21 - Provision for tax, social security, labor and civil risks;
- Note 23 – Income and social contribution taxes – deferred tax recovery analysis; and
- Note 26 – Assumptions used for determining the fair value of financial instruments.

4.5. Segregation between current and noncurrent

Except for deferred taxes, the Company segregated all equity items that are expected to be realized within twelve months as from the date of the financial statements as current.

4.6. Statement of comprehensive income

There were no equity transactions resulting in adjustments that might be recorded in the statement of comprehensive income, that is, income for the year equals comprehensive income.

5. Significant accounting practices

The accounting practices detailed below have been consistently applied to all the periods shown in these individual and consolidated financial statements. The accounting practices have been consistently applied by all companies of the Group.

5. Significant accounting practices (Continued)

5.1. Basis of consolidation

i. Business combination

For acquisitions made on or after January 1, 2009, business combinations are recorded at acquisition date, i.e. at the date when the control is transferred to the Group under the acquisition method. The investor has control over an investee when it is exposed, or is entitled to, variable returns from its involvement with the investee and is able to affect these returns due to its control over the investee. The Company measures goodwill, at acquisition date, as:

- the amount of the consideration transferred; less

- the net amount at fair value of the identified net assets acquired.

Any contingent and payable consideration is measured at fair value on the date of acquisition. Contingent considerations classified as “equity instrument” are not re-measured, and their settlement is recorded in equity. Regarding other considerations, all subsequent changes in fair value are recorded in income for the year.

ii. Acquisition of non-controlling interest

This is recorded as “transactions between shareholders”. Thus, goodwill is not recorded as a result of such transactions.

Adjustments to non-controlling interest in transactions not involving loss of control are recorded on the basis of their percentage interest in the net assets of the subsidiary.

iii. Subsidiaries

Financial statements of subsidiaries are included in the consolidated financial statements as from the date on which control becomes effective and until the date on which it ceases. The accounting practices of subsidiaries are the same as those adopted by the Group.

Financial information on subsidiaries is recognized in the parent company’s individual financial statements at the equity pickup method.

5. Significant accounting practices (Continued)

5.1. Basis of consolidation (Continued)

iv. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income or expenses derived from intra-group transactions, are eliminated in the preparation of the consolidated financial statements. Unrealized gains arising from transactions with investees and booked under the equity pick-up method are eliminated against the investment in proportion to the Group's share in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment. Description of principal consolidation procedures:

- Elimination of the balances of asset and liability accounts between consolidated companies;
- Elimination of shares in the capital, reserves and retained earnings of subsidiary companies.
- Non-controlling interests are shown separately in the consolidated financial statements.

5.2. Foreign currency

Transactions in foreign currency

Transactions in foreign currency, i.e. all those not carried out in the functional currency, are converted at the exchange rate in force on the date of each transaction. Monetary assets and liabilities in foreign currency are converted to the functional currency at the exchange rate in force on the closing date of the statement of financial position. Gains and losses from variations in exchange rates on monetary assets and liabilities are recognized in the income statement. Non-monetary assets and liabilities acquired or contracted in foreign currency are converted at the exchange rates in force on the transaction dates or on the dates of valuation at to fair value, when applicable.

5.3. Financial instruments

i. Non-derivative financial assets

The Group initially recognizes loans and receivables and deposits on the date when they are originated. All other financial assets (including assets measured at fair value through profit or loss) are recognized initially on the trading date when the Group becomes a party to the contractual provisions of the instrument.

5. Significant accounting practices (Continued)

5.3. Financial instruments (Continued)

i. Non-derivative financial assets (Continued)

The Group ceases to recognize a financial asset when the contractual rights to the cash flow expire, or when the Company transfers the right to receive contractual cash flows from a financial asset under a transaction where all the risks and benefits of ownership of the financial asset are effectively transferred. Any interest created or retained by the Company in financial assets is recognized as an individual asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends to either settle them on a net basis or to realize the asset and settle the liability simultaneously.

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

Financial assets recorded at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is held for trading, i.e. designated as such at the time of initial recognition. Financial assets are shown at fair value through profit or loss if the Group manages these investments and takes buying and selling decisions based on their fair value, according to the Group's documented risk management and investment strategy. After initial recognition, transaction costs are recognized in the income statement when incurred. Financial assets registered at fair value through profit or loss are measured at fair value, and changes in the fair value of these assets are recognized in income for the year.

Loans and receivables

Loans and receivables are financial assets, with fixed or determinable payments, that are not quoted on an active market. These assets are initially recognized at fair value plus any attributable transaction costs. After initial recognition, loans and receivable are measured at amortized cost, on an accrual basis, less any impairment losses. Loans and receivables include trade accounts receivable and other receivables.

Cash and cash equivalents

Cash and cash equivalents include cash balances and financial investments that can be redeemed daily from the issuer of the financial instrument without any material loss of revenue.

5. Significant accounting practices (Continued)

5.3. Financial instruments (Continued)

ii. Non-derivative financial liabilities

The Group recognizes debt securities issued and subordinated liabilities initially on the date on which they originate. All other financial liabilities (including liabilities measured at fair value through profit or loss) are recognized initially on the trading date when the Group becomes a party to the contractual provisions of the instrument. The Group cancels a financial liability when its contractual obligations have been withdrawn or cancelled or have matured.

The Group classifies non-derivative financial liabilities as other financial liabilities. These financial liabilities are initially recognized at fair value plus any attributable transaction costs. After initial recognition, these financial liabilities are measured at amortized cost on an accrual basis.

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

iii. Capital stock

Common shares

Common shares are classified as equity. Additional costs directly attributable to the issue of shares and stock options are recognized as a deduction to equity, net of any tax effects.

Repurchase of shares (treasury shares)

When capital recognized as equity is repurchased, the amount paid, including directly attributable costs, net of any tax effects, is recognized as a reduction in equity. The repurchased shares are classified as treasury shares and shown as a deduction from equity. When treasury shares are subsequently sold or reissued, the amount received is recognized as an increase in equity, and the resulting surplus or deficit is transferred to/from retained earnings.

Mandatory minimum dividends, as defined in the articles of incorporation, are recognized as liabilities.

5. Significant accounting practices (Continued)

5.3. Financial instruments (Continued)

iv. <u>Derivative financial instruments</u>

The Company uses derivative financial instruments, namely swaps, solely to protect against risks arising from exchange variations in foreign currency positions held in the statement of financial position. The Company and its subsidiaries do not use derivative financial instruments for speculative purposes.

Although the company uses derivatives for hedging purposes, it has not adopted hedge accounting.

We should stress that all derivatives transactions are submitted in advance for the approval of the Executive Committee and confirmed by the Board of Directors and/or its ancillary consultative bodies.

It is noteworthy that all derivative transaction is submitted prior to the hiring, the approval of the Executive Committee of the Company and validated by the Board of Directors and / or its subsidiary advisory bodies.

For all the risks to which the Company is exposed from derivative financial instruments (except liquidity and credit risks), a stress test has to be carried out monthly, at the rates of 50% and 100% of variations from the original rates, so as to assess the elasticity of these positions when submitted to major changes in the interest rates and/or currency rates involved in the transactions.

Derivative instruments are measured at fair value, with changes recognized in income for the year.

The fair value of derivative financial instruments is calculated on the basis of details of each transaction contracted and of the corresponding market information, such as interest and exchange rates, on the closing date for the financial statements. When applicable, this information is compared with the positions reported by the dealing desk of each financial institution involved.

The fair values of derivative financial instruments are shown in Note 26.

5. Significant accounting practices (Continued)

5.4. Property and equipment

i. Recognition and measurement

Items of property and equipment are measured at historic acquisition or construction cost, less accumulated depreciation and impairment losses.

The Company opted to value property and equipment at deemed cost as from the 2009 opening date. This resulted in an increase in the book value of property and equipment, with a corresponding increase in equity, net of tax effects.

Cost includes expenses directly attributable to the acquisition of an asset. The cost of assets constructed by the Company includes the cost of materials and direct labor, any other costs involved in installing the asset in the location and in the condition necessary for it to operate as management intends, the costs of dismounting the assets and restoring the location to its original condition, and loan expenses for qualifying assets, which are those capitalized on or after January 1, 2009.

Software purchased as an integral part of the operation of an equipment item is capitalized as part of the equipment.

When components of an item of property and equipment have different useful lives, they are recorded as individual items (principal components).

Gains and losses on disposal of an item of property and equipment are calculated by comparing the proceeds of the disposal with the book value of the asset, and the net amount is recognized in income under other revenue.

ii. Subsequent costs

Subsequent costs are capitalized to the extent that it is likely that they will create benefits for the Group in the future. Regular repair and maintenance costs are registered in the income statement.

iii. Depreciation

Items of property and equipment are depreciated on a straight-line basis in income for the year, according to the estimated useful life of each component. Leased assets are depreciated over their useful lives or over the period of the lease agreement, whichever is less, unless the Group is certain of obtaining ownership of the assets at the end of the lease. Land is not depreciated.

5. Significant accounting practices (Continued)

5.4. Property and equipment (Continued)

iii. Depreciation (Continued)

Items of property and equipment are depreciated from the date when they are installed and ready for use, or in the case of assets constructed by the Company, from the date when construction is finished and the asset is available for use.

Estimated useful lives for the current and comparative years are shown in Note 13.

Depreciation methods, useful lives and residual values are reviewed at the close of each financial year and any adjustments are recognized as changes in accounting estimates.

Improvements Leasehold improvements are depreciated based on the term of the lease of the property or useful life of assets, whichever is shorter.

5.5. Intangible assets and goodwill

i. Goodwill

Goodwill from acquisition of subsidiaries is included in intangible assets in the consolidated financial statements for measurement of goodwill upon initial recognition.

ii. Other intangible assets

Other intangible assets acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortization and impairment losses.

iii. Subsequent costs

Subsequent costs are capitalized only when they add to the future economic benefits arising from the asset to which they relate. All other costs, including costs of goodwill generated internally and brands, are recognized in income when incurred.

iv. Amortization

With the exception of goodwill, amortization of intangible assets is recognized in the income statement on a straight line basis over their estimated useful life, as from the date when they are available for use. Estimated useful lives for the current and comparative years are shown in Note 14.

5. Significant accounting practices (Continued)

5.5. Intangible assets and goodwill (Continued)

iv. Amortization (Continued)

Amortization methods, useful lives and residual values are reviewed as of the close of each year, and adjusted if necessary.

5.6. Leasing

i. Financial leases

Certain lease agreements substantially transfer to the Company the risks and benefits inherent in the ownership of an asset. Such agreements are classified as financial leasing agreements and the assets leased are recognized at the lower of fair value and the present value of the minimum payments due under the corresponding agreements. Items recognized as assets are depreciated over the periods applicable to each group of assets, as shown in Note 28. Financial charges corresponding to financial leasing agreements are allocated to income over the period of the agreement, at the amortized cost and effective interest rate methods.

Minimum payments made under financial leases are allocated between financial expenses and reduction of outstanding liabilities. The financial expenses are allocated to each period over the life of the lease so as to produce a constant interest rate for the period on the outstanding balance of the liability. Contingent lease payments are recorded after revisions of minimum lease payments for the remaining period of the lease, when an amendment to the lease is confirmed.

ii. Operating leases

These are leasing transactions under which the risks and benefits of ownership of an asset are not transferred, and where the purchase option at the end of the agreement is equivalent to the market value of the asset leased. Payments made under an operating lease agreement are recognized as expenses in the income statement, on a straight-line basis over the period of the lease agreement.

Lease payment incentives are recognized as an integral part of total leasing expenses, over the period of the lease.

5. Significant accounting practices (Continued)

5.7. Inventories

Inventories are valued at historic cost or at net realizable value, whichever is less. Inventories are used exclusively in undertaking clinical analysis tests and imaging diagnostics. A provision for obsolescence has been set up for items that have not moved for more than 120 days.

5.8. Impairment

i. Financial assets (including receivables)

Financial assets not measured at fair value through profit or loss are valued at each reporting date to ascertain whether there is objective evidence of impairment. An asset is impaired if objective evidence indicates that a loss event has occurred since its initial recognition, and that this loss event will have a negative effect, which can be reliably estimated, on projected future cash flows.

Objective evidence of impairment of financial assets (including equity securities) may include: non-payment or delay in payment on the part of a debtor; restructuring of a debt owed to the Company on conditions that the Company would not offer to other debtors; indications that the debtor or issuer is about to become insolvent; or the disappearance of an active market for a security. In addition, in the case of an equity instrument, a significant or prolonged decline in its fair value, below cost, is objective evidence of impairment.

ii. Non-financial assets

Book values of the Group's non-financial assets, other than inventories and deferred income and social contribution taxes, are reviewed at each reporting date to ascertain whether there are indications of impairment. If such indications exist, the recoverable value of the asset is estimated. In the case of goodwill and intangible assets with an indefinite useful life, the recoverable value is estimated each year. An impairment loss is recognized if book value exceeds recoverable value.

The recoverable value of an asset is its value in use, or fair value less selling expenses, whichever is greater. Value in use is calculated by discounting estimated cash flows to their present value using the pre-tax discount rate which reflects market conditions for the period over which the capital can be recovered, and the specific risks applying to the asset.

5. Significant accounting practices (Continued)

5.8. Impairment (Continued)

ii. Non-financial assets

In view of the foregoing, a set of assumptions was defined to compute the recoverable amount of the key assets:

Cash generating unit: Diagnósticos da América S/A.

Determination of cash flows: Income volume based on maturity of the existing units, feasibility analysis approved for new units, synergy revenue on acquisitions and increase in image services for the Company; term used for cash flows: five years;

Cash flows growth rate in perpetuity: 3.50% p.a.;

Discount rate used (net of taxes): weighted average rate of the Company's capital cost (13.7% p.a.).

Impairment testing of goodwill and intangible assets with indefinite useful lives, in the books of the Company and its subsidiaries, did not show any need for recognizing losses on intangible assets.

5.9. Provisions

A provision is set up, as a result of a past event, if the Group has a legal or constructive obligation that can be reliably estimated, and if it is likely that economic resources will be required to settle it. Provisions are calculated by discounting expected future cash flows at the pre-tax rate reflecting current market assessments of money value over time, and the specific risks relating to the liability. The financial costs incurred are recognized in the income statement.

5.10. Operating income

Operating income corresponds mainly to the value of consideration received or receivable for the sale of services by the Company and its subsidiaries in the normal course of their business.

Income is recognized when its value can be reliably measured, when it is probable that future economic benefits will accrue to the Group, the costs of the transaction can be measured, the risks and benefits have been substantially transferred to the customer and when specific criteria have been satisfied for each Group activity.

5. Significant accounting practices (Continued)

5.10. Operating income (Continued)

The Company's income arises mainly from the rendering of diagnostic and clinical analysis services. Uninvoiced income corresponds to diagnostic and clinical analysis services rendered but not yet invoiced, and are calculated on the basis of services rendered up to the date of the statement of financial position, on an accrual basis.

Income from the rendering of services is recognized in income for the period on an accrual basis and according to the contractual amounts. Income is not recorded if there is uncertainty as to its realization.

5.11. Financial income and expenses

Financial income basically comprises interest received on financial investments, positive exchange differences and receivables. Interest income is recognized in the income statement at the effective interest method. Distributions of dividends from investees recorded as equity pick-up reduce the value of the investment.

Financial expenses mainly include expenses with interest on debentures, bank loans and financing. This balance also includes foreign exchange losses, bank expenses, credit card fees, tax on financial transactions (IOF), income tax paid on remittance of interest abroad, and interest on taxes paid in installments, financial discounts granted to customers, restatement of contingencies.

5.12. Taxes, charges and contributions

We give below the acronyms for taxes, charges and contributions used in these financial statements:

- COFINS – Contribution Tax for Social Security Financing – Federal Tax;
- CSLL - Social Contribution Tax on Net Income – Federal Tax;
- IOF – Tax on Financial Transactions – Federal Tax;
- IRPJ – Corporate Income Tax - Federal Tax;
- IRRF – Withholding Income Tax – Federal Tax;
- ISS – Tax on Services – Municipal Tax;
- PIS - Social Integration Program – Federal Tax;

5. Significant accounting practices (Continued)

5.12. Taxes, charges and contributions (Continued)

Income and social contribution taxes

Current and deferred Income and Social Contribution taxes are calculated on the basis of a 15% rate plus an additional 10% on taxable profit exceeding R$240, for income tax, and 9% on taxable profit for social contribution tax on net profit. Offsetting of tax losses and negative base for social contribution tax is taken into account, up to a limit of 30% of taxable profit.

Income and social contribution tax expenses include current and deferred income tax. Current and deferred taxes are recognized in the income statement unless they are related to a business combination.

Current tax is the anticipated tax payable or receivable on the taxable profit or loss for the year, at the tax rates enacted or substantively enacted as of the date of the financial statements, plus any adjustment to tax payable for previous years.

Deferred tax is recognized for temporary differences between book values of assets and liabilities for accounting purposes and the corresponding values for tax purposes, and on the balance of tax losses and negative base for social contribution tax.

Deferred tax is measured at the rates expected to be applied to the temporary difference when they are reversed, on the basis of the laws enacted or substantively enacted up to the reporting date.

Deferred tax assets and liabilities are offset if there is a legal right to offset current tax assets and liabilities, and if they relate to taxes charged by the same tax authority to the same taxable entity.

Deferred income and social contribution tax assets are reviewed at each reporting date and are reduced to the extent that they are no longer likely to be realized.

To comply with paragraphs 74 and 75 of CPC 32, the balance of deferred income and social contribution taxes for each taxable entity is shown net.

Sales taxes

Revenue from services rendered is subject to ISS taxation at the rates in force in each municipality and to PIS and COFINS taxes on a cumulative basis for revenue from services rendered at the rates of 0.65% and 3.00%, respectively.

5. Significant accounting practices (Continued)

5.13. Determination of adjustment to present value

The company does not apply the adjustment to present value due to the irrelevance of the amounts involved.

5.14. Basic and diluted earnings per share

Basic earnings per share is computed by dividing the income for the year, attributed to Company shareholders, by the weighted average of the number of shares of the paid-up capital and outstanding shares for the respective year.

Diluted earnings per share is calculated by adjusting the income or loss and the weighted average number of shares, taking into account the conversion of all potential shares with dilution effect. Potential shares are equity instruments or agreements that may give rise to the issuance of shares, such as convertible securities and options, including employee stock options, which may have a diluting effect in the year presented, pursuant to CPC 41 and IAS 33.

5.15. Share-based payments

The current plan, within the scope of the company's compensation policy, is designed to stimulate the performance of its beneficiaries and foster their commitment to the company's results in the short, medium and long-term, as well as aligning their interests to those of the shareholders.

The fair value of the grants to the beneficiaries is expensed in the statement of income in proportion to the period incurred regarding contracts entered into up to the dates of the statement of financial position.

5.16. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are incurred as expenses to the extent that related service is rendered.

The liability is recognized at the expected amount to be paid under the cash bonus plans or short-term profit-sharing when the Group has a legal or constructive obligation to pay this amount as a result of a past service rendered by the employee and this obligation can be estimated reliably.

5. Significant accounting practices (Continued)

5.17. Information by segment

An operating segment is a component of the company that develops business activities from which it may derive and incur expenses, including revenue and expenses relating to transactions with other components of the company.

