Financial Statements

Diagnósticos da América S.A.

December 31, 2014
with Independent Auditor’s Report

Diagnósticos da América S.A.

Financial statements

December 31, 2014

Contents

To the shareholders

We hereby submit the Management Report and the Financial Statements of Diagnósticos da América S.A. and its subsidiaries for the fourth quarter of 2014 and the year 2014. These documents follow the standards established by the Brazilian Corporation Law and the Brazilian Securities and Exchange Commission (CVM).

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

2014 was a year of changes in the Company's ownership structure. Edson de Godoy Bueno and Dulce Pugliese reached 72.16% of the Company’s shares through a public offering of shares in February 2014, through Cromossomo Participações.

In December 2013, after 4 years, the Brazilian antitrust enforcement agency (CADE) approved the acquisition of DASA and MD1. We merged the MD1 companies (Sergio Franco, CDPI, Multimagem, among others) in July 2014, making the Company operation easier. We have prepared and sold the companies LAFE and Proecho, according to CADE’s decision. We are ready and focused on improving the Company’s operational performance.

We continue preparing the Company for a new level of organic growth, profitability and quality. We closed 2014 with a 8.3% growth in gross revenue (the figures in this management report exclude the figures of discontinued operations – Proecho and LAFE), taking the Company to a consistent growth once again. We have made significant changes in the Company expansion process, particularly in opening of units and remodeling of existing units, which will support the Company growth in the coming years. This year 27 units were opened and 11 resonance and tomography machines were installed.

We continue to focus on improving the quality of our operation and, in this process, we have invested in training and selection of our employees, in state-of-the-art equipment, and in the expansion of the exam processing capacity of our core laboratories, by installing new conveyor beltsin Duque de Caxias (Rio de Janeiro state) and Brasilia (Federal District).

We continue to focus on improving the relationship between the Company and physicians. We should mention our participation in RSSA (Radiological Society of North America) and AACC (American Association for Clinical Chemistry). The Company had 48 works approved in RSNA 2014, the world’s most relevant scientific and educational forum of Radiology. The Company’s physicians were responsible for 48% of the Brazilian production of scientific work presented in AACC 2014, the world’s largest event for clinical analysis, which correspond to 5% of all works submitted, a fact that showcases DASA’s excellence in the medical area.

In 2014, we have reached gross revenue of R$ 2,972.3 million, i.e. an 8.3% growth compared with 2013. Below are our market share in 2014 and its growth compared with 2013.

Markets	Gross Revenue 2014 (R$ million)	Gross Revenue 2013 (R$ million)	% of gross revenue 2014	Growth 2014 vs. 2013
Ambulatory	**2,184.9**	**2,007.6**	**73.5%**	**8.8%**
Hospital	**277.7**	**266.8**	**9.3%**	**4.1%**
Support	**335.6**	**288.0**	**11.3%**	**16.5%**
Public	**174.2**	**182.0**	**5.9%**	**-4.3%**
Total	**2,972.3**	**2,744.4**	**100.0%**	**8.3%**

Investments totaled R$ 207.1 million, with focus on modernization of our systems, opening and refurbishing medical units and equipment. We opened 27 units in 2014 and installed 3 CT scans machines and 8 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. It operates in 12 Brazilian states and in the Federal District through 25 different brands. In December 2014, the Company had 20,134 employees, compared with 19,272 in December 2013, and 532 units, including 65 hospital units and 467 ambulatory units, 49 of which are Mega Units. In 2013, there were 519 units, with 63 hospital units, and 456 ambulatory units, 46 of which were Mega Units.

Their services are divided into four different lines:

- **Ambulatory:** The Company's most traditional service, operating directly through its 467 operating units throughout the Brazilian territory. The following services are offered:
    - Clinical analyses;
    - Diagnostic imaging.
- **Hospital:** The Company provides clinical analysis and imaging diagnosis services in 65 hospitals
- **Lab-to-lab:** 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. In December 2014, the Company served 592 collection points, among hospitals and outpatient clinics, at 27 public customers in the States of São Paulo, Rio de Janeiro, Espírito Santo, Minas Gerais and Pernambuco.

In operating the Company's business, Management understands that there are 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 a 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*

The highlights of 2014 were (i) recovery of the United States economy, (ii) the Chinese economy slowdown, (iii) drop in the international prices of commodities, especially oil, which decreased 48% over the year (Brent type).

In the domestic scenario, the GDP growth for the period from September 2013 to September 2014 was 0.7%. For the year 2014, the last indicators show a GDP decrease by 0.2%. Despite weakening activities, the unemployment rate was close the historical minimum rates.

Inflation was still high, and the Extended Consumer Price Index (IPCA) reached 6.41% at year end, close to maximium limit of the Central Bank of Brazil (BACEN) target. To avoid inflation, BACEN increased the Central Bank Benchmark Rate (SELIC) by 175 basis points throughout 2014, closing the year at 11.75% p.a.

Real has devalued against the US dollar, due to uncertainties in the Brazilian economy and to the negative balance of trade, which was impacted by the weak performance in exports, caused by decrease in the international price of commodities, as well as the expectation of increase in the base interest rate in the United States, by virtue of signs of improvement in the US economy. The exchange rate closed the year at R$ 2.65/US$, i.e. a depreciation in Real of 13.4%.

Comments on the healthcare and diagnostic medicine sectors 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 the sector of support to diagnostic medicine, in particular, form a considerably sizeable 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 9.3% of total Brazilian GDP in 2012. 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 the population projection disclosed byIBGE, the life expectancy in Brazil for 2014 is 75.1 years, 78.8 years for women and 71.6 years for men. In 2012, Brazil had 23.0 million senior citizens, i.e. 11.3% of the population.

Other factors driving the increasing demand for healthcare services are the increase in income, after the economic stabilization from mid-90s, 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.

According to the General Register of Employed and Unemployed Citizens (Caged), 396,993 registered jobs were created in 2014, 64.4% lower than 2013 (1.11 million jobs).

The service sector created 476,108 jobs in 2014. Despite being the best performing sector, there was a decrease of 12.9% in relation to the number of jobs created in 2013 (546,917 jobs).

The commerce created 180,814 jobs in 2014, i.e. a 39.9% drop in relation to 2013 (301,095 jobs), while the industrial services and utilities sectors created 4,825 jobs, and the public administration opened 8,257 job vacancies.

On the other hand, the primary industry cut 163,817 jobs in 2014, while in 2013 it had opened 126,359 job vacancies. The construction, mining and agricultural industries also downsized personnel: 106,476 in the construction industry, 2,348 in the extractive industry, and 370 in the agricultural industry.

Diagnostic Medicine

The Diagnostic Medicine market includes clinical analyses, and also imaging diagnostics. According to ANS, in September 2014, there were about 21 thousand laboratories in Brazil operating irregularly, in either practices or small- or medium-sized laboratories.

Since the mid-90s, 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, i.e. those who use healthcare services and products more frequently, according to information from Brazil's National Regulatory Agency for Private Health Insurance and Plans (ANS), reached 50.8 million in December 2014, with a 2.5% increase in comparison with 2013. Also in accordance with the ANS, of these 50.8 million healthcare plan users, 19.7% have individual plans, 66.3% have a collective corporate plan, and 13.3% a collective plan by adherence, and 0.8% have other healthcare plans.

Popular Market

C and D social classes are 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 26.1% of the Brazilian population had access to healthcare plans. Additionally, the vast majority of people from C and D social classes, i.e. the majority of the country's population, do not have access to this service, and end up by having little access to preventive healthcare 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 made through public bidding processes. In this instance, payment is determined according to the service rendered: clinical analyses, surgeries or treatments.

Over the past 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 engaging private institutions to provide services not offered by the SUS network.

In attempting 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 noticed this trend and strongly invested in this market by means of its subsidiary CientíficaLab, which operates exclusively in this sector.

Comments on performance and investments

2014 was a year of changes in the Company's ownership structure. These changes, however, have not affected the Company's strategy in relation to growth and investments. Despite the signs of the Brazilian economy slowdown, with a decrease in job creation, our major business lines have grown, except for the public sector. This fact proves that the initiatives we have taken in 2013 are showing results and we continue investing to guarantee our growth in the upcoming years.

We are still focused on assuring a new organic growth pace, strengthening all our business line, improving the quality of our services, reinforcing our knowledge and technical quality, and also reinforcing the alignment of our people with DASA's culture, and decreasing the turnover of employees. Our margins were impacted by the expenses incurred with the Public Offers of shares, expenses related to CADE and by a write-off made in property and equipment due to physical inventory, in order to better present the corresponding figures, as detailed in the notes to financial statements. 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.

We are still focused on improving the quality of our services and, in this process, we have invested in training and selection of employees, in modernizing and expanding our technological park, and in enhancing the exam processing capacity of our central laboratories. Below are the key actions taken in 2014:

- Opening of the second NTO in Cascavel (Central Laboratory)
- Approval of 48 works in the AACC 2014 (American Association for Clinical Chemistry)
- Expansion of NTO (Central Laboratory) SP focused on Lab to Lab
- Acquisition of computed tomography with 320 channels Toshiba Aquillion One Vision (first in Latin America)

- Physicians of DASA group gave 30 classes in the *Jornada Paulista de Radiologia* (conference on Radiology)
- DASA had lecturers in the major events on Radiology (*Jornada Paulista de Radiologia*, Magneton World, International Society of Magnetic Resonance in Medicine, American Society of Neuroradiology)
- The São Paulo Central Laboratory (NTO) is re-certified by the College of American Pathologists (CAP)
- Completion of a new Pathologic Anatomy area in the Central Laboratory (NTO) of São Paulo
- Refurbishing of the Technological Park for Analytical Chemistry and Toxicology (mass spectrometry), and Molecular Biology (next generation sequencing)
- DASA's physicians were responsible for 48% of the Brazilian production and 5% of the world's production of scientific articles presented in the AACC (American Association for Clinical Chemistry), reinforcing DASA's excellence in the medical area
- Implementation of a Hospital Technical Core in the new Hospital das Américas, which will be one of the most prominent in Rio de Janeiro
- World launching of the new Roche's conveyor belt in the Federal District Central Laboratory, increasing the capacity and enabling decentralization
- International Delboni Symposium with 1000 applicants
- 30 physicians of Dasa group gave lectures in the Brazilian conference on Radiology in Rio de Janeiro
- Thirty physicians in DASA group took part in the RSNA (Radiological Society of North America) meeting in Chicago, in December
- Physicians of DASA group had two works awarded in the RSNA meeting
- Sérgio Franco was elected by consumers as the company with the best service in the Laboratory and Imaging market, according to the Época ReclameAQUI 2014 Award
- LabPasteur received the Grandes Marcas 2014 award (great brands award) promoted by Diário do Nordeste newspaper together with Vox Populi institute The brand was elected the favorite brand of consumers in Ceará state, in the Clinical Analysis Laboratory sector
- Completion of the 1st MBA In Company class for the accounting and finance

Gross Operating Income

The Company's consolidated gross income for the fourth quarter of 2014 reached R$694.7 million, i.e. a 0.9% growth in relation to 4Q13. In the year of 2014, gross income amounted to R$2,972.3 million, a 8.3% growth in comparison with the same period of 2013, when it reached R$2,744.4 million.

Considering the Company's gross income by service line, the support market (exam processing service for third-party laboratories) had the best performance in the quarter, earning R$86.9 million and growing 18.5% against 4Q13, reaching 11.7% of Company's total revenue. In the year of 2014, revenue amounted to R$335.6 million, a 16.5% growth when compared with the same period of 2013, reaching 11.1% of the Company's total revenue.

The Ambulatory market's revenue was R$502.5 million, a decrease by 1.2% when compared with 4Q13, reaching 72.3% of Company's total revenue. In the year of 2014, revenue amounted to R$2,184.9 million, a 8.8% growth when compared with the same period of 2013, reaching 73.5% of the Company's total revenue.

The Hospital market recorded revenue of R$65.1 million, a decrease by 1.4% in the fourth quarter of 2014, representing 9.4% of Company's total revenue. In the year of 2014, revenue amounted to R$277.7 million, a 4.1% growth when compared with the same period of 2013, reaching 9.3% of the Company's total revenue.

The Public sector revenue was R$40.2 million, a decrease by 1.4% in 4Q14, representing 5.8% of the Company's total revenue. In the year of 2014, revenue amounted to R$174.2 million, a 4.3% growth when compared with the same period of 2013, reaching 5.9% of the Company's total revenue.

Costs and Gross Profit

In the fourth quarter of 2014, costs of services totaled R$ 445.4 million, equivalent to 71.8% of net revenue, representing an increase of 0.9% against the fourth quarter of the prior year. In the fourth quarter of 2014, gross profit amounted to R$174.8 million, a decrease of 6.6% when compared with the same period in the prior year.

In this year of 2014, service costs totaled R$1,857.1 million, which is equivalent to 68.8% of net revenue, an increase of 8.3% in comparison with the same period in the prior year. Gross profit amounted to R$840.5 million, a decrease of 8.8% when compared with the same period in the prior year.

Operating Expenses

Operating expenses totaled R$155.1 million in 4Q14, accounting for 25.0% of net income. There was an increase of 37.9% against the fourth quarter of 2013, when operating expenses accounted for 17.9% of net income. In the year of 2014, operating expenses totaled R$591.8 million, which is equivalent to 21.9% of net income, an increase of 22.4% in comparison with the same period in the prior year.

Ebitda

In compliance with CVM Rule No. 527, the amounts below include the companies Pro-Echo Cardiotada Serviços Médicos Ltda. and Lafê Serviços Diagnósticos Ltda, whose operations are held for sale. Together, these companies' Ebitda totaled - R$5.5 million.

In 4Q14, the Company's EBITDA reached R$54.4 million, i.e. a decrease by 51.8% in relation to the R$113.0 million recorded in the same period of the prior year. In this quarter, we reached a margin of 8.2%, compared with the margin of 18.0% in 4Q13. In the year of 2014, the Company's EBITDA reached R$410.6 million, i.e. a decrease of 7.4% in relation to the R$443.6 million recorded in the same period of the prior year.

In thousands of reais	*4T13*	*4T14*	*∆%*	*2013*	*2014*	*∆%*
Net income for the year	*36.9*	*(21.5)*	*(158.4%)*	*131.6*	*82.6*	*(37.2%)*
(+) Income and social contribution taxes	*17.7*	*9.7*	*(45.2%)*	*71.3*	*59.8*	*(16.2%)*
(+) Net financial expenses	*20.1*	*23.8*	*18.3%*	*86.6*	*98.6*	*13.9%*
(+) Depreciation and amortization	*38.3*	*42.4*	*10.8%*	*154.1*	*169.6*	*10.1%*
EBITDA (R$ MM)	***113***	***54.4***	***(51.8%)***	***443.6***	***410.6***	***(7.4%)***
Ebtida margin	***18%***	***8.2%***	***(9.8) p.p***	***17.8%***	***15.0%***	***(2.8) p.p***

	Year ended 12/31/13	4Q13	Year ended 12/31/14	4Q14
Income (loss) before income taxes	202,908	54,582	144,410	(11,812)
Adjustments:				
Depreciation and amortization (Cost)	101,238	26,215	109,555	28,538
Depreciation and amortization (General and administrative expenses)	52,863	12,063	60,040	13,877
Financial income (expenses)	86,584	20,144	98,582	23,824
EBITDA	443,594	113,003	410,588	54,426

Financial income (expenses)

In 4Q14, net financial expenses totaled R$26.2 million against the R$20.1 million recorded in 4Q13. In the year of 2014, net financial expenses totaled R$101.0 million, 16.6% higher than the amount recorded in the same period of the prior year. This downturn in financial income (expenses) was basically due to the increase in the Selic rate over 2014.

Income and Social Contribution Taxes

Income and social contribution taxes totaled R$9.3 million for the quarter, against R$17.7 million recorded in the third quarter of the prior year. In the year of 2014, taxes totaled R$59.4 million, against R$71.3 million recorded in the same period of the prior year.

Net Income

In this quarter, we recorded a net loss of R$21.5 million, compared with the net income of R$36.9 million reported in the same period of the prior year. In the year of 2014, net income totaled R$82.6 million, a decrease by 37.9% when compared with the net income of R$131.6 million for the same period in the prior year.

Cash and Marketable securities

Cash and highly liquid marketable securities at quarter end was R$440.2 million, which will be used to ensure the expansion and modernization of existing units; open new units and replace imaging equipment; in addition to higher investments to improve quality and payment of dividends.

Investments

In 4Q14, net investments in CAPEX amounted to R$91.2 million. From January to December 2014, investments totaled R$207.1 million. Investments were primarily directed toward: (i) implementing and developing production systems and supporting and renovating the technological park, (ii) renovating and extending existing medical service units and new units, (iii) purchasing imaging equipment.

Indebtedness

The Company's net debt totaled R$788.0 million in 4Q14. 64.7% of gross indebtedness are long term and 6.8% refer to debt in foreign currency. Foreign currency net debt mostly refers to bank loans and financing of equipment, as well as to marketable securities abroad for the purpose hedging loans and financing, in the same amount in dollars. Debt in local currency mostly refers to debentures.

Material events for the quarter

Arbitration award

On December 1, 2014, the Company was notified of the arbitration award that accepted the request made by Cromossomo to represent that it is not compelled to make a public offer (as provided for article 45 of its articles of incorporation) for acquisition of DASA's shares; consequently, paragraph five of the referred to article, referring to convening of a shareholders' meeting to suspend Comossomo's political rights, is not applicable.

Election of the Chief Executive Officer

On December 22, 2014, the Company communicated to the market and its shareholders that, after 2 years of dedicated work as Chief Executive Officer, and after 4 years as a member of the Board of Directors, Mr. Dickson Esteves Tangerino was leaving the Company, effective as from January 15, 2015, and Mr. Pedro de Godoy Bueno was elected the new Chief Executive Officer on December 22, 2015.

Purchase and sale agreement - Pro-Echo and Lafê

On December 27, 2014, the Company communicated the market and its shareholders that a Units of Interest Purchase and Sale Agreement was entered into between DASA, as the seller, and Newscan Serviços Médicos Ltda, as the buyer. The purpose of such agreement is to purchase and sell units of interest, both directly and indirectly, of 100% (one hundred percent) of the capital of Pro-Echo Cardiodata Serviços Médicos Ltda. and Lafê Serviços Diagnósticos Ltda., including all rights pertaining thereto, for the total amount of R$66,000,000.00 (sixty-six million reais), under the terms of the Purchase and Sale Agreement.

The completion of the transaction provided for in the Purchase and Sale Agreement is subject to CADE's approval.

Significant subsequent events

Appointment of Board Member

On February 2, 2015, the Company's Board of Directors approved the appointment of Mr. Pedro de Godoy Bueno as member of the Board of Directors, replacing Mr. Dickson Esteves Tangerino.

The new member of the Board of Directors, under the terms of the Third Paragraph of article 18 of the Company Articles of Incorporation, and article 150 of the Corporation Law, will replace Mr. Dickson until the earlier of the end of his tenure or the next Shareholders' Meeting.

5th issue of debentures

On February 9, 2015, the Company Board of Directors approved the fifth issue of debentures in up to two series of at least 40,000 and up to 50,000 unsecured debentures, not convertible into shares, at the par value of R$10,000.00, totaling at least R$400,000,000.00, up to R$500,000,000.00, on the issue date (i.e. March 10, 2015), through a public offer, with restricted placement efforts, under the terms of CVM Rule No. 476, of January 16, 2009, as amended.

The net proceeds obtained by the Company from this debenture issue will be fully allocated to refinancing of the Company's short-term debts, including amortization of principal and payment of interest of the second and third issue debentures, and the balance, if any, will be allocated to the Company working capital.

Outlook for 2015

In 2015, the Company will:

- Continue opening new units, modernizing and expanding existing units, in order to increase its capacity and service quality.
- Continue exchanging imaging equipment.

- Continue intensifying its relationship with physicians, through seminars, visits and events, for the purpose of promoting an exchange of ideas and knowledge among our physicians. For the purpose of enhancing the perception of our services quality, continue researching and creating techniques and studies intended to promote knowledge. We have begun to revitalize the Delboni brand, an extremely important action intended to strengthen our presence in the São Paulo marketplace.
- Implement new technologies in the Company's operations.
- Streamline our service system structure, by unifying the systems.

