Fleury S.A.

Independent auditors' report on the parent company and consolidated financial statements at December 31, 2012

Independent auditors' report

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

We have audited the accompanying parent company financial statements of Fleury S.A. ("Parent Company"), which comprise the balance sheet as at December 31, 2012 and the statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

We have also audited the accompanying consolidated financial statements of Fleury S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2012 and the consolidated statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion on the parent company financial statements

In our opinion, the parent company financial statements referred to above present fairly, in all material respects, the financial position of Fleury S.A. as at December 31, 2012, and its financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Fleury S.A. and its subsidiaries as at December 31, 2012, and the consolidated financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil.

Emphasis of matter

As disclosed in Notes 2 and 3 to these financial statements, the parent company financial statements have been prepared in accordance with accounting practices adopted in Brazil. In the case of Fleury S.A., these practices differ from IFRS applicable to separate financial statements only in relation to the measurement of investments in the subsidiaries based on equity accounting, while IFRS requires measurement based on cost or fair value. Our opinion is not qualified in respect of this matter.

Other matters

Supplementary information – statement of value added

We also have audited the parent company and consolidated statements of value added for the year ended December 31, 2012, which are the responsibility of the Company's management. The presentation of these statements is required by the Brazilian corporate legislation for listed companies, but is considered supplementary information for IFRS. These statements were subject to the same audit procedures described above and, in our opinion, are fairly presented, in all material aspects, in relation to the financial statements taken as a whole.

São Paulo, March 7, 2013

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Marcelo Orlando
Contador
CRC 1SP000160/O-7

FLEURY S.A. AND SUBSIDIARIES

BALANCE SHEETS AS AT DECEMBER 31
(In thousands of Brazilia reais - R$)

	Note	Parent Company		Consolidated	
Assets		**12/31/2012**	**12/31/2011**	**12/31/2012**	**12/31/2011**
Current Assets					
Cash and cash equivalents	5	180,143	481,400	180,798	486,006
Derivative financial instruments	6	12,735	434	12,735	434
Trade receivables	4.7	357,008	280,803	359,043	284,630
Inventories	8	18,838	17,065	18,838	17,651
Recoverable taxes	4.9	78,375	38,186	79,087	40,100
Prepaid expenses		4,108	2,563	4,108	2,569
Other		7,790	7,318	8,249	7,550
Total current assets		658,997	827,769	662,858	838,940
Non-current Assets					
Long-term receivables:					
Recoverable taxes	9	-	3,464	-	3,464
Judicial deposits	19	10,852	7,007	10,855	13,235
Deferred income tax and social contribution	4.28	99,740	79,176	99,740	79,176
Derivative financial instruments	6	-	5,502	-	5,502
Other		10,875	10,325	10,874	10,326
Total long-term assets		121,467	105,474	121,469	111,703
Investments	10	19,590	62,901	246	251
Property and equipment	11	419,587	361,013	424,288	375,625
Intangible assets	4.12	1,516,488	1,467,808	1,529,298	1,515,418
Total non-current assets		2,077,132	1,997,196	2,075,301	2,002,997
Total Assets		2,736,129	2,824,965	2,738,159	2,841,937

	Note	Parent Company		Consolidated	
Liabilities and Equity		**12/31/2012**	**12/31/2011**	**12/31/2012**	**12/31/2011**
Current Liabilities					
Debentures	13	1,669	1,688	1,669	1,688
Borrowings and financing	14	86,663	33,025	86,663	34,427
Derivative financial instruments	6	127	70	127	70
Trade payables	15	70,238	73,096	70,997	75,441
Payroll and related taxes	16	43,102	42,463	43,102	43,000
Provision for income tax and social contribution		29	1,011	29	1,011
Taxes and contributions payable	17	29,950	24,567	30,463	27,216
Payables - business acquisitions	18	10,100	192,190	10,574	195,734
Other payables		-	1,446	-	1,446
Total current liabilities		241,878	369,556	243,624	380,033
Non-current Liabilities					
Debentures	13	450,000	451,568	450,000	451,568
Borrowings and financing	14	21,731	100,266	21,731	101,814
Deferred income tax and social contribution	28	182,388	113,565	182,388	113,565
Provision for tax, labor and civil risks	4.19	51,524	53,247	51,524	56,374
Taxes and contributions payable	17	58,238	70,166	58,238	70,593
Payables - business acquisitions	18	24,462	33,711	24,746	35,104
Other		-	1,005	-	1,005
Total non-current liabilities		788,343	823,528	788,627	830,023
Equity					
Share capital	22	1,379,747	1,378,124	1,379,747	1,378,124
Capital reserve - options granted		3,766	2,561	3,766	2,561
Revaluation reserve		1,476	2,236	1,476	2,236
Legal reserve		30,499	25,169	30,499	25,169
Investment reserve		290,420	223,791	290,420	223,791
Total Equity		1,705,907	1,631,881	1,705,907	1,631,881
Total Liabilities and Equity		2,736,128	2,824,965	2,738,158	2,841,937

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

FLEURY S.A. AND SUBSIDIARIES

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

	Note	Parent Company		Consolidated	
		01/01/2012 to 12/31/2012	01/01/2011 to 12/31/2011	01/01/2012 to 12/31/2012	01/01/2011 to 12/31/2011
Service revenue	23	**1,458,491**	**980,234**	**1,501,783**	**1,125,741**
Cost of services	24	(1,062,661)	(655,523)	(1,098,530)	(765,580)
Gross profit		**395,830**	**324,711**	**403,253**	**360,161**
General and administrative expenses	25	(188,365)	(175,907)	(190,497)	(193,572)
Other operating income (expenses)	26	7,228	(15,711)	3,240	(16,641)
Provision for tax, labor and civil risks	19	(1,464)	(8,903)	(1,485)	(8,903)
Share of profits (losses) of subsidiaries	10	(376)	8,471	-	-
Operating profit before finance income (costs)		**212,853**	**132,661**	**214,511**	**141,045**
Finance income	27	47,160	63,887	47,363	65,639
Finance costs	27	(105,166)	(66,470)	(105,982)	(73,349)
Finance income (costs), net		**(58,006)**	**(2,583)**	**(58,619)**	**(7,710)**
Profit before income tax and social contribution		**154,847**	**130,078**	**155,892**	**133,335**
Income tax and social contribution					
Current	28	-	(22,409)	(1,045)	(25,666)
Deferred	28	(48,259)	(7,022)	(48,259)	(7,022)
Profit for the year		**106,588**	**100,647**	**106,588**	**100,647**
Total comprehensive income		106,588	100,647	106,588	100,647
Attributable to:					
Owners of the Company		**106,588**	**100,647**	**106,588**	**100,647**
Earnings per share attributable to owners of the Company					
Basic earnings per share (weighted average)	30	**0.68**	**0.74**	**0.68**	**0.74**
Diluted earnings per share (weighted average)	30	**0.68**	**0.74**	**0.68**	**0.74**

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

FLEURY S.A. AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY (CONSOLIDATED)
YEARS ENDED DECEMBER 31
(In thousands of Brazilian reais - R$, except earnings and dividends per share, proposed and distributed)

		Capital		Capital reserve		Earnings reserves		Retained earnings	Equity attributable to owners of the Company
	Note	Share capital	Share issue costs	Options granted	Revaluation reserve	Legal reserve	Investment reserve	(Accumulated losses)	
Balances at December 31, 2010		854,842	(22,784)	1,196	3,142	20,137	155,270	-	1,011,803
Capital increase	22	546,066	-	-	-	-	-	-	546,066
Realization of revaluation reserve	11	-	-	-	(906)	-	-	906	-
Stock option plan	29	-	-	1,365	-	-		-	1,365
Profit for the year (R$0.64 per share)		-	-	-	-	-	-	100,647	100,647
Allocation of profit for the year:									
Interest on own capital proposed (R$0.21 per share)	22	-	-	-	-	-	-	(28,000)	(28,000)
Legal reserve	22	-	-	-	-	5,032	-	(5,032)	-
Investment reserve	22	-	-	-	-	-	68,521	(68,521)	-
Balances at December 31, 2011		1,400,908	(22,784)	2,561	2,236	25,169	223,791	-	1,631,881
Capital increase	22	1,623							1,623
Realization of revaluation reserve	11	-	-	-	(760)	-	-	760	-
Stock option plan	29	-	-	1,205	-	-	-	611	1,816
Profit for the year (R$0.70 per share)		-	-	-	-	-	-	106,588	106,588
Allocation of profit for the year:									
Interest on own capital proposed (R$0.101 per share)								(16,000)	(16,000)
Dividends paid in advance								(20,000)	(20,000)
Legal reserve						5,330		(5,330)	-
Investment reserve							66,629	(66,629)	-
Balances at December 31, 2012		1,402,531	(22,784)	3,766	1,476	30,499	290,420	-	1,705,908

FLEURY S.A. AND SUBSIDIARIES

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

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Profit for the year	106,588	100,647	106,588	100,647
Items not affecting cash:				
Income tax and social contribution	48,259	29,431	49,304	32,688
Finance income (costs)	58,007	2,584	58,619	7,710
Depreciation and amortization	97,240	50,772	100,263	58,527
Share of profits (losses) of subsidiaries	377	(8,471)	-	
Earnings before interest, taxes, depreciation and amortization	**310,471**	**174,963**	**314,774**	**199,572**
Stock option plan	1,816	1,366	1,816	1,366
Recognition (reversal) of provision for tax, labor and civil risks	1,464	12,242	1,485	12,242
Allowance for doubtful debts and disallowances	76,811	45,043	77,848	48,496
Labor provisions	12,149	25,778	12,352	25,779
Accrued trade payables	(1,640)	7,477	(896)	7,710
Other	150	420	320	979
Cash flows from operating activities before changes in assets and liabilities	**401,221**	**267,289**	**407,699**	**296,144**
Trade receivables	(142,554)	(70,867)	(151,598)	(73,469)
Inventories	(1,811)	(7,076)	(1,720)	(10,836)
Trade payables/payroll and related taxes	(16,556)	(5,914)	(17,001)	(9,879)
Changes in other assets	(48,062)	(18,856)	(39,640)	(32,117)
Changes in other liabilities	(24,646)	(17,595)	(26,394)	(30,876)
Total changes in assets and liabilities	**(233,629)**	**(120,308)**	**(236,353)**	**(157,177)**
Finance costs paid	(3,776)	(4,542)	(3,809)	(4,570)
Income tax and social contribution paid	-	(11,243)	(483)	(11,490)
Net cash provided by (used in) operating activities	**163,816**	**131,196**	**167,054**	**122,907**
Purchase of property and equipment and IT systems	(155,380)	(190,761)	(162,845)	(191,510)
Sale of property and equipment	513	105	513	105
Related parties	(8,350)	(6,920)	-	-
Acquired businesses:				-
Payments	(205,171)	(482,735)	(209,045)	(486,046)
Net cash merged	1,187	15,827	-	28,277
Net cash used in investing activities	**(367,201)**	**(664,484)**	**(371,377)**	**(649,174)**
Changes in borrowings and debentures				
New borrowings and debentures	7,976	502,891	7,976	502,891
Settlement of borrowings and debentures	(39,541)	(30,368)	(42,633)	(32,915)
Interest paid on borrowings and debentures	(54,535)	(14,323)	(54,569)	(14,323)
Interest received on financial investments	20,462	39,867	20,575	39,884
Capital increase	1,623	-	1,623	-
Dividends and/or interest on own capital	(33,857)	(26,715)	(33,857)	(26,715)
Net cash provided by (used in) financing activities	**(97,872)**	**471,352**	**(100,885)**	**468,822**
Decrease in cash and cash equivalents	**(301,257)**	**(61,936)**	**(305,208)**	**(57,445)**
Cash and cash equivalents				
At the beginning of the year	481,400	543,336	486,006	543,451
At the end of the year	180,143	481,400	180,798	486,006
Decrease in cash and cash equivalents	**(301,257)**	**(61,936)**	**(305,208)**	**(57,445)**

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

FLEURY S.A. AND SUBSIDIARIES

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

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Revenues	**1,575,149**	**1,033,242**	**1,621,157**	**1,187,642**
Sales of goods and services	1,640,972	1,068,417	1,687,987	1,226,270
Allowance for doubtful debts and disallowances	(76,811)	(45,043)	(77,847)	(48,496)
Other revenues	10,988	9,868	11,017	9,868
Inputs purchased from third parties	**(644,020)**	**(426,933)**	**(669,905)**	**(496,523)**
Cost of goods and services sold	(489,138)	(310,172)	(510,702)	(373,533)
Materials, electric power, outside services and other	(154,369)	(116,200)	(158,626)	(121,893)
Impairment/Recovery of assets	(513)	(561)	(577)	(1,097)
Gross value added	**931,129**	**606,309**	**951,252**	**691,119**
Depreciation and amortization	(97,240)	(50,772)	(100,263)	(58,527)
Net value addded	**833,889**	**555,537**	**850,989**	**632,592**
Value added received through transfer	**46,784**	**72,358**	**47,363**	**65,639**
Share of profits (losses) of subsidiaries	(376)	8,471	-	-
Finance income	47,160	63,887	47,363	65,639
Total value added	**880,673**	**627,895**	**898,352**	**698,231**
Distribution of value added	**(880,673)**	**(627,895)**	**(898,352)**	**(698,231)**
Personnel and payroll charges	(416,281)	(281,185)	(422,697)	(307,442)
Taxes and contributions	(161,716)	(99,968)	(164,474)	(112,530)
Interest, rentals and other operating expenses	(196,088)	(146,095)	(204,593)	(177,612)
Dividends and interest on own capital	(36,000)	(28,000)	(36,000)	(28,000)
Retained earnings	(70,588)	(72,647)	(70,588)	(72,647)

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

ANALYSIS OF RESULTS OF COMPANY FLEURY SA
4th QUARTER 2012

(Amounts expressed in thousands of reais, unless otherwise indicated)

Revenue of services (net)

Net revenue of services grew 48%, amounting R$ 365 million in 4Q12 compared to R$ 247 million in 4Q11. In the full year, Net Revenue grew 49%.

The variation between the two periods includes, among others, effects:

i. Consistent delivery of the differentiation strategy (Integrated Solutions) through our brands, exceeding expectations of current patients and institutional clients and continuously attracting new ones;

ii. Well coordinated Expansion Plan, increasing services´ offer (mainly Imaging), expanding PSCs' areas and optimizing portfolios (services and payers);

iii. Innovation in products, procedures and services, boosted by the Integrated Medical Centers;

iv. The recognition of "a +" a National Brand by customers and physicians with a unique proposition;

v. Diagnostic Operations in Hospitals, enabled by Group´s medical heritage and driven by progressive intertwining with prominent Medical Institutions;

vi. Combined approach through Preventive Medicine business lines; and

vii. Strategic acquisitions. Labs D'Or incorporated in December, 2011.

Cost of Services

The Cost of Services amounted to R$ 278 million in 4Q12, representing 76% of net revenue. A change in allocation criterion was implemented in 1Q12 and, as a result, there was reallocation of expenses related to operational depreciation and variable payments (which were previously classified as SG&A) to the Cost of Services Provided.

Based on the same criterion, the COGS in 4Q12 increased by 66% compared to 4Q11.

Gross Profit

Gross Profit achieved R$ 87 million in 4Q12 and R$ 395 million in FY12, which represents a growth of 9% and 22% respectively.

As margin on net revenue, gross profit represented 24% in the quarter and 27% in FY12.

General and Administrative Expenses (SG&A)

General and administrative expenses amounted to R$ 51.5 million in the quarter, representing 14% of net revenue. In FY12 it reached R$ 188.4 million (13% of Net Revenue).

Other Operating Income (Expenses), net

Other Operating Income (Expenses), net was a reversal of R$ 12.2 million in 4Q12 and a reversal of R$ 7.2 million in FY12.

Equity in subsidiaries

Equity in Subsidiaries varied from a profit of R$ 4.8 million in 4Q11 to a profit of R$ 1.9 million in 4Q12. This line is the result of accounting the operation of the Controlled “CPMA” and “Clínica Luis Felippe Mattoso” in 2012. In 3Q11 it was also included Labs D’Or figures – this company was incorporated in December, 2011. The incorporation of Clínica Luis Felippe Mattoso was approved by ESM in December, 2012.

Finance income (costs), net

The Company records a Net Financial expense of R$ 11.0 MM in 4Q12 and R$ 58.0 MM in FY12.