In operating the company business, management considers that the similarities between the companies comprising the DASA group, given their similar business and economic characteristics, nature of services and production processes, and type of customer, suppliers and logistics process, defines "auxiliary services of diagnostic support" as its sole operating segment and reporting unit. This is the form used by the key operations manager for analysis and decision-making.

5.18. Statement of value added

The company prepared individual and consolidated statements of value added (DVA) in accordance with technical pronouncement CPC 09 – Statement of Value Added, which are presented as an integral part of the financial statements as required by the accounting practices adopted in Brazil applicable to publicly-held companies, while under the IFRS, they represent additional financial information.

5.19. New or revised pronouncements adopted for the first time in 2013

At January 1, 2013, new standards and reviews issued by IASB became effective, with the corresponding technical pronouncements issued by CPC and approved by CVM, however without impact on the Company's individual and consolidated financial statements. These changes include CPC 36 (R3) / IFRS 10 Consolidated financial statements, IAS 28/CPC 18 (R2) - Investment in subsidiaries, affiliates and joint ventures, IFRS 11/CPC 19 (R1) Joint arrangements, CPC 33 (R1)/IAS 19 Employee benefits, CPC 45/IFRS 12 Disclosure of interest in other entities, CPC 46/IFRS 13 Fair value measurement and changes in CPC 26 (R1)/IAS 1 Presentation of financial statements.

5. Significant accounting practices (Continued)

5.20. IFRS pronouncements not yet in force as of December 31, 2013

IFRS 9 – Financial Instruments

In November 2006, IASB issue IFRS 9, whose purpose is replacing IAS 39 - financial instruments: recognition and measurement, over three phases. This standard represents the first part of phase 1 for replacement of IFRS 9 uses a simple approach to determine whether a financial asset is measured at amortized cost or fair value. The new approach is based on how the entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The standard also requires the adoption of a single approach to determine impairment of assets. In October 2010, IASB added the requirements for reclassification and measurement of financial liabilities to this standard. This standard and any later amendments are effective for years beginning on or after January 1, 2015. The Company is evaluating the effects from application of this standard and any differences in relation to IAS 39, and believes that the adoption of this standard will not cause material impacts on the individual or consolidated financial statements.

Amendment to IFRS 10 – Investment Entities – Consolidated Financial Statements, IFRS 12 – Disclosure of Interest in Other Entities and IAS 27 – Separate Financial Statements: Investment Entities.

Amendments to IFRS 10 define investment entities and require that the reporting entities, which fall under the investment entity definition, do not consolidate their controlling entities, but record the investments in subsidiaries at their fair value through profit or loss. Amendments to these standards are effective for years beginning on or after January 1, 2014. The Company does not expect that changes for investment entities will have any impact on the Company's consolidated financial statements, since the Company does not qualify as an investment entity.

Amendment to IAS 32 – Financial Instruments: offsetting of financial assets and liabilities

These amendments clarify the meaning of “currently have the legal right to offset recognized amounts” and the criteria that would qualify the non-simultaneous offsetting mechanisms of clearing houses to be offset. Application of amendments to IAS 32 are effective for years beginning on or after January 1, 2014. The Company believes that the adoption of these amendments to IAS 32 will have no material impacts on its individual and consolidated financial statements.

5. Significant accounting practices (Continued)

5.20. IFRS pronouncements not yet in force as of December 31, 2013 (Continued)

IFRIC 21 – Levies

IFRIC 21 clarifies when one entity has to recognize liability for taxes. For a levy that is triggered upon reaching a given metric, the interpretation indicates that no liability should be recognized before the specified metric is reached. This standard is effective for years ended January 1, 2014. The Company does not expect that this standard will have significant impacts on its individual and consolidated financial statements.

IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting – Amendment to IAS 39

This review alleviates the discontinuation of hedge accounting when renewal of derivatives designated as a hedge meet certain criteria These amendments will become effective for annual years beginning on or after January 1, 2014. The Company does not expect that these amendments will have any material impact on its individual and consolidated financial statements.

IAS 36 - Impairment of Assets – Disclosure of Recoverable Amount of Non-Financial Assets

On May 29, 2013, IASB issued an amendment to IAS 36 – Impairment of assets, this changing requirements for disclosure, as for computation of the recoverable value of assets, when this is determined based on fair value less estimated selling costs. This amendment is effective for years ended on or after January 1, 2014. The Company expects that this amendment is not material for its financial statements.

5.21. Provisional Executive Order No. 627 and Brazilian IRS Revenue Procedure (IN) No. 1397

Brazilian IRS Revenue Procedure (IN) No. 1397 was enacted on September 17, 2013, and Provision Executive Order (MP) No. 627 was enacted on November 12, 2013, thus: (i) repeals the Transition Tax Regime (RTT) from 2015 onwards, introducing a new tax regime; (ii) amends Decree Law No. 1598/77 regarding the calculation of Corporate Income Tax (IRPJ) and legislation on the Social Contribution Tax on Net Profit (CSLL). The new tax regime provided for in MP No. 627 will become effective from 2014 onwards for companies that opt for its early adoption. Among the provisions of MP No. 627 are to be highlighted those that address the distribution of profits and dividends, interest on equity calculation basis and equity pickup calculation criterion during the effectiveness of the Transition Tax Regime (RTT).

5. Significant accounting practices (Continued)

5.21. Provisional Executive Order No. 627 and Brazilian IRS Revenue Procedure (IN) No. 1397 (Continued)

The Company and its subsidiaries prepared an analysis of the potential risks arising from MP 627 and IN 1397 and concluded that there are no significant impacts on its financial statements for year ended December 31, 2013, based on our best interpretation of the current MP wording. Possible conversion of MP 627 into Law may change our conclusion. The Company and its subsidiaries await definition of amendments to MP 627 to elect or not early adoption for year 2014.

6. Determination of fair value

A number of the Company's accounting policies and disclosures require the determination of fair value, for financial and non-financial assets and liabilities. The fair values have been calculated for the purpose of measurement and/or disclosure based on the methods stated below. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

6.1. Property and equipment

The fair value of property and equipment recognized as a result of a business combination is based on market values. The market value of property and equipment is the estimated amount at which an asset could be exchanged on the date of valuation between knowledgeable and interested parties in a transaction on an arms' length basis. The fair value of items of property and equipment is based on market and cost approaches through market prices quoted for similar items, when available, and replacement cost when appropriate.

For finance leases, the interest rate is determined by reference to similar leasing contracts.

6.2. Intangible assets

The fair value of trademarks and patents acquired in a business combination is based on the present value of estimated royalty payments that were avoided as a result of the ownership of the trademark or patent. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess method, whereby the underlying asset valued after deducting a fair return on all other assets that integrate the generation of their respective cash flows.

(In thousands of Brazilian reais)

6. Determination of fair value (Continued)

6.3. Derivatives

The fair value of interest rate swap contracts is determined for disclosure purposes through discount of estimated future cash flows based on conditions and maturity of each contract, using market interest rate for similar instruments at measurement date. Fair values reflect the credit risk of the instrument and include adjustments to consider the credit risk of the Groups entity and of the counterparty, when appropriate.

6.4. Non-derivative financial liabilities

The fair value determined for disclosure purposes is calculated based on the present value of the principal and of future cash flows, discounted at the market interest rate determined at the date of the financial statements. As to the liability component of convertible debt instruments, the market interest rate is determined by reference to similar liabilities that do not have a conversion option.

6.5. Share-based payment transactions

The fair value of employee share-based payments and the share appreciation rights are measured based on the market price per share (BMF&Bovespa quotation) in proportion to the number of shares and to the days elapsed between the date of the beneficiary election to the plan and the date of the financial statements.

7. Cash and cash equivalents

	Company		Consolidated	
	12/31/2013	**12/31/2012**	**12/31/2013**	**12/31/2012**
Cash and banks	**14,826**	12,669	**20,868**	16,087
Marketable securities	**471,745**	139,877	**515,013**	212,432
	486,571	152,546	**535,881**	228,519

(In thousands of Brazilian reais)

7. Cash and cash equivalents (Continued)

Cash and cash equivalents classified in consolidated current assets are presented below:

	12/31/2013		12/31/2012	
	Amount	**Average yield for the year**	**Amount**	**Average yield for the year**
Cash and banks	**20,868**	-	16,087	-
Bank Deposit Certificate (CDB) / Repurchase agreements	**397,610**	**102.19% of Interbank Deposit Certificate (CDI)**	-	-
Fixed income fund	**117,403**	**102.36% of CDI**	212,432	102.63% of CDI
	535,881		228,519	

Bank deposits represent balances in banks and immediate liquidity rights of which the use is not subject to any restrictions.

Marketable securities are readily redeemable from the issuer into a known cash amount and are subject to insignificant risk of change in value.

8. Marketable securities

		Company			
		12/31/2013		12/31/2012	
	Currency	**Amount (R$)**	**Average yield for the year**	**Amount (R$)**	**Average yield for the year**
CDB / Repurchase agreements **(a)**	R$	**6,393**	**101.01% of CDI**	-	-
Fixed income fund **(a)**	R$	**19,791**	**102.25% of CDI**	46,803	102.63% of CDI
		26,184		46,803	
Current assets		**-**		-	
Noncurrent assets		**26,184**		46,803	

(In thousands of Brazilian reais)

8. Marketable securities (Continued)

		Consolidated					
		12/31/2013			12/31/2012		
	Currency	**Amount (US$)**	**Amount (R$)**	**Average yield for the year**	**Amount (US$)**	**Amount (R$)**	**Average yield for the year**
CDB / Repurchase agreements **(a)**	R$	**-**	**8,316**	**100.01% of CDI**	-	-	-
Fixed income fund **(a)**	R$	**-**	**29,477**	**102.25% of CDI**	-	57,635	101.70% of CDI
Brazilian government bonds	US$	**-**	**-**	**-**	9,515	19,443	1.76% p.a.
Corporate bonds **(b)**	US$	**31,153**	**72,980**	**4.63% p.a.**	6,122	12,510	4.74% p.a.
			110,773			89,588	
Current assets			**(72,980)**			(31,953)	
Noncurrent assets			**37,793**			57,635	

(a) The consolidated amount of R$37,793 (R$57,635 at December 31, 2012) invested in fixed income funds and CDB / Committed transactions corresponds to guarantee for payment of contingencies that may be demanded from acquired companies, for a period of up to 6 years from the date of acquisition.

(b) Securities of public and private companies acquired by subsidiary abroad.

(In thousands of Brazilian reais)

9. Trade accounts receivable

	Company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Current				
Trade notes receivable:				
Falling due	**237,123**	216,209	**330,558**	288,535
Amounts overdue **(b)**	**127,425**	178,985	**187,579**	230,834
	364,548	395,194	**518,137**	519,369
Other accounts receivable:				
Checks receivable	**456**	381	**795**	435
Bounced check	**808**	1,080	**1,469**	1,699
Credit card	**15,135**	1,458	**15,916**	3,434
Unbilled health plans **(a)**	**55,526**	48,690	**103,371**	82,738
	71,925	51,609	**121,551**	88,306
Total receivable:	**436,473**	446,803	**639,688**	607,675
Deducted of:				
Allowance for doubtful accounts due to disallowance, default and returned checks	**(46,318)**	(91,991)	**(67,486)**	(109,220)
	390,155	354,812	**572,202**	498,455
Current assets	**(389,860)**	(354,812)	**(566,262)**	(498,455)
Noncurrent assets	**295**	-	**5,940**	-

(a) Refers to amounts of services rendered and not yet billed until to the closing of the year. Services not billed within 120 days are written off from account Agreements to be billed.

(b) The aging of overdue balances is presented below:

		Company					
		12/31/2013			12/31/2012		
	%	Gross amount	Provision for loss	Net amount	Gross amount	Provision for loss	Net amount
0 to 30		**37,685**	**-**	**37,685**	37,344	-	37,344
31 to 60		**14,851**	**-**	**14,851**	18,731	-	18,731
61 to 90		**11,914**	**-**	**11,914**	11,959	-	11,959
91 to 120	25%	**6,957**	**(1,739)**	**5,218**	10,849	(2,712)	8,137
121 to 180	50%	**12,536**	**(6,268)**	**6,268**	12,713	(6,357)	6,356
181 to 360	75%	**23,918**	**(17,939)**	**5,979**	22,187	(16,640)	5,547
Over 360	100%	**19,564**	**(19,564)**	**-**	65,202	(65,202)	-
		127,425	**(45,510)**	**81,915**	178,985	(90,911)	88,074
Returned checks		**808**	**(808)**	**-**	1,080	(1,080)	-
		128,233	**(46,318)**	**81,915**	180,065	(91,991)	88,074

(In thousands of Brazilian reais)

9. Trade accounts receivable (Continued)

		Consolidated					
		12/31/2013			12/31/2012		
	%	Gross amount	Provision for loss	Net amount	Gross amount	Provision for loss	Net amount
0 to 30		**52,629**	**-**	**52,629**	51,618	-	51,618
31 to 60		**22,667**	**-**	**22,667**	24,803	-	24,803
61 to 90		**18,091**	**-**	**18,091**	18,939	-	18,939
91 to 120	25%	**13,513**	**(3,378)**	**10,135**	16,105	(4,026)	12,079
121 to 180	50%	**17,964**	**(8,982)**	**8,982**	17,453	(8,727)	8,726
181 to 360	75%	**36,232**	**(27,174)**	**9,058**	28,592	(21,444)	7,148
Over 360	100%	**26,483**	**(26,483)**	**-**	73,324	(73,324)	-
		187,579	**(66,017)**	**121,562**	230,834	(107,521)	123,313
Returned checks		**1,469**	**(1,469)**	**-**	1,699	(1,699)	-
		189,048	**(67,486)**	**121,562**	232,533	(109,220)	123,313

The collection process for diagnostic support services provided by the Company is complex due to a variety of factors, including the large number of health plans used and different coverage offered. This complexity has historically given rise to loss due to disallowances. To a lesser extent, there are also losses due to default.

Disallowances mainly refer to: (i) operating issues, such as services rendered to customers of health care plans without previous authorization; (ii) sales issues, such as new price lists agreed, which have not been updated on both systems; and (iii) technical issues, such as different interpretations of examination requisitions.

To cover the losses as a result of such disallowances and default, Management adopts the policy of recording a provision for losses from disallowances and default based on receivables overdue for more than 90 days, as shown below:

Overdue receivables	% of provision
91 and 120 days	25%
121 and 180 days	50%
181 and 360 days	75%
Above 360 days	100%

In 2013, losses arising from disallowance and default represent 3.3% of gross operating revenue (3.1% in year 2012). From 2012, the Company began to adopt the accounting practice of derecognize any receivables overdue over 2 years against the allowance. In year 2013, R$ 61,184 (R$ 19,563 in 2012) were derecognized following this criteria, including R$ 15,803 referring to a judicial collection claim with low likelihood of success.

(In thousands of Brazilian reais)

9. Trade accounts receivable (Continued)

The Company also adopts the criterion to set up an allowance for 100% of the checks returned due to insufficient funds. At December 31, 2013, such allowance amounted to R$ 808 (R$ 1,080 at December 31, 2012) Company, and R$ 1,469 (R$ 1,699 at December 31, 2012) consolidated.

Given that receivables from credit cards companies are historically fully paid, the Company has not set up an allowance for losses in this account.

Changes in allowances for doubtful accounts due to disallowance, default and returned checks due to insufficient funds, for 2013 year in consolidated, is as follows:

Balance at December 31, 2012		(109,220)
Change in consolidated provision		
Allowance for doubtful accounts due to disallowance and default	(91,760)	**(a)**
Reversal of allowance for disallowance and default due to payment and proper disallowance	72,080	**(b)**
Derecognition of provision for receivables overdue for more than 2 years	61,184	
Reversal of provision for returned checks	230	
Net changes of provisions		41,734
Balance at December 31, 2013		(67,486)

(a) Loss in 2013, as in Note 29.

(b) This refers to write-off of past due securities for more than 2 years for which full provision was set up.

10. Inventories

	Company		Consolidated	
	12/31/2013	**12/31/2012**	**12/31/2013**	**12/31/2012**
Direct material - domestic	**23,643**	18,265	**35,406**	32,523
Direct material – imported	**5,593**	7,301	**7,664**	11,399
Secondary material - domestic	**7,857**	9,661	**11,496**	12,211
Supplies	**3,881**	4,483	**5,836**	5,854
Provision for obsolescence	**(568)**	(250)	**(1,019)**	(545)
	40,406	39,460	**59,383**	61,442

(In thousands of Brazilian reais)

11. Taxes recoverable

	Company		Consolidated	
	12/31/13	12/31/12	12/31/13	12/31/12
Income and social contribution taxes (IR/CS) – withholding income tax	**6,911**	6,736	**10,607**	10,376
IR/CS – credits recoverable	**63,222**	42,055	**83,861**	60,380
Contribution Tax on Gross Revenue for Social Integration Program (PIS) and Contribution Tax on Gross Revenue for Social Security Financing (COFINS) – withholding income tax	**19,437**	18,916	**27,214**	25,306
Service Tax (ISS) -withholding income tax	**5,385**	5,213	**13,653**	12,440
National Institute for Social Security (INSS) recoverable	**6,089**	3,442	**27,502**	23,794
Other	**6,255**	5,680	**6,859**	6,166
	107,299	82,042	**169,696**	138,462

12. Investments

a) Information on investments in subsidiaries

	Company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
DASA Real Estate Empreendimentos Imobiliários Ltda.	**29,733**	30,969	**-**	-
CientificaLab Produtos Laboratoriais e Sistemas Ltda	**85,981**	83,019	**-**	-
Instituto de Endocrinologia e Medicina Nuclear do Recife S.A. (CERPE)	**33,543**	29,370	**-**	-
CDPI - Clínica de Diagnóstico por Imagem Ltda.	**47,368**	38,459	**-**	-
CRMI - Clínica de Ressonância e Multi Imagem Ltda.	**16,102**	10,768	**-**	-
Pro Echo Cardiodata Serviços Médicos Ltda.	**88,079**	83,914	**-**	-
Laboratórios Médicos Dr. Sérgio Franco Ltda.	**122,884**	101,820	**-**	-
Previlab - Analises Clinicas Ltda.	**25,813**	23,035	**-**	-
DASA Finance Corporation	**2,795**	-		
Dasa Property Participações Ltda.	**52**	50	**-**	-
Dasa Nordeste Participações Ltda	**51**	50	**-**	-
Dasa Centro Oeste Participações Ltda.	**51**	50	**-**	-
Dasa Sudoeste Participações Ltda.	**51**	50	**-**	-
	452,503	401,554	**-**	-
Other investments	**624**	361	**786**	516
	453,127	401,915	**786**	516

(In thousands of Brazilian reais)

12. Investments (Continued)

a) Information on investments in subsidiaries (Continued)

Subsidiary	Reporting date	Number of units of interest/ shares	Number of unites of interest/ shares held	Interest in paid-in capital (%)	Paid-in capital	Equity (capital deficiency)	Income (loss) for the year
DASA Real Estate	12/31/2013	25,667,079	25,667,078	99.99	25,667	29,733	(836)
	12/31/2012	25,667,079	25,667,078	99.99	25,667	30,969	9,170
CientíficaLab (b)	12/31/2013	70,676,629	53,676,628	75.95	70,677	85,981	(12,536)
	12/31/2012	27,176,629	27,176,628	99.99	38,177	83,019	(13,588)
DASA Finance (a)	12/31/2013	50,000	50,000	100	41,123	2,795	(12,117)
	12/31/2012	50,000	50,000	100	80	(26,130)	(4,219)
CERPE	12/31/2013	122,024	120,804	99.00	122	33,543	4,544
	12/31/2012	122,024	120,804	99.00	122	29,370	(2,467)
CDPI	12/31/2013	1,834,280	1,834,279	99.99	18,343	47,368	8,909
	12/31/2012	1,834,280	1,834,279	99.99	18,343	38,459	7,391
CRMI	12/31/2013	2,508,000	2,507,999	99.99	2,508	16,102	5,694
	12/31/2012	2,508,000	2,507,999	99.99	2,508	10,768	2,556
Pro Echo	12/31/2013	131,483,058	91,483,058	69.58	131,483	126,587	4,165
	12/31/2012	131,483,058	91,483,058	69.58	131,483	120,428	179
Lab. Méd. Dr. Sérgio Franco	12/31/2013	63,902,082	63,902,081	99.99	63,902	122,884	69,183
	12/31/2012	63,902,082	63,902,081	99.99	63,902	101,820	71,257
Previlab	12/31/2013	23,113,314	23,009,743	99.56	23,113	25,813	2,779
	12/31/2012	23,113,314	23,009,743	99.56	21,198	23,035	-
Dasa Property Part.	12/31/2013	50,000	49,500	99.00	50	52	2
	12/31/2012	50,000	49,500	99.00	50	50	-
Dasa Nordeste Part.	12/31/2012	50,000	49,500	99.00	50	51	1
	12/31/2012	50,000	49,500	99.00	50	50	-
Dasa Centro Oeste Part.	12/31/2012	50,000	49,500	99.00	50	51	1
	12/31/2012	50,000	49,500	99.00	50	50	-
Dasa Sudoeste Part.	12/31/2012	50,000	49,500	99.00	50	51	1
	12/31/2012	50,000	49,500	99.00	50	50	-

(a) At December 31, 2012, interest in DASA Finance was recorded under Current liabilities, in Company, as it had negative equity. As from the fourth quarter of 2013, with the capital increases, it was reclassified to Investments, since equity was positive.