All these actions will provide an environment favoring growth, as we have seen in 2014.

Projections and non-accounting data

The statements herein related to business prospects, projections on operating and financial results, and those related to the Company's growth prospects are merely projections and, as such, are based exclusively on the expectations of the Executive Board as to the future of businesses. This performance report includes non-accounting and accounting data, such as operational and financial data, in addition to projections based on the Company management's expectation. The non-accounting data were not subject to the audit performed by the Company's independent auditors.

Management Representation

Relationship with independent auditors

In compliance with CVM Rule No. 381/2003, the Company did not engage services not related to independent audit for the year 2014. The Company's policy is to meet all regulations that define restrictions on the independent auditor's services. 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.

Non-financial information, as well as other operating information, were not subject to the audit performed by our independent auditors.

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.

Management of the Executive Board

In accordance with the provisions of CVM Rule No. 480, the Executive Board represents that we have discussed, reviewed and agreed with the financial statements and the independent auditor's report on the respective Financial Statements for the year ended December 31, 2014.

Acknowledgements

We would like to thank our employees for their commitment, effort and talent which enable us to achieve such promising results, and also our customers and shareholders for their trust.

Building a better
working world

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A free translation from Portuguese into English of Independent Auditor's Report 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.

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, 2014 and the related income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting practices and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal controls 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 of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the preparation and fair presentation of the Company's 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 controls. An audit also includes evaluating the appropriateness of accounting practices 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

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Diagnósticos da América S.A. as at December 31, 2014, and its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Other matters

Statements of value added

We have also audited the individual and consolidated statements of value added (SVA) for the year ended December 31, 2014, which were prepared under management's responsibility, 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 23, 2015.

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

Antonio Carlos Fioravante	**Rita de C. S. de Freitas**
Accountant CRC-1SP184973/O-0	Accountant CRC-1SP214160/O-5

Diagnósticos da América S.A.

Balance sheets
December 31, 2014 and 2013
(In thousands of reais)

		Company		Consolidated	
	Note	**2014**	**2013**	**2014**	**2013**
Assets					
Current assets					
Cash and cash equivalents	8	**240,267**	486,571	**274,986**	535,881
Marketable securities	9	**51,674**	-	**165,239**	72,980
Trade accounts receivable	10	**569,943**	389,860	**626,721**	566,262
Inventories	11	**65,025**	40,406	**71,942**	59,383
Taxes recoverable	12	**139,211**	107,299	**178,677**	169,696
Assets held for sale	13	**63,985**	-	**77,347**	-
Prepaid expenses		**1,015**	883	**1,015**	897
Derivative financial instruments	26	**-**	85	**-**	85
Other receivables		**34,073**	30,740	**34,260**	33,442
		1,165,193	1,055,844	**1,430,187**	1,438,626
Noncurrent assets					
Long-term receivables:					
Trade accounts receivable	10	**558**	295	**2,785**	5,940
Deferred taxes	23	**-**	-	**53,028**	58,002
Prepaid expenses		**762**	788	**762**	789
Judicial deposits	21	**61,267**	90,695	**62,934**	95,540
Receivables from subsidiaries	27	**70,951**	25,000	**-**	-
Marketable securities	9	**15,427**	26,184	**25,555**	37,793
Derivative financial instruments	26	**-**	22	**-**	22
Other		**158**	28	**158**	2,431
Investments	14	**204,986**	453,127	**803**	786
Property and equipment	15	**652,780**	543,082	**683,228**	720,180
Intangible assets	16	**2,308,190**	2,285,279	**2,350,096**	2,331,702
		3,315,079	3,424,500	**3,179,349**	3,253,185
Total assets		**4,480,272**	4,480,344	**4,609,536**	4,691,811

	Note	Company 2014	Company 2013	Consolidated 2014	Consolidated 2013
Liabilities and equity					
Current liabilities					
Trade accounts payable		**108,714**	45,804	**116,275**	65,479
Loans and financing	17	**34,634**	6,628	**114,711**	100,942
Debentures	18	**318,932**	319,912	**318,932**	319,912
Taxes and contributions payable		**13,001**	10,476	**16,338**	22,386
Liabilities held for sale	13	**-**	-	**13,362**	
Social and labor liabilities		**119,676**	81,270	**131,774**	103,659
Taxes payable in installments	19	**582**	1,108	**956**	4,293
Accounts payable for acquisition of subsidiaries	20	**3,783**	1,689	**3,783**	1,689
Dividends and interest on equity	22	**19,552**	31,188	**19,622**	31,255
Provision for negative equity	14	**4,459**	-	**-**	-
Other payables and provisions		**77,137**	67,559	**76,306**	81,163
		700,470	565,634	**812,059**	730,778
Noncurrent liabilities					
Loans and financing	17	**51,289**	1,803	**51,289**	17,507
Debentures	18	**743,325**	1,036,814	**743,325**	1,036,814
Taxes payable in installments	19	**785**	9,430	**3,559**	24,892
Deferred taxes	23	**131,792**	82,211	**134,849**	82,211
Provisions for tax, social security, labor and civil contingencies	21	**59,054**	37,494	**59,876**	40,445
Accounts payable for acquisition of subsidiaries	20	**20,137**	35,061	**30,265**	46,670
Other accounts payable		**2,148**	3,683	**2,148**	3,684
		1,008,530	1,206,496	**1,025,311**	1,252,223
Equity	22				
Capital		**2,234,135**	2,234,135	**2,234,135**	2,234,135
Capital reserve		**50,230**	49,727	**50,230**	49,727
Other comprehensive income reserve		**486,592**	423,218	**486,592**	423,218
Equity valuation adjustments		**315**	943	**315**	943
Additional proposed dividends		**-**	191	**-**	191
		2,771,272	2,708,214	**2,771,272**	2,708,214
Noncontrolling interest		**-**	-	**894**	596
		2,771,272	2,708,214	**2,772,166**	2,708,810
Total liabilities and equity		**4,480,272**	4,480,344	**4,609,536**	4,691,811

See accompanying notes.

Diagnósticos da América S.A.

Income statements
Years ended December 31, 2014 and 2013
(In thousands of reais, except earnings per share)

		Company		Consolidated	
	Note	2014	2013	2014	2013
Net revenue	29	**2,232,462**	1,779,733	**2,697,573**	2,447,782
Cost of services rendered	24	**(1,547,621)**	(1,232,867)	**(1,857,065)**	(1,683,051)
Gross profit		**684,841**	546,866	**840,508**	764,731
Other revenue		**3,348**	3,653	**4,030**	18,819
Other operating expenses		**(17,916)**	-	**(19,374)**	-
General and administrative expenses	25	**(491,520)**	(381,005)	**(576,468)**	(495,697)
Income before net financial expenses, equity pick-up and taxes		**178,753**	169,514	**248,696**	287,853
Financial income	30	**78,233**	79,612	**91,845**	82,514
Financial expenses	30	**(175,026)**	(150,939)	**(192,816)**	(176,330)
Financial expenses, net		**(96,793)**	(71,327)	**(100,971)**	(93,816)
Equity pick-up – Continuing operations	14	**45,351**	63,801	**-**	-
Equity pick-up – Discontinued operations	14	**(5,675)**	5,986	**-**	-
Equity pickup	14	**39,676**	69,787	**-**	-
Income before income and social contribution taxes		**121,636**	167,974	**147,725**	194,037
Income and social contribution taxes	23	**(39,347)**	(36,673)	**(59,403)**	(68,441)
Net income from continuing operations		**82,289**	131,301	**88,322**	125,596
Discontinued operations		**-**	-	**(5,675)**	5,986
Income attributable to:					
Controlling interests		**82,289**	131,301	**82,289**	131,301
Noncontrolling interests		**-**	-	**(358)**	281
Net income for the year		**82,289**	131,301	**82,647**	131,582
Earnings per share					
Earnings per common share - basic (in R$)		**0.26481**	0.42267	**0.26596**	0.42358
Earnings per common share – diluted (in R$)		**0.26464**	0.42224	**0.26579**	0.42314
Number of shares - basic		**310,751**	310,644	**310,751**	310,644
Number of shares - diluted		**310,944**	310,963	**310,944**	310,963

See accompanying notes.

Diagnósticos da América S.A.

Statements of changes in equity
Years ended December 31, 2014 and 2013
(In thousands of reais)

		Company											
			Capital reserves			Income reserves							
	Note	Capital	Goodwill reserve	Granted options	Treasury shares	Legal reserve	Retained earnings	Other comprehensive income	Retained earnings	Additional proposed dividends	Total Company	Noncontrolling interest	Total Consolidated
Balances at January 1, 2013		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
Noncontrolling interest		-	-	-	-	-	-	-	-	-	-	(67)	(67)
Depreciation of deemed cost		-	-	-	-	-	628	(628)	-	-	-	-	-
Allocation:													
Legal reserve	22	-	-	-	-	6,565	-	-	(6,565)		-	-	-
Retained profit 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
Balances at December 31, 2013		**2,234,135**	**65,427**	**2,917**	**(18,617)**	**30,127**	**393,091**	**944**	**-**	**191**	**2,708,214**	**596**	**2,708,810**
Net income for the year		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**82,289**	**-**	**82,289**	**358**	**82,647**
Noncontrolling interest		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(60)**	**(60)**
Depreciation of deemed cost		**-**	**-**	**-**	**-**	**-**	**629**	**(629)**	**-**	**-**	**-**	**-**	**-**
Allocation:													
Legal reserve	22	**-**	**-**	**-**	**-**	**4,114**	**-**	**-**	**(4,114)**	**-**	**-**	**-**	**-**
Retained profit reserve	22	**-**	**-**	**-**	**-**	**-**	**58,631**	**-**	**(58,631)**	**-**	**-**	**-**	**-**
Dividends	22	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(19,544)**	**-**	**(19,544)**	**-**	**(19,544)**
Interest on equity	22	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Additional proposed dividends	22	**-**	**-**	**-**	**-**	**-**		**-**	**-**	**(191)**	**(191)**	**-**	**(191)**
Stock option plan	22	**-**	**-**	**503**	**-**	**-**	**-**	**-**	**-**	**-**	**503**	**-**	**503**
Balances at December 31, 2014		**2,234,135**	**65,427**	**3,420**	**(18,617)**	**34,241**	**452,351**	**315**	**-**	**-**	**2,771,272**	**894**	**2,772,166**

See accompanying notes.

Diagnósticos da América S.A.

Cash flow statements – Indirect method
Years ended December 31, 2014 and 2013
(In thousands of reais)

	Company		Consolidated	
	2014	**2013**	**2014**	**2013**
Cash flow from operating activities				
Net income for the year	**82,289**	131,301	**82,647**	131,582
Adjustments for:				
Depreciation and amortization	**150,281**	126,895	**169,681**	144,795
Accrual and interest of contingencies	**36,193**	14,430	**36,196**	14,430
Deferred taxes	**39,347**	36,673	**38,264**	34,081
Interest and exchange differences on loans	**143,875**	99,798	**156,665**	119,858
Residual write-off of property and equipment and intangible assets	**18,092**	4,853	**25,567**	4,914
Stock option plan	**503**	1,557	**503**	1,557
Equity pickup	**(39,676)**	(69,787)	**-**	-
Provision for disallowances and default – net changes	**12,150**	(45,673)	**11,864**	(41,734)
Interest and exchange difference on marketable securities	**(735)**	-	**(14,062)**	(4,098)
Other	**578**	374	**-**	-
(Increase) decrease in accounts receivable and other receivables	**(37,013)**	10,330	**(95,300)**	(32,013)
(Increase) decrease in inventories	**(6,247)**	(946)	**(12,572)**	2,059
(Increase) decrease in other current assets	**(2,755)**	(27,221)	**(26,545)**	(30,865)
(Increase) decrease in other noncurrent assets	**(29,707)**	(4,027)	**53,532**	20,393
Increase (decrease) in trade accounts payable	**45,322**	(8,910)	**51,668**	(18,950)
Increase (decrease) in accounts payable and provisions	**(64,121)**	(83,142)	**(2,923)**	(62,180)
Income and social contribution taxes paid	**-**	-	**(15,963)**	(28,849)
Cash flow from (applied in) operating activities	**348,376**	186,505	**459,222**	254,980

Diagnósticos da América S.A.

Cash flow statements - Indirect method (Continued)
Years ended December 31, 2014 and 2013
(In thousands of reais)

	Company		Consolidated	
	2014	**2013**	**2014**	**2013**
Cash flow from investing activities				
Acquisition of property and equipment	**(154,192)**	(98,208)	**(169,432)**	(114,460)
Acquisition of intangible assets	**(37,561)**	(29,405)	**(38,369)**	(29,858)
Capital increase in subsidiaries	**-**	(41,043)	**-**	-
Dividends and interest on equity from subsidiaries	**12,863**	53,439	**-**	-
Increase in cash and cash equivalents – Merged companies	**77,788**	-	**-**	-
Capital reduction in subsidiaries	**40,990**	-	**-**	-
Proceeds from sale of property and equipment	**92**	6,352	**268**	6,531
Extinction of subsidiaries	**153**	-	**-**	
Marketable securities	**(51,000)**	-	**(105,179)**	(41,035)
Redemption of marketable securities	**-**	-	**26,919**	4,106
Cash flow applied in investing activities	**(110,867)**	(108,865)	**(285,793)**	(174,716)
Cash flow from financing activities				
Loans raised and debentures	**7,071**	445,862	**134,259**	519,282
Payment of loans and debentures	**(255,083)**	(83,082)	**(329,699)**	(178,768)
Interest paid on loans and debentures	**(204,430)**	(85,895)	**(207,512)**	(92,916)
Dividends and interest on equity paid	**(31,371)**	(20,500)	**(31,372)**	(20,500)
Cash flow from (applied in) financing activities	**(483,813)**	256,385	**(434,324)**	227,098
(Decrease) increase in cash and cash equivalents	**(246,304)**	334,025	**(260,895)**	307,362
(Decrease) increase in cash and cash equivalents – breakdown				
At beginning of year	**486,571**	152,546	**535,881**	228,519
At end of year	**240,267**	486,571	**274,986**	535,881
	(246,304)	334,025	**(260,895)**	307,362

See accompanying notes.

Diagnósticos da América S.A.

Statements of value added
Years ended December 31, 2014 and 2013
(In thousands of reais)

	Company		Consolidated	
	2014	**2013**	**2014**	**2013**
Revenue				
Goods and products sold and services rendered	**2,459,951**	1,968,422	**3,021,729**	2,744,415
Other revenue	**3,348**	7,139	**4,283**	9,383
Allowance for doubtful accounts and disallowances	**(139)**	(197)	**(157)**	(243)
Inputs acquired from third parties (including taxes - State VAT (ICMS), Federal VAT (IPI), Contribution Tax on Gross Revenue for Social Integration Program (PIS) and Contribution Tax on Gross Revenue for Social Security Financing (COFINS))				
Costs of products, goods and services sold	**(857,278)**	(675,497)	**(1,045,488)**	(954,526)
Materials, energy, third-party services and other	**(349,781)**	(257,960)	**(428,499)**	(354,456)
Gross value added	**1,256,101**	1,041,907	**1,551,868**	1,444,573
Depreciation and amortization	**(150,281)**	(126,895)	**(169,681)**	(144,795)
Net value added produced by the entity	**1,105,820**	915,012	**1,382,187**	1,299,778
Value added received in transfer				
Equity pickup	**39,676**	69,787	**-**	-
Financial income	**78,233**	79,612	**95,061**	91,371
Total value added to be distributed	**1,223,729**	1,064,411	**1,477,248**	1,391,149
Distribution of value added	**1,223,729**	1,064,411	**1,477,248**	1,391,149
Personnel	**552,893**	441,800	**688,152**	606,594
Taxes, charges and contributions	**294,946**	235,615	**376,111**	348,904
Debt remuneration				
Interest and rentals	**293,601**	255,695	**330,338**	304,069
Equity remuneration				
Dividends and interest on equity	**19,544**	31,184	**19,544**	31,184
Retained earnings for the year	**62,745**	100,117	**62,745**	100,117
Noncontrolling interests	**-**	-	**358**	281

See accompanying notes.

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 and Exchange Commission (CVM) for the trading of its securities on the stock market on November 5, 2004, having been listed in the Novo Mercado segment of the São Paulo Stock Exchange (Bovespa) since November 19, 2004, under ticker DASA3.

The Company's business purpose is to render auxiliary diagnostic support services (SAD) either directly to individuals or through health insurance plans, insurance companies, medical-hospital assistance entities, other entities for healthcare financing, including clinical analysis and vaccination, either directly or as a supplementary service, through engaged laboratories; as well as other auxiliary diagnostic support services (SAD), exclusively through specialized clinics, such as in the following areas: a) cytology and pathologic anatomy; b) diagnostic by imaging and graphic methods; and c) nuclear medicine.

In addition, the Company is engaged in activities related to: (i) tests in food and substances for the purpose of evaluating 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 intended to promote scientific researches or activities developed by the Company; (iv) granting and management of business franchising, which comprises funds for advertising and promotion, training and selection of employees, suggestion of equipment suppliers and research material, among others.

The Company also holds equity interest in other entities, either business related or not, as partner, member or shareholder.

(In thousands of reais)

1. Operations (Continued)

At the end of 2014, the Company had 532 ambulatory and hospital units:

Brands	State	12/31/14	12/31/13
Delboni Auriemo (i)	São Paulo	**43**	**42**
Lavoisier	São Paulo	**86**	**77**
Bronstein	Rio de Janeiro	**41**	**41**
Lâmina (i)	Rio de Janeiro	**16**	**14**
Pasteur	Brasília	**25**	**25**
Frischmann	Paraná	**34**	**39**
Image	Bahia	**4**	**4**
Laboratório Álvaro	Paraná	**14**	**14**
LabPasteur	Ceará	**18**	**17**
Vita-Lâmina	Santa Catarina	**2**	**2**
Atalaia	Goiás	**22**	**22**
Exame	Brasília	**20**	**23**
MedImagem	Rio de Janeiro	**7**	**7**
DASA (ii)	Rio Grande do Sul	**3**	**3**
Cedic/Cedilab	Mato Grosso	**10**	**9**
Unimagem	Ceará	**1**	**1**
CERPE	Pernambuco	**39**	**37**
Sérgio Franco	Rio de Janeiro	**63**	**80**
Proecho	Rio de Janeiro	**-**	**15**
Multi Imagem	Rio de Janeiro	**6**	**6**
CDPI	Rio de Janeiro	**7**	**7**
Previlab	São Paulo	**21**	**18**
Cytolab	São Paulo	**15**	**13**
Alta Excelência Diagnóstica - *Premium*	São Paulo and Rio de Janeiro	**3**	**3**
		500	**519**
Discontinued operations:			
Sérgio Franco - Lafê (iii)	Rio de Janeiro	**18**	**-**
Proecho (iii)	Rio de Janeiro	**14**	**-**
		532	**519**

(i) At December 31, 2014, the brand Club DA had 23 units, 19 of them associated with the brand Delboni Auriemo and 4 units to brand Lâmina.

(ii) The Company's business unit operating in Mãe de Deus Hospital.

(iii) Discontinued operation as mentioned in Note 13.

1. Operations (Continued)

In addition, CientificaLab operates in the public healthcare sector, and the revenue therefrom arises from agreements entered into with customers in this sector. In 2014, this operation recorded 27 customers, with exam requisitions totaling 6.1 million. CientificaLab has 592 collection units, 66 of them are hospitals and 526 are outpatient clinics not related to the units listed above.

The information above is not comprised by the independent auditor's scope.

2. Performance Commitment Agreement ("PCA")

At the trial session held on December 4, 2013, Merger Review Process No. 08012.010038/2010 was approved by CADE Administrative Court, under the terms of Reporting Member, with restrictions negotiated with the Company and formalized by means of the Performance Commitment Agreement ("PCA").