The income tax and social contribution

The income tax and social contribution varied from a revenue of R$ 4.0 million in 4Q11 (Interest on Capital Payment) to an expense of R$ 20 million in 4Q12. Mainly due to the goodwill amortization, the Effective Tax Rate is 0 % in 2012.

Net Income

Net Profit varied from R$ 12.7 million in 4Q11 to R$ 16.5 million in 4Q12. Net income represents 4.5% as margin on net revenue in 4Q12 and 7.3% in FY12.

(Amounts expressed in thousands of reais, unless otherwise indicated)

- GROSS REVENUE INCREASES BY 14.4% TO R$ 417 MM
- DOUBLE-DIGIT-ORGANIC-GROWTH[1] FOR THE TENTH CONSECUTIVE QUARTER (12.0%)
- CONSISTENT EBITDA MARGIN, 19.6% OF NET REVENUES – 21.0% FULL YEAR 2012 (323 bps IMPROVEMENT)
- OPERATING ACTIVITIES PROVIDE CASH OF R$ 167 MM IN 2012, ENOUGH TO FUND THE COMPANY's ORGANIC CAPEX
- ONCE MORE, THE COMPANY WAS AWARDED FOR ITS CUSTOMERS RELATIONSHIP, HOSPITALITY, INNOVATIVE INITIATIVES AND SUSTAINABILITY

Financial highlights

Top line growth continues to be delivered despite of the economic slowdown and with consistent margin.

- **Patient Service Centers**: Gross Revenue amounts to R$ 343 MM, a result of **11% organic growth**. Double-digit organic-growth has been achieved in premium (Fleury brand) and in B/C segments. "a+" brand continues gaining share.
- **Diagnostic Operations in Hospitals**: Gross Revenue increases by 48.4% YoY (25% organic) to R$ 60 MM. This Business Line represents 14.3% of the Group's Revenue.
- **Preventive Medicine** - Revenue Growth of 5.2% YoY.

Gross Profit achieves R$ 88 MM, 23.5% of net revenue.

EBITDA reaches R$ 74 MM, 46.6% YoY growth and 19.6% margin on Net Revenue (15.2% in 4Q11). FY12 figures result in a 323 bps margin improvement YoY.

EBIT (Operating Profit) grows by 52.1% and achieves R$ 48 MM, a 12.7% margin on Net Revenue.

Net Income achieves R$ 107 MM in FY12, 7.1% of Net Revenue (R$ 16.5 MM in 4Q12)**.** Cash Net Income[2] amounted to R$ 155 MM in FY12 (10.3% margin).

1. Organic Gross Revenue Growth: excludes Acquisitions ("Labs Cardiolab") and Discontinuations (Clinical Trials).
2. Cash Net Income: excludes the impact of deferred income tax

Financial Indicators (IFRS)

R$ MM	4Q12	4Q11	Δ	2012	2011	Δ
Gross Revenue	417.0	364.6	14.4%	1,688.0	1,226.3	37.7%
Net Revenue	376.1	330.6	13.8%	1,501.8	1,125.7	33.4%
Gross Profit (adjusted criterion)*	88.3	96.4	-8.4%	403.3	360.2	12.0%
EBITDA	73.8	50.3	46.6%	314.8	199.6	57.7%
Net Income	16.5	12.7	29.3%	106.6	100.6	5.9%
Net Income Cash	36.4	9.5	281.7%	154.8	107.7	43.8%
Operating Cash	18.2	66.5	-72.6%	167.1	122.9	35.9%
Number of Shares (million)	156.3	147.9		156.3	135.4	
Number of Shares diluted (million)	156.3	148.0		156.3	135.5	
Gross Margin % (adjusted criterion)*	23.5%	29.2%	-567 bps	26.9%	32.0%	-514 bps
EBITDA Margin %	19.6%	15.2%	439 bps	21.0%	17.7%	323 bps
Effective Tax Rate	-0.7%	-18.6%	1794 bps	-0.7%	-19.2%	1858 bps
Net Income Margin	4.4%	3.9%	53 bps	7.1%	8.9%	-184 bps
Net Income Cash / Net Revenue	9.7%	2.9%	679 bps	10.3%	9.6%	75 bps
Operating Cash / Net Revenue	4.8%	20.1%	-1526 bps	11.1%	10.9%	21 bps
EV/EBITDA (LTM)	12.4	17.1				
P/E (LTM)	33.8	33.2				
ROE (LTM)	6.2%	6.2%				
Adjusted ROE (LTM)	9.1%	6.6%				
ROIC (LTM)	6.9%	7.3%				
Adjusted ROIC (LTM)	10.4%	9.1%				

* Change in allocation criterion: As from 1Q12 on, Operational Depreciation is allocated as Cost of Services Provided rather than SG&A.
P/E = [(Last Price) x (number of shares)] / (Net Income LTM)
EV/EBITDA = [(Last Price) x (number of shares) + (Non-Current Debentures, Borrowings and Financings)–(Cash and Equivalents)] / (EBITDA LTM)
ROE = (Net Income LTM) / (Equity)
Adjusted ROE = [(Net Income LTM) – (Deferred Income Tax) / (Equity)
ROIC = (NOPAT LTM) / (Average Invested Capital), considering [tax = 34%] and [Invested Capital = (Equity)+(Net Debt)]
Adjusted ROIC = (NOPAT LTM) / (Average Invested Capital), considering [effective tax] and [Invested Capital = (Equity)+(Net Debt)]

Operational highlights

On **October 29**, the Company celebrated the 22nd Knowledge Journey. More than 350 researches were submitted in administrative and scientific categories. This program stimulates the knowledge generation in different areas by all employees.

On **October 31**, a+ Viaduto do Chá was launched in the center of São Paulo and offers clinical analysis and imaging services such as ultrasonography, fetal medicine, mammography and densitometry.

On **November 7**, Grupo Fleury was recognized for the second consecutive year for its sustainable initiatives with important award from Exame magazine.

On **November 8**, Grupo Fleury was recognized by A.T. Kearney (in partnership with Época Negócios magazine), also for the second consecutive year, for its results in innovation.

On **November 8**, the Company was awarded, in the healthcare category, for its ombudsman excellence regarding relationship with customers by "Reclame Aqui" website.

On **November 14, 2012** and **January 8, 2013**, Moody´s maintained Ba1 ratings for Fleury 1st Debentures Issuance and assigned the same ratings for Fleury 2nd Debentures Proposal.

On **November 26**, the PSC Fleury Alphaville had the most important international certificate for sustainable buildings: LEED NC (Leadership in Energy and Environmental Design for New Construction) Gold Level.

On **December 12**, a payment of R$ 16 million (R$ 0.10 per share) was announced as Interest on Capital. In FY12, the Company has distributed R$ 36 million to its shareholders.

On **December 12**, Weinmann was awarded as one of the "Top of Mind" brands in Porto Alegre (RS), according to a research conducted by Revista Amanhã.

On **December 14**, for the fourth consecutive year, Fleury was the most mentioned brand in Hospitality Business research, conducted by the Brazilian Institute for Hospitality Entrepreneurship (Instituto Brasileiro de Hospitalidade Empresarial - IBHE).

On **December 28**, CADE (Administrative Council for Economic Defense) published the approval, without restrictions, of Grupo Papaiz acquisition. The deal was concluded on January 31st, 2013.

On **December 31**, the incorporation of Clínica Luiz Felippe Mattoso was approved by the Company's shareholders at the Extraordinary Shareholder Meeting.

Economic Scenario and Sector

Macroeconomics

- Brazilian GDP growth ended 2012 at 0.9%. Domestic demand, boosted by tax incentives and credit expansion, has been the main factor to support the economic activity – household consumption grew 3.1%. Current projections indicate a GDP growth of approximately 3% in 2013.

- To induce the economic growth, the Brazilian Interest Rate (Selic) has been reduced since August 2011 and reached 7.25% in the end of 2012.

- The Brazilian Consumer Price Index (IPCA) finished 2012 at 5.84% (6.5% in 2011). This level is still high and brings price pressures to 2013. The market expects a rate of 5.5% for this year.

Employment

In 2012, 1.3 million new formal jobs were created (+3.4% over the end of 2011), the lowest result since 2009 and below the government expectations of 1.4 million.

In the macroeconomic regions where the Group is present, net jobs created in FY12 and growth over the end of 2011 are as follows:

São Paulo (city):	170 thousand (+2.6%)
Rio de Janeiro (city):	119 thousand (+4.4%)
Recife:	42 thousand (+4.9%)
Porto Alegre:	35 thousand (+3.1%)
Curitiba:	25 thousand (+2.4%)
Salvador:	14 thousand (+1.6%)
Federal District:	24 thousand (+3.3%)

Sector

- In accordance to ANS (National Health Agency) data, health plan penetration achieved 25.1% in Brazil. In the last 10 years, around 7% of the population was included in the private healthcare sector.

- The ANS has been regulating Health Plans activities in order to improve the quality of the sector. One of the recent applied measures was the suspension, as of July 2012, of new plan sales for HMOs with not enough service providers to attend its beneficiaries. Since then, three lists were published and the current one is composed by 225 plans from 28 HMOs.

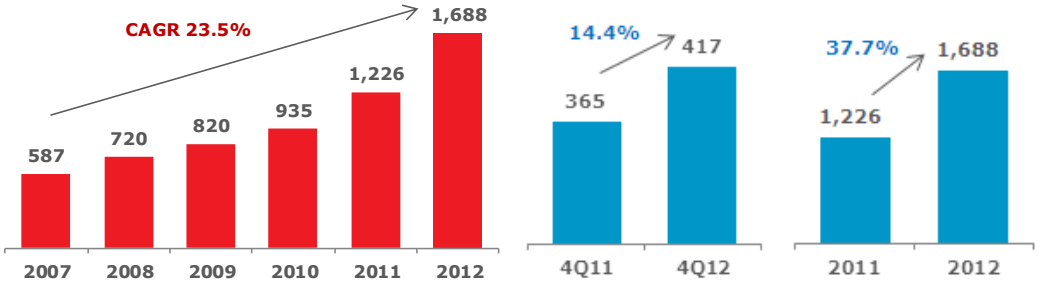
- ANS has also been evaluating 26 quality KPIs in Brazilian private hospitals, such as levels of infection and mortality. Hospitals with good performance will receive a quality stamp which shall be included in HMO's books and websites. Next step will be to extend the information to diagnostic centers and other medical services providers.

Financial Performance

Gross Revenue

Gross Revenue grows by 14.4% YoY to R$ 417 MM. Organic Growth achieves 12.0% in the Quarter and 13.2% FY12. It is the tenth consecutive quarter that Grupo Fleury reports a double-digit-organic-growth – even during the recent economic slowdown.

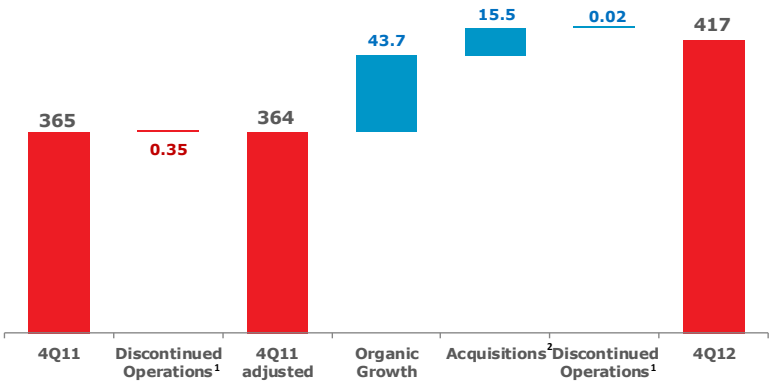
Gross Revenue (R$ MM)



The main drivers of our growth are mentioned below:

- Consistent delivery of the differentiation strategy through all brands, via (i) close relationship with customers, (ii) delivery of knowledge and offering of integrated solutions to physicians, (iii) diversification of services, and (iv) best practices of Corporate Governance.
- Well-coordinated Expansion Plan, increasing services offer (enriching the portfolio and adding Imaging services), expanding PSCs' areas and optimizing portfolios (of services and payers).
- Innovation in products, procedures and services, boosted by the Integrated Medical Centers under Fleury brand.
- The "a+" differentiated proposal in the B/C plans segment and its good acceptance by physicians, clients and HMOs throughout the country - allowing the brand to gain share and offset the sector slowdown.
- Diagnostic Operations in Hospitals, enabled by Group´s medical heritage and driven by progressive intertwining with prominent Medical Institutions.
- New businesses, like Preventive Medicine, and
- Strategic acquisitions.

Gross Revenue Growth Breakdown (R$ MM)



1 - Discontinued operations: Clinical Trials
2 – Acquisitions: Labs D'Or

Historical Growth Evolution (Gross Revenue)

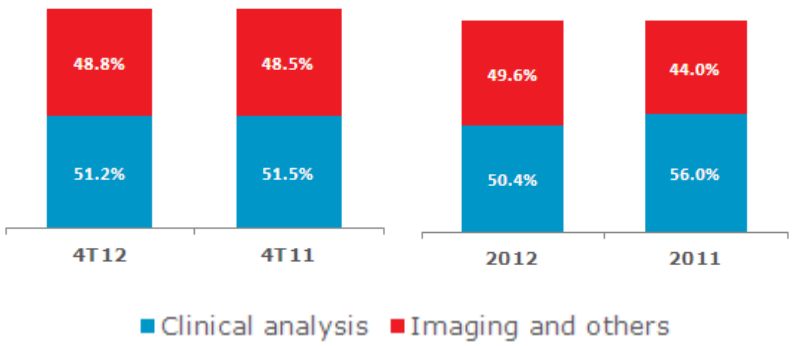
	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12
PSC - Total	**9.7%**	**11.4%**	**43.4%**	**60.6%**	**61.5%**	**59.2%**	**25.0%**	**11.0%**
PSC - Organic	9.7%	10.2%	11.7%	13.5%	19.7%	15.1%	12.2%	11.0%
Diag Operations in Hospitals - Total	**62.9%**	**38.1%**	**33.2%**	**56.4%**	**90.1%**	**83.1%**	**71.8%**	**48.4%**
Diag Operations in Hospitals - Organic	52.4%	38.1%	33.2%	28.2%	17.8%	3.2%	-2.4%	24.5%
Reference Laboratory - Total	**-7.0%**	**-16.2%**	**-9.8%**	**-4.2%**	**-17.7%**	**3.6%**	**-9.7%**	**-15.6%**
Reference Laboratory - Organic	-0.4%	-6.9%	-4.1%	1.8%	-8.2%	9.1%	-4.8%	-12.1%
Preventive Medicine - Total	**30.9%**	**23.7%**	**24.2%**	**23.8%**	**32.6%**	**16.4%**	**12.8%**	**5.2%**
Preventive Medicine - Organic	30.9%	23.7%	24.2%	23.8%	32.6%	16.4%	12.8%	5.2%
Group - Total	**13.6%**	**13.1%**	**39.9%**	**56.8%**	**61.4%**	**59.4%**	**28.5%**	**14.4%**
Group - Organic	13.3%	12.6%	13.7%	14.9%	18.7%	13.3%	10.4%	12.0%

	2010	2011	2012
PSC - Total	**13.3%**	**31.5%**	**35.3%**
PSC - Organic	6.9%	11.3%	13.9%
Diag Operations in Hospitals - Total	**48.4%**	**46.6%**	**71.4%**
Diag Operations in Hospitals - Organic	26.3%	36.7%	11.3%
Reference Laboratory - Total	**-14.4%**	**-9.5%**	**-10.0%**
Reference Laboratory - Organic	-6.4%	-2.5%	-4.1%
Preventive Medicine - Total	**-7.8%**	**25.3%**	**15.5%**
Preventive Medicine - Organic	48.0%	25.3%	15.5%
Group - Total	**13.9%**	**31.2%**	**37.7%**
Group - Organic	9.2%	13.6%	13.2%

The participation of Imaging Diagnostics has increased as a result of recent acquisitions and organic investment in equipment, mainly in "a+" brand.

