(A free translation of the original in Portuguese)

Fleury S.A.

Quarterly Information (ITR)
at June 30, 2011
and Report on Review of
Quarterly Information

Report on Review of Quarterly Information

To the Board of Directors and Shareholders
Fleury S.A.

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Fleury S.A. , included in the Quarterly Information (ITR) Form for the quarter ended June 30, 2011, comprising the balance sheet and the statements of income, changes in equity and cash flows for the quarter then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and of the consolidated interim accounting information in accordance with accounting standard CPC 21 and International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the parent company interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the Brazilian Securities Commission (CVM).

Conclusion on the consolidated interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the Brazilian Securities Commission (CVM).

Other matters

Interim statements of value added

We have also reviewed the parent company and consolidated interim statements of value added for the quarter ended June 30, 2011, which are required to be presented in accordance with standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which do not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in relation to the parent company and consolidated interim accounting information taken as a whole.

Audit and review of prior year information

The Quarterly Information - ITR mentioned in paragraph "Introduction" also includes financial information for comparison regarding the results, to changes in equity, cash flows and value added in the quarter and semester ended June 30, 2010, obtained the corresponding Quarterly Information - ITR from those periods, and the balance sheet at 31 December 2010, obtained from the financial statements on December 31, 2010. The review of the Quarterly Information - ITR for the quarter and semester ended June 30, 2010 and examination of financial statements for the year ended December 31, 2010 were conducted under the responsibility of independent auditors, who issued a completion, dated 22 February 2011 (originally presented on August 10, 2010), and opinion, on that date, respectively, with no restrictions. Our conclusion is not due except for this matter.

São Paulo, August 3, 2011

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Marcelo Orlando
Contador CRC 1SP217518/O-7

(Convenience Translation into English from the Original Previously Issued in Portuguese)

FLEURY S.A. AND SUBSIDIARIES

BALANCE SHEETS AS AT MARCH 31 AND DECEMBER 31, 2010
(In thousands of Brazilian - R$)

		Company		Consolidated				Company		Consolidated	
Assets	**Note**	**06/30/2011**	**12/31/2010**	**06/30/2011**	**12/31/2010**	**Equity and Liabilities**	**Note**	**06/30/2011**	**12/31/2010**	**06/30/2011**	**12/31/2010**
Current Assets						**Current Liabilities**					
Cash and cash equivalents	6	560.325	543.336	565.297	543.451	Borrowings and financing	13	23.125	35.164	24.322	35.164
Derivative financial instruments	5	-	19	-	19	Derivative financial instruments	5	522	507	522	507
Trade receivables	7	238.615	200.697	242.029	203.380	Trade payables	14	47.795	41.196	48.878	41.022
Inventories	8	9.331	8.551	9.931	9.512	Payroll and related taxes	15	37.454	34.296	37.721	34.318
Recoverable taxes	9	17.362	17.204	17.815	17.379	Provision for income tax and social contribution		8.414	2.328	8.464	2.496
Prepaid expenses		4.065	2.564	4.070	2.564	Taxes payable	17	14.167	11.599	14.477	11.736
Other		4.771	6.932	5.366	7.021	Payables - business acquisitions	18	18.721	3.578	23.184	7.427
Total current assets		834.469	779.303	844.508	783.326	Other payables		154	244	302	412
						Total current liabilities		150.352	128.912	157.870	133.082
Non-current Assets											
Long-term assets:						**Non-current Liabilities**					
Amounts due from related parties	21	12.646	7.568	-	-	Borrowings and financing	13	93.810	55.243	95.231	55.243
Recoverable taxes	9	5.194	7.584	5.194	7.584	Derivative financial instruments	5	2.556	-	2.556	-
Judicial deposits	16	5.361	4.652	5.506	4.655	Deferred income tax and social contribution	27	45.004	33.258	45.004	33.258
Deferred income tax and social contribution	27	23.220	28.905	23.220	28.905	Provision for tax, labor and civil risks	16	11.777	7.817	13.061	7.817
Other		27	27	27	27	Taxes payable	17	53.910	64.264	54.939	64.264
Total long-term assets		46.448	48.736	33.947	41.171	Payables - business acquisitions	18	37.430	19.089	37.624	22.700
						Other		1	1	1	1
						Total non-current liabilities		244.488	179.672	248.416	183.283
Investments	10	11.367	7.959	246	246	**Equity**					
Property and equipment	11	209.797	173.614	221.611	179.361	Share capital	20	832.058	832.058	832.058	832.058
Intangible assets	12	365.711	310.775	378.926	324.064	Capital reserve		1	1	1	1
Total non-current assets		633.323	541.084	634.730	544.842	Capital reserve - recognized options granted		1.681	1.195	1.681	1.195
						Revaluation reserve		2.671	3.142	2.671	3.142
						Legal reserve		20.137	20.137	20.137	20.137
						Investment reserve		216.404	155.270	216.404	155.270
						Equity attributable to owners of the Company		1.072.952	1.011.803	1.072.952	1.011.803
						Non-controlling interests		-	-	-	-
						Total Equity		1.072.952	1.011.803	1.072.952	1.011.803
Total Assets		1.467.792	1.320.387	1.479.238	1.328.168	**Total Equity and Liabilities**		1.467.792	1.320.387	1.479.238	1.328.168

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

FLEURY S.A. AND SUBSIDIARIES

INCOME STATEMENTS
FOR THE PERIODS ENDED JUNE 30, 2011 AND 2010
(In thousands of Brazilian reais - R$, except earnings per share

	Note	Company				Consolidated			
		04/01/2011 to 06/30/2011	01/01/2011 to 06/30/2011	04/01/2010 to 06/30/2010	01/01/2010 to 06/30/2010	04/01/2011 to 06/30/2011	01/01/2011 to 06/30/2011	04/01/2010 to 06/30/2010	01/01/2010 to 06/30/2010
Service revenue	22	**240.465**	**469.179**	**215.494**	**409.777**	**244.582**	**475.073**	**217.838**	**421.735**
Cost of services	23	(158.419)	(297.685)	(135.334)	(257.647)	(161.498)	(302.720)	(137.460)	(266.924)
Gross Profit		**82.046**	**171.494**	**80.160**	**152.130**	**83.084**	**172.353**	**80.378**	**154.811**
Operating (expenses) income									
General and administrative expenses	24	(36.218)	(78.740)	(35.485)	(64.965)	(37.333)	(80.740)	(36.887)	(68.903)
Other operating income (expenses)	25	(1.590)	(4.503)	3.819	(2.044)	(1.591)	(4.513)	3.819	(2.136)
Reversal of (provision for) tax, labor and civil risks	16	(1.322)	(2.984)	(1.088)	(1.238)	(1.322)	(2.984)	(1.088)	(924)
Share of profits (losses) of subsidiaries	10	(367)	(2.015)	(1.484)	(1.821)	-	-	-	-
Operating profit before finance income (costs)		**42.549**	**83.252**	**45.922**	**82.062**	**42.838**	**84.116**	**46.222**	**82.848**
Finance income	26	18.018	33.010	13.104	25.379	18.051	33.071	13.147	25.434
Finance costs	26	(9.311)	(16.515)	(6.682)	(15.185)	(9.561)	(17.368)	(6.771)	(15.320)
Finance income (costs)		**8.707**	**16.495**	**6.422**	**10.194**	**8.490**	**15.703**	**6.376**	**10.114**
Profit before income tax and social contribution		**51.256**	**99.747**	**52.344**	**92.256**	**51.328**	**99.819**	**52.598**	**92.962**
Income tax and social contribution									
Current	27	(12.635)	(23.274)	(9.162)	(13.937)	(12.707)	(23.346)	(9.416)	(14.643)
Deferred	27	(5.359)	(15.810)	(11.701)	(23.431)	(5.359)	(15.810)	(11.701)	(23.431)
Profit for the period		**33.262**	**60.663**	**31.481**	**54.888**	**33.262**	**60.663**	**31.481**	**54.888**
Total comprehensive income for the period		33.262	60.663	31.481	54.888	33.262	60.663	31.481	54.888
Attributable to:									
Owners of the Company		33.262	60.663	31.481	54.888	33.262	60.663	31.481	54.888
Non-controlling interests		-	-	-	-	-	-	-	-
		33.262	**60.663**	**31.481**	**54.888**	**33.262**	**60.663**	**31.481**	**54.888**
Earnings per share attributable to owners of the Company during the period (expressed in R$ per share):									
Basic earnings per share	29	**0,25**	**0,46**	**0,24**	**0,42**	**0,25**	**0,46**	**0,24**	**0,42**
Diluted earnings per share	29	**0,25**	**0,46**	**0,24**	**0,42**	**0,25**	**0,46**	**0,24**	**0,42**

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

FLEURY S.A. AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY (COMPANY)
FOR THE PERIODS ENDED JUNE 30, 2011 AND DECEMBER 31, 2010
(In thousands of Brazilian reais - R$, except dividends per share, proposed and distributed)

	Share capital		Capital reserve			Earnings Reserves		Profit	Equity attributable		
	Share capital	Share issue costs	Capital reserve	Capital reserve - recognized options granted	Revaluation reserve	Legal reserve	Investment reserve	for the period	to owners of the Company	Non-controlling interests	Total
Balances at December 31, 2009	772.638	(22.218)	1	-	4.107	13.637	70.804	-	838.969	-	838.969
Capital increase	82.204	-	-	-	-	-	-	-	82.204	-	82.204
Realization of revaluation reserve	-	-	-	-	(965)	-	-	965	-	-	-
Share issue costs	-	(566)	-	-	-	-	-	-	(566)	-	(566)
Stock option plan	-	-	-	1.195	-	-	-	-	1.195	-	1.195
Profit for the period (R$0.99 per share)							-	130.001	130.001	-	130.001
Allocation of profit for the period:	-	-	-	-	-	-					-
Interest on capital proposed (R$0.30 per share) *	-	-	-	-	-	-	-	(40.000)	(40.000)	-	(40.000)
Legal reserve	-	-	-	-	-	6.500	-	(6.500)	-	-	-
Investment reserve	-	-	-	-	-	-	84.466	(84.466)	-	-	-
Balances at December 31, 2010	854.842	(22.784)	1	1.195	3.142	20.137	155.270	-	1.011.803	-	1.011.803
Realization of revaluation reserve	-	-	-	-	(472)	-	-	472	-	-	-
Stock option plan	-	-	-	486	-	-	-	-	486	-	486
Profit for the period (R$0.47 per share)							-	60.663	60.663	-	60.663
Balances at June 30, 2011	854.842	(22.784)	1	1.681	2.670	20.137	155.270	61.135	1.072.952	-	1.072.952

(Convenience Translation into English from the Original Previously Issued in Portuguese)

FLEURY S.A. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE PERIOS ENDED JUNE 30, 2011 AND JUNE 30, 2010
(In thousands of Brazilian reais - R$)

