Independent Auditor´s Report on the Individual and Consolidated Financial Statements

To the Board of Directors and Stockholders
Fleury S.A.
São Paulo - SP

Opinion
We have audited the individual and consolidated financial statements of Fleury S.A. ("Company"), identified as Parent Company and Consolidated, respectively, comprising the statement of financial position as at December 31, 2016, and the related statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the individual and consolidated financial position of Fleury S.A. as of December 31, 2016, the individual and consolidated performance of its operations and its individual and consolidated cash flows for the year then ended, in conformity with accounting practices adopted in Brazil and International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board (IASB).

Basis for opinion
Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibilities, in accordance with such standards, are described in the following section entitled "Auditor's responsibilities for the audit of individual and consolidated financial statements." We are independent in relation to the Company and its subsidiaries, in accordance with the relevant ethical principles provided for in the Accountant's Code of Professional Ethics and professional standards issued by the Federal Accounting Council, and we comply with other ethical responsibilities pursuant to these standards. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
The key audit matters are those that, in our professional judgment, were the most significant in our audit for the current year. These issues were addressed in the context of our audit of individual and consolidated financial statements as a whole and in expressing our opinion on these individual and consolidated financial statements and, therefore, we do not express a separate opinion on these issues.

1. ***Goodwill recoverable value due to future earnings – Parent Company and Consolidated (note 14)***
As of December 31, 2016, the Company's financial statements include goodwill deriving from acquisition of investments whose recoverable value must be analyzed on an annual basis and whose recoverability is based on estimated future earnings. On an annual basis, the Company evaluates probability of these future earnings, as well as assumptions that determine them, such as profitability of Cash Generating Units (CGU), business growth rates, cash flow projections, and respective discount rates applied on expected financial flows that are the basis for impairment studies. Due to relevance of and characteristics inherent to the process of determining future cash flow estimates and their assumptions, which are the basis for evaluation of goodwill recoverable value, and due to the high level of judgment inherent in determining these estimates, that may impact the value of such assets in individual and consolidated financial statements, we considered this matter as significant to our audit work.

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How our audit treated this matter
We evaluated internal controls related to preparation and review of technical studies and analysis of recoverable value made available by the Company. With the help of our corporate finance specialists, we evaluated the Company's assumptions, especially those related to growth of revenues, profit margins and discount rates applied to discounted cash flows and compared the Company's assumptions with data obtained from external sources, when available, such as projected economic growth, inflation of provided service costs, and discount rates. We compared the sum of discounted cash flows with the Company's market value, determined based on its publicly-traded shares in order to evaluate reasonability of these cash flows. We also analyzed reasonability of mathematical calculations included in studies and evaluated adequacy of disclosures made by the Company.

2. ***Recognition of revenue – Parent Company and Consolidated***
The Company's revenues derive from services and their recognition is based on services provided up to financial statement date. It is necessary to properly determine revenue to be recognized, considering services provided and billed, and also those unbilled. Due to relevance of this transaction, including measurement of unbilled revenues that may impact value of revenue in individual and consolidated financial statements, we considered this matter as significant for our audit work.

How our audit treated this matter
Our audit procedures included evaluation of design, implementation, and tests on operating effectiveness of controls over process, as well as adequacy of accounting policies adopted by the Company for recognition of revenue, specifically those related to billing of services provided and measurement of services provided to be billed (unbilled revenues). We compared billing and medical examination performed with accounting balance of revenue recognized in financial statements. In addition, we evaluated existence of unusual trends that could indicate material errors in revenue recognition, and considered adequacy of disclosures made in financial statements.

3. ***Estimated losses with disallowances and doubtful accounts – Parent Company and Consolidated (note 7)***
Periodically, the Company reviews its losses, disallowances, and doubtful accounts position for the purpose of estimating the necessity of establishing a provision for impairment losses. Due to relevance of involved amounts and to characteristics inherent to the process of determining estimates related to measurement of losses from the Company's disallowances and doubtful accounts, and to impact that possible changes in assumptions and estimates used to measure these provisions would have on individual and consolidated financial statements, we considered this matter significant for our audit work.

How our audit treated this matter
We evaluated internal controls related to disallowances of health insurance operators, as well as controls used to measure estimated losses from disallowances and doubtful accounts, and their adherence to the Company's accounting policies and conducted tests on samples, comparing them to supporting documentation. We also evaluated the Company's assumptions for determination of percentages used to calculate estimated losses from disallowances and doubtful accounts, based on particularities inherent to client profiles separated into private and health insurance operators. We also considered adequacy of disclosures made by the Company.

Other issues

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Statements of added value
Individual and consolidated statements of added value (DVA) for the year ended December 31, 2016, prepared under responsibility of Company's management, and presented as supplementary information for IFRS purposes, were submitted to audit procedures carried out together with the audit of Company's financial statements. In order to form our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in CPC 09 Technical Pronouncement - Statement of Added Value. In our opinion, these statements of added value were prepared, in all material respects, in accordance with the criteria defined in this Technical Pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

Comparative financial statements examined by other independent auditor
The exam of individual and consolidated financial statements, for the year ended on December 31, 2015, originally prepared before the adjustments, described in note 2.16, due to the effects of consolidation of exclusive funds and government bonds reclassification from cash and cash equivalents to marketable securities and reclassification of interest on financial investments and dividends received from financing activities to investment activities, were conducted by responsibilities of other independent auditors, who issued an unqualified audit report on March 3, 2016

As part of our exams of the financial statements for the year ended on December 31, 2016, we have examined the reclassifications to the corresponding amounts in the statement of financial position, statement of profit or loss and cash flows for the year ended on December 31, 2015, which in our opinion are appropriate and were correctly adjusted, in all material respects. We were not contracted to audit, review or apply any other procedures regarding the Company's financial statements for the year ended December 31, 2015 and therefore, we do not issue an opinion or any form of assurance about them taken as a whole.

Other information accompanying individual and consolidated financial statements and the auditor's report

Management report
The Company's management is responsible for such other information that comprise the Management Report.

Our opinion on the individual and consolidated financial statements does not include the Management Report and we do not express any form of audit conclusion on such report.

Regarding the audit of individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is, in a material way, inconsistent with the financial statements or with our knowledge gained in the audit or otherwise appears to be materially misstated. If, based on the works performed, we conclude that there is a material misstatement in the Management Report, we are required to disclose this fact. We have nothing to report in this regard.

Responsibilities of management and governance for the individual and consolidated financial statements
Management is responsible for the preparation and adequate presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board (IASB), and the internal controls it deemed necessary to enable

the preparation of these financial statements free of significant distortions, regardless of whether the latter were caused by fraud or error.

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

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

Auditor's responsibilities for the audit of individual and consolidated financial statements

Our goals are to obtain reasonable assurance that the individual and consolidated financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error, and issue the audit report with our opinion. Reasonable assurance means a high level of security, but not a guarantee that an audit conducted in accordance with Brazilian and international auditing standards always detects any existing material misstatements. Misstatements may be due to fraud or error and are considered material when, individually or taken as a whole, can influence, within a reasonable perspective, the economic decisions of users taken based on these financial statements.

As part of the audit conducted in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain our professional skepticism throughout the audit. Moreover:

- We identify and assess the risks of material misstatement of individual and consolidated financial statements, whether due to fraud or error, plan and perform audit procedures in response to such risks and obtain sufficient and appropriate audit evidence for expressing our opinion. The risk of not detecting a material misstatement due to fraud is higher than due to error, since a fraud can involve the act of circumventing internal controls, collusion, falsification, omission or intentional misrepresentations.
- We obtain an understanding of the internal controls relevant to the audit to plan the audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal controls of the Company and its subsidiaries.
- We evaluate the adequacy of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of the use of the going concern accounting basis by management, and based on the audit evidence obtained, whether there is significant uncertainty in relation to events or conditions that may cast significant doubt on the ability of the Company and its subsidiaries to continue as a going concern. If we conclude that there is a material uncertainty, we must highlight the related disclosures in the individual and consolidated financial statements in our report, or include a modification in our opinion if disclosures are inadequate. Our conclusions are based on audit evidence obtained up to the date of our report. However, future events or conditions may lead the Company and its subsidiaries to no longer remain as a going concern.
- We evaluate the overall presentation, structure and content of financial statements, including disclosures, and whether the individual and consolidated financial statements

represent the underlying transactions and events in a manner consistent with the objective of fair presentation.

- We obtain appropriate and sufficient audit evidence regarding the financial information of the entities or business activities of the group to express an opinion on the individual and consolidated financial statements. We are responsible for directing, supervising and carrying out the group's audit and, therefore, for the audit opinion.

We communicate with those charged with governance regarding, among other issues, the planned scope, the timing of the audit and the significant audit findings, including any significant weaknesses in internal controls that we have identified during our work.

We also provide those charged with governance with a statement that we complied with relevant ethical requirements, including the applicable requirements of independence, and communicate all potential relationships or matters that could materially affect our independence, including, where applicable, the related safeguards.

Of the issues that were subject of communication with those charged with governance, we determine those that were considered the most significant in the audit of the financial statements for the current year and, thus, represent the main audit issues. We describe these issues in our audit report, unless there is a law or regulation prohibiting public disclosure of the matter or when, in extremely rare circumstances, we determine that the matter should not be reported in our report since the adverse consequences of such communication can, within a reasonable perspective, outweigh the benefits of communication to the public interest.

São Paulo, March 08, 2017

KPMG Auditores Independentes
CRC 2SP014428/O-6
(Original report in Portuguese signed by)
Marcos Antonio Boscolo
Accountant CRC 1SP198789/O-0

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FLEURY S.A. AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION ON DECEMBER 31
(In thousands of Brazilian reais - R$)

	Note	Parent Company		Consolidated	
Assets		**12/31/2016**	**12/31/2015 (reclassified)**	**12/31/2016**	**12/31/2015 (reclassified)**
Current Assets					
Cash and cash equivalents	4	310,500	514,171	313,834	514,886
Marketable securities	5	92,641	114,642	92,976	114,642
Trade receivables	7	397,104	391,184	403,041	397,521
Inventories	8	31,598	16,406	31,598	16,406
Taxes recoverable	9	66,195	74,005	66,745	74,913
Other assets		25,030	14,081	25,031	14,081
Total current assets		**923,068**	**1,124,489**	**933,225**	**1,132,449**
Non-current assets					
Taxes recoverable	9	-	14,758	-	14,758
Judicial deposits	10	42,631	42,236	42,634	42,238
Receivables	11	11,470	31,052	11,470	31,052
Other assets		15,596	19,205	15,596	19,205
Investments	12	29,293	28,542	8,762	7,634
Property and equipment	13	470,409	441,139	470,409	443,183
Intangible assets	14	1,511,025	1,500,334	1,523,724	1,513,717
Total non-current assets		**2,080,424**	**2,077,266**	**2,072,595**	**2,071,787**
Total assets		**3,003,492**	**3,201,755**	**3,005,820**	**3,204,236**

	Note	Parent Company		Consolidated	
Liabilities and equity		**12/31/2016**	**12/31/2015 (reclassified)**	**12/31/2016**	**12/31/2015 (reclassified)**
Current liabilities					
Financing	15	19,532	9,080	19,532	9,080
Debentures	16	128,460	179,343	128,460	179,343
Derivative financial instruments	6	252	-	252	-
Trade payables	17	142,128	103,682	143,050	104,517
Payroll and related taxes	18	93,246	83,890	93,246	83,890
Taxes and contributions payable	19	23,206	24,760	24,304	25,124
Payable - company acquisitions	20	243	4,616	243	4,616
Dividends payable		14	10,603	14	10,603
Other payables		14	660	81	724
Total current liabilities		**407,095**	**416,634**	**409,182**	**417,897**
Non-current liabilities					
Financing	15	84,029	101,604	84,029	101,604
Debentures	16	600,000	700,000	600,000	700,000
Deferred income tax and social contribution, net	21	289,991	240,450	290,232	240,951
Provision for tax, labor and civil risks	22	34,107	33,759	34,107	33,759
Taxes and contributions payable	19	44,798	48,095	44,798	48,095
Payable - company acquisitions	20	7,747	5,774	7,747	6,491
Total non-current liabilities		**1,060,672**	**1,129,682**	**1,060,913**	**1,130,900**
Equity					
Share capital	25a	1,400,453	1,379,747	1,400,453	1,379,747
Capital reserve - options granted recognized		9,412	5,709	9,412	5,709
Reappraisal reserve		77	242	77	242
Legal reserve		54,650	43,213	54,650	43,213
Investment reserve		-	215,762	-	215,762
Additional dividend proposed	25b	71,133	10,766	71,133	10,766
Total equity		**1,535,725**	**1,655,439**	**1,535,725**	**1,655,439**
Total non-current liabilities and equity		**3,003,492**	**3,201,755**	**3,005,820**	**3,204,236**

The notes are an integral part of the financial statements.

FLEURY S.A. AND SUBSIDIARIES

STATEMENT OF INCOME
YEARS ENDED DECEMBER 31
(In thousands of Brazilian reais - R$, except earnings per share)

	Note	Parent Company		Consolidated	
		31/12/2016	31/12/2015	31/12/2016	31/12/2015
			(reclassified)		**(reclassified)**
Service revenue	27	**2,084,618**	**1,886,115**	**2,096,113**	**1,894,960**
Cost of services	28	(1,481,810)	(1,380,408)	(1,495,062)	(1,392,074)
Gross profit		**602,808**	**505,707**	**601,051**	**502,886**
Operating income (expenses)					
General and administrative	29	(243,316)	(222,203)	(243,317)	(222,211)
Other operating income (expenses), net	30	(14,014)	(37,629)	(13,839)	(37,686)
Provision for tax, labor and civil risks	22	(6,159)	(7,467)	(6,159)	(7,467)
Equity in the earnings (losses) of subsidiaries	12	539	(2,421)	1,119	117
Operating profit before financial result		**339,858**	**235,987**	**338,855**	**235,639**
Financial income	31	106,996	84,510	108,368	85,308
Financial expenses	31	(152,218)	(147,730)	(152,847)	(148,467)
Financial result		**(45,222)**	**(63,220)**	**(44,479)**	**(63,159)**
Earnings before income tax and social contribution		**294,636**	**172,767**	**294,376**	**172,480**
Income tax and social contribution					
Current	21	(16,346)	(15,855)	(16,346)	(15,855)
Deferred	21	(49,541)	(49,569)	(49,281)	(49,282)
Profit for the year		**228,749**	**107,343**	**228,749**	**107,343**
Earnings attributable to the Company's shareholders					
Basic earnings per share (weighted average)	31	1.46	0.69	1.46	0.69
Diluted earnings per share (weighted average)	31	1.44	0.68	1.44	0.68

The notes are an integral part of the financial statements.

FLEURY S.A. AND SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31
(In thousands of Brazilian reais - R$, except earnings per share)

	Parent Company		Consolidated	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Profit for the year	**228,749**	**107,343**	**228,749**	**107,343**
Other comprehensive income				
Items that will be reclassified to profit or loss in subsequent periods	-	-	-	-
Items that will not be reclassified to profit or loss in subsequent periods	-	-	-	-
Total comprehensive income for the year	**228,749**	**107,343**	**228,749**	**107,343**

The notes are an integral part of the financial statements.

FLEURY S.A. AND SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31
(In thousands of Brazilian reais - R$)

		Share capital		Capital reserve			Investment reserve			
	Note	Share capital	Share issue expenses	Options granted recognized	Reappraisal reserve	Legal reserve	Investment reserve	Profit for the year	Additional dividend proposed	Equity
Balance on December 31, 2014		**1,402,531**	**(22,784)**	**5,809**	**621**	**37,846**	**148,941**	**-**	**-**	**1,572,964**
Realization of reappraisal reserve		-	-	-	(379)	-	-	379	-	-
Stock option plan	16	-	-	(100)	-	-	2,036	-	-	1,936
Profit for the period (R$0.69 per share)		-	-	-	-	-	-	107,343	-	107,343
Profit allocation:		-	-	-	-	-	-	-	-	-
Dividends	25	-	-	-	-	-	-	(27,861)	10,766	(17,095)
Interest on equity		-	-	-	-	-	-	(9,709)	-	(9,709)
Constitution of legal reserve		-	-	-	-	5,367	-	(5,367)	-	-
Investment reserve		-	-	-	-	-	64,785	(64,785)	-	-
Balance on December 31, 2015		**1,402,531**	**(22,784)**	**5,709**	**242**	**43,213**	**215,762**	**-**	**10,766**	**1,655,439**
Capital increase - Stock Options	25	20,706	-	-	-	-	-	-	-	20,706
Realization of reappraisal reserve		-	-	-	(165)	-	165	-	-	-
Stock option plan	26	-	-	3,703	-	-	926	-	-	4,629
Profit for the year (R$1.46 per share)		-	-	-	-	-	-	228,749	-	228,749
Dividends from prior years		-	-	-	-	-	(216,853)	-	(10,766)	(227,619)
Profit allocation:										
Dividends	25	-	-	-	-	-	-	(106,887)	71,133	(35,754)
Interest on equity	25	-	-	-	-	-	-	(110,425)	-	(110,425)
Constitution of legal reserve		-	-	-	-	11,437	-	(11,437)	-	-
Investment reserve		-	-	-	-	-	-	-	-	-
Balance on December 31, 2016		**1,423,237**	**(22,784)**	**9,412**	**77**	**54,650**	**-**	**-**	**71,133**	**1,535,725**

The notes are an integral part of the financial statements.

FLEURY S.A. AND SUBSIDIARIES

STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31
(In thousands of Brazilian reais - R$)

	Parent Company		Consolidated	
	12/31/2016	**12/31/2015 (reclassified)**	**12/31/2016**	**12/31/2015 (reclassified)**
Profit for the year	228,749	107,343	228,749	107,343
Items not affecting cash:				
Income tax and social contribution	65,887	65,424	65,627	65,137
Financial result	45,222	63,220	44,479	63,159
Depreciation and amortization	142,552	120,496	145,353	122,457
Equity in the earnings (losses) of subsidiaries	(539)	2,421	(1,119)	(117)
Earnings before interest, taxes, depreciation and amortization	**481,871**	**358,904**	**483,089**	**357,979**
Stock option plan	4,629	1,936	4,629	1,936
Constitution of provision for tax, labor and civil risks	6,159	7,466	6,159	7,466
Allowance for doubtful accounts and disallowances	59,301	68,695	59,794	68,735
Capital gain in equity interest	-	(778)	-	(778)
Profit sharing	28,795	18,622	28,795	18,622
Other	11,186	14,390	10,320	14,065
Cash flow from operating activities before variation in assets and liabilities	**591,941**	**469,235**	**592,786**	**468,025**
Trade receivables	(60,723)	(75,239)	(60,812)	(76,179)
Inventories	(16,403)	(3,451)	(16,403)	(3,451)
Trade payables	28,691	(1,666)	28,777	(1,604)
Payroll and related taxes	(19,660)	11,322	(19,660)	11,322
Variation in other assets	56,618	19,711	56,751	19,844
Variation in other liabilities	(16,850)	(25,641)	(16,142)	(25,441)
Total variation in assets and liabilities	**(28,327)**	**(74,964)**	**(27,489)**	**(75,509)**
Financial expenses paid	(6,659)	(4,390)	(6,758)	(4,416)
Income tax and social contribution paid with credits	(44,669)	(19,467)	(44,669)	(19,467)
Net cash from operating activities	**512,286**	**370,414**	**513,870**	**368,633**
Acquisition of property and equipment and intangible assets	(183,984)	(111,697)	(183,984)	(111,697)
Interest on financial investments	99,593	72,508	100,760	73,241
Dividends received	17	80	41	91
Sale of property and equipment	1,269	166	1,269	166
Marketable securities	(76,373)	(24,800)	(76,708)	(24,800)
Redemption of marketable securities	98,374	12,083	98,373	12,083
Capital increase in related parties	(180)	(4,788)	-	(2,848)
Payments related to companies acquired	(5,704)	(9,213)	(5,704)	(9,303)
Net cash used in investing activities	**(66,988)**	**(65,661)**	**(65,953)**	**(63,067)**
Settlement of financing and debentures	(157,270)	(53,705)	(157,270)	(53,705)
Interest paid in financing and debentures	(128,018)	(124,018)	(128,018)	(124,018)
Capital increase	20,706	-	20,706	-
Dividends and/or interest on equity	(384,387)	(16,209)	(384,387)	(16,209)
Net cash used in financing activities	**(648,969)**	**(193,932)**	**(648,969)**	**(193,932)**
(Decrease) increase in cash and cash equivalents	**(203,671)**	**110,821**	**(201,052)**	**111,634**
Cash and cash equivalents				
At the beginning of the year	514,171	403,350	514,886	403,252
At the end of the year	310,500	514,171	313,834	514,886
Increase in cash and cash equivalents	**(203,671)**	**110,821**	**(201,052)**	**111,634**
	-	-	-	-

The notes are an integral part of the financial statements.

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FLEURY S.A. AND SUBSIDIARIES

STATEMENT OF VALUE ADDED
YEARS ENDED DECEMBER 31
(In thousands of Brazilian reais - R$)

	Parent Company		Consolidated	
	12/31/2016	12/31/2015 (reclassified)	12/31/2016	12/31/2015 (reclassified)
Revenue	**2,245,570**	**2,034,628**	**2,258,221**	**2,044,029**
Goods and products sold and services rendered	2,287,622	2,087,821	2,300,328	2,097,239
Allowance for doubtful accounts and disallowances	(59,301)	(68,695)	(59,794)	(68,735)
Other revenue	17,249	15,502	17,687	15,525
Inputs acquired from third parties	**(857,179)**	**(769,844)**	**(867,630)**	**(779,556)**
Cost of goods and products sold and services rendered	(624,497)	(574,709)	(634,933)	(584,414)
Materials, electricity, outsourced service and others	(231,472)	(194,412)	(231,487)	(194,419)
Loss/recovery of asset values	(1,210)	(723)	(1,210)	(723)
Gross value added	**1,388,391**	**1,264,784**	**1,390,591**	**1,264,473**
Depreciation and amortization	(142,552)	(120,496)	(145,353)	(122,457)
Net value added	**1,245,839**	**1,144,288**	**1,245,238**	**1,142,016**
Value added/received through transfer	**107,535**	**82,089**	**109,487**	**85,425**
Equity in the earnings (losses) of subsidiaries	539	(2,421)	1,119	117
Financial income	106,996	84,510	108,368	85,308
Total value added	**1,353,374**	**1,226,377**	**1,354,725**	**1,227,441**
Distribution of value added	**(1,353,374)**	**(1,226,377)**	**(1,354,725)**	**(1,227,441)**
Personnel and charges	(583,734)	(571,733)	(583,732)	(571,733)
Taxes, fees and contributions	(215,133)	(202,889)	(215,591)	(203,133)
Interest, rental and other operating expenses	(325,758)	(344,412)	(326,653)	(345,232)
Dividends and/or interest on equity	(228,749)	(37,570)	(228,749)	(37,570)
Retained earnings	-	(69,773)	-	(69,773)

The notes are an integral part of the financial statements.