Gross Revenue Breakdown by Type of Test (%)

Patient Service Center



In 4Q12, Group's Revenue by Source is as follow:

- MCOs and HMOs: 72%
- Individuals: 11%
- Hospitals, other Laboratories and Companies: 17%

Business Lines Performance

	4Q12		4Q11		
	R$ MM	%	R$ MM	%	△
Patient Service Centers	343.0	82.3%	309.1	84.8%	11.0%
Operations in Hospitals	59.7	14.3%	40.3	11.0%	48.4%
Reference Laboratory	7.1	1.7%	8.4	2.3%	-15.6%
Preventive Medicine	7.1	1.7%	6.8	1.9%	5.2%
Total Gross Revenue	417.0	100.0%	364.6	100.0%	14.4%

	2012		2011		
	R$ MM	%	R$ MM	%	△
Patient Service Centers	1,398.2	82.8%	1,033.2	84.3%	35.3%
Operations in Hospitals	231.7	13.7%	135.2	11.0%	71.4%
Reference Laboratory	30.9	1.8%	34.3	2.8%	-10.0%
Preventive Medicine	27.2	1.6%	23.6	1.9%	15.5%
Total Gross Revenue	1,688.0	100.0%	1,226.3	100.0%	37.7%

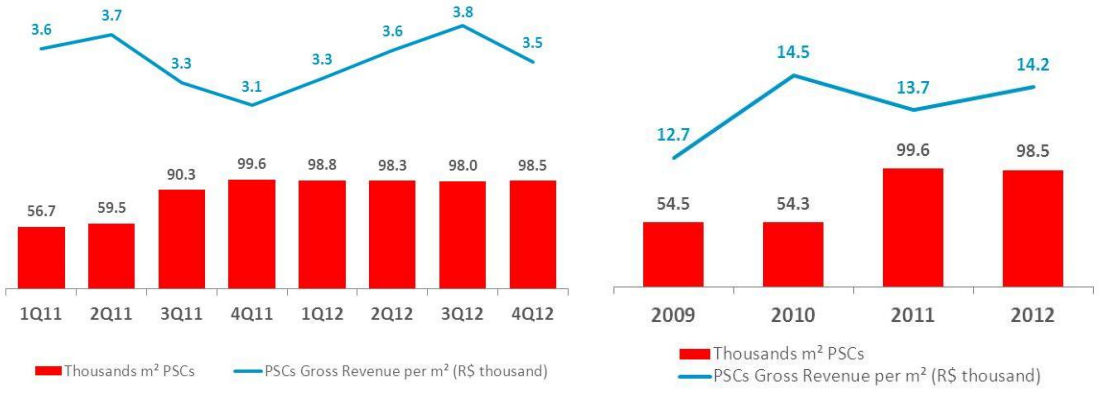
Patient Service Centers

PSCs Revenue increases by 11% in the quarter, adding up to R$ 343 MM. In the year, organic growth achieves 13.9% - the best performance in the last three years.

"*Same store sales*" growth (which only considers PSCs operating during the comparison period) is 9.6% in the quarter and 12.8% in the year.

Assets usage, which can be measured by the indicator Revenue per square meter, achieves R$ 3.5 thousand in the quarter, 12% higher than 4Q11.

PSCs Assets Efficiency



Integrated Medicine

It includes Diagnostic Operations in Hospitals, Reference Laboratory and Preventive Medicine and grows by 33.4% in the quarter (50.1% in the year), as detailed below:

1. Diagnostic Operations in Hospitals

Gross Revenue reaches R$ 59.7 MM in 4Q12 and R$ 231.7 MM in FY12, which represents a yearly growth of 49% and 71% respectively. This business line represents 14% of Group's Revenue.

Intrinsic features of Hospitals environment, as close relationship with medical community, research capabilities, unique and advanced range of exams, precision and fast delivery of integrated diagnostics are undisputed differentiation factors. Growth components:

- Increasing demand at the prominent Medical Institutions where Grupo Fleury is already responsible for diagnostic operations. Same Hospitals Sales (SHS, which excludes acquisitions and cancelled contracts) growth accelerated to 33.6% in the quarter mainly due to mix improvements in Rede D'Or hospitals operations. In the year, SHS increases by 16.8%. The growing demand for qualified services and the expansion plans announced by Hospitals bring good perspectives for this business line in the upcoming years.

- Performing of a larger portfolio of exams, including imaging services in Oswaldo Cruz and São Luiz Hospitals.

2. Reference Laboratory

Through this Business Line, the Company provides diagnostic solutions to other laboratories and Hospitals nationwide, focusing in medium and high complexity exams.

Gross Revenue reaches R$ 7.1 MM in 4Q12 and R$ 30.9 MM in FY12, which represents 1.7% of the Group's Revenue. Client portfolio selection and growing focus on complex exams resulted in a reduction of this business line revenue (-15.6% in 4Q12 and -10.0% full year).

3. Preventive Medicine

This business line encompasses Health Assessment, Health Promotion and Chronic Disease Management.

- Health Assessment Revenue achieves R$ 4.9 MM in the quarter and R$ 16.7 MM in the year, which represents a growth of 13.6% over 2011.

- Health Promotion Revenue increases by 10% in the year to R$ 4.7 MM.

- The Chronic Disease Management service achieves R$ 1.4 MM in the quarter and R$ 5.9 MM in FY12, which represents a growth of 56.9% and 26.5% respectively.

Revenue's Tax and Cancellations

Revenue's Tax Rate is stable at 6.3% and Cancellations amounts to R$ 14 MM (3.5% of Gross Revenues).

With no discretionary terms and under the company's policy for past due accounts, the provision coverage for receivables due to more than 120 days achieves 64% (compared to 48% at the end of 2011). Additionally, the accounts due to over 120 days represent 24% of the total receivables (27% at the end of 2011).

The provisions can be reverted if a payment related to receivables due to more than 120 days is identified.

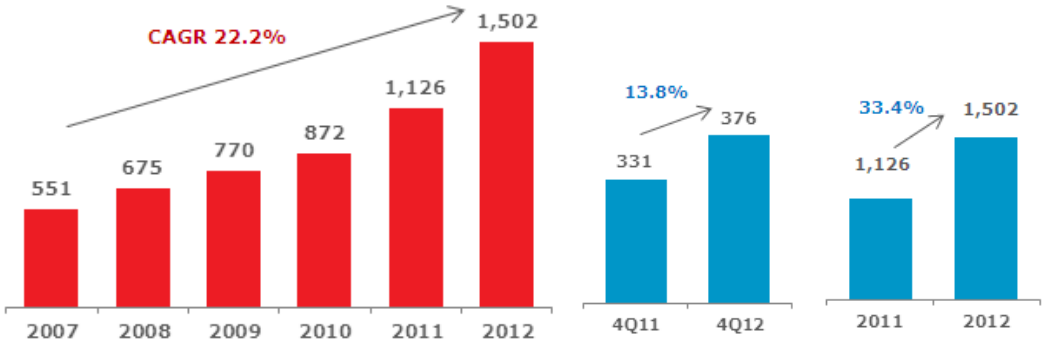
Accounting provision policy:

- From 120 days to 180 days: 15% of provision
- From 180 days to 360 days: 50% of provision
- More than 360 days: 85% of provision

Net Revenue

Net Revenue amounts to R$ 376 million in the quarter, a 13.8% increase YoY (R$ 1.5 billion and 33.4% increase FY12).

Net Revenue (R$ MM)



As a consequence of the gross revenue growth, tax and cancellations, the revenue breakdown by Business Lines is as follows:

Net Revenue breakdown

	4Q12		4Q11		
	R$ MM	%	R$ MM	%	△
Patient Service Centers	**307.8**	**81.9%**	**279.8**	**84.6%**	**10.0%**
Operations in Hospitals	**55.5**	**14.8%**	**36.6**	**11.1%**	**51.6%**
Reference Laboratory	**6.4**	**1.7%**	**7.9**	**2.4%**	**-18.8%**
Preventive Medicine	**6.4**	**1.7%**	**6.3**	**1.9%**	**1.2%**
Total Net Revenue	**376.1**	**100.0%**	**330.6**	**100.0%**	**13.8%**

	2012		2011		
	R$ MM	%	R$ MM	%	△
Patient Service Centers	**1,234.5**	**82.2%**	**947.2**	**84.1%**	**30.3%**
Operations in Hospitals	**215.0**	**14.3%**	**124.3**	**11.0%**	**73.0%**
Reference Laboratory	**27.9**	**1.9%**	**32.1**	**2.9%**	**-12.9%**
Preventive Medicine	**24.4**	**1.6%**	**22.2**	**2.0%**	**9.8%**
Total Net Revenue	**1,501.8**	**100.0%**	**1,125.7**	**100.0%**	**33.4%**

Cost of Services

Cost of Services includes personnel remuneration, cost of medical services and materials, reagents, equipment and installation maintenance and depreciation, rental fees and general expenses with facilities, incurred by the Group in PSCs, Hospitals and Technical areas, as well as expenses to provide Customer Services (e.g.: Call Center costs).

As of 1Q12, depreciation costs related to Clinical Analysis and Imaging operations are allocated as Cost of Services - 2011 figures have been adjusted in this report for comparison purposes.

Overall, Cost of Services Provided amounts to R$ 288 MM in 4Q12 and R$ 1.1 BN in FY12, representing 77% and 73% of Net Revenue respectively. Please find below some relevant disclosures about the variation of 567 bps in the quarter.

- **Personnel and Medical Services** are the Group's main cost, reflecting our highly qualified professionals, which include 1,611 physicians (1,315 in Dec/2011). It represents 38.0% of net revenues in the quarter, 252 bps higher than 4Q11 mainly due to the grounding of personnel structure to the upcoming periods, which includes hiring people and increasing salaries – as a consequence, keeping high service quality levels for the increasing volume. The concept of "one-stop-shop" is not yet fully implemented in Labs and a+ operations and, therefore, the cost structure is not mature yet.

- **Materials and Outsourcing** cost accounts for 11.1% of Net Revenue in 4Q12 and 11.0% in 2012.

- **General Services, Rents and Utilities** represent 14.8% of Net Revenue in 4Q12. General services have also been prepared to the planned expansion, in alignment to the expected demand growth.

- **General Expenses**, which include mainly equipment and facilities maintenance, IT front-office systems and call center expenses, represent 7.9% of Net Revenues in the Quarter.

- **Depreciation and Amortization** account for 4.8% of Net Revenue in 4Q12 and 4.7% in FY12, 184 bps higher than the previous year as a result of Labs D'Or's mix of services, which is more concentrated in imaging services, as well as Capex destined to organic growth. In addition, 4Q11 had accounting adjustments.

	4Q12		4Q11		2012	2011
	R$ thousand	% Net Revenues	R$ thousand	% Net Revenues	% Net Revenues	
Personnel and medical services	142,761	38.0%	117,156	35.4%	36.4%	32.3%
Materials and outsourcing	41,660	11.1%	35,212	10.7%	11.0%	11.1%
General services, rent and utilities	55,603	14.8%	44,647	13.5%	13.4%	13.2%
General expenses	29,830	7.9%	33,728	10.2%	7.7%	8.5%
Depreciation and Amortization	17,898	4.8%	3,444	1.0%	4.7%	2.9%
Cost of Services	287,752	76.5%	234,187	70.8%	73.1%	68.0%

Gross Profit

As mentioned in previous quarters, Labs D´Or operations were oriented towards higher dispersion of Imaging PSCs, which have determined lower cost efficiency when compared to the Company´s historical preference for the "one-stop-shop" concept. This impact in Gross Margin is compensated by lower expenses in SG&A as % of Net Revenue.

Gross profit achieves R$ 88.3 in 4Q12 and represents 23.5% of net revenue. In FY12, gross profit increases by 12.0% to R$ 403 MM, which represents 26.9% of net revenue.

Operating Expenses

As previously mentioned, the change in allocation criterion resulted in reclassification of Operational Depreciation to Cost of Services Provided. Normalizing the allocation criterion for 4Q11, there was a 954 bps dilution YoY in Operating Expenses as shown below:

	4Q12		4Q11		2012	2011
	R$ thousand	% Net Revenues	R$ thousand	% Net Revenues	% Net Revenues	
General and Administrative (Excl. Depreciation)	43,380	11.5%	43,196	13.1%	10.7%	14.9%
Depreciation and Amortization	8,186	2.2%	17,752	5.4%	2.0%	2.3%
Other Operating Income (Expenses), net	-9,045	-2.4%	142	0.0%	-0.2%	1.5%
Provision for Contingency	-1,862	-0.5%	6,190	1.9%	0.1%	0.8%
Operating Expenses	40,659	10.8%	67,280	20.4%	12.6%	19.5%

- **General and Administrative Expenses (exc. Depreciation)** amounts to R$ 43.4 MM, 11.5% of net revenue. In the year, it represents 10.7% of net revenue.
- **Depreciation and Amortization** is R$ 8.2 MM, similar to the amount accounted in 3Q12. Rede D'Or Hospitals' contracts have been amortized as of the end of 2011 (R$ 3.9 MM per quarter).
- **Other Operating Income (Expenses), net** is impacted in 4Q12 by one-off income of R$ 9 MM.
- **Provision for Contingency** reflects a provision reversal of R$ 4.3 MM, related to positive developments of contingencies.

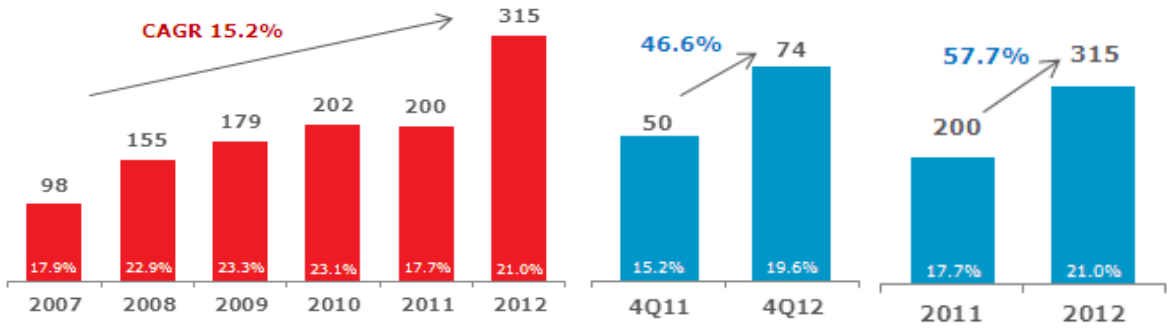
EBITDA

EBITDA reaches R$ 73.8 MM in the quarter, which represents a margin-on-net-revenue of 19.6%.

In the quarter, margin has been stable YoY if we consider an impact of 421 bps of non-recurring items related to receivables write-offs (cash recovery efforts) and Labs acquisition fees in 4Q11.

In FY12, EBITDA grows by 57.7% to R$ 314.8 MM, representing 21.0% of net revenue, 323 bps higher than the previous year.

EBITDA (R$ MM)

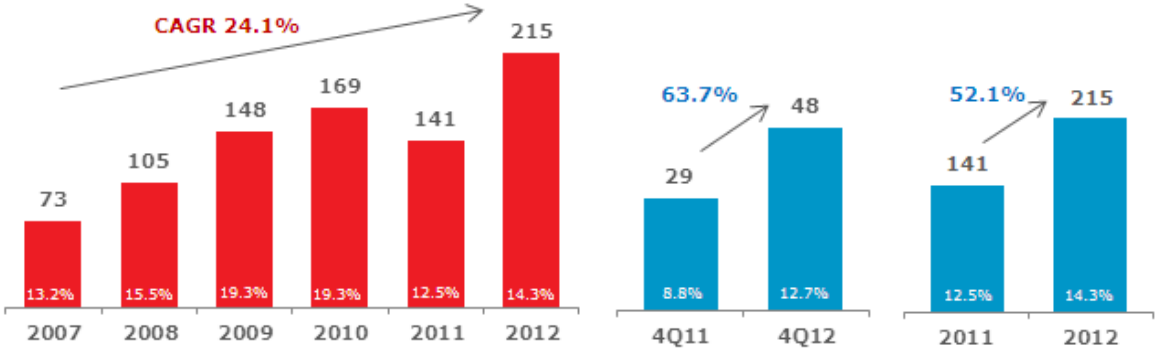


	4Q12		4Q11			2012	2011	
	R$ million	% Net Revenues	R$ million	% Net Revenues	Δ	% Net Revenues		Δ
Net Income	16.5	4.4%	12.7	3.9%	53 bps	7.1%	8.9%	-184 bps
Financial Result	11.0	2.9%	17.4	5.3%	-233 bps	3.9%	0.7%	322 bps
Depreciation and Amortization	26.1	6.9%	21.2	6.4%	52 bps	6.7%	5.2%	148 bps
Income Tax and Social Contribution	20.2	5.4%	-1.0	-0.3%	567 bps	3.3%	2.9%	38 bps
EBITDA	73.8	19.6%	50.3	15.2%	439 bps	21.0%	17.7%	323 bps

EBIT (Operating Profit)

EBIT reaches R$ 47.7 MM in the quarter, a 64% increase over 4Q11, representing a 12.7% margin. In FY12 EBIT grows by 52% to R$ 215 MM.