	Company		Consolidated	
	06/30/2011	06/30/2010	06/30/2011	06/30/2010
Cash Flows from Operating Activities				
Profit for the period	60.663	54.888	60.663	54.888
Items not affecting net cash provided by operating activities				
Depreciation and amortization	17.684	14.261	18.017	15.409
Stock option plan	486	482	486	482
Net book value of property and equipment disposed of	-	1.049	-	1.049
Share of profits (losses) of subsidiaries	2.015	1.817	-	-
Interest and inflation adjustment	10.454	11.863	10.602	11.959
Interest received (investments)	(30.013)	(23.940)	(30.013)	(23.940)
Deferred taxes	15.810	8.799	15.810	8.799
Recognition (reversal) of provision for tax, labor and civil risks	2.984	1.238	2.984	924
Provision for impairment of trade receivables	8.984	12.664	8.984	12.669
Write-off due to expiration of taxes	2.389	5.911	2.389	5.911
(Increase) decrease in assets:				
Trade receivables	(32.859)	(36.231)	(32.405)	(32.340)
Inventories	(780)	2.190	(343)	2.608
Other current assets	646	(7.084)	397	(6.813)
Non-current assets	(192)	1.078	2.203	851
Increase (decrease) in liabilities:				
Trade payables	6.598	(1.972)	6.415	(1.982)
Payables and provisions	23.587	(5.438)	23.918	(6.217)
Income tax and social contribution	6.086	3.861	5.732	4.220
Other non-current liabilities	(12.540)	(5.067)	(7.252)	(7.584)
Other:				
Interest paid	(10.118)	(15.228)	(10.119)	(15.332)
Interest received (investments)	30.013	23.940	30.013	23.940
Settlement of financial instruments	(378)	-	(378)	-
Net cash provided by operating activities	**101.519**	**49.081**	**108.103**	**49.501**
Cash Flows From Investing Activities				
Additions to property and equipment	(49.202)	(21.592)	(50.072)	(21.542)
Additions to intangible assets	(55.990)	(3.447)	(58.964)	(3.460)
Additions to investments and goodwill on acquisition of subsidiaries, net of cash acquired	-	(1.676)	2.131	(8.323)
Payables - business acquisitions	(7.186)	(33.578)	(10.660)	(33.578)
Merged net cash	-	336	-	1.528
Net cash used in investing activities	**(112.378)**	**(59.957)**	**(117.565)**	**(65.375)**
Cash Flows from Financing Activities				
Capital increase	-	82.204	2.405	82.204
Share issue costs	-	(566)	-	(566)
Borrowings and financing from financial institutions	51.323	1.333	51.323	1.359
Borrowings repaid	(18.397)	(25.779)	(18.397)	(26.807)
Related parties	(5.078)	(5.902)	(4.023)	-
Net cash provided by financing activities	**27.848**	**51.290**	**31.308**	**56.190**
Increase in cash and cash equivalents	**16.989**	**40.414**	**21.846**	**40.316**
Cash and cash equivalents				
At the beginning of the year	543.336	526.735	543.451	527.828
At the end of the year	560.325	567.149	565.297	568.144
Increase in cash and cash equivalents	**16.989**	**40.414**	**21.846**	**40.316**
	-	-	-	-

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

FLEURY S.A. AND SUBSIDIARIES

STATEMENTS OF VALUE ADDED
FOR THE PERIODS ENDED JUNE 30, 2011 AND JUNE 30, 2010
(In thousands of Brazilian reais - R$)

	Company		Consolidated	
	30/06/2011	**30/06/2010**	**6/30/2011**	**6/30/2010**
Revenues	**498.909**	**427.585**	**505.218**	**440.523**
Sales of goods and services	507.684	440.624	513.993	453.425
Provision for impairment of trade receivables	(8.984)	(13.204)	(8.984)	(13.208)
Other revenues	209	165	209	306
Inputs purchased from third parties	**(193.315)**	**(169.073)**	**(198.889)**	**(175.653)**
Cost of sales and services	(148.745)	(132.873)	(154.033)	(138.963)
Materials, electric power, outside services and other	(44.466)	(36.100)	(44.754)	(36.556)
Impairment/Recovery of assets	(104)	(100)	(102)	(134)
Gross value added	**305.594**	**258.512**	**306.329**	**264.870**
Depreciation, amortization and depletion	(17.683)	(14.261)	(17.857)	(15.410)
Net value added	**287.911**	**244.251**	**288.472**	**249.460**
Value added received through transfer	**30.995**	**23.558**	**33.071**	**25.391**
Share of profits (losses) of subsidaries	(2.015)	(1.821)	-	-
Finance income	33.010	25.379	33.071	25.391
Total value added	**318.906**	**267.809**	**321.543**	**274.851**
Distribution of value added	**(318.906)**	**(267.809)**	**(321.543)**	**(274.851)**
Personnel and payroll charges	(130.217)	(115.157)	(130.549)	(119.101)
Taxes and contributions	(73.737)	(65.601)	(74.142)	(66.952)
Interest, rentals and other operating expenses	(54.289)	(32.163)	(56.189)	(33.910)
Retained earnings	(60.663)	(54.888)	(60.663)	(54.888)

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

FLEURY S.A. AND SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2011

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FLEURY S.A. AND SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2011

1. OPERATIONS

Fleury S.A. ("Fleury" or the "Company", or together with its subsidiaries, "Fleury Group" or the "Group"), is engaged in the provision of medical services in the diagnosis, treatment, and clinical testing area, and may hold investments in other companies as partner or shareholder, as well as create proper conditions for the good performance of the medical profession and fostering of research and studies for the scientific progress of medicine.

The Interim Financial Statements of Fleury S.A. Group and subsidiaries were approved by the Board of Directors and authorized for issue on August 2, 2011.

2. PRESENTATION OF INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements (individual and consolidated) are presented in thousands of reais - R$, unless otherwise stated, rounded to the closest thousand.

Interim Financial Statements – Company

The individual interim financial statements have been prepared and are presented in accordance with accounting practices adopted in Brazil, based on the provisions of the Brazilian Corporation Law, pronouncements, guidance and interpretations issued by the Accounting Pronouncements Committee (CPC) and rules issued by the Brazilian Securities Commission (CVM).

Interim Financial Statements – Consolidated

The consolidated interim financial statements of the Fleury Group have been prepared for the six-month period ended June 30, 2011 and are in accordance with the International Accounting Standard (IAS) No. 34, which deals with interim reporting.

The consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and also in accordance with accounting practices adopted in Brazil fully converging with IFRS, issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities Commission (CVM), pursuant to CVM Instruction No. 485 of September 1, 2010, and are filed with the CVM and the São Paulo Stock, Commodities and Futures Exchange (BM&FBOVESPA) through the IPE system, in the category "Economic and Financial Data".

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The individual interim financial statements present investments in subsidiaries accounted for under the equity method, in accordance with prevailing Brazilian legislation. Therefore, these individual interim financial statements are not considered as being in conformity with IFRS, which require the measurement of these investments in the parent company's separate financial statements at their fair value or cost.

As there is no difference between consolidated equity and profit attributable to owners of the Company, included in the consolidated interim financial statements prepared in accordance with IFRS and accounting practices adopted in Brazil, and parent company equity and profit included in the individual interim financial statements prepared in accordance with accounting practices adopted in Brazil, the Fleury Group elected to present these individual and consolidated financial statements as a single set, one next to the other.

Basis of preparation

Depending on the applicable CPC standard, the measurement criterion used in the preparation of the interim financial statements considers the historical cost, the net realizable value, the fair value or the recoverable amount. When CPC permits the choice between the acquisition cost and other measurement criterion, the cost criterion is used.

In the preparation of the interim financial statements in accordance with CPCs, the Company's management is required to make decisions, estimates and judgments that affect the application of the accounting policies and the reported amounts of the balance sheet and income statement accounts. The estimates and judgments are based on historical experience and other factors considered reasonable in the circumstances, and their results are used for decision-making on the carrying amount of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Basis of consolidation

The consolidated interim financial statements incorporate the financial statements of the Company and its subsidiaries.

Subsidiaries are all entities whose financial and operating policies may be governed by the Company. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and de-consolidated from the date that control ceases. The control is obtained when the Company has the power to govern an entity's financial and operating policies so as to obtain benefits from its activities.

All intra-group transactions, balances, unrealized gains and losses are eliminated in full on consolidation.

Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

As at June 30, 2011 and December 31, 2010, the Fleury Group had financial instruments classified in the categories "financial assets at fair value through profit or loss" and "receivables".

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments and that are not quoted in an active market. The financial assets classified by the Fleury Group in the category of receivables comprise mainly cash and cash equivalents, trade and other receivables, and judicial deposits. These assets are measured at amortized cost using the effective interest method, less any impairment loss. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if it has been acquired principally for the purpose of selling it in the near term; or on initial recognition it is part of a portfolio of identified financial instruments that the Fleury Group manages together and has a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument. Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Fleury Group's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined using the average cost method.

Business combination

Consolidated interim financial statements:

In the consolidated interim financial statements, business acquisitions are accounted for under the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Fleury Group, the liabilities incurred at the acquisition date to the former owners of the acquire, and the equity interests issued in exchange for the control of the acquiree.

Assets, liabilities and contingent liabilities of a subsidiary are measured at fair value at the acquisition date. Any excess of the acquisition cost over the fair value of the identifiable net assets acquired is recorded as goodwill. If the acquisition cost is lower than the fair value of the identifiable net assets, the difference is recorded as a gain in the income statement for the year in which the acquisition occurs. Non-controlling interests are presented as a proportion of the fair value of the identifiable assets and liabilities.

When the consideration transferred in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at the acquisition-date fair value as part of the consideration transferred in a business combination. The changes in the fair value of the contingent consideration classified as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments to goodwill. Measurement period adjustments correspond to adjustments resulting from additional information obtained during the “measurement period” (which cannot exceed one year from the acquisition date) related to facts and circumstances existing at the acquisition date.

The subsequent recognition of changes in the fair value of the contingent consideration not classified as measurement period adjustments depends upon the classification of the contingent consideration. The contingent consideration classified as equity is not remeasured in subsequent reporting periods and its settlement is accounted for within equity. The contingent consideration classified as asset or liability is remeasured in subsequent reporting periods, and the related gain or loss is recognized in profit or loss.

Transaction costs other than those associated with the issue of debt securities or equity interests incurred by the Fleury Group in a business combination are recognized as expenses as incurred.

Individual interim financial statements:

In the individual interim financial statements, the Fleury Group applies the requirements of Technical Interpretation ICPC – 09, which requires that the excess of the acquisition cost over the Fleury Group's share of the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities at the acquisition date be recognized as goodwill. The goodwill is added to the carrying amount of the investment. Any amount of the Fleury Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities that exceeds the acquisition cost, after revaluation, is immediately recognized in profit or loss. Consideration transferred, as well as the net fair value of assets and liabilities are measured using the same criteria applicable to the consolidated financial statements previously described.

The goodwill related to an investment that was incorporated by the Company is reclassified from "investments" to "intangible assets".

Goodwill

For the purposes of impairment testing, goodwill is allocated to each of the Fleury Group's cash-generating units, or groups of cash-generating units, as long as not larger than the operating segments that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Property and equipment

Property and equipment items are stated at historical cost, less depreciation. Historical cost includes costs directly attributable to the acquisition of items and financing costs related to the acquisition of qualifying assets.

Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be reliably measured. All other repair and maintenance costs are recognized in profit or loss, when incurred.

Depreciation is recognized so as to write off the cost of assets (other than land and properties under construction) net of their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Classes of Property and Equipment	Useful life (years)
Buildings	60
Vehicles	5
Facilities	10
Machinery and equipment	5 to 25
Furniture and fixtures	10
IT equipment	5
Leasehold improvements	5

The carrying amount of an asset is immediately written down to its recoverable amount if the carrying amount of the asset exceeds its estimated recoverable amount.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement, under "Other operating income (expenses), net".