FLEURY S.A.

Notes to the parent company and consolidated financial statements as of December 31, 2016
In thousands of reais, unless otherwise stated

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1. General information

1.1 – The Company

Fleury S.A. Fleury S.A. ("Fleury", "Parent Company" or "Company" and, jointly with its subsidiaries, "Grupo Fleury" or "Group") is a publicly-held company listed in the Novo Mercado special segment of the BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros, under ticker "FLRY3". The Company is headquartered in the city of São Paulo and operates in the states of São Paulo, Rio de Janeiro, Rio Grande do Sul, Paraná, Bahia, Pernambuco and the Federal District.

The Company's purpose is to render medical services in the diagnostic, treatment and clinical analysis areas. The Company can also hold equity interests in other companies as a partner, shareholder or quotaholder, as well as create appropriate conditions for the good practice of the medical profession, and support research and studies that contribute to the scientific progress of medicine.

On December 31, 2016, the Company had 141 patient service centers and 22 operations in hospitals in Brazil's main economic centers, distributed across six brands: Fleury, Weinmann, Clínica Felippe Mattoso, a+, Labs a+ and Diagnoson a+.

2. Presentation of the financial statements and summary of the main accounting practices adopted

2.1. Basis of presentation

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

Estimates and assumptions are reviewed periodically. Revisions to accounting estimates are recognized in the year when the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

Information on judgments made on the application of the accounting practices that materially affect the amounts recognized in the financial statements is included in the following notes:

- Note 7 – estimated losses with doubtful accounts and disallowances;
- Note 14 – impairment testing;
- Note 22 – provision for tax, labor and civil risks.

a) Statement of compliance and basis of preparation

The parent company and consolidated financial statements were prepared and are being presented based on the accounting practices adopted in Brazil, which include the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC) and the International Financial Reporting Standards (IFRS) – IAS 1, issued by the International Accounting Standards Board (IASB). All significant information pertaining to the financial statements, and this information alone, is being evidenced and corresponds to those used by Management in its activities.

b) Consolidation

The Company consolidates all the entities it controls, i.e., when it is exposed or has rights to variable returns from its investee and is able to manage important activities of the investee.

Intercompany transactions, balances and unrealized gains and losses in intragroup transactions are eliminated. The parent company's accounting practices are consistent with those adopted by the Company.

The Company's subsidiary and exclusive funds, as well as its direct interest, are broken down as follows:

		Interest held in share capital %		
Company	**Type**	**2016**	**2015**	**Description**
Bradesco Fundo de Investimento Renda Fixa Crédito Privado Exclusivo Beta	Direct	100%	100%	Exclusive investment fund
Santander FI Exclusivo Alpha Renda Fixa Crédito Privado Longo Prazo	Direct	100%	100%	Exclusive investment fund
Fleury Centro de Procedimentos Médicos Avançados ("Fleury CPMA")	Direct	100%	100%	It concentrates the diagnostic imaging activities in certain hospitals

c) Joint operation

The joint operation is accounted for by the equity accounting method and its indirect interest is broken down as follows:

		Interest held in share capital %		
Company	**Type**	**2016**	**2015**	**Description**
Papaiz Associados Diagnóstico por Imagem S/S Ltda.	Indirect	51%	51%	Dental radiology operation

d) Approval of the financial statements

Grupo Fleury's financial statements were approved by the Board of Directors at a meeting held on March 8, 2017.

2.2. New standards, amendments and interpretations of standards issued by IASB and the CPC

The following standards were issued by IASB, but are not yet effective for 2016. Although encouraged by IASB, early adoption is not allowed by the Brazilian Accounting Pronouncements Committee (CPC).

IFRS 9 - "Financial Instruments" addresses the classification, measurement and recognition of financial assets and liabilities and will be effective as of January 1, 2018.
The Company carried out a preliminary analysis and does not expect any material effect from the adoption of this standard in its Financial Statements.

IFRS 15 – "Revenue from Contracts with Customers" establishes new requirements for recognition of revenue from goods and services and extensive disclosures. This standard shall apply for annual periods as of or after January 1, 2018. The Company carried out a preliminary analysis and does not expect any material effect from the adoption of this standard in its Financial Statements. Eventual impacts, although not expected, should not be prospectively addressed in the transition approach.

IFRS 16 – "Leases" establishes the principles for the recognition, measurement, presentation and disclosure of leases for both parties of an agreement, i.e., customers (lessees) and suppliers (lessors). This standard shall be adopted as of January 1, 2019. The Company is evaluating the effects of the adoption of this standard in the Financial Statements, manly those that can be generated on the recognition of operating lease agreements (see Note 23).

According to the Management's opinion, there are no other IFRS standards and IFRIC interpretations issued, but not yet adopted that could have a material effect on the Company's results and equity.

2.3. Translation into foreign currency

a) Functional and reporting currency

The parent company and consolidated financial statements were prepared and are being presented in Brazilian reais, which is Grupo Fleury's functional currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates in effect on the transaction dates or on the valuation dates, when the items are remeasured.

Foreign exchange gains and losses arising from the settlement of these transactions and from the translation at the exchange rates in effect at the end of the year, referring to monetary assets and liabilities in foreign currencies, are recognized in the statement of income, under "Exchange variation of assets and liabilities".

2.4. Non-derivative financial assets

a) Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other highly-liquid short-term investments with low risk of variation in the fair value. Cash and cash equivalents are classified as financial instruments and their yields are recorded under profit or loss.

b) Investments held to maturity

Investments held to maturity comprise investments in non-derivative securities that the Company has the ability and intention to maintain until the maturity date and are initially recognized at fair value, including the transaction cost, and subsequently at amortized cost.

c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments not quoted in an active market and comprise, substantially, trade receivables, other receivables, financing and judicial deposits. These assets are measured at the amortized cost by adopting the effective interest rate method.

d) Fair value through profit or loss

Financial assets measured at fair value through profit or loss consist of financial assets held for active and frequent trading or assets designated by the entity in their initial recognition. Gains or losses arising from variations in the fair value of these financial instruments are presented in the statement of income under "financial result" in the period they occur.

(i) Financial assets impairment

Financial assets, except for those designated at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting year. Impairment losses are recognized only if there is objective evidence of impairment of the financial asset as a result of one or more events occurred after its initial recognition, with an impact on the estimated future cash flows of this asset discounted at the original interest rate of the financial asset.

For certain categories of financial assets, such as accounts receivables, assets that are not individually impaired may, subsequently, be impaired when assessed collectively. Objective evidences of credit portfolio impairment can include Grupo Fleury's past experience in the collection of payments and changes observed in domestic or local economic conditions related to receivables default.

The carrying amount of the financial asset is directly reduced by the impairment of all financial assets, except for accounts receivable, in which the carrying amount is reduced when a line recording loss estimates is used. Subsequent recoveries of amounts previously written off are credited to this line. Changes in the carrying amount of this estimate are recognized in profit or loss.

2.5. Trade receivables

Trade receivables correspond to the amounts receivable for the rendering of services in the normal course of business, less estimated losses with doubtful accounts and disallowances.

2.6. Inventories

Inventories are stated at the smallest amount between the cost and the net realizable amount. Inventory costs are established based on the average cost method.

2.7. Property and equipment

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

Subsequent costs are included in the carrying amount of the asset or recognized separately, as applicable, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be reliably measured. All other repairs and maintenances are recorded as a counter entry to profit or loss, when incurred.

Depreciation is recognized based on the estimated useful lives of each asset or components of assets at the straight-line basis, so that the cost value after its useful life is fully written off (except for land and construction in progress). The estimated useful life and depreciation methods reviewed at least yearly and the effect of any change in estimates is accounted for prospectively.

The average annual depreciation rates are detailed in Note 13.

If the carrying amount of an asset is higher than its recoverable value, a provision for impairment is recognized so as to adjust it to its estimated recoverable value.

Any gains or losses from the sale of a property or equipment item are determined by the difference between the amounts received in the sale and the carrying amount of the asset and are recognized in profit or loss, under "Other operating income (expenses)".

2.8. Intangible assets

a) Goodwill

Goodwill arises from the acquisition of subsidiaries and represents the excess of (i) consideration transferred, (ii) the amount of any non-controlling interest in the acquired company and (iii) the fair value on the date of acquisition of any previous equity interest in the acquired company in relation to the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured at fair value is lower than the fair value of the acquired company's net assets, in case of negative goodwill, the difference is recognized directly in the statement of income.

For impairment testing purposes, goodwill is allocated to each of Grupo Fleury's cash-generating units, or groups of cash-generating units, as long as they do not exceed the operating segments that will benefit from the combination's synergies.

The cash-generating units to which goodwill was allocated are submitted to impairment testing at the end of each reporting year or, in case there is any evidence, the procedure can be carried out more frequently. If the recoverable value of the cash-generating unit is lower than its carrying amount, the

impairment loss is firstly allocated to reduce the goodwill allocated to the unit, and subsequently, to other assets of the unit, proportionally to the carrying amount of each of these assets. Any goodwill impairment is directly recognized in profit or loss. An impairment loss cannot be reversed in subsequent years.

b) Trademarks and licenses

Trademarks and licenses acquired separately are initially stated at cost. Trademarks and licenses acquired in a business combination are recorded at fair value on the acquisition date. Subsequently, trademarks and licenses assessed as finite useful lives are accounted for their cost less accumulated amortization. Amortization is calculated based on the estimated useful lives of each asset.

c) Contracts with customers

Contracts with customers, acquired in a business combination, are recorded at fair value on the acquisition date. Contract with customers have finite useful lives and are accounted for their cost less accumulated amortization. Amortization is calculated on a straight-line basis during the relation with customers.

d) Software

Software licenses are capitalized based on the costs incurred to acquire the software and to make it ready for use. These costs are amortized during the estimated useful life of the software.

Costs related to software maintenance are recognized as expense, when incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets and include:

- Costs with employees allocated to the development of software and other costs directly attributed to the project.

- Other development costs that do not meet the capitalization criteria are recognized as an expense, when incurred. Development costs previously recognized as expense are not recognized as asset in a subsequent period.

2.9. Impairment of non-financial asset, except for goodwill

At the end of each year, Grupo Fleury reviews the carrying amount of its tangible and intangible assets in order to determine whether there is any indication that these assets were impaired. If there is any such indication, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

If the recoverable value of an asset (or cash-generating unit) is lower than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment is directly recognized in profit or loss.

2.10. Financial instruments - liabilities

Financial liabilities are initially recognized on the date on which Grupo Fleury becomes a party to the agreement. Grupo Fleury writes off a financial liability when its contractual obligations are removed, cancelled or settled.

Financial assets and liabilities are offset and their net values are recorded in the statement of financial position when, and only when, Grupo Fleury has the legal right to offset the amounts and the intention to realize them on a net basis or to realize the asset and settle the liability simultaneously.

Grupo Fleury's non-derivative financial liabilities are: loans and financing, debentures, accounts payable due to acquisition of companies, 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 through the effect interest rate method.

2.11. Employee benefits

a) Retirement and defined contribution plans (private pension plan)

Payments to the defined contribution retirement plan are recognized as an expense when the services that grant the right to these payments are rendered.

b) Share-based compensation

Grupo Fleury offers share-based compensation plans to its executives, under which the Company receives its employees' services as consideration for the stock options granted.

The fair value of options at grant date is recorded on a straight-line basis as an expense for the year in which the vesting conditions are met, based on Grupo Fleury's estimates of which stock options granted will vest, with a corresponding increase in equity. At the end of the reporting period, Grupo Fleury revises its estimates of the number of options that are expected to vest based on the vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss, so that the accumulated expense reflects the revised estimates with a corresponding adjustment to equity in the "Capital Reserve - options granted recognized" account that recognized the employee benefit.

c) Profit sharing

Grupo Fleury offers profit sharing to its employees based on their annual performance and the established targets. This compensation is recognized as a liability and a profit-sharing expense based on a methodology that takes into consideration profit attributed to the Company's shareholders after certain adjustments.

2.12. Current and deferred income tax and social contribution

Taxes on income comprise current and deferred income tax and social contribution on net income.

Provisions for current income tax and social contribution are based on the taxable income of the year. Taxable profit differs from the profit presented in the statement of income because it includes non-deductible expenses and excludes non-taxable revenue and non-taxable or non-deductible items on a

permanent basis. The provisions for income tax and social contribution are calculated individually by company of the Group based on the rates effective at the year's end.

Taxes on deferred income are recognized on temporary differences on each reporting period between the balances of assets and liabilities recognized in the financial statements and related tax bases adopted to calculate the taxable income, including the tax loss and social contribution tax loss carryforwards, where applicable. Deferred tax liabilities are usually recognized for taxable temporary exclusions and deferred tax assets are recognized over all deductible temporary additions only when it is probable that the Company will report future taxable income in an amount sufficient to these temporary differences to be used. Deferred tax assets or liabilities are not recognized on temporary differences arising from goodwill or initial recognition, except for business combination, where applicable, of other assets and liabilities in a transaction not affecting taxable income or accounting profit.

Deferred tax and contribution assets are recognized to the extent that it is probable that future taxable income will be available to be used to offset temporary differences, based on projections of future results prepared and based on internal assumptions and future economic scenarios that may, therefore, change.

Deferred tax assets and liabilities are measured at the tax rates applicable in the year when it is expected that the liability will be settled or the asset will be realized, based on the tax rates provided for in the tax law in effect at the end of each year, or when a new law has been substantially approved. The measurement of deferred tax assets and liabilities reflects the tax consequences that would result from the manner in which Grupo Fleury expects to recover or settle the carrying amounts of these assets and liabilities at the end of each year.

Deferred tax assets and liabilities are offset only when: (a) there is a legal right to set off the current tax asset with the current tax liability; (b) they are related to taxes managed by the same tax authority; (c) Grupo Fleury intends to settle ne net amount of its current tax assets and liabilities.

2.13. Provision for tax, labor and civil risks

Provisions for tax, labor and civil risks are accrued as the Company expects to disburse cash flows. Provisions are recorded for tax and civil lawsuits when losses are assessed as probable and the amounts are reliably measurable. When these lawsuits are assessed as a possible loss, a description of the lawsuits and the amounts involved is disclosed in the notes to the financial statements. Provisions are recorded for labor lawsuits based on the historical percentage of disbursements. Grupo Fleury does not record provisions for or disclose tax and civil contingencies assessed as a remote loss. The basis and nature of the provisions for tax, civil and labor lawsuits are described in Note 22 "Provision for Tax, Labor and Civil Risks".

2.14. Revenue recognition

Grupo Fleury recognized revenue when: (i) the amount of revenue can be reliably measured; (ii) it is probable that future economic benefits will flow to Grupo Fleury and (iii) specific criteria have been met for each of the activities of Grupo Fleury, as described below:

a) Services rendered

Revenue is recognized as services are rendered, when its value can be reliably measured, net of discounts, credits, rebates and possible estimated disallowances. Revenue is not recognized when there is significant uncertainty of its realization. Service revenue is recognized based on the services rendered until the reporting date. Services rendered not yet billed are recorded under "Amounts to be billed".

b) Financial income

Interest income is accrued on a time basis, using the effective interest rate on the principal outstanding.

2.15. Distribution of dividends and interest on equity

The dividends distributed to the Company's shareholders are recognized as a liability in the financial statements when resolved on the basis of quarterly interim statements of financial position or at the end of each year, based on the minimum dividends established in the Company's Bylaws. Any amount that exceeds the minimum mandatory is only accrued on the date they are approved by the Annual Shareholders' Meeting.

2.16. Comparative period reclassification

In 2016, the Company carried out the following reclassifications:

(a) in the parent company and consolidated financial statements, exclusive fund investments were consolidated and government bonds referring to the year ended December 31, 2015, in the amount of R$ 109,939, were reclassified from cash and cash equivalents to marketable securities, without any effect in the Company's current assets or total assets;

(b) in the consolidated financial statements, we made an addition to the balance of exclusive fund payables as of December 31, 2015, since it had been stated net under cash and cash equivalents, in the amount of R$239, increasing current liabilities as a contra entry to the increase in current assets;

(c) in the consolidated financial statements, we made an addition to the exclusive fund financial expenses referring to 2015, since they had been stated net under financial income, in the amount of R$625. This reclassification did not affect the net income reported;

(d) in the statements of cash flow for the year ended December 31, 2015, interest on financial investments and dividends received from investments in joint ventures, in the amounts of R$72,588 in the parent company and R$72,707 in the consolidated financial statements, were reclassified from financing activities to investment activities, without any effect in the generation of operating cash reported. The Company reported interest on financial investments and dividends received in investment activities given that it understands that this situation best represents its financial flows; said presentation is based on paragraphs 33 to 34A of CPC 3 – Statements of Cash Flow.

The corresponding parent company and consolidated amounts of the statement of financial position and statements of income and cash flows for the year ended December 31, 2015, originally presented in the financial statements of that year, are being restated based on CPC 23 – Accounting Policies,

Changes in Accounting Estimates and Errors and CPC 26(R1) – Presentation of Financial Statements, to reflect the reclassifications above, which are detailed as follows:

	Parent Company					
	12/31/2015	**Reclassification**	**12/31/2015 (reclassified)**	**01/01/2015**	**Reclassification**	**01/01/2015 (reclassified)**
Cash and cash equivalents	624,110	(109,939)	514,171	505,228	(101,924)	403,304
Marketable securities	4,703	109,939	114,642	-	101,924	101,924
Other current assets	495,676	-	495,676	505,696	-	505,696
Total current assets	**1,124,489**	**-**	**1,124,489**	**1,010,924**	**-**	**1,010,924**
Noncurrent assets	**2,077,266**	**-**	**2,077,266**	**2,064,286**	**-**	**2,064,286**
Total assets	**3,201,755**	**-**	**3,201,755**	**3,075,210**	**-**	**3,075,210**

	Consolidated					
	12/31/2015	**Reclassification**	**12/31/2015 (reclassified)**	**01/01/2015**	**Reclassification**	**01/01/2015 (reclassified)**
Cash and cash equivalents	624,586	(109,700)	514,886	505,274	(101,826)	403,448
Marketable securities	4,703	109,939	114,642	0	101,924	101,924
Other current assets	502,921	-	502,921	512,160	-	512,160
Total current assets	**1,132,210**	**239**	**1,132,449**	**1,017,434**	**98**	**1,017,532**
Noncurrent assets	**2,071,787**	**-**	**2,071,787**	**2,060,256**	**-**	**2,060,256**
Total assets	**3,203,997**	**239**	**3,204,236**	**3,077,690**	**98**	**3,077,788**

	Consolidated					
	12/31/2015	**Reclassification**	**12/31/2015 (reclassified)**	**01/01/2015**	**Reclassification**	**01/01/2015 (reclassified)**
Taxes payable	24,949	175	25,124	24,017	47	24,064
Other payables	660	64	724	146	51	197
Other current liabilities	392,049	-	392,049	240,918	-	240,918
Total current liabilities	**417,658**	**239**	**417,897**	**265,081**	**98**	**265,179**
Noncurrent liabilities	**1,130,900**	**-**	**1,130,900**	**1,239,645**	**-**	**1,239,645**
Equity	**1,655,439**	**-**	**1,655,439**	**1,572,964**	**-**	**1,572,964**
Total liabilities and equity	**3,203,997**	**239**	**3,204,236**	**3,077,690**	**98**	**3,077,788**

After the reclassifications, the comparative statements of financial position are as follows:

	Parent Company			Consolidated		
	12/31/2016	**12/31/2015 (reclassified)**	**01/01/2015 (reclassified)**	**12/31/2016**	**12/31/2015 (reclassified)**	**01/01/2015 (reclassified)**
Cash and cash equivalents	310,500	514,171	403,304	313,834	514,886	403,448
Marketable securities	92,641	114,642	101,924	92,976	114,642	101,924
Other current assets	519,927	495,676	505,696	526,415	502,921	512,160
Total current assets	**923,068**	**1,124,489**	**1,010,924**	**933,225**	**1,132,449**	**1,017,532**
Noncurrent assets	**2,080,424**	**2,077,266**	**2,064,286**	**2,072,595**	**2,071,787**	**2,060,256**
Total assets	**3,003,492**	**3,201,755**	**3,075,210**	**3,005,820**	**3,204,236**	**3,077,788**
Taxes payable	23,206	24,760	23,835	24,304	25,124	24,064
Other payables	14	660	146	81	724	197

Other current liabilities	383,875	391,214	239,683	384,797	392,049	240,918
Current liabilities	**407,095**	**416,634**	**263,664**	**409,182**	**417,897**	**265,179**
Noncurrent liabilities	**1,060,672**	**1,129,682**	**1,238,582**	**1,060,913**	**1,130,900**	**1,239,645**
Equity	**1,535,725**	**1,655,439**	**1,572,964**	**1,535,725**	**1,655,439**	**1,572,964**
Total liabilities and equity	**3,003,492**	**3,201,755**	**3,075,210**	**3,005,820**	**3,204,236**	**3,077,788**

The impacts from the reclassifications in the statement of income are as follows:

	Consolidated		
	12/31/2015 (previously disclosed)	**Reclassification**	**12/31/2015 (reclassified)**
Operating profit before financial result	**235,639**	-	**235,639**
Financial income	84,683	625	85,308
Financial expenses	(147,842)	- 625	(148,467)
Financial result	**(63,159)**	-	**(63,159)**
Income before taxes	**172,480**	-	**172,480**
Income taxes	(65,137)		(65,137)
Profit	**107,343**	-	**107,343**

The impacts from the reclassification of cash flows are as follows:

	Parent Company			Consolidated		
	12/31/2015 (previously disclosed)	**Reclassification**	**12/31/2015 (reclassified)**	**12/31/2015 (previously disclosed)**	**Reclassification**	**12/31/2015 (reclassified)**
Cash flow from operating activities	**370,461**	(46)	**370,415**	**368,922**	**(289)**	**368,633**
Interest on financial investments and dividends received	-	72,588	72,588	-	73,332	73,332
Marketable securities, net	(4,703)	(8,014)	(12,717)	(4,703)	(8,014)	(12,717)
Other changes	(125,532)	-	(125,532)	(123,682)	-	(123,682)
Cash flow from investing activities	**(130,235)**	**64,574**	**(65,661)**	**(128,385)**	**65,318**	**(63,067)**
Cash flow from financing activities	**(121,344)**	**(72,588)**	**(193,932)**	**(121,225)**	**(72,707)**	**(193,932)**
Increase in cash and cash equivalents	**118,882**	**(8,060)**	**110,822**	**119,312**	**(7,678)**	**111,634**

3. Risk management

The main risk factors the Company and its subsidiaries are exposed to are financial and operating risks, including market, foreign exchange, interest rate, credit and liquidity risks. These risks are inherent to the Company's activities and are managed through internal controls and policies.

The policies set forth are supervised and monitored through monthly managerial reports.