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

Restrictions provided for by PCA 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 ("MDS") in the city of Rio de Janeiro;

(ii) the Company, for the initial term of 3 (three) years, cannot conduct the operations described in items (A) to (C) below, involving MDS 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) echocardiogram, echocardiography, Doppler, echo vascular, carotid and vertebral echo, transesophageal echo; (d) EEG; (e) CT scan; (f) ultrasonography; (g) MRI; (h) bone densitometry; and (i) mammogram:

(A) merger or acquisition of company operating in the MDS market ("merger/acquisition");

2. Performance Commitment Agreement (“PCA”) (Continued)

(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 MDS market (“Acquisition”); or

(C) execution of an association contract, consortium or joint venture with companies in the MDS 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 MDS 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) anatomy, pathology and cytopathology; (c) echocardiogram, echocardiography, Doppler, echo vascular, carotid and vertebral echo, transesophageal echo; (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 MDS companies in the cities of Curitiba and São José dos Pinhais, in the relevant markets of: (a) clinical analysis, (b) CT scan, 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.

Subject to the restrictions described above, the PCA a) does not hinder the corporate restructuring of Company or any of its subsidiaries, 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.

The Company management has taken the necessary measures to comply with the PCA obligations on a timely basis, and CADE’s plenary session issued, on February 11, 2015, a decision approving the statement of partial compliance with the divestiture obligation under the PCA of the Merger Review Process DASA/MD1. The decision on partial compliance is due to the Company's obligation of gathering certain additional documents, which have already been submitted to CADE, reason why the Company is waiting for a final decision on the full compliance with the PCA consolidation procedures.

(In thousands of reais)

3. Consolidation procedures

The consolidated financial statements include the following financial information of Company and its subsidiaries:

Direct Subsidiaries	Interest	12/31/14	12/31/13
CDPI - Clínica de Diagnóstico por Imagem Ltda. (a)	Diagnósticos da América S.A.	-	99.99%
	Laboratórios Médicos Dr. Sérgio Franco Ltda. (a)	-	0.01%
Cientificalab Produtos Laboratoriais e Sistemas Ltda.	Diagnósticos da América S.A.	**82.90%**	75.95%
	DASA Real Estate Empreendimentos Imobiliários Ltda.	**17.10%**	24.05%
Clínica de Ressonância e Multi Imagem Ltda. (a)	Diagnósticos da América S.A.	-	99.99%
	Laboratórios Médicos Dr. Sérgio Franco Ltda. (a)	-	0.01%
Dasa Centro Oeste Participações Ltda. (d)	Diagnósticos da América S.A.	-	99.00%
	DASA Real Estate Empreendimentos Imobiliários Ltda.	-	1.00%
Dasa Finance Corporation	Diagnósticos da América S.A.	**100.00%**	100.00%
Dasa Log Empreendimentos Ltda. (d)	Diagnósticos da América S.A.	-	99.00%
	DASA Real Estate Empreendimentos Imobiliários Ltda.	-	1.00%
Dasa Nordeste Participações Ltda. (d)	Diagnósticos da América S.A.	-	99.00%
	DASA Real Estate Empreendimentos Imobiliários Ltda.	-	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%
Dasa Sudoeste Participações Ltda. (d)	Diagnósticos da América S.A.	-	99.00%
	DASA Real Estate Empreendimentos Imobiliários Ltda.	-	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. (a)	Diagnósticos da América S.A.	-	99.99%
	CDPI - Clínica de Diagnóstico por Imagem Ltda. (a)	-	0.01%
Previlab Análises Clínicas Ltda.	Diagnósticos da América S.A.	**99.65%**	99.56%
	Alcione Moya Aprilante	**0.31%**	0.39%
	César Antônio Blázio	**0.04%**	0.05%
Pro Echo Cardiodata Serviços Médicos Ltda. (b)	Diagnósticos da América S.A.	**100.00%**	69.58%
	Laboratórios Médicos Dr. Sérgio Franco Ltda. (a)	-	30.42%

(In thousands of reais)

3. Consolidation procedures (Continued)

Direct Subsidiaries	Interest	12/31/14	12/31/13
LAFÊ Serviços Diagnósticos Ltda.	Diagnósticos da América S.A.	**99.99%**	99.98%
	Pro Echo Cardiodata Serviços Médicos Ltda. (b)	**0.01%**	0.01%
	CDPI - Clínica de Diagnóstico por Imagem Ltda. (a)	**-**	0.01%
Clínica de Ressonância e Multi Imagem Petrópolis Ltda. (b)	Diagnósticos da América S.A.	**70.00%**	-
	José Antonio Fragoso Borges Filho	**15.00%**	15.00%
	José Carlos de Castro Bersot	**7.50%**	7.50%
	Eduardo Luiz Primo de Siqueira	**7.50%**	7.50%
Check Up UP - Unidade Preventiva, Diagnóstico e Medicina Preventiva Ltda. (b)	Diagnósticos da América S.A.	**99.99%**	-
	DASA Real Estate Empreendimentos Imobiliários Ltda.	**0.01%**	-

Direct Subsidiaries	Interest	12/31/14	12/31/13
Check Up UP - Unidade Preventiva, Diagnóstico e Medicina Preventiva Ltda. (b)	CDPI - Clínica de Diagnóstico por Imagem Ltda. (a)	**-**	99.99%
	Laboratórios Médicos Dr. Sérgio Franco Ltda. (a)	**-**	0.01%
Clínica de Ressonância e Multi Imagem Caxias Ltda. (a)	Clínica de Ressonância Multi Imagem Ltda. (a)	**-**	99.99%
	Laboratórios Médicos Dr. Sérgio Franco Ltda. (a)	**-**	0.01%
Clínica de Ressonância e Multi Imagem Petrópolis Ltda. (b)	Clínica de Ressonância Multi Imagem Ltda. (a)	**-**	70.00%
	José Antonio Fragoso Borges Filho	**15.00%**	15.00%
	José Carlos de Castro Bersot	**7.50%**	7.50%
	Eduardo Luiz Primo de Siqueira	**7.50%**	7.50%
Imagem e Diagnóstico Ltda. (a)	CDPI - Clínica de Diagnóstico por Imagem Ltda. (a)	**-**	99.99%
	Laboratórios Médicos Dr. Sérgio Franco Ltda. (a)	**-**	0.01
Multimagem PET Ltda. (a)	CDPI - Clínica de Diagnóstico por Imagem Ltda. (a)	**-**	100.00%
	Imagem e Diagnósticos Ltda (a)	**-**	-
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%
Incebrás Instituto Brasileiro da Coluna e do Cérebro Ltda. (c)	CDPI - Clínica de Diagnóstico por Imagem Ltda (a).	**-**	29.00%
	Jorge Alberto Costa e Silva	**-**	70.00%
	Romeu Côrtes Domingues	**-**	1.00%

(a) At the Special Shareholders' Meeting (AGE) held on July 1, 2014, the following subsidiaries were merged into the Company: Laboratórios Médicos Dr. Sergio Franco Ltda. **(LSF)**; CDPI – Clínica de Diagnóstico por Imagem Ltda. **(CDPI)**; Clínica de Ressonância e Multi-Imagem Ltda. **(CRMI Rio)**; Clínica de Ressonância e Multi-Imagem Caxias Ltda. **(CRMI Caxias)**; Imagem e Diagnósticos Ltda. **(Imagem)**; and Multimagem PET Ltda. **(MI Pet)**.

(In thousands of reais)

3. Consolidation procedures (Continued)

The appraisal report was prepared by an expert firm based on the carrying amounts reported by the merged entities as at December 31, 2013. The merger was completed on July 1, 2014 based on the balances as at June 30, 2014, as follows:

	LSF	CDPI	CRMI Rio	CRMI Caxias	Imagem	MI Pet	Total
Assets:							
Cash and cash equivalents	19,384	50,045	164	1,899	663	5,634	77,789
Trade accounts receivable	100,161	44,408	8,207	424	23	1,478	154,701
Inventories	17,357	1,011	4	-	-	-	18,372
Taxes recoverable	9,316	10,582	2,386	208	12	160	22,664
Investments	38,820	7,882	5,383	-	-	-	52,085
Property and equipment	51,573	58,176	8,841	1,901	202	275	120,968
Other receivables	13,098	7,149	2,180	52	79	326	22,884
	249,709	179,253	27,165	4,484	979	7,873	469,463
Liabilities	96,661	93,371	10,653	957	102	871	202,615
Net value of assets	153,048	85,882	16,512	3,527	877	7,002	266,848

(b) Entities that became the Company's direct subsidiaries after the merger completed on July 1, 2014, as mentioned in item (a) above.

(c) According to the private instrument of articles of dissolution executed on April 30, 2014, INCEBRAS Instituto Brasileiro da Coluna e do Cérebro Ltda. was dissolved and liquidated.

(d) At the Board Meeting held on September 29, 2014, approval was given to termination, by means of liquidation and dissolution, of the Company's direct subsidiaries.

4. Basis of preparation

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

a) Consolidated financial statements

The Company's financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), and the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), implemented in Brazil through Brazil's FASB ("CPC") and its technical interpretations ("ICPC") and guidelines ("OCPC"), approved by the Brazilian Securities and Exchange Commission ("CVM").

4. Basis of preparation (Continued)

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

b) Individual financial statements of Company

The Company's individual financial statements were prepared in accordance with accounting practices adopted in Brazil, which comprise the provisions of the Corporation Law, as provided for in Law No. 6.404/76, as amended by Law No. 11638/07 and Law No. 11941/09, and the accounting pronouncement, interpretations and guidelines issued by Brazil's FASB ("CPC") and approved by the Brazilian Securities and Exchange Commission ("CVM"). Until December 31, 2013, such practices differ from IFRS applicable to individual financial statements solely as regards to assessment of investments in subsidiaries, affiliates and joint ventures under the equity method. IFRS require evaluation of these investments by their cost value or their fair value.

After reviewed standard IAS 27 (Separate Financial Statements) was issued, as reviewed by IASB in 2014, separate financial statements prepared in accordance with IFRS now allow use of the equity method to assess investment in subsidiaries, affiliates and joint ventures. In December 2014, CVM issued Rule No. 733/2014, which approved the Document on Review of Technical Pronouncements No. 07 referring to Pronouncements CPC 18, CPC 35 and CPC 37 issued by Brazil's FASB, and allowed their adoption as from the years ended December 31, 2014. Consequently, the Company's individual financial statements now comply with the IFRS as from that year.

The issue of these individual and consolidated financial statements was authorized by the Board of Directors in a meeting held on March 23, 2015.

4.2. Basis of measurement

The individual and consolidated financial statements were prepared considering the historical cost, except for the following items recognized in the balance sheets: (i) derivative financial instruments measured at fair value; and (ii) non-derivative financial instruments measured at fair value thought profit or loss.

4. Basis of preparation (Continued)

4.3. Functional and reporting currency

The individual and consolidated financial statements are presented in Real (R$), which is also the Company’s functional currency. All financial information presented in Real was rounded to the nearest thousand, unless otherwise stated.

4.4. Use of estimates and judgments

The preparation of individual and consolidated financial statements in accordance with the IFRS and accounting standards adopted in Brazil requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported asset, liability, revenue and expense amounts. Actual results may differ from those estimates.

Estimates and assumptions are permanently reviewed. Reviews of accounting estimates are recognized in the year when such estimates are reviewed and in any future periods affected.

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

- Note 5.8 - Impairment – key assumptions used in discounted cash flow estimates used for calculation of goodwill impairment;
- Note 10 - Trade accounts receivable - analysis of allowance for doubtful accounts considering disallowed amounts, default levels and returned checks;
- Note 21 - Provisions for tax, social security, labor and civil contingencies;
- 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. Basis of preparation (Continued)

4.5. Segregation between current and noncurrent

Except for deferred taxes, the Company has segregated balance sheet items into current, when realization of such items are expected to occur within up to twelve months after the financial statements date.

4.6. Statement of comprehensive income

There were no equity transactions that could cause adjustments in the statement of comprehensive income, i.e. income for the year is equal to the comprehensive income.

5. Significant accounting policies

The accounting policies described in detail below were applied consistently to all periods presented in these individual and consolidated financial statements. The accounting policies have been consistently applied by the Group's entities.

5.1. Basis of consolidation

i) Business combination

For acquisitions made on or after January 1, 2009, business combinations are recorded on the acquisition date, i.e. on 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.

5. Significant accounting policies (Continued)

5.1. Basis of consolidation (Continued)

ii) Acquisition of noncontrolling interest

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

Adjustments to noncontrolling 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

The financial statements of subsidiaries are included in the consolidated financial statements as from the date shareholding control is acquired through the date it ceases to exist. The accounting practices of subsidiaries are the same as those adopted by the Group.

Financial information on subsidiaries is recognized in the Company's individual financial statements under the equity pickup method.

iv) Transactions eliminated in 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 major 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. Significant accounting policies (Continued)

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 balance sheet closing date. Exchange gains and losses 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 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.

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 rewards 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 balance sheet 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.

5. Significant accounting policies (Continued)

5.3. Financial instruments (Continued)

i) Non-derivative financial assets (Continued)

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 recorded at fair value through profit or loss are measured at fair value, and changes in the fair value of such 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 in an active market. Such assets are initially recognized at fair value plus any attributable transaction costs. After initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method, less impairment.

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 policies (Continued)

5.3. Financial instruments (Continued)

ii) Non-derivative financial liabilities

The Group recognizes debt securities issued and subordinated liabilities initially on the date when 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 under the effective interest rate method.

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

iii) Capital

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 deduction from 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.

Minimum mandatory dividends, as defined in the articles of incorporation, are recognized as liabilities.

5. Significant accounting policies (Continued)

5.3. Financial instruments (Continued)

iv) Derivative financial instruments

From 2014, the Company and its subsidiaries ceased all derivative financial instruments transactions. Until December 31, 2013, transactions involving derivative financial instruments were intended exclusively to hedge against currency risks associated with balance sheet items pegged to foreign currency.

At December 31, 2014, the Company had no outstanding derivative instrument transactions.

It should be noted that, before taken out, all derivative transactions are submitted to the approval of the Company's Executive Committee, 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 mandatory stress test is performed on a monthly basis, at the rate of 25% in relation to original rates, so as to assess the elasticity of these positions when submitted to significant changes in interest rates and/or currency rates involved in these 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 based on information on each transaction taken out and on the corresponding market information, such as interest and exchange rates, on the closing date of the financial statements. When applicable, this information is compared with the positions reported by the dealing desk of each financial institution involved.

5. Significant accounting policies (Continued)

5.4. Property and equipment

i) Recognition and measurement

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

Cost includes expenses directly attributable to 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 disassembling the assets and restoring the site where such assets are located, 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 that 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 future benefits associated with such costs will flow to the Group. Regular repair and maintenance costs are recorded 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 estimated useful lives or over the period of the lease agreement, whichever is shorter, unless the Group will certainly obtain the ownership of the assets at the end of the lease. Land is not depreciated.

5. Significant accounting policies (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 built by the Company, from the date when their construction is finished and the asset is available for use.

Estimated useful lives for the current and comparative years are shown in Note 15.

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

Leasehold improvements are depreciated based on the property lease agreement term, including any renewal in case such renewal right is granted by the agreement, or on the useful life of assets, whichever is shorter. The average period is 10 years.

5.5. Intangible assets and goodwill

i) Goodwill

Goodwill from acquisition of subsidiaries is included in intangible assets in the consolidated financial statements. On the acquisition date, the acquisition cost is recognized at the purchase price, representing fair value of assets and liabilities undertaken or incurred, and includes any cost related to additional contingent or deferred payment. Costs referring to this transaction are recognized in the income statement, as incurred. The acquisition cost is allocated to acquired assets, liabilities and contingent liabilities undertaken based on their respective fair value, including assets and liabilities that were not previously recognized in the balance sheet of the acquired entity, e.g. intangible assets such as brand and contracts. Goodwill is generated when the acquisition cost is higher than the identifiable net assets measured at fair value. The business combination final amounts are measured within up to one year from the acquisition date.

5. Significant accounting policies (Continued)

5.5. Intangible assets and goodwill (Continued)

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, as incurred.

iv) Amortization

Except for goodwill, amortization is recognized in the income statement on a straight line basis over the estimated useful lives of intangible assets, as from the date when they are available for use. Estimated useful lives for the current and comparative years are shown in Note 16.

Amortization methods, useful lives and residual values are reviewed at each fiscal year end, and adjusted if necessary.

5.6. Lease

i) Finance lease

Certain lease agreements substantially transfer to the Company the risks and rewards of ownership of an asset. Such agreements are classified as finance lease agreements and the assets leased are recognized at the lower of fair value or the present value of 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 finance lease agreements are allocated to income over the period of the agreement, under the amortized cost and effective interest rate methods.

5. Significant accounting policies (Continued)

5.6. Lease (Continued)

i) Finance Lease (Continued)

Minimum finance lease payments made are allocated between financial expenses and reduction of outstanding liabilities. Financial expenses are allocated to each period over the lease term in order to produce a constant periodic interest rate on the outstanding liabilities balance. Contingent lease payments are recognized by reviewing minimum payments over the remaining lease term when the lease adjustment is confirmed.

ii) Operating lease

These are leasing transactions under which the risks and rewards 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 incentives received are recognized as an integral part of total lease expenses, over the lease term.

5.7. Inventories

Inventories are measured based on historical cost, at the lower of cost and net realizable value. Inventories are used exclusively in clinical analysis tests and imaging diagnostics. A provision for obsolescence has been set up for items that have not recorded any changes 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 on projected future cash flows, which can be reliably estimated.

5. Significant accounting policies (Continued)

5.8. Impairment (Continued)

i) Financial assets (including receivables) (Continued)

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 there is such indication, the recoverable amount of the asset is estimated. In the case of goodwill and intangible assets with an indefinite useful life, the recoverable amount is estimated every year. An impairment loss is recognized if book value exceeds the recoverable amount.

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

In view of the foregoing, a set of assumptions was defined to compute the recoverable amount of 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 of revenues on acquisitions and increase in imaging services for the Company; term used for cash flows: eight years;

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

5. Significant accounting policies (Continued)

5.8. Impairment (Continued)

ii) Non-financial assets (Continued)

Discount rate used (net of taxes): weighted average rate of the Company's capital cost (14.0% p.a.).

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

5.9. Provisions

A provision is recognized, 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 ordinary course of their business.

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

The Company's income arises mainly from the rendering of diagnostic and clinical analysis services. Unvoiced 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 balance sheet date, under the accrual basis of accounting.

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. Significant accounting policies (Continued)

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 payable in installments, financial discounts granted to customers, restatement of contingencies.

5.12. Taxes, charges and contributions

Below are the acronyms for taxes, charges and contributions used in these financial statements:

- COFINS – Contribution Tax on Gross Revenue for Social Security Financing – Federal Tax;
- CSLL – Social Contribution Tax on Net Profit – 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 - Contribution Tax on Gross Revenue for Social Integration Program – Federal Tax;

Income and social contribution taxes

Current and deferred income and social contribution taxes are calculated at the rate of 15%, plus 10% surtax on taxable profit exceeding R$ 240 for income tax, and 9% on taxable profit for social contribution tax, considering income and social contribution tax loss offsetting, limited to 30% of taxable profit.

5. Significant accounting policies (Continued)

5.12. Taxes, charges and contributions (Continued)

Income and social contribution taxes (Continued)

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

Current tax is the expected tax payable or receivable on taxable profit or loss for the year, at tax rates enacted or substantively enacted at the financial statements presentation date and any adjustment to taxes payable in relation to previous years.

Deferred tax is recognized with respect to temporary differences between the book value of assets and liabilities for accounting purposes and the corresponding value used for taxation purposes, as well as on the balance of income and social contribution tax losses.

Deferred tax is measured at the tax rates expected to be applied to temporary differences when they are reversed, based on laws enacted or substantively enacted as of the financial statement presentation date.

Deferred tax liabilities are offset if there is a legal right to offset current tax assets and liabilities, and 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 (IAS 12), the balance of deferred income and social contribution taxes for the same 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 policies (Continued)

5.13. Determination of adjustment to present value

Noncurrent monetary assets and liabilities are restated monetarily and, therefore, they are not adjusted to present value. For the purposes of recording and determining their relevance, present-value adjustment is calculated considering contractual cash flows and explicit, and in certain cases implicit interest rate, of the respective assets and liabilities.

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 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 issue 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 balance sheets.