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date, which is regarded as their cost. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Fleury Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Fleury Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, as long as the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Transactions with interests of non-controlling shareholders

The Fleury Group recognizes transactions with non-controlling interests as transactions with Fleury Group's owners. In acquisitions of non-controlling interests, the difference between the consideration transferred and the acquired portion of the carrying amount of the subsidiary's net assets is recorded in equity.

Financial liabilities

Non-derivative financial liabilities

Financial liabilities are recognized on the date the Fleury Group becomes a party to the contractual provisions of the instrument. The Fleury Group write offs a financial liability when its obligations specified in the contract are discharged, cancelled or expire.

Financial assets and liabilities are set off and the net amount is presented in the balance sheet when, and only when, the Fleury Group has a legally enforceable right to set off the amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Fleury Group has the following non-derivative financial liabilities: borrowings and financing, payables for business acquisitions, trade payables and other payables. 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 using the effective interest method.

Derivative financial instruments

The Fleury Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and cross currency swaps. Further details of derivative financial instruments are disclosed in the note "Financial Instruments and Financial Risk Management".

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. For the periods presented in the financial instruments there were no designated hedging instruments, and no derivative financial instrument for speculative purposes was contracted.

Employee benefits

Defined contribution pension plan

Payments to the defined contribution pension plan are recognized as expense when the services that entitle the right to these payments are provided.

Share-based payment

The Fleury Group offers to its executives share-based payment plans under which it receives employee services as consideration for share options granted.

The fair value of options granted at grant date is recorded on a straight-line basis as expense for the period in which the vesting conditions are met, based on the Group's estimates of which stock options granted will be eventually acquired, with corresponding increase in equity. At the end of each year, the Group reviews its estimates of the number of equity instruments that will be acquired. The impact of the revision of the original estimates, if any, is recognized in profit or loss, so that the cumulative expense reflects the revised estimates, with the corresponding adjustment to equity, in the account "Capital Reserve – recognized options granted" where the employee benefit is recorded.

Profit sharing

The Fleury Group pays profit sharing to its employees, based on their performance for the period. This profit sharing is recognized as a liability and a profit sharing expense in the income statement when the employee meets the performance conditions established.

Taxation

The income tax and social contribution expense represents the sum of current and deferred taxes.

Current taxes

The provision for income tax and social contribution is based on the taxable profit for the year. Taxable profit differs from profit as reported in the income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The provision for income tax and social contribution is calculated individually for each Fleury Group company based on rates in effect at the end of the year.

Deferred taxes

The deferred income tax ("deferred tax") is recognized on temporary differences at the end of each year between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, including the tax losses balance, when applicable. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination, if applicable) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Fleury Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are set off only when there is a legally enforceable right to set off the current tax asset against the current tax liability, when they relate to taxes levied the same tax authority, and the Fleury Group intends to settle its current tax assets and liabilities on a net basis.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

The provisions for lawsuits are recognized when the Fleury Group has a present or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the obligation can be made. They are updated through the end of the reporting period based on the estimated amount of probable losses, considering their nature and supported by the opinion of the attorneys of the Company and its subsidiaries. The bases and nature of the provision for tax, civil, and labor risks are described in the note "Provision for Tax, Labor and Civil Risks".

Leases

Leases in which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Operating lease payments (net of any incentives received from the lessor) are recognized on a straight-line basis over the lease term.

Leases of property and equipment items in which the Fleury Group retains substantially all risks and rewards of ownership are classified as finance leases. These are capitalized at the inception of the lease at the lower of the fair value of the leased asset and the present value of minimum lease payments. Each lease payment is allocated partly to liabilities and partly to finance charges, in order to achieve a constant rate on the outstanding debt balance. The related obligations, net of finance charges, are included as "borrowings". Interest is charged to the income statement during the lease term, to achieve a constant periodic interest rate on the remaining balance of the liability for each period. Property and equipment items purchased under finance leases are depreciated over the useful lives of the assets.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Fleury Group's activities. Revenue is reduced for taxes, estimated customer returns, rebates and other similar allowances.

Sale of services

Revenue from services provided is recognized for services rendered until the end of the reporting period. At the end of the reporting period, services provided and not yet billed are recorded under "Unbilled amounts", within the "Trade receivables" balance.

The Fleury Group recognizes revenue when: (i) the amount of revenue can be reliably measured; (ii) it is probable that future economic benefits will flow to the Fleury Group; and (iii) specific criteria have been met for each of the Fleury Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all the contingencies related to the sale have been resolved. The Fleury Group bases its estimates on historical results, taking into consideration the type of customer, type of transaction, and specifications of each sale.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Dividend distribution

The distribution of dividends to the Company's shareholders is recognized as a liability in the financial statements at the end of the reporting period, based on the minimum dividend established in the Company's bylaws. Any amount above the minimum requirement is accrued at the date when it is approved by the board of directors.

The tax benefit of interest on capital is recognized in the income statement, for compliance with tax rules, and is reversed for reporting purposes.

Statement of value added (DVA)

This statement is intended to evidence the wealth created by the Fleury Group and its distribution during a certain period and is presented by the Fleury Group, as required by Brazilian corporate law, as part of its individual financial statements and as supplemental information to the consolidated financial statements.

The statement of value added has been prepared based on information obtained from the accounting records used as a basis for the preparation of the financial statements and following the requirements in CPC 09 – Statement of Value Added. In its first part it presents the wealth created by the Fleury Group, represented by revenues, inputs purchased from third parties and the value added received through transfer. The second part of the statement of value added presents the distribution of wealth among personnel and payroll charges, taxes and contributions, lenders and shareholders.

New and revised standards and interpretations of standards issued but not yet adopted

The following standard has been published and is mandatory for the Group's accounting periods beginning on or after January 1, 2013, but the Group has not adopted it early.

IFRS 9 "Financial Instruments", issued in November 2009, to replace IAS 39: "Financial Instruments: Recognition and Measurement, which introduces new requirements for classification and measurement. It will be applicable beginning on or after January 1, 2013.

4. CONSOLIDATED FINANCIAL STATEMENTS

The Company's subsidiaries are summarized below, as well as the Company's total (direct and interest) interest in these subsidiaries:

	Acquisition date	Equity interest %	
		6/30/2011	12/31/2010
Diagnoson Ultra Sonografia e Densitometria Óssea Ltda	May 2011	100	-
DI Serviços Médicos - SP	May 2010	100	100
DI Médicos Associados - SP	May 2010	Merged into Fleury CPMA in November 2010	Merged into Fleury CPMA in November 2010
Laboratório Weinmann S.A. - RS ("Weinmann")	October 2009	Merged into Fleury S.A. in March 2010	Merged into Fleury S.A. in March 2010
Fleury Centro de Procedimentos Médicos Avançados ("Fleury CPMA") - SP - (a)	Created in June 2003	100	100

(a) Created in June 2003, it is engaged in the provision of diagnostic and therapeutic supplementation services. This company started to operate on August 1, 2005 in the city of São Paulo and up to November 19, 2009 operated under the name Fleury Hospital Dia S.A., which was subsequently changed to Fleury CPMA.

Corporate restructuring

On November 30, 2010, Fleury CPMA, a company controlled by Fleury S.A., merged into it all the net liabilities of the subsidiary DI Médicos Associados Ltda, as follows:

	R$
Cash and cash equivalents (merged net cash)	83
Recoverable taxes	5
Related parties	975
Payables to former shareholders	(18)
Related parties	(733)
Taxes payable	(8)
Provision for tax, labor and civil risks	(11)
Merged net assets	293

Business combinations

On May 31, 2011, the Fleury Group completed the acquisition of all of the shares in Diagnoson Ultra-Sonografia e Densitometria Óssea Ltda. Diagnoson operates in Salvador, State of Bahia (BA), providing imaging diagnosis and nuclear medicine services.

The analysis of recognition and preliminary measurement of assets acquired and liabilities assumed resulted in the following adjustments to the carrying amount of the acquired company:

- Asset not recognized through the business combination date by the acquiree – Diagnoson: Intangible Assets – Trademarks and Patents, amortized over the next 10 years: R$2,973.

- Goodwill on property and equipment items at fair value – Diagnoson: R$870.

- Deferred Income Tax Liability calculated on the value of Trademarks and Patents and Goodwill on Property and Equipment - Diagnoson: R$1,306.

On May 12, 2010, the Fleury Group completed the acquisition of all of the shares in DI Diagnóstico por Imagem. DI Diagnóstico por Imagem operates in São Paulo, providing imaging diagnosis and nuclear medicine services.

The analysis of recognition and measurement of assets acquired and liabilities assumed resulted in the following adjustments to the carrying amount of the acquired companies:

- Asset not recognized through the business combination date by the acquiree – DI: Intangible Assets – Trademarks and Patents, amortized over the next 10 years: R$1,737.

The Fleury Group used the "Relief from Royalty" method to calculate the trademark value in business combinations. The net present value of royalties applied to future revenue assumptions is considered as the brand value. Future cash flows from the brand were defined based on future profitability calculations used in the acquisition studies and discounted to present value at the discount rate used in Fleury Group's goodwill impairment testing.

The effects of all business combinations, at the acquisition date, on the Fleury Group's balance sheet were:

	2011			2010		
	Carrying amount of acquired companies	Fair value adjustments and recognition	Fair values of acquired companies	Carrying amount of acquired companies	Fair value adjustments and recognition	Fair values of acquired companies
Total assets	11.644	3.843	15.487	2.447	1.737	4.184
Total liabilities	6.221	1.306	7.527	2.855	-	2.855
Net carrying amount	5.423			(408)		
Net value adjustments		2.537			1.737	
Net value of assets acquired and liabilities assumed			**7.960**			**1.329**
Goodwill			49.066			9.990
Cash consideration			19.198			4.100
Consideration payable			34.308			7.219
Contingent consideration			**3.520**			-
Consideration transferred			**57.026**			**11.319**

Goodwill arising on acquisitions represents the expected future economic benefit of synergies arising from business combinations and the amount of goodwill expected to be deductible for tax purposes is R$48,729 for the business combination occurred in 2011 and R$ 10,958 for the business combination occurred in 2010.

Expenses on outside attorney fees and due diligence related to the business combinations were included in administrative expenses in the income statement.

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

According to their nature, financial instruments may involve known or unknown risks and a potential risk assessment is important. The main market risk factors that may affect the Company's and its subsidiaries' businesses are as follows:

Financial risk management

The main risk factors to which the Company and its subsidiaries are exposed are: market risks (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. These risks are inherent to their operations and are managed through policies and internal controls.

The Company has a financial risk management policy. The oversight and monitoring of the policies in place are carried out using monthly management reports.

Market risks

Foreign exchange rate risk

The Company and its subsidiaries have trade receivables, borrowings and financing, and trade payables denominated in foreign currency (mainly the US dollar). The risk associated with these assets and liabilities arises from the possibility of the Company and its subsidiaries incurring losses due to fluctuations in foreign exchange rates. Liabilities exposed to this risk as at June 30, 2011 account for approximately 2.9% of total consolidated borrowings and financing and 3.6% of total consolidated trade payables. The Company has trade receivables denominated in foreign currency that account for 0.8% of total consolidated trade receivables, which reduces its exposure to financing installments and trade payables.

The Company has derivative financial instruments contracted to hedge against foreign exchange rate fluctuations on the purchase of services and borrowing and financing agreements denominated in foreign currency (additional information in the sequence of the note).