Fair value hierarchy

The assumptions used by the Company to determine the hierarchy and disclose the fair values of financial instruments are:

- Level 1: prices quoted in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant impact on the fair value recorded observable, either directly or indirectly;
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

a) Accounting classification and fair values

	Consolidated			
Financial Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash equivalents, marketable securities	3,337	403,473	-	406,810
Financial Liabilities				
Financing and Debentures	-	(832,021)	-	(832,021)
Derivative financial instruments	-	(252)	-	(252)
On December 31, 2016	3,337	(428,800)	-	(425,463)
On December 31, 2015	1,645	(358,854)	-	(360,499)

Given the nature of the balances, we assume that the fair value of the Company's financial instruments is close to their carrying amounts. The comparison between the recorded amounts and the fair values did not show differences material enough to be disclosed.

b) Capital risk management

The objectives of capital management are to safeguard the continuous return to the Company's shareholders and benefits to other stakeholders, and maintain an ideal capital structure to reduce this cost.

In order to maintain or adjust its capital structure, Grupo Fleury can review the dividend payment policy, return capital to shareholders, buy back treasury shares, issue new shares or sells assets to reduce the indebtedness level.

Grupo Fleury monitors its capital based on the consolidated financial leverage ratio, which corresponds to net debt divided by equity. Net debt, in turn, corresponds to total loans and financing and accounts payable from company acquisitions, as disclosed in the consolidated statement of financial position, less cash and cash equivalents.

Financial leverage ratio

	Consolidated	
	12/31/2016	12/31/2015
Financing and debentures	832,021	990,027
Accounts payable from acquisitions	7,990	11,107
Cash and cash equivalents	(313,833)	(514,886)
Financial investments (marketable securities)	(92,976)	(114,642)
Net debt	433,202	371,606
Equity	1,535,725	1,655,439
Financial leverage ratio	0.28	0.23

Capital is managed on a consolidated basis.

c) Financial and market risks

Exchange rate risk

The Company and its subsidiaries have trade receivables and accounts payable to suppliers denominated in foreign currency (mainly in U.S. dollars). The risk related to these assets and liabilities arises from the possibility of the Company and its subsidiaries incurring losses due to exchange rate variations. On December 31, 2016, liabilities in foreign currency exposed to this type of risk accounted for 0.04% of total consolidated current liabilities.

Grupo Fleury has assets in foreign currency (trade receivables), equivalent to 0.27% of total consolidated accounts receivable on December 31, 2016, which contribute to reducing its exposure to trade accounts payable from suppliers contracted in foreign currency.

The Company contracted derivative financial instruments to hedge against exchange rate fluctuations when acquiring services in foreign currency.

Below, the Company's net exposure on December 31, 2016 (US$1.00 - R$3.2585) and 2015 (US$1.00 - R$3.9042):

	Consolidated			
	2016	2016	2015	2015
	US$ '000	R$ '000	US$ '000	R$ '000
Trade receivables	332	1,080	176	688
Trade payables	(45)	(147)	(56)	(220)
Derivative financial instruments (Note 6)	2,172	7,077	-	-
Net exposure	**2,459**	**8,010**	**120**	**468**

Interest rate risk

The Company has loans and financing in domestic currency subject to interest rates pegged to indices, including the Long-term Interest Rate (TJLP) and the CDI interbank rate, as well as balances of taxes payable indexed to the Benchmark Interest Rate (SELIC) and the long-term interest rate (TJLP). The

risk inherent in these liabilities arises from the possibility of fluctuations in these rates with an impact on cash flows. The Company and its subsidiaries do not have derivative contracts to hedge this risk because they believe that the risk is mitigated by the existence of assets indexed to the CDI.

Credit risk

Credit risk is the risk that a business counterparty may fail to comply with an obligation set forth in a financial instrument or customer agreement, resulting in a financial loss. Grupo Fleury is exposed to credit risk in its operating activities, mainly in relation to accounts receivable and, in case of imminent risk of non-realization of these assets, the Group records provisions to guarantee their probable realization value (Note 7).

The Company and its subsidiaries are also subject to credit risks related to their operations with financial institutions, represented by bank deposits, financial investments and derivative instruments. In Management's opinion, the risk is low since these operations are carried out with top-tier banks and there are treasury policies with specific limits for the allocation of funds.

Liquidity risk

Grupo Fleury's cash flow estimation is carried out by the Finance Department. This area monitors the continuous estimates of Grupo Fleury's liquidity requirements to ensure it has sufficient funds to meet its operating needs. It also maintains enough free space available in its credit lines at any time, so that Grupo Fleury is in compliance with the limits and covenants of financing and debentures (when applicable) in all its credit lines. This estimate takes into consideration the Group's debt financing plans, compliance with covenants and internal balance sheet ratio targets and, if applicable, legal or external regulatory requirements, such as currency restrictions.

The surplus cash maintained by the operating entities, in addition to the balance required to manage working capital, is used in investments with proper maturities or with liquidity sufficient to provide the necessary margin determined by the abovementioned estimates.

The table below analyzes Grupo Fleury's liabilities and financial instruments by maturity date, corresponding to the period remaining in the statement of financial position until the contractual maturity date. The amounts disclosed represent the undiscounted cash flows contracted and, therefore, cannot be reconciled with the carrying amounts.

	Consolidated					
	Carrying amount	**Contracted amount**	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
On December 31, 2016						
Debentures	728,460	889,680	192,845	326,235	370,600	-
Financing	103,561	115,892	23,283	21,742	70,867	-
Trade payables	143,050	143,050	143,050	-	-	-
Payables - company acquisitions (*)	7,990	7,990	-	-	-	-
Derivative Financial Instruments	252	252	252	-	-	-
Other payables	81	81	81	-	-	-

(*) Maturities are linked to the lawsuits' final and unappealable decisions.

Policy on the use of derivative financial instruments

Grupo Fleury maintains a policy to contract derivative financial instruments in order to manage related risks and ensure that these instruments are accurately recorded in its financial statements. The Company and its subsidiaries do not contract derivative instruments for speculation in the financial market and no margin is given as guarantee in the existing contracts.

The amounts are calculated based on models and quotations available in the market, which consider current or future market conditions and gross amounts, before taxes. Due to variations in market rates, these amounts can change until the maturity or early settlement of the transactions.

The fair value of these instruments on the date of the financial statements by counterparty is recorded under "Derivative financial instruments" (Note 6).

d) Management of Operating Risks

In accordance with the Brazilian Institute of Corporate Governance (IBGC), operating risk is associated with the possibility of losses (of production, assets, customers, revenues) resulting from flaws, deficiencies or inadequacies of internal processes, people and systems, as well as from external events including natural disasters, frauds, strikes and terrorist attacks. Operating risks usually reduce, degrade or fully or partially interrupt activities and have a negative impact on the Company's reputation, in addition to potentially generating contractual, regulatory and environmental liabilities.

With the aim of properly managing its operating risks, Grupo Fleury has strived to establish a governance structure that involves the Senior Management, including the structuring of the Risk Management and Internal Audit departments and ensuring the involvement of the entire leadership positions in implementing initiatives to reduce the Company's exposure to this type of risk, ensuring this commitment through incentives suitable to the organization's reality.

The main initiatives carried out by the Company to properly manage operating risks include:

a) Biannual cycle of internal audit, covering the Company's main processes;
b) Mapping and documentation of internal controls and risks;
c) Internal procedures and policies;
d) Periodic review of the risk portfolio;
e) Monitoring of internal controls;
f) Business continuity plans;
g) Training of employees and third parties;
h) Clear definition of scopes; and
i) Implementation of initiatives to reduce exposure to risks, including the contracting of insurance, when applicable.

All these measures are monitored and periodically reported to the Audit and Risk Management Committee established by Grupo Fleury's Board of Directors, which instructs and oversees Management during this process.

e) Statement of sensitivity analysis

Sensitivity analysis for changes in exchange rate

The Finance Department periodically assesses the risk of exposure to variations in the U.S. dollar.

In order to calculate the probable scenario, the Company used the exchange rate at the closing of this financial statements (US$1.00 – R$3.2585). These instruments are already recorded at fair value through profit or loss (probable scenario) and, therefore, there are no effects for this scenario. In the "Possible" and "Remote" scenarios, the exchange rate was increased/decreased by 25% and 50%, respectively, before taxes:

	Maturity	Risk	Possible loss (25%)	Remote loss (50%)
Trade receivables	2016	US$ Depreciation	270	540
Trade payables	2016	US$ Appreciation	(37)	(74)
Derivative financial instruments	2016	US$ Appreciation	1,769	3,538
Net effect			**2,002**	**4,004**

Sensitivity analysis for changes in interest rate

In order to calculate the probable scenario, the Company used the reference rates obtained from the BM&FBOVESPA on December 31, 2016. The "Possible" and "Remote" scenarios consider increases of 25% and 50%, respectively. The results, in nominal amounts, are as follows, and debenture interest expenses are calculated until the end of each indexed contract.

		Probable	**Possible**	**Remote**
	CDI (p.a.)	13.63%	3.41%	6.82%
			+25%	+50%
	Accounting Balance	**Probable**	**Possible**	**Remote**
Financial investments	310,497	42,321	10,580	21,160
Debentures	(728,460)	(106,420)	(14,638)	(29,276)
Net exposure in CDI	**(327,663)**	**(51,791)**	**(981)**	**(1,962)**

4. Cash and cash equivalents

	Parent Company		Consolidated	
	12/31/2016	12/31/2015 (reclassified)	12/31/2016	12/31/2015 (reclassified)
Cash and banks	3,337	1,633	3,337	1,645
Cash equivalents:				
Fixed term deposits (i)	192,679	399,566	195,471	399,806
Repurchase agreements (ii)	114,484	112,972	115,026	113,435
	307,163	512,538	310,497	513,241

	310,500	**514,171**	**313,834**	**514,886**

(i) Refer to investments in the exclusive fund portfolio, according to the percentage interest in the quotas held by the Parent Company. The average profitability of fixed term deposits was 103.8% in 2015 and 102.2% in 2016.

(ii) On December 31, 2016, repurchase agreements entered into by the Parent Company were remunerated at an average weighted rate of 10% of the CDI (93.3% of the CDI on December 31, 2015). Repurchase agreements entered into by exclusive funds were remunerated at an average rate of 104.7% in 2015 and 102.2% in 2016.

5. Marketable Securities

	Parent Company		Consolidated	
	12/31/2016	12/31/2015 (reclassified)	12/31/2016	12/31/2015 (reclassified)
Measured at fair value through profit or loss (i) - Government bonds	90,897	109,939	91,232	109,939
Held to maturity – Other financial investments	1,744	4,703	1,744	4,703
	92,641	**114,642**	**92,976**	**114,642**

(i) Refer to investments of exclusive investment funds in Financial Treasury Bills with average profitability of 98.5% in 2016 and daily liquidity.

Short-term investments balance activity schedule (*)

	Parent Company		Consolidated	
	12/31/2016	12/31/2015 (reclassified)	12/31/2016	12/31/2015 (reclassified)
Opening balance	627,180	502,808	627,883	502,906
Investment	1,554,457	1,327,460	1,568,770	1,335,880
Earnings	99,593	72,508	100,760	73,241
Redemption	(1,881,426)	(1,275,377)	(1,893,941)	(1,283,925)
Write-off	-	(219)	-	(219)
	399,804	**627,180**	**403,472**	**627,883**

(*) fixed term deposits, repurchase agreements, government bonds and other financial investments classified as cash and cash equivalents and marketable securities.

6. Derivative financial instruments – Parent Company and Consolidated

In March 2016, pursuant to the Treasury policy, the Company began contracting derivative financial instruments to cover future disbursements with outsourced services and medical equipment.

Contracted operations effective on the period ended December 31, 2016 are as follows.

Type	Nominal amount (US$ '000)	Currency	Counterparty	Maturity	Contracted rate (R$)	Liability 12/31/2016

NDF	231	USD	Votorantim	12/30/2016*	3.8398	(134)
NDF	656	USD	Santander	3/31/2017	3.4550	(79)
NDF	259	USD	Santander	6/30/2017	3.5009	(24)
NDF	420	USD	Santander	6/30/2017	3.4170	(5)
NDF	405	USD	Santander	9/29/2017	3.4900	(6)
NDF	200	USD	Santander	12/29/2017	3.5540	(4)
Total	**2,171**					**(252)**

**Contract settled on 01/02/2017*

7. Trade receivables

a) Breakdown of the balance

	Parent Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Billed amounts	383,630	397,625	384,316	398,607
Amounts to be billed	55,084	38,653	60,373	44,045
	438,714	**436,278**	**444,689**	**442,652**
Estimated losses with doubtful accounts and disallowances	(41,610)	(45,094)	(41,648)	(45,131)
Total receivables	**397,104**	**391,184**	**403,041**	**397,521**

The aging list of trade receivables is as follows:

	Parent Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Current	343,739	317,682	349,713	323,563
Past due:				
Up to 120 days	36,675	53,478	36,675	53,971
121 to 360 days	31,298	37,836	31,298	37,836
Over 361 days	27,002	27,282	27,003	27,282
	438,714	**436,278**	**444,689**	**442,652**

Changes of estimated losses with doubtful accounts and disallowances

	Parent Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Balance at the beginning of the period	(45,094)	(50,040)	(45,131)	(50,205)
Write-off of uncollectible instruments	62,785	73,641	63,277	73,809
Additions for doubtful accounts and disallowances (Note 27 and 30)	(59,301)	(68,695)	(59,794)	(68,735)
Balance at the end of the year	**(41,610)**	**(45,094)**	**(41,648)**	**(45,131)**

The Company and its subsidiaries have a certain degree of concentration in their customer portfolio. On December 31, 2016, the six main customers accounted for 47.9% of the total portfolio (49.8% on December 31, 2015).

8. Inventories

	Parent Company and Consolidated	
	12/31/2016	12/31/2015
Diagnostic kits	17,468	8,480
Collection and nursing material	8,526	3,158
Auxiliary laboratory materials	3,302	1,577
Administrative, promotional and other types of material	2,302	3,191
	31,598	**16,406**

9. Taxes recoverable

	Parent Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Withholding income tax (IRRF)	39,164	29,072	39,432	29,222
Social contribution tax (CSLL)	13,162	12,260	13,288	12,346
Tax on services (ISS)	4,503	859	4,503	859
Social Integration Program Tax on Revenue (PIS) and Social Security Financing Tax on Revenue (COFINS)	4,309	5,527	4,465	5,577
Negative income tax	3,240	20,014	3,240	20,425
Social security tax (INSS)	1,618	2,330	1,618	2,330
Negative social contribution tax	199	18,701	199	18,912
	66,195	**88,763**	**66,745**	**89,671**
Current	66,195	74,005	66,745	74,913
Noncurrent	-	14,758	-	14,758

10. Judicial deposits

Noncurrent Assets

On December 31, 2016, judicial deposits totaled R$42,631 at the Parent Company (R$42,236 on December 31, 2015) and R$42,634 in the Consolidated (R$42,238 on December 31, 2015) and refer to lawsuits classified as a remote or possible loss by the Company's legal counsel and for which, therefore, a provision for contingencies has not been recorded. Among these claims is an amount of R$26,345 related to ICMS tax levied on equipment imports (Note 22).

Noncurrent Liabilities

Judicial deposits referring to lawsuits considered as probable loss are recorded under noncurrent liabilities, reducing the balance of the related provision by R$12,213 on December 31, 2016 (R$7,796 on December 31, 2015). Judicial deposits also included R$7,556 related to ISS tax described in Note 19, in the "Other" item, net of the obligation in the same amount.

11. Receivables

	Parent Company and Consolidated	
	12/31/2016	12/31/2015
AES Eletropaulo (a)	-	15,852
Cruzeiro do Sul Medicina Diagnóstica Ltda. (b)	11,470	15,200
	11,470	**31,052**

(a) Refers to credits receivable by the Parent Company from AES Eletropaulo as a result of an administrative decision granted by the Brazilian Electricity Regulatory Agency (ANEEL) in November 2011. The Company's legal counsel believes that, at the moment, the chances of receiving this amount are uncertain, which generated a revision of the expected realization of these receivables.

(b) Refers to updated amounts of the sale of the investment in Cruzeiro do Sul, totaling R$19,631, R$8,161 of which recorded under current assets (R$5,037 on December 31, 2015) and R$11,470 under noncurrent assets (R$15,200 on December 31, 2015). Pursuant to the purchase agreement entered into on November 5, 2015, the amount will be received in 60 months.

12. Investments

	Parent Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Fleury CPMA (direct subsidiary)	29,149	28,430	-	-
Papaiz (joint venture)	-	-	8,618	7,522
	29,149	**28,430**	**8,618**	**7,522**
Other	144	122	144	112
	29,293	**28,542**	**8,762**	**7,634**

Subsidiary/joint ventures	Reference date	Number of shares of capital stock	% of interest in paid-up capital	Paid-up capital	Equity	Profit (loss) for the period
Fleury CPMA	12/31/2016	81,007	100%	81,007	27,798	539
	12/31/2015	80,827	100%	80,827	27,079	(2,499)

Papaiz	12/31/2016	2,875	51%	2,875	4,928	2,069
	12/31/2015	2,875	51%	2,875	3,380	74

Changes in investment balances

Parent Company	Investees	Balance on 12/31/2015	Paid-up capital	Dividends	Equity in the earnings (losses) of subsidiaries	Balance on 12/31/2016
Fleury S.A.	Fleury CPMA	28,430	180	-	539	29,149
Fleury CPMA	Papaiz	7,522	-	(23)	1,119	8,618
Fleury S.A.	Other	112	32	-	-	144

13. Property and equipment

		Parent Company			
		12/31/2016			12/31/2015
	Average annual depreciation rate %	Cost	Accumulated depreciation	Net balance	Net balance
Machinery and equipment	8	419,958	(238,708)	181,250	184,478
Facilities	10	261,875	(130,346)	131,529	154,433
Leasehold improvements	20	138,908	(82,733)	56,175	31,396
Construction in progress (a)	-	34,509	-	34,509	760
Properties	2	28,026	(4,581)	23,445	23,866
IT equipment	20	71,009	(53,626)	17,383	17,585
Land	-	13,637	-	13,637	13,637
Furniture and fixtures	10	49,562	(37,081)	12,481	14,984
Vehicles	20	646	(646)	-	-
		1,018,130	**(547,721)**	**470,409**	**441,139**

(a) Units under construction

		Consolidated			
		12/31/2016			12/31/2015
	Average annual depreciation rate %	Cost	Accumulated depreciation	Net balance	Net balance
Machinery and equipment	8	426,293	(245,043)	181,250	186,095
Facilities	10	263,648	(132,119)	131,529	154,631
Leasehold improvements	20	141,051	(84,876)	56,175	31,424

Construction in progress	-	34,509	-	34,509	760
Properties	2	28,026	(4,581)	23,445	23,868
IT equipment	20	71,596	(54,213)	17,383	17,596
Land	-	13,637	-	13,637	13,637
Furniture and fixtures	10	50,667	(38,186)	12,481	15,172
Vehicles	20	646	(646)	-	-
		1,030,073	**(559,664)**	**470,409**	**443,183**

Changes in property and equipment are shown below:

	Changes - Parent Company					
	Balance on 12/31/2015	Additions	Net write-offs	Depreciation	Reclassifications / transfers	Balance on 12/31/2016
Machinery and equipment	184,478	35,710	(180)	(38,669)	(89)	181,250
Facilities	154,433	5,062	-	(28,351)	385	131,529
Leasehold improvements	31,396	34,443	-	(10,757)	1,093	56,175
Construction in progress	760	36,597	-	-	(2,848)	34,509
Properties	23,866	-	-	(421)	-	23,445
IT equipment	17,585	5,756	(1)	(6,793)	836	17,383
Land	13,637	-	-	-	-	13,637
Furniture and fixtures	14,984	2,062	(3)	(4,552)	(10)	12,481
	441,139	**119,630**	**(184)**	**(89,543)**	**(633)**	**470,409**

	Changes - Parent Company					
	Balance on 12/31/2014	Additions	Net write-offs	Depreciation	Reclassifications / transfers	Balance on 12/31/2015
Machinery and equipment	198,984	29,168	(8,867)	(35,524)	717	184,478
Facilities	172,392	7,881	(1,849)	(23,974)	(17)	154,433
Leasehold improvements	11,236	25,620	(613)	(4,847)	-	31,396
Properties	24,320	-	(31)	(423)	-	23,866
IT equipment	18,371	6,338	(497)	(7,027)	400	17,585
Furniture and fixtures	15,247	1,268	(1,326)	(3,423)	3,218	14,984
Land	13,549	88	-	-	-	13,637
Construction in progress	1,269	760	-	-	(1,269)	760
	455,368	**71,123**	**(13,183)**	**(75,218)**	**3,049**	**441,139**

	Changes - Consolidated					
	Balance on 12/31/2015	Additions	Net write-offs	Depreciation	Reclassifications / transfers	Balance on 12/31/2016
Machinery and equipment	186,095	35,710	(180)	(40,359)	(16)	181,250
Facilities	154,631	5,062	-	(28,549)	385	131,529
Leasehold improvements	31,424	34,443	-	(10,785)	1,093	56,175
Construction in progress	760	36,597	-	-	(2,848)	34,509

Properties	23,868	-	(2)	(421)	-	23,445
IT equipment	17,596	5,756	(1)	(6,804)	836	17,383
Land	13,637	-	-	-	-	13,637
Furniture and fixtures	15,172	2,062	(3)	(4,740)	(10)	12,481
	443,183	**119,630**	**(186)**	**(91,658)**	**(560)**	**470,409**

	Changes - Consolidated					
	Balance on 12/31/2014	Additions	Net write-offs	Depreciation	Reclassifications / transfers	Balance on 12/31/2015
Machinery and equipment	201,357	29,168	(8,940)	(36,207)	717	186,095
Facilities	172,766	7,881	(1,849)	(24,150)	(17)	154,631
Leasehold improvements	11,285	25,620	(613)	(4,868)	-	31,424
Properties	24,322	-	(31)	(423)	-	23,868
IT equipment	18,403	6,338	(497)	(7,048)	400	17,596
Furniture and fixtures	15,545	1,268	(1,326)	(3,533)	3,218	15,172
Land	13,549	88	-	-	-	13,637
Construction in progress	1,269	760	-	-	(1,269)	760
	458,496	**71,123**	**(13,256)**	**(76,229)**	**3,049**	**443,183**

14. Intangible assets

		Parent Company			
		12/31/2016			12/31/2015
	Average annual amortization rate - %	Cost	Accumulated amortization	Net balance	Net balance
Goodwill	-	1,342,222	(44,413)	1,297,809	1,297,809
Software development (in progress)	-	78,852	-	78,852	33,782
Customer contracts	10	154,387	(81,053)	73,334	88,772
Licenses and software developed/acquired	20	208,703	(155,413)	53,290	71,749
Trademarks and patents	7	13,226	(5,935)	7,291	8,222
Products developed internally	-	449	-	449	-
		1,797,839	**(286,814)**	**1,511,025**	**1,500,334**