(In thousands of Brazilian reais)

12. Investments (Continued)

12.1. Changes in investments

	December 31, 2012	Capital increase	Dividends	Equity pickup	December 31, 2013
DASA Real Estate	30,969	**-**	**(400)**	**(836)**	**29,733**
CientíficaLab	83,019	**15,500 (b)**	**-**	**(12,538)**	**85,981**
CERPE	29,370	**-**	**(371)**	**4,544**	**33,543**
CDPI	38,459	**-**	**-**	**8,909**	**47,368**
CRMI	10,768	**-**	**(360)**	**5,694**	**16,102**
Pro Echo	83,914	**-**	**-**	**4,165**	**88,079**
Lab. Méd. Dr. Sérgio Franco	101,820	**-**	**(48,120)**	**69,184**	**122,884**
Previlab	23,035	**-**	**-**	**2,778**	**25,813**
Dasa Property Part.	50	**-**	**-**	**2**	**52**
Dasa Nordeste Part.	50	**-**	**-**	**1**	**51**
Dasa Centro Oeste Part.	50	**-**	**-**	**1**	**51**
Dasa Sudoeste Part.	50	**-**	**-**	**1**	**51**
	401,554	**15,500**	**(49,251)**	**81,905**	**449,708**
DASA Finance (Negative equity) investments	(26,130)	**41,043**	**-**	**(12,118)**	**2,795**
	375,424	**56,543**	**(49,251)**	**69,787**	**452,503**

(b) As private instruments of change and consolidation of Articles of Incorporation registered with the São Paulo State Commercial Registry (JUCESP) on January 7 and June 4, 2013, the Company increased the capital of the subsidiary Cientificalab by R$11,500 and R$4,000, respectively. The partner DASA Real Estate increased the capital of Cientificalab by R$17,000, pursuant to the instrument registered on June 4, 2013. After the corresponding payments, the interest held by the Company and the subsidiary DASA in the capital of the subsidiary Cientificalab totaled R$53,677 (75.95%) and R$17,000 (24.05%), respectively.

(In thousands of Brazilian reais)

13. Property and equipment, net

		Company			
		12/31/2013			12/31/2012
	Average depreciation rate% p.a.	Cost	Accumulated depreciation	Net	Net
Properties	4.00	**1,426**	**(850)**	**576**	312
Leasehold improvements	7.80	**344,738**	**(202,977)**	**141,761**	145,515
Machinery and equipment	7.05	**357,011**	**(163,906)**	**193,105**	252,109
Furniture and fixtures	10.12	**51,900**	**(23,374)**	**28,526**	27,518
Facilities	8.37	**27,596**	**(10,225)**	**17,371**	20,726
IT equipment	10.69	**120,717**	**(67,964)**	**52,753**	60,354
Vehicles	19.17	**4,112**	**(3,277)**	**835**	594
Library	7.48	**117**	**(96)**	**21**	32
Land	-	**180**	**-**	**180**	180
Acquisitions in progress	-	**107,954**	**-**	**107,954**	32,468
		1,015,751	**(472,669)**	**543,082**	539,808

		Consolidated			
		12/31/2013			12/31/2012
	Average depreciation rate % p.a.	Cost	Accumulated depreciation	Net	Net
Properties	4.00	**5,166**	**(1,918)**	**3,248**	3,128
Leasehold improvements	8.14	**422,952**	**(226,942)**	**196,010**	198,178
Machinery and equipment	6.17	**467,377**	**(207,224)**	**260,153**	319,432
Furniture and fixtures	9.21	**65,332**	**(27,832)**	**37,500**	40,224
Facilities	11.52	**53,383**	**(17,053)**	**36,330**	31,877
IT equipment	11.24	**135,714**	**(77,735)**	**57,979**	65,132
Vehicles	19.55	**6,156**	**(5,178)**	**978**	839
Library	5.15	**203**	**(127)**	**76**	41
Land	-	**6,574**	**-**	**6,574**	6,574
Acquisitions in progress	-	**121,332**	**-**	**121,332**	51,049
		1,284,189	**(564,009)**	**720,180**	716,474

(In thousands of Brazilian reais)

13. Property and equipment, net (Continued)

Changes in cost

	Company					
	Changes for the year					
	12/31/12 Adjusted (a)	Additions	Write-offs	Transf. (b)	Reclassification (c)	12/31/13
Properties	824	**-**	**-**	**-**	**602**	**1,426**
Leasehold improvements	370,096	**20,109**	**(1,260)**	**12,826**	**(57,033)**	**344,738**
Apparatus and equipment	335,624	**34,146**	**(16,824)**	**6,305**	**(2,240)**	**357,011**
Furniture and fixtures	39,211	**3,593**	**(357)**	**132**	**9,321**	**51,900**
Facilities	29,617	**6,565**	**-**	**1,006**	**(9,592)**	**27,596**
IT equipment	103,448	**20,802**	**(1,382)**	**1,914**	**(4,065)**	**120,717**
Vehicles	3,822	**336**	**(174)**	**-**	**128**	**4,112**
Library	147	**-**	**-**	**-**	**(30)**	**117**
Land	180	**-**	**-**	**-**	**-**	**180**
Construction in progress	32,468	**12,657**	**(613)**	**(23,661)**	**87,103**	**107,954**
	915,437	**98,208**	**(20,610)**	**(1,478)**	**24,194**	**1,015,751**

	Consolidated					
	Changes in the year					
	12/31/12 Restated (a)	Additions	Write-offs	Transfers. (b)	Reclassification (c)	12/31/13
Properties	4,564	**-**	**-**	**-**	**602**	**5,166**
Leasehold improvements	451,728	**21,408**	**(1,260)**	**13,535**	**(62,459)**	**422,952**
Machinery and equipment	440,573	**39,764**	**(17,435)**	**14,016**	**(9,541)**	**467,377**
Furniture and fixtures	54,459	**4,038**	**(389)**	**470**	**6,754**	**65,332**
Facilities	50,143	**8,674**	**(1)**	**706**	**(6,139)**	**53,383**
IT equipment	105,857	**22,456**	**(1,490)**	**1,744**	**7,147**	**135,714**
Vehicles	5,954	**333**	**(752)**	**128**	**493**	**6,156**
Library	233	**-**	**-**	**-**	**(30)**	**203**
Land	6,574	**-**	**-**	**-**	**-**	**6,574**
Acquisitions in progress	51,049	**17,787**	**(615)**	**(30,838)**	**83,949**	**121,332**
	1,171,134	**114,460**	**(21,942)**	**(239)**	**20,776**	**1,284,189**

(a) For better presentation, the accumulated depreciation of certain assets items was offset with their respective cost in order to reflect their deemed cost adopted upon implementation of IFRS and CPC standards.

(b) Expenses made by the Company classified under Construction in progress for the pre-operating period of certain establishments, which are transferred to a specific account of fixed or intangible assets at the beginning of the operating activities.

(In thousands of Brazilian reais)

13. Property and equipment, net (Continued)

Changes in accumulated depreciation

	Company				
		Changes in the year			
	31/12/12 Restated (a)	Additions	Write-offs	Reclassifi-cation (c)	31/12/13
Properties	(512)	**(54)**	**-**	**(284)**	**(850)**
Leasehold improvements	(224,581)	**(26,960)**	**10**	**48,554**	**(202,977)**
Machinery and equipment	(83,515)	**(45,460)**	**7,866**	**(42,797)**	**(163,906)**
Furniture and fixtures	(11,693)	**(285)**	**194**	**(11,590)**	**(23,374)**
Facilities	(8,891)	**(1,682)**	**-**	**348**	**(10,225)**
IT equipment	(43,094)	**(17,767)**	**1,171**	**(8,274)**	**(67,964)**
Vehicles	(3,228)	**(337)**	**169**	**119**	**(3,277)**
Library	(115)	**(6)**	**-**	**25**	**(96)**
	(375,629)	**(92,551)**	**9,410**	**(13,899)**	**(472,669)**

	Consolidated					
		Changes in the year				
	12/31/12 Restated (a)	Additions	Write-offs	Trans-fers. (b)	Reclassifi-cation (c)	12/31/13
Properties	(1,436)	**(203)**	**-**	**-**	**(279)**	**(1,918)**
Leasehold improvements	(253,550)	**(34,578)**	**8**	**-**	**61,178**	**(226,942)**
Machinery and equipment	(121,141)	**(60,439)**	**8,244**	**(419)**	**(33,469)**	**(207,224)**
Furniture and fixtures	(14,235)	**(1,099)**	**208**	**(338)**	**(12,368)**	**(27,832)**
Facilities	(18,266)	**(3,960)**	**-**	**(20)**	**5,193**	**(17,053)**
IT equipment	(40,725)	**(20,259)**	**1,206**	**(498)**	**(17,459)**	**(77,735)**
Vehicles	(5,115)	**(423)**	**720**	**(128)**	**(232)**	**(5,178)**
Library	(192)	**(14)**	**-**	**-**	**79**	**(127)**
	(454,660)	**(120,975)**	**10,386**	**(1,403)**	**2,643**	**(564,009)**

(a) For better presentation, the accumulated depreciation of certain assets items was offset with their respective cost in order to reflect their deemed cost upon implementation of IFRS and CPC standards.

(b) Expenses made by the Company classified under Construction in progress for the pre-operating period of certain establishments, which are transferred to a specific account of fixed or intangible assets at the beginning of the operating activities.

(c) Reclassifications

The impacts hereby reflected refer to the improvement of the internal controls, where the Company reviewed and performed a physical inventory of substantially all the database referring to equipment and intangible assets (Company and consolidated). This process resulted in the reclassification of cost of certain items between permanent assets and, consequently, the review of accumulated depreciation of these items due to differentiated depreciation rates in accordance with the nature of each item. The impact of this review of Company's property, plant and equipment assets corresponds to R$ 24,194 in cost and R$ (13,899) in accumulated depreciation, and, as for intangible assets, R$ (21,431) in cost and R$ 7,650 in accumulated amortization, resulting in a net effect of R$ R$ 3,486) in the income statement, and, in consolidated, this corresponds to R$ 20,776 in cost and R$ 2,643 in accumulated depreciation, and, in intangible assets, R$ (21,917) in cost and R$ 7,805 in accumulated amortization, resulting in the net effect of R$ 9,307 in the income statement. As part of the process for improvement of the internal controls, the Company will conclude the physical inventory procedure for the group of Machinery and equipment, and Furniture and fixtures in 2014.

Additions to accumulated depreciation, stated in changes for the year, were partly recorded under general and administrative expenses and partly under costs of goods and/or services sold.

During the year, the Company did not identify any assets impairment indicator, and also did not capitalize interest.

(In thousands of Brazilian reais)

14. Intangible assets

		Company					
		12/31/2013			12/31/2012		
	Average amortization rate %p.a.	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Acquisition of interest - Goodwill		**2,116,170**	**(141,766)**	**1,974,404**	2,128,232	(153,831)	1,974,401
Other intangible assets							
IT systems	20	**151,836**	**(97,167)**	**54,669**	142,380	(85,444)	56,936
Commercial area use right	20	**1,203**	**(592)**	**611**	1,203	(537)	666
Other intangible assets	20	**12,628**	**(4,249)**	**8,379**	12,628	(3,622)	9,006
System implementation project	20	**12,293**	**(12,293)**	**-**	12,293	(12,293)	-
Project development	33	**10,259**	**(10,166)**	**93**	10,259	(10,166)	93
Brands	3,3	**236,037**	**(23,360)**	**212,677**	236,037	(15,300)	220,737
Exclusive agreement with customers - Unimagem	10	**9,403**	**(4,704)**	**4,699**	9,403	(3,767)	5,636
Relationship with hospitals	5	**35,748**	**(6,001)**	**29,747**	35,748	(4,188)	31,560
		469,407	**(158,532)**	**310,875**	459,951	(135,317)	324,634
		2,585,577	**(300,298)**	**2,285,279**	2,588,183	(289,148)	2,299,035

		Consolidated					
		12/31/2013			12/31/2012		
	Average amortization rate % p.a.	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Acquisition of interest - Goodwill		**2,253,591**	**(251,619)**	**2,001,972**	2,206,183	(205,309)	2,000,874
Other intangible assets							
IT systems	20	**157,519**	**(100,800)**	**56,719**	147,885	(88,254)	59,631
Commercial area use right	20	**1,203**	**(592)**	**611**	1,359	(612)	747
Other intangible assets	20	**13,978**	**(4,272)**	**9,706**	14,018	(3,634)	10,384
System implementation project	20	**12,293**	**(12,293)**	**-**	12,293	(12,293)	-
Project development	33	**10,267**	**(10,169)**	**98**	10,267	(10,210)	57
Brands	3.3	**250,567**	**(24,970)**	**225,597**	251,663	(16,441)	235,222
Exclusive agreement with customers - Unimagem	10	**9,403**	**(4,707)**	**4,696**	9,403	(3,767)	5,636
Relationship with hospitals	5	**40,488**	**(8,185)**	**32,303**	40,488	(5,597)	34,891
		495,718	**(165,988)**	**329,730**	487,376	(140,808)	346,568
		2,749,309	**(417,607)**	**2,331,702**	2,693,559	(346,117)	2,347,442

(In thousands of Brazilian reais)

14. Intangible assets (Continued)

Changes in cost

	Company				
		Changes in the year			
	12/31/12	Additions	Transfer (a)	Reclassification (b)	12/31/13
Acquisition of interest – Goodwill	2,116,170	-	-	-	**2,116,170**
Other intangible assets					
IT systems	142,384	29,405	1,478	(21,431)	**151,836**
Commercial area use right	1,203	-	-	-	**1,203**
Other intangible assets	12,628	-	-	-	**12,628**
System implementation project	12,293	-	-	-	**12,293**
Project development	10,259	-	-	-	**10,259**
Brands	236,037	-	-	-	**236,037**
Exclusive agreement with customers – Unimagem	9,403	-	-	-	**9,403**
Relationship with hospitals	35,748	-	-	-	**35,748**
	459,955	29,405	1,478	(21,431)	**469,407**
	2,576,125	29,405	1,478	(21,431)	**2,585,577**

	Consolidated				
		Changes in the year			
	12/31/12	Additions	Transfer (a)	Reclassification (b)	12/31/13
Acquisition of interest – Goodwill	2,253,591	-	-	-	**2,253,591**
Other intangible assets					
IT systems	147,937	29,858	1,641	(21,917)	**157,519**
Commercial area use right	1,203	-	-	-	**1,203**
Other intangible assets	13,978	-	-	-	**13,978**
System implementation project	12,293	-	-	-	**12,293**
Project development	10,267	-	-	-	**10,267**
Brands	250,567	-	-	-	**250,567**
Exclusive agreement with customers – Unimagem	9,403	-	-	-	**9,403**
Relationship with hospitals	40,488	-	-	-	**40,488**
	486,136	29,858	1,641	(21,917)	**495,718**
	2,739,727	29,858	1,641	(21,917)	**2,749,309**

(a) Expenses made by the Company classified under Construction in progress for the pre-operating period of certain establishments, which are transferred to a specific account of fixed or intangible assets at the beginning of the operating activities.

(In thousands of Brazilian reais)

14. Intangible assets (Continued)

Changes in accumulated amortization

	Company			
		Changes in the year		
	12/31/12	Additions	Reclassifi-cation (b)	12/31/13
Acquisition of interest – Goodwill	(141,766)	-	-	**(141,766)**
Other intangible assets				
IT systems	(85,449)	(19,368)	7,650	**(97,167)**
Commercial area use right	(520)	(72)	-	**(592)**
Other intangible assets	(3,390)	(859)	-	**(4,249)**
System implementation project	(12,293)	-	-	**(12,293)**
Project development	(10,073)	(93)	-	**(10,166)**
Brands	(15,644)	(7,716)	-	**(23,360)**
Exclusive agreement with customers - Unimagem	(3,767)	(937)	-	**(4,704)**
Relationship with hospitals	(4,188)	(1,813)	-	**(6,001)**
	(135,324)	(30,858)	7,650	**(158,532)**
	(277,090)	(30,858)	7,650	**(300,298)**

	Consolidated			
		Changes in the year		
	12/31/12	Additions	Reclassifi-cation (b)	12/31/13
Acquisition of interest – Goodwill	(251,619)	-	-	**(251,619)**
Other intangible assets				
IT systems	(88,317)	(20,288)	7,805	**(100,800)**
Commercial area use right	(520)	(72)	-	**(592)**
Other intangible assets	(3,397)	(875)	-	**(4,272)**
System implementation project	(12,293)	-	-	**(12,293)**
Project development	(10,112)	(57)	-	**(10,169)**
Brands	(16,663)	(8,307)	-	**(24,970)**
Exclusive agreement with customers - Unimagem	(3,767)	(940)	-	**(4,707)**
Relationship with hospitals	(5,597)	(2,588)	-	**(8,185)**
	(140,666)	(33,127)	7,805	**(165,988)**
	(392,285)	(33,127)	7,805	**(417,607)**

(b) Reclassifications

The impacts hereby reflected refer to the improvement of the internal controls, where the Company reviewed and performed a physical inventory of substantially all the database referring to equipment and intangible assets (Company and consolidated). This process resulted in the reclassification of cost of certain items between permanent assets and, consequently, the review of accumulated depreciation of these items due to differentiated depreciation rates in accordance with the nature of each item. The impact of this review of Company's property, plant and equipment assets corresponds to R$ 24,194 in cost and R$ (13,899) in accumulated depreciation, and, as for intangible assets, R$ (21,431) in cost and R$ 7,650 in accumulated amortization, resulting in a net effect of R$ R$ 3,486) in the income statement, and, in consolidated, this corresponds to R$ 20,776 in cost and R$ 2,643 in accumulated depreciation, and, in intangible assets, R$ (21,917) in cost and R$ 7,805 in accumulated amortization, resulting in the net effect of R$ 9,307 in the income statement. As part of the process for improvement of the internal controls, the Company will complete the physical inventory procedure for the group of Machinery and equipment, and Furniture and fixtures in 2014.