As at June 30, 2011 the Company had the following net exposure (US$ rate: 1.5611):

	US$'000	
	Company	Consolidated
Current assets-		
Trade receivables	1,265	1,265
Liabilities:		
Borrowings and financing - current	(622)	(984)
Borrowings and financing – non-current	(31,662)	(32,173)
Trade payables	(1,125)	(1,125)
Total liabilities	(33,409)	(34,282)
Derivatives	33,542	33,542
Net exposure	1,398	525

For financial instruments, the Company and its subsidiaries consider as the probable scenario (scenario I) the weighted average of future exchange rates of the Brazilian real in relation to the US dollar, obtained on the São Paulo Stock, Futures and Mercantile Exchange (BM&FBOVESPA) - for the maturity of the instrument, and calculated based on the notional amount of the contract.

In compliance with the provisions of CVM Instruction 475/08, the Company and its subsidiaries adopted the minimum unfavorable fluctuation scenarios set out in said Instruction, equivalent to 25% (scenario II) and 50% (scenario III) deterioration of the related foreign exchange rates used, to determine the probable scenario to measure the impacts of the fair value of financial instruments and financial position arising from an unfavorable fluctuation of foreign exchange rates.

The amounts below include income tax and social contribution:

			Unfavorable fluctuation - consolidated		
	Maturity	Scenario I (loss) gain	Risk (*)	Scenario II (loss) gain	Scenario III (loss) gain
Foreign exchange rate (in R$)		1.8228		2.2785	2.7342
Trade receivables	2011	331	US$ devaluation	908	1,484
Trade payables	2011	(295)	US$ appreciation	(807)	(1,320)
Borrowings and financing	2011	(193)	US$ appreciation	(529)	(865)
Borrowings and financing	2012	(156)	US$ appreciation	(427)	(698)
Borrowings and financing	2013	(8,274)	US$ appreciation	(22,685)	(37,094)
Derivatives		8,704		23,916	39,313
Net effect		117		376	820

(*) Risk to which the Company is exposed considering the nature of each financial instrument.

Interest rate risk

The Company and its subsidiaries have borrowings and financing denominated in local currency subject to interest rates pegged to indices such as TJLP and CDI, and taxes payable bearing interest equivalent to SELIC and TJLP. The risk inherent in these liabilities arises from the possibility of fluctuations in these rates that impact their cash flows. The Company and its subsidiaries have not entered into derivative contracts to hedge this risk, as they understand that the risk is mitigated by the existing assets pegged to CDI.

The sensitivity analysis of interest on borrowings and financing used as probable scenario the benchmark tax rates obtained on the São Paulo Stock, Futures and Mercantile Exchange (BM&FBOVESPA) - at June 30, 2011, and scenarios I and II take into consideration a 25% and 50% increase in these rates, respectively. The sensitivity analysis is as follows:

Scenarios	Probable	Scenario I	Scenario II
CDI rate (p.a.)	12.15%	15.19%	18.23%
Projected interest expenses (*)	13,608	16,921	20,181
TJLP rate (p.a.)	6.00%	7.50%	9.00%
Projected interest expenses (*)	254	295	335

(*) Calculated up to the end of the contract

Credit risk

Credit risk arises from the possibility of a counterparty not fulfilling its obligation in a financial instrument or agreement with the customer, which would cause financial loss. The Fleury Group is exposed to credit risk in its operating (mainly in regard to trade receivables) and financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. When there is evidence of risk of loss on these assets, the Group records provisions to adjust them to their probable realizable value.

Liquidity risk

The Group's cash flow forecast is made by the Treasury area. This area monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. There is also sufficient availability in its committed credit lines (Note "Borrowings and Financing") at any time, to prevent the Group from surpassing the limits or violating loan clauses (when applicable) in any of its credit lines. This forecast takes into consideration the Group's debt financing plans, compliance with clauses, compliance with balance sheet ratio goals and, if applicable, compliance with legal or foreign regulatory requirements – for example, currency restrictions.

The surplus cash maintained by operating units, as well as the balance required for working capital management, is transferred to the Treasury area. The Treasury area invests the surplus cash in Bank Certificates of Deposit (CDB) and Debenture transactions (repurchase agreements), choosing instruments with appropriate maturities or sufficient liquidity to provide the necessary margin, as determined by the forecasts mentioned above. As at June 30, 2011, the Group had short-term investments of R$557,074 (R$534,160 as at December 31, 2010).

The table below provides an analysis of the Group's derivative and non-derivative financial liabilities, by maturity, related to the remaining period in the balance sheet up to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At June 30, 2011				
Borrowings and financing	24,322	11,117	82,251	1,863
Derivative financial instruments	522	-	2,556	-
Trade payables	48,878	-	-	-
Payables – business acquisitions	23,184	10,114	19,075	8,435
At December 31, 2010				
Borrowings and financing	35,164	21,485	32,301	1,457
Derivative financial instruments	507	-	-	-
Trade payables	41,022	-	-	-
Payables – business acquisitions	7,427	11,193	11,440	67

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders, and to maintain an optimal capital structure to reduce its cost.

To maintain or adjust the capital structure, the Group may review the dividend payment policy, return capital to shareholders or, also, issue new shares or sell assets to reduce, for example, the indebtedness level.

In line with other companies of the same industry, the Group monitors the capital based on the financial leverage ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as stated in the consolidated balance sheet), less cash and cash equivalents. Total capital is calculated as the sum of equity, as stated in the consolidated balance sheet, and net debt.

Financial leverage ratios at June30, 2011 and December 31, 2010 can be summarized as follows:

	6/30/2011	12/31/2010
Total borrowings	(119,553)	(90,407)
Total cash and cash equivalents	565,397	543,451
Net cash	445,844	453,044
Total equity	1,074,535	1,011,803
Total capital	1,520,379	1,464,847

In the periods analyzed above there was surplus cash because of the funds raised in the Company's IPO, on December 17, 2009. Therefore, it was not necessary to calculate the financial leverage. This surplus cash should be used for new investments.

Derivatives

The Company and its subsidiaries do not enter into derivative transactions for speculative purposes. Derivative contracts do not include any guarantee margin.

The Company and its subsidiaries have the following internal policies for their derivative instruments:

The amounts are calculated based on models and quotations available in the market, which take into consideration current or future market conditions. These are gross amounts, before the levy of taxes.

In view of fluctuations in market rates, these amounts can suffer changes up to the maturity or early settlement of the transactions.

The fair value of these instruments at the end of the reporting period, by counterparty, classified in "Derivative financial instruments", is as follows:

Type	Notional amount (US$'000)	Currency	Counterparty	Forex rate (average) - R$	Maturity	Balance at 12/31/2010	Profit (loss) at 6/30/2011	Settlement	Balance at 6/30/2011
NDF	2.094	US$	Itaú BBA	1.8407	5/16/2011 to 12/28/2011	(216)	(285)	166	(335)
NDF	3.427	US$	Votorantim	1.7512	1/27/2011 to 9/15/2011	(271)	(117)	311	(77)
NDF	1.738	US$	HSBC	1.6780	7/27/2011 to 8/15/2011	(20)	(82)	1	(101)
NDF	283	US$	Santander Real	1.7028	1/31/2011	19	(25)	7	1
Swap	30.922	US$	Itaú BBA	1.6170	5/13/2013	-	(2,566)	-	(2.566)
Total Company and consolidated						(488)	(3.075)	485	(3,078)

As at June 30, 2011, the Company has outstanding derivative positions to cover its borrowings in foreign currency and payments to suppliers in the amount of US$33.5, which present a net loss in current liabilities of R$3,078 Company and Consolidated (net loss of R$488 Company and Consolidated as at December 31, 2010) recorded in the Company's balance sheet under "Derivative financial instruments".

The NDF contracts settled in the first half of 2011 presented a total loss of R$171 and had an impact of R$485 on the Company's cash.

In compliance with the provisions of CVM Instruction 475/08 for derivative financial instruments, the Company and its subsidiaries consider as probable scenario (scenario I) the future exchange rates of the Brazilian real in relation to the US dollar, obtained on the São Paulo Stock, Futures and Mercantile Exchange (BM&FBOVESPA) for the maturity of the instruments, calculated based on the notional amount of the contract.

As determined by CVM Instruction 475/08, the Company and its subsidiaries adopted the scenarios equivalent to 25% (scenario II) and 50% (scenario III) deterioration of the related foreign exchange rates used to determine the probable scenario.

Status	Scenario I	Scenario II	Scenario III	Scenario V	Scenario V
Foreign exchange rate change	0%	-25%	-50%	25%	50%
US$ devaluation (rate in R$)	1.8228	1.3671	0.9114	-	-
US$ appreciation (rate in R$)	1.8228	-	-	2.2785	2.7342

			Foreign exchange rate change Company and consolidated			
Transaction	Scenario I (probable) loss	Risk (*)	Scenario II gain	Scenario III gain	Scenario I V loss	Scenario V loss
Financing in US$	(8.624)	US$ appreciation	6,392	21,409	(23,641)	(38,657)
Trade payables	(295)	US$ appreciation	218	731	(807)	(1,320)
Derivatives						
Swap	8.135	US$ devaluation	(6,030)	(20,195)	22,208	36,464
NDF	569	US$ devaluation	(571)	(1,712)	1,709	2,849

Net effect	(215)	9	233	(531)	(664)

(*) Risk to which the Company is exposed considering the nature of each financial instrument.

6. CASH AND CASH EQUIVALENTS

	Company		Consolidated	
	6/30/2011	12/31/2010	6/30/2011	12/31/2010
Cash and banks	6,809	9,176	8,223	9,291
Short-term Investments	553,516	534,160	557,074	534,160
	560,325	543,336	565,297	543,451

Short-term investments are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value. These short-term investments refer to Bank Certificates of Deposit (CDB) and repurchase agreements, which consist of commitments by the seller (bank) to buy a security back from the purchaser (customer), who commits to resell it in the future. Investments yielded 102% to 104% of the CDI (interbank deposit rate) as at June 30, 2011, and 100% to 103% of CDI rate as at December 31, 2010.

7. TRADE RECEIVABLES

	Company		Consolidated	
	6/30/2011	12/31/2010	6/30/2011	12/31/2010
Trade receivables				
Billed amounts	256,566	205,683	259,312	208,535
Unbilled services	15,731	25,761	16,564	25,761
	272,297	231,444	275,876	234,296
Other receivables				
Credit card receivables	705	672	757	721
Checks for collection	1,540	1,471	1,472	1,402
	2,245	2,143	2,229	2,123
Provision for impairment of trade receivables	(35,927)	(32,890)	(36,076)	(33,039)
Total trade receivables	238,615	200,697	242,029	203,380

The aging list of trade receivables is as follows:

	Company		Consolidated	
	6/30/2011	12/31/2010	6/30/2011	12/31/2010
Current (*)	134,386	107,731	136,152	108,046
Up to 60 days past due	46,517	35,761	47,129	36,121
60 to 120 days past due	17,180	11,760	17,406	12,466
Over 120 days past due	74,214	76,192	75,189	77,663
	272,297	231,444	275,876	234,296

(*) These receivables fall due within 35 days on average.

The changes in the provision for impairment of trade receivables were are as follows:

	Company		Consolidated	
	6/30/2011	6/30/2010	6/30/2011	6/30/2010
Opening balance	(32,890)	(39,585)	(33,039)	(41,580)
Write-offs of uncollectible receivables	3,314	26,918	3,314	26,918
Additions, less reversals (provision for impairment of trade receivables)	(1,772)	(9,614)	(1,772)	(9,619)
Transfer due to mergers	-	(1,850)	-	-
Additions, less reversals (disallowances)	(4,579)	(3,050)	(4,579)	(3,050)
Closing balance	(35,927)	(27,181)	(36,076)	(27,331)

The Company and its subsidiaries have a certain degree of concentration in their customer bases. As at June 30, 2011, the concentration on the four major customers is 41% of the total portfolio (33% as at December 31, 2010). As at June 30, 2011 revenue concentration on the four major customers is 42% (38% as at December 31, 2010).