		Consolidated			
		12/31/2016			12/31/2015
	Average annual amortization rate - %	Cost	Accumulated amortization	Net balance	Net balance
Goodwill	-	1,353,563	(44,413)	1,309,150	1,309,150
Software development (in progress)	-	78,852	-	78,852	33,782
Customer contracts	10	156,573	(82,475)	74,098	89,974

Licenses and software developed/acquired	20	209,239	(155,949)	53,290	71,822
Trademarks and patents	7	14,963	(7,078)	7,885	8,989
Products developed internally	-	449	-	449	-
Non-compete clause	10	825	(825)	-	-
		1,814,464	**(290,740)**	**1,523,724**	**1,513,717**

Changes in intangible assets are shown below:

	Changes - Parent Company					
	Balance on 12/31/2015	Additions	Net write-offs	Amortization	Reclassifications / transfers	Balance on 12/31/2016
Goodwill	1,297,809	-	-	-	-	1,297,809
Software development (in progress)	33,782	45,020	-	-	50	78,852
Customer contracts	88,772	-	-	(15,438)	-	73,334
Licenses and software developed/acquired	71,749	17,963	(34)	(36,640)	252	53,290
Trademarks and patents	8,222	-	-	(931)	-	7,291
Products developed internally	-	-	-	-	449	449
Development of new products	-	1,371	-	-	(1,371)	-
	1,500,334	**64,354**	**(34)**	**(53,009)**	**(620)**	**1,511,025**

	Changes - Parent Company					
	Balance on 12/31/2014	Additions	Net write-offs	Amortization	Reclassifications / transfers	Balance on 12/31/2015
Goodwill	1,308,712	-	(10,903)	-	-	1,297,809
Customer contracts	104,211	-	-	(15,439)	-	88,772
Licenses and software developed/acquired	81,839	15,362	(12)	(28,822)	3,382	71,749
Software development (in progress)	11,891	25,212	(194)	-	(3,127)	33,782
Trademarks and patents	9,239	-	-	(1,017)	-	8,222
Other	2,550	-	-	-	(2,550)	-
	1,518,442	**40,574**	**(11,109)**	**(45,278)**	**(2,295)**	**1,500,334**

	Changes - Consolidated					
	Balance on 12/31/2015	Additions	Net write-offs	Amortization	Reclassifications / transfers	Balance on 12/31/2016
Goodwill	1,309,150	-	-	-	-	1,309,150
Software development (in progress)	33,782	45,020	-	-	50	78,852
Customer contracts	89,974	-	-	(15,876)	-	74,098
Licenses and software developed/acquired	71,822	17,963	(34)	(36,713)	252	53,290
Trademarks and patents	8,989	-	-	(1,104)	-	7,885

Products developed internally	-	-	-	-	449	449
Development of new products	-	1,371	-	-	(1,371)	-
	1,513,717	**64,354**	**(34)**	**(53,693)**	**(620)**	**1,523,724**

	Changes - Consolidated					
	Balance on 12/31/2014	Additions	Net write-offs	Amortization	Reclassifications / transfers	Balance on 12/31/2015
Goodwill	1,320,053	-	(10,903)	-	-	1,309,150
Customer contracts	105,851	-	-	(15,877)	-	89,974
Licenses and software developed/acquired	81,941	15,362	(12)	(28,851)	3,382	71,822
Software development (in progress)	11,891	25,212	(194)	-	(3,127)	33,782
Trademarks and patents	10,180	-	-	(1,191)	-	8,989
Other	2,550	-	-	-	(2,550)	-
Non-compete clause	309	-	-	(309)	-	-
	1,532,775	**40,574**	**(11,109)**	**(46,228)**	**(2,295)**	**1,513,717**

Software development (in progress)

These mainly comprise expenses with the restructuring and implementation of a functional SAP business intelligence and management system, which will allow Grupo Fleury to optimize processes and minimize risks. The implementation process was concluded in January 2017.

Impairment testing

Goodwill arising from business combinations is an intangible asset with an indefinite useful life and, therefore, it is not amortized but is annually tested for impairment.

Goodwill calculated in a business combination is allocated to the cash-generating units (CGU), defined in accordance with the Company's accounting practices. Below is goodwill allocation by CGU:

	2016	**2015**
Diagnostic Medicine	1,094,240	1,094,240
Hospitals	214,910	214,910
	1,309,150	**1,309,150**

On December 31, 2016, the Company assessed the impairment of goodwill based on its value in use using the discounted cash flow model for the cash-generating units (CGUs). The process to estimate the value in use involves the use of assumptions, judgments and estimates on future cash flows and represents the Company's best estimate. Said projections were approved by the Company's Management. The impairment testing of CGUs did not identify the need to recognize an impairment loss.

The cash flow projection comprised the five-year period plus the residual value calculated by perpetuating the cash balance in the fifth year, discounted to present value at the Weighted Average Cost of Capital -WACC of 13.54% in 2016 (14% in 2015).

The cash flow projection for the first year is based on the budget approved by Management. Management determined the budgeted gross margin based on its expectations for the development of the market and believes that any type of change reasonably possible in key assumptions, on which the recoverable value is based, would not cause the total carrying amount to exceed the CGU's total recoverable value.

15. Financing

		Funding			
Funders **Domestic currency – R$**	**Charges** **Fixed rate**	**Signature date**	**Contracted amount**	**Accumulated amount paid**	**Final maturity**
FINEP 1	4.25% p.a.	5/8/2009	7,098	7,098	09/2017
FINEP 2	4.00% p.a.	8/6/2012	10,752	10,752	08/2020
FINEP SUBVENÇÃO (*)	0% p.a.	7/13/2012	825	104	07/2016
FINEP PROMETHEUS I and II	4.00% p.a.	8/28/2014	155,444	101,666	09/2022

(*) The final maturity of the FINEP Subvenção agreement may be extended up to one year as of the original maturity date. Grupo Fleury is negotiating with FINEP to validate the agreement.

	Parent Company and Consolidated					
Funders Domestic currency – R$	12/31/2015	Incurred interest	Interest paid	Principal amortization	Release	12/31/2016
FINEP PROMETHEUS I and II (a) (b)	101,843	4,023	(4,033)	(5,571)	-	96,262
FINEP 2	7,006	252	(252)	(1,499)	1,777	7,284
FINEP 1	1,866	57	(58)	(1,065)	-	800
BNDES FINAME	898	31	(34)	(895)	-	-
FINEP SUBVENÇÃO	36	-	-	-	-	36
	111,649	4,363	(4,377)	(9,030)	1,777	104,382
Capitalization cost (*)	(965)	-	-	144	-	(821)
	110,684	4,363	(4,377)	(8,886)	1,777	103,561
Current	9,080					19,532
Noncurrent	101,604					84,029

(*)The capitalization cost corresponds to the R$1,146 disbursed by FINEP to cover inspection and supervision expenses related to the Prometheus I and Prometheus II projects.

On December 31, 2016, the noncurrent installments of the financings matured as follows:

	Parent Company and Consolidated
2018	18,553
2019	18,553
2020 to 2022	46,923
	84,029

FINEP has a clause that obliges the Company to ensure the payment of any liability arising from the agreement by issuing a bank guarantee letter in the amount of the entire financing. This clause is indispensable to the signature of the agreement.

Certain loans have covenants, including but not limited to the execution or formalization of collateral or personal guarantees, restrictions to the change, transfer or assignment of controlling interest, merger or spin-off without the creditor's prior consent, and the maintenance of financial and liquidity ratios measured every six months.

On December 31, 2016, the Company and its subsidiaries complied with all the above mentioned financial ratios, as well as with all the covenants.

In order to comply with FINEP's requirements and to provide supplementary information, the Company's total expenditures related to FINEP 1 and 2 incurred in 2016 are presented below.

a) FINEP 1

In 2016, the expenditures pursuant to agreement [09.14.0055.00] entered into between Finep and FLEURY S.A. related to the Prometheus I project are as follows:

Disbursement items	**Amount**
Internal R&D	9,198
Acquisition of other external knowledge	740
Acquisition of software	434
Acquisition of machinery and equipment	12
Pioneering production and other preparation for production and distribution:	104
i. Works and facilities for pioneering production	2
ii. Other preparation for production and distribution	102
	10,488

We do not early report any disbursement listed above.

b) FINEP 2

In 2016 the expenditures in accordance with the agreement [09.14.0054.00] entered into between Finep and FLEURY S.A. related to the Prometheus II project are as follows:

Disbursement items	**Amounts in reais**

Internal R&D	8,560
Acquisition of other external knowledge	34,801
Acquisition of software	677
Training	861
Acquisition of machinery and equipment	876
	45,775

We do not early report any disbursement listed above.

16. Debentures

Debentures were placed as follows

	Issue amount (R$)	Number of debentures	Final maturity	Half-annual interest	Total issued
1st Issue – 2nd Series	10,000	30,000	Dec/18	CDI + 1.20% p.a.	300,000
2nd Issue – Single Series	10,000	50,000	Feb/20	CDI + 0.85% p.a.	500,000

The Company used the amounts raised with the debenture issues to strengthen its working capital, maintain its cash strategy, extend its debt profile and finance its investments and acquisitions in the coming years. The debentures issued are non-convertible and unsecured.

1st Issue of Debentures

The Company carried out its first debenture issue through a public offering for the distribution of simple debentures with restricted placement efforts, in two series, concluded on December 12, 2011.

The First Series, totaling R$150,000, has already been amortized in three equal and annual installments, the first, second and third of which were settled on December 12, 2014, 2015 and 2016. There was no optional early redemption or renegotiation.

The Second Series was issued to be amortized in three equal and annual installments. The first installment was amortized on December 12, 2016 and the remaining will be amortized in 2017 and 2018, there being no optional early redemption or renegotiation.

2nd Issue of Debentures

This issue was carried out through a public offering for the distribution of simple debentures with restricted placement efforts, in a single series, concluded on February 19, 2013.

The debentures will be amortized in three equal and annual installments on February 15, 2018, 2019 and 2020. Payment of remuneration will occur every six months and there are no plans for renegotiation.

Changes in debentures

	Parent Company and Consolidated				
Domestic currency – R$	12/31/2015	Incurred interest	Interest paid	Principal amortization	12/31/2016
1st Issue – 1st Series	50,338	6,885	(7,223)	(50,000)	-
1st Issue – 2nd Series	302,068	43,647	(44,157)	(100,000)	201,558
2nd Issue – Single Series	526,937	72,225	(72,260)	-	526,902
	879,343	122,757	(123,640)	(150,000)	728,460
Current	179,343				128,460
Noncurrent	700,000				600,000

The installments recorded under Noncurrent liabilities on December 31, 2016 mature as follows:

Maturity	1st Issue (2nd Series)	2nd Issue Single Series	Consolidated
2018	100,000	166,666	266,666
2019	-	166,667	166,667
2020	-	166,667	166,667
			600,000

Covenants

The debentures have covenants, and all obligations related to them will mature early if the Company fails to comply with the following financial ratios:

(a) Net financial debt/Earnings Before Interest Depreciation and Amortization (EBITDA) ratio lower than or equal to three times and/or;
(b) EBITDA/Net financial expense ratio equal to or higher than 1.5 time

On December 31, 2016, the Company and its subsidiaries complied with all the above mentioned financial ratios, as well as with all the covenants.

17. Trade payables

	Parent Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Domestic	141,981	103,462	142,903	104,297
Foreign	147	220	147	220
	142,128	**103,682**	**143,050**	**104,517**

18. Payroll and related taxes

	Parent Company and Consolidated	
	12/31/2016	12/31/2015
Provision for vacation and charges	43,045	40,999
Provision – profit sharing	29,432	22,922
Payroll charges payable	15,712	15,431
Other	5,057	4,538
	93,246	**83,890**

19. Taxes and contributions payable

	Parent Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
REFIS Installment – Law 11,941	49,248	51,311	49,248	51,311
PIS/COFINS	6,646	6,105	6,697	6,124
Tax on services (ISS)	5,565	4,365	5,687	4,484
PIS, COFINS and withholding social contribution (CSRF)	2,077	1,908	2,116	1,946
Social security tax (INSS)	1,395	677	1,395	677
Withholding income tax (IRRF)	1,024	808	1,036	820
ISS paid in installments (PPI SP)	903	3,456	903	3,456
ISS paid in installments – Niterói municipal government	642	642	642	642
Accident Prevention Factor (FAP)	-	1,918	-	1,918
Other	504	1,665	1,378	1,841
Total	**68,004**	**72,855**	**69,102**	**73,219**
Current	23,206	24,760	24,304	25,124
Noncurrent	44,798	48,095	44,798	48,095

On December 31, 2016, noncurrent installments matured as follows:

	Consolidated
2018	5,713
2019	5,363
2020	5,343
2021	5,291
2022 onwards	23,088

	44,798

20. Payable – Company acquisitions

Refer to debt incurred due to acquisition of companies, to be paid in accordance with the contractual terms; they are restated monthly, mainly by the IGP-M published by the Getulio Vargas Foundation (FGV) and the Extended Consumer Price Index (IPCA) published by the IBGE.

On December 31, 2016, the maturities of noncurrent installments are subject to final and unappealable decisions. It is, therefore, not possible to estimate payment for the coming years.

	Parent Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Current	243	4,616	243	4,616
Noncurrent	7,747	5,774	7,747	6,491
	7,990	**10,390**	**7,990**	**11,107**

21. Income tax and social contribution – Deferred

	Parent Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Tax loss	182,888	205,293	182,888	205,293
Provision for tax, labor and civil risks	46,208	43,671	46,208	43,671
Allowance for doubtful accounts and disallowances	41,610	45,094	45,125	45,094
Provision – profit sharing	29,432	22,922	29,432	22,922
Goodwill amortization is non-deductible until 2008 and deductible for tax purposes in future periods	24,782	24,782	24,782	24,782
Stock Option Provision and other	18,844	10,342	14,619	8,869
Asset revaluation	(118)	(672)	(118)	(672)
Receivables	-	(15,879)	-	(15,879)
Net assets acquired from business combinations	(38,845)	(58,424)	(38,845)	(58,424)
Goodwill amortization effects for tax purposes (a)	(1,157,715)	(984,336)	(1,157,715)	(984,336)
Basis of calculation	**(852,914)**	**(707,207)**	**(853,624)**	**(708,680)**
Deferred income and social contribution taxes at combined rate of approximately 34%	**(289,991)**	**(240,450)**	**(290,232)**	**(240,951)**
Income tax and social contribution - Assets	131,085	134,492	131,085	134,492
Income tax and social contribution - Liabilities	(421,076)	(374,942)	(421,317)	(375,443)

(a) Goodwill from mergers, mainly Labs Cardiolab.

The net balance is recorded under noncurrent liabilities, pursuant to CPC 32.

Current and deferred income tax and social contribution are recorded in profit (loss) as follows:

	Parent Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Income before income tax and social contribution	294,636	172,767	294,376	172,480
Standard rate	34%	34%	34%	34%
Income tax and social contribution expenses – Standard rate	**(100,176)**	**(58,741)**	**(100,088)**	**(58,643)**
Equity in the earnings (losses) of subsidiaries	183	(823)	183	(823)
Interest on equity	37,544	3,301	37,544	3,301
Other permanent non-deductible expenses	(3,438)	(9,161)	(3,266)	(8,972)
Income tax and social contribution expenses:	**(65,887)**	**(65,424)**	**(65,627)**	**(65,137)**
Current	(16,346)	(15,855)	(16,346)	(15,855)
Deferred	(49,541)	(49,569)	(49,281)	(49,282)
Effective tax rate - %	22.3%	37.9%	22.3%	37.8%

22. Provision for tax, labor and civil risks

The Company is subject to tax, labor and civil risks in the normal course of its operations. Management periodically reviews known contingencies, assesses probable losses and adjusts the respective provision, taking into consideration its legal counsel's assessment and other data available at the end of the reporting periods, such as the nature of the lawsuits and past experience. On December 31, 2016, the provision for tax, labor and civil risks was as follows:

	Parent Company and Consolidated	
	12/31/2016	12/31/2015
Tax	21,611	17,603
Labor	21,371	21,278
Civil	3,338	2,674
	46,320	**41,555**
Judicial Deposits (Note 10)	(12,213)	(7,796)

	34,107	**33,759**

Changes in the provision for tax, labor and civil risks are as follows:

	Balance on 12/31/2015	Addition/ Reversal	Reclassification and Payments	Monetary restatement	Balance on 12/31/2016
Tax	17,603	2,182	(158)	1,984	21,611
Labor	21,278	3,257	(5,424)	2,260	21,371
Civil	2,674	720	(312)	256	3,338
	41,555	**6,159**	**(5,894)**	**4,500**	**46,320**
Judicial Deposits	(7,796)	(1,736)	(1,906)	(775)	(12,213)
	33,759	**4,423**	**(7,800)**	**3,725**	**34,107**

a) Lawsuits classified as a probable losses, for which provisions were recorded:

Tax Lawsuits

Social Security Financing Tax on Revenue - COFINS: the claims involve the exemption from contribution granted to companies that provide services related to professions regulated by law. Supplementary Law 70/91, which created COFINS, addressed the exemption granted to these types of entities. Law 9,430/96, however, expressly revoked this exemption and required the contribution based on the service providers' gross revenue. The Company's legal counsel understands that, since Law 9,430/96 is an ordinary law, it could not have revoked the exemption granted by Supplementary Law 70/91. Nevertheless, given that the Federal Supreme Court has already issued an opinion contrary to said thesis, the Company had a provision to cover risks of R$6,232 on December 31, 2016 (R$7,189 on December 31, 2015).

Labor and Civil Lawsuits

The Company considers that the provision for labor and civil lawsuits is sufficient to cover expected losses. The Group's legal counsel analyzes lawsuits on a case-by-case basis, classifying the risk of loss in accordance with the guidelines established by the Company in its policy.

b) Lawsuits classified as possible loss risk

The Company has tax, civil and labor claims that are not provisioned, since they are classified as a possible loss by Management and its legal counsel. On December 31, 2016, the consolidated amount was approximately R$455,601 (R$360,035 on December 31, 2015).

Tax lawsuits classified as a possible loss amounted to R$289,006 (R$253,742 on December 31, 2015), mainly comprising, in the federal sphere: (i) R$146,635 (R$125,728 on December 31, 2015), mainly related to discussions on exemption from social contribution (CSLL), income tax (IRPJ), social security financing tax on revenue (COFINS), social integration program tax on revenue (PIS) and import PIS/COFINS; (ii) federal tax claims involving social security contributions totaling R$60,849 (R$55,118 on December 31, 2015); and (iii) sundry federal lawsuits totaling R$12,249 (R$10,806 on December 31, 2015).

Regarding state taxes, lawsuits classified as a possible loss amounted to R$32,188 (R$28,252 on December 31, 2015) and mainly refer to state value-added tax (ICMS) on equipment imports.

In relation to municipal taxes, lawsuits classified as a possible loss reached R$35,870 (R$33,646 on December 31, 2015) and mainly refer to claims involving tax on services of any kind (ISSQN).

In the civil sphere, the Company's lawsuits classified as a possible loss totaled R$16,496 (R$16,213 on December 31, 2015), of which R$14,918 (R$14,885 on December 31, 2015) related to civil liability lawsuits claiming compensation for damages and pain and suffering due to alleged diagnostic errors or malpractice, and other less significant ongoing lawsuits totaling R$1,578 (R$1,328 on December 31, 2015).

Labor lawsuits classified as a possible loss amounted to R$150,099 (R$90,080 on December 31, 2015), of which (i) R$111,102 (R$60,864 on December 31, 2015) refers to labor claims from former employees; (ii) R$20,885 (R$11,103 on December 31, 2015) refers to secondary liability lawsuits filed by employees of companies that render specialized services to the Company on an outsourced basis; and (iii) R$18,117 (R$18,113 on December 31, 2015) refers to ongoing administrative lawsuits.

Also in the labor sphere, the Company was summoned in a public civil action suit pending at the Labor Court of Rio de Janeiro that essentially challenges the legality of hiring specialized medical companies. In addition, the public civil action demands the payment of R$5,000 for collective pain and suffering. The Company is fighting this lawsuit proving the legitimacy of its practice of hiring medical companies, in accordance with the applicable laws, being supported by court precedents in favor of hiring legal entities to provide medical services. Confirming this thesis, the first instance court denied the claim, by this decision was partially overruled by the Regional Appellate Labor Court. The Company filed motions for clarification with the Regional Appellate Labor Court of the 1st Region to subsequently file an appeal with the Superior Labor Court. The likelihood of success has not changed in the opinion of the legal counsel given previous Superior Labor Court cases.

23. Operating lease

A large share of the properties used in operating activities is rented, with terms and amounts established by agreements effective from four to six years. In the period ended December 31, 2016, the Company's rent expenses totaled R$107,928 (R$109,117 on December 31, 2015).

The agreement amounts are monetarily restated after the original maturity date (usually annual). This adjustment is calculated based on the General Market Price Index (IGP-M) variation. The consolidated rent commitments totaled R$454,704 on December 31, 2016 (R$458,715 on December 31, 2015). The consolidated position of these commitments is as follows:

	Consolidated

2017	108,088
2018	94,264
2019	83,486
2020	68,509
2021 onwards	100,357
	454,704

24. Related parties

a) Balances from related parties

	Parent Company and Consolidated	
	12/31/2016	12/31/2015
Rent expenses		
Transinc Fundo Inv. Imobiliário (a)	(7,606)	(7,717)
Amicabilis Participações e Empreendimentos Ltda. (a)	(3,191)	(3,018)
Harmonikos 32 Participações e Empreendimentos Ltda. (a)	(2,498)	(2,302)
Benefit expenses		
Companies associated with Bradseg (b)	(125,455)	(115,263)
	(138,750)	**(128,300)**

	Parent Company and Consolidated	
	12/31/2016	12/31/2015
Balance Sheet:		
Assets		
Bradesco (c)	196,580	233,357
Liabilities		
Transinc Fundo Inv. Imobiliário (a)	-	(650)
Companies associated with Bradseg (b)	(18)	(853)
Net balance	**196,562**	**231,854**

(a) These property funds have shareholders that are direct and indirect shareholders of the Company (Grupo Fleury).

(b) Bradseg, a shareholder with a significant interest in the Company, holds an interest in and/or control of health insurance operators and companies that have a business relationship with the Company. Bradseg also holds an indirect interest in Odontoprev S.A., a dental care provider and parent company of Clidec Participações, partner of Fleury Centro de Procedimentos Médicos Avançados, subsidiary of the Company, in Papaiz Associados. These amounts refer to service agreements, mainly health insurance and food/meal and transportation vouchers.

A group of companies associated with Bradseg are among the Company's main clients.

(c) Grupo Fleury holds financial investments and balances in bank accounts in Banco Bradesco. On December 31, 2016, investment operations consisted of a fund classified as fixed revenue and repurchase agreements, whose yields are shown in Note 4 .

b) Management compensation

For the period ended December 31, 2016, Management compensation included salaries, management fees, benefits, payroll charges, stock options and bonus totaling R$8,946 (R$10,822 on December 31, 2015), which is recorded under "General and administrative expenses" in the statement of income.