EBIT (R$ MM)



Financial Results

Financial net expenses reached R$ 11.0 million in 4Q12 and R$ 58.6 million in the year, as shown in the tables below, compared to R$ 17.4 million and R$ 7.7 million respectively in 4Q11 and FY11 – the company had net cash until 2Q11.

R$ million	4Q12	4Q11
Financial income (expenses), net	**(11.0)**	**(17.4)**
Interest and inflation adjustment	(13.8)	(18.2)
Exchange rate change and hedge	(0.7)	(0.5)
Interest received	4.1	4.2
Bank fees and other expenses	(0.6)	(2.9)
Financial income	11.3	15.2
Financial expenses	(22.3)	(32.6)

R$ million	2012	2011
Financial income (expenses), net	**(58.6)**	**(7.7)**
Interest and inflation adjustment	(69.7)	(39.7)
Exchange rate change and hedge	(3.0)	(4.0)
Interest received	20.6	41.5
Bank fees and other expenses	(6.5)	(5.6)
Financial income	47.4	65.6
Financial expenses	(106.0)	(73.3)

At the end of 2011, the Company issued two series of Debentures and raised R$ 450 MM, which was mainly spent to conclude Labs acquisition. As a result, financial net debt increased by 24% to R$ 415 MM, which represents 1.3 times EBITDA.

In January 2013, Grupo Fleury announced the approval by the Board of Directors of the second issuance of debentures in the amount of R$ 500 million to finance part of the organic investments and acquisitions in the upcoming years.

Income Tax and Social Contribution

Mainly due to the goodwill amortization, the Effective Tax Rate is 0.7% both in the quarter and in FY12, resulting in improvements of the Cash Net Income.

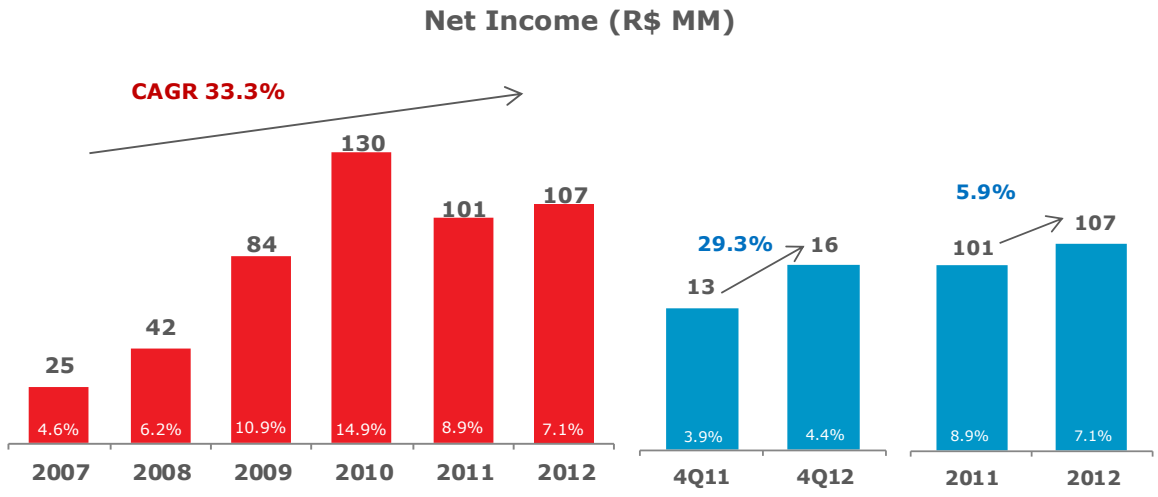
Deferred Income Tax is R$ 19.9 million in 4Q12 and R$ 48.3 million FY12.

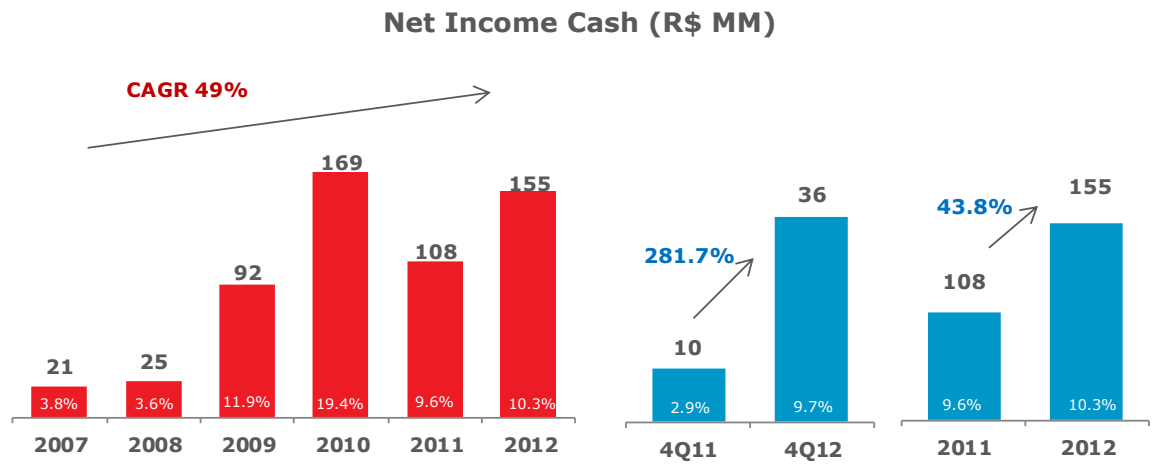
Expected Amortization of Goodwill	
Period	R$ MM
2013	221
2014	206
2015	176
2016	168
2017	161

Net Income

Net Income reaches R$ 16.5 MM in the quarter and R$ 106.6 MM in FY12, representing a net-income-margin of 4.4% and 7.1% respectively (R$ 0.11 EPS in 4Q12 and R$ 0.68 in FY12). The higher financial expenses and Deferred Tax previously described offset the EBITDA margin improvements in FY12.

Excluding deferred taxes impact, cash net income amounts to R$ 36.4 MM in the quarter, a 282% increase YoY. Cash EPS achieves R$ 0.99 in FY12 (+24.7% YoY).





* In 2010 financial result was R$ 27 million positive, reflecting cash resources from the IPO, which were used in mid 2011.

Cash Flow

Operating activities provide cash of R$ 18.2 million in the quarter and R$ 167 million in FY12, an increase of 36% over 2011.

Operational cash was negatively impacted – approximately R$ 20 million – by advanced payment to suppliers, due to ERP (SAP) system upgrade in January 2013.

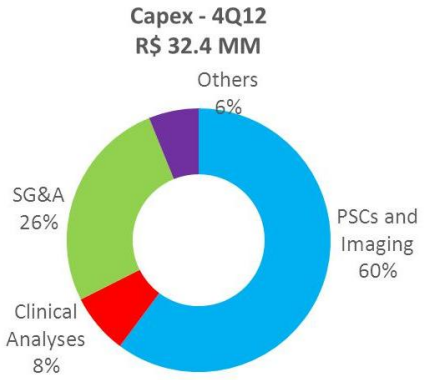
	4Q12		4Q11		2012	2011
	R$ thousand	% Net Revenues	R$ thousand	% Net Revenues	R$ thousand	
Net Income	16,479	4.4%	12,741	3.9%	106,588	100,646
Depreciation and amortization	26,084	6.9%	21,196	6.4%	100,263	58,527
Provisions	3,624	1.0%	27,572	8.3%	89,304	81,985
Working Capital	-54,164	-14.4%	-13,625	-4.1%	-236,353	-157,177
Others	26,177	7.0%	18,566	5.6%	107,252	38,924
Operational Cash Flow	**18,200**	**4.8%**	**66,449**	**20.1%**	**167,054**	**122,906**
Capex	-32,011	-8.5%	-90,790	-27.5%	-162,332	-191,405
Acquisitions	-1,432	-0.4%	-7,350	-2.2%	-209,045	-457,769
Financing Activities	-42,695	-11.4%	429,622	130.0%	-100,885	468,822
Cash Flow	**-57,938**	**-15.4%**	**397,931**	**120.4%**	**-305,208**	**-57,444**

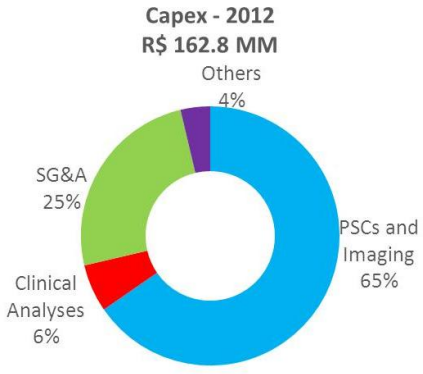
Investments

The Company has maintained the pace of investments in 2012 and concluded important projects for all brands, which include the opening of two new PSCs in São Paulo (Fleury Granja Viana and a+ Viaduto do Chá), the expansion of services in twelve PSCs and the transferring of PSC a+ Olinda, in Pernambuco, to a more suitable location. Eleven (11) new MRIs (Magnetic Resonance Imaging) and ten (10) new CT (Computerized Tomography) Scans were acquired in order to improve the mix of services in the operations.

Also, a new Integrated Diagnostic Medical Center was launched for the Musculoskeletal System at the PSC Fleury Higienópolis. This center is another result of the Medical Specialties´ Strategic Planning (PEEM) initiative.

CAPEX achieves R$ 32.4 MM in 4Q12 and R$ 162.8 MM in FY12. For the next years, Grupo Fleury expects to keep capturing the demand growth through the continuity of its Expansion Plan. In order to support these investments, the CAPEX estimated for 2013 accelerates to R$ 300 million in accordance with the Capital Budget proposed by the management.

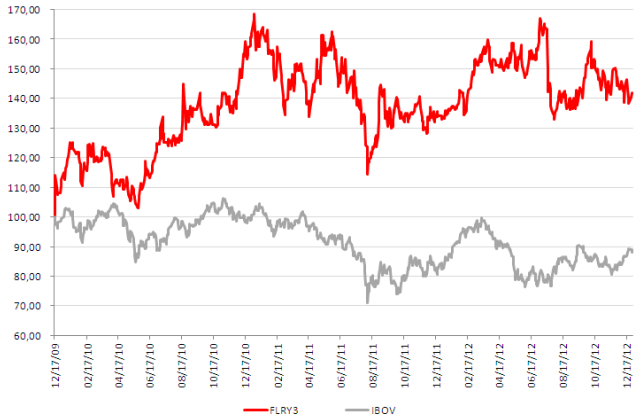




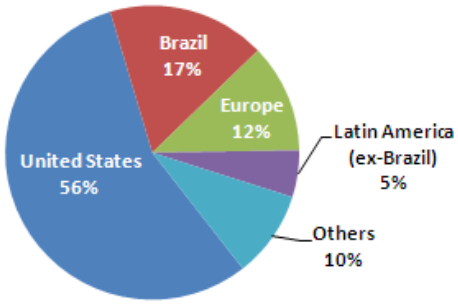
Stock Market Performance

Fleury shares (BOVESPA: FLRY3) end up the 4Q12 at R$ 23.05, a 4.9% decrease compared to September 30th, 2012 and growth of 7.7% LTM (Ibovespa Index increased 3.0% in the quarter and 7.4% in the year). ADTV (Average Daily Trade Volume) in the quarter was R$ 5.6 MM and R$ 5.3 MM in the year.

Since the IPO until December 31st, 2012, the stock price had risen 44.1%. Total Shareholders Return (TSR) totaled 48.5% in the same period.



Free Float breakdown



Source: Fleury data, December 2012
Not considering "Integritas" (Controlling Group), "FIP" (Labs Former Owners) and "Members of these Groups".

At the end of 2012, Grupo Fleury celebrated three years as a public company. During this period, the Company achieved important milestones towards its long-time goals, such as Labs D'Or acquisition, launching of "a+", acceleration of organic growth and advances in R&D and Sustainability programs.

Regarding the relationship with capital markets, the negotiability index increased by 50% in the period, the Company's market value has risen 70% and R$ 100 million was paid as dividends and Interest on Capital. In 2012, the Company held the second edition of Fleury Investors Day at its headquarters, which was attended by 107 analysts and investors.

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FLEURY S.A.

Notes to the financial statements at December 31, 2012
(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

1. GENERAL INFORMATION

1.1 The Company

Fleury S.A. (“Fleury”, “Company” or “Parent” and, together with its subsidiaries, "Fleury Group" or “Group”), is engaged in the provision of medical diagnostic services for treatment and clinical testing areas, and may hold investments in other companies as partner or shareholder, as well as promote conditions for the development of the medical profession and foster research and studies for the scientific progress of medicine.

The Fleury Group is a publicly-held corporation with registered office in 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 shares are traded on the New Market, the highest corporate governance level of the Brazilian Stock, Futures and Mercantile Exchange (BM&FBOVESPA).

1.2 – Business Combination

1.2.1 – Papaiz Group

On September 28, 2012, the subsidiary Fleury Centro de Procedimentos Médicos Avançados S.A. ("Fleury CPMA") entered into a Share Purchase Agreement for the acquisition of 51% of the capital of Papaiz Associados Diagnósticos por Imagem S/S Ltda. ("Papaiz Group").

The Papaiz Group comprises units specialized in dental radiology.

The acquisition was awaiting approval from the Brazilian Antitrust agencies, in accordance with applicable legislation, and, accordingly, the Financial Statements and the Notes to the Financial Statements of the Fleury Group do not include the Papaiz Group.

1.2.2 – Labs Cardiolab

On July 13, 2011, Fleury S.A. entered into an Investment Agreement for the acquisition of 100% of LabsCardiolab Exames Complementares S.A. (“LabsCardiolab”). LabsCardiolab is a leading provider of diagnostic medicine services in the State of Rio de Janeiro.

The merger of shares of LabsCardiolab was approved by Fleury S.A.’s shareholders at the Extraordinary Shareholders’ Meeting held on December 31, 2011.

The acquisition of the equity interest in LabsCardiolab by the Company was submitted for the appreciation of the Administrative Council of Economic Defense - CADE on August 3, 2011, pursuant to prevailing legislation (Antitrust Act No. 08012.008448/2011-13). The process is currently under analysis by the Secretariat for Economic Monitoring - SEAE. Management does not believe this acquisition represents market concentration that may threaten competition and, for this reason, expects full approval from CADE.

The financial statements of the Fleury Group were approved by the Board of Directors on March 6, 2013.

2. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements (parent company and consolidated) are presented in thousands of reais - R$, unless otherwise stated, rounded to the closest thousand.

Parent Company Financial Statements

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

Consolidated Financial Statements

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB) and also in accordance with accounting practices adopted in Brazil fully converged with IFRS, as issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities Commission (CVM), pursuant to CVM Instruction No. 485 of December 1, 2010, and are filed with the CVM and the BM&FBOVESPA via its IPE system, under “Economic and Financial Data”.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

As there is no difference between (i) consolidated equity and profit attributable to owners of the Company, included in the consolidated financial statements prepared in accordance with IFRS and accounting practices adopted in Brazil, and (ii) parent company equity and profit included in the parent company financial statements prepared in accordance with accounting practices adopted in Brazil, the Fleury Group elected to present its parent company and consolidated financial statements concurrently as a single set of statements.

Basis of preparation

CPC standards require the measurement criterion used in the preparation of the financial statements to consider either the historical cost, the net realizable value, the fair value or the recoverable amount, depending on the standard. When the CPC permits the choice between the acquisition cost and other measurement criterion, the acquisition cost is used.

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

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

Basis of consolidation

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

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

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

Financial assets

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

As at December 31, 2012 and 2011, the Fleury Group held financial instruments classified in the categories "financial assets at fair value through profit or loss" and "receivables".

Receivables

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

Financial assets at fair value through profit or loss

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

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

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.
For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Fleury Group's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

Segment reporting

Information by operating segment is presented based on the operating characteristics of each segment.

Foreign currency translation

Functional currency and presentation currency

Items included in the financial statements of each of the Fleury Group's companies are measured using the currency of the primary economic environment in which the company operates ("functional currency"). The parent company and consolidated financial statements are presented in Brazilian Real/Reais - R$, which is the functional and presentation currency of the Fleury Group.

Transactions and balances

Foreign currency-denominated transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions or on the valuation date when items are remeasured.

Foreign exchange gains and losses arising from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other highly-liquid short-term investments with original maturities not exceeding three months and subject to immaterial risk of change in value.