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 policies (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 method 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. Discontinued operations

The Group classifies noncurrent assets and disposal groups when held for sale to the Company shareholders, if their book values are recoverable primarily through sale, and not by means of continuing use. These noncurrent assets and disposal groups classified as held for sale are measured at the lower of book value or fair value less costs to sell or distribute. The distribution costs are additional costs directly attributable to sale, less financial costs and income tax expenses.

The criteria used to classify items held for sale are deemed as complied with only when the sale is highly probable and the asset or disposal group is available for immediate sale at its present condition. The actions required to complete the sale must indicate whether significant changes in sale are improbable or that the sale will be withdrawn. Management must be committed with the sale expected for the period of one year as from the classification date.

5. Significant accounting policies (Continued)

5.19. Discontinued operations (Continued)

Property and equipment items and intangible assets are neither depreciated nor amortized when classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the balance sheet.

A disposal group is classified as discontinued operation when it represents an entity's component that has been disposed of or classified as held for sale, and:

- Represents an important separate business line or geographic area of operations;
- Is part of one single coordinated plan intended to dispose of an important business line or geographic area of operations;
- Is a subsidiary acquired exclusively for sale.

Discontinued operations are excluded from income (loss) from continuing operations, and are presented as one single entry in income (loss) after taxes from discontinued operations in the income statement.

Additional disclosures are presented in Note 13. All other notes to the financial statements include amounts of continuing operations, unless otherwise stated.

6. IFRS and CPC pronouncements and new legal requirements

6.1. New pronouncements effective as from January 1, 2014, but that have not had a significant impact on the Company

i) Offsetting Financial Assets and Financial Liabilities – Amendment to IAS 32 (CPC 39): 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.

6. IFRS and CPC pronouncements and new legal requirements (Continued)

6.1. New pronouncements effective as from January 1, 2014, but that have not had a significant impact on the Company (Continued)

ii) Investments entities (Amendments to IFRS 10 (CPC 36-R3), IFRS 12 (CPC 45) and IAS 27 (CPC35-R2)): provide an exception to consolidation requirements for entities falling under the definition of an investment entity in accordance with IFRS10. This exception requires that investments entities record investments in subsidiaries at their fair value in the income statement.

iii) Novation of Derivatives and Continuation of Hedge Accounting – Amendment to IAS 39 (CPC 38): this amendment alleviates the discontinuation of hedge accounting when renewal of derivatives designated as a hedge meet certain criteria. The Company does not have transactions with derivative financial instruments.

iv) IFRIC 21 (ICPC 19) - Levies: IFRIC 21 clarifies when one entity has to recognize a liability for a levy when event that triggers such levy occurs. 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.

Improvements in the following pronouncements: Amendments to IAS 19 – Employee Benefits: Defined Benefit Plans – Employee Contributions; IFRS 2 – Share-Based Payment; IFRS 3 – Business Combinations; IFRS 8 – Operating Segments; IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets; IAS 24 – Related Party Disclosures; IFRS 13 – Fair Value Measurement and IAS 40 – Investment Property, have not impacted the Company.

6.2. New pronouncements not yet in force and that will become effective as from the year beginning January 1, 2015, for items i) and ii), January 1, 2016, for item iii), and January 1, 2017, for item iv).

i) IFRS 9 Financial Instruments – reflects the first phase of IASB's work to replace IAS 39 and is applicable to the classification and measurement of financial assets and liabilities as defined by IAS 39. This standard was be initially applicable as from the years beginning on or after January 1, 2013, but the pronouncement Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, has postponed its application to January 1, 2015. In subsequent phases, IASB will address matters such as hedge accounting and provision for impairment of financial assets. The Company does not expect this standard to have a significant impact on its financial statements.

6. IFRS and CPC pronouncements and new legal requirements (Continued)

6.2. New pronouncements not yet in force and that will become effective as from the year beginning January 1, 2015, for items i) and ii), January 1, 2016, for item iii), and January 1, 2017, for item iv) (Continued)

ii) IFRS 21 – Levies – the tax liability must be recognized when the event that triggers the obligation occurs. The Company is assessing the impacts of this pronouncement on its financial statements.

iii) IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortization – The amendments clarify the principle in IAS 16 and IAS 38 whereby revenue reflects a model of economic benefits generated from the operation of a business (of which the asset is a part), instead of the economic benefits consumed by using the asset. Consequently, a revenue-based method cannot be used to depreciate a property, plant and equipment item, and it may be used only under very limited circumstances to amortize intangible assets. These amendments are effective prospectively for amortization of intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016. These amendments are not expected to have an impact on the Group, since the Company has not used a revenue-based method to depreciate noncurrent assets.

iv) IFRS 15 – Revenue from contracts with customers: The standard provides a five-step model to be applied to revenue from contracts with customers, regardless of the revenue transaction type or industry. It is applicable to all revenue contracts and provides a model for recognition and measurement of gains or losses from disposal of certain non-financial assets that are not related to the ordinary activities of the entity (such as sale of property, facilities and equipment or intangible assets). More informative disclosures are also required by this standard. This pronouncement shall be applicable to annual periods beginning on or after January 1, 2017. Earlier application is permitted. The Company is assessing the impacts of this pronouncement on its financial statements.

Improvements and amendments in the following pronouncements: IFRS 11 – Joint Arrangements; IFRS 14 – Regulatory Deferral Accounts and Amendments to IAS 41 – Agriculture – Biological assets and agricultural produce, have not impacted the Company.

There are no other IFRS standards that are not yet effective that could significantly impact the Company.

6. IFRS and CPC pronouncements and new legal requirements (Continued)

6.3. Provisional Executive Order MP No. 627/13 converted into Law No. 12973/14

In November 2013, MP No. 627 (MP 627) was published, setting forth, among other amendments to the federal tax legislation, that no taxation shall be levied on profits and dividends calculated based on P&L determined between January 1, 2008 and December 31, 2013 by legal entities taxed based on the taxable profit ("Lucro Real"), deemed profit ("Lucro Presumido"), or reconstructed profit ("Lucro Arbitrado") taxation regimes, effectively paid until the date of publication of the referred to MP at amounts higher than those determined in compliance with the accounting methods and criteria effective at December 31, 2007, provided that the company that has paid such profits or dividends opted for early adoption of the new taxation regime as from calendar year 2014 onwards.

In May 2014, this MP was converted into Law No. 12973, with amended provisions such as those referring to treatment of dividends, interest on equity and measurement of investments using the equity method. Contrary to the referred to MP, Law No. 12973 has not imposed an early adoption of its provisions for the calendar year 2014 as a condition to eliminate tax effects related to differences arising from the application of current accounting methods and criteria and of those effective at December 31, 2007 for the items above, giving the companies the option of an earlier adoption of the standard according to the interests of each taxpayer.

The Company has prepared analyses on the effects of the provisions of Law No. 12973, and has concluded that there will be no significant effects on its financial statements. Accordingly, it has decided not to adopt such provisions earlier for the year ended December 31, 2014.

7. 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 used in determining fair values is disclosed is disclosed in the notes specific to that asset or liability.

7. Determination of fair value (Continued)

7.1. 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 lease contracts.

7.2. 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 is valued after deducting a fair return on all other assets that integrate the generation of their respective cash flows.

7.3. 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 Group's entity and of the counterparty, when appropriate.

7.4. 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.

(In thousands of reais)

7. Determination of fair value (Continued)

7.5. 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.

8. Cash and cash equivalents

	Company		Consolidated	
	12/31/14	12/31/13	12/31/14	12/31/13
Cash and banks	**17,123**	14,826	**20,059**	20,868
Marketable securities	**223,144**	471,745	**254,927**	515,013
	240,267	486,571	**274,986**	535,881

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

	12/31/14		12/31/13	
	Amount	Average yield for the year	Amount	Average yield for the year
Cash and banks	**20,059**	**-**	20,868	-
Bank Deposit Certificate (CDB) / Repurchase agreements	**115,478**	**101.84% of Interbank Deposit Certificate (CDI)**	397,610	102.19% of CDI
Fixed income fund	**139,449**	**101.20% of CDI**	117,403	102.36% of CDI
	274,986		535,881	

Bank deposits represent balances in banks and immediate liquidity rights, the use of which 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.

(In thousands of reais)

9. Marketable securities

		Company			
		12/31/14		12/31/13	
	Currency	Amount (R$)	Average yield for the year	Amount (R$)	Average yield for the year
CDB / Repurchase agreements **(a)**	**R$**	**8,865**	**100.01% of CDI**	6,393	100.01% of CDI
Fixed income fund **(a)**	**R$**	**58,236**	**105.55% of CDI**	19,791	102.25% of CDI
		67,101		26,184	
Current assets		**(51,674)**		-	
Noncurrent assets		**15,427**		26,184	

		Consolidated					
		12/31/14			12/31/13		
	Currency	Amount (US$)	Amount (R$)	Average yield for the year	Amount (US$)	Amount (R$)	Average yield for the year
CDB / Repurchase agreements **(a)**	**R$**	**-**	**8,865**	**100.01% of CDI**	-	8,316	100.01% of CDI
Fixed income fund **(a)**	**R$**	**-**	**97,524**	**105.39% of CDI**	-	29,477	102.25% of CDI
Corporate bonds **(b)**	**US$**	**31,777**	**84,405**	**4.99% p.a.**	31,153	72,980	4.63% p.a.
			190,794			110,773	
Current assets			**(165,239)**			(72,980)	
Noncurrent assets			**25,555**			37,793	

(a) The consolidated amount of R$25,555 (R$37,793 at December 31, 2013) invested in fixed income funds and CDB / Repurchase agreements 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 reais)

10. Trade accounts receivable

	Company		Consolidated	
	12/31/14	**12/31/13**	**12/31/14**	**12/31/13**
Trade notes receivable:				
Falling due	**403,587**	237,123	**421,796**	330,558
Amounts overdue **(b)**	**133,484**	127,425	**173,653**	187,579
	537,071	364,548	**595,449**	518,137
Other accounts receivable:				
Checks receivable	**320**	456	**330**	795
Returned checks	**1,445**	808	**1,458**	1,469
Credit card	**12,425**	15,135	**13,033**	15,916
Unbilled health plans **(a)**	**63,606**	55,526	**80,941**	103,371
	77,796	71,925	**95,762**	121,551
Total receivable:	**614,867**	436,473	**691,211**	639,688
Deducted of:				
Allowance for doubtful accounts due to disallowance, default and returned checks	**(44,366)**	(46,318)	**(60,819)**	(67,486)
Adjustment to present value	**-**	-	**(886)**	-
	570,501	390,155	**629,506**	572,202
Current assets	**(569,943)**	(389,860)	**(626,721)**	(566,262)
Noncurrent assets	**558**	295	**2,785**	5,940

(a) Refers to amounts of services rendered and not yet billed at year end. Services not billed within 120 days are written off from account unbilled health plans, and adjusted for the period they occur.

(In thousands of reais)

10. Trade accounts receivable (Continued)

(b) The aging of overdue balances is as follows:

		Company					
		12/31/14			12/31/13		
	%	Gross amount	Provision for loss	Net amount	Gross amount	Provision for loss	Net amount
0 to 30		**53,074**	**-**	**53,074**	37,685	-	37,685
31 to 60		**14,253**	**-**	**14,253**	14,851	-	14,851
61 to 90		**8,879**	**-**	**8,879**	11,914	-	11,914
91 to 120	25%	**7,342**	**(1,836)**	**5,506**	6,957	(1,739)	5,218
121 to 180	50%	**8,457**	**(4,229)**	**4,228**	12,536	(6,268)	6,268
181 to 360	75%	**18,491**	**(13,868)**	**4,623**	23,918	(17,939)	5,979
Over 360	100%	**22,988**	**(22,988)**	**-**	19,564	(19,564)	-
		133,484	**(42,921)**	**90,563**	127,425	(45,510)	81,915
Returned checks		**1,445**	**(1,445)**	**-**	808	(808)	-
		134,929	**(44,366)**	**90,563**	128,233	(46,318)	81,915

		Consolidated					
		12/31/14			12/31/13		
	%	Gross amount	Provision for loss	Net amount	Gross amount	Provision for loss	Net amount
0 to 30		**64,908**	**-**	**64,908**	52,629	-	52,629
31 to 60		**17,724**	**-**	**17,724**	22,667	-	22,667
61 to 90		**12,825**	**-**	**12,825**	18,091	-	18,091
91 to 120	25%	**8,561**	**(2,140)**	**6,421**	13,513	(3,378)	10,135
121 to 180	50%	**10,339**	**(5,170)**	**5,169**	17,964	(8,982)	8,982
181 to 360	75%	**28,982**	**(21,737)**	**7,245**	36,232	(27,174)	9,058
Over 360	100%	**30,314**	**(30,314)**	**-**	26,483	(26,483)	-
		173,653	**(59,361)**	**114,292**	187,579	(66,017)	121,562
Returned checks		**1,458**	**(1,458)**	**-**	1,469	(1,469)	-
		175,111	**(60,819)**	**114,292**	189,048	(67,486)	121,562

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.

(In thousands of reais)

10. Trade accounts receivable (Continued)

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, the Company adopts the policy of setting up a provision for receivables overdue for more than 90 days, according to the table below:

Overdue receivables:	% of provision
91 to 120 days	25%
121 to 180 days	50%
181 to 360 days	75%
Over 360 days	100%

In 2014, losses arising from disallowance and default represent 2.6% of gross operating income (3.3% in 2013).

From 2012, the Company began to derecognize any receivables overdue for over 2 years against the allowance. In 2014, R$18,531 (R$61,184 in 2013) were derecognized within this criteria.

The Company also adopts the criterion of setting up an allowance for 100% of the checks returned due to non-sufficient funds.

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

In 2014, changes in allowances for doubtful accounts due to disallowance, default and returned checks, in consolidated, is as follows:

Balance at December 31, 2013		(67,486)
Change in consolidated provision		
Allowance for doubtful accounts due to disallowance and default	(78,169)	**(a)**
Allowance for doubtful accounts due to disallowance and default referring to discontinued operation	(2,011)	
Reversal of allowance for disallowance and default due to payment and proper disallowance	67,685	
Derecognition of provision for receivables overdue for more than 2 years	18,531	
Derecognition of allowance for doubtful accounts due to disallowance, default and returned checks referring to discontinued operation	773	
Reversal of provision for returned checks	(142)	**6,667**
Balance at December 31, 2014		**(60,819)**

(a) Loss in 2014, as disclosed in Note 29.

(In thousands of reais)

11. Inventories

	Company		Consolidated	
	12/31/14	12/31/13	12/31/14	12/31/13
Direct material - domestic	**37,824**	23,643	**42,524**	35,406
Direct material – imported	**8,452**	5,593	**9,007**	7,664
Secondary material - domestic	**13,409**	7,857	**14,648**	11,496
Supplies	**6,285**	3,881	**6,913**	5,836
Provision for obsolescence	**(945)**	(568)	**(1,150)**	(1,019)
	65,025	40,406	**71,942**	59,383

12. Taxes recoverable

	Company		Consolidated	
	12/31/14	12/31/13	12/31/14	12/31/13
Income and social contribution taxes (IR/CS) – withholding income tax	**1,197**	6,911	**2,157**	10,607
IR/CS – credits recoverable	**84,187**	63,222	**92,598**	83,861
PIS/COFINS - withholding income tax	**28,456**	19,437	**29,883**	27,214
ISS - withholding income tax	**7,470**	5,385	**13,983**	13,653
Social security tax (INSS) recoverable	**7,874**	6,089	**29,635**	27,502
Other	**10,027**	6,255	**10,421**	6,859
	139,211	107,299	**178,677**	169,696

13. Discontinued operation

In 2014, as consequence of the decision given by the Administrative Council for Economic Defense (“CADE”) dated December 4, 2013, within the scope of the merger review process referring to the acquisition MD1 Diagnósticos S.A., the Company management has committed itself to sell assets in the cities of Rio de Janeiro State, totaling R$110,000 of revenue per year, to a one single third party that (a) has no partnership relations (either directly or indirectly) with Company; and (b) holds not more than 20% (twenty percent) of the relevant diagnostic support service market in the city of Rio de Janeiro.

(In thousands of reais)

13. Discontinued operation (Continued)

The Board of Directors' meeting held on December 27, 2014 approved the disposal of units of interest representing, both directly and indirectly, 100% (one hundred percent) of the capital of Pro-Echo Cardiodata Serviços Médicos Ltda. ("ProEcho") and Lafê Serviços Diagnósticos Ltda. ("Lafê"), as well as all rights inherent thereto, for R$66,000, the terms and other conditions being provided for by the Units of Interest Purchase and Sale Agreement entered into on December 27, 2014, between the Company, as the seller, Newscan Serviços Médicos Ltda., as the buyer, João Renato Côrtes de Barros Silveira, as the guarantor, ProEcho and Lafê, as the consenting intervening parties, under the terms negotiated by the Executive Board. The Board of Directors has authorized the members of the Executive Board to take all actions relating and supplementary to, or arising from the Purchase and Sale Agreement, or that are necessary to its completion, including before CADE.

The completion of the operations provided for by the Purchase and Sale Agreement is subject CADE's approval.

The balance sheet at December 31, 2014 of Pro-Echo and Lafê, disclosed as discontinued operations, is as follows:

a) Consolidated

	Lafê	Pro Echo	Total
Assets:			
Cash and cash equivalents	1,447	6,307	7,754
Trade accounts receivable	12,009	14,124	26,133
Recoverable and deferred taxes	529	11,171	11,700
Property and equipment	1,578	12,932	14,510
Intangible assets	407	140	547
Other receivables	290	625	915
	16,260	**45,299**	**61,559**
Goodwill in Company referring to acquisition of subsidiary Pro Echo			15,788
Assets from discontinued operations			**77,347**

	Lafê	Pro Echo	Total
Liabilities:			
Trade accounts payable	397	475	872
Bank loans and financing	-	526	526
Salaries, social charges and vacations pay payable	1,022	1,938	2,960
Taxes and contributions recoverable	513	365	878
Specialized medical services payable	3,454	2,070	5,524
Provision for tax, social security, labor and civil contingencies	-	1,355	1,355
Other accounts	291	956	1,247
Liabilities from discontinued operations	**5,677**	**7,685**	**13,362**

(In thousands of reais)

13. Discontinued operation (Continued)

b) Company

	Lafê	Pro Echo	Total
Net value of assets from subsidiaries held for sale	10,583	37,614	48,197
Goodwill in Company referring to acquisition of subsidiary Pro Echo	-	-	15,788
Investment held for sale (discontinued operation)	**10,583**	**37,614**	**63,985**

The income statement for the year ended December 31, 2014 of Pro-Echo and Lafê, and the income statement for the year ended December 31, 2013 (restated) of Pro-Echo, are represented by the account discontinued operations in the Company’s income statement. They break down as follows:

	Lafê	Pro Echo	Total 2014	Pro-Echo 2013
Net operating income	20,245	22,133	**42,378**	39,706
Cost of services rendered	(18,008)	(21,103)	**(39,111)**	(31,587)
Gross profit	2,237	1,030	**3,267**	8,119
General and administrative expenses	(1,763)	(9,207)	**(10,970)**	11,236
Income (loss) before financial income (expenses) and taxes	474	(8,177)	**(7,703)**	19,355
Financial income (expenses)	166	2,222	**2,388**	(10,483)
Income (loss) before income and social contribution taxes	640	(5,955)	**(5,315)**	8,872
income and social contribution taxes	(433)	73	**(360)**	(2,886)
Net income/(loss) for the year	207	(5,882)	**(5,675)**	5,986

(In thousands of reais)

13. Discontinued operation (Continued)

b) Company (Continued)

The net cash flow statement for the year ended December 31, 2014 of Pro-Echo and Lafê breaks down as follows:

	Lafê	Pro Echo	Total
Operating activities	(5,898)	88,704	82,806
Investing activities	(665)	(86,628)	(87,293)
Financing activities	8,010	(1,856)	6,154
Net cash generated	1,447	220	1,667