The amount recognized in the statement of income as compensation of Executive Officers and Management members did not exceed the maximum limit approved by the Meeting held on April 7, 2016.

Pursuant to CPC 33 – Employee Benefits, the Company offers post-employment benefits to its Management, comprising private pension and life insurance. The provision for employee and Management profit sharing totaled R$23,210 in the period ended December 31, 2016 (R$22,922 on December 31, 2015).

25. Equity

a) Share capital

On December 31, 2016, the fully paid-in share capital was R$1,423,237 (R$1,402,531 on December 31, 2015), represented by 157,115,125 (156,293,356 on December 31, 2015) book-entry, registered common shares with no par value. The net amount of share issue expenses was R$1,400,453 (R$1,379,747 on December 31, 2015). The Company is authorized to increase its capital stock, regardless of an amendment to the Bylaws, up to the limit of R$160,000,000 in common shares.

On November 1, 2016, the Board of Directors approved the capital increase to meet the exercises of options under the scope of the Company's Stock Option Plan, in the amount of R$20,706, through the issue of 821,769 shares.

b) Dividends

Shareholders are entitled to 25% of the annual profit, adjusted in accordance with Brazilian Corporation Law as minimum mandatory dividends.

On April 7, 2016, the Annual Shareholders' Meeting approved the distribution of dividends in the amount of R$21,361 (R$0.14 per share), of which R$10,766 is related to the amount exceeding the minimum mandatory dividends, recorded in equity as "Additional dividend proposed", and R$10,595 is recorded as "Other accounts payable", settled on April 29, 2016, giving a total distribution of R$37,570 related to profit for 2015.

On July 27, 2016, the Annual Meeting approved the payment of dividends in the amount of R$31,767 (R$0.20 per share), related to retained earnings from the first half of 2016, as interim dividends, paid on August 15, 2016.

On December 7, 2016, the Annual Shareholders' Meeting approved the payment of dividends in the amount of R$220,840 (R$1.41 per share), R$3,987 of which corresponding to retained earnings of the year and R$216,853 to profit reserves for investments.

At the meeting held on March 8, 2017, the Board of Directors presented the financial statements and the proposal for distribution of income for the fiscal year ended December 31, 2016, in the amount of R$71,133, which will be submitted to approval of the Annual Shareholders' Meeting to be held on

April 7, 2017. The Annual Shareholders' Meeting that approves the financial statements will also resolve on the necessary matters.

c) Interest on equity

On the Annual Shareholders' Meeting of December 7, 2016, the Company's management approved the distribution of interest on equity to its shareholders, calculated based on the long-term interest rate (TJLP), on the amount of R$110,425 (R$0.70 per share).

As permitted by law and provided for in the Company's Bylaws, the amount corresponding to interest on equity, net of income tax, was attributed to the value of the minimum mandatory dividend.

Calculation of interest on equity:

Description	
Gross interest on equity distributed	110,425
(-) Withheld income tax (IRRF)	(14,818)
Net interest on equity distributed	**95,607**

26. Employee benefits

Private Pension Plan

The Company sponsors a private pension plan, Itaú Vida e Previdência S.A., whose main purpose is to complement the government pension. This defined-contribution pension plan is optional for all employees of the Company and its subsidiary Fleury CPMA. In the period ended December 31, 2016, the Company contributed R$1,622 (R$1,517 in the period ended December 31, 2015) to this plan, recorded under "Cost of services" and "General and administrative expenses".

Stock option plan

(i) 2010 to 2014 Grants

The Extraordinary Shareholders' Meeting of November 12, 2009 approved the Company's Stock Option Plan, authorizing the grant of stock options to employees selected by the Board of Directors. The options granted within the scope of the plan are limited to 3% of the total shares of the Company's subscribed and paid-in capital stock.

Each employee stock option can be converted into a common share of Fleury S.A. at the moment of exercise of the option, which can be exercised any moment as of the date the right is acquired up to six years of the grant date, when they expire. No value is paid or will be paid by the beneficiary upon receipt of the option. The options do not give beneficiaries the right to dividends or vote, until they are actually exercised.

The Company's Board of Directors is responsible for determining, in each grant, the participants of the plan, as well as the number of shares to be acquired in the exercise of each option, the vesting period, exercise price, payment and other conditions.

The participants have up to six years as of the grant date of the options to exercise them.

The exercise price of the options will be based on the weighted average price in the trading sessions of the month immediately prior to the signature of the option agreement. Exceptionally regarding the first grant, the exercise price of the options was equivalent to the price per share established within the scope of the initial public offering of common shares issued by the Company ("IPO").

(ii) 2016 Grant

The Extraordinary Shareholders' Meeting of July 25, 2016 approved the new stock option plan of shares issued by the Company (2016 Plan), aimed to its executives, managers and employees (beneficiaries). The options granted within the scope of this Stock Plan cannot exceed, during the vesting period of the Option Plan, the maximum accumulated limit of two point five percent (2.5%) of the total shares of the Company's subscribed and paid-in capital stock on this date. The Company's Board of Directors will be responsible for managing the Stock Option Plan.

No value is paid or will be paid by the beneficiary upon receipt of the option. The options do not give beneficiaries the right to dividends or vote, until they are actually exercised.

Each employee stock option can be converted into a common share of Fleury S.A. at the moment of exercise of each portion of the option, which can be exercised any moment as of the date the right is acquired up to two years of the exercise date, when they expire. After exercising each portion of the option and subscribing the respective share, beneficiaries can only sell or transfer them after six months as of the respective subscription date.

The beneficiaries can exercise the options in full at least six years as of the date of signature of the respective adhesion agreement, as follows: (i) 12.5% exercisable on the 24th month as of the signature of the respective adhesion agreement; (ii) 25% on the 36th month; (iii) 25% on the 48th month; (iv) 25% on the 60th month, and (v) 12.5% exercisable as of the end of the 72th month as of the signature of the respective adhesion agreement.

The exercise price of the options will be based on the average price of the share at the close of the last ninety (90) trading sessions prior to the Board of Directors' meeting that resolves on the respective grant.

The following grants were carried out up to December 31, 2016.

				Position on 12/31/2016		Position on 12/31/2015	
	Date	Stock Options Granted	Stock Option Exercise Price*	Number of shares	Period price	Number of shares	Period price
2016 Grant	July 25, 2016	1,793,356	17.48	1,773,166	17.48	-	-
2014 Grant	October 5, 2014	1,149,335	14.28	584,701	17.02	1,018,088	16.01
2013 Grant	April 30, 2013	1,189,296	21.46	226,524	27.75	643,403	26.11
2012 Grant	May 2, 2012	732,746	24.21	94,372	33.22	282,434	31.26
2011 Grant	February 22, 2011	327,825	25.76	67,849	37.87	87,303	35.63

2010 Grant	February 2, 2010	552,624	16.00	-	-	53,931	23.46

** The price of options will be restated by the IPCA Consumer Price Index variation, except for the 2016 Grant (2016 Plan).*

In 2016, the Company recognized pro-rata expenses of R$4,629 under General and administrative expenses (R$1,936 in the period ended December 31, 2015).

27. Service revenue

	Parent Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Gross revenue	2,287,622	2,087,821	2,300,328	2,097,239
Taxes	(141,389)	(130,013)	(142,107)	(130,546)
Disallowances	(59,301)	(66,791)	(59,794)	(66,831)
Rebates	(2,314)	(4,902)	(2,314)	(4,902)
Net revenue	**2,084,618**	**1,886,115**	**2,096,113**	**1,894,960**

28. Cost of services

	Parent Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Personnel and medical services	(728,991)	(689,395)	(739,427)	(699,093)
Rent, utilities and general services	(304,105)	(287,726)	(304,117)	(287,731)
Materials and outsourcing	(210,142)	(188,641)	(210,142)	(188,641)
General expenditures	(129,424)	(125,288)	(129,427)	(125,290)
Depreciation and amortization	(109,148)	(89,358)	(111,949)	(91,319)
	(1,481,810)	**(1,380,408)**	**(1,495,062)**	**(1,392,074)**

29. General and administrative expenses

	Parent Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Personnel and medical services	(120,658)	(124,741)	(120,658)	(124,749)
Depreciation and amortization	(33,404)	(31,139)	(33,404)	(31,139)
Consulting services	(26,788)	(12,482)	(26,788)	(12,482)
Rent, utilities and general services	(21,921)	(23,578)	(21,921)	(23,578)
Promotions and events	(19,495)	(11,588)	(19,495)	(11,588)
Other	(12,705)	(10,975)	(12,706)	(10,975)
Legal services	(5,270)	(5,069)	(5,270)	(5,069)
Materials and outsourcing	(3,075)	(2,631)	(3,075)	(2,631)
	(243,316)	**(222,203)**	**(243,317)**	**(222,211)**

30. Other operating income (expenses), net

	Parent Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Other expenses (a)	(10,704)	(776)	(10,385)	(760)
Write-off of tax credits	(4,409)	-	(4,626)	-
Result from write-off/sale of assets (b)	1,099	(10,532)	1,172	(10,605)
Garbage collection fee (c)	-	(24,417)	-	(24,417)
Allowance for doubtful accounts	-	(1,904)	-	(1,904)
	(14,014)	**(37,629)**	**(13,839)**	**(37,686)**

(a) Mainly reflects the revision of the expectation for the collection of Receivables from AES Eletropaulo (Note 11);

(b) Mainly refers to the write-off of property and equipment items (mostly medical equipment) as a result of inventories performed in 2015 in the Rio de Janeiro and São Paulo units.

(c) Garbage collection fee related to 2011, 2012, 2013 and 2014, as per the material fact dated March 31, 2015.

31. Financial result

	Parent Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015 (reclassified)
Financial income:				
Income from financial investments	100,186	72,508	101,353	73,241
Monetary restatement of taxes and judicial deposits	11,112	13,775	11,346	13,844
Derivative financial instruments	522	-	522	-
Other	310	334	310	334
Exchange rate variation	181	438	181	438
PIS/COFINS on financial income	(5,315)	(2,545)	(5,344)	(2,549)
	106,996	**84,510**	**108,368**	**85,308**
Financial expenses:				
Interest on debentures	(122,757)	(124,194)	(122,757)	(124,194)
Monetary restatement of taxes and accounts payable from company acquisitions	(10,736)	(7,652)	(10,580)	(7,740)
Interest on financing and other interest	(4,781)	(8,060)	(4,781)	(8,060)
Other financial expenses	(3,527)	(214)	(4,299)	(842)
Monetary restatement of provision for tax, labor and civil risks	(4,500)	(3,677)	(4,500)	(3,677)
Bank fees and expenses	(4,327)	(3,499)	(4,340)	(3,520)
Derivative financial instruments	(1,397)	-	(1,397)	-
Exchange rate variation	(193)	(434)	(193)	(434)
	(152,218)	**(147,730)**	**(152,847)**	**(148,467)**
Net financial result	**(45,222)**	**(63,220)**	**(44,479)**	**(63,159)**

32. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the Company's shareholders by the weighted average number of common shares issued in the period, excluding common shares acquired by the Company and held as treasury shares.

	12/31/2016	12/31/2015
Profit attributable to the Company's shareholders	228,749	107,343
Weighted average number of common shares issued/outstanding	156,428,072	156,293,356
Basic earnings per share - R$	1.46	0.69

Diluted earnings per share

Diluted earnings per share are calculated by adjusting the weighted average number of outstanding common shares to assume the conversion of all dilutive potential common shares.

The Company had outstanding dilutive potential common shares in the period, related to the Company's Stock Option Plan, as follows:

	12/31/2016	12/31/2015
Profit attributable to the Company's shareholders	228,749	107,343
Weighted average number of outstanding common shares	156,428,072	156,293,356
Adjustments for stock options	2,932,062	1,472,288
Weighted average number of common shares for diluted earnings per share	159,360,134	157,765,644
Diluted earnings per share - R$	1.44	0.68

33. Segment reporting

Grupo Fleury's Management carries out analyses based on three significant business segments: Diagnostic Medicine, Integrated Medicine and Dental. The segments presented in the financial statements are strategic business units that offer different products and services.

	Period ended 12/31/2016				**Period ended 12/31/2015**			
	Diagnostic Medicine	Integrated Medicine	Dental	**Consolidated**	Diagnostic Medicine	Integrated Medicine	Dental	**Consolidated**
Net revenue	1,748,565	347,548	-	2,096,113	1,585,615	309,345	-	1,894,960
EBITDA	424,414	58,675	-	483,089	312,146	45,834	-	357,980
Equity in the earnings of joint venture	-	-	1,119	1,119	-	-	38	38

Equity in the earnings of discontinued operations	-	-	-	-	78	-	-	78
Depreciation and amortization	-	-	-	(145,353)	-	-	-	(122,457)
Financial result	-	-	-	(44,479)	-	-	-	(63,159)
Income before income taxes	**-**	**-**	**-**	**294,376**	**-**	**-**	**-**	**172,480**

Assets and liabilities by reportable segment are not being presented, in line with CPC 22, given that this information is not regularly presented to the main managers of the operations.

Pursuant to accounting standard CPC 19 (R2) - Joint Arrangements, the indirect subsidiary Papaiz is accounted for by the equity accounting method because it is jointly controlled. Dental operations are broken down as follows:

	12/31/2016	12/31/2015
Net revenue	8,776	7,497
Operating result	1,801	926
Depreciation and amortization	(287)	(283)
Financial result	(183)	(215)
Income before taxes	1,331	428
Income tax and social contribution	(276)	(390)
Profit	**1,055**	**38**

34. Insurance

The Company has a policy to contract insurance for possible risks related to its assets, loss of profit and/or liability in amounts sufficient to cover possible losses, considering the nature of its activities and in accordance with the assessment of Management and its specialized consultants. The Parent Company's net insurance premium for the policies in effect on December 31, 2016 totaled R$973. The agreements are in effect until December 2017 (except for "E&O" Professional Civil Liability, which mature on February 26, 2017). The maximum amounts insured by the main insurance on December 31, 2016 were as follows:

	Consolidated
Operating risks	R$462,698
Civil liability	R$53,500
International transport - imports	US$ ('000) 500

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Carlos Alberto Iwata Marinelli
CEO

Adolpho Cyriaco Nunes de Souza

Chief Executive Finance and
Investor Relations Officer

Gisele Schneider
Technical manager
TCRC 1SP304488

São Paulo, March 09th, 2017– Fleury Group announces today its 4th quarter (4Q16) and full year 2016 results. All figures are compared to the same period last year, unless otherwise stated, and are rounded to the nearest thousand, but may have differences when compared to the financial statements because of decimal digits.

Highlights 2016:

- **Gross Revenue** reached R$ 2.3 billion, **10.7%[1]** growth.
- **Net Revenue** grew **11.7%[1]**.
- **EBITDA margin** grew 289 *bps* and reached **23.0%**.
- **Net Income grew 82.0%** and reached R$ 228.7 million.
- **Operating Cash Flow** totaled **R$ 513.9 million,** 39.4% growth.

Highlights 4Q16:

- **Gross Revenue increased 10.1%[1]** and **PSCs' gross revenue grew 11.0% in Same Store Sales** (SSS).
- Improvement of **73 *bps* in cancellations**.
- **EBITDA margin** grew 127 *bps* and reached **19.3%**.
- **Net income** increased **189.6%** to R$ 74.9 million.
- **Return on invested capital (ROIC[3])**, excluding goodwill, reached **32.9% (+1,209 bps).**
- **The average collection period decreased six days** (65 days in 4Q16).
- **NPS[4]** reached 72.3%, **up 768 *bps***.

Management Comments:

2016 was marked by the consolidation of some initiatives to capture the existing demand for quality services and optimize the Company´s operational profitability, as well as a renewed focus on projects geared at improving the customer´s experience in our services. Among these projects, we highlight the Lean project, responsible for redesigning the unit´s processes in order to optimize our services and increase the employees' productivity by reducing waiting times. We observe an important increase in the thirteen units included in the first phase of the Lean project, measured by the expansion of the NPS (Net Promoter Score). In 2017, we intend to expand this methodology in other units. We also developed the Procurement project, whereby we renegotiated contracts with our suppliers and restructured processes to reduce costs and expenses.

The year of 2016 represents a new landmark in the Company´s turnaround cycle which started at the end of 2013 and has resulted in the growth of our operational profitability in a consistent and sustainable manner. Within this context, the Company delivered in 2016 a general growth in every results lines, highlighting a 10.6% increase in net revenue, an improvement of 289 bps in the EBITDA margin, a record operating cash generation of R$ 0.5 billion and an increase of 82.0% in net income.

In 2017, we started a new cycle, supported by a Strategic Plan jointly defined by the Board of Directors and executives, focusing on growth through the expansion of PSCs and partnerships with Hospitals, and the Group's position as an innovative and digital Company, offering excellence to our clients across our services and medical knowledge.

[1] Effect of the sale of PSCs' CADE RJ: effect of the sale of five PSCs in Rio de Janeiro in 4Q15 (material fact in 2015 November 5th) in compliance with the agreement signed with CADE in 2014. Without this adjustment, the gross revenue grew 9.7% in 4Q16 and 2016 and net revenue grew 10.6% in both 4Q16 and 2016.
[2]PSCs: Patient Service Center
[3] Excludes the goodwill of the stockholder´s equity.
[4] NPS: Grupo Fleury's Net Promoter Score, indicator that measures the level of recommendation after the use of services. As of 3Q16, the report considers the NPS of the Rio de Janeiro brands.

Financial Highlights 4Q16:

- Gross revenue of R$ 572.4 million, up 10.1% excluding the PSCs CADE RJ' sales effect (+9.7% without this adjustment).
- Patient Service Centers (PSCs): Gross revenue of R$ 481.6 million, up 10.5% excluding the effect of the sale of the PSCs' CADE RJ[1] or 10.0% without this adjustment (+11.0% in *SSS*[2]).
  - Fleury brand increased 9.1% (+8.9% in *SSS*).
  - Regional brands excluding RJ grew 15.5% (+14.6% in*SSS*[2]).
  - Rio de Janeiro brands grew 9.9% excluding the effect of the sale of the PSCs' CADE RJ[1] (+13.9% in *SSS*).
- Diagnostic Operations in Hospitals: Gross revenue of R$ 82.4 million, up 7.9% (8.8% in *SSS*[2]).
- Gross Income amounted to R$ 131.8 million (+14.8%) with 25.2% margin (+93*bps*).
- EBITDA of R$ 100.7 MM (+18.4%) with 19.3% margin (+127*bps*).
- Net Income of R$ 74.9 million (+189.6%) and "Cash Net Income"[1] of R$ 75.1 million (+99.2%).
- Operational Cash flow of R$ 124.3 million (+4.5%).

Quarterly financial indicators

R$ MM	4Q16	4Q15	Δ
Gross Revenue	572.4	521.8	9.7%
Net Revenue	523.2	473.0	10.6%
Gross Profit	131.8	114.8	14.8%
EBITDA	100.7	85.1	18.4%
Net Income	74.9	25.9	189.6%
Net Cash Income[1]	75.1	37.7	99.2%
Operating Cash Flow	124.9	114.2	9.4%
Gross Margin %	25.2%	24.3%	93 bps
EBITDA Margin %	19.3%	18.0%	127 bps
Effective Tax Rate	32.3%	-36.8%	6909 bps
Net Income Margin	14.3%	5.5%	884 bps
Net Cash Income / Net Revenue	14.4%	8.0%	639 bps
Operating Cash Flow / Net Revenue	124.0%	134.2%	-1027 bps
EV/EBITDA (LTM)	12.5	8.0	56.1%
P/E (LTM)	20.1	16.0	26.2%
ROE (LTM)	14.3%	6.6%	769 bps
ROIC (LTM)	11.2%	7.5%	370 bps
Adjusted ROIC (LTM)	32.9%	20.8%	1209 bps

1. "Net Cash Income": excludes the impact of deferred income tax

Financial highlights 2016:

- Gross Revenue of R$ 2,300.3 million, up 10.7% excluding the CADE RJ PSCs' sale effect (+9.7 without this adjustment)
- PSCs: Gross Revenue of R$ 1,925.9 million, up 10.7% excluding the CADE RJ PSCs' sale (+9.4% without this adjustment)
  - Fleury brand grew 9.6%.
  - Regional brands excluding Rio de Janeiro grew 15.2%.
  - Rio de Janeiro brands increased 9.4% excluding the CADE RJ PSCs' sale.
- Diagnostic Operations in Hospitals: gross revenue of R$ 339.5 million, up 10.5%.
- Gross Income reached R$ 601.1 million (+19.5%) with 28.7% margin (+214*bps*).
- EBITDA totaled R$ 483.1 million (+26.5%) with 23.0% margin (+289*bps*).
- Net Income amounted to R$ 228.7 million (+82.0%) and "Cash Net Income"[1] of R$ 278.0 million (+58.9%).
- Operational Cash Flow of R$ 513.9 million (+39.4%).

	Excluding non recurring [2]			Reported		
R$ MM	2016	2015	Δ	2016	2015	Δ
Gross Revenue	2,300.3	2,097.2	9.7%	2,300.3	2,097.2	9.7%
Net Revenue	2,096.1	1,895.0	10.6%	2,096.1	1,895.0	10.6%
Gross Profit	601.1	502.9	19.5%	601.1	502.9	19.5%
EBITDA	483.1	382.0	26.5%	483.1	358.0	34.9%
Net Income	228.7	125.7	82.0%	228.7	107.3	113.1%
Net Cash Income[1]	278.0	175.0	58.9%	278.0	156.6	77.5%
Operating Cash Flow	513.9	368.6	39.4%	513.9	368.6	39.4%
Gross Margin %	28.7%	26.5%	214 bps	28.7%	26.5%	214 bps
EBITDA Margin %	23.0%	20.2%	289 bps	23.0%	18.9%	416 bps
Effective Tax Rate	-22.3%	-37.8%	1547 bps	-22.3%	-37.8%	1547 bps
Net Income Margin	10.9%	6.6%	428 bps	10.9%	5.7%	525 bps
Net Cash Income / Net Revenue	13.3%	9.2%	403 bps	13.3%	8.3%	500 bps
Operating Cash Flow / Net Revenue	106.4%	96.5%	988 bps	106.4%	103.0%	340 bps
EV/EBITDA (LTM)	12.5	7.5	66.6%	12.5	8.0	56.1%
P/E (LTM)	20.1	14.3	41.0%	20.1	16.0	26.2%
ROE (LTM)	14.3%	6.6%	769 bps	14.3%	6.6%	769 bps
ROIC (LTM)	11.2%	7.5%	370 bps	11.2%	7.5%	370 bps
Adjusted ROIC (LTM)	32.9%	20.8%	1209 bps	32.9%	20.8%	1209 bps

1. "Net Cash Income": excludes the impact of deferred income tax

2. Non-recurring item: 1Q15 results were impacted by the joining of the Company to the Installment Incentive Program of São Paulo City Hall to settle debts related to Health's Solid Waste Tax (TRSS). The agreement covered the debts from 2003 to 2013 and recognized the 2014 year liabilities, totaling R$ 27.2MM, already considered the discounts of 75% fine and 85% interest set out in that program. The impact on EBITDA was R$ (24.1MM) and in net income was R$ (18.3) MM.