(In thousands of Brazilian reais)

14. Intangible assets (Continued)

A portion of additions to accumulated depreciation, stated in changes for the year, were recorded under General and administrative expenses, and another portion under Costs of goods sold and/or services rendered.

During the year, the Company did not identify indications of impairment, and also did not capitalize interest.

15. Trade accounts payable

	Company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Domestic suppliers	**45,513**	53,460	**64,977**	83,138
Foreign suppliers	**291**	1,254	**502**	1,291
	45,804	54,714	**65,479**	84,429

16. Loans and financing

Type	Average rate	Final maturity	Company 12/31/2013	Company 12/31/2012	Consolidated 12/31/2013	Consolidated 12/31/2012
Local currency						
Banco HSBC	113.0% of CDI	3/25/2013	**-**	1,251	**-**	1,251
Banco do Brasil **(a) (iii)**	111.0% of CDI	6/1/2015	**-**	-	**23,884**	28,669
BNDES **(ii)** e **(iii)**	TJLP + 5.8% p.a.	5/15/2016	**-**	-	**-**	3,117
Sundry banks	115.0% of CDI	11/29/2012	**-**	-	**-**	70
Financial lease – Sundry banks - Note 28 **(i), (ii)** and **(iii)**	CDI + 2.85% p.a.	10/26/2015	**2**	8,246	**11,101**	30,801
			2	9,497	**34,985**	63,908
Foreign currency						
Financing of equipment **(i)**, **(ii)** and **(iii)**	7.10% p.a.	12/1/2016	**-**	-	**2,808**	3,862
Financial lease – Sundry banks - Note 28 **(ii)** and **(iii)**	6.30% p.a.	3/23/2016	**8,429**	18,655	**10,033**	21,387
Credit Agricole Bank (**b) (iii) (iv)**	1,32% p.a.	8/20/2014	**-**	-	**70,623**	-
Senior Notes (**c) (iii)**	8.75% p.a.	-	**-**	-	**-**	59,652
			8,429	18,655	**83,464**	84,901
Transaction cost – issue of notes **(d)**			**-**	-	**-**	(1,412)
			8,431	28,152	**118,449**	147,397
Current liabilities			**(6,628)**	(16,840)	**(100,942)**	(44,520)
Noncurrent liabilities			**1,803**	11,312	**17,507**	102,877

(In thousands of Brazilian reais)

16. Loans and financing (Continued)

The Company is not exposed to short-term refinancing risk.

Guarantors:

(i) DASA Real Estate Empreendimentos Imobiliários Ltda.

(ii) Promissory Note of 125% of contractual amount in the Company's name.

(iii) Diagnósticos da América S.A.

(iv) Short-term investments with guarantee are securities of public and private entities acquired by subsidiary DASA Finance Corporation.

Bank loan and financing agreements do not have covenants

(a) This refers to fundraising for working capital in subsidiaries Sérgio Franco, CDPI and CRMI.

(b) This refers to loan transactions with subsidiary DASA Finance Corporation, in order to exercise the call option for all notes issued by DASA Finance, maturing in 2018 (8.75% Senior Notes due 2018).

(c) The Company's Board of Directors' meeting held on April 4, 2013 approved the execution by its wholly-owned subsidiary Dasa Finance Corporation, of its right to acquire the remaining issue notes of the acquisition announced on November 11, 2010 and completed on December 16, 2010. In addition, it authorized the management to adopt all the arrangements required to facilitate fund raising instruments that the Company's improve debt profile. Payment of amounts due to the holders of the Notes that joined the bid was held on August 30, 2013 and included the award of 4.875% as the indenture. With the acquisition, the Company informs that there is no remaining Notes to be acquired.

(d) The transaction cost amounts were appropriated to income on the repurchase date of Notes.

Bank loans and financing classified as non-current liabilities, according to the contractual maturity dates, will be repaid as follows:

	Company	Consolidated
2015	1,729	16,303
2016	74	1,204
	1,803	17,507

(In thousands of Brazilian reais)

16. Loans and financing (Continued)

The Company granted collaterals to its subsidiaries as follows:

CDPI - Clínica de Diagnóstico por Imagem Ltda.	Banco ABC Brasil	4,521
	General Eletric	722
	Banco Itaú S.A.	1,985
	Banco do Brasil	5,000
	Santander	2,043
CientificaLab Produtos Lab. e Sistemas Ltda.	Banco Pottencial	2,221
DASA Finance Corporation	Banco do Brasil	55,051
Laboratórios Médicos Dr. Sérgio Franco Ltda.	Banco Itaú S.A.	25,000
Pro Echo Cardiodata Serviços Médicos Ltda.	Banco Itaú S.A.	1,099
CRMI - Clínica de Ressonância e Multi Imagem Ltda.	Banco do Brasil	4,000
	Banco Itaú S.A.	2,014
		103,656

17. Debentures (Company and consolidated)

	12/31/2013	12/31/2012
Nonconvertible debentures	**1,337,500**	950,000
Compensatory interest	**26,160**	13,239
	1,363,660	963,239
Transaction cost	**(6,934)**	(4,255)
	1,356,726	958,984
Current	**(319,912)**	(74,485)
Noncurrent	**1,036,814**	884,499

Deadline for amortization of the main value of second- and third-issue debentures is as follows:

04/29/2014	233,333
10/25/2014	62,500
04/29/2015	233,333
10/25/2015	62,500
04/29/2016	233,334
10/25/2016	62,500
10/17/2017	225,000
10/17/2018	225,000
	1,337,500

17. Debentures (Company and consolidated) (Continued)

2nd Issue

In the meeting held on March 16, 2011, the Board of Directors of the Company approved a fund raising by conducting the 2nd issue of simple debentures non-convertible into shares of the Company, for public distribution in the total amount of up to R$810,000, on a firm guarantee and better efforts of placement basis, under the terms of CVM Ruling No. 476 of January 16, 2009, as amended.

On May 16, 2011, the Company communicated to its shareholders and the market in general that on May 11, 2011, it closed the public offer for distribution with restricted placement efforts, of a single series of simple debentures non-convertible into shares, of the unsecured type. Seventy thousand 70,000 debentures were subscribed for a 5-year term from the date of issue, in the total amount of R$ 700,000. The debenture remuneration is equivalent to 100% of the accumulated variation of the Inter-financial Deposit (DI) daily average rates, “over extra-group”, expressed in percentage per annum and based on 252 working days, as calculated and daily disclosed by the Clearing House for the Custody and Financial Settlement of Securities (CETIP), plus an exponential surcharge of 1.40%. As the issue date was April 29, 2011, the face value of each debenture will be paid in 3 consecutive annual installments, as from the 36th month from the issue date. Payment of remuneration interest is semiannual, occurring on the 1st day of April and October, and the debit in the Company account shall occur one day prior to due date.

3rd Issue

On October 15, 2012, the Board of Directors of the Company approved the third issue by the Company, of up to 25,000 debentures non-convertible into shares of the unsecured type, in a single series, in the total amount of up to R$250,000, for placement through a public offer with restricted efforts, pursuant to CVM Instruction No. 476 of January 16, 2009, as amended.

On November 1, 2012, the Company communicated to its shareholders and the market in general that on October 31, 2012 it had closed the public offer for distribution, with restricted placement efforts, of the third issue of DASA’s simple debentures non-convertible into shares, of the unsecured type, in one single series. Twenty-five thousand (25,000) debentures were subscribed for a 4-year term from the date of issue, in the total amount of R$ 250,000. The debentures are not subject to monetary adjustment, and the debit balance of each debenture face value will incur an interest equivalent to 100% of the accumulated variation of the Inter-financial Deposit (DI) daily average rates, “over extra-group”, expressed in percentage per annum and based on 252 working days, as calculated and daily disclosed by CETIP, plus a surcharge of 0.80% per annum, calculated based on 252 business days, exponentially and cumulatively, on a pro rata temporis basis, per business day elapsed from the Date of Issue or the payment date of the immediately prior remuneration, as the case may be, until the effective payment date.

17. Debentures (Company and consolidated) (Continued)

3rd Issue (Continued)

Interest will be paid semiannually from the Issue Date, the first payment beginning on April 25, 2013 and the last payment to be made on the Maturity Date, without prejudice to payments resulting from early redemption of the Debentures, early repayment of the Debentures and/or prepayment of obligations arising out of the Debentures.

The face value of each Debenture will be repaid in 4 annual and successive installments, in the following order:

I. Three installments, each in the amount corresponding to 25% of the face value of each Debenture, due on October 25, 2013, October 25, 2014 and October 25, 2015; and

II. One installment in the amount corresponding to the outstanding balance of the face value of each Debenture, due on October 25, 2016.

The financial settlement of the offer occurred on October 31, 2012 in the amount of R$250,304, and the net proceeds of the offer were used towards (i) the early redemption of all commercial promissory notes of the third issue of the Company; and (ii) the balance to reinforce the working capital of the Company.

4th Issue

On September 13, 2013, the Company's Board of Directors approved the fourth issue of debentures by the Company, in a single series of up to 45,000 unregistered debentures not convertible into shares totaling up to R$ 450,000 for placement through public offering with restrict placement efforts under the terms of CVM Rule No. 476 of January 16, 2009, as amended.

On October 18, 2013, the Company communicated its shareholders and the general market that the public offering with restrict placement efforts of simple, unregistered debentures not convertible into shares, in a single series, of the 4th issue was concluded on October 17, 2013. 45,000 debentures, effective for 5 years from issue date, amounting to R$ 450,000 were subscribed. These debentures will not be subject to monetary restatement and, over the debt balance of the nominal value of each debenture, compensatory interest will be levied, corresponding to 100% of accumulated daily average interbank deposits (DI) rate, "over extra-group", expressed in percentage per year, on a 252 business days basis and disclosed by CETIP plus a surtax of 1.15% per year, on a 252 business days basis, computed on an exponential and cumulative manner, pro rata temporis, per business days elapsed since payment day or the date when the prior remuneration is paid, as the case may be, until the effective payment.

(In thousands of Brazilian reais)

17. Debentures (Company and consolidated) (Continued)

4th Issue (Continued)

Remuneration is to be paid on a half-yearly basis as from issue date, with first payment on April 15, 2014, and last payment on maturity date, not affecting payments made referring to anticipate redemption of debentures, early amortization of debentures and/or early maturity of obligations arising from debentures.

Principal amount will be amortized in two annual installments, in the 48th and 60th month, as from the debentures issue date.

Financial settlement of this offering occurred on October 16, 2013, amounting to R$450,000, and the net funds from the offering were used to reinforce the working capital and refinancing of debts.

The debentures have clauses determining the maximum indebtedness and leverage levels, based on the consolidated financial statements, according to Note 26. At the end of year 2013, the Company was in compliance with the contractual conditions, as follows:

Indicator	Contractual terms (a)	Condition at 12/31/13	Condition at 12/31/12
EBITDA		443,594	407,577
Financial income		86,584	113,692
Net debt		866,209	847,142
1- Net debt / *EBITDA* – maximum index			
2ª Issuance	2.50	1.95	2.08
3ª Issuance	3.00	1.95	2.08
4ª Issuance	3.00	1.95	-
2- *EBITDA* / Financial income – minimum index			
2ª Issuance	2.00	5.12	3.58
3ª Issuance	2.00	5.12	3.58
4ª Issuance	2.00	5.12	-

(a) The Company will be deemed to be in non-compliance with this covenant if it exceeds such ratios for two consecutive quarters

(In thousands of Brazilian reais)

18. Social and labor liabilities

	Company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Salaries payable	**14,320**	11,905	**19,509**	16,598
Payroll charges payable	**12,096**	10,963	**16,170**	14,991
Accrual for vacation pay and social charges	**38,134**	36,184	**51,029**	48,366
Provision for profit sharing	**14,920**	-	**14,920**	-
Other	**1,800**	357	**2,031**	1,236
	81,270	59,409	**103,659**	81,191

19. Taxes in installments

	Completion of amortization	Company		Consolidated	
		12/31/2013	12/31/2012	12/31/2013	12/31/2012
PAES Program **(a)**	2013	**-**	1,155	**-**	1,155
REFIS IV – Federal **(b)**	2020	**9,678**	10,113	**18,853**	21,208
ICMS – RJ **(c)**		**-**	-	**5,102**	5,103
ISS – CERPE **(d)**		**-**	-	**2,848**	2,429
Other		**860**	1,124	**2,382**	2,935
		10,538	12,392	**29,185**	32,830
Current		**(1,108)**	(2,370)	**(4,293)**	(4,820)
Noncurrent		**9,430**	10,022	**24,892**	28,010

(a) PAES (special program for tax payment)

On July 29, 2003, the Company joined the special program for tax payment in installments (PAES) – Law No. 10684 – and entered the tax debts related to PIS and COFINS that were being discussed in court. The consolidated debt was divided into 120 monthly installments and adjusted using the long term interest rate (TJLP), and amortizations were made until June 2013. In March 2013, the Company recorded the additional amount of R$ 2,767, to reflect the balance payable under PAES in the statement provided by the Brazilian IRS. From this amount, R$ 1,743, recorded under general and administrative expenses, refer to (i) debts from 1998 to 2001 of companies merged into the Company (Bronstein, Lâmina and Lavoisier), and (ii) fine on arrears reduced by 50%, having the Company previously discussed the unconstitutionality of such fine on tax debts related to PIS payable by the Company and COFINS payable by the merged Company (Lâmina), and the R$ 1,024 recorded in financial expenses refer to interest adjusted by TJLP applied to such debts consolidated by the Company in March 2013. Considering the payment of the final balance at June 30, 2013, there are no other amounts recorded in liabilities in connection with this PAES.

19. Taxes in installments (Continued)

(b) REFIS IV – Special federal tax payment program – Law No. 11941/09

A new Installment program (REFIS IV) for federal Debts was created in connection with the enactment of Law No. 11941/09 comprising all debts under the Brazilian Federal Tax Authorities (Brazilian IRS, General Attorney's Office for the Treasury Department – PGFN and Brazilian Social Security Institute - INSS), either incorporated or not, included or not as federal enforceable debt, whether executed or not, including those which have been subject matter of a prior installment program. Given the favorable conditions of this new program, on November 27, 2009, the Company enrolled therewith, and made the first installment payment under the conditions stated in the legislation, and, monthly, through minimum installments paid up to the effective consolidation of the debt. The balance at December 31, 2013 is R$ 9,678 (R$ 10,113 at December 31, 2012) in Company, and R$ 18,853 at Dezembro 31, 2013 (R$ 21,208 at December 31, 2012) in consolidated.

The company also included in the installment program tax debts for which former partners/shareholders of the acquired companies were liable. Such debts have not been recorded under taxes in installments yet, because the review process with the former owners has not been concluded. This process should result in the redemption, proportional to the debts assumed by the prior management, of marketable securities used as guarantees for settlement of liabilities assumed at the time the companies were acquired (Note 8).

The term for consolidation of debts in the special installment plan for major taxpayers with differentiated monitoring ended on June 30, 2011. The Company has not concluded the consolidation yet, as information about debts originated from the companies acquired by the Company, which has already been merged, was not available on the Brazilian IRS website during the period of consolidation. The Company, aiming to ensure recognition of the acquired companies' debts in the installment program, has filed for petitions in the period between June 27 and 28, 2011 before the agencies handling debts subject to the installment plan, requiring such debts to be stated as entitled to inclusion in the installment payment on the E-CAC system. The Company has not yet received an answer to petitions filed.

Law No. 12865, of October 9, 2013, extended the term for adhering REFIS IV to December 31, 2013, for debts under the same conditions provided by the original law, i.e. Law No. 11941/09. In this regard, the Company included certain tax debts, the responsibility of which is of former partners/members of acquired entities, totaling R$ 1,975. Of this amount, R$ 1,183 refers to social security debts of Laboratório Lavoisier, object of Claim for Annulment of Tax Debts, for which the payment is required through judicial deposit, as in the records of such claim. The remaining amount of R$ 642 refers to social security debts of Pro Echo, paid on December 27, 2013, in cash, and the other R$ 149 refers to COFINS and CEDIC debts, under active debt, also paid in cash, on December 31, 2013.

(c) ICMS – RJ Payment in installments

Special tax debt payment in installments in Rio de Janeiro – Law 6.136/11

Rio de Janeiro State Law No. 6136/11, regulated by Rio de Janeiro State Decree No. 43443/12 and Resolution No. 3080/12 of Rio de Janeiro State General Prosecution Office, enacted a special program that provides for elimination of 100% of fines and 50% of interest on debts registered as Enforceable Tax Debt, authorizing payment thereof within 18 months or through offset against securities issued in connection with court ordered debts ("precatórios"), observing the limit of 95% of debts.

Considering these favorable conditions, the Company, through its subsidiaries Clínica de Ressonância e Multi-Imagem Ltda. (CRMI), Pro Echo Cardiodata Serviços Médicos Ltda. (Pro Echo) e CDPI – Clínica de Diagnóstico por Imagem Ltda. (CDPI), elected to use the benefits of Law, adhering to the program on 05/31/2012 and thus eliminating the tax contingencies related to ICMS on import recorded in provision accounts (Note 21).

(In thousands of Brazilian reais)

19. Taxes in installments (Continued)

(c) ICMS – RJ Payment in installments (Continued)

Special tax debt payment in installments in Rio de Janeiro – Law 6.136/11 (Continued)

The subsidiaries adhered to pay the debts through offset against securities issued, considering the limits established by Law, CDPI also opted for settling its debts in 18 monthly installments, the balance of which was fully paid in the fourth quarter of 2013 (R$ 570 at December 31, 2012)

On June 1, 2012, there was full payment of lawyers' fees related to debts in relation to which the Company opted for offset against securities issued in connection with court ordered debts. On the same date, there was payment of the first installment of debts payable in 18 monthly installments.

The modality of offset against securities issued in connection with court ordered debts depends on approval by the government department assisting the president ("Casa Civil") and, upon such approval, there shall be payment in cash of 5% of waived debts, which may not be offset against such securities, after being summoned by the State General Attorney's Office (PGE), under penalty of the offset to be considered invalid on the terms of article 10 of Law No. 6136/11. Only upon approval will the Company recognize in P&L the discount on the acquisition of the securities used to offset the debts.

The breakdown of the amounts included in the referred to special payment in installments, as well as of their settlement - offsetting against securities issued in connection with court ordered debts – is as follows:

	Total	***Precatórios*** (securities)	In cash
Clínica de Ressonância e Multi-Imagem Ltda.	3,197	2,945	253

The net nominal amount of discount referring to the securities issued in connection with court ordered debts is recorded in Other noncurrent assets, and breaks down as follows:

	Nominal value	Discount	Amount paid
Clínica de Ressonância e Multi-Imagem Ltda.	2,945	(960)	1,985

Installment payment of debts in the state of Rio de Janeiro – PGE/RF Decision No. 2705/09

In addition to the special installment payment of debts, referred to above, in October 2013, the Company by means of subsidiary CDPI, formalized an ordinary payment of debts with Rio de Janeiro State Attorney General's Office, totaling R$ 1,985, to be paid off within 120 successive monthly installments. Balance at December 31, 2013 is R$ 1,905.