14. Investments

14.1. Information on investments in subsidiaries

	Company		Consolidated	
	12/31/14	**12/31/13**	**12/31/14**	**12/31/13**
DASA Real Estate Empreendimentos Imobiliários Ltda.	**26,420**	29,733	**-**	-
CientificaLab Produtos Laboratoriais e Sistemas Ltda	**100,389**	85,981	**-**	-
Instituto de Endocrinologia e Medicina Nuclear do Recife S.A. (CERPE)	**38,433**	33,543	**-**	-
CDPI - Clínica de Diagnóstico por Imagem Ltda. **(d)**	**-**	47,368	**-**	-
CRMI - Clínica de Ressonância e Multi Imagem Ltda. **(d)**	**-**	16,102	**-**	-
Pro Echo Cardiodata Serviços Médicos Ltda. **(e)**	**-**	88,079	**-**	-
Laboratórios Médicos Dr. Sérgio Franco Ltda. **(d)**	**-**	122,884	**-**	-
Previlab - Analises Clinicas Ltda.	**32,262**	25,813	**-**	-
DASA Finance Corporation	**4,719**	2,795	**-**	-
Clínica de Ressonância e Multi Imagem Petrópolis Ltda. **(e)**	**2,031**	-	**-**	-
Dasa Property Participações Ltda.	**53**	52	**-**	-
Dasa Nordeste Participações Ltda	**-**	51	**-**	-
Dasa Centro Oeste Participações Ltda.	**-**	51	**-**	-
Dasa Sudoeste Participações Ltda.	**-**	51	**-**	-
	204,307	452,503	**-**	-
Other investments	**679**	624	**803**	786
	204,986	453,127	**803**	786

(In thousands of reais)

14. Investments (Continued)

14.1. Information on investments in subsidiaries (Continued)

Subsidiary	Reporting date	Number of units of interest/shares	*Number of units of interest/shares held	Interest in paid-in capital (%)	Paid-in capital	Equity	Income (loss) for the year
DASA Real Estate	12/31/2014	25,667,079	25,667,078	99.99	25,667	26,420	(2,963)
	12/31/2013	25,667,079	25,667,078	99.99	25,667	29,733	(836)
CientíficaLab	12/31/2014	108,176,629	89,676,628	82.90	97,177	100,389	(10,592)
	12/31/2013	70,676,629	53,676,628	75.95	70,677	85,981	(12,536)
DASA Finance Corp	12/31/2014	18,550,000	18,550,000	100.00	41,123	4,719	1,924
	12/31/2013	50,000	50,000	100.00	41,123	2,795	(12,117)
CERPE	12/31/2014	122,024	120,804	99.00	122	38,433	6,047
	12/31/2013	122,024	120,804	99.00	122	33,543	4,544
CDPI **(d)**	12/31/2014	-	-	-	-	-	7,244
	12/31/2013	1,834,280	1,834,279	99.99	18,343	47,368	8,909
CRMI **(d)**	12/31/2014	-	-	-	-	-	2,376
	12/31/2013	2,508,000	2,507,999	99.99	2,508	16,102	5,694
Pro Echo **(e)**	12/31/2014	47,483,058	47,483,058	100.00	47,483	-	(5,249)
	12/31/2013	131,483,058	91,483,058	69.58	131,483	126,405	4,165
Lab. Méd. Dr. Sérgio Franco **(d)**	12/31/2014	-	-	-	-	-	40,792
	12/31/2013	63,902,082	63,902,081	99.99	63,902	122,884	69,184
Previlab	12/31/2014	29,613,314	29,509,743	99.65	29,613	32,262	237
	12/31/2013	23,113,314	23,009,743	99.56	23,113	25,813	2,778
CRMI Petrópolis **(e)**	12/31/2014	1,080,222	756,155	70.00	1,080	2,031	360
	12/31/2013	-	-	-	-	-	-
LAFÊ Serviços Diagnósticos Ltda.	12/31/2014	6,376,316	6,376,216	99.99	10,376	-	207
	12/31/2013	10,000	9,900	99.98	-	-	-
Dasa Property Part.	12/31/2014	50,000	49,500	99.00	50	53	2
	12/31/2013	50,000	49,500	99.00	50	52	2
Dasa Nordeste Part. **(f)**	12/31/2014	-	-	-	-	-	1
	12/31/2013	50,000	49,500	99.00	50	51	1
Dasa Centro Oeste Part. **(f)**	12/31/2014	-	-	-	-	-	-
	12/31/2013	50,000	49,500	99.00	50	51	1
Dasa Sudoeste Part. **(f)**	12/31/2014	-	-	-	-	-	-
	12/31/2013	50,000	49,500	99.00	50	51	1

(In thousands of reais)

14. Investments (Continued)

14.2. Changes in investments

	Balances at 12/31/13	Capital payment/ (reduction)	Partial spin-off	Proposed and prepaid dividends (c)	Interest on equity	Merger of subsidiaries (d)	Discontinued operation (Note 13)	Dissolution of company	Equity pickup	Balances at 12/31/14
DASA Real Estate	29,733	-	-	-	(350)	-	-	-	(2,963)	26,420
CientíficaLab	85,981	25,000	-	-	-	-	-	-	(10,592)	100,389
CERPE	33,543	-	-	(1,157)	-	-	-	-	6,047	38,433
CDPI **(a)**	47,368	36,500	-	(2,227)	(3,004)	(85,882)	-	-	7,245	-
CRMI	16,102	-	-	(1,423)	(543)	(16,512)	-	-	2,376	-
Pro Echo **(e)**	88,079	(84,000)	-	-	-	38,784	(37,613)	-	(5,250)	-
Lab. Méd. Dr. Sérgio Franco **(b)**	122,884	-	(6,366)	-	(4,262)	(153,048)	-	-	40,792	-
Previlab **(a)**	25,813	6,500	-	(288)	-	-	-	-	237	32,262
DASA Finance Corporation	2,795	-	-	-	-	-	-	-	1,924	4,719
CRMI Petrópolis **(e)**	-			(186)	-	1,857	-	-	360	2,031
Lafê Serviços Diagnósticos **(b)**	-	4,010	6,366	-	-	-	(10,583)	-	207	-
Dasa Property Part. **(f)**	52	-	-	(1)	-	-	-		2	53
Dasa Nordeste Part. **(f)**	51	-	-	(1)	-	-	-	(51)	1	-
Dasa Centro Oeste Part. **(f)**	51	-	-	-	-	-	-	(51)	-	-
Dasa Sudoeste Part. **(f)**	51	-	-	-	-	-	-	(51)	-	-
	452,503	(11,990)	-	(5,283)	(8,159)	(214,801)	(48,196)	(153)	40,386	204,307
Check-UP (Negative equity) **(e)**	-	-	-	-	-	(3,749)	-	-	(710)	(4,459)
	452,503	(11,990)	-	(5,283)	(8,159)	(218,550)	(48,196)	(153)	39,676	199,848

(a) Capital payment

CDPI – On February 3, 2014, the Company subscribed and paid in 36,500,000 new units of interest in the subsidiary CDPI's capital, which is equivalent to R$36,500, pursuant to the 28th amendment and consolidation of CDPI's articles of association, and the Company has later merged this subsidiary – see item (e) in this Note.

PREVILAB – On February 3, 2014, the Company subscribed and paid in 6,500,000 new interest of units in the subsidiary PREVILAB's capital, which is equivalent to R$6,500, pursuant to the 16th amendment and consolidation of PREVILAB's articles of association.

(b) Partial spin-off

The meeting held on February 28, 2014 by the members of the then subsidiary Laboratórios Médicos Dr. Sérgio Franco Ltda. (Sérgio Franco):

(In thousands of reais)

14. Investments (Continued)

14.2. Changes in investments (Continued)

i) Ratified the appointment and engagement of APSIS Consultoria e Avaliações Ltda., as an expert company, to evaluate the portion of Sérgio Franco's spin-off capital at book value, at the reporting date December 31, 2013, that has been transferred to Lafê Serviços Diagnósticos Ltda. (Lafê), on the reporting date February 28, 2014, by means of an evaluation report that was prepared and approved, without reservations, and calculated the portion of Sérgio Franco's equity transferred to Lafê, of R$6,366, comprising cash equivalents amounting to R$4,000, and the assets related to the operations of its business units (establishments), corresponding to the amount of R$2,366. The equity evaluation criteria of then subsidiary Sérgio Franco ws the book value, which took into account the amounts recorded in books, based on the balance sheet at December 31, 2013.

ii) Approved the "Rationale for Partial Spin-off of Laboratórios Médicos Dr. Sérgio Franco Ltda. following the Merger of Net Assets Spin off by Lafê Serviços Diagnósticos Ltda.";

iii) Approved the Partial Spin-off of subsidiary Sérgio Franco and merger of net assets spin off by Lafê;

iv) Approved capital decrease of subsidiary Sérgio Franco amounting to R$ 6,366, corresponding to net assets spin off, from R$ 63,902 to R$ 57,536, and the cancellation of 6,366,316 units of interest of the company. By virtue of this reduction, capital of the then subsidiary Sérgio Franco is now R$57,536.

(c) Proposed and prepaid dividends

Proposed dividends amounting to R$4,887, corresponding to P&L for 2013, and prepaid dividends amounting to R$392, referring to 2014.

(d) Merger of subsidiaries

In the Special Shareholders' Meeting held on July 1, 2014, the following subsidiaries were merged by the Company: CDPI - Clínica de Diagnóstico por Imagem Ltda.; Clínica de Ressonância e Multi-Imagem Ltda.; Laboratórios Médicos Dr. Sergio Franco Ltda.; Imagem e Diagnósticos Ltda.; Multimagem PET Ltda.; and Clínica de Ressonância e Multi-Imagem Caxias Ltda.

(e) After the merger of July 1, 2014, the Company now holds direct ownership interest over Pro Echo Cardiodata Ltda., its ownership interest increasing from 69.58% to 100%; CRMI Petrópolis, over which the Company held no direct ownership interest and now holds 70%; and Check Up UP - Unidade Preventiva, Diagnóstico e Medicina Preventiva Ltda., over which the Company also held no direct ownership interest and now holds 99.99%.

(f) At the Board Meeting held on September 29, 2014, approval was given to termination, by means of liquidation and dissolution, of the Company's direct subsidiaries.

15. Property and equipment

		Company			
	Average depreciation rate % p.a.	12/31/14 Cost	12/31/14 Accumulated depreciation	12/31/14 Net	12/31/13 Net
Properties	4	**1,426**	**(904)**	**522**	576
Leasehold improvements	10	**489,198**	**(259,692)**	**229,506**	141,761
Machinery and equipment	12	**504,313**	**(224,583)**	**279,730**	193,105
Furniture and fixtures	11	**53,963**	**(23,439)**	**30,524**	28,526
Facilities	10	**65,251**	**(22,483)**	**42,768**	17,371
IT equipment	20	**104,262**	**(59,126)**	**45,136**	52,753
Vehicles	20	**3,990**	**(3,205)**	**785**	835
Library	10	**184**	**(129)**	**55**	21
Land	-	**255**	**-**	**255**	180
Construction in progress	-	**23,499**	**-**	**23,499**	107,954
		1,246,341	**(593,561)**	**652,780**	543,082

(In thousands of reais)

15. Property and equipment (Continued)

	Average depreciation rate % p.a.	Consolidated 12/31/14 Cost	Accumulated depreciation	Net	12/31/13 Net
Properties	4	**5,166**	**(2,122)**	**3,044**	3,248
Leasehold improvements	10	**506,201**	**(267,628)**	**238,573**	196,010
Machinery and equipment	12	**521,498**	**(234,275)**	**287,223**	260,153
Furniture and fixtures	11	**57,523**	**(25,321)**	**32,202**	37,500
Facilities	10	**66,780**	**(22,951)**	**43,829**	36,330
IT equipment	20	**109,063**	**(62,313)**	**46,750**	57,979
Vehicles	20	**5,445**	**(4,603)**	**842**	978
Library	10	**195**	**(138)**	**57**	76
Land	-	**13,529**	**-**	**13,529**	6,574
Construction in progress	-	**17,179**	**-**	**17,179**	121,332
		1,302,579	**(619,351)**	**683,228**	720,180

Changes in cost

	Company 12/31/13	Changes for the year: Addition by merger (a)	Additions	Write-offs (c)	Transfers (b)	12/31/14
Properties	1,426	-	-	-	-	**1,426**
Leasehold improvements	344,738	65,465	31,934	(1,907)	48,968	**489,198**
Machinery and equipment	357,011	78,068	65,334	(3,227)	7,127	**504,313**
Furniture and fixtures	51,900	6,906	6,460	(12,678)	1,375	**53,963**
Facilities	27,596	22,340	9,792	(117)	5,640	**65,251**
IT equipment	120,717	8,028	15,637	(31,327)	(8,793)	**104,262**
Vehicles	4,112	-	99	(376)	155	**3,990**
Library	117	67	-	-	-	**184**
Land	180	-	75	-	-	**255**
Construction in progress	107,954	2,165	24,861	(12,538)	(98,943)	**23,499**
	1,015,751	183,039	154,192	(62,170)	(44,471)	**1,246,341**

(In thousands of reais)

15. Property and equipment (Continued)

Changes in cost (Continued)

	Consolidated					
		Changes for the year				
	12/31/13	**Additions**	**Write-offs (c)**	**Transfers (b)**	**Discontinued operation (d)**	**12/31/14**
Properties	5,166	-	-	-	-	**5,166**
Leasehold improvements	422,952	36,414	(4,488)	53,980	(2,657)	**506,201**
Machinery and equipment	467,377	73,406	(6,514)	6,294	(19,065)	**521,498**
Furniture and fixtures	65,332	7,049	(14,924)	1,727	(1,661)	**57,523**
Facilities	53,383	10,219	(2,415)	8,021	(2,428)	**66,780**
IT equipment	135,714	16,618	(35,504)	(6,780)	(985)	**109,063**
Vehicles	6,156	132	(999)	156	-	**5,445**
Library	203	-	(8)	-	-	**195**
Land	6,574	561	-	6,394	-	**13,529**
Construction in progress	121,332	25,033	(14,690)	(114,314)	(182)	**17,179**
	1,284,189	169,432	(79,542)	(44,522)	(26,978)	**1,302,579**

(a) Merger of the Company's subsidiaries as mentioned in Note 3.

(b) Expenses made by the Company classified under Construction in progress for the construction, installation and development period, which are transferred to a specific account of property and equipment or intangible assets when available for use.

(c) From total write-offs from property and equipment, it should be considered that a part refers to the effects of the physical inventory of the machinery and equipment, IT equipment and furniture and fixtures group performed in 2014, and this procedure is a part of the Company's internal controls improvement process. The impact of this physical inventory in the Company's income (statement) was a decrease by R$57,393 in cost and R$40,856 in accumulated depreciation, resulting in a decrease in income before income and social contribution taxes (LAIR) of Company by R$16,537. The effect in consolidated was a decrease by R$74,459 in costs, and of R$50,034 in accumulated depreciation, resulting in a decrease in the consolidated net income by R$24,425 - R$6,462 recorded in Net Gains/Losses on Assets from Discontinued Operations and R$17,963 in Other Operating Expenses.

(d) Discontinued operation as mentioned in Note 13.

(In thousands of reais)

15. Property and equipment (Continued)

Changes in accumulated depreciation

	Company					
		Changes for the year				
	12/31/13	Addition by merger (a)	Additions	Write-offs (c)	Transfers (b)	12/31/14
Properties	(850)	-	(54)	-	-	**(904)**
Leasehold improvements	(202,977)	(19,552)	(37,115)	634	(682)	**(259,692)**
Machinery and equipment	(163,906)	(30,227)	(41,564)	11,806	(692)	**(224,583)**
Furniture and fixtures	(23,374)	(1,927)	(5,964)	6,971	855	**(23,439)**
Facilities	(10,225)	(6,887)	(4,145)	28	(1,254)	**(22,483)**
IT equipment	(67,964)	(3,456)	(20,596)	24,240	8,650	**(59,126)**
Vehicles	(3,277)	-	(249)	362	(41)	**(3,205)**
Library	(96)	(23)	(10)	-	-	**(129)**
	(472,669)	(62,072)	(109,697)	44,041	6,836	**(593,561)**

	Consolidated					
		Changes for the year				
	12/31/13	Additions	Write-offs (c)	Transfers (b)	Discontinued operation (d)	12/31/14
Properties	(1,918)	(204)	-	-	-	**(2,122)**
Leasehold improvements	(226,942)	(42,073)	1,608	(683)	462	**(267,628)**
Machinery and equipment	(207,224)	(51,405)	14,411	(191)	10,134	**(234,275)**
Furniture and fixtures	(27,832)	(6,944)	7,892	1,055	508	**(25,321)**
Facilities	(17,053)	(5,626)	882	(1,946)	792	**(22,951)**
IT equipment	(77,735)	(21,907)	28,113	8,643	573	**(62,313)**
Vehicles	(5,178)	(281)	897	(41)	-	**(4,603)**
Library	(127)	(14)	3	-	-	**(138)**
	(564,009)	(128,454)	53,806	6,837	12,469	**(619,351)**

(a) Merger of the Company's subsidiaries as mentioned in Note 3.

(b) Expenses made by the Company classified under Construction in progress for the construction, installation and development period, which are transferred to a specific account of property and equipment or intangible assets when available for use.

(c) From total write-offs from property and equipment, it should be considered that a part refers to the effects of the physical inventory of the machinery and equipment, IT equipment and furniture and fixtures group performed in 2014, and this procedure is a part of the Company's internal controls improvement process. The impact of this physical inventory in the Company's income (statement) was a decrease by R$57,393 in cost and R$40,856 in accumulated depreciation, resulting in a decrease in income before income and social contribution taxes (LAIR) of Company by R$16,537. The effect in consolidated was a decrease by R$74,459 in costs, and of R$50,034 in accumulated depreciation, resulting in a decrease in the consolidated net income by R$24,425 - R$6,462 recorded in Net Gains/Losses on Assets from Discontinued Operations and R$17,963 in Other Operating Expenses.

(In thousands of reais)

15. Property and equipment (Continued)

Changes in accumulated depreciation (Continued)

(d) Discontinued operation as mentioned in Note 13.

Additions to accumulated depreciation, as shown in changes in property and equipment, were recorded in the general and administrative expenses account, and a part in the costs of goods sold and/or services rendered account.

Over the year, the Company has neither identified indicators of impairment of assets, nor capitalized interest.

16. Intangible assets

		Company			
	Average amortization rate % p.a.	12/31/14			12/31/13
		Cost	Accumulated amortization	Net	Net
Acquisition of interest - Goodwill		**2,104,250**	**(142,396)**	**1,961,854**	1,974,404
Other intangible assets					
IT systems	20	**234,917**	**(134,217)**	**100,700**	54,669
Commercial area use right	20	**1,433**	**(729)**	**704**	611
Other intangible assets	20	**12,628**	**(4,482)**	**8,146**	8,379
System implementation project	20	**12,293**	**(12,293)**	**-**	-
Project development	33	**10,259**	**(10,166)**	**93**	93
Brands	3.3	**236,037**	**(31,876)**	**204,161**	212,677
Exclusive agreement with customers - Unimagem	10	**9,403**	**(5,477)**	**3,926**	4,699
Relationship with hospitals	5	**35,748**	**(7,142)**	**28,606**	29,747
		552,718	**(206,382)**	**346,336**	310,875
		2,656,968	**(348,778)**	**2,308,190**	2,285,279

(In thousands of reais)

16. Intangible assets (Continued)

		Consolidated			
	Average amortization rate % p.a.	12/31/14 Cost	12/31/14 Accumulated amortization	12/31/14 Net	12/31/13 Net
Acquisition of interest - Goodwill		**2,234,756**	**(248,574)**	**1,986,182**	2,001,972
Other intangible assets					
IT systems	20	**238,986**	**(137,592)**	**101,394**	56,719
Commercial area use right	20	**1,433**	**(729)**	**704**	611
Other intangible assets	20	**13,978**	**(4,505)**	**9,473**	9,706
System implementation project	20	**12,293**	**(12,293)**	**-**	-
Project development	33	**10,267**	**(10,169)**	**98**	98
Brands	3.3	**251,161**	**(32,584)**	**218,577**	225,597
Exclusive agreement with customers - Unimagem	10	**9,403**	**(5,482)**	**3,921**	4,696
Relationship with hospitals	5	**39,894**	**(10,147)**	**29,747**	32,303
		577,415	**(213,501)**	**363,914**	329,730
		2,812,171	**(462,075)**	**2,350,096**	2,331,702

Changes in cost

	Company					
		Changes for the year				
	12/31/13	Addition by merger (a)	Additions	Write-offs	Transfers (b)	12/31/14
Acquisition of interest - Goodwill	2,116,170	6,914	-	(18,834)	-	**2,104,250**
Other intangible assets						
IT systems	151,836	1,796	37,561	(452)	44,176	**234,917**
Commercial area use right	1,203	-	-	-	230	**1,433**
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**
	469,407	1,796	37,561	(452)	44,406	**552,718**
	2,585,577	8,710	37,561	(19,286)	44,406	**2,656,968**

(In thousands of reais)

16. Intangible assets (Continued)

Changes in cost (Continued)

	Consolidated					
		Changes for the year				
	12/31/13	Additions	Write-offs	Transfers (b)	Discontinued operation (c)	12/31/14
Acquisition of interest - Goodwill	2,253,591	-	(18,835)	-	-	**2,234,756**
Other intangible assets						
IT systems	157,519	38,369	(544)	44,244	(602)	**238,986**
Commercial area use right	1,203	-	-	230	-	**1,433**
Other intangible assets	13,978	-	-	-	-	**13,978**
System implementation project	12,293	-	-	-	-	**12,293**
Project development	10,267	-	-	-	-	**10,267**
Brands	250,567	-	-	594	-	**251,161**
Exclusive agreement with customers - Unimagem	9,403	-	-	-	-	**9,403**
Relationship with hospitals	40,488	-	-	(594)	-	**39,894**
	495,718	38,369	(544)	44,474	(602)	**577,415**
	2,749,309	38,369	(19,379)	44,474	(602)	**2,812,171**

(a) Merger of the Company's subsidiaries as mentioned in Note 3.