Trade receivables

Trade receivables are amounts receivable from customers for services provided in the normal course of business of the Fleury Group. If the collection term is equivalent to one year or less, receivables are classified in current assets. Otherwise, they are classified in non-current assets.

Trade receivables are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method, except for short-term receivables when the recognition of costs would be immaterial, less the allowance for doubtful debts (or impairment losses).

Inventories

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

Business combination

Consolidated Financial Statements:

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

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

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

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

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

Parent Company Financial Statements

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

The goodwill related to an investment that was merged by the Company was reclassified from "Investments" to "Intangible assets".

Goodwill

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

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

Property and equipment

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

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

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

Classes of Property and Equipment	**Useful life (years)**

Buildings	60
Machinery and equipment	13
Facilities	10
Furniture and fixtures	10
Vehicles	5
IT equipment	5
Leasehold improvements	5*

** Average rental agreement periods*

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

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

Intangible assets

Intangible assets acquired separately

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

Intangible assets acquired in a business combination

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

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as

the difference between net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment of tangible and intangible assets other than goodwill

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

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

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

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

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

Transactions with interests of non-controlling shareholders

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

Financial liabilities

Non-derivative financial liabilities

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

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

The Fleury Group has the following non-derivative financial liabilities: borrowings and financing, payables for business acquisitions, trade payables and other payables. These financial liabilities are initially recognized at fair value, plus any attributable transaction costs. After initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Derivative financial instruments

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

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

Employee benefits

Defined contribution pension plan

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

Share-based payment

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

The fair value of options granted at grant date is recorded on a straight-line basis as expense for the period in which the vesting conditions are met, based on the Fleury Group‟ s estimates of which

stock options granted will be eventually acquired, with corresponding increase in equity. At the end of each year, the Fleury Group reviews its estimates of the number of equity instruments that will be acquired. The impact of the revision of the original estimates, if any, is recognized in profit or loss, so that the cumulative expense reflects the revised estimates, with the corresponding adjustment to equity, in the account "Capital Reserve - options granted" where the employee benefit is recorded.

Profit sharing

The Fleury Group provides profit sharing to its employees, based on their performance for the period. This profit sharing is recognized as a liability and a profit sharing expense.

Taxation

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

Current taxes

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

Deferred taxes

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

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

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

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

Provisions

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

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

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

The provisions are recognized when the Fleury Group has a present or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the obligation can be made. The provisions are quantified at the estimated amount of probable losses, considering their nature and supported by the advice of the legal counsel of the Company and its subsidiaries. The bases and nature of the provision for tax, civil, and labor risks are described in the note “Provision for Tax, Labor and Civil Risks”.

Leases

Leases in which the Fleury Group does not retain substantially the risks and rewards of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentives received from the lessor) are recognized on a straight-line basis over the lease term.

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

Revenue recognition

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

Services rendered

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

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

Interest income

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

Dividend income

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

Distribution of dividends and interest on own capital

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

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

Statement of value added

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

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

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

The following new and revised standards and interpretations were issued by the IASB but are not effective for 2012. The early adoption of these standards, even though encouraged by the IASB, was not permitted in Brazil by the CPC.

. IAS 1 - "Presentation of financial statements". The main change is a requirement for entities to group items presented in "other comprehensive income" on the basis of whether they will be reclassified to profit or loss or remain in equity. The amendment to the standard is applicable as from January 1, 2013. The Company expects that the adoption of this amendment will only give rise to impacts on disclosure.

. IAS 19, "Employee benefits" was amended in June 2011. This amendment was included in the text of CPC 33 (R1) - "Employee benefits". The main impacts on the Company's financial statements will be as follows: (i) elimination of the corridor approach, (ii) recognition of actuarial gains and losses in other comprehensive income, if any, (iii) immediate recognition of cost of past services in profit or loss, and (iv) replacement of interest cost and the expected return on plan assets with net interest income, where the net interest is measured based on the net defined benefit asset (liability) discount rate.

. IFRS 9, "Financial instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial instruments. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact. The standard is

applicable as from January 1, 2015.

. IFRS 10, "Consolidated financial statements", included as an amendment to CPC 36(R3), "Consolidated financial statements". This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control. The standard is applicable as from January 1, 2013. The Company expects that its adoption will not generate impacts on its financial statements.

. IFRS 11, "Joint arrangements" was issued in May 2011 and included as an amendment to CPC 19(R2), "Joint ventures". The standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: (i) joint operations - arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses; and (ii) joint ventures - arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. The proportional consolidation method will no longer be permitted in joint ventures. The standard is applicable as from January 1, 2013. Its adoption will not have an impact on the Company, since the Group already adopts the equity accounting method for investments in joint ventures.

. IFRS 12, "Disclosures of interests in other entities", considered in a new pronouncement CPC 45 - "Disclosures of interests in other entities". IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard is applicable as from January 1, 2013. The impact of this standard will be basically an addition to disclosure.

. IFRS 13,"Fair value measurement" was issued in May 2011 and disclosed in a new pronouncement CPC 46, "Fair value measurement". IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The standard is applicable as from January 1, 2013. The impact of this standard will be basically an addition to disclosure.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Fleury Group.

4. CONSOLIDATED FINANCIAL STATEMENTS

Selected information on the Company's subsidiaries is summarized below, as well as the Company's total (direct and indirect) interest therein:

	Acquisition date	Equity interest %	
		12/31/2012	12/31/2011
Fleury Centro de Procedimentos Médicos Avançados ("Fleury CPMA") - SP	Incorporated in June 2003	100%	100%
Clínica Luiz Felippe Mattoso.	August 2011	Merged into Fleury S.A. in December 2011	100%
LabsCardiolab Exames Complementares S.A.	August 2011	-	Merged into Fleury S.A. in December 2011
Diagnoson Ultra Sonografia e Densitometria Óssea Ltda	May 2011	-	Merged into Fleury S.A. in August 2011
DI Serviços Médicos - SP	May 2010	-	Merged into Fleury S.A. in August 2011

Corporate restructurings

Fleury's Extraordinary Shareholders' Meeting held on December 30, 2012 approved the merger of the wholly-owned subsidiary Clínica Luiz Felippe Mattoso ("Felippe Mattoso"), based on its equity as at December 31, 2012, amounting to R$20,393.

Fleury's Extraordinary Shareholders' Meeting held on December 31, 2011 approved the merger of the wholly-owned subsidiary LabsCardiolab Exames Complementares S.A. ("LabsCardiolab"), based on its equity as at December 31, 2011, amounting to R$186,715.

Fleury's Extraordinary Shareholders' Meeting held on August 1, 2011 approved the merger of the wholly-owned subsidiary Diagnoson Ultra-Sonografia e Densiometria Óssea Ltda. ("Diagnoson"), based on its equity as at July 31, 2011, amounting to R$6,511.

Also on August 1, 2011, the subsidiary Fleury CPMA merged the wholly-owned subsidiary DI Serviços Médicos Associados Ltda. ("DIS"), based on its equity as at July 31, 2011, amounting to R$2,077.

The table below presents the balances merged by Fleury S.A. and Fleury CPMA, on the date of the corresponding corporate events (per table above):

	Year 2012	Year 2011		
	Fellipe Mattoso	**LabsCardiolab**	**Diagnoson**	**DIS**
Cash and cash equivalents (merged net cash)	1,187	10,291	5,536	64
Trade receivables	11,347	101,425	612	2,473
Investments	-	12,016	-	-
Property and equipment and intangible assets	14,432	118,519	5,958	284
Other receivables	-	34,020	254	1,175
Trade payables	(2,369)	(5,196)	(682)	(617)
Tax liabilities	(223)	(27,522)	(1,094)	(228)
Borrowings and financing	-	(14,031)	(2,569)	(1,074)
Provision for tax, labor and civil risks	(1,355)	(26,040)	(1,284)	-
Other payables	(2,626)	(16,767)	(220)	-
Merged net assets	**20,393**	**186,715**	**6,511**	**2,077**

Business combinations

i. On August 1, 2011, the Fleury Group completed the acquisition of LabsCardiolab, which provides diagnostic imaging services in the state of Rio de Janeiro.

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

· Assets not recognized through the business acquisition date by the acquiree - Contract with hospitals: Intangible assets – Contracts amortized over ten years: R$154,387.

· Fair value of property and equipment items: (R$33,737).

· Fair value of possible and remote contingencies: R$12,534.

· Deferred income tax liability calculated on the value of contracts: R$52,492.

· Deferred income tax asset calculated on the contingencies and property and equipment: R$15,733.

During the first quarter of 2012, the analysis of recognition and measurement of assets acquired and liabilities assumed resulted in the following adjustments to the carrying amount and allocation of goodwill:

· Fair value of trade receivables: (R$28,365).
· Fair value of recoverable taxes: (R$6,675.)
· Fair value of possible and remote contingencies: R$10,216.

· Deferred income tax asset calculated on the contingencies: R$3,473.

During the second quarter of 2012, a provision of R$7,121 was recognized for the Adjustment of the Purchase Price of LabsCardiolab, as set out in the Investment Agreement entered into on July 13, 2011.

ii. On May 31, 2011, the Fleury Group completed the acquisition of Diagnoson, which operates in Salvador, State of Bahia, providing diagnostic imaging and nuclear medicine services.

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

· Assets not recognized through the business acquisition date by the acquiree - DIS: Intangible assets - Trademarks and Patents, amortizable over the next 10 years: R$1,737.

· Assets not recognized through the business acquisition date by the acquiree - Diagnoson: Intangible assets - Trademarks and Patents, amortizable over the next 10 years: R$2,973.

· Fair value of property and equipment items - Diagnoson: R$870.

· Deferred income tax liability calculated on the value of trademarks and patents and goodwill on property and equipment - Diagnoson: R$1,306.

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

The table below shows the calculation of goodwill:

	Year 2011		
	Carrying amount of acquiree	Fair value adjustment and recognition	Fair value of acquiree
Total assets	317,247	108,442	425,689
Total liabilities	108,578	77,494	186,072
Net carrying amount	208,669		
Net value of adjustments		30,948	
Net value of assets acquired and liabilities assumed			**239,617**
Cash consideration paid			457,938
Consideration payable			216,744
Consideration payable in shares			546,066
Contingent consideration			3,520
Consideration transferred			**1,224,268**
Goodwill			**984,651**

Through December 31, 2012 there were no business acquisitions.

Goodwill arising on acquisitions represents the expected future economic benefit of synergies arising from business combinations. The gross amount of goodwill expected to be deductible for tax purposes is R$1,012,756 for the business combinations in 2011.

Outside legal counsel fees and due diligence expenses related to the business combinations were included in administrative expenses in the income statement.

Recognition of goodwill in business combinations

In the first quarter of 2012 the Company obtained new information related to facts and circumstances existing at the acquisition date of LabsCardiolab. In accordance with the accounting standards applicable to Business Combination, the Company retrospectively adjusted, within the measurement period, the provisional amounts recognized at the acquisition date of LabsCardiolab. The table below shows the balance sheet accounts presented in the 2011 Annual Financial Statements compared to the balance sheet accounts presented in these Financial Statements:

	Balance sheet as at 12.31.2011 in 2011 annual financial statements		**Retrospective adjustments (Parent Company and Consolidated)**		**Balance sheet as at 12.31.2011 adjusted in 2012 annual financial statements**	
	Parent Company	Consolidated	Debits	Credits	Parent Company	Consolidated
Trade receivables	309,168	312,995	-	28,365	280,803	284,630
Recoverable taxes	44,861	46,775	-	6,675	38,186	40,100
Deferred income tax and social contribution asset	75,703	75,703	3,473	-	79,176	79,176
Intangible assets	1,426,025	1,473,635	41,783	-	1,467,808	1,515,418
Total assets	2,814,749	2,831,721	45,256	35,040	2,824,965	2,841,937
Provision for tax, labor and civil risks	43,031	46,158	-	10,216	53,247	56,374
Total liabilities and equity	2,814,749	2,831,721	-	10,216	2,824,965	2,841,937

5. CASH AND CASH EQUIVALENTS

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Cash and banks	6,268	10,746	6,444	12,649
Short-term investments	173,875	470,654	174,354	473,357
	180,143	**481,400**	**180,798**	**486,006**

Short-term investments are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value. These short-term investments refer to repurchase agreements and Bank Certificates of Deposit (CDB), which consist of sale of security with the commitment, by the selling bank, to buy it back and the commitment, by the Company (purchaser), to resell it in the future. As at December 31, 2012, investments yielded an average weighted rate of 103% of CDI (interbank deposit rate) (103% of CDI at December 31, 2011).

6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments, depending on their nature, may involve known or unknown risks and a potential risk assessment is important. The main market risk factors to which the Company and its subsidiaries are exposed are as follows: market risks (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. These risks are inherent to their operations and are managed through policies and internal controls.

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

Market risks

Foreign exchange risk

The Company and its subsidiaries have trade receivables, borrowings and financing, and trade payables denominated in foreign currency (mainly the US dollar). The risk associated with these assets and liabilities arises from the possibility of the Company and its subsidiaries incurring losses due to fluctuations in foreign exchange rates. The Company has trade receivables denominated in foreign currency that account for 0.1% of total consolidated trade receivables, which reduces its exposure to financing installments and trade payables.

The Company has derivative financial instruments to hedge against foreign exchange fluctuations on the purchase of services and borrowing and financing agreements denominated in foreign currency.

As at December 31, 2011 the Company had the following net exposure (US$1.00= 2.0435):

	US$'000 Parent Company	Consolidated
Current assets:		
Trade receivables	245	245
Liabilities:		
Borrowings and financing - current	(32.353)	(32.353)
Borrowings and financing - non-current	(182)	(182)
Trade payables	(2,283)	(2,283)
Total liabilities	(34,818)	(34,818)
Derivatives	34,928	34,928
Net exposure	**355**	**355**

The scenario considered probable and referenced to an external source, as well as the possible and remote scenarios that consider currency appreciation (risk) by 25% and 50%, respectively, are described below:

		Unfavorable fluctuation – consolidated			
		Scenario I		Scenario II	Scenario III
	Maturity	(loss) gain	Risk (*)	(loss) gain	(loss) gain
				+25%	+50%
Foreign exchange rate (in R$)		2.1012		2.6265	3.1519
Trade receivables	2012	14	US$ devaluation	143	271
Trade payables	2012	(132)	US$ appreciation	(1,331)	(2,531)
Borrowings and financing	2013	(1,868)	US$ appreciation	(18,863)	(35,858)
Borrowings and financing	2014	(11)	US$ appreciation	(106)	(202)
Borrowings and financing	2015	-	US$ appreciation	-	-
Borrowings and financing	2016	-	US$ appreciation	-	-
Derivatives		1,926		20,614	39,302
Net effect		**(70)**		**456**	**982**

(1) The probable scenario was calculated considering as probable scenario (Scenario I) the weighted average of future exchange rates of the Brazilian Real in relation to the US dollar, obtained on the BM&FBOVESPA (Brazilian Stock, Futures and Mercantile Exchange) for the maturity of the instrument, and calculated based on the notional amount of the contract .
(2) Risk for the Company considering the nature of each financial instrument.

Interest rate risk

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

The sensitivity analysis of interest on borrowings and financing used as the probable scenario (Scenario I) the benchmark tax rates obtained on the BM&FBOVESPA at December 31, 2012, and Scenarios II and III take into consideration a 25% and 50% stress factor on these rates, respectively. The sensitivity analysis is as follows:

	Scenario I	Scenario II	Scenario III
Scenarios		25%	50%
CDI rate (p.a.)	**6.90%**	**8.63%**	**10.35%**
Borrowings and financing	1,858	2,311	2,759
Debentures	156,090	188,475	220,606
Projected interest expenses indexed to CDI (*)	**157,948**	**190,786**	**223,365**
TJLP rate (p.a.)	**5.50%**	**6.88%**	**8.25%**
Borrowings and financing	96	96	96
Projected interest expenses indexed to TJLP (*)	**96**	**96**	**96**

(*) Calculated up to the end of the contract

Credit risk

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

Liquidity risk

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

The surplus cash maintained by operating units, as well as the balance required for working capital management, is transferred to the Treasury area. The Treasury area invests the surplus cash in Bank Certificates of Deposit (CDB) and repurchase agreements, choosing instruments with appropriate maturities or sufficient liquidity to provide the necessary margin, as determined by the forecast cash flows. As at December 31, 2012, the Fleury Group had short-term investments classified in Cash and cash equivalents amounting to R$174,354 (R$473,357 at December 31, 2011).