(In thousands of Brazilian reais)

19. Taxes in installments (Continued)

(d) ISS payment in installments – CERPE

In 2009, subsidiary CERPE decided to use the benefits offered by Law No. 17384/2007 of Recife city, Pernambuco state. The referred Law provided benefits such as reduction of principal by 60%, in addition to total exemption from fines and interest referring to a number of ISS-related debts, which were subject to a previous special installment program, also granted by the Recife city administration. In addition to the above-mentioned benefits, the referred Law also allowed the Company to settle such debts in up to 240 (two hundred and forty) installments. Consequently, they will be fully paid by 2029. The debts balance at December 31, 2013 was R$ 2,848 (R$ 2,429 at December 31, 2012).

20. Accounts payable for acquisitions of subsidiaries

Accounts payable for acquisition of subsidiaries relate to the amounts due to their former owners upon the acquisition of shares or quotas representing the paid-in capital of these companies. Debts are restated in accordance with contractual clauses and have the following settlement schedules:

			Company		Consolidated	
	Restatement	**Maturity**	**12/31/2013**	**12/31/2012**	**12/31/2013**	**12/31/2012**
Not guaranteed by marketable securities	IPCA-IGPM-Selic	05/2016	**10,566**	11,797	**10.566**	11,797
Guaranteed by marketable securities	(a)	11/2016 and 04/2017	**26,184**	46,803	**37,793**	57,635
			36,750	58,600	**48,359**	69,432
Current			**(1,689)**	(1,598)	**(1,689)**	(1,598)
Noncurrent			**35,061**	57,002	**46,670**	67,834

(a) Restated at the average rate of 102.25% of CDI (102.63% of CDI at December 31, 2012) for fixed-income funds, and 101.01% of CDI (101.70% of CDI at December 31, 2012) for CDB/ committed transactions, which are managed by financial entities, as shown in Note 8.

The installments classified as non-current liabilities have the following payment schedule:

Aging list	**Company**	**Consolidated**
2015	15,283	15,283
2016	19,663	27,049
2017 a 2020	115	4,338
Total	35,061	46,670

(In thousands of Brazilian reais)

21. Provisions for tax, social security, labor and civil proceedings

	Company			
	12/31/2013		12/31/2012	
	Provision	Judicial deposit	Provision	Judicial deposit
ICMS on import **(a)**	**4,942**	**54,696**	96,155	51,642
Labor and civil contingencies **(b)**	**6,496**	**9,677**	4,182	9,908
Tax contingencies **(c)**	**26,056**	**26,322**	28,589	29,567
	37,494	**90,695**	128,926	91,117

	Consolidated			
	12/31/2013		12/31/2012	
	Provision	Judicial deposit	Provision	Judicial deposit
ICMS on import **(a)**	**4,942**	**54,696**	96,155	51,642
Labor and civil contingencies **(b)**	**6,997**	**13,121**	5,057	9,980
Tax contingencies **(c)**	**28,506**	**27,723**	31,039	33,652
	40,445	**95,540**	132,251	95,274

(a) ICMS on import

Following the opinion of its legal advisors, the Company has not paid ICMS on the import of inputs and equipment for use in the rendering of its services since February 2000, as there are ongoing discussions as to whether the Company is an ICMS taxpayer for these transactions. For ICMS payables on goods and equipment imported up to the publication of Constitutional amendment 33 on December 11, 2001, the external legal advisors understand that the likelihood of losses is remote; as regarding to ICMS payables generated between the Constitutional Amendment 33 date and the issuance of the supplementary Law No. 114, on December 16, 2002, the likelihood of loss was classified as possible. For import of equipment under the lease modality, the likelihood of loss was also deemed as possible. Finally, after enactment of the supplementary Law No. 114 on December 16, 2002, the external legal advisors understand that the likelihood of loss is probable.

The São Paulo State Decree No. 58811/12 introduced a special installment program ("PEP of ICMS/SP"), in which companies may enroll until August 31, 2013, and that established the exclusion of up to 75% of fines and of up to 50% of interest related to ICMS debts, either incorporated or not, including those deemed as federal enforceable debt, whether executed or not, and referring to tax triggering events occurring until July 31, 2012. Debts subject to tax delinquency notice and imposition of fine (AIIM), and which are not federal enforceable debts, are entitled to additional fine deductions.

Given these favorable conditions, the Company decided to use the benefits offered by the PEP of ICMS/SP and joined the program in May 2013, which includes the ICMS debts on direct import of equipment and input carried out between 2007 and 2011, which have not been object of a tax delinquency notice yet, but are an object of a writ of mandamus issued by the São Paulo State Court. The payment in cash was made on May 22 and June 5, 2013, totaling R$ 39,398, as shown in the table below:

(In thousands of Brazilian reais)

21. Provisions for tax, social security, labor and civil proceedings (Continued)

(a) ICMS on import (Continued)

Mandamus issued Nº 0046827-27.2011.8.26.0053

ICMS debts (No Cuts)	Reductions the PEP	After debt reductions of PEP	Reserve existing	Gain Got
55,286	(15,888)	39,398	48,726	(9,328)

Consequently, considering that there was a previously set-up provision for contingencies for the referred to debts in the amount of R$ 48,726, final gains arising out of PEP was R$ 9,328. This amount was recognized in financial income for the year.

Considering that the Company decided to pay in cash, there are no longer amounts recorded under liabilities in connection with the special installment payment program related to non-notified ICMS debts on import.

On August 23, 2013, the Company also included in PEP part of State VAT (ICMS)-import debts subject to Tax Delinquency Notice – AIIM No.3091324-8, of April 30, 2008. The aforesaid AIIM has ICMS debts levied on direct imports and international leases. The Company decided to include only debts related to direct imports for purposes of PEP, thus lease debts still remain subject to administrative procedure discussion.

The settlement in cash was made on September 3, 2013 in the amount of R$ 30,104, as under:

AIIM Nº 3.091.324-0

ICMS debts (No Cuts)	Reductions the PEP	After debt reductions of PEP	Reserve existing	Gain Got
57,451	(27,348)	30,103	32,788	(2,685)

Accordingly, considering the provision for contingencies previously set up for debts related to AIIM No.3.091.324-0 in the amount of R$32,788, the final gain obtained in joining the PEP program totaled R$2,684, which was recognized in the income statement for the year.

After the Company opted for the cash payment, there were no longer amounts recorded under liabilities related to special installment payment made for ICMS debts on direct imports contained in the AIIM No.3.091.324-0.

The legal deadline to join PEP ended on August 31, 2013, the table below summarizes the total amounts subject to Company:

Total

ICMS debts (No Cuts)	Reductions the PEP	After debt reductions of PEP	Reserve existing	Gain Got
112,737	(43,236)	69,501	81,514	(12,013)

Total amounts joined to PEP by the Company decreased the provision for contingencies by R$ 81,514, generating a gain of R$ 12,013, which was recognized in the income statement for the year.

21. Provisions for tax, social security, labor and civil proceedings (Continued)

(a) ICMS on import (Continued)

In addition to adhesions to PEP, provision for contingencies of ICMS on import transactions was also decreased by R$ 11,539 due to a reversal occurred in December 2013. This reversal is a consequence the risk revaluation of the Tax Notice and Determination of Fine ("AIIM") No. 3.115.710-5. This AIIM is object of annulment in Writ of Mandamus No. 0018058-20.2011.8.26.0405, filed with the 2nd Public Treasury Court, in the city of Osasco. The revaluation was conducted by the Company together with its legal counsel, considering the current status of said Write of Mandamus, also considering the materiality of right. Of the total amount of R$ 11,539 reversed due to the referred to change, R$ 5,463 affected General and administrative expenses, and R$ 6,076 effect Financial income (expenses) and Depreciation accounts.

Of the amount of R$ 54,696, which is the restated balance at December 31, 2013 of the judicial deposits amount (R$ 51,642 at December 31, 2012), R$ 53,732 corresponds to the restated amount of judicial deposit in December 2011 (R$ 46,849 corresponds to the original deposit amount) referring to ICMS amounts charged on direct import transactions of inputs and equipment cleared in the state of São Paulo, for which no process was served, pledging the voluntary payment of taxes, without fines and with decreased interest, maintaining the criteria for computation of provision amounts. Because the Company had adhered to PEP, which covered all tax debts guaranteed by this deposit, the determination of the judicial deposit amount was required.

At December 31, 2013, the provision for import carried out since January 1, 2003 is R$ 4,942 (R$ 96,155 at December 31, 2012) in Company and consolidated

(b) Provision for labor and civil contingencies

At December 31, 2013, the Company is party to 1,306 labor claims (916 at December 31, 2012) and 1,122 civil administrative proceedings and lawsuits (893 at December 31, 2012). Provisions of R$ 6,496 (R$ 4,182 at December 31, 2012) in the Company and R$ 6,997 (R$ 5,057 at December 31, 2012) in the consolidated, are based on the historical percentage of loss of claims whose likelihood of an unfavorable outcome had been rated as probable. At December 31, 2013, the Company presents the consolidated amount of R$ 109,260 (R$ 78,570 at December 31, 2012) related to the claims classified by its legal advisors as possible loss, from which R$ 19,585 refers to civil claims and R$ 89,675 to labor claims for which there are no provisions, according to the accounting rule applicable for those circumstances.

The Company is also a party to a lawsuit for indemnification for loss of profits and pain and suffering due to supposed competition-related infraction by the Company together with a health insurance Company. An opposition was filed against the case amount against which claimants filed a reply, as such, an expert accounting and engineering examination was ordered. On December 7, 2007, the amount attributed to the case by claimant is R$ 61,815, which unfavorable outcome was classified as possible, and the amount involved has not been evaluated. An expert accounting examination conducted by the court expert concluded that the claimed loss of profit sought should amount to R$ 4,500, applicable to the healthcare company and not to the Company.

From the amount of R$ 89,675 corresponding to labor claims classified as possible loss, we should mention the Public Civil Action at the Rio de Janeiro Labor Court, to which the Company and its subsidiary Laboratórios Médicos Dr. Sérgio Franco Ltda. are a party. In general, questioning the legality of the arrangements with health companies specialized in diagnostic support services by imaging, which required hiring doctors bound to said healthcare companies under the Consolidation of Labor Laws (CLT) and a collective indemnification for pain and suffering of approximately R$ 20,000 on September 10, 2012. The Company believes that, considering their specific characteristics, the arrangement principles which is being adopted, in addition to being in regular and in strict compliance with applicable laws, are supported by favorable former court decisions, and are in line with the disclosures and explanations reported in the Reference Form, in items 4.1 and 4.3.

(In thousands of Brazilian reais)

21. Provisions for tax, social security, labor and civil proceedings (Continued)

(b) Provision for labor and civil contingencies (Continued)

On October 29, 2012, the Company disclosed a "Material Fact informing it was served process for said claim", according to CVM Rule No. 358, of January 2002. A hearing was held on February 20, 2013, rescheduled to June 16, 2014. Management and legal counsel find the likelihood of loss is possible.

(c) Provision for tax contingencies

The provisions for tax contingencies in the amount of R$ 26,056 (R$ 28,589 at December 31, 2012) in Company, and R$ 28,506 (R$ 31,039 at December 31, 2012) in consolidated, relate to: (i) questionings for increases in rates; (ii) calculation base; and (iii) unconstitutionality of collection. Such questionings refer basically to PIS, COFINS, INSS and FGTS contributions. At December 31, 2012, the Company recorded a consolidated amount of R$ 265,768 (R$ 218,210 at December 31, 2012), related to claims classified by its legal advisors as possible loss, for which there were no provisions, according to the accounting rule applicable for those circumstances, and substantially R$ 169,170 was related to ICMS claims (Taxes) over import of leasing equipment and direct import of inputs and equipment performed between the EC33 (issued in December 2001) and the Supplementary Law No. 114 (issued in December 2002), and R$ 96,598 related to other PIS, COFINS, IRPJ and ISS tax claims.

Changes in provisions for contingencies

	Company				
	12/31/2012	**Change for the year**			**12/31/2013**
	Closing balance	**Additions to provision**	**Use and reversal**	**Restatement**	**Closing balance**
ICMS on import	96,155	**-**	**(93,053)**	**1,840**	**4,942**
Provision for labor and civil contingencies	4,182	**11,951**	**(9,637)**	**-**	**6,496**
Provision for tax contingencies	28,589	**4**	**(3,172)**	**635**	**26,056**
	128,926	**11,955**	**(105,862)**	**2,475**	**37,494**

	Consolidated				
	12/31/2012	**Change for the year**			
	Closing balance	**Additions to provision**	**Use and reversal**	**Restatement**	**Closing balance**
ICMS on import	96,155	**-**	**(93,053)**	**1,840**	**4,942**
Provision for labor and civil contingencies	5,057	**11,951**	**(10,011)**	**-**	**6,997**
Provision for tax contingencies	31,039	**4**	**(3,172)**	**635**	**28,506**
	132,251	**11,955**	**(106,236)**	**2,475**	**40,445**

(In thousands of Brazilian reais)

22. Equity

a) Capital

At December 31, 2013 and 2012, the Company's capital is R$ 2,234,135, represented by 311,803,015 common, nominative shares with no par value, except for the preference right of the current Company shareholders on subscription, pursuant to article 172 of Law No. 6404, of December 15, 1976, and article 9 of the Company's Articles of Association.

Authorized capital increase limit, irrespective of the statutory form, upon issuance of new shares, is R$ 560,000,000 of common shares.

b) Shareholding structure (unaudited)

Controlling entities, administrators and outstanding shares

	At December 31, 2013			
Shareholders	**Common shares (number)**	**%**	**Total shares (number)**	**%**
Board of Directors	**7,470,953**	**2.40%**	**7,470,953**	**2.40%**
Management	**69,866**	**0.02%**	**69,866**	**0.02%**
Statutory Audit Committee	**1**	**0.00%**	**1**	**0.00%**
Treasury stock	**1,159,035**	**0.37%**	**1,159,035**	**0.37%**
Outstanding shares	**303,103,160**	**97.21%**	**303,103,160**	**97.21%**
Total shares	**311,803,015**	**100.00%**	**311,803,015**	**100.00%**

	At December 31, 2012			
Shareholders	**Common shares (number)**	**%**	**Total shares (number)**	**%**
Board of Directors	7,470,957	2.40%	7,470,957	2.40%
Management	49,310	0.01%	49,310	0.01%
Treasury stock	1,159,035	0.37%	1,159,035	0.37%
Outstanding shares	303,123,713	97.22%	303,123,713	97.22%
Total shares	**311,803,015**	**100.00%**	**311,803,015**	**100.00%**

(In thousands of Brazilian reais)

22. Equity (Continued)

b) Shareholding structure (unaudited) (Continued)

Controlling entities, administrators and outstanding shares (Continued)

At December 31, 2013 and 2012, the Company did not have a Supervisory Board.

Commitment clause

The Company is subject to arbitration by the Market Arbitration Chamber, according to the respective clause of its Articles of Association.

c) Treasury stock

At December 31, 2013 and 2012, "treasury stock" account was as follows:

Transaction	Number of shares (unit)	Amount	Average price per share
Treasury stock	1,159,035	18,617	16.06

d) Earnings per share

Basic

Basic earnings per share is calculated by dividing the net income attributable to the Company's shareholders by the weighted average number of common shares issued over the year excluding common shares purchased by the Company and held as treasury stock.

	2013	2012
Income attributable to controlling shareholders	**131,301**	85,192
Weighted average number of common shares issued	**311,803**	311,803
Weighted average number of treasury stock	**(1,159)**	(1,159)
Weighted average number of outstanding common shares	**310,644**	310,644
Basic earnings per share - R$	**0.42267**	0.27424

(In thousands of Brazilian reais)

22. Equity (Continued)

d) Earnings per share (Continued)

Diluted

Diluted earnings per share is computed by adjusting the weighted average number of outstanding shares assuming the conversion of all potential common shares that would cause the dilution. The Company has only one category of dilutive potential common shares: share call option, disclosed in item (e) of this note.

	2013	2012
Income attributable to controlling shareholders	**131,301**	85,192
Weighted average number of outstanding common shares	**310,644**	310,644
Stock option adjustment	**319**	354
Weighted average of common shares for earnings diluted per share	**310,963**	310,998
Diluted earnings per share – R$	**0.42224**	0.27393

e) Share-based payment

At December 7, 2010, the board of directors approved a new stock option plan for our management and employees ("New Plan") and its chief guidelines were then determined on December 16, 2010.

The New Plan was approved at the Special General Meeting held on January 5, 2011. On the same date, a meeting of the board of directors approved the granting of shares under the New Plan and the first stock option program which, among other matters, elected the beneficiaries.

On May 9, 2011, the board of directors approved the election of the beneficiaries of the New Plan, and subject to the terms and conditions determined in the first program, the executive board signed stock option agreements with each of the beneficiaries.

Each beneficiary, having met the conditions stated for the plan will be granted options to acquire or subscribe to a number of registered common shares with no par value corresponding to the percentage of 250% (two hundred and fifty per cent) of own shares (acquired by the beneficiaries). Percentages for each individual beneficiary are defined by the board of directors and stated in the agreement signed with each beneficiary.

(In thousands of Brazilian reais)

22. Equity (Continued)

e) Share-based payment (Continued)

Other than the amount invested by the beneficiary for acquisition of treasury shares no other consideration shall be required of the beneficiary to exercise the benefit, and the above price consubstantiates the beneficiary's obligation to acquire the own shares and hold them for a period of three (3) years after acquiring them.

Stock options may only be exercised by beneficiaries, in full or in part, three (3) full years after the date of signing the agreement (vesting period).

At the end of the vesting period, beneficiaries may exercise their rights in full or in part by giving written notice to the Company within thirty (30) days of the vesting date, subject to specific requirements, dates and periodicities established by the board of directors.

Stock options granted in May 2011

In May 2011, the Executive Board entered into stock-option agreements with beneficiaries under the plan. The number of shares initially granted was 309,076 common shares, currently 106,576 (114,775 at December 31, 2012) common shares granted considering the contracts canceled up to December 31, 2013, with Vesting Period until May 2014.

The December 31, 2013 balance recorded under Granted options, in equity, is R$1,350 (R$814 at December 31, 2012), equivalent to 92.754 (61,660 at December 31, 2012) common shares, corresponding to the total number of shares granted proportionally to the period incurred in the contracts executed, and determined by the share value at the end of the trade session of BM&FBovespa held on December 30, 2013, corresponding to R$14.56:

	Common shares	**R$**
Balance at December 31, 2012	61,660	814
Cancellations	**(4,701)**	**(64)**
Additions	**35,795**	**600**
Balance at December 31, 2013	**92,754**	**1,350**

(In thousands of Brazilian reais)

22. Equity (Continued)

e) Share-based payment (Continued)

Share-based payment transactions - June 2012

In June 2012, the Executive Board and the beneficiaries of the plan entered into option agreements for the acquisition of shares. The number of shares initially granted was 259,959 common shares, currently 212,465 (240,216 at December 31, 2012) common shares granted considering the contracts canceled up to December 31, 2013, with Vesting Period until June 2015.