(b) Expenses made by the Company classified under Construction in progress for the construction, installation and development period, which are transferred to a specific account of property and equipment or intangible assets when available for use.

(c) Discontinued operation as mentioned in Note 13.

(In thousands of reais)

16. Intangible assets (Continued)

Changes in accumulated amortization

	Company					
		Changes for the year				
	12/31/13	Addition by merger (a)	Additions	Write-offs	Transfers (b)	12/31/14
Acquisition of interest - Goodwill	(141,766)	(3,676)	-	3,046	-	**(142,396)**
Other intangible assets						
IT systems	(97,167)	(893)	(29,784)	398	(6,771)	**(134,217)**
Commercial area use right	(592)	-	(137)	-	-	**(729)**
Other intangible assets	(4,249)	-	(233)	-	-	**(4,482)**
System implementation project	(12,293)	-	-	-	-	**(12,293)**
Project development	(10,166)	-	-	-	-	**(10,166)**
Brands	(23,360)	-	(7,868)	-	(648)	**(31,876)**
Exclusive agreement with customers - Unimagem	(4,704)	-	(775)	-	2	**(5,477)**
Relationship with hospitals	(6,001)	-	(1,787)	-	646	**(7,142)**
	(158,532)	(893)	(40,584)	398	(6,771)	**(206,382)**
	(300,298)	(4,569)	(40,584)	3,444	(6,771)	**(348,778)**

	Consolidated					
		Changes for the year				
	12/31/13	Additions	Write-offs	Transfers (b)	Discontinued operation (c)	12/31/14
Acquisition of interest - Goodwill	(251,619)	-	3,045	-	-	**(248,574)**
Other intangible assets						
IT systems	(100,800)	(30,506)	448	(6,789)	55	**(137,592)**
Commercial area use right	(592)	(137)	-	-	-	**(729)**
Other intangible assets	(4,272)	(233)	-	-	-	**(4,505)**
System implementation project	(12,293)	-	-	-	-	**(12,293)**
Project development	(10,169)	-	-	-	-	**(10,169)**
Brands	(24,970)	(8,370)	-	756	-	**(32,584)**
Exclusive agreement with customers - Unimagem	(4,707)	(775)	-	-	-	**(5,482)**
Relationship with hospitals	(8,185)	(1,206)	-	(756)	-	**(10,147)**
		-				
	(165,988)	(41,227)	448	(6,789)	55	**(213,501)**
	(417,607)	(41,227)	3,493	(6,789)	55	**(462,075)**

(In thousands of reais)

16. Intangible assets (Continued)

Changes in accumulated amortization (Continued)

(a) Merger of the Company's subsidiaries as mentioned in Note 3.

(b) Expenses made by the Company classified under Construction in progress for the construction, installation and development period, which are transferred to a specific account of property and equipment or intangible assets when available for use.

(c) Discontinued operation as mentioned in Note 13.

A portion of additions to accumulated amortization, 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.

Over the year, the Company has neither identified indicators of impairment of assets, nor capitalized interest.

17. Loans and financing

			Company		Consolidated	
Type	**Average rate**	**Final maturity**	**12/31/14**	**12/31/13**	**12/31/14**	**12/31/13**
Local currency						
Banco do Brasil (a)	111.0% of CDI	06/01/2015	**-**	-	**-**	23,884
Banco do Brasil	108.0% of CDI	06/10/2018	**71,650**	-	**71,650**	-
BNDES - FINAME PSI (ii) (v)	6% p.a.	11/15/2024	**7,083**	-	**7,083**	-
Finance lease – Sundry banks - Note 28 **(v)**	CDI + 2.18% p.a.	10/26/2015	**3,797**	2	**3,797**	11,101
			82,530	2	**82,530**	34,985
Foreign currency						
Financing of equipment **(i)**, **(ii)** and **(v)**	6.53% p.a.	12/01/2016	**1,331**	-	**1,331**	2,808
Finance lease – Sundry banks - Note 28 **(ii)**	4.51% p.a.	03/23/2016	**2,062**	8,429	**2,062**	10,033
Banco Credit Agricole **(b) (iii) (iv)**	1.32% p.a.	07/15/2014	**-**	-	**80,078**	70,623
			3,393	8,429	**83,470**	83,464
Transaction cost – issue of notes **(c)**			**-**	**-**	**-**	(1,412)
			85,923	8,431	**166,000**	118,449
Current liabilities			**(34,634)**	(6,628)	**(114,711)**	(100,942)
Noncurrent liabilities			**51,289**	1,803	**51,289**	17,507

(In thousands of reais)

17. Loans and financing (Continued)

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) Bank guarantees and marketable securities with guarantee are securities of public and private entities acquired by subsidiary DASA Finance Corporation.

(v) Asset financing.

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 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 and consolidated
2016	18,757
2017	18,027
2018	9,455
2019 to 2024	5,050
	51,289

The Company granted collaterals to its subsidiaries as follows:

CientificaLab Produtos Lab. e Sistemas Ltda.	Banco Pottencial	492
DASA Finance Corporation	Banco do Brasil	62,421
		62,913

(In thousands of reais)

18. Debentures (Company and consolidated)

	12/31/14	12/31/13
Nonconvertible debentures	**1,041,667**	1,337,500
Compensatory interest	**24,589**	26,160
	1,066,256	1,363,660
Transaction cost	**(3,999)**	(6,934)
	1,062,257	1,356,726
Current	**(318,932)**	(319,912)
Noncurrent	**743,325**	1,036,814

Deadline for amortization of principal of second-, third- and fourth-issue debentures is as follows:

29/04/2015	233,333
25/10/2015	62,500
29/04/2016	233,334
25/10/2016	62,500
17/10/2017	225,000
17/10/2018	225,000
	1,041,667

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 had closed the public offer for distribution of simple debentures not convertible into shares, of the unsecured type of DASA second issue, in one single series, with restricted placement efforts. 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.

18. Debentures (Company and consolidated) (Continued)

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 of simple debentures not convertible into shares, of the unsecured type of DASA third issue, in one single series, with restricted placement efforts. 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.

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.

18. Debentures (Company and consolidated) (Continued)

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 unsecured 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, unsecured debentures not convertible into shares, in a single series, of the 4th issue was concluded on October 17, 2013. Forty-five thousand (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 date or the date when the prior remuneration is paid, as the case may be, until the effective payment.

Interest will be paid semiannually from the Issue Date, the first payment beginning on April 15, 2014 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.

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.

(In thousands of reais)

18. Debentures (Company and consolidated) (Continued)

4th issue (Continued)

At December 31, 2014, the Company was in compliance with the contractual conditions, as follows:

Indicator	Contractual terms (a)	Condition at 12/31/14	Condition at 12/31/13
EBITDA – Past 12 months (b)		**416,056**	438,248
Financial income (expenses) – Past 12 months		**100,971**	93,816
Net debt		**788,032**	866,207
1 – Net debt / EBITDA – maximum index			
2nd issue	2.50	**1.89**	1.98
3rd issue	3.00	**1.89**	1.98
4th issue	3.00	**1.89**	1.98
2- EBITDA / Financial income – minimum index			
2nd issue	2.00	**4.12**	4.67
3rd issue	2.00	**4.12**	4.67
4th issue	2.00	**4.12**	4.67

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

(b) The information and EBITDA above are not comprised by the independent auditor's work scope.

19. Taxes payable in installments

	Completion of amortization	Company		Consolidated	
		12/31/14	12/31/13	12/31/14	12/31/13
REFIS IV - Federal **(a)**		**-**	9,678	**-**	18,853
ICMS - RJ **(b)**		**-**	-	**-**	5,102
ISS - CERPE **(c)**	2029	**-**	-	**2,973**	2,848
Other	2017	**1,367**	860	**1,542**	2,382
		1,367	10,538	**4,515**	29,185
Current		**(582)**	(1,108)	**(956)**	(4,293)
Noncurrent		**785**	9,430	**3,559**	24,892

(In thousands of reais)

19. Taxes payable in installments (Continued)

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

On December 1, 2014, the Company and its subsidiary Instituto de Endocrinologia e Medicina Nuclear do Recife Ltda. (CERPE) requested to the Brazilian IRS and the General Attorney's Office for the Treasury Department, pursuant to the Joint Ordinance PGFN/RFB No. 15, of August 22, 2014, an early settlement of the balance of installments corresponding to the debits covered by articles 1, 2 and 3 of Law No. 11941/09 (social security debits and other debits), PAEX (special tax payment in installments program) 120 and 130. This early settlement was paid in cash on November 27 and 28, 2014, in an amount corresponding to 30% of the debit balance of each installment payment method, and for full settlement of the remaining balance, income and social contribution tax loss credits were used, as follows:

	Diagnósticos da América S.A. (Company)	CERPE (Subsidiary)	
Installment balances	12,597	10,144	
Payment in cash	(3,779)	(3,043)	
Use of tax credits	(8,818)	(7,101)	(i)
Installment balances	-	-	

(i) Subsidiary CERPE used its own credit in the amount of R$3,586, and the credit assigned by its subsidiary, in the amount of R$3,515, through a loan agreement entered into between the parties on December 1, 2014, according to Note 27.

(b) ICMS in installments - RJ

On October 8, 2014, by virtue of the benefits of reduction of fine and other additions granted by the Rio de Janeiro state government under Decree No. 44780 of May 7, 2014, the Company paid R$1,504 referring to ICMS debits under the responsibility of the former management of acquiree CDPI, which were incurred due to acknowledgement of a delinquent tax debt. The Company recognized this tax liability of CDPI in its accounting books as a matching entry to the account recognizing credits from payment of obligations under the responsibility of the former management.

(c) ISS payment in installments – CERPE

In 2009, subsidiary CERPE decided to use the benefits offered by Law No. 17.384/2007 of Recife city, Pernambuco state. The referred to law provided benefits such as reduction by 60% of principal, in addition to total exemption from fines and interest referring to a number of ISS-related debts that were subject a previous special installment program, also granted by the Recife city administration. In addition to the above-mentioned benefits, the referred to Law made it possible to settle such debts in up to 240 (two hundred and forty) installments. Consequently, they will be fully paid by 2029.

(In thousands of reais)

20. Accounts payables 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 units of interest representing the paid-in capital of these companies. Debts are restated in accordance with contractual clauses:

			Company			
	Restatement	**Maturity**	**12/31/14**	**12/31/13**	**12/31/14**	**12/31/13**
Not guaranteed by marketable securities	IPCA-IGPM-Selic	05/2016	**8,493**	10,566	**8,493**	10,566
Guaranteed by Marketable securities	(a)	11/2016 and 04/2017	**15,427**	26,184	**25,555**	37,793
			23,920	36,750	**34,048**	48,359
Current			**(3,783)**	(1,689)	**(3,783)**	(1,689)
Noncurrent			**20,137**	35,061	**30,265**	46,670

(a) Restated at the average rate of 100.78% of CDI (102.25% of CDI at December 31, 2013) for fixed-income funds, and 100.01% of CDI (100.01% of CDI at December 31, 2013) for CDB/repurchase agreements, which are managed by financial entities, as shown in Note 9.

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

Aging list	**Company**	**Consolidated**
2016	20,021	25,989
2017 to 2020	116	4,276
Total	20,137	30,265

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

	Company			
	12/31/14		**12/31/13**	
	Provision	**Judicial deposit**	**Provision**	**Judicial deposit**
ICMS on import **(a)**	**5,692**	**1,653**	4,942	54,696
Labor and civil contingencies **(b)**	**17,586**	**12,936**	6,496	9,677
Tax contingencies **(c)**	**35,776**	**46,678**	26,056	26,322
	59,054	**61,267**	37,494	90,695

(In thousands of reais)

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

	Consolidated			
	12/31/14		12/31/13	
	Provision	Judicial deposit	Provision	Judicial deposit
ICMS on import **(a)**	**5,692**	**1,653**	4,942	54,696
Labor and civil contingencies **(b)**	**17,676**	**13,948**	6,997	13,121
Tax contingencies **(c)**	**36,508**	**47,333**	28,506	27,723
	59,876	**62,934**	40,445	95,540

(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 should pay ICMS on these transactions. As regards the ICMS payables over input 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; but as 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 rated 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, for which the Company has set up a provision amounting to R$5,692 at December 31, 2014, with judicial deposits amounting to R$1,653, both restated by the Central Bank benchmark rate (SELIC).

From the amount of R$54,696, i.e. the restated balance of judicial deposits at December 31, 2013, R$53,732 correspond to the restated amount of the deposit made in December 2011 (deposit original amount: R$46,849) referring to the non-notified ICMS amounts charged on direct import of input and equipment cleared in São Paulo State, demanding the right to settle the tax through voluntary payment, without levy of fines and with reduction of interest, and maintaining the calculation criteria for provision for losses. Since the Company has settled this amount by enrolling in the special installment program (PEP) of ICMS/SP in 2013, which contemplated all tax debits covered by this deposit, it required in court that this judicial deposit amount be evaluated. On February 25, 2014, the Company completed the procedures relating to ICMS amounts charged on direct imports deposited in court, in December 2011, in the records of MS No. 0046827-27.2011.8.26.0053.

(b) Provision for labor and civil contingencies

At December 31, 2014, the Company was a party to 1,628 labor claims (1,306 at December 31, 2013) and 1,233 civil administrative proceedings and lawsuits (1,122 at December 31, 2013). Provisions of R$17,586 (R$6,496 at December 31, 2013) in the Company and R$17,676 (R$6,997 at December 31, 2013) in consolidated, are based on the historical percentage of loss of claims whose likelihood of an unfavorable outcome had been rated as probable and possible. At December 31, 2014, the Company presented the consolidated amount of R$89,304 (R$109,260 at December 31, 2013) related to the claims classified by its legal advisors as possible loss, from which R$23,011 refers to civil claims and R$66,293 to labor claims. The Company does not set up provisions for amounts liable to estimated risks in proceedings that are under the responsibility of the sellers of acquires, which correspond to (i) R$2,555 referring to labor claims, and (ii) R$4,446 referring to civil administrative proceedings and lawsuits that are guaranteed by marketable securities, as mentioned in Note 9 (a).

The Company is also 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 was R$ 61,815. The likelihood of loss in this lawsuit was deemed as possible, and it is not yet possible to estimate the amount the Company is likely to lose. An expert accounting examination conducted by the court expert concluded that the claimed loss of profit should amount to R$4,500, applicable to the health plan insurance company and not to Company.

(In thousands of reais)

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

As regards 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 Laboratórios Médicos Dr. Sérgio Franco Ltda. (an entity merged by the Company on July 1, 2014) are a party. In general, the Public Civil Action questions the legality of the arrangements with health companies specialized in imaging diagnostic support services, which required hiring physicians 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. On June 26, 2014, the Company issued a Material News Release disclosing that a decision was handed down by the lower court favoring the Company. The Public Prosecutor's Office has filed an appeal against the decision, which is currently pending judgment. For the Company's legal advisors and management, the likelihood of loss is possible.

(c) Provision for tax contingencies

The provisions for tax contingencies in the amount of R$35,776 (R$26,056 at December 31, 2013) in Company, and R$36,508 (R$28,506 at December 31, 2013) 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 the Unemployment Compensation Fund (FGTS) contributions. At December 31, 2014, the Company recorded a consolidated amount of R$282,275 (R$265,768 at December 31, 2013), 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$112,000 was related to ICMS claims over import of leased 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$170,823 related to other PIS, COFINS, IRPJ and ISS tax claims. The Company does not set up provisions for amounts liable to estimated risks in proceedings that are under the responsibility of the sellers of acquires, which correspond to R$4,730 basically referring to ICMS, INSS, IRPJ and CSLL, that are guaranteed by marketable securities, as mentioned in Note 9 (a).

Changes in provisions for contingencies

	Company					
	12/31/13	**Changes for the year**				**12/31/14**
	Closing balance	**Addition by merger (a)**	**Addition to provision (b)**	**Use**	**Restatement**	**Closing balance**
ICMS on import	4,942	-	-	(171)	921	**5,692**
Provision for labor and civil contingencies	6,496	-	24,007	(14,823)	1,906	**17,586**
Provision for tax contingencies	26,056	776	7	(415)	9,352	**35,776**
	37,494	776	24,014	(15,409)	12,179	**59,054**

	Consolidated					
	12/31/13	**Changes for the year**				**12/31/14**
	Closing balance	**Discontinued operation (c)**	**Addition to provision (b)**	**Use**	**Restatement**	**Closing balance**
ICMS on import	4,942	-	-	(171)	921	**5,692**
Provision for labor and civil contingencies	6,997	(413)	24,009	(14,823)	1,906	**17,676**
Provision for tax contingencies	28,506	(943)	7	(415)	9,353	**36,508**
	40,445	(1,356)	24,016	(15,409)	12,180	**59,876**

(In thousands of reais)

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

Changes in provisions for contingencies (Continued)

(a) Addition to the Company's provision due to the merger of its subsidiaries on July 1, 2014, as described in Note 3 (a).

(b) The additional provision for labor and civil contingencies refers to new lawsuits filed against the Company over the year, in conformity with historical losses.

(c) The provisions for labor, civil and tax contingencies of subsidiary Pro-Echo were reclassified into the discontinued operation liabilities account, by virtue of the approval granted by the board of directors, in the meeting held on December 27, 2014, for disposal of units of interest representing 100% of the capital of subsidiaries Pro-Echo and Lafê, as detailed in Note 13.

22. Equity

At December 31, 2014 and 2013, the Company's capital is R$2,234,135, represented by 311,803,015 common, registered shares with no par value, except for the preference right of the current Company shareholders on subscription, pursuant to article 172 of Law No. 6.404, of December 15, 1976, and article 9 of the Company's Articles of Incorporation.

Authorized capital increase limit, irrespective of any amendments to the Articles of Incorporation, upon issuance of new shares, is 560,000,000 in common shares.

a) Shareholding structure (unaudited)

Controlling entities, management and outstanding shares:

	At December 31, 2014			
Shareholders	**Common shares (number)**	**%**	**Total shares (number)**	**%**
Controlling entities	**224,308,396**	**71.94%**	**224,308,396**	**71.94%**
Board of Directors	**7,472,934**	**2.40%**	**7,472,934**	**2.40%**
Executive Board	**83,538**	**0.03%**	**83,538**	**0.03%**
Statutory Audit Committee	**1**	**0.00%**	**1**	**0.00%**
Treasury stock	**1,052,459**	**0.34%**	**1,052,459**	**0.34%**
Outstanding shares	**78,885,687**	**25.30%**	**78,885,687**	**25.30%**
Total shares	**311,803,015**	**100.00%**	**311,803,015**	**100.00%**

(In thousands of reais)

22. Equity (Continued)

a) Shareholding structure (unaudited) (Continued)

	At December 31, 2013			
Shareholders	**Common shares (number)**	**%**	**Total shares (number)**	**%**
Board of Directors	7,470,953	2.40%	7,470,953	2.40%
Executive Board	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, 2014 and 2013, the Company did not have a Supervisory Board.