8. INVENTORIES

	Company		Consolidated	
	6/30/2011	12/31/2010	6/30/2011	12/31/2010
Diagnosis kits	4,719	4,596	4,754	4,596
Auxiliary lab supplies	2,534	1,384	3,040	2,302
Collection and nursing material	1,666	1,825	1,666	1,826
Administrative, promotional and other supplies	412	746	471	788
	9,331	8,551	9,931	9,512

9. RECOVERABLE TAXES

	Company		Consolidated	
	6/30/2011	12/31/2010	6/30/2011	12/31/2010
Withholding income tax (IRRF) (a)	5,796	6,846	5,926	6,936
Social contribution on net profit (CSLL) (b)	5,786	6,185	5,900	6,232
Business income tax (IRPJ) (b)	3,194	3,647	3,331	3,647
Service tax (ISS) (c)	2,570	2,172	2,570	2,172
Social security contribution (INSS) (d)	1,842	2,102	1,842	2,102
Funrural contribution (e)	1,562	1,562	1,562	1,562
Tax on revenue (COFINS):	997	1,468	1,045	1,498
Other	809	806	833	814
	22,556	24,788	23,009	24,963
Current	17,362	17,204	17,815	17,379
Non-current	5,194	7,584	5,194	7,584

(a) IRRF on redemption of short-term investments and services provided to health maintenance organizations and other Legal Entities.

(b) Amounts derived from acquired businesses. These amounts will be utilized to offset taxes payable.

(c) ISS withheld on invoices related to services rendered to the accredited network.

(d) INSS withheld on invoices related to services rendered mainly to hospitals.

(e) Funrural paid for merged companies. These amounts will be refunded through administrative proceedings in progress.

10. INVESTMENTS

	Company		Consolidated	
	6/30/2011	12/31/2010	6/30/2011	12/31/2010
Investments in subsidiaries:				
Fleury CPMA				
Cost	3,847	6,362	-	-
Goodwill	1,351	1,351	-	-
	5,198	7,713	-	-
Diagnoson				
Cost	5,923	-	-	-
	5,923	-	-	-
	11,121	7,713	-	-
Other investments	246	246	246	246
	11,367	7,959	246	246

The changes in investments in subsidiaries were as follows:

	Fleury CPMA	Diagnoson	Total
Balances at December 31, 2010	7,713	-	7,713
Investments:			
Acquisition	-	5,423	5,423
Share of profits (losses) of subsidiaries	(2,515)	500	(2,015)
Balances at June 30, 2011	**5,198**	**5,923**	**11,121**

The main data on Fleury CPMA is as follows:

	6/30/2011	12/31/2010
Equity interest - %	100.00	100.00
Paid-up capital	44,158	44,158
Equity	3,847	6,391
Loss for the period/year	(2,515)	(3,456)

The main data on Diagnoson are as follows:

	6/30/2011	12/31/2010
Equity interest - %	100.00	-
Paid-up capital	8,409	-
Equity	5,923	-
Profit for the period/year	500	-

11. PROPERTY AND EQUIPMENT

		Company			
	Annual average depreciation rate - %	6/30/2011 Cost	Accumulated depreciation	Net	12/31/2010 Net
Machinery and equipment	8	152,697	(70,482)	82,215	71,079
Facilities	10	82,614	(22,555)	60,059	38,762
Leasehold improvements	20	42,845	(35,958)	6,887	8,447
IT equipment	20	34,669	(25,351)	9,318	7,976
Furniture and fixtures	10	32,900	(19,943)	12,957	9,506
Buildings	2	28,208	(3,962)	24,246	24,468
Land	-	11,488	-	11,488	11,488
Property and equipment in progress	-	2,190	-	2,190	1,440
Vehicles	20	697	(260)	437	448
		388,308	(178,511)	209,797	173,614

		Consolidated			
	Annual average depreciation rate - %	6/30/2011 Cost	Accumulated depreciation	Net	12/31/2010 Net
Machinery and equipment	8	171,697	(80,140)	91,557	74,837
Facilities	10	84,785	(23,542)	61,243	39,669
Leasehold improvements	20	44,988	(37,806)	7,182	8,745
IT equipment	20	35,571	(26,004)	9,567	8,097
Furniture and fixtures	10	34,430	(20,760)	13,670	10,138
Buildings	2	28,208	(3,962)	24,246	24,468
Land	-	11,488	-	11,488	11,488
Property and equipment in progress	-	2,221	-	2,221	1,471
Vehicles	20	697	(260)	437	448
		414,085	(192,474)	221,611	179,361

The changes in property and equipment were as follows:

	Company		Consolidated	
	6/30/2011	6/30/2010	6/30/2011	6/30/2010
Opening balances – 3/31/2011	185,613	148,816	191,355	158,246
Additions:				
Machinery and equipment	9,297	6,750	15,033	6,909
Facilities	14,959	6,777	15,239	6,783
IT equipment	1,958	2,768	2,092	2,817
Furniture and fixtures	3,780	710	3,869	737
Properties	-	3,296	-	3,296
Other	864	1,290	864	1,348
Total additions	30,858	21,591	37,097	21,890
Transfers to intangible assets	-	(544)	-	(544)
Disposals, net	(12)	(2,136)	(12)	(2,136)
Depreciation	(6,662)	(11,200)	(6,829)	(12,067)
Merger balance	-	2,990	-	-
Closing balances – 6/30/2011	209,797	159,517	221,611	165,389

As at June 30, 2011, the Company has a revaluation increment of machinery and equipment, less depreciation, of R$2,671 (R$3,142 as at December 31, 2010). The depreciation of revaluation is not included in the basis used for the payment of dividends.

Leases

Lease transactions by category of assets as at June 30, 2011 are as follows:

	Annual average depreciation rate - %	Consolidated			
		6/30/2011			12/31/2010
		Cost	Accumulated depreciation	Net	Net
Machinery and equipment	10	135	(19)	116	123
IT equipment	20	78	(35)	43	44
		213	(54)	159	167

Leased assets were pledged as collateral for the underlying lease transactions. Expenses on the depreciation of assets acquired under leases for the period ended June 30, 2011, recorded in line item "Cost of services", total R$ 14 (R$52 as at December 31, 2010).

12. INTANGIBLE ASSETS

		Company			
		6/30/2011			12/31/2010
	Annual average amortization - %	Cost	Accumulated amortization	Net	Net
Goodwill on acquisitions	-			325,821	276,755
Software licenses	20	52,858	(27,142)	25,716	21,067
Trademarks and patents	5	12,044	(805)	11,239	8,498
Franchises	-	2,550	-	2,550	2,550
Other	10	384	-	384	1,905
				365,711	310,775

		Consolidated			
		6/30/2011			12/31/2010
	Annual average amortization - %	Cost	Accumulated amortization	Net	Net
Goodwill on acquisitions	-			337,162	288,097
Software licenses	20	53,257	(27,477)	25,780	21,087
Trademarks and patents	6	13,782	(993)	12,789	10,207
Franchises	-	2,550	-	2,550	2,550
Other	10	3,271	(2,626)	645	2,123
				378,926	324,064

The changes in intangible assets were as follows:

	Company		Consolidated	
	6/30/2011	6/30/2010	6/30/2011	6/30/2010
Opening balances – 3/31/2011	310,676	254,424	323,848	309,481
Additions:				
Goodwill on acquisitions	49,066	41	49,066	10,031
Software licenses	4,851	5,076	4,894	5,255
Trademarks and patents	2,974	-	2,974	1,737
Other	-	-	42	71
Total additions	56,890	5,117	56,976	17,094
Transfers (*)	-	52,683	-	-
Amortization	(1,855)	(3,060)	(1,898)	(3,418)
Merged balance	-	647	-	-
Closing balances – 6/30/2011	365,711	309,811	378,926	323,157

(*) Comprises mainly goodwill from subsidiaries merged during the periods, previously classified as investments.

The amortization of intangible assets is recorded in line item ‘General and administrative expenses’, in the income statement.

Goodwill

In 2011, Fleury acquired Diagnoson Ultra Sonografia e Densitometria Óssea Ltda. for R$57,026 which, in relation to the carrying amounts of assets and liabilities acquired of R$7,960, generated goodwill of R$49,066.

Reversal of impairment loss

The annual review of the impairment loss of goodwill, as required by CPCs, is conducted during the last quarter of each year. The next review will occur in the fourth quarter of 2011, unless an event occurs that would justify the early review of the asset impairment.

13. BORROWINGS AND FINANCING

	Charges - % (a)	Company 6/30/2011	Company 12/31/2010	Consolidated 6/30/2011	Consolidated 12/31/2010	Maturity
Local currency:						
Banco Itaú	106.7 of CDI (b)	22,826	38,045	22,826	38,045	October 2014
Unibanco - working capital	107.5 of CDI (b)	17,159	20,554	17,159	20.554	October 2013 to January 2014
Banco Santander - working capital	CDI (b) +1 p.a.	16,191	18,465	16,191	18.465	October 2014
FINEP	4.3% p.a.	6,665	5,787	6,665	5.787	September 2017
BNDES	TJLP (c) +3.3 p.a.	3,671	4,994	3,671	4.994	April 2012 to February 2013
Leases	1.3% p.m.	25	80	25	80	March 2012
Borrowings and financing – Acquired companies	10.4% p.a.	-	-	1,255	-	May 2012 to September 2013
Foreign currency (US$):						
Banco Itaú – Op. 4131	Forex + 2.8% p.a.	48,461	-	48,461	-	May 2013
Banco Itaú - Finimp	Forex + 1.3% p.a.	1,937	2,482	1,937	2.482	July 2013
Borrowings and financing – Acquired companies	Forex + 3.1% p.a.	-	-	1,363	-	December 2012 to September 2014
		116,935	90,407	119,553	90.407	
Current		23,125	35,164	24,322	35.164	
Non-current		93,810	55,243	95,231	55.243	

(a) Weighted average rate.

(b) Interbank Certificates of Deposit (CDI), equivalent to 12.15% per year as at June 30, 3011 and 10.64% per year as at December 31, 2010.

(c) (c) Long-Term Interest Rate (TJLP), equivalent to 6.00% per year as at June 30, 2011 and December 31, 2010.

The non-current portion matures as follows as at June 30, 2011:

	Company	Consolidated
2012	10,709	11,118
2013	68,164	68,856
2014	12,010	12,330
2015	1,065	1,065
2016 and thereafter	1,862	1,862
	93,810	95,231

Certain borrowings include restrictive financial covenants, such as, but not limited to: (a) pledging of collateral or liens on assets; (b) restrictions as to the change, transfer, or assignment of shareholding control, merger, takeover, or spin-off without the previous consent of the creditor; and (c) compliance with financial and liquidity ratios measured semiannually (June and December).

The Company has working capital financing from Banco Itaú totaling R$22,826 as at June 30, 2011 (R$38,045 as at December 31, 2010), subject to covenant for compliance with financial and liquidity ratios measured semiannually (June and December) based on "Earnings Before Interest,

Taxes, Depreciation and Amortization" - EBITDA equal to or higher than 0.5 times net indebtedness (borrowings and financing less cash and cash equivalents) and guarantees. As at June 30, 2011, the Company and its subsidiaries are compliant with these covenants.