The December 31, 2013 balance recorded under Other Payables, in equity, is R$ 1,567 (R$ 547 at December 31, 2012), equivalent to 107,592 (41,500 at December 31, 2012) common shares, corresponding to the total number of shares granted proportionally to the period incurred in the contracts executed, and determined by the share value at the end of the trade session of BM&FBovespa held on December 30, 2013, corresponding to R$ 14.56:

	Common shares	R$
Balance at December 31, 2012	41,500	547
Cancellations	**(8,789)**	**(104)**
Additions	**74,881**	**1,124**
Balance at December 31, 2013	**107,592**	**1,567**

f) Dividends and interest on equity

In accordance with the Company’s Articles of Association, net income for the year is allocated as follows: (i) 5% for legal reserve, up to the limit of 20% of subscribed capital; and (ii) 25% of the remaining balance is adjusted according to article 202 of Law No. 6404/76, for payment of mandatory dividends.

(In thousands of Brazilian reais)

22. Equity (Continued)

f) Dividends and interest on equity (Continued)

Net income for the year	131,301
Legal reserve	(6,565)
Payment of dividends	124,736
Proposed dividends	
Mandatory minimum dividends - 25%	31,184
Additional proposed dividends	191
Total dividends payable	31,375
Total dividends payable per share	0.101
Number of shares at December 31, 2013 (former treasury stock)	310,643,980

Capital budget and allocation of income reserve

As for capital budget for 2013, the Company complied with the budget approved by Annual General Meeting held on April 22, 2013, and the funds were invested in organic growth and refurbishment, streamlining and development of service units. The Company management will submit for appreciation of the shareholders, in the next Annual General Meeting, the proposal for allocation of income retained in balance sheets for year ended December 31, 2013, as well as capital budget for year 2014, observing the corporate legislation in effect and the provisions of its Articles of Association:

Allocations:	(unaudited) **in 2014:**
Organic growth, refurbishment and RDI equipment	138,595
IT – streamlining, development and maintenance	50,322
Other	11,097
Total allocations	**200,014**
Source:	
Retained earnings reserve	93,361
Estimated partial cash to be generated in operating activities in 2014 (unaudited)	106,653
Total sources	**200,014**

A portion of the necessary investment funds (as shown above) will be financed by operating cash generation over 2014. Market conditions, macroeconomic scenarios and other operating factors, as they involve risks, uncertainties and other assumptions, may affect business projections and perspectives and, consequently, the amounts expected in this capital budget.

(In thousands of Brazilian reais)

23. Income and social contribution taxes

The company records monthly provisions for income and social contribution taxes on an accrual basis

Taxes are calculated by taxable income, except for subsidiaries Imagem e Diagnóstico, Multimagem PET and Multi-Imagem Petrópolis Dasa Centro Oeste, Dasa Nordeste, Dasa Sudoeste e Dasa Property, in which it adopted the presumed profit system.

Reconciliation of the expense calculated by applying combined rates for income and social contribution tax expenses charged to income is shown as follows:

	Company		Consolidated	
	12/12/13	12/31/12	12/31/13	12/31/12
Income before income and social contribution taxes	**167,974**	98,512	**202,908**	131,259
	34%	34%	**34%**	34%
Income and social contribution taxes: at combined tax rate	**(57,111)**	(33,494)	**(68,989)**	(44,628)
Permanent exclusions (additions)				
Equity pickup	**23,727**	24,366	**-**	-
Interest on equity	**(1,274)**	(3,716)	**-**	-
Nondeductible expenses	**(1,698)**	(609)	**(1,840)**	(851)
Other adjustments				
Income of subsidiary abroad	**-**	-	**(4,120)**	(1,435)
Taxable profit computed as a percentage of gross sales (*Lucro presumido*)	**-**	-	**1,055**	(112)
Amortization of goodwill on reverse merger - Dasa Brasil Participações	**-**	-	**1,529**	-
Other	**(317)**	133	**1,039**	495
	(36,673)	(13,320)	**(71,326)**	(46,531)
Current income and social contribution taxes	**-**	-	**(37,245)**	(36,753)
Deferred taxes	**(36,673)**	(13,320)	**(34,081)**	(9,778)
Total	**(36,673)**	(13,320)	**(71,326)**	(46,531)
Effective rate	**-22%**	-14%	**-35%**	-35%

The 34% combined tax rate used for 2013 and 2012 calculations applies to taxable profit for legal entities in Brazil as required by the tax laws of this jurisdiction.

(In thousands of Brazilian reais)

23. Income and social contribution taxes (Continued)

a) Deferred taxes on tax losses and temporary provisions

Income and social contribution taxes are stated so as to reflect future tax effects attributable to temporary differences between the assets and liabilities tax bases and their respective book values.

In accordance with CPC 32, based on the expectation of generating future taxable profit backed by a technical study approved by our management, the Company recognizes tax credits and debits on deductible temporary differences and accumulated tax losses and negative bases for social contribution, which are not subject to limitation and may be used to offset up to 30% of annual taxable profit. The book value for deferred tax assets and liabilities is reviewed quarterly and projections are reviewed annually. The composition of the balances of deferred income and social contribution taxes assets and liabilities are shown below:

	Balance sheet Company		Income (loss) Company
	12/31/13	12/31/12	12/31/13
Income tax losses and negative basis for social contribution	169,286	98,246	71,040
Allowance for doubtful accounts and disallowances	15,748	25,074	(9,326)
Goodwill amortization	-	997	(997)
Provision for specialized medical services	9,820	3,757	6,063
Sundry provisions	5,701	168	5,533
Provision for contingencies	7,767	33,941	(26,174)
Amortization of pre-operating expenses	-	329	(329)
Other	622	514	108
Goodwill amortization	(194,206)	(108,073)	(86,133)
Intangibles identified in acquisitions	(84,218)	(87,697)	3,479
Review of property and equipment useful lives	(11,870)	(9,154)	(2,716)
Outros	(861)	(3,640)	2,779
Deferred income and social contribution taxes - Assets / (Liabilities)	(82,211)	(45,538)	-
Revenue (expenses) from income and social contribution - deferred	-	-	(36,673)
Reflected in the balance sheet as follows:			
Deferred tax assets			-
Deferred tax liabilities	(82,211)	(45,538)	
Deferred income and social contribution taxes - Assets /(Liabilities)	(82,211)	(45,538)	

Reconciliation of tax assets (liabilities) - deferred	12/31/13
Balance at December 31, 2012	(45,538)
Income / (expenses) from taxes recognized in income (loss)	(36,673)
Balance December 31, 2013	(82,211)

(In thousands of Brazilian reais)

23. Income and social contribution taxes (Continued)

a) Deferred taxes on tax losses and temporary provisions (Continued)

	Balance sheet Consolidated		Income (loss) Consolidated
	12/31/13	**12/31/12**	**12/31/13**
Income tax losses and negative basis for social contribution	**208,656**	124,801	**83,855**
Allowance for doubtful accounts and disallowances	**22,874**	30,884	**(8,010)**
Goodwill amortization	**18,850**	28,297	**(9,447)**
Provision for specialized medical services	**12,252**	6,339	**5,913**
Sundry provisions	**5,701**	214	**5,487**
Provision for contingencies	**8,634**	34,935	**(26,301)**
Amortization of pre-operating expenses	**-**	329	**(329)**
Other	**773**	514	**259**
Goodwill amortization	**(195,385)**	(109,124)	**(86,261)**
Intangibles identified in acquisitions	**(89,728)**	(93,429)	**3,701**
Remeasurement of useful life of property and equipment	**(9,144)**	(6,173)	**1,896**
Other	**(7,692)**	(7,715)	**(4,844)**
Deferred income and social contribution taxes - Assets/ (Liabilities)	**(24,209)**	9,872	
Revenue (expenses) from income and social contribution taxes - deferred			**(34,081)**
Reflected in the balance sheet as follows:			
Deferred tax assets	**58,002**	57,002	
Deferred tax liabilities	**(82,211)**	(47,130)	
Deferred income and social contribution taxes - Assets/ (Liabilities)	**(24,209)**	9,872	

Reconciliation of deferred tax assets (liabilities)	**12/31/13**
Balance at December 31, 2012	**9,872**
Income / (expenses) from taxes recognized in income (loss)	**(34,081)**
Other	
Balance at December 31, 2013	**(24,209)**

Company management considers that the deferred income and social contribution tax asset balances from temporary expenses will be realized to the proportion of the contingencies and realization of events triggering such provisions for losses.

(In thousands of Brazilian reais)

23. Income and social contribution taxes (Continued)

a) Deferred taxes on tax losses and temporary provisions (Continued)

As for deferred tax assets on consolidated income and social contribution tax losses, Management expects to recover tax credits within 8 years, as follows:

Tax credit added/(used) on a yearly basis	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**Total**
Income tax	7,538	10,413	14,732	20,713	29,826	45,370	24,830	153,422
Social contribution tax	2,713	3,749	5,304	7,457	10,738	16,334	8,939	55,234
	10,251	14,162	20,036	28,170	40,564	61,704	33,769	208,656

24. Cost of services provided

	Company		**Consolidated**	
	12/31/2013	**12/31/2012**	**12/31/2013**	**12/31/2012**
Personnel	**343,310**	319,462	**481,644**	457,661
Material	**288,900**	268,897	**441,346**	402,457
Services and utilities	**506,902**	446,562	**663,959**	587,135
Depreciation costs	**75,049**	71,917	**101,238**	94,064
General expenses	**18,706**	17,891	**26,450**	23,606
	1,232,867	1,124,729	**1,714,637**	1,564,923

25. General and Administrative Expenses by nature

	Company		**Consolidated**	
	12/31/2013	**12/31/2012**	**12/31/2013**	**12/31/2012**
Personnel expenses	**166,713**	156,977	**226,041**	216,154
Provision for profit sharing and bonus	**25,340**	-	**25,340**	-
Services and utilities	**64,376**	71,519	**99,026**	113,139
Advertising and publicity	**74**	-	**76**	-
Freight costs	**226**	-	**322**	-
Depreciation and amortization	**48,360**	58,700	**52,863**	68,306
Taxes and charges	**2,920**	1,196	**5,694**	2,348
(Reversal of) / Sundry provisions	**(4,617)**	3,089	**(4,853)**	1,039
General expenses	**77,613**	57,866	**97,539**	77,746
	381,005	349,347	**502,048**	478,732

26. Financial instruments

The Company is generally exposed to the following operating risks that may affect its strategic and financial objectives to a greater or lesser extent:

- Market risk
- Liquidity risk
- Credit risk
- Operating risk

The Company manages the risks to which it is exposed by defining conservative strategies to ensure liquidity, profitability, and security, using objective criteria for risk diversification.

This note reports the Company's exposure to each of the above risks, and its objectives, policies and processes for risk measurement and management and for capital management.

Risk management structure

In alignment with current regulations and with the Company's corporate policies, the system is based on the integrated management of each of the business processes and on adjusting risk level to strategic objectives. The Company's corporate governance structure involves an extensive risk management process for identifying, treating, and monitoring these risks that extends from senior management, and institutional committees such as the auditing committee, which is responsible, among other duties, for overseeing the integrity and effectiveness of internal controls and risk management through to all the Company's different areas.

The Company's internal control environment has been designed to support the nature, risk, and complexity of its operations. It is based on formalized policies and procedures that are disseminated throughout the organization, as well as dedicated business areas and specific tools for risk monitoring.

Management of all risks inherent to the Company's activities on an integrated basis is addressed within a process supported by the structures of Internal Controls and Compliance (in relation to internal policies, rules, and regulations) that ensures continuous improvement for risk management models and minimizes any omission that could jeopardize correct risk identification and assessment. Based on identification, assessment and monitoring of the principal risks, the Company draws up specific action plans to ensure that improvements are implemented.

26. Financial instruments (Continued)

Risk management structure

To build the right control environment for the scale of its business, the Company invests to strengthen internal communication and disseminate the risk management concept among employees. Corporate risk management is supported by statistical tools with liability adequacy testing, stress testing, capital sufficiency indicators and others. In addition to these tools, the Company adds the qualitative side of risk management, with results from self-assessment, quality evaluations, and tests conducted by internal auditing to evaluate the effectiveness and efficiency of internal controls, as well as quality performance in fulfilling duties and responsibilities.

Historically, the financial instruments used by the Company have shown adequate results for risk mitigation. Additionally, we avoid transactions involving exotic or speculative derivatives.

Market risks

These are risks related to assets and liabilities with cash flows or present values that are exposed to:

a) *Exchange-rate risk*: Risk of loss or gain depending on fluctuations in prices of foreign currencies. The main tool to control exchange-rate related risk is the daily treasury position, which is based on reports provided by the BM&FBovespa and other sources (e.g. the Central Bank) for the control of exchange-rate variations involved in our operations.

b) *Market risk - interest*: Risk of fluctuating interest rates leading to increased expenses or decreased income. Fixed interest rates maintained to maturity allow certainty for cash flows. Floating interest rates pose volatility for future interest charges. The main tool for control of risk related to interest rates is the daily treasury position, which is based on reports provided by the BM&FBovespa to control interest rates involved in our transactions.

   Our principal market risks arise from possible fluctuations in interest rates and exchange rates. As a result, the Company and its subsidiaries seek hedging for liquidity risk through financial instruments such as marketable securities, funding in the form of working capital loans, and funding through the issue of debentures, all on an arms' length basis, as well as USD-CDI index swaps.

   The Company's market risk management practices are based on the operating strategies and internal controls established in its Internal Policy for Risk Management of Financial Assets ("Policy") in order to ensure liquidity, profitability, and security of financial instruments exposed to risk. These practices consist of periodically monitoring its contractual conditions in comparison with current market conditions.

26. Financial instruments (Continued)

Risk management structure (Continued)

Market risks (Continued)

Every financial transaction is submitted to the Executive Committee and subsequent validation by the board of directors and / or their auxiliary advisory committees. In the cases of exchange rate and interest-rate exposure, guidelines are set by the board of directors and operated by the Treasury department, since they depend of variable components of the economic scenario. Treasury forwards a monthly report to the Executive Committee showing the Company's current exposure to market risks and using reports, documents and contracts checks for compliance with the policy.

In addition to the above, for market risks to which the Company is exposed, Treasury is mandated to run monthly stress tests assuming 25% and 50% variations in relation to original parameters in order to assess the elasticity of these positions when subjected to major variations of the rates involved in these transactions, and their impact on income and cash positions of the Company.

Liquidity risk

Liquidity risk is the risk of an unforeseeable event or an error in calculating liquidity requirements that will impact the Company's investment decisions or day-to-day business.

We manage liquidity risk by maintaining adequate reserves, bank credit facilities, and credit lines from funding as deemed appropriate, continuously monitoring expected and actual cash flows and the combination of maturity profiles of financial assets and liabilities, following these guidelines:

a) Short-term cash management - liquid assets and credit facilities to cover immediate needs. Periodicity: Daily. Periodicity: D+1 (working days);

b) Long-term cash management - Continuous process to ensure long-term funds, through analysis of the cash budget on a monthly basis, updating assumptions made in the budget in accordance with business needs, and comparing actual *versus* estimated performance. Periodicity: Monthly. Term: 5th working day of the month following the report's base date;

c) Maintenance of minimum cash - Refers to cash balances the Company may replenish in a very short period of time to meet any urgent requirements. In addition, it uses the criterion that cash holdings must be sufficient to cover the five worst daily cash flows in a month, not including receivables;

(In thousands of Brazilian reais)

26. Financial instruments (Continued)

Risk management structure (Continued)

Liquidity risk (Continued)

d) Exposure limits and risk mitigation - the treasury department keeps short-term facilities for immediate liquidity and working capital lines, so that volume is sufficient to ensure at least the amount equal to that of the highest cash outflow over five consecutive days in the last 12 months.

For medium and long term credit lines, the Treasury department maintains credit lines compatible with the Company's strategic planning, for the purpose of ensuring the availability of resources to meet the estimated cash flow.

The table below details the aging list of the consolidated financial liabilities at December 31, 2013:

Consolidated	**Maturity**				
Transaction	**2014**	**2015**	**2016 a 2017**	**2018 onwards**	**Total**
Trade accounts payable	65,479	-	-	-	65,479
Bank loans and financing	100,942	16,303	1204	-	118,449
Debentures	319,912	293,752	518,683	224,379	1,356,726
Taxes in installments	4,293	5,726	3,746	15,420	29,185
Payables for acquisition of subsidiaries	1,689	15,283	31,387	-	48,359
	492,315	331,064	555,020	239,799	1,618,198

Credit risk

Refers to the risk of loss resulting from inability of the counterparty to meet its contractual obligations and make payments to the Company. The principal means of mitigating this risk is through the credit analysis process. Measurement of credit risk over time will be based mainly on the determination of the allowance for doubtful accounts.

The Company and its subsidiaries are subordinated to the credit policy set by its management and their purpose is to minimize any problems deriving from default due to disallowances under plans. The Company also set up an allowance for doubtful accounts due to disallowances, default and returned checks in the Company amounting to R$ 46,318 (R$ 91,991 at December 31, 2012) representing 10,62% (20.59% at December 31, 2012) from the balance of outstanding receivables in order to cover credit risk, and in Consolidated R$ 67,486 (R$ 109,220 at December 31, 2012) representing 10,56% (17.97% at December 31, 2012) from the balance outstanding receivables in order to cover the credit risk.

At December 31, 2013, the maximum exposure in consolidated was R$ 1,175,059 (R$ 836,194 at December 31, 2012) referring to cash and cash equivalents and receivables.

26. Financial instruments (Continued)

Risk management structure (Continued)

Operating risk

Operating risk is the risk of direct or indirect loss arising from a variety of causes associated with our personnel, technology and infrastructure processes, as well as external factors, other than credit, market and liquidity risks. It includes risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate conduct. Operating risks arise from all our operations.

The objective of the Company is to manage operating risk to prevent the occurrence of financial losses or damage to its reputation while ensuring cost effectiveness and avoiding control procedures that hamper initiative and creativity.

The primary responsibility for developing and implementing controls to cover operating risk is attributed to senior management. The latter is supported by development of overall standards for operating risk management in the following areas:

- requirements for appropriate segregation of duties, including independent authorization of transactions;
- requirements for reconciliation and monitoring transactions;
- compliance with legal and regulatory requirements
- documentation of controls and procedures;
- requirements for periodic assessment of operating risks faced, and adequacy of controls and procedures to treat the identified risks;
- requirements for reporting transaction losses and proposed corrective measures;
- developing contingency plans;
- Professional training and development;
- ethical and business standards;
- risk mitigation, including insurance, when effective

Compliance with the Company’s rules is supported by a continuous quality assessment process and a program for periodical analysis of the Internal Auditing responsibilities. The results of the Internal Auditing analyses are discussed with the management of the related business unit, and reports are sent to the Auditing Committee and to the Company management.

(In thousands of Brazilian reais)

26. Financial instruments (Continued)

Risk management structure (Continued)

Capital management

The Company monitors the financial leverage to maintain an appropriate capital structure for the operation and to reduce the indebtedness cost. The leverage ratio used corresponds to net debt divided by total equity.