General highlights:

- In December, the Fleury Group announced its expansion plan for the next five years. Between 2017 and 2021, the Company estimates that between 73 and 90 new Patient Service Centers (PSCs) will be open. Click here to access the material fact.
- From October 2016 to February 2017, the Company has inaugurated seven new PSCs, two of them as Fleury brand in São Paulo and five of them under the a + brand in Curitiba. In addition, the Fleury brand PSC in Brasilia changed its address to a location that brings more visibility to the unit. The details of each of the new units are given in the table below:

PSC*	Complexity	Size (m^2)	Local	Date
a+ Ecoville	Small	47	Curitiba	February
a+ Champagnat	Small	81	Curitiba	February
a+ Centro	Small	29	Curitiba	February
Fleury Brasil	Fast site	235	São Paulo	January
Fleury Moema	Fast site	126	São Paulo	December
a+ Batel	Small	134	Curitiba	December
a+ Nossa Saúde	Small	79	Curitiba	October

- In February, 2017, we started the B2B operation in the BP medical group, the former Beneficência Portuguesa Group, in São Paulo. The Fleury Group has been responsible for the clinical analyzes of the three hospitals (Hospital BP, BP Philanthropic and BP Mirante). The BP medical group has 1,084 beds and is a reference in cases of high complexity treatment in a wide range of specialties such as Cardiology, Neurology, Oncology and Orthopedics, among others.
- In December, we started the B2B clinical analysis operation in the Mãe de Deus Hospital, one of the most traditional health complexes in Porto Alegre. With more than 370 beds, the hospital has become, during its more than 30 years history, a reference in highly complex medical services in the South of the Country.
- In December, 2016, R$ 220.8 million were distributed as dividends and R$ 110.4 million as interest on shareholders' equity. In March 2017, the Board of Directors approved the distribution of R$ 71.1 million, still relating to the 2016 financial year.
- In November, the Board of Directors authorized a capital increase of R$ 20.7 million to cover the employees´ stock option exercise.
- In December, the Fleury brand launched a new app for test results. The app allows clients and physicians to consult the results of clinical analysis and imaging exams on a smartphone and tablet, with a historical evolutionary report of the patient. For physicians, the tool still has different types of result filters.
- For the fourth consecutive year, the Fleury Group was selected to integrate the Corporate Sustainability Index (ISE) portfolio, which acts as an inducer of good practices in the Brazilian business environment and is a reference for socially responsible investment.
- In the fourth quarter, the Fleury Group received the following awards:
  - Fleury Group was elected one of the most welcoming companies in Brazil for the eighth consecutive year by the corporate hospitality survey, conducted by the Brazilian Institute of Corporate Hospitality (IBHE). In 2016, the survey included 502 professionals from different areas and positions in the sectors of Industry, Commerce and Services
  - The Fleury Group ranks 5th in the IBRC / Exame ranking. The Company debuted this year in the study conducted by Exame magazine in partnership with the Ibero-Brazilian Institute of Customer Relations that evaluates the relationship between companies and consumers.
  - Fleury Group was elected one of the most sustainable companies in Brazil for the 6th consecutive year in Guia Exame de Sustentabilidade, the largest survey of corporate sustainability in the country
  - The Fleury Group was the winner in the health category of the MVP (More Value Produced) ranking, developed by the consulting firm Dom Strategy Partners and published by the Consumidor Moderno magazine. The award, which is in its fourth edition, highlights the best companies in terms of innovation and value generated for customers and society
  - The Fleury brand won three bronze trophies at the Lusófonos da Criatividade Award, an international creativity festival based in Portugal dedicated to rewarding, honoring and debating the advertising and communication markets of Portuguese-speaking countries. The "Fleury´s 90-year" campaign was recognized in the Film for Cinema category, while the "Pink Bra" campaign was awarded in the categories Film for Web and Product Design.

Economic Scenario and Sector

Macroeconomics

- The inflation rate of 2016 measured by the Índice Nacional de Preços ao Consumidor Amplo (IPCA) reached 6.29%, the lowest rate since 2013. The main influences were the food and beverage group (up 8.62%) and healthcare (up 11.04%). Together these items accounted for 54% of the inflation index. The greatest pressure from healthcare came from the health plan monthly fees (up 13.55%), which reached its highest accumulated variation since 1997.
- On February 22nd, 2017, the COPOM decided to reduce the interest rate to 12.25% per year. On January 11, 2017 COPOM had already reduced the interest rate to 13.00% per year.

Employment

- Brazil lost 662.4 thousand formal jobs in 4Q16 and 1.3 million in 2016. According to the CAGED (General Register of Employees and Unemployed Persons), all eight sectors of the economic activity analyzed suffered a drop in employment, especially in the services and construction sectors.

Sector

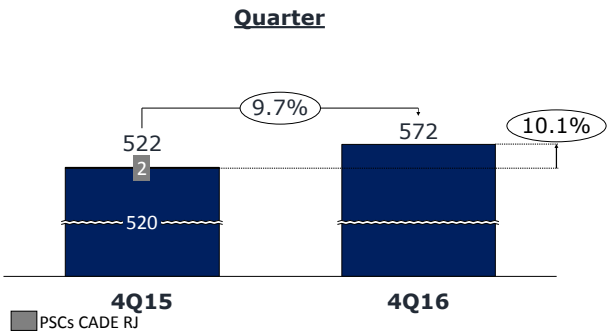
- According to the National Agency of Supplementary Health (ANS), in December 2016 the number of beneficiaries of health plan reached 47.9 million, stable compared to the previous month. Considering all segments of the health plan and odontological plan, the number of beneficiaries grew 0.11%, amounting to 69.9 million.

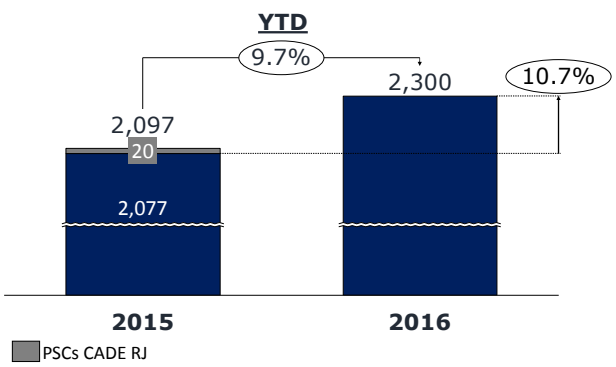
Financial Performance

Gross Revenue

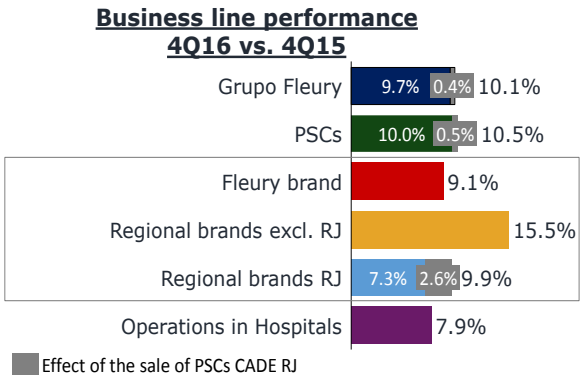
The company´s gross revenue totaled R$ 572.4 million in the 4Q16, up 10.1% on 4Q15 excluding the CADE RJ PSCs' sale effect (+9.7% without this adjustment). In 2016, the gross revenue reached R$ 2.3 billion, which means a +10.7% growth excluding the CADE RJ PSCs' sale (+9.7% excluding this adjustment).

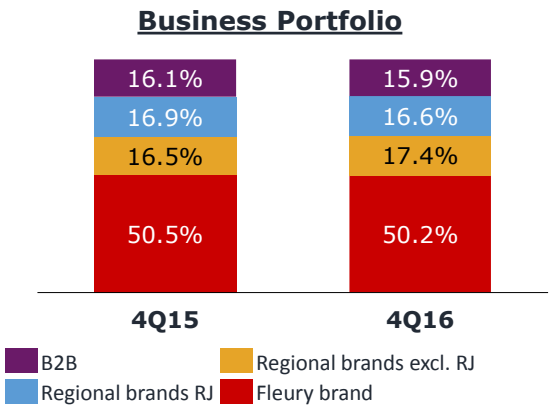
Gross Revenue (R$ million)

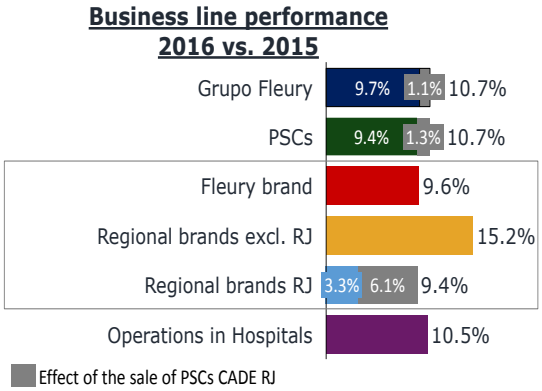


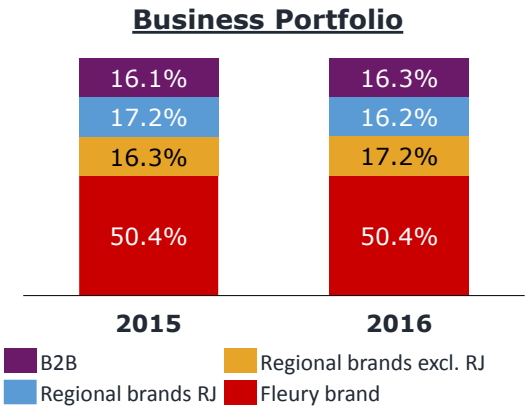


In 4Q15, the sale of five PSCs in Rio de Janeiro, called Cruzeiro do Sul, was completed (Effect of the PSCs' sale due to CADE agreement) as material fact released on November 5th 2015, fulfilling the performance agreement term signed with CADE in 2014. Due to this sale, the quarter revenue was impacted by the non-occurrence of revenue from these PSCs in November and December. For a better understanding of the growth of our operations, we show below the PSCs' growth excluding this effect.







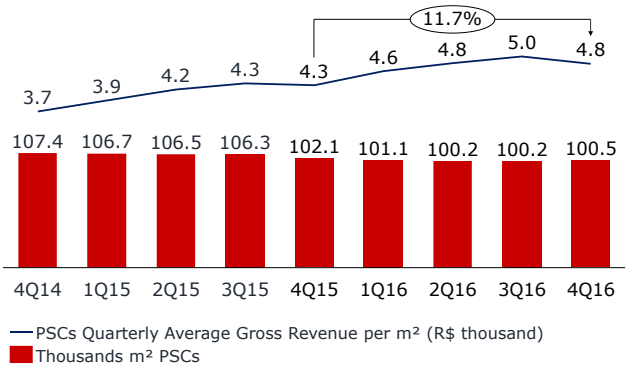


Patient Service Centers (PSCs) and PSCs Assets Efficiency

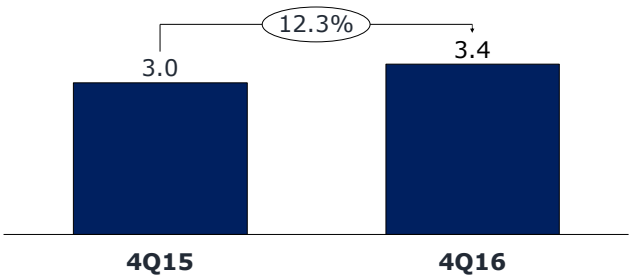
The Gross Revenue from PSCs amounted to R$ 481.6 million in the quarter and R$ 1.9 billion in 2016.

The asset efficiency measured through gross revenue per square meter grew by 11.7% in 4Q16 compared to the same period in 2015, while the efficiency of gross revenue by PSC grew 12.3%, reaching R$ 3.4 million per PSCs in the quarter.

Gross Revenue per m² per quarter



Gross Revenue per PSC (R$ million)



Gross revenue by exam in Grupo Fleury's PSCs increased by 2.1% in the quarter and 4.1% in 2016, impacted by the change in the mix of exams, mainly due to the increase in clinical analysis in RJ brands, and price adjustments.

Hospital operations and lab-to-lab segment showed an increase of 5.2% and 5.7% on average price. In 2016, Hospital operations grew 8.5% and lab-to-lab segment increased 14.1%.

Average Gross Revenue per test (R$)

	4Q16	4Q15	Δ	2016	2015	Δ
Grupo Fleury	**38.4**	**37.0**	**3.8%**	**38.1**	**36.1**	**5.6%**
- Patient Service Centers	53.1	52.0	2.1%	52.7	50.6	4.1%
- Operations in Hospitals	14.8	14.0	5.2%	14.9	13.8	8.5%
- Lab to Lab	38.2	36.1	5.7%	38.1	33.4	14.1%

In the 4Q16, the PSCs grew 10.5% excl. the effect of PSCs' sale due to CADE agreement (+10.0% without this adjustment), with an increase of 11.0% in Same Store Sales (SSS).

In 2016, the PSCs rose 10.7% excl. the effect of PSCs' sale due to CADE agreement (+9.4% without this adjustment).

In 4Q16, the Fleury brand reported an expansion of 9.1% (8.9% in SSS). Initiatives to increase the occupancy of imaging equipment, as well as the constant improvement of service levels, with impact in clinical analyzes and imaging, drove this growth.

In the year, gross revenue growth was 9.6%.

In the 4Q16, the regional brands excluding Rio de Janeiro showed an increase of 15.5% in the gross revenue and +14,6% in *SSS*, with the spotlight on the increase of a+ SP brand (+20,3%) and a+ PR brand (+17,3%).

This growth is explained by the growing supply for imaging analysis, ultrasound and MRI in São Paulo, Pernambuco and Bahia, with an ensuing increase in equipment occupancy, as well as by the growing demand for clinical analysis services, mainly in the a + SP and + PR brands.

Observing this growing demand for services, we increased the resonance in a+SP brand with the inauguration of new MRI equipments in Alphaville unit in December 2016, and Braz Leme unit in January, 2017. Also in October and December, two a+ PSCs were launched in Curitiba (another 3 units were inaugurated in February,2017).

In 2016, there was a 15.2% increase in gross revenue. Highlight again to a+ SP (+ 19.5%) and the a+ PR (+ 18.3%).

clínica luiz felippe mattoso LABS a+ medicina diagnóstica

In the 4Q16, The Rio de Janeiro brands showed an increase of 9.9% in the gross revenue, disregarding the sale of UA's CADE RJ effect. SSS in the period was 13.9%.

The gross revenue growth of the Labs a+ and Clinica Felippe Mattoso brands is mainly due to the increase in penetration of clinical analysis exams in the PSCs.

For the full year of 2016, the gross revenue growth was 9.4%, excluding the effect of the sale of UA's CADE RJ.

Comparison 4Q16 vs. 4Q15

	4Q16 vs 4Q15			
	Fleury Brand	Regional Brands excl. RJ	Brands RJ	Total (PSCs)
Indicators PSCs				
- Gross Revenue	9.1%	15.5%	7.3%	10.0%
- Gross Revenue (excluding effect of the sale of PSCs CADE RJ)	9.1%	15.5%	7.7%	9.6%
- SSS	8.9%	14.6%	13.9%	11.0%
- Gross Revenue / Number of Tests	4.6%	5.3%	-0.3%	2.1%
- Gross Revenue / m^2	6.7%	18.9%	13.6%	11.7%
- Gross Revenue / PSC	4.7%	15.5%	17.5%	12.3%

B2B

1. Dignostic Operations in Hospital

Gross revenue of R$ 82.4 million in the 4Q16, an increase of 7.9%. In the concept of Same Hospital Sales (SHS), gross revenue growth was 8.8% in the period. In 2016, the gross revenue totaled R$ 339.5 million, up 10.5% compared to 2015.

2. Reference Laboratory (*Lab-to-lab*)

Gross revenue reached R$ 6.9 million in the 4Q16 and R$ 29.2 million in 2016.

3. Preventive Medicine

Health Promotion reached R$ 1.4 million in gross revenue in the quarter and R$ 5.7 million in 2016.

Revenue's Tax and Cancellations/Deductions

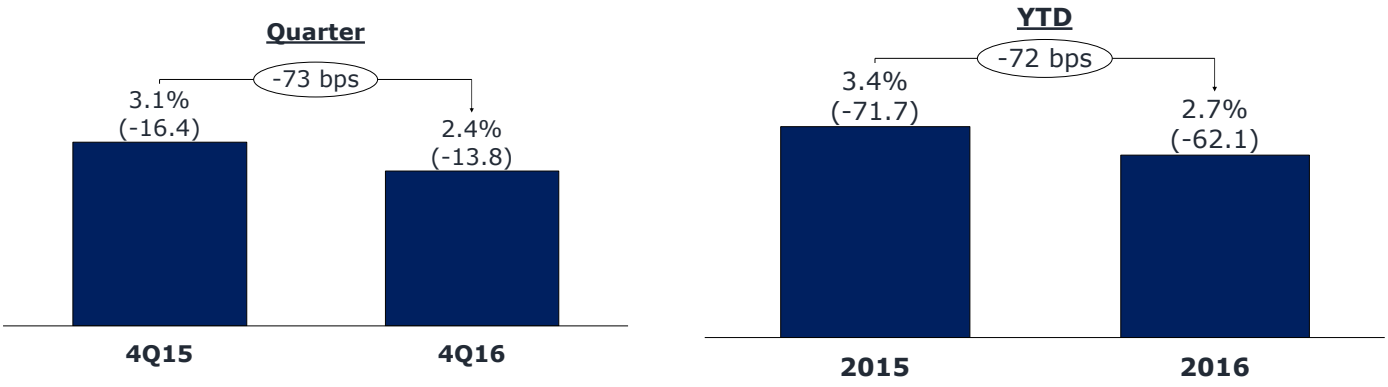
Revenue's taxes remained stable at 6.2% in the 4Q16 and in 2016.

Cancellations and deductions accounted for 2.4% of gross revenue, R$ (13.8 million), presenting a 73 bps reduction compared to 4Q15. In 2016, cancellations and deductions accounted for 2.7% of the gross revenue (-72 bps)

Provisions related to Accounts Receivable (CR) over 121 days have coverage of 71.4% of this amount (69.3% in 4Q15). CR overdue for more than 121 days represents 13.1% of total receivables (14.7% in 4Q15).

Provisions can be reverted if a payment related to receivables due to more than 121 days is identified.

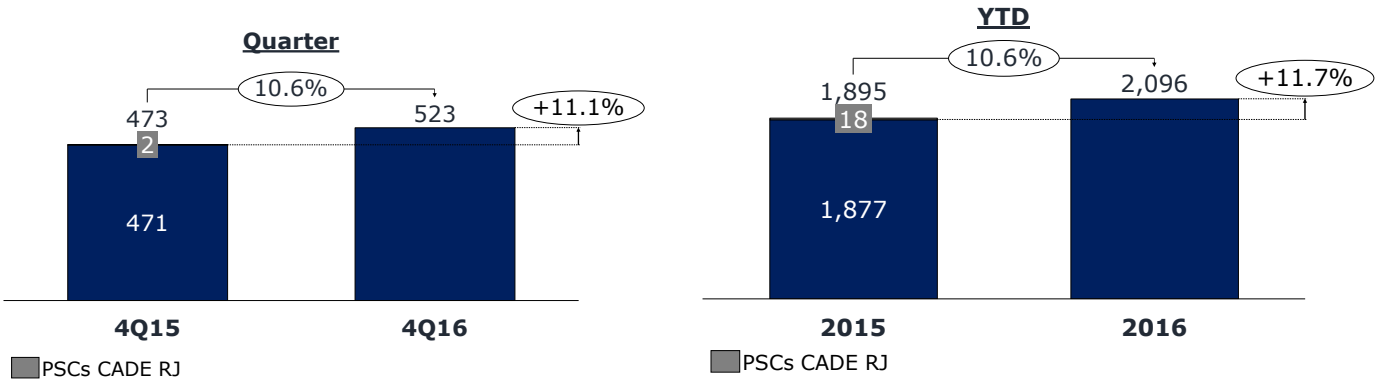
Cancellations and deductions/Gross revenue (%) and cancellations and deductions (R$ MM)



Net Revenue

Net revenue totaled R$ 523.2 million in the quarter, an increase of 11.1%, excluding the effect of the sale of UA's CADE RJ (+10.6% without this adjustment). In 2016, the net revenue amounted to 2.1 billion, up 11.7%, excluding the effect of the sale of UA's CADE RJ (+10.6% without this adjustment).

Net revenue (R$ MM)

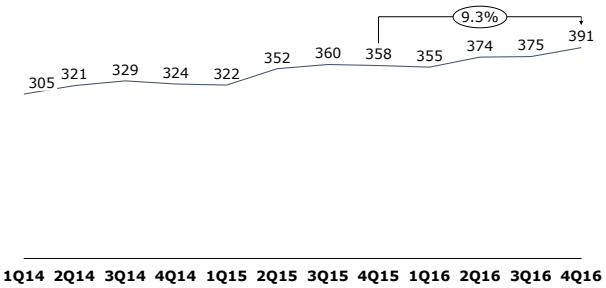


Cost of Services

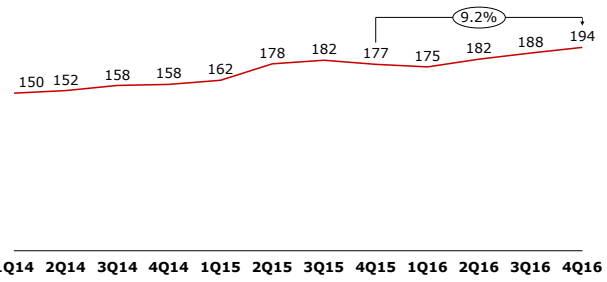
The cost of services in the 4Q16 amounted to R$ 391.4 million, with an increase of 9.3% in the last 12 months. The cost of services compared to net revenue was 74.8%, a 93 bps reduction over the same period in 2015.

Cost control and productivity improvements reflected in the dilution of fixed costs, mainly in the costs of "General Expenses" and "General Services, rental and utilities".