The financing from Financiadora de Estudos e Projetos – FINEP has a clause that requires the Company to ensure the payment of any obligations derived from the contract through the issuance of a bank letter of guarantee in the amount of the financing. The letter was issued by Bank HSBC for the total amount of R$ 7,098, on July 1, 2009, and generated an expense of R$107 for the period ended June 30, 2011 (R$208 as at December 31, 2010).

The carrying amounts of the Group's borrowings are maintained in the following currencies:

	Company		Consolidated	
	6/30/2011	12/31/2010	6/30/2011	12/31/2010
Real	66,536	87,925	67,791	87,925
U.S. dollar	50,399	2,482	51,762	2,482

14. TRADE PAYABLES

	Company		Consolidated	
	6/30/2011	12/31/2010	6/30/2011	12/31/2010
Domestic suppliers	46,038	40,160	47,121	39,986
Foreign suppliers	1,757	1,036	1,757	1,036
	47,795	41,196	48,878	41,022

15. PAYROLL AND RELATED TAXES

	Company		Consolidated	
	6/30/2011	12/31/2010	6/30/2011	12/31/2010
Accrued vacation and 13th salary	24,858	16,952	25,043	16,968
Accrued profit sharing	2,400	8,846	2,400	8,852
Payroll payable	3,377	2,009	3,379	2,009
Payroll taxes and other taxes payable	6,819	6,489	6,899	6,489
	37,454	34,296	37,721	34,318

16. PROVISION FOR TAX, LABOR AND CIVIL RISKS

	Company		Consolidated	
	6/30/2011	12/31/2010	6/30/2011	12/31/2010
Tax and social security	10,165	9,105	11,389	9,105
Labor	10,270	7,327	10,330	7,327
Civil	1,277	1,027	1,277	1,027
	21,712	17,459	22,996	17,459
Judicial deposits	(9,935)	(9,642)	(9,935)	(9,642)
	11,777	7,817	13,061	7,817

The changes in the provision for tax, labor and civil risks were as follows:

	Company						
	Balance at 12/31/2009	Additions	Uses and reversal	Increase due to merger	Reclassifications and payments	Inflation adjustment	Balance at 6/30/2010
Tax and social security	14,338	233	-	655	(3,512)	1,026	12,739
Civil	2,196	-	-	-	(1,759)	123	560
Labor	6,484	1,005	-	-	(2,740)	432	5,182
	23,018	1,238	-	655	(8,011)	1,581	18,481
Judicial deposits	(7,431)	(150)	-	(1,579)	-	(127)	(9,287)
	15,587	1,088	-	(924)	(8,011)	1,454	9,194

	Consolidated						
	Balance at 12/31/2009	Additions	Uses and reversal	Increase due to merger	Reclassifications and payments	Inflation adjustment	Balance at 6/30/2010
Tax and social security	16,779	255	(54)	-	(5,267)	1,026	12,739
Civil	2,671	6	-	-	(2,240)	123	560
Labor	6,743	1,055	(288)	-	(2,740)	462	5,182
	26,193	1,266	(342)	-	(10,247)	1,611	18,481
Judicial deposits	(9,010)	(150)	-	-	-	(127)	(9,287)
	17,183	1,316	(342)	-	(10,247)	1,484	9,194

	Company					
	Balance at 12/31/2010	Additions	Reversals	Increase due to merger	Inflation adjustment	Balance at 6/30/2011
Tax and social security	9,105	439	-	-	621	10,165
Labor	7,327	4,341	(1,978)	-	580	10,270
Civil	1,027	329	(147)	-	68	1,277
	17,459	5,109	(2,125)	-	1,269	21,712
Judicial deposits	(9,642)	-	-	-	(293)	(9,935)
	7,817	5,109	(2,125)	-	976	11,777

	Consolidated					
	Balance at 12/31/2010	Additions	Reversals	Increase due to merger	Inflation adjustment	Balance at 6/30/2011
Tax and social security	9,105	439	-	1,224	621	11,389
Labor	7,327	4,341	(1,978)	60	580	10,330
Civil	1,027	329	(147)	-	68	1,277
	17,459	5,109	(2,125)	1,284	1,269	22,996
Judicial deposits	(9,642)	-	-	-	(293)	(9,935)
	7,817	5,109	(2,125)	1,284	976	13,061

Lawsuits classified as probable losses, for which provisions were recorded

Refer to lawsuits whose likelihood of an unfavorable outcome is assessed as probable, of which we highlight the following involving the Company and its subsidiaries:

Tax and social security:

Service tax (ISS) – Lawsuits filed by acquired businesses merged into the Company arguing that as professional partnerships, such entities would be subject to fixed amounts of taxes, calculated according to the number of partners and employees with medical professional qualification and not based on revenue at a 5% tax rate. A total amount of R$3,394 is accrued by the Company as at June 30, 2011.

COFINS: the challenges involve the exemption from contribution for service companies that provide services related to legally regulated professions. Supplementary Law 70/91, which established COFINS, addresses the exemption granted for these types of companies; however, Law 9430/96 expressly revoked it, requiring the contribution based on the gross revenue of service companies. The legal counsel understands that as an ordinary law, Law 9430/96 could not have revoked the exemption established by Supplementary Law 70/91. Nevertheless, as the Federal Supreme Court has already expressed its position contrary to the above thesis, the Company has recorded a provision to cover risks in the amount of approximately R$4,626 as at June 30, 2011.

Labor:

In general, the claims made in labor lawsuits are as follows: (i) overtime; (ii) health hazard premium; (iii) job reinstatement due to tenure arising from occupational disease or occupational accident; (iv) joint liability; and (v) compensation for pain and suffering and damages. Based on the history of losses actually settled, the Company's management considers that the recognized reserve is sufficient to cover expected losses on ongoing lawsuits.

Lawsuits classified as possible losses

As at June 30, 2011, the Company has approximately R$210,094, consolidated, related to lawsuits classified as possible losses by its legal counsel, of which R$131,758 refers to tax and social security contingencies, R$23,081 to civil contingencies, and R$55,255 to labor contingencies.

Judicial deposits

When required, the Company makes judicial deposits as guarantee for pending litigation. These deposits total R$5,361 (Company) and R$5,506 (consolidated) as at June 30, 2011 (R$4,625 Company and R$4,655 consolidated as at December 31, 2010), classified in non-current assets, and refer to lawsuits considered by the Company's legal counsel as remote or possible risks of loss. Judicial deposits related to lawsuits considered as probable risks of loss are classified in non-current liabilities, reducing the related reserve.

17. TAXES AND CONTRIBUTIONS PAYABLE

	Company		Consolidated	
	6/30/2011	12/31/2010	6/30/2011	12/31/2010
Tax Refinancing Program (REFIS) – Law 11941(a)	32,369	29,651	33,399	29,651
Service tax (ISS) in installments (b)	19,277	20,120	19,277	20,120
State VAT (ICMS) on imports (c)	14,449	13,333	14,449	13,333
Judicial deposits (ICMS) (c)	(9,850)	(9,240)	(9,850)	(9,240)
Service tax (ISS) included in the Industry Tax Refinancing Program (Prefis) (d)	3,589	3,791	3,589	3,791
Service tax (ISS) (e)	2,686	2,361	2,857	2,452
Tax on revenue (COFINS) (f)	1,813	6,520	1,887	6,536
Social security contribution (INSS)	1,353	2,159	1,353	2,161
Withholding income tax (IRRF)	954	4,241	969	4,248
Tax on revenue (PIS)	922	712	971	733
Other	515	2,215	515	2,215
	68,077	75,863	69,416	76,000
Current	14,167	11,599	14,477	11,736
Non-current	53,910	64,264	54,939	64,264

(a) The Company elected to apply for the federal tax debts installment program called REFIS IV, governed by Law 11941/09, in view of its more favorable terms and conditions. The applications concern both the debts in other previous installment programs and new tax debts. The application was made through the program disclosed in the Federal Revenue Service's website, and the Company also filed with this Service an administrative request for the utilization of tax loss carryforwards recorded in August 2009 for offset against fine and interest, and the payment of principal in 120 monthly installments with a 60% decrease in fines, a 25% decrease in interest, and a 100% decrease in legal charges, as provided for by Article 1 of Law 11941/09 and Articles 15 and 17 of Joint Ordinance PGFN/RFB 06/09. Currently, the Company awaits the consolidation of the debts in installments included in REFIS IV, while already paying the minimum installments required by this new installment program, adjusted by the Selic rate. In December 2009, the Federal Revenue Service approved all the applications of the Company. In the six-month period June 30, 2010, the Company completed the analysis of tax loss carryforwards to be offset against debts included in REFIS IV and confirmed with the Federal Revenue Service, in August 2010, the amounts to be utilized. Accordingly, in June 2010 the Company offset previously unrecognized tax credits, corresponding to tax loss carryforwards of subsidiaries totaling R$14,632, against part of the remaining fines and interest, and credited the amounts corresponding to the decrease in liabilities to profit for 2010. With the enactment of Joint Ordinance PGFN/RFB No. 02, the Group identified the possibility of including new outstanding debts arising from Weinmann and withdrew the lawsuit related to the increase in the Cofins rate. The term for consolidation of tax debts included in REFIS IV, for large taxpayers with differentiated treatment, ended on June 30, 2011 and in this stage the Group consolidated Fleury's debts arising from the merged company NKB São Paulo. In July, the Group will consolidate the debts included in the installment program of the other Group companies (NKB Rio, Campana and Laboratório Dirceu Ferreira).

(b) The Company joined the installment program of the municipal government of São Paulo named Tax Installment Incentive Program (PPI) and as at June 30, 2011 the balance payable is R$19,277 (R$20,120 as at December 31, 2010), adjusted for inflation using Brazil's base rate (SELIC).

(c) State VAT (ICMS) - the Company is required to pay ICMS on the acquisition of machinery and equipment intended to be included in its property and equipment. The Company has filed a lawsuit against the State of São Paulo because it understands that this collection is inappropriate. Of the amount accrued by the Company, R$9,850 is deposited in courts as at June 30, 2011 (R$9,240 as at December 31, 2010).

(d) The entirety of the balance refers to installment payment of ISS debt with the municipal government of Recife included in the Industry Tax Refinancing Program (PREFIS), pursuant to Law 17029/2004. As permitted by Law 17384/07, the Company waived to participate in such installment payment, which granted it remission of the partial amount of the principal debt, adjusted for inflation in conformity with the municipal legislation, and awaits approval of the request.

(e) This balance refers mainly to the provision for ISS (service tax) due on services provided by the Group in June 2011.

(f) This balance refers mainly to the provision recorded to support the Company's challenge of the broadening of the COFINS tax base. In the quarter ended March 31, 2011 the Group chose to withdraw from this challenge and included the debts in the REFIS IV installment payment program, recording the benefits from the offset of part of the remaining fines and interest totaling R$911 under "Other operating income (expenses)". The amount of R$4,881 (R$5,470 as at December 31, 2010) was transferred to the REFIS installment payment account.

(g) The non-current portion matures as follows as at June 30, 2011:

	Consolidated
2012	1,937
2013	3,905
2014	3,905
2015	3,905
2016 and thereafter	41,287
	54,939

18. PAYABLES – BUSINESS ACQUISITIONS

Refer to debts assumed on the acquisition of businesses, to be paid monthly according to contractual maturities and adjusted on a quarterly basis using the IGP-M released by Fundação Getúlio Vargas - FGV and the IPCA released by Instituto Brasileiro de Geografia e Estatística - IBGE. These amounts total:

	Company		Consolidated	
	6/30/2011	12/31/2010	6/30/2011	12/31/2010
Current	18,721	3,578	23,184	7,427
Non-current	37,430	19,089	37,624	22,700
	56,151	22,667	60,808	30,127

The acquisition of Diagnoson generated an additional liability of R$34,536 as at June 30, 2011, of which R$16,107 in current liabilities and R$18,429 in non-current liabilities.