The consolidated levels of financial leverage ratios at December 31, 2013 and 2012 are broken down as follows:

	12/31/2013	**12/31/2012**
Loans and financing **(a)**	**118,449**	147,397
Debentures **(a)**	**1,356,726**	958,984
Derivative financial instruments	**(107)**	1,233
Total gross debt	**1,475,068**	1,107,614
Cash and cash equivalents and marketable securities – current assets	**(608,861)**	(260,472)
Net debt	**866,207**	847,142
Equity	**2,708,810**	2,607,192
Contents	**0.31977**	0.32493

(a) Amounts are reported net of transaction costs

The Company may alter its capital structure depending on economic-financial, strategic or operational conditions, in order to improve debt management. At the same time, it aims to improve return on invested capital (ROIC) through working capital management and an efficient investment program.

The Company is subject to maximum indebtedness levels according to the terms presented in Note 17.

Financial instrument by category

The table below shows the Company's financial instruments by category. Fair values of financial instruments shown do not vary significantly from the balances shown in the Company and Consolidated statements of financial position.

(In thousands of Brazilian reais)

26. Financial instruments (Continued)

Financial instrument by category (Continued)

	Company					
	12/31/13			12/31/12		
Description	Fair value through profit or loss	Loans and receivables	Amortized cost	Fair value through profit or loss	Loans and receivables	Amortized cost
Cash and cash equivalents and Marketable securities	**512,755**	**-**	**-**	199,349	-	-
Judicial deposits	**90,695**	**-**	**-**	91,117	-	-
Trade accounts receivable	**-**	**389,860**	**-**	-	354,812	-
Derivatives	**107**	**-**	**-**	-	-	-
Assets	**603,557**	**389,860**	**-**	290,466	354,812	-
Trade accounts payable	**-**	**-**	**45,804**	-	-	54,714
Bank loans and financing	**-**	**-**	**8,431**	-	-	28,152
Debentures		**-**	**1,356,726**	-	-	958,984
Derivatives	**-**	**-**	**-**	1,233	-	-
Taxes in installments	**-**	**-**	**10,538**	-	-	12,392
Payables for acquisition of subsidiaries	**-**	**-**	**36,750**	-	-	58,600
Liabilities	**-**	**-**	**1,458,249**	1,233	-	1,112,842

	Consolidated					
	12/31/13			12/31/12		
Description	Fair value through profit or loss	Loans and receivables	Amortized cost	Fair value through profit or loss	Loans and receivables	Amortized cost
Cash and cash equivalents and Marketable securities	**646,654**	**-**	**-**	318,107	-	-
Judicial deposits	**95,540**	**-**	**-**	95,274	-	-
Trade accounts receivable	**-**	**566,262**	**-**	-	498,455	-
Derivatives	**107**	**-**	**-**	-	-	-
Assets	**742,301**	**566,262**	**-**	413,381	498,455	-
Trade accounts payable	**-**	**-**	**65,479**	-	-	84,429
Bank loans and financing	**-**	**-**	**118,449**	-	-	147,397
Debentures	**-**	**-**	**1,356,726**	-	-	958,984
Derivatives	**-**	**-**	**-**	1,233	-	-
Taxes in installments	**-**	**-**	**29,185**	-	-	32,830
Payables for acquisition of subsidiaries	**-**	**-**	**48,359**	-	-	69,432
Liabilities	**-**	**-**	**1,618,198**	1,233	-	1,293,072

26. Financial instruments (Continued)

Fair value hierarchy

The Company holds only financial instruments qualified at level 2, corresponding to marketable securities in the consolidated amounts of R$ 625,786 at December 31, 2013 (R$ 302,020 at December 31, 2012) and derivatives in the consolidated amounts of R$ 107 asset at December 31, 2013 (R$ 1,233 liability at December 31, 2012).

The different levels are defined as follows:

- Level 1 - Prices (not adjusted) quoted in active markets for identical assets and liabilities.
- Level 2 - Inputs, other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).
- Level 3 - Assumptions for the asset or liability that are not based on observable market data (unobservable inputs).

a) *Estimated fair values*

Estimated fair value for financial instruments was developed using a pricing model applied individually to each transaction, taking into account future payment flows based on contractual terms, discounted to present value at rates obtained through the market interest curve, based on information obtained from the BM&FBovespa and ANBIMA websites.

Therefore a security's fair value corresponds to its value at maturity (redemption value) brought to present value using a discount factor (related to the maturity date) obtained from the market interest curve in *Reais*.

b) *Derivatives*

The hedge instruments contracted by the Company are non-deliverable forwards and interest rate *swaps* with no leverage component, margin call clause, daily adjustment or periodic adjustments. The assumptions used for calculation of assets and liabilities are broken down in the table below:

At December 31, 2013, the Company held the following swap operations:

(In thousands of Brazilian reais)

26. Financial instruments (Continued)

Fair value hierarchy (Continued)

b) *Derivatives* (Continued)

Financial instruments – Derivatives receivable (Consolidated) (Continued)

	Fair value (Accounting)											
Company strategy	**Index rate - Assets**	**Assets**	**Index rate - Liabilities**	**Liabilities**	**Fair value**	**Amounts**	**Gain (loss) in mark to market**	**Currency/ index**	**Maturity**	**Notional value**	**Market**	**Counterparty**
Derivatives for debts hedge not assigned at fair value												
Swap - Hedge exchange rate	Dollar	8,655	78.55% of CDI	(8,548)	(107)	(331)	438	Dollar	04/2010 to 03/2016*	3,736	OTC	HSBC
		8,655		(8,548)	(107)	(331)	438					
Classified in current assets					85							
Classified in noncurrent assets					22							

* Monthly maturity

The Company recognized gains and losses on its derivative instruments. However, since they are hedging derivatives, these gains and losses minimized the impact of exchange-rate and interest-rate variation incurred by the indebtedness that the derivatives were hedging. At December 31, 2013, derivative instruments had the following impacts on consolidated income:

			Income	
Derivatives	**Risk**	**Account**	**12/31/13**	**12/31/12**
HSBC (SWAP)	Exchange variation -Interest - fair value adjustment	Financial income/ (financial expenses)	**978**	728
			978	728

Sensitivity analysis of derivatives

The Company carried out the sensitivity analysis for the main risks to which its financial instruments (including derivatives) are exposed, which basically refer to risks related to exchange and interest rate variations, as follows:

(In thousands of Brazilian reais)

26. Financial instruments (Continued)

Fair value hierarchy (Continued)

b) *Derivatives* (Continued)

Exchange-rate variation

Fair value was calculated in accordance with projections made on the date of these financial statements for future quotations of the US dollar obtained from BM&FBovespa. In the case of the scenarios, as determined by the abovementioned instruction, the stress percentages defined therein were added.

Assuming the notional exposure of indexed to variable interest rates above are maintained, the effects of dollar depreciation on the Company's consolidated financial statements, by type of financial instrument, for the two different scenarios, would be as follows:

Contracts	Risk	Exposure	Fair value at 12/31/2013	Depreciation 25%	Depreciation 50%
SWAP Contract – HSBC Long position – Exchange variation	Dollar drop - US$	3,736	**8,655**	(2,163)	(4,327)
		3,736	**8,655**	(2,163)	(4,327)

Interest-rate variation

Market value was calculated in accordance with the projections on the date of these financial statements for future quotations for each maturity date of principal and interest obtained on the BM&FBovespa. In the case of the scenarios, as determined by the abovementioned instruction, the stress percentages defined therein were added.

Assuming the exposure of financial instruments indexed to variable interest rates at December 31, 2013 is maintained, the effects of a higher interbank (CDI) on the Company's consolidated financial statements, by type of financial instrument, for two different scenarios, would be as follows:

Contracts	Risk	Exposure	Fair value at 12/31/2013	Increase 25%	Increase 50%
SWAP Contract- HSBC Short position - Interest	CDI Increase	3,736	(8,548)	23	45
		3,736	(8,548)	23	45

(In thousands of Brazilian reais)

26. Financial instruments (Continued)

Fair value hierarchy (Continued)

b) *Derivatives* (Continued)

Sensitivity analysis of financial assets and liabilities

The principal risks concerning the Company's operations relate to interbank (CDI) rate variations for promissory notes, debentures and marketable securities linked to the dollar exchange rate variation for bank loans and financing and marketable securities.

CDI Investments are recorded at fair value, in accordance with quotations disclosed by the corresponding financial institutions and the others refer mostly to banking deposit certificates and repurchase agreements, therefore the amount recorded for these securities shows no difference in relation to fair value.

Based on expectations stated in the FOCUS/Bacen report 12/27/13, a projection for the next 12 months was obtained, with an average of 10,47% for CDI and R$ 2.40 for the exchange rate (R$/US$).

In order to verify the sensitivity of the index on marketable securities held by the Company at December 31, 2013, three different scenarios were defined, based on the projection and, from then on, the variations of 25% and 50% were calculated.

For each scenario gross financial expense / (income) was calculated, not including the impact of taxes and the flow of maturities of each contract scheduled for 2013.

Transaction	Balance at December 31, 2013	Risk	Scenario I (Probable)	Scenario II	Scenario III
Marketable securities	**72,980**	Dollar	(1,788)	18,245	36,490
Rate subject to variation			2,40	1,76	1,17
Marketable securities	**515,013**	CDI	53,922	40,441	26,961
Rate subject to variation			10.47%	7.85%	5.24%

In order to verify the sensitivity of our debts index at December 31, 2013, three different scenarios were defined based on the projection, from which variations of 25% and 50% were calculated.

Gross financial expenses / (income) were calculated for each scenario, not including the impact of taxes and the flow of maturities of each contract scheduled for 2013.

(In thousands of Brazilian reais)

26. Financial instruments (Continued)

Fair value hierarchy (Continued)

b) *Derivatives* (Continued)

Sensitivity analysis of financial assets and liabilities (Continued)

Gross financial expense was calculated for each scenario, not taking into consideration the impact of taxes and the flow of maturities of each contract scheduled for 2013. The reporting date used for financing was December 31, 2013, and the indices were projected for one year and their sensitivity determined for each scenario.

Transaction	Balance at December 31, 2013	Risk (a)	Scenario I (Probable)	Scenario II	Scenario III
Debentures	**1,363,660**	CDI	142,775	178,469	214,163
			10.47%	13.09%	15.71%
Working capital	**23,884**	CDI	2,501	3,126	3,751
			10.47%	13.09%	15.71%
Working capital	**70,623**	Dollar	1,730	17,656	35,312
			2,40	2,93	3,51

(a) Rate subject to variation

Fair value

	Controladora			
	12/31/13		12/31/12	
	Book value	Fair value	Book value	Fair value
Assets				
Marketable securities	**497,929**	**497,929**	186,680	186,680
Judicial deposits	**90,695**	**90,695**	91,117	91,117
Trade accounts receivable	**389,860**	**389,860**	354,812	354,812
Derivatives	**107**	**107**	-	-
Liabilities				
Trade accounts payable	**45,804**	**45,804**	54,714	54,714
Debentures	**1,356,726**	**1,365,658**	958,984	962,649
Derivatives	**-**	**-**	1,233	1,233
Loans and financing:				
Other bank loans	**8,431**	**8,431**	28,152	28,152

(In thousands of Brazilian reais)

26. Financial instruments (Continued)

Fair value hierarchy (Continued)

b) *Derivatives* (Continued)

Fair value (Continued)

	Consolidated			
	12/31/13		12/31/12	
	Book value	Fair value	Book value	Fair value
Assets				
Marketable securities	**625,786**	**625,786**	302,020	302,020
Judicial deposits	**95,540**	**95,540**	95,347	95,347
Trade accounts receivable	**566,262**	**566,262**	498,455	498,455
Derivatives	**107**	**107**	-	-
Liabilities				
Trade accounts payable	**65,479**	**65,479**	84,429	84,429
Debentures	**1,356,726**	**1,365,658**	958,984	962,649
Derivatives	**-**	**-**	1,233	1,233
Loans and financing:				
Bank loan - Banco do Brasil	**23,884**	**23,954**	28,669	28,753
Senior notes	**-**	**-**	59,652	64,020
Other bank loans	**94,565**	**94,565**	59,076	59,076
	118,449	**118,519**	147,397	151,849

(In thousands of Brazilian reais)

27. Related parties

In the years ended December 31, 2013 and 2012, the Company entered into transactions with related parties within its normal operating context, as shown below:

a) Transactions related to services rendered between Company and related parties

Balance at end of year	12/31/2013	12/31/2012
Current assets – Customers		
CientificaLab	**63**	3,396
CERPE	**78**	162
Cytolab	**-**	6
Previlab	**59**	979
	200	4,543
Current liabilities – Other accounts payable		
DASA RE (i)	**73**	184
Sérgio Franco (ii)	**2,687**	2,242
	2,760	2,426

Income for the year	12/31/2013	12/31/2012
Service revenue		
CientificaLab	**2,128**	3,352
CERPE	**835**	588
Previlab	**905**	1,750
Cytolab	**-**	1,215
	3,868	6,905
Cost of services provided		
DASA RE (i)	**1,202**	1,797
CientificaLab (ii)	**-**	99
Sérgio Franco (ii)	**24,869**	19,961
	26,071	21,857

(i) Amounts corresponding to property rent.
(ii) Amounts corresponding to clinical analysis services.

Transactions with related parties, as shown above, are carried out at cost and eliminated in the consolidated financial statements.

(In thousands of Brazilian reais)

27. Related parties (Continued)

b) Advances for future capital contribution (AFAC)

	12/31/13	12/31/12
CientificaLab Produtos Laboratoriais e Sistemas Ltda.	**25,000**	15,500

c) Management compensation

Total Management compensation, including fixed remuneration and bonuses, was R$2,672 in 2013, and R$3,041 in 2012, paid to the members of the Board of Directors (5 members in 2013 and in 2012), and R$9,893 in 2013 and R$8,896 in 2012, paid to statutory officers (11 officers in 2013, and average of 12 in year 2012).

Share-based payment is disclosed in Note 22 (e). There are no additional benefits to the Company's key management members.

d) Balances of contracts between subsidiaries at December 31, 2013 and December 31, 2012. These balances are not shown in the financial statements since they do involve the parent Company and are eliminated in the consolidated statements.

Lender	Borrower	12/31/2013	12/31/2012	Maturity date	Rate
Pro Echo	Sérgio Franco	**36,496**	33,772	10/25/2016	100% CDI
Pro Echo	CDPI	**36,301**	22,502	11/7/2017	100% CDI
Pro Echo	Check-Up	**4,680**	2,829	12/17/2017	CDI + 1.6% p.a.
Pro Echo	Previlab	**6,464**	5,392	9/23/2017	CDI + 1.6% p.a.
Pro Echo	CientificaLab	**-**	7,045	11/8/2017	100% CDI
Pro Echo	Multi-Imagem	**3,332**	2,127	5/30/2017	100% CDI
Pro Echo	CERPE	**-**	614	12/26/2017	100% CDI
		87,273	74,281		

Transactions between the Company and other related parties

Link Consultoria em Medicina Diagnóstica Ltda.: an entity held by Alcione Moya Aprilante, shareholder of Previlab Análises Clínicas Ltda., which is a Company controlled by the DASA. It provides advisory services regionally in the management of health companies, and has market know-how, relationship with physicians practicing in the region where Previlab operates, as well as recognition by potential health professionals and customers.

Medparts Participações e Negócios Ltda.: entity held by Doctor Luciano Flávio Freitas de Almeida, member of Instituto de Endocrinologia e Medicina Nuclear do Recife Ltda. – CERPE, which renders services to the Company, providing advisory services on business management of medical companies, with market know-how, relationship with local physicians, and recognition of potential professionals and customers in healthcare field.

(In thousands of Brazilian reais)

27. Related parties (Continued)

d) Balances of contracts between subsidiaries at December 31, 2013 and December 31, 2012. These balances are not shown in the financial statements since they do involve the parent Company and are eliminated in the consolidated statements. (Continued)

Transactions between the Company and other related parties (Continued)

Melania Angelieri Cunha Aprilante: spouse of Doctor Alcione Moya Aprilante, shareholder of Previlab Análises Clínicas Ltda., owner of properties leased by Previlab, which is an entity controlled by the Company, located at:

Rua. Alferes José Caetano, nº 563	Piracicaba	SP
Rua 15 de novembro, nº 1120	Capivari	SP
Rua Presidente Roosevelt, nº 755	Limeira	SP
Av. Brasil, nº 499	Americana	SP
Rua Acácio do Canto, nº 189	Piracicaba	SP
Rua Floriano Peixoto, nº 940	São Pedro	SP

César Antonio Biazio Sanches: shareholder of Análises Clínicas Ltda., owner of the property leased by Previlab, which is an entity controlled by the Company, located at Rua Alferes Franco, nº 408 - Limeira, SP.

A e C Consultores Ltda.: an entity held by Cezar Antonio Biázio Sanches, shareholder of Previlab Análises Clínicas Ltda., which is a Company controlled by DASA. It provides business advisory and support services in the Previlab business area, as well as advisory, coaching, training and assessment of Previlab's employees and service providers.

Pesmed – Pesquisas e Serviços Médicos Ltda.: a Company controlled by Mr. Emerson Leandro Gasparetto, our radiology and graphical methods officer (elected March 26, 2012) and his wife, also a medical professional, Dr. Taisa Pallu Davaus Gasparetto, for consulting services in the form of medical research and surveys for subsidiaries: CDPI – Clínica de Diagnósticos por Imagem Ltda, CRMI – Clínica de Ressonância e Multi Imagem Ltda. The amounts are calculated based on the number of reports actually prepared by Pesmed, with due regard for the amount corresponding to each type of report, as per the list prepared by Company, using the same system adopted for the other providers of services for the Company.

Lockall da Informática e Suprimentos Ltda. – ME: A Company owned by the spouse of Claudia Cohn, who is an executive officer of Alta, with is the company in charge of installing cable TV outlets in the Company's business units.

27. Related parties (Continued)

d) Balances of contracts between subsidiaries at December 31, 2013 and December 31, 2012. These balances are not shown in the financial statements since they do involve the parent Company and are eliminated in the consolidated statements. (Continued)

Transactions between the Company and other related parties (Continued)

RMR Ressonância Magnética Ltda: a Company with shareholders jointly holding 33.24% of its capital who are the brothers of Mr. Romeu Cortês Domingues, chairman of the board of directors of the Company (elected April 26, 2011) , which provides medical services in the field of magnetic resonance imaging for these subsidiaries: CDPI – Clínica de Diagnósticos por Imagem Ltda; CRMI – Clínica de Ressonância e Multi Imagem Ltda; and Clínica de Ressonância e Multi-Imagem Caxias Ltda. Amounts are calculated based on revenue from magnetic resonance imaging services and numbers of exams produced by RMR, recognizing the corresponding charge for each type of report, as per the list prepared by the Company and using the same system adopted for the other providers of services for the Company.

Ultrascan Serviços de Imagem Ltda: Company owned by Eduardo Luiz Primo de Siqueira, who holds 7.5% of Clinica de Ressonância Multi-Imagem Petrópolis Ltda, which provides medical services in the imaging area for the controlled Company Clinica de Ressonância Multi-Imagem Petropolis Ltda. The amounts are calculated based on the imaging service revenue and the number of reports prepared by Ultrascan, subject to the amount corresponding to each report type, according to the subsidiary's table, and they should further comply with the same system adopted for the other service providers of subsidiary.