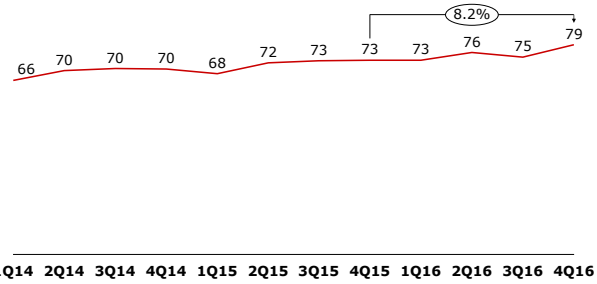
Cost of services (R$ MM)



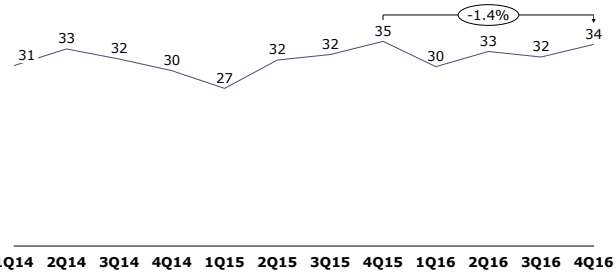
Personnel and Medical Services (R$ MM)



General Services, rentals and public. (R$ MM)



General (R$ MM)



Cost of Services

	4Q16		4Q15		Variation	
	R$ MM	% Net Revenue	R$ MM	% Net Revenue	HA	VA
Personnel and medical services	193.7	37.0%	177.5	37.5%	9.2%	-50 bps
General services, rentals and utilities	79.5	15.2%	73.5	15.5%	8.2%	-34 bps
Materials and outsourcing	55.2	10.6%	49.9	10.6%	10.6%	0 bps
General expenses	34.1	6.5%	34.6	7.3%	-1.4%	-80 bps
Depreciation and Amortization	28.8	5.5%	22.7	4.8%	27.0%	71 bps
Cost of Services	**391.4**	**74.8%**	**358.2**	**75.7%**	**9.3%**	**-93 bps**

	2016		2015		Variation	
	R$ MM	% Net Revenue	R$ MM	% Net Revenue	HA	VA
Personnel and medical services	739.4	35.3%	699.1	36.9%	5.8%	-162 bps
General services, rentals and utilities	304.1	14.5%	287.7	15.2%	5.7%	-68 bps
Materials and outsourcing	210.1	10.0%	188.6	10.0%	11.4%	7 bps
General expenses	129.4	6.2%	125.3	6.6%	3.3%	-44 bps
Depreciation and Amortization	111.9	5.3%	91.3	4.8%	22.6%	52 bps
Cost of Services	**1,495.1**	**71.3%**	**1,392.1**	**73.5%**	**7.4%**	**-214 bps**

Below, the analysis of the main lines of costs in 4Q16 compared to 4Q15:

- **Personnel and Medical Services (+9.2%)** are the Company's main costs and represented 37.0% of net revenue in the quarter, a decrease of 50 bps. Despite the increase of operations volume and salary readjustment, there was efficiency gain with a reduction of 1.6% in the number of employees in the 12-month period.
- **General Services, Rentals and Utilities (+8.2%)** represented 15.2% of net revenue, a 34 bps decrease. The efficiency gain can be explained by the reduction in the value of PSCs' rents, contract renegotiation with cleaning suppliers and transport of materials used in the operations.
- **Materials and Outsourcing (+10.6%)** accounted for 10.6% of net revenue, stable in relation to the previous period.
- **General expenses (-1.4%)** represented 6.5% of net revenue, an improvement of 80 bps, mainly impacted by the redesign of customer service processes in Call Center Central and reduction in print contracts values.
- **Depreciation and amortization (+27.0%)** accounted for 5.5% of net revenue, a 71 bps increase compared to the previous period.

Gross Profit

In the 4Q16, gross profit amounted to R$ 131.8 million, grew 14.8% with a 25.2% margin, 93 bps above the 4Q15 margin.

In 2016, gross profit totaled R$ 601.1 million, up 19.5% with a 28.7% margin, 214 bps above 2015.

Operating expenses

Operating expenses amounted to R$ 68.6 million in 4Q16, up 13.6%.

In 2016, operating expenses totaled R$ 262.2 million, up 7.8%.

							Excluding non-recurring		Reported	
	4Q16		4Q15		Variation		2016	2015	2015	2016
	R$ MM	% Net Revenue	R$ MM	% Net Revenue	AH	AV	% Net Revenue		% Net Revenue	
G&A	60.3	11.5%	50.9	10.8%	18.4%	76 bps	10.0%	10.1%	10.0%	10.1%
Depreciation and Amortization	8.8	1.7%	8.0	1.7%	9.7%	-1 bps	1.6%	1.6%	1.6%	1.6%
Other Operating (Income) Expenses	(1.2)	-0.2%	0.8	0.2%	-236.1%	-40 bps	0.7%	0.7%	0.7%	2.0%
Provision for Contingency	0.7	0.1%	0.6	0.1%	15.9%	1 bps	0.3%	0.4%	0.3%	0.4%
Subsidiaries' share of profits	(0.1)	0.0%	0.0	0.0%	-747.9%	-2 bps	-0.1%	0.0%	-0.1%	0.0%
Operating Expenses	**68.6**	**13.1%**	**60.4**	**12.8%**	**13.6%**	**34 bps**	**12.5%**	**12.8%**	**12.5%**	**14.1%**

Below, the analysis of the main lines of operating expenses in 4Q16 compared to 4Q15:

- **General and administrative expenses, excluding depreciation and amortization (+18.4%)** it represented 11.5% of net revenue, a 76 bps increase. The growth of this line can be explained mainly by consulting expenses related to costs and expenses reducing project, and marketing, reflecting expenses with "Fleury 90 years" and "Pink bra" campaign, as well as perception survey with physicians and customer activation. These two impacts ended in 4Q16.
- **Depreciation and amortization (+9.7%)** represented 1.7% of net revenue, same level registered in 4Q15.
- **Other (income)/expenses (-236.1%)** totaled R$ (1.2) million and represented -0.2% of net revenue.
- **Provision for contingencies (15.9%)** totaled R$ 728 thousand (R$ 628 thousand in 4Q15).

Consolidation by the equity equivalence method: Grupo Papaiz, a dental diagnostic company in São Paulo, was acquired by Grupo Fleury and Odontoprev in the end of 2012. The figures have been reported by the equity equivalence method because the operation is characterized as a Joint Venture and Grupo Fleury holds a 51% stake of the business. Find below the performance in 4Q16 and 2016:

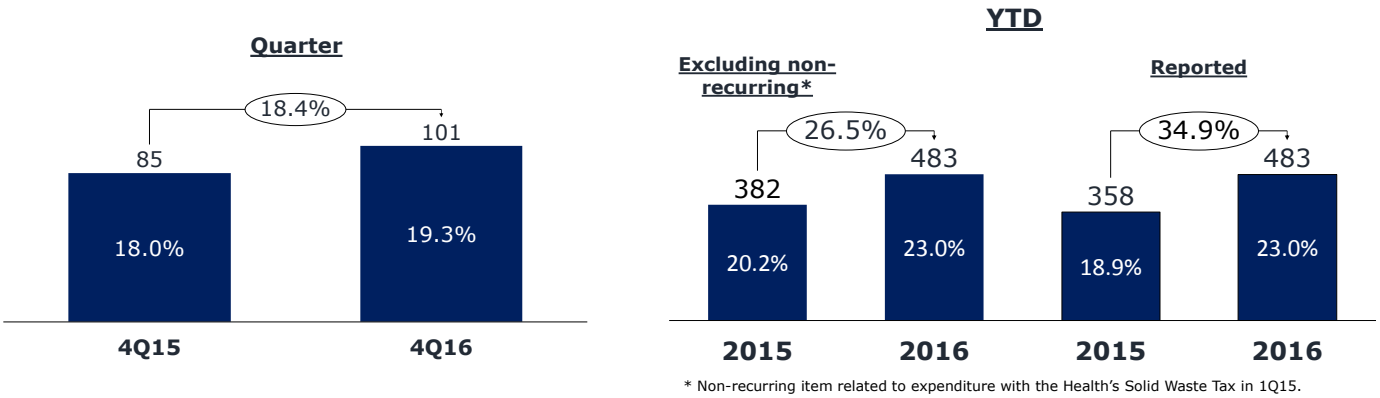
Equity Equivalence Papaiz

	4Q16		2016	
	R$ thousand	% Net Revenues	R$ thousand	% Net Revenues
Net Revenue	3,972.7		17,208.3	
EBITDA	406.3	10.2%	3,530.7	20.5%
Net Income	10.1	0.3%	2,068.9	12.0%
Net Income attributed to Grupo Fleury (51%)	5.0		1,055.0	

EBITDA

EBITDA reached R$ 100.7 million, with a 19.3% margin, 127 bps higher than 4Q15. In 2016, EBITDA totaled 483.1 million with 23.0% margin, up 289 bps compared to 2015

EBITDA (R$ MM) and Margin (%)



* Non-recurring item related to expenditure with the Health's Solid Waste Tax in 1Q15.

	4Q16		4Q15			2016	2015	
	R$ MM	% Net Revenue	R$ MM	% Net Revenue	△	% Net Revenue		△
Net Income	74.9	14.3%	25.9	5.5%	884.5 bps	10.9%	5.7%	524.8 bps
Financial Result	6.6	1.3%	13.4	2.8%	-157.9 bps	2.1%	3.3%	-121.1 bps
Depreciation and Amortization	37.6	7.2%	30.7	6.5%	69.6 bps	6.9%	6.5%	47.2 bps
Income Tax and Social Contribution	(18.3)	-3.5%	15.1	3.2%	-667.8 bps	3.1%	3.4%	-30.6 bps
Subsidiaries' share of profits	(0.1)	0.0%	0.0	0.0%	-1.5 bps	-0.1%	0.0%	-4.7 bps
Reported EBITDA	**100.7**	**19.3%**	**85.1**	**18.0%**	**126.7 bps**	**23.0%**	**18.9%**	**415.6 bps**
Non-recurring	0.0	0.0%	0.0	0.0%	0.0 bps	0%	1.27%	-126.9 bps
EBITDA excluding non-recurring items	**100.7**	**19.3%**	**85.1**	**18.0%**	**126.7 bps**	**23.0%**	**20.2%**	**288.6 bps**

Segment analysis:

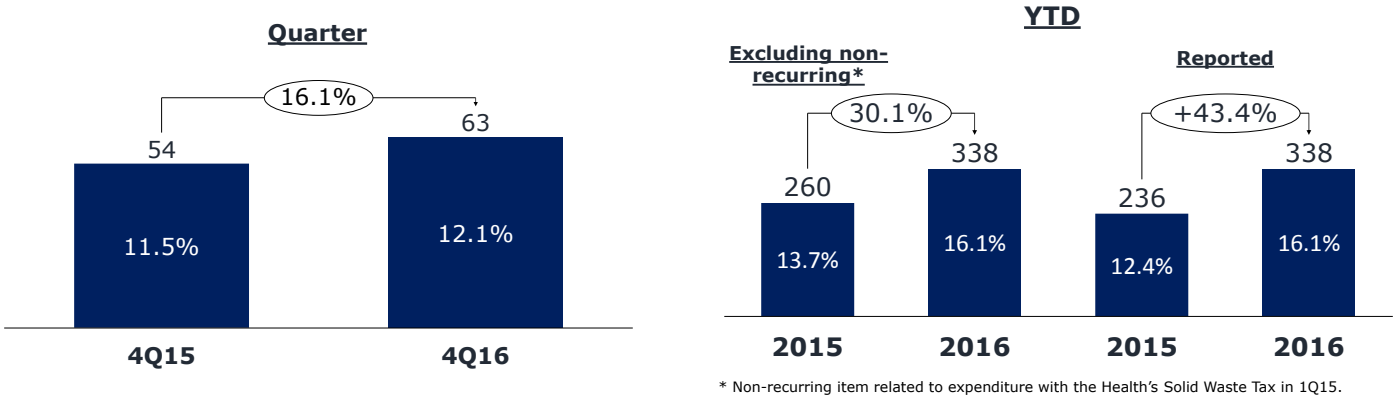
(i) In PSCs business unit, EBITDA amounted to R$ 92.4 million in the quarter and R$ 424.4 million in 2016.

(ii) In B2B business unit, EBITDA totaled R$ 8.3 million in the quarter and R$ 58.7 million in 2016.

EBIT

EBIT amounted to R$ 63.1 million in the quarter with 12.1% margin (11.5% in 4Q15). In 2016, EBIT reached R$ 337.7 million with a 16.1% margin, up 241 bps.

EBIT (R$ MM) and Margin (%)



* Non-recurring item related to expenditure with the Health's Solid Waste Tax in 1Q15.

Financial Result

In the 4Q16, the financial result reached R$ (6.6) million, an improvement of R$ 6.8 million on 4Q15, impacted by the growth of average cash position and the decrease of debt. In 2016, the financial result amounted to R$ (44.5) million, against R$ (60.0) million in the previous year.

			Excl. non-recurring		Reported	
R$ million	4Q16	4Q15	2016	2015	2016	2015
Net financial income (expenses)	**(6.6)**	**(13.4)**	**(44.5)**	**(60.0)**	**(44.5)**	**(63.2)**
Financial income	**29.0**	**24.9**	**108.4**	**85.3**	**108.4**	**85.3**
Interest and inflation adjustment	3.0	3.6	12.3	14.8	12.3	14.8
Exchange rate change and hedge	0.3	0.2	0.7	0.4	0.7	0.4
Interest received	26.9	22.4	100.6	72.6	100.6	72.6
Other	(1.3)	(1.2)	(5.2)	(2.5)	(5.2)	(2.5)
Financial expenses	**(35.6)**	**(38.4)**	**(152.8)**	**(145.3)**	**(152.8)**	**(148.5)**
Interest and inflation adjustment	(33.4)	(37.3)	(142.6)	(140.5)	(142.6)	(143.7)
Exchange rate change and hedge	(0.4)	(0.0)	(1.6)	(0.4)	(1.6)	(0.4)
Other	(1.8)	(1.0)	(8.6)	(4.3)	(8.6)	(4.3)

Financing

In the quarter, the Net debt / EBITDA LTM reached 0.9x vs. 1.0x in relation to same period last year.

R$ MM	4Q15	3Q16	4Q16	Next 12 months
Gross Debt (Debentures and Financing)	990.0	981.9	832.0	148.0
Cash & Cash Equivalents	(629.5)	(835.2)	(406.8)	
Net Debt (Gross debt - Cash and Cash Equivalents)	**360.5**	**146.7**	**425.2**	
Net Debt / EBITDA LTM	1.0	0.3	0.9	
EBITDA LTM / Financial Result LTM	5.7	9.1	10.9	

The Company issued three series of debentures, amounting to R$ 950 million to be paid until February, 2020 as follows:

1st Issuance (First Series): R$ 150 MM; maturity in 2016; remuneration of CDI + 0.94% per year.

1st Issuance (Second Series): R$ 300 MM; maturity in 2018; remuneration of CDI + 1.20% per year.

2nd Issuance: R$ 500 MM; maturity in 2020; remuneration of CDI + 0.85% per year.

In 4Q16, occurred the amortization of principal for the 1st and 2nd series of the first issue, amounting to R$ 150 million. Additionally, it accumulated R$ 7.2 million (1st issuance; first series), R$ 44.1 MM (1st issuance; second series) and R$ 72.2 million (2nd Issuance) related to amortization of interest.

In August, 2014, the Company signed a contract for a loan of R$ 155 million with FINEP (Funding of Studies and Projects). Of this total, R$ 101.7 million was released in October 2014. The payment of the loan will be done in 97 months (24 months of grace period and 73 months for principal payments), from the signing of the contract, with an annual interest rate of 4%.

This loan is related to projects like: (i) expansion plan; (ii) technologies to increase productivity; (iii) development of the service process; (iv) education and staff development.

Income Tax and Social Contribution

The effective rate of income tax and social contribution was 32.3% (vs. -36.8% in 3Q15) totaling R$ 18.3 million tax. The effective rate of 4Q16 was impacted by interest on shareholder's equity distributed in December, 2016.

In 2016, the effective rate was -22.3% compared to -37.8% in 2015.

(R$ MM)	4Q16	4Q15	2016	2015
Earnings Before Taxes (EBT)	**56.6**	**40.9**	**294.4**	**172.5**
Expected taxes (standard rate of 34%)	(19.2)	(13.9)	(99.9)	(58.6)
Non-deductible expenses and taxes breaks	(0.6)	(1.1)	(3.9)	(9.7)
Interest on own capital benefit	37.5	0.0	37.5	3.3
Subsidiaries' share of profits	0.4	(0.1)	0.7	(0.1)
Income tax and social contribution	**18.3**	**-15.1**	**-65.6**	**-65.1**
% EBT	**32.3%**	**-36.8%**	**-22.3%**	**-37.8%**
Current	18.5	(3.2)	(16.3)	(15.9)
Deferred	(0.2)	(11.8)	(49.3)	(49.3)

The Company has been taking benefit for tax purposes of the amortization of goodwill from acquisitions and tax losses. Below we inform the expectation for the amortization of goodwill for tax purposes.

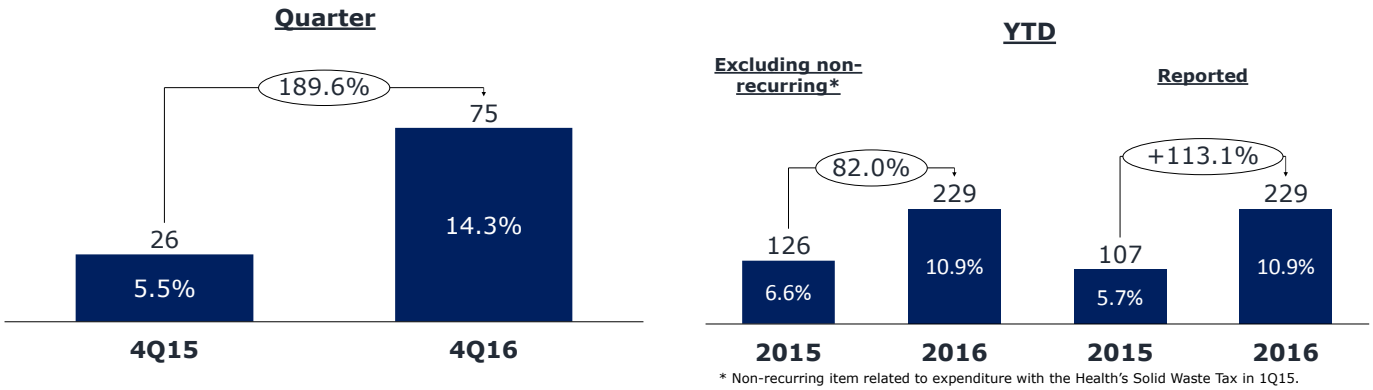
Expected Amortization of Goodwill	
Period	Balance R$ MM
2017	167
2018	7
2019	7
2020	7

Net Income

Net income expanded 189.6% compared to 4Q15, reaching R$ 74.9 million with a 14.3% margin (5.5% in 4Q15). In 2016, the net income totaled R$ 228.7 million, up 82.0% with a 10.9% margin (6.6% in 2015).

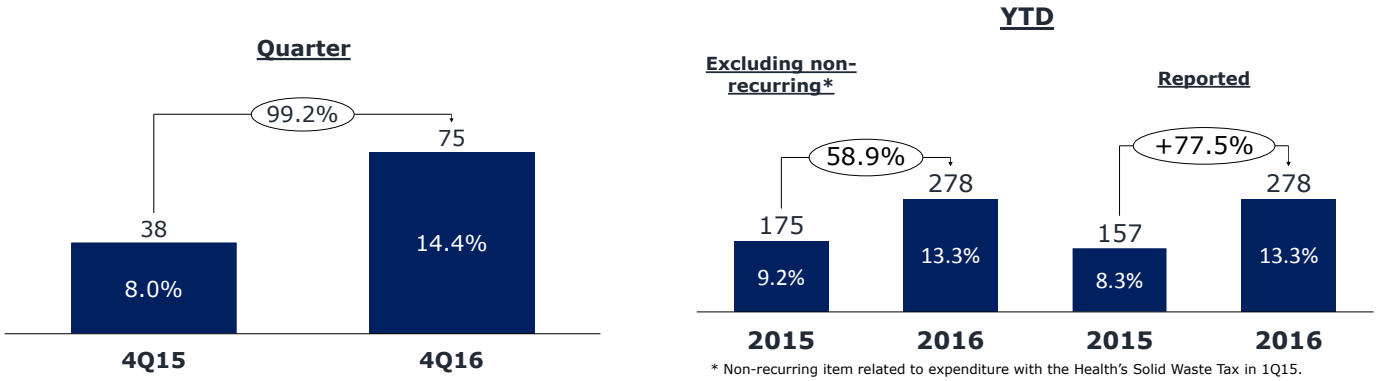
Excluding the impact of deferred taxes (net cash income), the result was R$ 75.1 million with a 14.4% margin in the 4Q16. In 2016, the net income amounted to R$ 278.0 million with a 13.3% margin.

Net income (R$ MM) and Margin (%)



* Non-recurring item related to expenditure with the Health's Solid Waste Tax in 1Q15.

Net cash income (R$ MM) and Margin (%)



* Non-recurring item related to expenditure with the Health's Solid Waste Tax in 1Q15.

Cash flow

The operating cash flow was R$ 124.9 million in the quarter, up 9.5% compared to the same period last year.

The suppliers' line was positively impacted by the cutover period of the SAP reimplantation. For the same reason there was a negative impact on the inventory account that composes the variation of other assets and liabilities.

The average collection period has decreased from 71 days in 4Q15 to 65 days in 4Q16.

R$ MM	4Q16	4Q15	Δ	2016	2015	Δ
Net Income	**74.9**	**25.9**	**189.6%**	**228.8**	**107.3**	**113.1%**
Items not affecting cash:						
Finance Income	6.6	13.4	-50.9%	44.5	63.2	-29.6%
Depreciation and amortization	37.6	30.7	22.5%	145.4	122.5	18.7%
Income tax and social contribution	(18.3)	15.1	-221.1%	65.6	65.1	0.8%
Provisions (Reversals)	22.2	22.6	-1.4%	99.4	96.8	2.7%
Others	(1.7)	2.4	-171.1%	9.2	13.2	-30.2%
Net Income before non-cash effects	**121.3**	**110.0**	**10.3%**	**592.8**	**468.0**	**26.7%**
Δ Working capital:						
Trade accounts receivables	12.0	19.5	-38.3%	(60.8)	(76.2)	20.2%
Suppliers	36.2	12.9	179.9%	28.8	(1.6)	1894.1%
Salaries / Charges	(14.9)	(6.3)	-136.4%	(19.7)	11.3	-273.6%
Others Assets and Liabilities	(16.9)	(13.5)	-25.1%	24.2	(9.0)	367.5%
Other Operating Cash Flow:						
Financial expenses paid	(1.6)	(1.4)	-12.1%	(6.8)	(4.4)	-53.0%
Income tax and social contribution paid	(11.3)	(7.0)	-60.9%	(44.7)	(19.5)	-129.5%
Operating Cash Flow	**124.9**	**114.2**	**9.4%**	**513.9**	**368.6**	**39.4%**
Investment Activities:						
Acquisition of fixed and intangible assets	(90.0)	(41.3)	-117.8%	(184.0)	(111.7)	-64.7%
Interest income and dividends received	27.1	22.6	19.8%	100.8	73.3	37.5%
Sale of property, plant and equipment	0.6	0.0	0.0%	1.3	0.2	663.9%
Marketable Securities	99.2	(3.8)	2735.3%	21.7	(12.7)	270.4%
Acquisitions	(0.5)	(4.0)	87.6%	(5.7)	(9.3)	38.7%
Related parts	0.0	(1.8)	100.0%	0.0	(2.8)	100.0%
Financing Activities						
Others Financing Activities	(180.1)	(82.0)	-119.6%	(285.3)	(177.7)	-60.5%
Dividends and/or interest on own capital	(331.3)	0.0	0.0%	(384.4)	(16.2)	-2271.4%
Capital increase	20.7	0.0	0.0%	20.7	0.0	0.0%
Cash Flow	**(329.4)**	**3.9**	**-8551.4%**	**(201.1)**	**111.6**	**-280.1%**
Conversion (Operating Cash Flow / EBITDA)	**124%**	**134%**	**-1027.1 bps**	**106%**	**103%**	**339.5 bps**

Account Receivables

Comparing quarters, there is an improvement in the aging profile with current receivables accounting for 78.6% of the total compared to 73.1% in 4Q15. The amount over 121 days decreased from 14.7% to 13.1% in this quarter.