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At December 31, 2012				
Debentures	1,669	50,000	300,000	100,000
Borrowings and financing	86,663	13,833	6,485	1,413
Derivative financial instruments	12,608	-	-	-
Trade payables	70,997	-	-	-
Payables – business acquisitions	10,574	4,491	16,287	3,968
At December 31, 2011				
Debentures	1,688	-	250,835	200,732
Borrowings and financing	34,427	84,380	16,636	798
Derivative financial instruments	364	-	5,502	-
Trade payables	75,441	-	-	-
Payables – business acquisitions	195,734	9,140	20,141	5,823

Capital risk management

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

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

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

The gearing ratios at December 31, 2012 and 2011 are summarized as follows:

	12/31/2012	12/31/2011
Total cash and cash equivalents	180,798	486,006
Total borrowings and leases	(108,394)	(136,241)
Total debentures	(451,669)	(453,256)
Net cash	**(379,265)**	**(103,491)**
Total equity	1,708,479	1,631,881
Total	**1,329,214**	**1,528,390**
Gearing ratio	0.29	0.07

Derivatives

The Company and its subsidiaries have internal policies for their derivative instruments which, according to Management's opinion, are appropriate to manage associated risks, as well as to ensure the correct recognition in their financial statements.

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

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

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

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

Type	Notional amount (US$'000)	Currency	Counterparty	Exchange rate (average) – R$/USD	Maturity	Balance at 12/31/2011	Profit (loss) through 12/31/2012	Gain/(Settlement)	Balance at 12/31/2012
NDF	1,158	US$	Itaú BBA	1.9640	4/30/2013 to 6/28/2013	(39)	(144)	150	(33)
NDF	2,848	US$	Votorantim	2.1287	1/28/2013 to 9/27/2013	-	(92)	(2)	(94)
NDF	-	US$	HSBC	1.8443	-	403	(252)	(151)	-
Swap	30,922	US$	Itaú BBA	1.6170	5/13/2013	5,502	3,680	3,553	12,735
Call option	-	US$	Votorantim	1.9708	-	-	52	(52)	-
Call option	-	US$	Santander	2.0447	-	-	25	(25)	-
Call option	-	US$	Itaú BBA	2.0001	-	-	28	(28)	-
Total Parent company and consolidated						**5,866**	**3,297**	**3,445**	**12,608**

As at December 31, 2012, the Company has outstanding derivative positions to cover its borrowings in foreign currency and payments to suppliers in the amount of US$34,928, which present a net gain of R$12,607 Parent Company and consolidated (Net gain of R$5,866 Parent Company and consolidated at December 31, 2011) recorded in the balance sheet under "Derivative financial instruments".

The Non-deliverable Forwards (NDFs) and Call Option contracts settled in 2012 resulted in a cash inflow of R$109. The NDF contracts, Call Option and Swap had an impact of R$3,444 on the Company's cash.

Pursuant to CVM Instruction 475/08, for derivative financial instruments the Company and its subsidiaries consider as probable scenario (Scenario I) the future exchange rates of the Brazilian real in relation to the US dollar, obtained on the BM&FBOVESPA for the maturity of the instruments, calculated based on the notional amount of the contract.

As per CVM Instruction 475/08, the Company and its subsidiaries stressed the scenarios by 25% (Scenario II and IV) and 50% (Scenarios III and V) using as a base the probable scenario foreign exchange rates.

	Scenario I	Scenario II	Scenario III	Scenario IV	Scenario V
Exchange rate change	0%	-25%	-50%	25%	50%
US$ devaluation (rate in R$)	-	1.5759	1.0506	-	-
US$ appreciation (rate in R$)	2.1012	-	-	2.6265	3.1519

	Exchange rate change - Parent Company and Consolidated					
	Scenario I (loss) gain	Risk (1)	Scenario II (loss) gain	Scenario III (loss) gain	Scenario IV (loss) gain	Scenario V (loss) gain
Effect on Liabilities in US$	(2,010)		16,280	34,570	(20,300)	(38,591)
Financing in US$	(1,878)	US$ appreciation	15,212	32,303	(18,969)	(36,060)
Trade payables	(132)	US$ appreciation	1,068	2,267	(1,331)	(2,531)
Effect on Derivatives in US$	1,926		(16,761)	(35,448)	20,614	39,302
Swap	1,829	US$ devaluation	(14,812)	(31,452)	18,470	35,110
NDF	97	US$ devaluation	(1,949)	(3,996)	2,145	4,191
Call option	-	US$ devaluation	-	-	-	-
Net effect (2)	**(84)**		**(481)**	**(878)**	**314**	**711**

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

(2) Changes in the net effect resulting from the contracting of derivative instruments to support imports in transit contracted in US dollars. Imports in transit are recorded as liabilities only when the product/service is received by the Company.

7. TRADE RECEIVABLES

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Trade notes receivable:				
Billed amounts	351,629	306,038	352,264	308,545
Unbilled services	69,088	17,485	70,488	18,965
	420,717	**323,523**	**422,752**	**327,510**
Allowance for doubtful debts and disallowances	(63,709)	(42,720)	(63,709)	(42,880)
Total trade receivables	**357,008**	**280,803**	**359,043**	**284,630**

The aging list of trade receivables is as follows:

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Balances not yet overdue (*)	233,748	172,371	235,126	176,092
Up to 120 days past due	86,695	61,886	87,352	61,900
121 to 360 days past due	66,525	69,367	66,525	69,382
Over 361 days past due	33,749	19,899	33,749	20,136
	420,717	**323,523**	**422,752**	**327,510**

(*) These receivables fall due within 39 days on average.

The activity in the allowance for doubtful debts and disallowances was as follows:

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Balance at the beginning of the year	(42,720)	(32,890)	(42,880)	(33,039)
Write-offs of uncollectible receivables	55,822	49,283	57,018	52,725
Additions of doubtful debts and disallowance (Notes 23 and 26)	(76,811)	(45,043)	(77,847)	(48,496)
Increase due to acquisition/merger	-	(14,070)	-	(14,070)
Balance at the end of the year	**(63,709)**	**(42,720)**	**(63,709)**	**(42,880)**

The Company and its subsidiaries are exposed to a degree of concentration risk from the customer base. As at December 31, 2012, the four major customers represented 40% of the total portfolio (45% as at December 31, 2011).

8. INVENTORIES

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Diagnosis kits	11,133	9,393	11,133	9,850
Collection and nursing material	3,740	3,832	3,740	3,862
Auxiliary lab supplies	2,359	2,785	2,359	2,785
Administrative, promotional and other supplies	1,606	1,055	1,606	1,154
	18,838	**17,065**	**18,838**	**17,651**

9. RECOVERABLE TAXES

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Withholding income tax (IRRF) (a)	42,561	23,226	42,818	23,796
Social contribution (CSLL) (b)	20,156	8,841	20,357	8,985
Social security contribution (INSS) (c)	9,107	2,508	9,107	2,508
Tax on revenue (COFINS) (d)	2,142	1,029	2,225	2,037
Funrural (farming fund tax) (e)	1,563	1,562	1,577	1,562
Corporate income tax (IRPJ) (e)	1,116	2,264	1,254	2,401
Service tax (ISS) (f)	893	2,049	893	2,049
Other	837	171	856	226
	78,375	**41,650**	**79,087**	**43,564**
Current	78,375	38,186	79,087	40,100
Non-current	-	3,464	-	3,464

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

(e) CSLL withheld on invoices related to services rendered to legal entities.

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

(d) COFINS withheld on invoices related to services rendered to legal entities.

(e) Funrural paid for merged companies that will be refunded through administrative proceeding in progress.

10. INVESTMENTS

	12/31/2012	12/31/2011
Investments in subsidiaries:		
Fleury CPMA		
Cost	17,993	14,742
Goodwill	1,351	1,351
	19,344	**16,093**
Felippe Mattoso		
Cost	-	12,011
Goodwill	-	34,546
	19,344	**46,557**
Other investments	246	251
Balances at December 31, 2012	**19,590**	**62,901**

The activity in the Investments accounts were as follows:

	Fleury CPMA	Felippe Mattoso
Balances at December 31, 2011	16,093	46,557
Capital increase	6.350	5,659
Share of earnings (losses) of subsidiaries	(3,099)	2,722
Merger		(54,938)
Balances at December 31, 2012	**19,344**	-

Selected data on Fleury CPMA is as follows:

	12/31/2012	12/31/2011
Equity interest - %	100%	100%
Paid-up capital	65,331	58,981
Equity	17,993	14,742
Profit for the year	(3,099)	(6,443)

11. PROPERTY AND EQUIPMENT

	Average annual depreciation rate - %	Parent Company 12/31/2012 Cost	Accumulated depreciation	Net	12/31/2011 Net
Machinery and equipment	8	392,677	(196,311)	196,366	156,231
Facilities	10	185,862	(42,947)	142,915	109,955
Leasehold improvements	20	70,719	(63,386)	7,333	15,956
IT equipment	20	55,780	(37,660)	18,120	20,919
Furniture and fixtures	10	44,655	(27,382)	17,273	17,403
Buildings	2	28,138	(2,963)	25,175	25,873
Land	-	11,488	-	11,488	11,488
Property and equipment under development	-	784	-	784	2,535
Other	-	1,052	(919)	133	653
		791,155	**(371,568)**	**419,587**	**361,013**

	Average annual depreciation rate - %	Consolidated 12/31/2012 Cost	Accumulated depreciation	Net	12/31/2011 Net
Machinery and equipment	8	398,519	(198,981)	199,538	166,090
Facilities	10	187,635	(43,990)	143,645	111,153
Leasehold improvements	20	72,862	(65,336)	7,526	18,012
IT equipment	20	56,367	(38,161)	18,206	21,311
Furniture and fixtures	10	45,760	(27,967)	17,793	18,383
Buildings	2	28,138	(2,963)	25,175	25,873
Land	-	11,488	-	11,488	11,488
Property and equipment under development	-	784	-	784	2,585
Other	-	1,052	(919)	133	730
		802,605	**(378,317)**	**424,288**	**375,625**

Changes in property and equipment are as follows:

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Balances at the beginning of the year	361,013	173,614	375,625	179,361
Additions:				
Machinery and equipment	63,237	54,585	66,011	54,585
Facilities	44,974	77,952	48,904	77,952
IT equipment	5,352	8,925	5,459	8,925
Leasehold improvements	2,271	110	2,271	110
Furniture and fixtures	2,391	7,379	2,480	7,379
Other	713	1,039	1,162	1,039
Total additions	**118,938**	**149,990**	**126,287**	**149,990**
Transfers	(1,077)	-	(1,077)	-
Write-offs, net	(6,915)	(109)	(7,091)	(109)
Depreciation	(66,681)	(36,864)	(69,456)	(36,873)
Balance of acquisition/merger	14,309	74,382	-	83,256
Balances at the end of the year	**419,587**	**361,013**	**424,288**	**375,625**

As at December 31, 2012, the Company has a balance from a revaluation step-up of machinery and equipment, less depreciation, of R$1,476 (R$2,236 as at December 31, 2011).

Leases

Lease transactions by category at December 31, 2012 are as follows:

		Consolidated			
	Average annual depreciation rate - %	12/31/2012			12/31/2011
		Cost	Accumulated depreciation	Net	Net
Machinery and equipment	10	6,855	(5,913)	942	27,371
IT equipment	20	-	-	-	1,902
		6,855	**(5,913)**	**942**	**29,273**

Leased assets were pledged as collateral for the underlying lease transactions. Depreciation of assets acquired under leases for the year ended December 31, 2012, recorded under "Cost of services", total R$6,855 (R$4,951 at December 31, 2011).

12. INTANGIBLE ASSETS

		Parent Company			
		12/31/2012			12/31/2011
	Average annual amortization rate %	Cost	Accumulated amortization	Net	Net
Goodwill on acquisitions	-	1,353,125	(44,413)	1,308,712	1,267,046
Customer contracts	10	154,387	(19,298)	135,089	150,527
Software licenses	20	106,389	(47,264)	59,125	35,739
Trademarks and patents	7	13,226	(2,214)	11,012	11,946
Franchises	-	2,550	-	2,550	2,550
		1,629,677	**(113,189)**	**1,516,488**	**1,467,808**

		Consolidated			
		12/31/2012			12/31/2011
	Average annual amortization rate %	Cost	Accumulated amortization	Net	Net
Goodwill on acquisitions	-	1,364,466	(44,413)	1,320,053	1,312,933
Customer contracts	10	154,387	(19,298)	135,089	150,527
Software licenses	20	106,925	(47,620)	59,305	35,782
Trademarks and patents	7	14,963	(2,662)	12,301	13,408
Franchises	-	2,550	-	2,550	2,550
Other	-	2,626	(2,626)	-	218
		1,645,917	**(116,619)**	**1,529,298**	**1,515,418**

Changes in intangible assets were as follows:

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Balances at the beginning of the year	1,467,808	310,775	1,515,418	324,064
Additions:				
Software licenses	36,442	22,385	36,558	22,385
Goodwill on acquisitions	7,121	977,530	7,121	977,530
Trademarks and patents	-	2,973	-	2,973
Customer contracts	-	154,387	-	154,387
Total additions	**43,563**	**1,157,275**	**43,679**	**1,157,275**
Transfers (*)	35,622	-	1,077	-
Write-offs, net	(69)	(1,723)	(69)	(1,723)
Amortization	(30,559)	(13,908)	(30,807)	(14,156)
Balance of acquisition/merger	123	15,389	-	49,958
Balances at the end of the year	**1,516,488**	**1,467,808**	**1,529,298**	**1,515,418**

(*) Comprises mainly goodwill from subsidiaries merged during the years, previously classified as "Investments".

Reversal of impairment

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

Goodwill arising in a business combination is allocated to Cash-Generating Units (CGUs), defined under the Group's accounting practices. The allocation of goodwill by CGU is as follows:

	12/31/2012	12/31/2011
Diagnostic medicine	1,105,143	1,114,385
Hospitals	214,910	198,548
	1,320,053	1,312,933

The recoverable amount of these cash-generating units is determined based on the calculation of the value in use using cash flow projections based on a financial budget of five years approved by Management and a discount rate of 11% per year (2011 - 13%).

Cash flow projections for the budgeted period are based on the same expected gross margins and on the inflation of the raw material price, salaries, rentals and other expenses for the period. Cash flows after the five-year period were extrapolated to a constant annual growth rate of 5% (2011 - 5%), which corresponds to the average long-term growth rate projected for the industry. Management understands that any type of change reasonably possible in key assumptions, on which the

recoverable amount is based, would not lead the total carrying amount to exceed the total recoverable amount of the cash-generating unit.

Software licenses

Software licenses refer to systems and their developments. Software licenses are intangible assets with finite useful lives, the estimated useful life of this class of assets is five years.

Trademarks and patents

Trademarks and patents refer mainly to trademarks and patents acquired in business combinations. Trademarks and patents are intangible assets with finite useful lives, the estimated useful life of this class of assets is 10 to 25 years.

13. DEBENTURES

The Company conducted its first issuance of debentures under a restricted public placement of simple, nonconvertible, unsecured debentures, in two series, which ended on December 12, 2011.

The Company raised R$450,000 under the Restricted Offering, in two series:

"First Series Debentures", totaling R$150,000, will be amortized in three annual, equal installments, payable on December 12, 2014, 2015 and 2016, and interest will accrue based on 100% of the average daily rate of extragroup, one-day interbank deposit (DI) rate, expressed as a percentage of a base year of 252 business days, plus a 0.94% spread on a base year of 252 business days, without option to early redeem or restructure.

"Second Series Debentures", totaling R$300,000, will be amortized in three annual, equal installments, payable on December 12, 2016, 2017 and 2018, and interest will accrue based on 100% of the average daily rate of extragroup, one-day interbank deposit (DI) rate, expressed as a percentage of a base year of 252 business days, plus a 1.20% spread on a base year of 252 business days, without option to early redeem or restructure.

Simple debentures	**Charges % (a)**	**Parent Company and Consolidated 12/31/2012**	**Maturity**
First Series Debentures	100% of CDI (a) + 0.94% p.a.	150,544	December 2016
Second Series Debentures	100% of CDI (a) + 1.20% p.a.	301,125	December 2018
		451,669	
Current		1,669	
Non-current		450,000	

(a) Interbank Certificates of Deposit (CDI), equivalent to 6.90% per year at December 31, 2012 and 10.87% per year at December 31, 2011.