DMG Laboratório Médico Ltda: a franchise of the controlled Company Laboratórios Médicos Dr. Sérgio Franco Ltda., whose managing partner is Neusa de Godoy Bueno Joaquim, mother-in-law of the regional chief financial officer of the controlled Company Laboratórios Médicos Dr. Sérgio Franco Ltda., Carlos Fabio Ferreira Xavier. The franchise commission is calculated based on DMG's service revenue, subject to the same system adopted for the other franchisees.

Lâmina Laboratório de Patologia Prevenção de Câncer Ltda: an entity whose partner is Adilia Jane de Alcantara Segura, non-statutory medical officer of the Company, for clinical pathology services. The amounts are calculated based on the number of examinations effectively made by Lâmina, subject to the amount corresponding to each examination type, according to the Company table and pursuant to the same system adopted for the other services providers.

(In thousands of Brazilian reais)

27. Related parties (Continued)

d) Balances of contracts between subsidiaries at December 31, 2013 and December 31, 2012. These balances are not shown in the financial statements since they do involve the parent Company and are eliminated in the consolidated statements. (Continued)

Transactions between the Company and other related parties (Continued)

ECRD – Serviços Médico de Radiologia Ltda: The Company's partner is Mr. Roberto Cortes Domingues, brother of Mr. Romeu Cortês Domingues, chairman of the Board of Directors (appointed on April 26, 2011), which provides medical services referring to MRI and radiology for subsidiaries CDPI – Clínica de Diagnósticos por Imagem Ltda., CRMI – Clínica de Ressonância e Multi Imagem Ltda. and Clínica de Ressonância e Multi-Imagem Caxias Ltda. and Clínica de Ressonância e Multi-Imagem Petropolis Ltda.

Following are the amounts corresponding to services provided by the companies above for the year ended December 31, 2013 and 2012:

Contractor	Contracting party	12/31/13	12/31/12
Link Consultoria em Medicina Diagnóstica Ltda.	Previlab	189	192
A e C Consultoria Ltda.	Previlab	403	392
Pesmed – Pesquisa e Serviços Médicos Ltda.	CDPI	268	303
Pesmed – Pesquisa e Serviços Médicos Ltda.	CRMI	93	96
RMR Ressonância Magnética Ltda.	CDPI	1,472	1,844
RMR Ressonância Magnética Ltda.	CRMI	1,615	1,921
RMR Ressonância Magnética Ltda.	CRMI Caxias	83	77
Medparts Participações e Negócios Ltda.	DASA	250	-
Melania Angelieri Cunha Aprilante	Previlab	265	212
César Antonio Biazio Sanches	Previlab	83	62
Lockall da Informática e Suprimentos Ltda. – ME	DASA	35	8
DMG Laboratório Médico Ltda.	Sergio Franco	1,020	923
Ultrascan Serviços de Imagem Ltda.	CRMI Petrópolis	191	100
Laboratórios de Pat. Prev. Câncer Ltda.	DASA	227	180
ECRD - Serviços Médicos de Radiologia Ltda.	CDPI	412	-
ECRD - Serviços Médicos de Radiologia Ltda.	CRMI	546	-
ECRD - Serviços Médicos de Radiologia Ltda.	CRMI Caxias	33	-

(In thousands of Brazilian reais)

28. Financial and operating lease

Local currency leases

The Company leases goods recorded in fixed assets, with purchase option, with no renewal option, and contingent payment, with no covenants referring to dividends and interest on equity or additional debt. These contracts total an amount payable of R$ 11,101 until 2015 for the consolidated, given that the sum of R$ 8,027 of this amount is recorded in current liabilities and R$ 3,074 in noncurrent liabilities.

The average term of the contracts is 36 months and these are remunerated at interest rate varying from CDI + 1.53% p.a. to CDI + 2.00% p.a.

Future minimum payments under loans and financing (see Note 16) are segregated as follows:

	12/31/13					
	Company			Consolidated		
	Present value of minimum Lease Payments	Interest	Future minimum payments	Future minimum payments Future	Interest	Future minimum payments
Up to one year	**2**	**-**	**2**	**8,028**	**171**	**8,199**
One to five years	**-**	**-**	**-**	**3.073**	**65**	**3,138**
	2	**-**	**2**	**11,101**	**236**	**11,337**

	12/31/12					
	Company			Consolidated		
	Present value of minimum lease payments	Interest	Future minimum payments	Future minimum payments Future	Interest	Future minimum payments
Up to one year	4,205	176	4,381	15,632	653	16,285
One to five years	4,041	169	4,210	15,169	634	15,803
	8,246	345	8,591	30,801	1,287	32,088

The assets listed below are included in the property and equipment for the Company and its subsidiaries. Net book values of assets acquired through local financial leases are:

	Company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Machinery and equipment	**-**	7,560	**15,236**	20,391
Furniture and fixtures	**-**	48	**-**	62
Vehicles	**-**	1	**-**	42
IT equipment	**-**	694	**-**	1,052
Facilities	**-**	70	**-**	68
IT system	**-**	3	**-**	30
	-	8,376	**15,236**	21,645

(In thousands of Brazilian reais)

28. Financial and operating lease (Continued)

Foreign currency leases

The Company leases equipment used to provide services, according to lease agreements with purchase option, with no renewal option, and contingent payment, with no covenants referring to dividends and interest on equity or additional debt. The payment term is 84 months and for the first installment of a shortage of 6 months for the settlement was established, and the remaining payments on a quarterly and semiannually. The quarterly and semi-annual installments in U.S. dollars are translated into reais at the market exchange rate effective on the payment date, plus interest from 7.20% per annum to 8.35% per annum, the balance payable totaling R$10,033 by 2016, R$7,893 thereof being recorded under current liabilities and R$2.140 under noncurrent liabilities.

Future minimum payments are segregated as follows:

	12/31/2013					
	Company			Consolidated		
	Present value of minimum lease payments	Interest	Future minimum payments	Present value of minimum lease payments	Interest	Minimum future payments
Up to one year	**6,626**	**403**	**7,029**	**7,893**	**480**	**8,373**
One to five years	**1,803**	**109**	**1,912**	**2,140**	**130**	**2,270**
	8,429	**512**	**8,941**	**10,033**	**610**	**10,643**

	12/31/2012					
	Company			Consolidated		
	Present value of minimum lease payments	Interest	Future minimum payments	Present value of minimum lease payments	Interest	Minimum future payments
Up to one year	11,384	747	12,131	12,984	852	13,836
One to five years	7,271	477	7,748	8,403	552	8,955
	18,655	1,224	19,879	21,387	1,404	22,791

The international finance lease agreements are included in property and equipment as machinery and equipment, totaling R$8,002 (R$53,800 at December 31, 2012) - Company and R$8,687 (R$72,507 at December 31, 2012) - consolidated.

(In thousands of Brazilian reais)

28. Financial and operating lease (Continued)

Operating lease

Future minimum property rent payable on operating leases not subject to cancellation in consolidated are the following:

	12/31/2013			12/31/2012		
	Fixed-income agreements	Variable income agreements	Total	Fixed-income agreements	Variable income agreements	Total
Within one year	**100,046**	**4,123**	**104,170**	105,718	2,228	107,946
More than one year, but less than five years	**177,826**	**7,329**	**185,155**	232,463	4,884	237,347
More than five years	**98,812**	**270**	**99,082**	87,367	2,515	89,882
	376,684	**11,722**	**388,406**	425,548	9,627	435,175

29. Net revenue

Reconciliation between gross revenues for tax purposes and net revenues and discounts stated in the income statements is as follows:

	Company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Gross revenue	**1,968,422**	1,767,938	**2,744,415**	2,489,994
Deductions:				
Taxes	**(112,543)**	(100,788)	**(155,817)**	(143,555)
Provision for and losses due to disallowance and default	**(67,564)**	(65,969)	**(91,760)**	(76,673)
Discounts	**(8,582)**	(5,555)	**(9,351)**	(5,624)
	1,779,733	1,595,626	**2,487,487**	2.264.142

(In thousands of Brazilian reais)

30. Financial income

	Company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Financial expenses				
Interest (a)	**(131,862)**	(99,670)	**(150,182)**	(116,183)
Monetary and exchange variation losses	**(6,558)**	(16,256)	**(11,176)**	(22,440)
Other	**(12,519)**	(21,541)	**(16,597)**	(25,996)
	(150,939)	(137,467)	**(177,955)**	(164,619)
Financial income				
Interest	**28,639**	14,647	**37,287**	26,694
Monetary and exchange variation losses	**6,713**	16,231	**8,456**	19,413
Other **(a)**	**44,260**	929	**45,628**	4,820
	79,612	31,807	**91,371**	50,927
	(71,327)	(105,660)	**(86,584)**	(113,692)

(a) The gain obtained by joining PEP/SP in the amount of R$ 12,012 (see Note 21), is represented by the amount of R$ 31,224, recorded under Interest and by the amount of R$ 43,236, recorded under Other.

31. Subsequent events

Tender Offer

On December 23, 2013, the Company was informed, under the terms of the Material Fact Notice published on the same date of the voluntary tender offer to acquire the Company's equity control by CROMOSSOMO PARTICIPAÇÕES II S.A. ("Offeror"), to acquire at least 82,362,124 shares, which correspond to 26.41% plus 1 (one) share of the Company's capital, to all common shares issued thereby, for the share price of R$15.00 ("OPA").

On January 22, 2014, the Company was informed by the Offeror that the OPA public notice was amended, with the waiver by the Offeror in relation to the condition to acquire equity interest representing the acquisition of the Company's equity control. This information was the subject matter of Material Fact Notice published on January 22, 2014. Considering the amendment, the OPA still intended to acquire total common shares issued by the Company, but not conditioned upon acquiring a minimum number of shares to be completed.

The Brazilian Securities and Exchange Commission ("CVM"), through Marketable Securities Registration Supervisory Office, disregarded the referred to amendment produced by the Offeror. After a claim filed by the Offeror, on January 29, 2014, CVM reported that the claim was analyzed by its Board, who decided to authorize the OPA auction as "Unified OPA", with (i) Voluntary OPA, under the terms of item IV of CVM Ruling No. 361/02; and (ii) OPA for the acquisition of equity control, under the terms of item V, both of article 2 of the same ruling.

31. Subsequent events (Continued)

Tender Offer (Continued)

In compliance with item 4.8 of BM&FBOVESPA Mercado Novo Listing Regulation, on January 13, 2014 and on February 6, 2014, the Company's Board of Directors was favorable to accepting the OPA and Unified OPA, respectively. The Board of Directors pointed out that the final decision on whether to accept the OPA is the responsibility of each shareholder. It recommends that all documents publicly available be read, and financial, legal and tax advisers be consulted with before deciding to accept it so as to check for legal, exchange and tax implications.

The auction was held on February 10, 2014, and for the subsequent 30 days, Cromossomo acquired total 150,769,012 shares, which account for 48.35% of DASA capital. Interest held by the Offeror, in conjunction with that of its indirect controlling shareholders, Mr. Edson de Godoy Bueno and Ms. Dulce Pugliese de Godoy, according to the Material Fact Notice Published by the Offeror on March 12, 2014, accounts for 71.94% of DASA capital on that date.

On March 11, 2014, the Company was referred to as defendant in the arbitration filed by Cromossomo in the Market Arbitration Chamber, to contest the obligation to realize OPA as provided in article 45 of the Company's Articles of Association.

Identification of judicial deposits – ICMS

On February 25, 2014, the Company, by means of its outside legal counsel, completed the procedures related to the identification of ICMS collected on direct imports deposited in court in December 2011, under the records of MS No. 0046827-27.2011.8.26.0053, proceeding waivered by the Company for its enrolment with the ICMS/SP Special Program for Tax Payment in Installments (PEP), under the terms mentioned in Note 21 (a) – Provisions for tax, social security, labor and civil claims. Total judicial deposit identified amounted to R$ 53,839.

Corporate reorganization – Subsidiary carve-out

On February 28, 2014, the Company and its subsidiary CDPI, only members of Laboratórios Médicos Dr. Sérgio Franco Ltda. ("Sérgio Franco"), approved Sérgio Franco Carve-out and merger of the spun-off assets by subsidiary Lafê Serviços Diagnósticos Ltda. As allowed by sole paragraph of article 233 of Law No. 6404/76, as only those assets of the Sérgio Franco will be transferred to Lafê, Lafê will not be responsible for any liabilities of the Sérgio Franco, either joint or several. Given the Carve-out, Sérgio Franco's capital reduction by R$ 6,366 - corresponding to the spun-off assets - was approved, from R$ 63,902 to R$ 57,536, with cancellation of 6,366,316 units of interest of the Sérgio Franco.

31. Subsequent events (Continued)

Corporate reorganization – Subsidiary carve-out (Continued)

In order to appraise the split-off portion of assets from Sérgio Franco, we engaged APSIS CONSULTORIA E AVALIAÇÕES LTDA., responsible for the appraisal report on these assets to be merged into Lafê.

Dickson Esteves Tangerino
Diretor Presidente

Paulo Bokel Catta-Preta
Diretor Financeiro e de Relações com Investidores

Carlos Elder Maciel de Aquino
Diretor de Gestão Contábil e Recebíveis

Daniel Vendramini da Silva
TC-CRC-1SP125812/O-1

Annual Summary Report of the Statutory Audit Committee

1. About the Audit Committee

The Special General Meeting held on April 22, 2013 introduced the Statutory Audit Committee (“CAE” or the “Committee”) of Diagnósticos da América S.A. (“DASA” or the “Company”). On this same date, the Company’s Board of Directors meeting approved CAE Internal Rules, appointed its members, and determined the budget for 2013.

The Internal Rules of the Statutory Audit Committee (“Internal Rules”) determines that the CAE is an advisory body directly associated to the Board of Directors, set up in accordance with articles 28, 29, 30, 31, and 32 of DASA’s Articles of Association, and pursuant to articles 31-A to 31-F of CVM Rule No. 308, of May 14, 1999, as amended by CVM Rule No. 509/2011.

Currently, CAE has four members: one coordinator and three members, all appointed by the Board of Directors on April 22, 2013 with a 10-year term of office. Among the CAE members, and to comply with the legislation in force, all comply with the independence requirement, one of the members is also member of the Board of Directors, and there is a member with corporate accounting experience, under the terms of ICVM 509/11 (the Coordinator).

2. Summary of the activities

CAE held thirteen meetings from April 22, 2013 (when CAE was established) to March 21, 2014 (the “Period”). These meetings were conducted for approximately five hours each, with the recording of their corresponding minutes. The main subjects discussed were:

I. Independent audit

Ernst & Young Auditores Independentes is the firm responsible for the independent audit and the opinion on the Company’s individual and consolidated financial statements, as well as for the limited review report on quarterly financial information, which are forwarded to Brazilian Securities and Exchange Commission (“CVM”). CAE regularly spoke with the independent auditors over the year 2013, particularly regarding review of the Company’s quarterly and annual financial statements.

II. Internal Audit

DASA’s audit department carries out its work supported by Deloitte Touche Tomatsu Auditores Independentes (“DTT”) team since 2010. CAE supervisors the internal audit work, including DTT activities, and also approves and reviews the annual internal audit plan. In order to cover all Company’s concerns, CAE requested additional work to be conducted in line with the subjects presented by internal audit and of the Committee’s responsibility.

CAE positively evaluated the activities developed and work delivered in 2013 by the internal audit department; this work included the Committee’s requests, as well as issues related to risks, claims and internal controls. CAE evaluates the results of the work conducted in 2013 did not present residual risks that may affect the Company’s ability to operate as a going concern.

III. Legal, tax and labor risk management

Legal department provided CAE with the annual managerial report of legal risks, containing the list legal issues to which the Company is a party, as well as the respective recommendations and measures taken. Subsequently, the Legal department presented updates on contingencies' statuses in view of the quarterly information (ITRs), indicating significant changes for each period.

Additionally, on October 14, 2013, upon request from CAE members, the Legal Department conducted a presentation on Law No. 12846/2013 (anticorruption).

IV. Code of Conduct and Whistleblower Hotline

The Company's Code of Conduct was approved in November 2010 and provides various channels to employees, suppliers, customers, partners and other involved parties to communicate and/or make denunciations in case this is breached. In 2013, CAE monitored these channels.

Addittionally, CAE has a specific whistleblowing channel for issues such as: (i) possible non-compliances or accounting irregularities or any other accounting and financial issues; and (ii) internal and independent audit matters, of internal control, risk management, transactions with related parties and corporate governance.

V. Transactions with related parties

After approval of the policies for transactions with related parties by the Board of Directors' meeting held on March 4, 2013, the Committee for Analysis of Transactions with Related Parties ("Related Parties Committee") was created, and it reports to CAE.

The Related Parties Committee is made up by CAE Coordinator, People Manger, Legal Manager, Investor Relations Manager, and Accounting and Accounts Receivable Manager.

The Related Parties Committee has held four meetings in the year, especially to make clarifications and review the financial statements and the reference form, especially for the matters referring to transactions with related parties.

VI. Financial statements and quarterly information

The CAE Coordinator, in order to represent this body and provide information on the work referring to the Company's results, participated in all Board of Directors' meetings which decide on CAE responsibilities.

In 2013, CAE held quarterly meetings to evaluate the Company's results, and all accounting and financial information was analyzed by CAE before approval of the Board of Directors and disclosure to the market. In these meetings, CAE analyzed and evaluated the aspects referring to the preparation of the individual and consolidated accounting documentation, explanatory notes and other reports making up the consolidated financial statements. Additionally to these quarterly meetings, the CAE held a meeting to analyze other specific matters under its competence.

CAE discussed the independent audit work for year 2013 with Ernst & Young Terco Auditores Independentes, provided that the independent audit team in charge presented the results analyzed on a quarterly basis. CAE considered the work performed by the independent audit team adequate.

The issues highlighted and recommended by EY in the reports presented were discussed by the CAE members, who forwarded these to the competent areas; the CAE then will monitor the implementation of the improvements suggested.

VII. Conclusion

CAE, based on the analyses, reviews and discussions conducted by its members, recommends the Company's Board of Directors to approve the audit financial statements for the year ended December 31, 2013, as it considers these adequate.

Barueri – March 21, 2014.

Raimundo Lourenço Maria Christians - Coordinator

Maurício Bittencourt Almeida Magalhães – Independent Member and Member of the Board of Directors

Raphael Nascimento Diederichsen – Independent Member

Manuela Cristina Lemos Marçal - Independent Member

Officers’ Representation on Financial Statements

In accordance with the provisions of article 25 of Rule No. 480/09, of December 7, 2009, the Board of Directors represents that reviewed, discussed and agreed with the financial statements (Company and consolidated) for the year ended December 31, 2013.

Barueri – March 21, 2014.

Chief Executive Officer - Dickson Esteves Tangerino

Chief Financial Officer and Investor Relations Officer - Paulo Bokel Catta-Preta

Accounting Management and Accounts Receivable Officer - Carlos Elder Maciel de Aquino

Officers' Representation on Independent Auditor's Report

In accordance with the provisions of article 25 of Rule No. 480/09, of December 7, 2009, the Board of Directors represents that reviewed, discussed and agreed with the independent auditor's opinion, dated March 24, 2014, referring to the financial statements (Company and consolidated) for the year ended December 31, 2013.

Barueri – March 24, 2014.

Chief Executive Officer - Dickson Esteves Tangerino

Chief Financial Officer and Investor Relations Officer - Paulo Bokel Catta-Preta

Accounting Management and Accounts Receivable Officer - Carlos Elder Maciel de Aquino