The non-current portion matures as follows as at June 30, 2011:

Maturity	Company	Consolidated
2012	10,114	10,114
2013	10,055	10,120
2014	7,856	7,920
2015	970	1,035
2016	8,435	8,435
	37,430	37,624

19. COMMITMENTS

The Fleury Group has operating lease agreements of equipment and future installments as at June 30, 2011 (Company and consolidated) totaled R$189 (R$532 as at December 31, 2010).

The position of commitments made, stated at their fair value, is as follows:

A significant portion of the properties used in operating activities is leased, under terms and conditions set out in agreements effective for periods ranging from four to six years. Property rental expenses totaled R$25,842 as at June 30, 2011 (R$40,071 as at December 31, 2010), Company, and R$26,773 (R$41,593 as at December 31, 2010), consolidated. The agreements are adjusted for inflation after the original maturity date (generally annual), and the adjustment is calculated based on the IGP-M variation. Consolidated property lease commitments totaled R$ 171,438 as at June 30, 2011 (R$142,420 as at December 31, 2010). The consolidated position of commitments made is as follows:

	Consolidated
2011	23,682
2012	43,710
2013	35,440
2014	27,692
2015 and thereafter	40,914
	171,438

20. EQUITY

Share capital

Fully paid-in capital as at June 30, 2011 is represented by 131,298,550 registered common shares without par value (131,298,550 as at December 31, 2010). The Company is authorized to increase its capital by up to 150,000,000 common shares, regardless of any amendment to its bylaws.

The Annual Shareholders' Meeting held on March 25, 2011 approved the following in regard to the allocation of profit for the year ended December 31, 2010: i) the recognition of a legal reserve of R$6,500; ii) the payment of interest on capital related to 2010 totaling R$40,000, attributed to the mandatory dividend; iii) the recognition of a revenue reserve for investment and expansion, of R$84,466, as required by art. 34 of the Company's bylaws – the remaining balance comprises retained earnings of R$83,501 and the amount related to the realization of the revaluation reserve of R$965.

Dividends and Interest on capital

At the end of each fiscal year, shareholders are entitled to mandatory minimum dividends of 25% of the profit for the year adjusted as per Corporate Law.

On August 30, 2010, compensation, in the form of interest on capital, was paid in advance to shareholders. The gross amount paid of R$ 16,228 corresponds to R$ 0.12 per share, based on the shareholding position on August 11, 2010.

On December 29, 3010, compensation, in the form of interest on capital, was paid in advance to shareholders. The gross amount paid of R$ 23,772 corresponds to R$ 0.18 per share, based on the shareholding position on December 17, 2010.

The sum of amounts paid as dividends, in the form of interest on capital, represents 31% of the profit for the year, pursuant to article 202 of Law 6404/76 and article 34 of the Company's bylaws.

Capital budget

The Annual Shareholders' Meeting held on March 25, 2011 approved the capital budget proposed by the Company's management for 2011, totaling R$174,124, of which R$155,270 derived from line item "revenue reserve for investment and expansion" and R$18,854 from the Company's operating cash generation.

Statement of comprehensive income

There were no transactions in equity, in all material aspects, that would cause adjustments that might be included in the statement of comprehensive income.

21. RELATED PARTIES

	Company		Consolidated	
	6/30/2011	6/30/2010	6/30/2011	6/30/2010
Transactions with subsidiary				
Rental expenses				
Transinc Serviços Médicos S.A. (a)	(3,011)	(2,850)	(3.011)	(2.850)
	(3,011)	(2,850)	(3.011)	(2.850)

	Company		Consolidated	
	6/30/2011	12/31/2010	6/30/2011	12/31/2010
Balances-				
With subsidiaries-				
Non-current assets and liabilities-				
Loans receivable and advances for future capital increase:				
Fleury CPMA (b)	12,646	7,568	-	-
	12,646	7,568	-	-

(a) Transinc Serviços Médicos S.A. owns and manages some properties used by Fleury S.A. and its shareholders are individuals who also hold interests in the Company's parent, Integritas Participações S.A. The rental agreement amounts payable to this entity have been determined based on market prices calculated by independent consultants and are inflation adjusted based on the average of the IGP-M, IPCA and INPC indices.

(b) Of the total amount of R$12,646, R$2,338 refers to administrative support services provided by Fleury to the subsidiary, for which there are no guarantees and the risk of loss is considered as remote by the Company, and R$10,308 refers to advance for future capital increase.

Management compensation for the six-month period ended June 30, 2011 includes salaries and fees in the amount of R$4,191 and compensation to the Board of Directors of R$660 (R$4,013 and R$660, respectively, as at June 30, 2010) and is recorded in the income statements as "General and administrative expenses". The Company does not grant to its officers any type of post-employment or termination benefits, or any type of long-term benefits.

As at June 30, 2011, the Company does not have a provision for employee and management profit sharing. This provision was R$5,313 for the six-month period ended June 30, 2010, recorded under "General and administrative expenses".

The Company records provisions for employees and management profit sharing, which amounted R$ 2,400 in the period ended June 30, 2011 (R$ 5,313 in the period ended June 30, 2010), recorded in "General and administrative expenses".

22. SERVICE REVENUE

	Company		Consolidated	
	6/30/2011	6/30/2010	6/30/2011	6/30/2010
Gross-net revenue reconciliation:				
Gross revenue	507,684	440,624	513,994	453,424
Cancellations	(7,577)	(5,352)	(7,676)	(5,579)
Taxes	(30,928)	(25,495)	(31,245)	(26,110)
Net revenue	469,179	409,777	475,073	421,735

23. COST OF SERVICES

	Company		Consolidated	
	6/30/2011	6/30/2010	6/30/2011	6/30/2010
General expenses	(39,845)	(30,957)	(39,918)	(31,519)
Materials and outside services	(54,472)	(48,678)	(54,594)	(51,475)
Staff and medical services	(139,486)	(126,517)	(144,122)	(131,555)
General services, leases and public services	(63,882)	(51,495)	(64,086)	(52,375)
	(297,685)	(257,647)	(302,720)	(266,924)

In 2011 a change in the allocation criterion has been implemented. Operating costs of back-office, previously considered as General and Administrative Services, have been allocated to Cost of Services. For purposes of comparability, the amounts of the interim financial statements for the second quarter of 2010 are being presented under the new criterion adopted in 2011.

24. GENERAL AND ADMINISTRATIVE EXPENSES

	Company		Consolidated	
	6/30/2011	6/30/2010	6/30/2011	6/30/2010
General expenses				
Depreciation and amortization	(17,684)	(14,261)	(18,016)	(15,410)
Consulting services	(8,060)	(6,010)	(8,197)	(6,027)
Events and promotions	(6,046)	(4,814)	(6,058)	(4,744)
Services provided by law firms	(2,381)	(1,373)	(2,384)	(1,436)
Other	(6,413)	(5,443)	(6,470)	(5,947)
	(40,584)	(31,795)	(41,125)	(33,564)
Materials and outside services	(348)	(384)	(348)	(630)
Staff and medical services	(33,449)	(28,255)	(33,781)	(29,608)
General services, leases and public services	(4,359)	(4,531)	(5,486)	(5,101)
	(78,740)	(64,965)	(80,740)	(68,903)

As previously mentioned, in 2011 a change in the allocation criterion has been implemented. Operating costs of back-office, previously considered as General and Administrative Services, have been allocated to Cost of Services. For purposes of comparability, the amounts of the interim financial statements for the second quarter of 2010 are being presented under the new criterion adopted in 2011.

25. OTHER OPERATING INCOME (EXPENSES), NET

	Company		Consolidated	
	6/30/2011	6/30/2010	6/30/2011	6/30/2010
Provision for impairment of trade receivables	(1,772)	(8,468)	(1,772)	(8,472)
Net result on write-off of assets	(1,324)	(1,049)	(1,324)	(1,049)
Expiration of recoverable taxes	-	(5,911)	-	(5,911)
Utilization of tax credits (Law 11941)	-	14,632	-	14,632
Other	(1,407)	(1,248)	(1,417)	(1,336)
	(4,503)	(2,044)	(4,513)	(2,136)

26. FINANCE INCOME (COSTS)

	Company		Consolidated	
	6/30/2011	6/30/2010	6/30/2011	6/30/2010
Finance income				
Short-term investments	30,013	23,940	30,013	23,940
Exchange rate change	1,943	1,264	1,943	1,264
Monetary gain	846	-	846	-
Derivative financial instruments	68	67	68	67
Other	140	108	201	163
	33,010	25,379	33,071	25,434
Finance costs				
Interest and inflation adjustment on borrowings and financing	(10,208)	(10,523)	(10,387)	(10,535)
Derivative financial instruments	(3,141)	(51)	(3,141)	(51)
Interest and inflation adjustment on provision for tax, labor and civil risks	(1,269)	(1,631)	(1,269)	(1,667)
Bank fees and expenses	(739)	(749)	(742)	(788)
Exchange rate change	(226)	(958)	(226)	(958)
Other	(932)	(1,273)	(1,603)	(1,321)
	(16,515)	(15,185)	(17,368)	(15,320)
Finance income (costs), net	16,495	10,194	15,703	10,114

27. INCOME TAX AND SOCIAL CONTRIBUTION – CURRENT AND DEFERRED

	Company and Consolidated	
	6/30/2011	12/31/2010
Provision for tax, labor and civil risks	37,166	40,033
Amortization of goodwill non-deductible up to December 31, 2008 and deductible in future periods	24,782	24,782
Provision for impairment of trade receivables	3,948	11,355
Accrued profit sharing	2,400	8,846
Foreign exchange gains (losses) - taxed on a cash basis	(862)	526
Adjustment at net value of assets acquired	(3,843)	-
Revaluation reserve	(4,047)	(4,761)
Effects of goodwill amortization for tax purposes	(123,616)	(94,512)
Other	-	929
Tax base	(64,072)	(12,802)
Deferred income tax and social contribution at the combined tax rate of 34%	(21,784)	(4,353)
Distribution		
Non-current assets	23,220	28,905
Non-current liabilities	(45,004)	(33,258)

Current and deferred income tax and social contribution charged in the income statement are reconciled as follows:

	Company		Consolidated	
	6/30/2011	6/30/2010	6/30/2011	6/30/2010
Profit before income tax and social contribution	99,747	92,256	99,819	92,962
Approximate combined income tax and social contribution rate	34%	34%	34%	34%
Income tax and social contribution	(33,914)	(31,367)	(33,938)	(31,607)
Benefit of enrollment in REFIS IV	-	4,975	-	4,975
Share of profits (losses) of subsidiaries	(686)	617	-	-
Write-off of non-deductible receivables	-	(8,200)	-	(8,200)
Write-off of prescribed credit	(1,507)	-	(1,507)	-
Non-deductible expenses	(1,650)	(2,241)	(1,650)	(2,241)
Other	(1,327)	(1,151)	(2,060)	(1,000)
Income tax and social contribution expense	(39,084)	(37,367)	(39,155)	(38,073)
Current	(23,274)	(13,936)	(23,346)	(14,642)
Deferred	(15,810)	(23,431)	(15,809)	(23,431)

Based on the technical study of taxable profit projections calculated pursuant to CVM Instruction 371/02, the Company estimates that tax credits arising from tax loss carryforwards and temporary differences will be recovered in the following years/periods:

Year/period	Company and Consolidated
2011	2,322
2012	3,483
2013	4,644
2014	5,805
2015	6,966
	23,220

The Company opted for the Transitional Tax Regime (RTT) created by Provisional Act 449/08, subsequently converted into Law 11941/09, under which the calculation of business income tax (IRPJ), social contribution on net profit (CSLL), social integration program tax on revenue (PIS), and social security funding tax on revenue (COFINS) continues to be based on the methods and criteria defined by Law 6404/76 in effect at December 31, 2007.