R$ MM	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16
Trade Receivables	440.4	524.6	497.9	482.5	442.7	481.9	470.8	465.4	444.7
- Current	258.3	315.2	334.1	352.2	323.6	362.1	358.4	365.9	349.7
- Up to 120 days past due	102.4	116.6	77.3	57.8	54.0	54.2	37.8	37.7	36.7
- 121 to 360 days past due	50.6	54.8	50.6	42.7	37.8	40.9	45.3	38.2	31.3
- Over 360 days past due	29.1	37.9	35.9	29.7	27.3	24.8	29.4	23.6	27.0
Sales Deductions Provisions	(50.2)	(60.7)	(60.3)	(49.6)	(45.1)	(43.7)	(49.5)	(40.9)	(41.6)
Total	**390.2**	**463.9**	**437.6**	**432.8**	**397.5**	**438.3**	**421.3**	**424.5**	**403.0**
Current / Trade Receivables	58.6%	60.1%	67.1%	73.0%	73.1%	75.1%	76.1%	78.6%	78.6%
Up to 120 days past due/ Trade Receivables	23.3%	22.2%	15.5%	12.0%	12.2%	11.3%	8.0%	8.1%	8.2%
Over 121 days past due / Trade Receivables	18.1%	17.7%	17.4%	15.0%	14.7%	13.6%	15.9%	13.3%	13.1%
Provisions / Over 121 days past due	63.0%	65.4%	69.7%	68.6%	69.3%	66.5%	66.4%	66.1%	71.4%

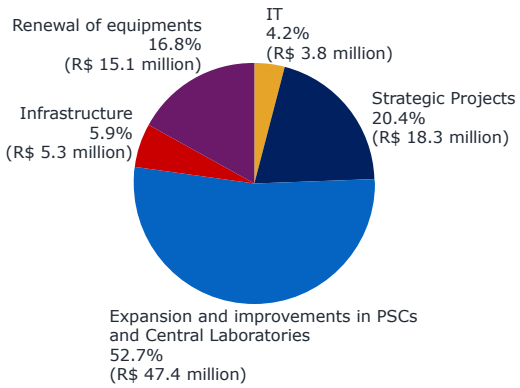
Investments

CAPEX (additions to fixed and intangible assets) totaled R$ 90.0 million, mainly concentrated in (i) expansion and improvements in PSCs and central laboratories; (ii) strategic projects and (iii) equipment renewal.

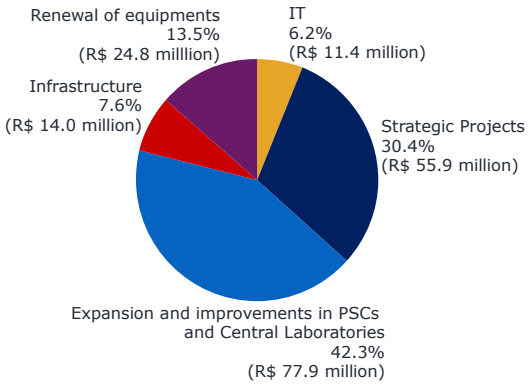
Highlights:

- Expansion and improvement of PSCs and technical area (R$ 47.4 million): mainly related to the implementation of new PSCs (R$ 26.1 million) and new equipments to expand the offer in existing units (R$ 9.5 million).
- Strategic projects (R$ 18.3 million), with emphasis on: reimplementation of SAP and related projects, mainly in the commercial, medical and attendance areas.
- Equipment Renewal (R$ 15.1 million): MRI, ultrasound and fetal medicine equipment replacements.

4Q16 (R$ 90.0 million)



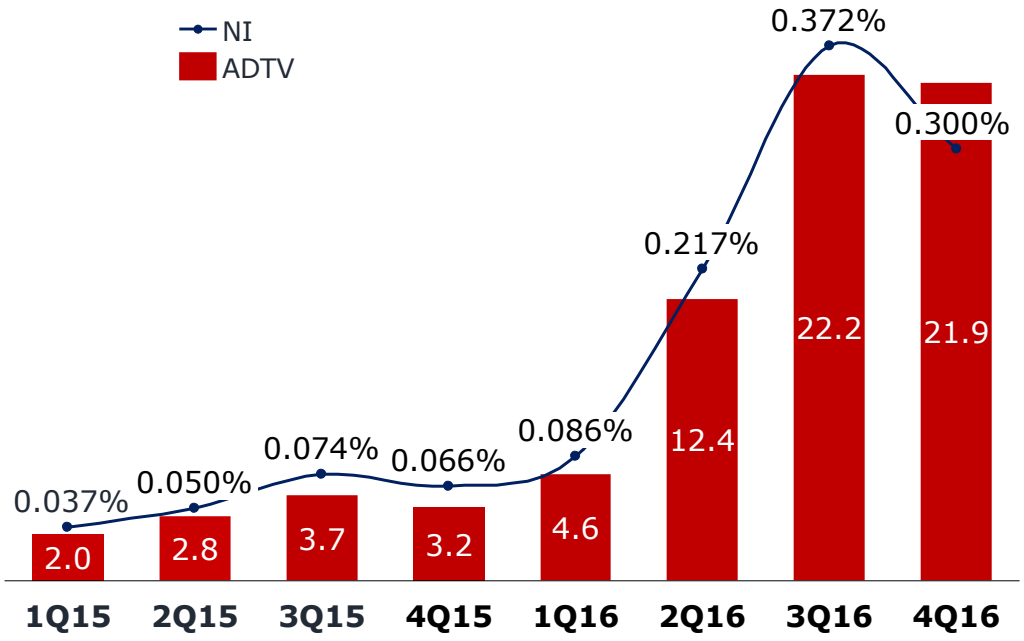
2016 (R$ 184.0 million)



Stock Market Performance

Fleury' shares (BM&FBOVESPA: FLRY3) end up 2016 at R$ 35.65, up 122.8% compared to 4Q15. Average Daily Trade Volume (ADTV) in the period was R$ 21.9 million, six times higher than the figure for the same period in 2015.

Average Daily Trade Volume (ADTV) – R$ MM



* NI: Negotiability Index

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Performance Indicators

Income Statment	Description	Unit	4Q14	1Q15*	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16
Gross Revenue	Gross Revenue	R$ MM	470.1	496.7	531.8	547.0	521.8	558.6	577.1	592.2	572.4
Net Revenue	Gross Revenue - Tax (ISS and PIS/COFINS) - Cancellations	R$ MM	422.5	446.9	479.6	495.5	473.0	507.9	525.1	539.8	523.2
COGS	Personnel and Medical Services + Materials and Outsourcing + General Services, Rent and Utilities + General Expenses + Depreciation and Amortization	R$ MM	-323.9	-322.0	-351.6	-360.3	-358.2	-355.0	-373.8	-374.8	-391.4
SG&A	Does not include Other Operating Expenses / Revenues neither Contingency Provisions	R$ MM	-60.6	-51.5	-53.9	-57.9	-58.9	-53.1	-59.2	-62.0	-69.1
EBIT	Earnings Before Interest and Taxes	R$ MM	39.8	67.1	67.5	70.6	54.4	86.6	85.7	102.3	63.1
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization	R$ MM	69.1	96.7	98.4	101.9	85.1	121.7	122.0	138.6	100.7
Net Finance Income	Interest Revenue - Interest Expenses	R$ MM	-14.4	-15.6	-15.0	-15.9	-13.4	-14.2	-15.0	-8.7	-6.6
Net Income	Net Income	R$ MM	12.4	31.8	32.9	35.2	25.9	44.7	46.1	63.1	74.9
Net Cash Income	Net Income - Deferred income tax	R$ MM	25.3	41.1	46.4	49.8	37.7	64.2	57.8	80.9	75.1
Cancellation Index	Cancellations / Gross Revenue	%	-3.8%	-3.8%	-3.6%	-3.2%	-3.1%	-2.9%	-2.8%	-2.7%	-2.4%
Gross Margin	Gross Profit / Net Revenue	%	23.3%	27.9%	26.7%	27.3%	24.3%	30.1%	28.8%	30.6%	25.2%
EBIT Margin	Earnings Before Interest and Tax / Net Revenue	%	9.4%	15.0%	14.1%	14.3%	11.5%	17.0%	16.3%	18.9%	12.1%
EBITDA Margin	Earnings Before Interest, Tax, Depreciation and Amortization / Net Revenue	%	16.3%	21.6%	20.5%	20.6%	18.0%	24.0%	23.2%	25.7%	19.3%
Effective Tax Rate	Current Tax / Earnings Before Tax	%	-51.0%	-44.6%	-37.4%	-35.8%	-36.8%	-38.5%	-35.1%	-32.9%	32.3%
Net Margin	Net Profit / Net Revenue	%	2.9%	7.1%	6.9%	7.1%	5.5%	8.8%	8.8%	11.7%	14.3%
Net Cash Income Margin	(Net Income - Deferred income tax) / Net Revenue	%	6.0%	9.2%	9.7%	10.1%	8.0%	12.6%	11.0%	15.0%	14.4%
Market and Multiples											
Price	Closing price in the last day of the quarter	R$	16.3	16.0	18.3	16.3	16.0	21.6	27.5	38.4	35.7
P/E LTM (Price-to-Earnings Ratio)	Quarter Closing Price / Net Cash Income LTM	Multiple	19.5	17.3	17.4	15.6	14.3	17.0	20.5	24.9	20.1
P/B (Price-to-Book Ratio)	Quarter Closing Price / (Asset excl. Intangibles)	Multiple	1.6	1.5	1.6	1.4	1.5	1.9	2.4	3.2	3.8
EV / EBITDA LTM	(Market Capitalization + Short and Long Term Debt - Cash and Equivalents) / EBITDA LTM	Multiple	10.3	9.2	9.3	8.1	7.5	9.1	10.5	13.1	12.5
Financial Debt											
Cash & Equivalents	Cash & Equivalents	R$ MM	505.3	471.0	544.3	617.1	629.5	656.7	759.3	835.2	406.8
Gross Debt	Short and Long Term Debts (Borrowings and Debentures)	R$ MM	1,038.8	1,035.2	1,038.6	1,037.8	990.0	983.7	988.7	981.9	832.0
Net Debt	Gross Debt - Cash and Cash equivalents	R$ MM	533.5	564.2	494.3	420.7	360.5	327.0	229.5	146.7	425.2
Net Debt / EBITDA LTM	(Gross Debt - Cash and Cash equivalents) / EBITDA LTM	Multiple	1.7	1.8	1.5	1.2	1.0	0.8	0.5	0.3	0.9
Profitability and Return											
ROIC without Goodwill (LTM)	NOPAT LTM (tax= 34%) / Capital Employed (Shareholders Equity + Net Debt - Goodwill)	%	15.3%	17.0%	20.0%	20.7%	23.0%	23.8%	27.2%	32.1%	32.9%

* 1Q15 results were adjusted by non-recurring item: joining of the Company to the Installment Incentive Program of São Paulo City Hall to settle debts related to Health's Solid Waste Tax (TRSS). The agreement covered the debts from 2003 to 2013 and recognized the 2014 year liabilities, totaling R$ 27.2MM, already considered the discounts of 75% fine and 85% interest set out in that program. Impact in EBTIDA was R$ (24.1MM) and in net profit it was R$ (18.3MM).

FLEURY S.A. CONSOLIDATED
BALANCE SHEETS AS OF DECEMBER 31, 2016
(In R$ thousands)

Assets	Consolidated 12/31/2016	Consolidated 12/31/2015 Reclassified
Current Assets		
Cash and cash equivalents	313,834	514,886
Marketable Securities	92,976	114,642
Trades receivables	403,041	397,521
Inventories	31,598	16,406
Taxes recoverable	66,745	74,913
Other assets	25,031	14,081
Total current assets	**933,225**	**1,132,449**
Non-current Assets		
Taxes recoverable	-	14,758
Judicial deposits	42,634	42,238
Receivables	11,470	31,052
Other assets	15,596	19,205
Investments	8,762	7,634
Property and equipment	470,409	443,183
Intangible	1,523,724	1,513,717
Total non-current assets	**2,072,595**	**2,071,787**
Total Assets	**3,005,820**	**3,204,236**

Equity and Liabilities	Consolidated 12/31/2016	Consolidated 12/31/2015 Reclassified
Current Liabilities		
Financing	19,532	9,080
Debentures	128,460	179,343
Derivative Financial Instruments	252	-
Trade payables	143,050	104,517
Payroll and related taxes	93,246	83,890
Taxes and contributions payable	24,304	25,124
Payables - business acquisitions	243	4,616
Dividends payable	14	10,603
Other payables	81	724
Total current liabilities	**409,182**	**417,897**
Non-current Liabilities		
Financing	84,029	101,604
Debentures	600,000	700,000
Deferred income tax and social contribution	290,232	240,951
Provision for tax, labor and civil risks	34,107	33,759
Taxes and contributions payable	44,798	48,095
Payables - business acquisitions	7,747	6,491
Total non-current liabilities	**1,060,913**	**1,130,900**
Equity		
Common Stock	1,400,453	1,379,747
Capital reserve - stock options	9,412	5,709
Revaluation reserve	77	242
Legal reserve	54,650	43,213
Investment reserve	-	215,762
Additional dividend proposed	71,133	10,766
Total Equity	**1,535,725**	**1,655,439**
Total Liabilities and Equity	**3,005,820**	**3,204,236**

FLEURY S.A. CONSOLIDATED
INCOME STATEMENT FOR THE PERIODS ENDED IN DECEMBER 31, 2016 AND DECEMBER 31, 2015 (In R$ thousands)

	Consolidated		Consolidated	
	4Q16	4Q15	2016	2015
		Reclassified		Reclassified
Service revenue	**523,199**	**472,984**	**2,096,113**	**1,894,960**
Cost of services	(391,411)	(358,228)	(1,495,062)	(1,392,074)
Gross Profit	**131,788**	**114,756**	**601,051**	**502,886**
Operating (expenses) income				
General and administrative expenses	(69,068)	(58,903)	(243,317)	(222,211)
Other operating income (expenses), net	1,150	(845)	(13,839)	(37,686)
Provision for tax, labor and civil risks	(728)	(629)	(6,159)	(7,467)
Share of profits (losses) of subsidiaries/ investees	69	(11)	1,119	117
Operating profit before finance income (costs)	**63,211**	**54,368**	**338,855**	**235,639**
	-	-	-	-
Finance income	28,991	24,929	108,368	85,308
Finance costs	(35,589)	(38,365)	(152,847)	(148,467)
Finance costs, net	**(6,598)**	**(13,436)**	**(44,479)**	**(63,159)**
Profit before income tax and social contribution	**56,613**	**40,932**	**294,376**	**172,480**
Income tax and social contribution:				
Current	18,492	(3,236)	(16,346)	(15,855)
Deferred	(229)	(11,841)	(49,281)	(49,282)
Profit for the period	**74,876**	**25,855**	**228,749**	**107,343**
Earnings per share attributable to owners of the Company				
Basic earnings per share (weighted average)	**0.48**	**0.17**	**1.46**	**0.69**
Diluted earnings per share (weighted average)	**0.47**	**0.16**	**1.44**	**0.68**

FLEURY S.A. CONSOLIDATED

STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED DECEMBER 31, 2016 (In R$ thousands)

	Capital		Capital Reserve			Investment Reserve			
	Capital	Share issue costs	Stock options	Revaluation reserve	Legal Reserve	Investment Reserve	Period Net Profit	Additional dividend proposed	Equity
Balances at 12/31/2015	**1,402,531**	**(22,784)**	**5,709**	**242**	**43,213**	**215,762**	**-**	**10,766**	**1,655,439**
Capital Increase	20,706	-	-	-	-	-	-	-	20,706
Realization of revaluation reserve	-	-	-	(165)	-	165	-	-	-
Stock option plan	-	-	3,703	-	-	926	-	-	4,629
Profit for the period (R$ 1.46 per share)	-	-	-	-	-	-	228,749	-	228,749
Dividends from previous periods	-	-	-	-	-	(216,853)	-	(10,766)	(227,619)
Allocation of profit:	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	(106,887)	71,133	(35,754)
Interest on own capital	-	-	-	-	-	-	(110,425)	-	(110,425)
Legal Reserve	-	-	-	-	11,437	-	(11,437)	-	-
Balances at 12/31/2016	**1,423,237**	**(22,784)**	**9,412**	**77**	**54,650**	**-**	**-**	**71,133**	**1,535,725**

FLEURY S.A. CONSOLIDATED
STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED IN DECEMBER 31, 2016 AND DECEMBER 31, 2015
(In R$ thousands)

	Consolidated		Consolidated	
	4Q16	4Q15	2016	2015
		Reclassified		Reclassified
Profit for the period	**74,876**	**25,856**	**228,750**	**107,343**
Items not affecting cash:				
Income tax and social contribution	(18,262)	15,077	65,626	65,137
Finance income (costs)	6,599	13,436	44,478	63,159
Depreciation and amortization	37,584	30,686	145,352	122,457
Share of profits (losses) of subsidiaries/ investees	(69)	11	(1,121)	(117)
Earnings before interest, taxes, depreciation and amortization	**100,728**	**85,066**	**483,085**	**357,979**
Stock option plan	2,283	(293)	4,629	1,936
Recognition (reversal) of provision for tax, labor and civil risks	727	628	6,159	7,466
Allowance for doubtful debts and disallowances	13,121	15,794	59,795	68,735
Profit sharing	6,114	6,421	28,795	18,622
Capital gain on equity interests	-	-	-	(778)
Others	(1,655)	2,413	10,320	14,065
Cash flows from operating activities before changes in assets and liabilities	**121,318**	**110,030**	**592,783**	**468,025**
Trade receivables	11,999	19,460	(60,812)	(76,179)
Inventories	(18,712)	(1,956)	(16,403)	(3,451)
Trade payables	36,215	12,938	28,777	(1,604)
Payroll and related taxes	(14,891)	(6,299)	(19,660)	11,322
Changes in other assets	5,513	(751)	56,751	19,844
Changes in other liabilities	(3,712)	(10,815)	(16,143)	(25,441)
Total changes in assets and liabilities	**16,412**	**12,577**	**(27,491)**	**(75,509)**
Finance costs paid	(1,555)	(1,387)	(6,758)	(4,416)
Income tax and social contribution paid	(11,302)	(7,026)	(44,668)	(19,467)
Net cash provided by operating activities	**124,873**	**114,194**	**513,866**	**368,633**
Purchase of property and equipment and IT systems	(89,966)	(41,310)	(183,982)	(111,697)
Sale of property and equipment	585	-	1,268	166
Capital increase in investees	-	(1,764)	-	(2,848)
Accrued interest on financial investments	27,053	22,575	100,760	73,241
Dividends received	-	-	41	91
Net Marketable Securities	99,243	(3,766)	21,666	(12,717)
Payments of acquired businesses	(498)	(4,006)	(5,703)	(9,303)
Net cash (used in) investing activities	**36,417**	**(28,271)**	**(65,950)**	**(63,067)**
New borrowings and debentures	1,759	-	1,759	-
Amortization borrowings and debentures	(154,908)	(50,909)	(159,028)	(53,705)
Interest paid on borrowings and debentures	(26,991)	(31,116)	(128,019)	(124,018)
Capital Increase	20,706	-	20,706	-
Dividends and/or interest on own capital	(331,260)	-	(384,387)	(16,209)
Net cash (used in) financing activities	**(490,694)**	**(82,025)**	**(648,969)**	**(193,932)**
Increase (decrease) in cash and cash equivalents	**(329,404)**	**3,898**	**(201,052)**	**111,634**
Cash and cash equivalents				
At the beginning of the period	643,238	510,988	514,886	403,252
At the end of the period	313,834	514,886	313,834	514,886
Increase (decrease) in cash and cash equivalents	**(329,404)**	**3,898**	**(201,052)**	**111,634**

FLEURY S.A. CONSOLIDATED
STATEMENTS OF VALUE ADDED
FOR THE PERIODS ENDED DECEMBER 31, 2016 AND DECEMBER 31, 2015
(In thousands of Brazilian - R$)

	Consolidated	
	31/12/2016	31/12/2015
		Reclassified
Revenues	**2,258,221**	**2,044,029**
Sales of goods and services	2,300,328	2,097,239
Allowance for doubtful debts and disallowances	(59,794)	(68,735)
Other revenues	17,687	15,525
Inputs purchased from third parties	**(867,630)**	**(779,556)**
Cost of sales and services	(634,933)	(584,414)
Materials, electric power, outsoursing services and other	(231,487)	(194,419)
Losses/Recovery of assets	(1,210)	(723)
Gross value added	**1,390,591**	**1,264,473**
Depreciation and amortization	(145,353)	(122,457)
Net value added	**1,245,238**	**1,142,016**
Value added received through transfer	**109,487**	**85,425**
Share of profits (losses) of subsidiaries/ investees	1,119	117
Finance income	108,368	85,308
Total value added	**1,354,725**	**1,227,441**
Distribution of value added	**(1,354,725)**	**(1,227,441)**
Personnel and payroll charges	(583,732)	(571,733)
Taxes and contributions	(215,591)	(203,133)
Interest, rentals and other operating expenses	(326,653)	(345,232)
Dividends and/or Interest on Equity	(228,749)	(37,570)
Retained earnings	-	(69,773)

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 on December 31st, 2016, authorizing its conclusion on this date.

São Paulo, March 9th, 2016.

Board of Executive Directors

Carlos Alberto Iwata Marinelli – CEO

Adolpho Cyriaco Nunes de Souza Neto – CFO and IRO

Paulo Pedote – Executive Director for Business

BOARD OF EXECUTIVE DIRECTORS DECLARATION ABOUT INDEPENDENT AUDITOR´S REPORT

Pursuant to subsection V 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 contents and opinions expressed in the Independent Auditor´s Report on the Company's Financial Statements for the period ended on December 31st, 2016, issued on March 09th, 2017.

São Paulo, March 09th, 2016.

Board of Executive Directors

Carlos Alberto Iwata Marinelli - CEO

Adolpho Cyriaco Nunes de Souza Neto – CFO and IRO

Paulo Pedote - Executive Director for Business