Arbitration clause

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

b) 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.

(In thousands of reais)

22. Equity (Continued)

b) Share-based payment (Continued)

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 percent) 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.

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

	Common shares	R$
Balance at December 31, 2013	92,754	1,350
Additions	13,822	301
Settlement (a)	(106,576)	(1,651)
Balance at December 31, 2014	-	-

(a) In a meeting held on May 27, 2014, the Board of Directors approved the transfer of 106,576 treasury stocks to the beneficiaries and holders of stock option plans within the scope of the referred to First Program, through private transactions. Such options were granted and exercised in accordance with their terms and conditions, subject to item 5 of the First Program, and as provided for by article 3, item II, of CVM Rule No. 390, of July 8, 2003. Considering the amount of R$15.49 per share at the closing of the São Paulo Securities, Commodities & Futures Exchange (BM&FBovespa) trading session of May 27, 2014, the amount of R$1,651was recorded for settlement of options granted in May 2011.

(In thousands of reais)

22. Equity (Continued)

b) Share-based payment (Continued)

Stock options granted in 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 192,947 (212,465 at December 31, 2013) common shares granted considering the contracts canceled up to December 31, 2014, with Vesting Period until June 2015.

	Common shares	R$	Amount per share
Balance at December 31, 2013	107,592	1,567	14.56
Cancellations	(13,113)	(184)	
Additions	67,604	422	
Balance at December 31, 2014	**162,083**	**1,805**	**11.14**

c) Treasury stocks

Description	Number of shares	Amount	Average price per share
Balance at December 31, 2013	1,159,035	18,617	16.06
Transfer (a)	(106,576)	(1,712)	16.06
Balance at December 31, 2014	**1,052,459**	**16,905**	**16.06**

a. Transfer refers to settlement of options granted amounting to R$1,651, as disclosed in item (a) of this Note, plus R$61 referring to adjustment to historical average value of treasury stock, recorded in the Special Goodwill Reserve for Merger account.

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.

(In thousands of reais)

22. Equity (Continued)

d) Earnings per share (Continued)

Basic (Continued)

	2014	2013
Income attributable to controlling shareholders	**82,289**	131,301
Weighted average number of common shares issued	**311,803**	311,803
Weighted average number of treasury stock	**(1,052)**	(1,159)
Weighted average number of outstanding common shares	**310,751**	310,644
Basic earnings per share - R$	**0.26481**	0.42267

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: options of the stock option plan disclosed in item (b) of this note.

	2014	2013
Income attributable to controlling shareholders	**82,289**	131,301
Weighted average number of outstanding common shares	**310,751**	310,644
Adjustment due to stock option plans	**193**	319
Weighted average number of common shares for diluted earnings per share	**310,944**	310,963
Diluted earnings per share - R$	**0.26464**	0.42224

e) Capital

At the trial session held on July 16, 2014 by the Administrative Council for Economic Defense (“CADE”), the acquisition of the Company’s common shares by Cromossomo Participações II S/A was approved. Consequently, Edson de Godoy Bueno and Dulce Pugliese de Godoy Bueno (shareholders who indirectly owns the total capital of Cromossomo), now control, both directly and indirectly, more than 70% of the Company's capital, as described in the Merger Review Process 08700.002372/2014-07. The referred to approval granted by CADE was conditioned on compliance with the Merger Control Agreement (“MCA”), a mechanism of the current competition defense law (Law No. 12529/11) that is equivalent to the former Performance Commitment Agreement, applied under Law No. 8884/94.

(In thousands of reais)

22. Equity (Continued)

e) Capital (Continued)

Under the MCA, Cromossomo's shareholders are compelled to formally follow the obligations that have already been provided for in the Performance Commitment Agreement entered into between the Company and CADE, in the records of the Merger Review Process No. 08012.010038/2010-4, which analyzed the association among the Company, MD1 Diagnósticos S.A. and other companies, as notified in the Material News Release disclosed by the Company on December 4, 2013.

f) Dividends and interest on equity

In accordance with the Company's Articles of Incorporation, 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. 6.404/76, for payment of mandatory dividends.

Net income for the year – Company	82,289
Set-up of legal reserve	(4,114)
Dividend payment base	78,175
Proposed dividends	
Minimum mandatory dividend – 25%	19,544

Capital budget and allocation of income reserve

As for capital budget for 2014, the Company complied with the budget approved by the Annual Shareholders' Meeting held on April 28, 2014, and the funds were invested in the organic growth and refurbishment of service units, technological and system development, and other items. The Company management will submit for appreciation of the shareholders, in the next Annual Shareholders' Meeting, the proposal for allocation of income retained in balance sheets for the year ended December 31, 2014, as well as capital budget for 2015, observing the corporate legislation in effect and the provisions of its Articles of Incorporation, as follows:

Allocations:	**(unaudited) in 2015:**
Organic growth, refurbishment and RDI equipment	288,441
IT – streamlining, development and maintenance	81,744
Other	23,677
Total allocations	393,862
Source:	
Income reserve	58,631
Estimated partial cash to be generated in operating activities in 2015 (unaudited)	335,231
Total sources	393,862

22. Equity (Continued)

f) Dividends and interest on equity (Continued)

Capital budget and allocation of income reserve (Continued)

A portion of the necessary investment funds (as shown above) will be financed by operating cash generation over 2015. 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.

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 Multi-Imagem Petrópolis and Dasa Property, for which the taxable profit based on percentage of gross sales regime was adopted.

(In thousands of reais)

23. Income and social contribution taxes (Continued)

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

	Company		Consolidated	
	12/31/14	12/31/13	12/31/14	12/31/13
Income before income and social contribution taxes	**121,636**	167,974	**147,725**	194,037
Combined tax rate	**34%**	34%	**34%**	34%
Income and social contribution taxes:				
At combined tax rate	**(41,356)**	(57,111)	**(50,227)**	(65,972)
Permanent exclusions (additions)				
Equity pick-up	**13,490**	23,727	**-**	-
Interest on equity	**(2,774)**	(1,274)	**-**	-
Nondeductible expenses	**(8,663)**	(1,698)	**(11,336)**	(1,840)
Other adjustments				
Income from subsidiary abroad	**-**	-	**654**	(4,120)
Taxable profit based on percentage of gross sales (*Lucro presumido*)	**-**	-	**277**	1,055
Amortization of goodwill on reverse merger	**-**			-
- Dasa Brasil Participações	**-**	-	**764**	1,529
Other	**(44)**	(317)	**465**	907
	(39,347)	(36,673)	**(59,403)**	(68,441)
Current income and social contribution taxes	**-**	-	**(21,175)**	(36,045)
Deferred taxes	**(39,347)**	(36,673)	**(38,228)**	(32,396)
Total	**(39,347)**	(36,673)	**(59,403)**	(68,441)
Effective rate	**-32%**	-22%	**-40%**	-35%

The 34% combined tax rate used for 2014 and 2013 calculations applies to taxable profit of legal entities in Brazil as required by the tax laws of this jurisdiction.

<u>Deferred taxes on tax losses and temporary provisions</u>

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 thousands of reais)

23. Income and social contribution taxes (Continued)

Deferred taxes on tax losses and temporary provisions (Continued)

In accordance with CPC 32 (IAS 12), 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 income and social contribution tax losses, 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 balances of deferred income and social contribution taxes assets and liabilities break down as follows:

	Balance sheet Company		Income (loss) Company
	12/31/14	**12/31/13**	**12/31/14**
Income and social contribution tax losses	**198,309**	169,286	**29,023**
Allowance for doubtful accounts due to disallowance	**15,045**	15,748	**(703)**
Provision for specialized medical services	**11,402**	9,820	**1,582**
Sundry provisions	**1,997**	5,701	**(3,704)**
Provision for obsolescence	**317**	-	**317**
Provision for tax, social security labor and civil contingencies	**15,892**	7,767	**8,125**
Other	**3,045**	622	**2,423**
Amortization of goodwill	**(281,385)**	(194,206)	**(87,179)**
Intangible assets identified in acquisitions	**(80,616)**	(84,218)	**3,602**
Review of property and equipment useful lives	**(8,559)**	(11,870)	**3,311**
Other	**(7,239)**	(861)	**(6,378)**
Deferred income and social contribution taxes - Liabilities	**(131,792)**	(82,211)	**-**
Income and social contribution tax expenses - deferred	**-**	-	**(49,581)**
Reflected in the balance sheet as follows:	**-**	-	
Deferred tax assets	**-**	-	
Deferred tax liabilities	**(131,792)**	(82,211)	
Deferred income and social contribution taxes - Liabilities	**(131,792)**	(82,211)	

Reconciliation of tax liabilities - deferred

Balance at December 31, 2013	**(82,211)**
Expense from taxes recognized in income	**(39,347)**
Tax incurred in merger	**2,098**
Deferred taxes used to settle Refis IV	**(12,332)**
Balance at December 31, 2014	**(131,792)**

(In thousands of reais)

23. Income and social contribution taxes (Continued)

Deferred taxes on tax losses and temporary provisions (Continued)

	Balance sheet Consolidated		Income (loss) Consolidated
	12/31/14	**12/31/13**	**12/31/14**
Income and social contribution tax losses	**240,628**	208,656	**31,972**
Allowance for doubtful accounts due to disallowance	**20,539**	22,874	**(2,335)**
Amortization of goodwill	**7,936**	18,850	**(10,914)**
Provision for specialized medical services	**11,512**	12,252	**(740)**
Sundry provisions	**2,094**	5,701	**(3,607)**
Provision for obsolescence	**386**	-	**386**
Present-value adjustment – Noncurrent securities receivable	**301**	-	**301**
Provision for contingencies	**16,146**	8,634	**7,512**
Other	**3,045**	773	**2,272**
Amortization of goodwill	**(282,016)**	(195,385)	**(86,631)**
Intangible assets identified in acquisitions	**(85,904)**	(89,728)	**3,824**
Review of property and equipment useful lives	**(9,250)**	(9,144)	**(106)**
Other	**(7,238)**	(7,692)	**454**
Deferred income and social contribution taxes - Liabilities	**(81,821)**	(24,209)	
Income and social contribution tax expenses - deferred			**(57,612)**

Reflected in the balance sheet as follows:

	12/31/14	12/31/13
Deferred tax assets	**53,028**	58,002
Deferred tax liabilities	**(134,849)**	(82,211)
Deferred income and social contribution taxes - Liabilities	**(81,821)**	(24,209)

Reconciliation of tax liabilities - deferred

Balance at December 31, 2013	**(24,209)**
Income tax expense in income statement	**(38,228)**
Deferred taxes used to settle Refis IV	**(15,919)**
Write-off due to discontinued operation – equity accounts	**(3,429)**
Write-off due to discontinued operation – income (loss)	**(36)**
Balance at December 31, 2014	**(81,821)**

(In thousands of reais)

23. Income and social contribution taxes (Continued)

Deferred taxes on tax losses and temporary provisions (Continued)

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 2014, the Company has not identified indications that deferred taxes will not be recovered.

As for deferred tax assets from temporary differences and consolidated income and social contribution tax losses, management expects to recover tax credits within 8 (eight) years, as follows:

Tax credit added/(used) on an annual basis	2015	2016	2017	2018	2019	2020	2021	2022	Total
Income tax	(2,676)	(8,142)	(11,471)	(19,599)	(30,905)	(50,300)	(53,840)	(45,559)	(222,491)
Social contribution tax	(963)	(2,931)	(4,130)	(7,056)	(11,126)	(18,108)	(19,382)	(16,401)	(80,097)
	(3,639)	(11,073)	(15,601)	(26,655)	(42,031)	(68,407)	(73,222)	(61,960)	(302,588)

24. Cost of services provided

	Company		Consolidated	
	2014	2013	2014	2013
Personnel	**428,077**	343,310	**532,307**	473,095
Material	**388,431**	288,900	**492,202**	438,929
Services and utilities	**610,494**	506,902	**691,145**	647,134
Depreciation and amortization costs	**92,173**	75,049	**107,455**	97,632
General expenses	**28,446**	18,706	**33,956**	26,261
	1,547,621	1,232,867	**1,857,065**	1,683,051

(In thousands of reais)

25. General and administrative expenses by nature

	Company		Consolidated	
	2014	**2013**	**2014**	**2013**
Personnel expenses	**199,828**	166,713	**242,801**	221,669
Provision for profit sharing and bonus	**31,748**	25,340	**34,668**	25,340
Services and utilities	**94,442**	64,376	**118,788**	97,953
Advertising and publicity	**15,341**	12,102	**16,448**	14,271
Freight costs	**40,397**	34,288	**45,934**	39,817
Depreciation and amortization	**58,103**	48,360	**59,905**	52,763
Taxes and charges	**1,062**	2,920	**1,848**	5,492
Sundry provisions (a)	**24,092**	6,271	**25,394**	7,455
General expenses	**26,507**	20,635	**30,682**	30,937
	491,520	381,005	**576,468**	495,697

(a) Additional provision for labor and civil contingencies, as detailed in Note 21.

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
- Operational 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.

26. Financial instruments (Continued)

Risk management structure

In line 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 in 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.

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.

26. Financial instruments (Continued)

Risk management structure (Continued)

Market risks

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

a) *Currency risk:* Risk of loss or gain depending on fluctuations in prices of foreign currencies. The main tool to control currency-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 fluctuations involved in our transactions.

b) *Market risk – interest:* Risk of fluctuating interest rates leading to increased expenses or decreased financial income. Fixed interest rates held to maturity reassure reliability of 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.

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.

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.

26. Financial instruments (Continued)

Risk management structure (Continued)

Market risks (Continued)

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.

The Company manages 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 reporting 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;

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 past 12 months.

(In thousands of reais)

26. Financial instruments (Continued)

Risk management structure (Continued)

Liquidity risk (Continued)

For medium and long term credit lines, the Treasury area 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, 2014:

Consolidated			**Maturity**		
Transaction	**2015**	**2016**	**2017 to 2018**	**2019 onwards**	**Total**
Trade accounts payable	116,275	-		-	116,275
Bank loans and financing	114,711	18,757	27,482	5,050	166,000
Debentures	318,932	294,817	448,508	0	1,062,257
Taxes payable in installments	956	676	701	2,182	4,515
Payables for acquisition of subsidiaries	3,783	25,989	4,160	116	34,048
	554,657	340,239	480,851	7,348	1,383,095

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 non-payment deriving from default due to disallowances of plans. The Company also set up an allowance for doubtful accounts due to disallowances, default and returned checks in the Company amounting to R$44,366 (R$46,318 at December 31, 2013) representing 7.22% (10.62% at December 31, 2013) from the balance of outstanding receivables in order to cover credit risk, and in Consolidated R$60,819 (R$67,486 at December 31, 2013) representing 8.80% (10.56% at December 31, 2013) from the balance outstanding receivables in order to cover the credit risk.

At December 31, 2014, the maximum exposure in consolidated was R$966,197 (R$1,175,059 at December 31, 2013) referring to cash and cash equivalents and receivables.

26. Financial instruments (Continued)

Risk management structure (Continued)

Operational risk

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with our processes, personnel, technology and infrastructure, 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. Operational risks arise from all our operations.

The objective of the Company is to manage operational 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 operational risk is attributed to senior management. The latter is supported by development of overall standards for operational risk management in the following areas:

- Requirements for appropriate segregation of duties, including independent authorization of transactions;
- Requirements for reconciliation and monitoring of transactions;
- Compliance with legal and regulatory requirements;
- Documentation of controls and procedures;
- Requirements for periodic assessment of operational 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 reais)

26. Financial instruments (Continued)

Risk management structure (Continued)

Capital management

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

The consolidated financial leverage at December 31, 2014 and December 31, 2013 are broken down as follows:

	12/31/14	**12/31/13**
Loans and financing **(a)**	**166,000**	118,449
Debentures **(a)**	**1,062,257**	1,356,726
Derivative financial instruments	**-**	(107)
Total gross debt	**1,228,257**	1,475,068
Cash and cash equivalents and marketable securities– current assets	**(440,225)**	(608,861)
Net debt	**788,032**	866,207
Equity	**2,772,166**	2,708,810
Contents	**0.28427**	0.31977

(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, the Company seeks to improve its Return on Capital Employed (ROCE) by implementing a working capital management and an efficient investment program.

The Company is subject to maximum indebtedness levels according to the terms presented in Note 18.

(In thousands of reais)

26. Financial instruments (Continued)

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 balance sheets.

	Company					
	12/31/14			12/31/13		
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	**307,368**	**-**	**-**	512,755	-	-
Judicial deposits	**61,267**	**-**	**-**	90,695	-	-
Trade accounts receivable	**-**	**570,501**	**-**	-	390,155	-
Derivatives	**-**	**-**	**-**	107	-	-
Assets	**368,635**	**570,501**	**-**	603,557	390,155	-
Trade accounts payable	**-**	**-**	**108,714**	-	-	45,804
Bank loans and financing	**-**	**-**	**85,923**	-	-	8,431
Debentures	**-**	**-**	**1,062,257**		-	1,356,726
Taxes payable in installments	**-**	**-**	**1,367**	-	-	10,538
Payables for acquisition of subsidiaries	**-**	**-**	**23,920**	-	-	36,750
Liabilities	**-**	**-**	**1,282,181**	-	-	1,458,249

	Consolidated					
	12/31/14			12/31/13		
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	**465,780**	**-**	**-**	646,654	-	-
Judicial deposits	**62,934**		**-**	95,540	-	-
Trade accounts receivable	**-**	**629,506**	**-**	-	572,202	-
Derivatives	**-**	**-**	**-**	107	-	-
Assets	**528,714**	**629,506**	**-**	742,301	572,202	-
Trade accounts payable	**-**	**-**	**116,275**	-	-	65,479
Bank loans and financing	**-**	**-**	**166,000**	-	-	118,449
Debentures	**-**	**-**	**1,062,257**	-	-	1,356,726
Taxes payable in installments	**-**	**-**	**4,515**	-	-	29,185
Payables for acquisition of subsidiaries	**-**	**-**	**34,048**	-	-	48,359
Liabilities	**-**	**-**	**1,383,095**	-	-	1,618,198

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$445,721 at December 31, 2014 (R$625,786 at December 31, 2013).

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).

There were no changes in classification of levels in 2014.

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.

Stress test on financial assets and liabilities

Major risks concerning the Company’s operations relate to Certificate of Interbank Deposit (CDI) rate variations for promissory notes, debentures and marketable securities pegged to the dollar exchange rate fluctuation for bank loans and financing and marketable securities.

CDI investments are recognized at market value, as per quotations disclosed by the related financial institutions, whereas others refer mostly to Bank Deposit Certificates and repurchase agreements and, as such, their recorded amount does not differ from market value.

(In thousands of reais)

26. Financial instruments (Continued)

Stress test on financial assets and liabilities (Continued)

Based on expectations stated in the FOCUS/Bacen report of 12/26/2014, a projection for the next 12 months was obtained, with an average of 12.47% for CDI and R$2.71 for the exchange rate (R$/US$).

In order to verify the sensitivity of the index on marketable securities held by the Company at December 31, 2014, three different scenarios were defined, based on the projection and, from then on, the variations of 25% and 50% were calculated.

Gross financial expense / (financial income) was calculated for each scenario not including the impact of taxes and the maturity flow of each contract scheduled for 2014.

Transaction	Balance at 12/31/14	Risk (a)	Scenario I (Probable)	Scenario II	Scenario III
Marketable securities	84,405	Dollar	(1,710)	21,101	42,203
			2.71	1.99	1.33
Marketable securities	361,316	CDI	45,056	33,792	22,528
			12.47%	9.35%	6.24%

In order to verify the sensitivity of our debts index at December 31, 2014, three scenarios were defined based on the projection, from which variations of 25% and 50% were calculated.