The non-current portion at December 31, 2012 matures as follows:

Maturity	Consolidated
2013	-
2014	50,000
2015	50,000
2016	150,000
2017 and thereafter	200,000
	450,000

The debentures contain restrictive financial covenants under which the maturity of all obligations can be accelerated if the Company fails to meet the following financial ratios: (i) net financial debt-to-EBITDA (as defined below) equal to three times or less; and/or (ii) EBITDA-to-net finance cost (as defined below) equal to 1.5 times or higher, as verified by the trustee based on the financial statements disclosed in the annual financial statements and/or the statutory annual financial statements filed by the issuer with the CVM; the first ratios are calculated and verified based on the Company's financial statements for the year ended December 31, 2011.

"Net financial debt": defined as the outstanding balance of principal and interest of short- and long-term borrowings and financing with financial institutions, including capital market transactions, less cash and short-term investments, plus debts and obligations related to the acquisitions made by the issuer and/or its subsidiaries, as per the latest consolidated financial statements of the issuer filed with the CVM.

"Net finance cost": defined as the difference between consolidated gross finance cost and consolidated gross finance income for a twelve-month period, as per the latest consolidated financial statements of the issuer.

"EBITDA": defined as earnings before income tax and social contribution, finance income (cost), provisions, depreciation and amortization for a twelve-month period.

As at december 31, 2012, the Company and its subsidiaries are compliant with said financial ratios.

14. BORROWINGS AND FINANCING

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Current	**86,663**	**33,025**	**86,663**	**34,427**
Borrowings and financing	86,663	25,680	86,663	25,680
Finance leases	-	7,345	-	8,747
Non-current	**21,731**	**100,266**	**21,731**	**101,814**
Borrowings and financing	21,731	94,128	21,731	94,128
Finance leases	-	6,138	-	7,686
Total borrowings and leases	**108,394**	**133,291**	**108,394**	**136,241**

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

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Real	41,816	68,398	41,816	68,398
U.S. dollar	66,578	64,893	66,578	67,843
Total borrowings	**108,394**	**133,291**	**108,394**	**136,241**

Borrowings and financing have maturities through 2017 and bear average interest of 7.1% per year (10.9% per year at december 31, 2011).

The non-current portion at december 31, 2012 matures as follows:

	Parent Company and Consolidated
2014	13,833
2015	2,668
2016	2,489
2017	1,328
2018 and thereafter	1,413
	21,731

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

The Company has working capital financing from Banco Itaú totaling R$12,954 at December 31, 2012 (R$19,570 at December 31, 2011), subject to financial and liquidity ratios covenants measured semiannually (June and December) based on EBITDA equal to or higher than 0.5 times net indebtedness (borrowings and financing less cash and cash equivalents) and guarantees. As at December 31, 2012, the Company and its subsidiaries were compliant with these covenants.

The Company has working capital financing obtained under a Resolution 4131 Transaction entered into with Banco Itaú, totaling R$64,733 at December 31, 2012 (R$59,421 at December 31, 2011). This transaction matures in May 2013 and a derivative financial instrument is in place to mitigate against foreign exchange volatility (swap at 105% of CDI).

The financing from Financiadora de Estudos e Projetos - FINEP contains a clause that requires the Company to ensure the payment of any obligations derived from the contract through the issuance of a bank letter of guarantee in the amount of total financing. The letter was issued by HSBC for the total amount of R$7,098, on July 1, 2009, and generated an expense of R$228 for the year ended December 31, 2012 (R$217 for the year ended December 31, 2011).

All lease finance obligations collateralized by the leased assets held by the Company at December 31, 2011 were settled in advance.

15. TRADE PAYABLES

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Domestic suppliers	65,572	70,442	66,331	72,787
Foreign suppliers	4,666	2,654	4,666	2,654
	70,238	**73,096**	**70,997**	**75,441**

16. PAYROLL AND RELATED TAXES

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Accrued vacation and 13th salary	31,741	25,281	31,741	25,675
Payroll taxes and other taxes payable	10,261	8,343	10,261	8,483
Payroll payable	1,100	1,414	1,100	1,417
Accrued profit sharing	-	7,425	-	7,425
	43,102	**42,463**	**43,102**	**43,000**

17. TAXES AND CONTRIBUTIONS PAYABLE

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Tax Amnesty and Refinancing Program (REFIS) - Law 11,941(a)	46,480	52,203	46,480	52,203
State VAT (ICMS) on imports (c)	17,021	15,316	17,021	15,316
Service tax (ISS) in installments (b)	16,700	20,563	17,070	20,819
Judicial deposits (ICMS) (c)	(14,024)	(11,873)	(14,024)	(11,873)
Service tax (ISS) (d)	5,749	2,900	5,787	5,271
Service tax (ISS) included in the Industry Tax Refinancing Program (Prefis) (e)	3,891	3,539	3,891	3,539
Withholding income tax (IRRF)	2,994	789	3,005	828
State VAT (ICMS) in installments (f)	2,427	3,976	2,427	3,976
Tax on revenue (COFINS)	1,192	2,365	1,192	2,650
Social security contribution (INSS)	1,152	1,737	1,152	1,738
Tax on revenue (PIS)	731	543	733	527
Other	3,875	2,675	3,967	2,815
	88,188	**94,733**	**88,701**	**97,809**
Current	29,950	24,567	30,463	27,216
Non-current	58,238	70,166	58,238	70,593

(a) The Company elected to apply for the tax refinancing and amnesty program known as REFIS IV, defined by Law 11,941/09. The program encompasses both the obligations in other previous installment programs and new tax obligations. The application was made through the program disclosed in the Federal Revenue Service's website, and the Company also filed with this Service an administrative request for the utilization of tax loss carryforwards recorded in August 2009 for offset against fine and interest, and the payment of principal in 120 monthly installments with a 60% decrease in fines, a 25% decrease in interest, and a 100% decrease in legal charges, as

provided for by Article 1 of Law 11,941/09 and Articles 15 and 17 of PGFN/RFB Joint Administrative Rule 06/09. While awaiting the consolidation of the debts in installments included in REFIS IV, the Company paid the minimum installments required by the program. In December 2009, the Federal Revenue Service approved all the applications of the Company. In the period ended June 30, 2010, the Company completed the analysis of tax loss carryforwards to be offset against obligations included in REFIS IV and confirmed with the Federal Revenue Service, in August 2010, the amounts to be utilized. Accordingly, in June 2010 LabsCardiolab offset part of the remaining fines and interest against previously unrecognized tax credits, corresponding to tax loss carryforwards of subsidiaries totaling R$14,632 and R$29,693, and credited the amounts corresponding to the decrease in liabilities to profit for 2010. With the enactment of Joint Ordinance PGFN/RFB No. 02, the Company decided to withdraw the lawsuit related to the increase in the Cofins rate and include the total amount being discussed in this installment program. The term for consolidation of tax debts included in REFIS IV, for large taxpayers with differentiated treatment, ended on June 30, 2011 and in this stage the Company consolidated Fleury Group's debts arising from the merged companies NKB São Paulo and LabsCardiolab, which generated a non-recurring expense of R$8,159. In July, the Company consolidated the debts included in the installment program of the other Fleury Group companies (NKB Rio, Campana and Laboratório Dirceu Ferreira). The Fleury Group is regularly paying the outstanding installments, in the amounts determined after the installment plan consolidation.

(b) The Company joined the installment program of the municipal government of São Paulo, the Tax Installment Incentive Program (PPI) and at December 31, 2012 the balance payable is R$15,367 (R$18,317 at December 31, 2011, indexed to the SELIC rate). The Company joined an installment program of the municipal government of Rio de Janeiro, Tax Restructuring Program of the State of Rio de Janeiro -REFERJ, and at December 31, 2012, the balance payable is R$1,333 (R$6,478 at December 31, 2011) adjusted for inflation using SELIC.

(c) The Company is required to pay ICMS on the acquisition of machinery and equipment intended for its property and equipment. The Company has filed a lawsuit against the State of São Paulo because it understands that this collection is inappropriate. Of the amount accrued by the Company, R$14,024 is deposited in escrow with the courts at December 31, 2012 (R$11,873 at December 31, 2011).

(d) Refers to service tax (ISS) levied on services rendered.

(e) The entirety of the balance refers to installment payment of ISS due to the City of Recife included in the Industry Tax Refinancing Program (PREFIS), pursuant to Law 17,029/2004. As permitted by Law 17,384/07, the Company waived its right to participate in such installment payment, which granted it remission of the partial amount of the principal obligation, adjusted for inflation in conformity with the municipal legislation, and awaits approval of the request.

(f) The Company has an installment payment plan with the State of Rio de Janeiro, related to State VAT (ICMS) on imports of machinery and equipment of the acquired company LabsCardiolab for its fixed assets, and as at December 31, 2012 the balance is R$2,427 (R$3,796 at December 31, 2011).

The non-current portion at December 31, 2012 matures as follows:

	Consolidated
2014	10,694
2015	9,104
2016	5,363
2017	3,166
2018 and thereafter	29,911
Total	**58,238**

18. PAYABLES – BUSINESS ACQUISITIONS

The payables refer to the acquisition of businesses, to be paid according to contractual maturities inflation-indexed on a monthly basis using mainly the IGP-M released by Fundação Getúlio Vargas - FGV and the IPCA issued by Instituto Brasileiro de Geografia e Estatística - IBGE (Brazilian statistics bureau), as follows. These amounts total:

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Current	10,100	192,190	10,574	195,734
Non-current	24,462	33,711	24,746	35,104
	34,562	**225,901**	**35,320**	**230,838**

The non-current portion at December 31, 2012 matures as follows:

Maturity	Parent Company	Consolidated
2014	4,353	4,491
2015	7,587	7,733
2016	5,178	5,178
2017	3,376	3,376
2018 and thereafter	3,968	3,968
	24,462	**24,746**

19. PROVISION FOR TAX, LABOR AND CIVIL RISKS

The Company and its subsidiaries are subject to tax, labor and civil risks arising in the normal course of their operations. Periodically, Management reviews known contingencies, assesses the likelihood of probable losses and adjusts the related provision based on the opinion of legal counsel and other data available at the end of the reporting period, such as the nature of lawsuits and past experience. As at December 31, 2012, the balance of line item 'Provision for tax, labor and civil risks' is as follows:

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Tax and social security	39,223	45,338	39,223	48,429
Labor	22,670	19,337	22,670	19,373
Civil	3,277	1,814	3,277	1,814
	65,170	**66,489**	**65,170**	**69,616**
Judicial deposits	(13,646)	(13,242)	(13,646)	(13,242)
	51,524	**53,247**	**51,524**	**56,374**

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

	Parent Company						
	Balance at 12/31/2011	Additions	Reversal	Reclassifications and payments	Merger	Inflation adjustment	Balance at 12/31/2012
Tax and social security	45,338	2,581	(4,863)	(7,138)	1,334	1,969	39,223
Labor	19,337	10,970	(7,027)	(1,939)	-	1,331	22,670
Civil	1,814	457	(654)	1,576	21	63	3,277
	66,489	**14,008**	**(12,544)**	**(7,501)**	**1,355**	**3,363**	**65,170**
Judicial deposits	(13,242)	-	-	-	-	(404)	(13,646)
	53,247	**14,008**	**(12,544)**	**(7,501)**	**1,355**	**2,959**	**51,524**

	Consolidated					
	Balance at 12/31/2011	Additions	Reversal	Reclassifications and payments	Inflation adjustment	Balance at 12/31/2012
Tax and social security	48,429	2,581	(4,863)	(8,895)	1,969	39,223
Labor	19,373	10,970	(7,027)	(1,975)	1,331	22,670
Civil	1,814	478	(654)	1,576	63	3,277
	69,616	**14,029**	**(12,544)**	**(9,294)**	**3,363**	**65,170**
Judicial deposits	(13,242)	-	-	-	(404)	(13,646)
	56,374	**14,029**	**(12,544)**	**(9,294)**	**2,959**	**51,524**

Lawsuits classified as probable losses, for which provisions were recorded

Refer to lawsuits for which there is a probable likelihood of an unfavorable outcome, the main cases of which involve:

Tax and social security

Service tax (ISS) - Lawsuits filed by acquired businesses merged into the Company arguing that as professional partnerships, such entities would be subject to a flat rate of tax, calculated according to the number of partners and employees with medical professional qualification and not based on 5% of revenues. A total amount of R$3,718 is accrued by the Company as at December 31, 2012.

COFINS: the challenges involve the exemption from contribution for service companies that provide services related to legally regulated professions. Supplementary Law 70/91, which established COFINS, addresses the exemption granted for these types of companies; however, Law 9,430/96 expressly revoked it, requiring the contribution based on the gross revenue of service companies. Legal counsel understands that as an Ordinary Law, Law 9,430/96 could not have revoked the exemption established by Supplementary Law 70/91. Nevertheless, as the Federal Supreme Court has already expressed its position contrary to the above thesis, the Company has recorded a provision of approximately R$5,463 at December 31, 2012.

Labor

Labor lawsuits are accrued considering the historical losses actually settled, the Company's management believes that the provision is sufficient to cover expected losses on ongoing lawsuits.

Lawsuits classified as possible losses

As at December 31, 2012, the Company is exposed to a risk of loss of approximately R$255,878 (R$219,364 at December 31, 2011) related to lawsuits classified as possible losses under the advice of its legal counsel, of which R$162,026 refers to tax and social security contingencies, R$34,211 to civil contingencies, and R$59,639 to labor contingencies.

Judicial deposits

When required, the Company makes court-mandated escrow deposits for pending litigation. These deposits total R$10,852 (Parent Company) and R$10,855 (consolidated) as at December 31, 2012 (R$7,007 Parent Company and R$13,325 consolidated at December 31, 2011), classified in non-current assets, and refer to lawsuits considered by the Company’s legal counsel as remote or possible risks of loss. Judicial deposits related to lawsuits considered as probable risks of loss are classified in non-current liabilities, reducing the related provision.

20. COMMITMENTS

A significant portion of the properties used in operating activities is leased, under terms and conditions set out in agreements effective for periods ranging from four to six years. Property rental expenses totaled R$76,197 for the year ended December 31, 2012 (R$55,854 for the year ended December 31, 2011).

The agreements are IGP-M inflation indexed after the original maturity date (generally annually). Consolidated property rental commitments totaled R$273,533 at December 31, 2012 (R$181,442 at December 31, 2011). The consolidated position of commitments assumed is as follows:

	Consolidated
2013	68,952
2014	60,171
2015	52,839
2016	35,820
2017 and thereafter	55,751
	273.533

21. RELATED PARTIES

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Transactions with subsidiary:				
Rental expenses				
Transinc Serviços Médicos S.A (a)	(6,520)	(6,175)	(6,520)	(6,175)
	(6,520)	**(6,175)**	**(6,520)**	**(6,175)**

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

Management compensation for the year ended December 31, 2012 includes salaries, fees and bonuses in the amount of R$3,491 and compensation to the Board of Directors of R$1,818 (R$5,373 and R$1,420, respectively, at December 31, 2011) and is recorded in the income statements as 'General and administrative expenses'. The Company does not grant to its officers any type of post-employment or lay-off benefits, or any type of long-term benefits.

In the year ended December 31, 2012, the Company did not record amounts related to employee and management profit sharing (2011 – R$ 7,425).

22. EQUITY

Share capital

At December 31, 2012, the Company's fully paid-up capital, totaling R$1,402,530, is represented by 156,293,356 book-entry, registered common shares without par value. The Company is authorized to increase its capital, regardless of any amendment to its bylaws, up to 160,000,000 common shares.

The Board of Directors' Meeting held on April 4, 2012 approved the Company's capital increase, within the limit of the authorized capital, through private subscription, to comply with the exercise of options of the First Grant of Share Call Option approved at the Board of Directors' Meeting held on February 9, 2010, amounting to R$1,623, through the issuance of 89,437 book-entry, registered common shares without par value, for the issue price of R$18.14 per share, as established for the first grant.

The Annual Shareholders Meeting held on October 31, 2011 approved a capital increase through the merger of LabsCardiolab shares and the issuance of 24,905,369 common shares, amounting to R$546,066.

Dividends and Interest on own capital

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

On December 28, 2012, distributions, in the form of interest on own capital, were paid in advance to shareholders. The gross amount paid of R$16,000 corresponds to R$0.10 per share, based on the shareholding position on December 17, 2012.

On august 17, 2012, dividends of R$20,000 were distributed, corresponding to R$0.13 per share, based on the shareholding position on august 3, 2012.