When applicable, deferred income tax and social contribution calculated on the adjustments arising from the adoption of the new accounting practices introduced by Law 11638/07 and Law 11941/09 were recorded in the Company's financial statements.

Diagnoson Ultra-Sonografia e Densitometria Óssea Ltda., acquired by the Company on June 30, 2011, calculates IRPJ and CSLL under the deemed profit method.

28. EMPLOYEE BENEFITS

The Company sponsors a pension plan called Itaú Vida e Previdência S.A., the main purpose of which is to supplement social security benefits; participation in this plan is optional for all employees of the Company and its subsidiary Fleury CPMA, and the plan is managed by Itaú Vida e Previdência S.A. The plan is a defined contribution pension plan and for the six-month period ended June 30, 2011 the Company made contributions totaling R$895 (R$747 for the six-month period March 30, 2010), fully charged to "General and administrative expenses".

All employees and officers with an employment relationship with the Company or Fleury CPMA are eligible for the plan. The maximum age limit to join the plan is 60 years old and the maximum age limit to leave the plan is 70 years old.

Plan participants can make basic contributions corresponding to 1% to 5% of their contribution salary, to be paid monthly, limited to a minimum contribution of R$20.00. Participants can also make voluntary contributions, at their sole discretion, at any time and at amounts above R$20.00.

Company's and subsidiary's contributions are made as follows:

Employment relationship time or plan participation time	Sponsor contribution
4 years or less	50% of the participant's basic contribution
From 5 to 9 years	75% of the participant's basic contribution
10 years or higher	100% of the participant's basic contribution

For the six-month period ended June 30, 2011, the Company recorded expenses for healthcare to its employees totaling R$9,390, R$8,421 of which charged to "Cost of services" and R$888 to "General and administrative expenses" (R$5,110, R$4,124 and R$986, respectively, for the six-month period ended June 30, 2010).

Stock option plan

The Extraordinary Shareholders' Meeting held on November 12, 2009 approved the Company's Stock Option Plan, authorizing the granting of share options to employees chosen by the Board of Directors. The options granted under the plan are limited to 3% of the total shares of the Company's subscribed and paid-up capital.

Each stock option granted to employees can be converted into a common share of Fleury S.A. when vested, and can be exercised at any time after the vesting date within up to six years after the grant date, after which they expire. No amount is paid or will be paid by the beneficiary when receiving the stock options. The stock options do not entitle their holders to dividends or votes until they are exercised.

The Company's Board of Directors is responsible for determining, on each grant date, the employees eligible to the plan and the number of shares to be acquired upon the exercise of each option, the effective period, the exercise price, the payment terms, and other conditions.

The total exercise of the shares can be made in, at least, four years from the option contract signing date, in portions defined as follows: (a) up to 33% of the total shares subject to the option as from the end of the second year; (b) up to 33%, deducting the ones already exercised, as from the end of the third year, or up to 66% of the total shares, deducting the ones already exercised; and (c) remaining 34% or up to 100% of the total shares as from the fourth year.

Participants will have a maximum term of 6 years to exercise the options, counted from the option grant date.

The Board of Directors' Meeting held on February 9, 2010 approved the grant of 552,625 share options and the appointment of participants. The exercise price of the first grant options was set at R$16.00, equivalent to the price established in the first primary public offering of Fleury shares and will be adjusted based on the IPCA fluctuation.

The Board of Directors' Meeting held on February 22, 2011 approved the grant of 327,825 share options and the appointment of participants. The exercise price of the second grant options was set at R$25.76 and will be adjusted based on the IPCA fluctuation.

The Company calculated and recognized an expense for the six-month period ended June 30, 2011, prorated since the grant date, totaling R$486, fully charged to “General and administrative expenses”.

29. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company by the weighted average number of common shares issued during the year, excluding common shares purchased by the Company and held as treasury shares.

	6/30/2011	6/30/2010
Profit attributable to owners of the Company	60,663	54,888
Weighted average number of common shares issued	131,298,550	131,298,550
Weighted average number of treasury shares	-	-
Weighted average number of common shares outstanding	131,298,550	131,298,550
Basic earnings per share - R$	0.46	0.42

Diluted earnings per share

Diluted earnings per share are calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. The Company had dilutive potential common shares outstanding during the period according to the Company's Stock Option Plan as follows:

	6/30/2011	6/30/2010
Profit attributable to owners of the Company	60,663	54,888
Weighted average number of common shares outstanding	131,298,550	131,298,550
Adjustment for share call options	92,104	54,320
Weigted average number of common shares for diluted earnings per share	131,390,654	131,352,870
Diluted earnings per share - R$	0.46	0.42

30. SEGMENT REPORTING

The Company performs Group analyses based on two significant business segments: (i) Diagnostic Medicine and (ii) Integrated Medicine. The segments presented in the financial statements are strategic business units that offer distinct products and services. Sales between segments are made at prices similar to those that could be charged from third parties.

	6/30/2011			6/30/2010		
	Diagnostic medicine (DM)	Integrated medicine (IM)	Consolidated	Dignostic medicine (DM)	Integrated medicine (IM)	Consolidated
Net revenue	**396,710**	**78,363**	**475,073**	**361,090**	**60,645**	**421,735**
Profit of the segment	**93,502**	**8,631**	**102,133**	**91,563**	**6,696**	**98,259**
Depreciation and amortization	-	-	(18,017)	-	-	(15,412)
Finance income (costs)	-	-	15,703	-	-	10,115
Profit before taxes	-	-	99,819	-	-	92,962
Total assets			1,479,238			1,321,133
Total assets includes						
Goodwill	327,173	9,990	337,163	288,097	-	288,097
Brands	10,731	1,548	12,279	9,944	-	9,944
Non-allocated assets			1,129,796			1,023,092
Total liabilities			406,286			345,156

Assets and liabilities from the Fleury Group, except goodwill and acquired brands, are not used in the decision-making process of those segments.

The goodwill and recorded intangible assets (Trademarks and Patents) arising from the acquisition of Diagnoson, of R$49,066 and R$2,973, respectively, were fully allocated to the Diagnostic Medicine (DM) segment.

31. INSURANCE

The Company and its subsidiaries contract blanket insurance coverage for its assets, loss of profits and/or liabilities, in amounts considered sufficient to cover potential losses, in view of the type of operations of the companies, and according to the assessment of Management and its insurance consultants. The net premium of the insurance policies in effect as at June 30, 2011 is approximately R$ 879. The insurance contracts are effective until October 2011. The table below shows the maximum sum insured (MSI) of the main insurance coverage as at June 30, 2011:

	Consolidated
Named perils	R$130,072
General civil liability	R$2,000
Professional civil liability	R$3,500
Professional civil liability – directors and officers	R$30,000
International freight - imports	US$1,200

32. EVENTS AFTER THE REPORTING PERIOD

On July 13, 2011, the Company entered into an Investment Agreement with the shareholders of Labs D'or for acquisition of 100% of Labs Cardiolab by the Company. The total amount of the business is estimated at R$1,190,000. The assets involved in the acquisition may generate, according to studies made after the Memorandum of Understanding was signed, based on the period between July 2010 and March 2011, an annualized net revenue of R$444,000 and EBTIDA of R$111.000, with an EBTIDA margin of 25%.
On August 1st, 2011, after followed the contractual conditions, Fleury Group acquired 50% stake in the Labs Cardiolab's capital, equivalent to R$ 620,000. It is expected that in 120 days the Company will incorporate into its assets the remaining 50% of the Labs Cardiolab shares, making it a wholly owned subsidiary of the Company. An exchange ratio of shares equivalent to 50% of the total voting shares corresponding to 24.9 million shares was negotiated independently between the parties. The issuance of these shares will represent 15.94% of the resulting company - such shares will be subject to sales restrictions (lock-up) based in the shareholders' agreement.

On July 14, 2011, the Company approved, through its Board of Directors, the proposal for merger of Diagnoson Ultra-Sonografia e Densitometria Óssea Ltda. The proposal was approved at the Extraordinary General Meeting held on August 1, 2011. The proposal for the merger includes, among others, the following conditions: the equity of Diagnoson (R$ 5,423), which will be merged into the Company, consolidating in a single legal entity the benefits of increased efficiencies in operations and reduced administrative costs, and goodwill of approximately R$49,000, which will be amortized for tax purposes by the Company, pursuant to prevailing legislation after the merger. The acquisition of Diagnoson by the Company is pending approval by the Brazilian anti-trust agencies.

In the Extraordinary General Meeting held on August 1st, 2011, based on the terms of the report issued by PricewaterhouseCoopers Auditores Independentes, it was approved the total merger of Di Medical Services Limited's net assets of R$ 2,208 by Fleury CPMA - Centro de Procedimentos Médicos Avançados S.A., a company controlled by Fleury SA.

On August 02, 2011, the Company approved, through its Board of Directors, the payment of Interest on Capital. The amount of R$ 18,000,000.51 or R$ 0.13709215 per share refers to the net income reported between January and June 2011, and will be distributed based on the Company's ownership structure as of August 19 2011, subject to 15% of income tax retention, except for shareholders exempted or domiciled in countries or jurisdictions subject to alternative rates. The Company's shares will be traded "ex" interest as from August 22, 2010. This payment, which will be available on August 31st, represents an anticipation of any dividends to be approved (by the Shareholder´s Meeting) and distributed after the end of the fiscal year.

BOARD OF EXECUTIVE DIRECTORS DECLARATION ABOUT FINANCIAL STATEMENTS

Pursuant to subsection VI of Article 25 of CVM Instruction 480 of December 7 2009, the Board of Executive Directors declares that it has reviewed, discussed and agreed with the Company's Financial Statements for the period ended in June 30th, 2011, authorizing its conclusion on this date.

São Paulo, August 3, 2011.

Board of Executive Directors

Omar Magid Hauache – CEO
Fábio Tadeu Marchiori Gama – CFO and Head of IR
José Marcelo Amatuzzi de Oliveira – Executive Director for Human Resources
Wilson Leite Pedreira Junior – Executive Director for Diagnostic Medicine

BOARD OF EXECUTIVE DIRECTORS DECLARATION ABOUT INDEPENDENT AUDITOR´S REPORT

In compliance with the Instruction 480/09, published by CVM on December 7 2009, the Board of Executive Directors declares that it has reviewed, discussed and agreed with the contents and opinions expressed in the Independent Auditor´s Report on the Company's Financial Statements for the period ended in March 30th, 2011, issued on August 03, 2011.

São Paulo, August 3, 2011.

Board of Executive Directors

Omar Magid Hauache – CEO
Fábio Tadeu Marchiori Gama – CFO and Head of IR
José Marcelo Amatuzzi de Oliveira – Executive Director for Human Resources
Wilson Leite Pedreira Junior – Executive Director for Diagnostic Medicine