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 2014. The reporting date used for financing was December 31, 2014, and the indices were projected for one year and their sensitivity determined for each scenario.

(In thousands of reais)

26. Financial instruments (Continued)

Stress test on financial assets and liabilities (Continued)

Transaction	Balance at 12/31/14	Risk (a)	Scenario I (Probable)	Scenario II	Scenario III
Debentures	1,066,256	CDI	132,962	166,203	199,443
			12.47%	15.59%	18.71%
Financing of ***working capital	71,650	CDI	8,935	11,168	13,402
			12.47%	15.59%	18.71%
Financing of working capital	80,078	Dollar	1,622	20,019	40,039
			2.71	3.32	3.98

(a) Rate subject to variation

Fair value

	Company			
	12/31/14		12/31/13	
	Book value	Fair value	Book value	Fair value
ASSETS				
Marketable securities	**290,245**	**290,245**	497,929	497,929
Judicial deposits	**61,267**	**61,267**	90,695	90,695
Trade accounts receivable	**570,501**	**570,501**	390,155	390,155
Derivatives	**-**	**-**	107	107
LIABILITIES				
Trade accounts payable	**108,714**	**108,714**	45,804	45,804
Debentures	**1,062,257**	**1,054,967**	1,356,726	1,365,658
Loans and financing:				
Other bank loans	**85,923**	**85,934**	8,431	8,431

	Consolidated			
	12/31/14		12/31/13	
	Book value	Fair value	Book value	Fair value
ASSETS				
Marketable securities	**445,721**	**445,721**	625,786	625,786
Judicial deposits	**62,934**	**62,934**	95,540	95,540
Trade accounts receivable	**629,506**	**629,506**	572,202	572,202
Derivatives	**-**	**-**	107	107
LIABILITIES				
Trade accounts payable	**116,275**	**116,275**	65,479	65,479
Debentures	**1,062,257**	**1,054,967**	1,356,726	1,365,658
Loans and financing:				
Bank loan - Banco do Brasil	**71,650**	**71,661**	23,884	23,954
Bank loan - Credit Agricole	**80,078**	**80,078**	70,623	70,623
Other bank loans	**14,272**	**14,272**	23,942	23,942
	166,000	**166,011**	118,449	118,519

(In thousands of reais)

27. Related parties

In the years ended December 31, 2014 and 2013, the Company entered into transactions with related parties within its ordinary operating context, as shown below:

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

	12/31/14		12/31/13
Current assets – Customers			
CientificaLab	**684**		63
CERPE	**197**		78
Previlab	**77**		59
Lafê	**2,843**		-
	3,801		200
Current liabilities – Other accounts payable			
DASA RE (i)	**82**		73
Sérgio Franco (ii)	**-**		2,687
	82		2,760

Income for the year	2014		2013
Service revenue			
CientificaLab	**4,687**		2,128
CERPE	**1,117**		835
Previlab	**876**		905
Lafê	**5,470**		-
	12,150		3,868
Cost of services rendered			
DASA RE (i)	**922**		1,202
CRMI Petrópolis (ii)	**192**		-
Sérgio Franco (ii)	**18,304**	(iii)	24,869
	19,418		26,071

(i) Amounts corresponding to property rent.

(ii) Amounts corresponding to clinical analysis services.

(iii) Amounts corresponding to clinical analysis services until 06/30/2014.

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

(In thousands of reais)

27. Related parties (Continued)

b) Advances for future capital contribution (AFAC)

	12/31/14	12/31/13
CientificaLab Produtos Laboratoriais e Sistemas Ltda.	**61,000**	25,000

c) Loan agreements between the Company and its subsidiaries at December 31, 2014

Borrower	Balance	Maturity	Rate
CERPE	3,925	2019	100% of CDI
Check-up UP	6,026	2019	from 100% of CDI to 100% of CDI + 1.60% p.a.
	9,951		

d) Management compensation

Total Management compensation, including fixed remuneration and bonuses, was R$2,658 in 2014 (R$2,672 in 2013) paid to the members of the Board of Directors (5 members in both years), and R$9,532 in 2014 (R$9,893 in 2013) paid to statutory officers (11 officers in both years).

Changes in share-based payments are disclosed in Note 22 (b). There are no additional benefits to the Company's key management members.

e) Credit assignment

Through a credit assignment agreement entered into on February 3, 2014, subsidiary Pro Echo (assignor) assigned to the Company (assignee) the credits owned by it, in the restated amount of R$44,889, from loan agreements entered into with subsidiaries: (i) Laboratórios Médicos Dr.Sérgio Franco in the restated amount of R$36,803, (ii) Check-up UP in the restated amount of R$4,726, and, (iii) CRMI in the restated amount of $ 3,360. On May 9, 2014, the Company paid R$44,889 to subsidiary Pro Echo (assignor) under this credit assignment agreement.

27. Related parties (Continued)

f) Transactions between the Company and other related parties

Related-party transactions are conducted at amounts, terms and rates agreed upon between the parties, and effective on the respective dates, under continuing conditions.

The related parties included in the consolidated financial statements are:

Soldiers Field Serviços Administrativos Ltda.: entity held by Marcelo Noll Barboza, a member of the Company's Board of Directors and Statutory Audit Committee since July 24, 2014. Payments arise from the obligations set forth in an arrangement entered into with Company by virtue of the tenure expiration, on April 27, 2012, of the Chief Executive Officer (took office on October 1, 2008), Chief Financial Officer and Investor Relations Officer (both since February 13, 2012).

Link Consultoria em Medicina Diagnóstica Ltda.: entity held by Alcione Moya Aprilante, member of Previlab Análises Clínicas Ltda., which is a company held by the Company. 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 the healthcare field.
Amar Administradora de Bens Próprios Ltda.: Entity held by Doctor Alcione Moya Aprilante and his wife, Melania Angelieri Cunha Aprilante. Doctor Alcione is a member of Previlab (a subsidiary of Company) which is lessor of the properties owned by AMAR, which were owned by Melania Angelieri Cunha Aprilante.

César Antonio Biazio Sanches: Member of Previlab Análises Clínicas Ltda., owner of the property leased by Previlab, a subsidiary of Company, located at Rua Alferes Franco, No. 408 - Limeira, São Paulo State.

27. Related parties (Continued)

f) Transactions between the Company and other related parties (Continued)

A e C Consultores Ltda: an entity held by Cezar Antonio Biázio Sanches, member of Previlab Análises Clínicas Ltda., which is a subsidiary of Company. 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 former subsidiary (merged on July 1, 2014): 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.

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 former subsidiary (merged on July 1, 2014): 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.

27. Related parties (Continued)

f) Transactions between the Company and other related parties (Continued)

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 former subsidiary (merged on July 1, 2014) 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.

ECRD - Serviços Médicos de Radiologia Ltda.: The Company's partner is Mr. Roberto Cortes Domingues, brother of Mr. Romeu Cortês Domingues, chairman of the Board of Directors, which provides medical services referring to MRI and radiology for former subsidiaries (merged on July 1, 2014) CDPI – Clínica de Diagnósticos por Imagem Ltda., CRMI – Clínica de Ressonância e Multi Imagem Ltda. and Clínica de Ressonância e Multi-Imagem Caxias Ltda., Clínica de Ressonância and subsidiary Multi-Imagem Petropolis Ltda.

Grupo Amil (Amil Internacional; Amil Par; Amico and Dix): Mr. Edson Godoy Bueno, together with Dulce Pugliese de Godoy Bueno, is the controlling shareholder of the Company and the Chief Executive Officer of Amil Group, for which the Company and its subsidiaries provide diagnostic medicine services. The Company and its subsidiaries also engage healthcare plan management services from Amil Group for their employees.

Amil Impar: Mr. Edson Godoy Bueno and Dulce Pugliese de Godoy Bueno, the Company's shareholders and also the controlling members of Amil Impar, which holds interest in hospitals where the Company and its subsidiaries provide diagnostic medicine services.

Patrys Investimentos Imobiliários Ltda. (former EGB 01 Empreendimentos e Participações Ltda.): Mr. Edson Godoy Bueno and Dulce Pugliese de Godoy Bueno, controlling shareholders of Company and of EGB, which owns properties leased under a free lease agreement with Company and its subsidiaries.

(In thousands of reais)

27. Related parties (Continued)

f) Transactions between the Company and other related parties (Continued)

Following are the amounts corresponding to transactions with the companies above:

	Assets/(liabilities) balances at 12/31/2014			**Assets/(liabilities) balances at 12/31/2013**		
	Services	**Rentals**	**Healthcare plans**	**Services**	**Rentals**	**Healthcare plans**
Soldiers Field Serviços Administrativos Ltda.	**160**	**-**	**-**	**619**	-	-
Soldiers Field Serviços Administrativos Ltda.	**(389)**	**-**	**-**	**(1,044)**	-	-
Link Consult. em Medicina Diag. Ltda	**(15)**	**-**	**-**	**(15)**	-	-
Medparts Particip. e Negócios Ltda.	**(22)**		**-**	**-**	-	-
Amar Admin. de Bens Próprios Ltda.	**-**	**(28)**	**-**	**-**	-	-
César Antonio Biazio Sanches	**-**	**(6)**		**-**	(6)	-
A e C Consultores Ltda.	**(35)**	**-**	**-**	**(5)**	-	-
DMG Laboratório Médico Ltda.	**27**	**-**	**-**	**(18)**	-	-
Grupo AMIL (AMIL Internacional, Amil Par, Amico and Dix) (a)	**80,308**	**-**	**(114)**	**67,009**	-	(27)
AMIL Impar (a)	**4,934**	**-**	**-**	**7,102**	-	-
Patrys Investimentos Imobiliários Ltda.	**-**	**(449)**	**-**	**-**	(184)	-

(a) The amount under assets balances for services rendered by the Company and its subsidiaries is net of the provision for disallowance, as well as financial discounts granted. The amount of R$66,864 includes R$2,704 corresponding to the balance of the agreement entered into on June 9, 2014, according to a private instrument of debt acknowledgement and payment in installments.

	Revenues/(expenses) 12/31/2014			**Revenues/(expenses) 12/31/2013**		
	Services	**Rentals**	**Healthcare Plans**	**Services**	**Rentals**	**Healthcare Plans**
Soldiers Field Serviços Administrativos Ltda.	**(309)**		**-**	(460)	-	-
Link Consult. em Medicina Diag. Ltda	**(189)**		**-**	(189)	-	-
Medparts Particip. e Negócios Ltda.	**(244)**		**-**	(250)	-	-
Amar Admin. de Bens Próprios Ltda.	**-**	**(318)**	**-**	-	(319)	-
César Antonio Biazio Sanches	**-**	**(99)**	**-**	-	(83)	-
A e C Consultores Ltda.	**(426)**	**-**	**-**	(403)	-	-
Pesmed - Pesquisas e Serv. Médicos Ltda.	**(253)**	**-**	**-**	(361)	-	-
RMR Ressonância Magnética Ltda.	**(1,847)**	**-**	**-**	(3,170)	-	-
Ultrascan Serviços de imagem Ltda.	**(201)**	**-**	**-**	(177)	-	-
DMG Laboratório Médico Ltda.	**(1,159)**	**-**	**-**	(1,020)	-	-
Lâmina Lab.de Patologia Prev.de Câncer Ltda.	**-**	**-**	**-**	(209)	-	-
ECRD - Serviços Médicos de Radiologia Ltda.	**(2,010)**	**-**	**-**	(991)	-	-
Grupo AMIL (AMIL Internacional, Amil Par, Amico and Dix) **(a)**	**512,360**	**-**	**(38,950)**	475,833	-	(18,613)
AMIL Impar **(a)**	**32,253**	**-**	**-**	27,237	-	-
Patrys Investimentos Imobiliários Ltda.	**-**	**(5,841)**	**-**	-	(5,385)	-

(In thousands of reais)

28. Finance and operating lease

Local finance leases

The Company leases goods recorded in property and equipment, with purchase option, 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$3,797 until 2015 for Company and consolidated, given that the sum of R$3,048 of this amount is recorded in current liabilities and R$749 in noncurrent liabilities.

The average term of the contracts is 36 months and they bear interest rates of CDI + 2.18% p.a.

Future minimum payments under loans and financing (see Note 17) are segregated as follows:

	12/31/14					
	Company			Consolidated		
	Present value of minimum lease payments	Interest	Future minimum payments	Present value of minimum lease payments	Interest	Future minimum payments
Up to one year	**3,048**	**427**	**3,475**	**3,048**	**427**	**3,475**
One to five years	**749**	**105**	**854**	**749**	**105**	**854**
	3,797	**532**	**4,329**	**3,797**	**532**	**4,329**

	12/31/13					
	Company			Consolidated		
	Present value of minimum lease payments	Interest	Future minimum payments	Present value of minimum lease payments	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

The local finance lease agreements are included in property and equipment as machinery and equipment, totaling R$9,468 (R$15,236 at December 31, 2013) in consolidated.

(In thousands of reais)

28. Finance and operating lease (Continued)

Foreign finance 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 semiannual basis. 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 of 4.51% per annum, the balance payable totaling R$2,062 by 2016, R$1,978 thereof being recorded under current liabilities and R$84 under noncurrent liabilities.

Future minimum payments are segregated as follows:

	12/31/14					
	Company			**Consolidated**		
	Present value of minimum pease payments	**Interest**	**Future Minimum Payments**	**Present value of minimum pease payments**	**Interest**	**Future minimum payments**
Up to one year	**1,978**	**89**	**2,067**	**1,978**	**89**	**2,067**
One to five years	**84**	**4**	**88**	**84**	**4**	**88**
	2,062	**93**	**2,155**	**2,062**	**93**	**2,155**

	12/31/13					
	Company			**Consolidated**		
	Present value of minimum pease payments	**Interest**	**Future Minimum payments**	**Present value of minimum pease payments**	**Interest**	**Future minimum 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

The foreign finance lease agreements are included in property and equipment as machinery and equipment, totaling R$3,448 (R$8,002 at December 31, 2013) in Company and R$3,776 (R$8,687 at December 31, 2013) in consolidated.

(In thousands of reais)

28. Finance and operating lease (Continued)

Operating lease

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

	12/31/14			12/31/13		
	Fixed-income agreements	**Variable income agreements**	**Total**	**Fixed-income agreements**	**Variable income agreements**	**Total**
Within one year	**137,795**	**2,499**	**140,294**	100,046	4,123	104,169
More than one year, but less than five years	**336,264**	**6,099**	**342,363**	177,826	7,329	185,155
More than five years	**120,361**	**1,791**	**122,152**	98,812	270	99,082
	594,420	**10,389**	**604,809**	376,684	11,722	388,406

29. Operating income

Below is the reconciliation between gross revenues for tax purposes and net revenues, and selling discounts presented in income statement for the year:

	Company		Consolidated	
	2014	**2013**	**2014**	**2013**
Gross revenue	**2,459,951**	1,968,422	**2,972,348**	2,698,155
Deductions:				
Taxes	**(150,176)**	(112,543)	**(179,839)**	(151,771)
Provision for and losses due to disallowance and default	**(62,039)**	(67,564)	**(78,169)**	(89,251)
Discounts	**(15,274)**	(8,582)	**(16,767)**	(9,351)
	2,232,462	1,779,733	**2,697,573**	2,447,782

(In thousands of reais)

30. Financial income (expenses)

	Company		Consolidated	
	2014	**2013**	**2014**	**2013**
Financial expenses				
Interest	**(157,192)**	(131,862)	**(167,748)**	(149,937)
Monetary and exchange variation losses	**(1,880)**	(6,558)	**(1,120)**	(9,947)
Discounts granted (a)	**(5,163)**	(2,992)	**(8,903)**	(3,010)
Other	**(10,791)**	(9,527)	**(15,045)**	(13,436)
	(175,026)	(150,939)	**(192,816)**	(176,330)
Financial income				
Interest	**76,377**	28,639	**88,645**	29,719
Monetary and exchange variation losses	**1,289**	6,713	**1,649**	7,578
Other	**567**	44,260	**1,551**	45,217
	78,233	79,612	**91,845**	82,514
	(96,793)	(71,327)	**(100,971)**	(93,816)

(a) Discounts granted to customers in the amount of R$2,276 in Company and R$5,980 in consolidated.

31. Subsequent events

Closing of the public offer of the 5th issue of Debentures

On February 9, 2015, the Company Board of Directors approved the fifth issue of debentures in up to two series of at least 40,000 and up to 50,000 unsecured debentures, not convertible into shares, at the par value of R$10, totaling at least R$400,000, up to R$500,000, on the issue date (i.e. March 10, 2015), through a public offer, with restricted placement efforts, under the terms of CVM Rule No. 476, of January 16, 2009, as amended.

The net proceeds obtained by the Company from this debenture issue will be fully allocated to refinancing of the Company's short-term debts, including amortization of principal and payment of interest of the second and third issue debentures, and the balance, if any, will be allocated to the Company working capital.

32. Subsequent events (Continued)

Closing of the public offer of the 5th issue of Debentures (Continued)

The debentures have clauses determining the maximum indebtedness and leverage levels, which are calculated based on the following indices: (i) Net Debt / EBITDA lower or equal to 3.0, and (ii) EBITDA / Financial income (expenses) higher or equal to 2.0.

* * * *

Pedro de Godoy Bueno Chief Executive Officer	**Carlos de Barros Jorge Neto** **Chief Administrative and Financial Officer**
Carlos Elder Maciel de Aquino Accounting Management and Accounts Receivable Officer	Paulo Bokel Catta-Preta CFO and Investor Relations Officer

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.

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 Incorporation, 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 for 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 activities for the period

CAE held eight face-to-face meetings and four virtual meetings from May 6, 2014 to February 2, 2015 (the "Period"). These meetings were conducted for approximately five hours each, with the recording of their corresponding minutes. The decisions taken in virtual meetings were formalized in the minutes of subsequent face-to-face meetings. The key 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 the Brazilian Securities and Exchange Commission ("CVM"). CAE regularly spoke with the independent auditors over the year 2014, 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 the period by the internal audit department; this work included the Committee's requests, as well as issues related to risks, internal processes and controls. CAE understands that the results of the work did not present significant 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 status report on significant contingencies, containing the list of legal issues to which the Company is a party, as well as the respective recommendations and measures taken, describing any significant changes in each quarter.

Additionally, on October 08, 2014, CAE members have analyzed the Policy on Power Levels and Delegation, presented by the Risk Management, Compliance and Internal Controls Department, and approved the creation of the Company's Risk Committee, under the coordination of Dr. Lilian Cristina Pacheco Lira.

Additionally, the Anticorruption Policy was submitted to CAE, for the purpose of establishing guidelines, standards and procedures for the Company's anticorruption program.

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. During the Period, CAE has monitored these channels and the Conduct Committee, which is charge of receiving and investigating whistleblowers' tips.

Additionally, 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 Policy for Transactions with Related Parties in a 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 Officer, Legal Officer, Investor Relations Officer, and Accounting Management and Accounts Receivable Officer.

The Related Parties Committee has held five meetings in the period, for deliberations on its scope, as well as to 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 income (loss), attended all Board of Directors' meetings which decide on CAE responsibilities.

In 2014, CAE held quarterly meetings to evaluate the Company's income (loss), 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 2014 with Ernst & Young Terco Auditores Independentes, and 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, and also on the independent auditor’s work conducted until this report date, recommends the Company's Board of Directors to approve the financial statements for the year ended December 31, 2014, as it considers these adequate.

Barueri, March 19, 2015.

Wander Rodrigues Teles Coordinator	Marcelo Noll Barboza 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 it has reviewed, discussed and agreed with the financial statements (Company and consolidated) for the year ended December 31, 2014.

Barueri, March 11, 2015.

Chief Executive Officer – Pedro de Godoy Bueno

Chief Administrative and Financial Officer – Carlos de Barros Jorge Neto

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 23, 2015, referring to the financial statements (Company and consolidated) for the year ended December 31, 2014.

Barueri, March 23, 2015.

Chief Executive Officer – Pedro de Godoy Bueno

Chief Administrative and Financial Officer – Carlos de Barros Jorge Neto

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

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