	2012
Profit for 2012	106.588
(-) Legal reserve	(5.329)
Profit to be distributed	101.259
Mandatory minimum dividends	25.315
Dividends distributed	(20.000)
Paid interest on own capital (R$13,857, net of withholding income tax, equivalent to R$0.10 per share)	(16.000)
	65.259

On December 29, 2011, distributions, in the form of interest on own capital, were paid in advance to shareholders. The gross amount paid of R$10,000 corresponds to R$0.07 per share, based on the shareholding position on December 19, 2011.

On august 31, 2011, distributions, in the form of interest on own capital, were paid in advance to shareholders. The gross amount paid of R$18,000 corresponds to R$0.13 per share, based on the shareholding position on august 19, 2011.

	2011
Profit for 2011	100,647
(-) Legal reserve	(5,032)
Profit to be distributed	95,615
Mandatory minimum dividends	23,904
Paid interest on own capital (R$24,111, net of withholding income tax, equivalent to R$0.10 per share)	(28,000)
	67,615

Capital budget proposed by Management

In compliance with Regulatory Instruction 480/09, the Company presents below a table showing the capital budget for 2013.

	2013 - Projection (Unaudited)
Investments in fixed assets	
Improvements (Expansion Project)	211,000
Machinery and equipment	26,000
IT systems	39,000
Facilities	24,000
	300,000

Market conditions, macroeconomic events and other operational factors may affect the business projections and prospects, consequently, the amounts foreseen in this capital budget, as they involve risks, uncertainties and assumptions.

As one of the sources for funding the investments foreseen in this capital budget, Management is proposing the retention of 63% of the profit for 2012, amounting to R$67,701, totaling R$292,863 at December 31, 2012, in line item "Investment reserve".

The funds required for investments (as shown above) will be provided by operating cash generation during 2013 and funds obtained from the issuance of debentures in January 2013.

The difference between the amount available in the Earnings reserves account and the funds required for investments will be used in eventual strategic acquisitions.

Statement of comprehensive income

There were no significant transactions recorded through equity to be included in the statement of comprehensive income.

23. SERVICE REVENUE

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Gross revenue	1,640,971	1,068,418	1,687,986	1,226,270
Disallowances	(75,274)	(23,329)	(76,306)	(23,329)
Rebates	(2,546)	(1,315)	(2,585)	(4,504)
Taxes	(104,660)	(63,540)	(107,312)	(72,696)
Net revenue	**1,458,491**	**980,234**	**1,501,783**	**1,125,741**

24. COST OF SERVICES

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Staff and medical services	(523.673)	(300.534)	(546.968)	(364.153)
General services, leases and public services	(194.669)	(132.070)	(200.656)	(148.164)
Materials and outside services	(162.789)	(110.878)	(164.947)	(125.125)
General expenses	(113.810)	(80.061)	(115.216)	(95.796)
Depreciation and amortization	(67.720)	(31.980)	(70.743)	(32.342)
	(1.062.661)	**(655.523)**	**(1.098.530)**	**(765.580)**

In 2012 a change in the depreciation allocation criterion was implemented, and depreciation is now allocated partly to "Cost of services" and partly to "General and administrative expenses". For purposes of comparability, the amounts of 2011 are being presented under the new criterion adopted in 2012.

25. GENERAL AND ADMINISTRATIVE EXPENSES

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Staff and medical services	(76.577)	(77.274)	(77.692)	(82.202)
Depreciation and amortization	(29.520)	(18.792)	(29.520)	(26.185)
Promotions and events	(26.312)	(23.979)	(26.451)	(23.998)
General services, leases and public services	(16.952)	(13.728)	(17.146)	(17.020)
Consulting services	(16.659)	(30.770)	(16.999)	(32.765)
Services provided by law firms	(7.318)	(5.368)	(7.323)	(5.388)
Materials and outside services	(2.562)	(1.148)	(2.583)	(1.150)
Other	(12.465)	(4.848)	(12.783)	(4.864)
	(188.365)	**(175.907)**	**(190.497)**	**(193.572)**

In 2012 a change in the depreciation allocation criterion was implemented, and depreciation is now allocated partly to "Cost of services" and partly to "General and administrative expenses". For purposes of comparability, the amounts for the third quarter of 2011 are being presented under the new criterion adopted in 2012.

26. OTHER OPERATING INCOME (EXPENSES), NET

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Allowance for doubtful debts	(1,557)	(21,714)	(1,561)	(22,141)
Expiration of recoverable taxes	(139)	(2,389)	(139)	(2,389)
Write-off of assets	(237)	(1,832)	(414)	(1,832)
Receivables from Eletropaulo (a)	-	9,500	-	9,500
Other	9,161	724	5,354	221
	7,228	**(15,711)**	**3,240**	**(16,641)**

(a) Refers to Fleury receivables (December 2011) from AES Eletropaulo as a result of a final decision issued by ANEEL (National Electric Power Agency) that recognized the illegal collection of amounts by Fleury from November 2000 to August 2001 and required such amounts be reimbursed with a 100% penalty pursuant to the Consumer Protection Code.

27. FINANCE INCOME (COSTS)

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Finance income:				
Yield on short-term investments	20,462	39,867	20,575	41,546
Derivative financial instruments	13,801	14,624	13,801	14,624
Exchange rate change	8,991	7,284	9,004	7,284
Indexation of judicial deposits	1,926	1,779	1,942	1,780
Other	1,980	333	2,041	405
	47,160	**63,887**	**47,363**	**65,639**
Finance costs:				
Interest on debentures	(41,947)	(1,688)	(41,947)	(1,688)
Exchange rate change	(15,086)	(16,221)	(15,109)	(16,221)
Interest on borrowings and financing	(11,562)	(12,026)	(11,823)	(17,817)
Indexation of payables for business acquisitions	(14,092)	(18,527)	(14,477)	(19,514)
Derivative financial instruments	(10,683)	(9,665)	(10,683)	(9,665)
Bank fees and expenses	(3,073)	(3,321)	(3,126)	(3,325)
Interest on and indexation of provision for tax, labor and civil risks	(3,363)	(2,459)	(3,363)	(2,459)
Other	(5,360)	(2,563)	(5,454)	(2,660)
	(105,166)	**(66,470)**	**(105,982)**	**(73,349)**
Finance income (costs), net	**(58,006)**	**(2,583)**	**(58,619)**	**(7,710)**

In 2012 and 2011 the Company paid interest on own capital to shareholders. The amounts paid were recorded in the statutory books as “Expenses on interest on own capital” and pursuant to Resolution 207 reversed against “Retained earnings ” in equity.

28. INCOME TAX AND SOCIAL CONTRIBUTION – CURRENT AND DEFERRED

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Tax loss carryforwards	95,898	42,505	95,898	42,505
Provision for tax, labor and civil risks	75,227	77,473	75,227	77,473
Allowance for doubtful debts and disallowances	63,709	30,762	63,709	30,762
Amortization of goodwill non-deductible up to 2008 and deductible for tax purposes in future periods	24,782	24,782	24,782	24,782
Accrued profit sharing	-	7,425	-	7,425
Asset revaluation	(2,286)	(3,388)	(2,286)	(3,388)
Net value adjustment of assets acquired and liabilities assumed	(112,949)	(156,266)	(112,949)	(156,266)
Effects of goodwill amortization for tax purposes (a)	(387,464)	(157,498)	(387,464)	(157,498)
Derecognition of deferred charges	-	33,737	-	33,737
Foreign exchange gain - taxed on a cash basis	-	(4,114)	-	(4,114)
Other	-	3,439	-	3,439
Tax base	**(243,083)**	**(101,143)**	**(243,083)**	**(101,143)**
Deferred income tax and social contribution at the combined tax rate of 34%	**(82,648)**	**(34,389)**	**(82,648)**	**(34,389)**
Non-current assets	99,740	79,176	99,740	79,176
Non-current liabilities	(182,388)	(113,565)	(182,388)	(113,565)

(a) Goodwill on merger of companies, mainly LabsCardiolab.

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

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Profit before income tax and social contribution	154,847	130,078	155,892	133,335
Combined income tax and social contribution rate	34%	34%	34%	34%
Income tax and social contribution	**(52,648)**	**(44,227)**	**(53,003)**	**(45,334)**
Benefit of distribution in the form of Interest on Own Capital	8,779	9,520	8,779	9,516
Depreciation	3,259	(2,465)	3,259	(2,466)
Credits of receivables deductible in prior periods	-	7,320	-	7,320
Share of earnings (losses) of subsidiaries	(128)	2,880	-	-
Non-deductible expenses	(7,521)	(811)	(8,339)	(1,683)
Write-off of non-deductible receivables	-	(1,648)	-	(1,649)
Other	-	-	-	1,608
Income tax and social contribution expense:	**(48,259)**	**(29,431)**	**(49,304)**	**(32,688)**
Current	-	(22,409)	(1,045)	(25,666)
Deferred	(48,259)	(7,022)	(48,259)	(7,022)

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

Year	Consolidated
2013	9,974
2014	14,961
2015	19,948
2016	24,935
2017	29,922

The Company opted for the Transitional Tax Regime (RTT) created by Provisional Act 449/08, subsequently converted into Law 11,941/09, under which the calculation of corporate income tax, social contribution, social integration program tax on revenue (PIS), and social security funding tax on revenue (COFINS) continues to be based on the methods and criteria defined by Law 6,404/76 in effect at December 31, 2007.

When applicable, deferred income tax and social contribution calculated on the adjustments arising from the adoption of the new accounting practices introduced by Law 11,638/07 and Law 11,941/09 were recorded in the Company's financial statements.

The subsidiaries Diagnoson Ultra-Sonografia and Densitometria Óssea Ltda, acquired by the Company in May 2011, and Clínica Luiz Fellipe Mattoso Ltda, acquired in August 2011, calculated

corporate income tax and social contribution under the deemed profit method before their merger into the Company.

29. EMPLOYEE BENEFITS

Pension Plan

The Company sponsors a pension plan, Itaú Vida e Previdência S.A., the main purpose of which is to supplement social security benefits; participation in this plan is optional for all employees of the Company and its subsidiary Fleury CPMA; the plan is managed by Itaú Vida e Previdência S.A. The plan is a defined contribution pension plan and for the year ended December 31, 2012 the Company made contributions of R$1,823 (R$1,804 for the year ended December 31, 2011), charged to "General and administrative expenses".

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

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

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

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

Stock option plan

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

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

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

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

Participants will have six years to exercise the options, from the option grant date.

The exercise price of options will be based on the weighted average of the trading sessions for the month immediately prior to the signing of the option contract. In the case of the first grant, the exercise price of options will be equivalent to the Company´s IPO price per share.

The following grants were conducted through the date:

	Grant date	Call options granted	Exercise price of options*	Position at 12/31/2012		Position at 12/31/2011	
				Number	Exercise price	Number	Exercise price
2012 grant	May 2, 2012	732,746	24.39	623,163	24.93	-	-
2011 grant	February 22, 2011	327,825	25.76	204,122	27.82	282,173	26.62
2010 grant	February 2, 2010	552,625	16.00	135,397	18.06	271,018	17.28

**.The price of options will be adjusted based on the IPCA variation.*

The Company calculated and recognized an expense for the year ended December 31, 2012, prorated since the grant date, of R$1,816 (R$1,365, charged to "General and administrative expenses" for the year ended December 31, 2011).

30. EARNINGS PER SHARE

Basic earnings per share

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

	12/31/2012	12/31/2011
Profit attributable to owners of the Company	106,588	100,647
Weighted average number of common shares issued	156,270,003	135,449,445
Weighted average number of treasury shares	-	-
Weighted average number of common shares outstanding	156,270,003	135,449,445
Basic earnings per share - R$	0.68	0.74

Diluted earnings per share

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

	12/31/2012	12/31/2011
Profit attributable to owners of the Company	106,588	100,647
Weighted average number of common shares outstanding	156,270,003	135,449,445
Adjustment for share call options	48,133	72,247
Weighted average number of common shares for diluted earnings per share	156,318,136	135,521,692
Diluted earnings per share - R$	0.68	0.74

31. SEGMENT REPORTING

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

	12/31/2012			12/31/2011		
	Diagnostic Medicine (DM)	Integrated Medicine (IM)	Consolidated	Diagnostic Medicine (DM)	Integrated Medicine (IM)	Consolidated
Net revenue	**1,234,504**	**267,279**	**1,501,783**	**947,175**	**178,566**	**1,125,741**
Profit of the segment	**256,832**	**57,942**	**314,774**	**184,511**	**15,061**	**199,572**
Depreciation and amortization	-	-	100,263	-	-	58,527
Finance income (costs)	-	-	(58,619)	-	-	(7,710)
Profit before taxes	-	-	155,892	-	-	133,335
Total assets	-	-	2,738.159	-	-	2,841,937
Total assets includes:						
Goodwill	1,105,143	214,910	1,320.053	1,114,385	198,548	1,312,933
Brands	11,013	1,288	12,301	11,947	1,461	13,408
Customer contracts	-	135,089	135,089	-	150,527	150,527
Non-allocated assets	-	-	1,270,716	-	-	1,365,069
Total liabilities	-	-	1,302.251	-	-	1,210,056

The goodwill and recorded intangible assets (Trademarks and Patents) arising from the acquisition of Diagnoson, of R$50,228 and R$2,973, respectively, were fully allocated to the Diagnostic Medicine (DM) segment.

The goodwill of R$934,423 arising from the acquisition of LabsCardiolab was allocated to the DM and IM segments, amounting to R$729,503 and R$204,920, respectively. The amount of Customer Contracts, of R$154,387, was fully allocated to the IM segment.

32. INSURANCE

The Company contracts blanket insurance coverage for its assets, loss of profits and/or liabilities, in amounts considered sufficient to cover potential losses, which take into account the nature of its operations, and based on the assessment of Management and its insurance consultants. The net premium of the Company's insurance policies in effect at December 31, 2012 is approximately R$1,191. The insurance contracts are effective until October 2013. The table below shows the maximum sum insured (MSI) of the main insurance coverage at December 31, 2012:

	Consolidated	
Operational risks	R$	532,000
Civil liability	R$	35,500
International freight - imports	U$	1,200

33. EVENTS AFTER THE REPORTING PERIOD

33.1 – Second issuance of debentures

On February 15, 2013, the Company conducted its second issuance of debentures under a restricted public placement of simple, nonconvertible, unsecured debentures. The Company raised R$500,000 under the Restricted Offering, in a single series: The Debentures will be amortized in three annual, equal installments, payable on December 12, 2018, 2019 and 2020, and interest will accrue based on 100% of the average daily rate of extragroup, one-day interbank deposit (DI) rate, expressed as a percentage of a base year of 252 business days, plus a 0.85% spread on a base year of 252 business days, without option to early redeem or restructure.

33.2– Papaiz Group

On January 31, 2012, the Company completed the acquisition of the Papaiz Group through the fulfillment of the conditions precedent of the parties and approval without restrictions by the Administrative Council of Economic Defense (CADE). With the completion of the transaction, a Shareholders' Agreement was signed between Fleury CPMA and Clidec, in which Fleury S.A. and Odontoprev S.A. (OdontoPrev) are the consenting intervenors, aimed at clearing certain aspects of their relationship as stockholders of Papaiz. Fleury CPMA will hold 51% of the Papaiz Group's capital. Clidec, controlled by OdontoPrev, will hold the remaining 49%. The total acquisition value was R$ 18.4 million.

With over 30 years of existence and specialized in dental radiology, the Papaiz Group has 8 operational units in the metropolitan region of São Paulo, offering tomography, intra and extraoral radiographs, orthodontic documentation, and dental arcade models.
In the twelve months ended June 2012, the net revenue (unaudited) is R$ 13 million. As from February 1, 2013, the integration of the Papaiz Group became part of the Company's high impact projects.

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, 2012, authorizing its conclusion on this date.

São Paulo, March 7, 2013.

Board of Executive Directors

Omar Magid Hauache - CEO

João Ricardo Kalil Patah - Head of IR

José Marcelo Amatuzzi de Oliveira - Executive Director for Human Resources

Wilson Leite Pedreira Junior- Executive Director for Diagnostic Medicine

BOARD OF EXECUTIVE DIRECTORS DECLARATION ABOUT INDEPENDENT AUDITOR´S REPORT

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, 2012, issued on March 07, 2013.

São Paulo, March 7, 2013

Board of Executive Directors

Omar Magid Hauache - CEO

João Ricardo Kalil Patah - Head of IR

José Marcelo Amatuzzi de Oliveira - Executive Director for Human Resources

Wilson Leite Pedreira Junior- Executive Director for Diagnostic Medicine