Financial Statements

Rede D'Or São Luiz S.A.

December 31, 2015, 2014 and 2013
with Independent Auditors' Report on Financial Statements

Rede D'Or São Luiz S.A.

Financial statements

December 31, 2015, 2014 and 2013

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

Independent auditors' report on financial statements

The Shareholders, Board of Directors and Officers
Rede D'Or São Luiz S.A.
Rio de Janeiro - RJ

We have audited the accompanying individual and consolidated financial statements of Rede D'Or São Luiz S.A. ("Company"), identified as Parent Company and Consolidated, respectively, which comprise the balance sheet as at December 31, 2015, and the related statements of income, of comprehensive income, of changes in equity and cash flows for the year then ended, and a summary of significant accounting practices and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), 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 the 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 these 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 preparation and fair presentation of the Company's financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting practices used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Uma empresa-membro da Ernst & Young Global Limited

Building a better working world

Auditors' responsibility (Continued)

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

Opinion

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Rede D'Or São Luiz S.A. as at December 31, 2015, its individual and consolidated financial performance and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Other matters - Statements of value added

We have also audited the individual and consolidated statements of value added for the year ended December 31, 2015, prepared under management's responsibility, the presentation of which is required by the Brazilian Corporation Law for publicly-held companies, and as supplementary information for privately-held entities and under the IFRS, whereby no statement of value added presentation is required. These statements have been subject to the same auditing procedures previously described and, in our opinion, are presented fairly, in all material respects, in relation to the overall financial statements.

Rio de Janeiro, March 2, 2016.

ERNST & YOUNG
Auditores Independentes S.S.
CRC- 2SP 015.199/F-6

Wilson J. O. Moraes
Accountant CRC-1RJ -107.211/O-1

Rede D'Or São Luiz S.A.

Balance sheets
December 31, 2015, 2014 and 2013
(In thousands of reais)

	Note	Company			Consolidated		
		12/31/2015	12/31/2014	12/31/2013	12/31/2015	12/31/2014	12/31/2013
Assets							
Current assets							
Cash and cash equivalents	4	**93,365**	38,042	57,788	**144,497**	55,182	89,522
Marketable securities	4	**679,032**	619,703	662,637	**897,237**	848,646	869,142
Accounts receivable	5	**1,321,647**	973,368	837,065	**1,911,681**	1,267,239	1,049,281
Inventories	6	**97,340**	82,887	66,708	**133,538**	106,687	84,316
Taxes recoverable		**83,689**	36,063	61,681	**104,449**	64,384	78,930
Financial instrument - promissory note	18	**944,435**	-	-	**944,435**	-	-
Related parties	7	**40,072**	23,870	24,416	**-**	10,715	13,046
Dividends receivable		**27,977**	41,357	27,977	**-**	-	-
Receivables from disposal of properties	11	**73,926**	73,926	123,000	**73,926**	73,926	123,000
Other		**60,743**	34,201	50,454	**111,716**	66,903	63,906
Total current assets		**3,422,226**	1,923,417	1,911,726	**4,321,479**	2,493,682	2,371,143
Noncurrent assets							
Related parties	7	**1,175,363**	461,403	345,498	**16,928**	125,924	105,542
Deposit for acquisition of building		**-**	-	-	**76,869**	68,658	63,000
Judicial deposits	16	**62,239**	50,752	42,773	**78,439**	61,184	51,904
Deferred income and social contribution taxes	19	**-**	-	-	**80,607**	8,864	5,972
Derivative financial instruments	27	**35,956**	28,861	23,650	**35,956**	28,861	23,650
Investments	8	**1,224,110**	585,774	326,780	**118,651**	157,806	116,222
Property and equipment	9	**1,660,656**	1,217,691	948,691	**2,700,159**	1,546,318	1,255,094
Intangible assets	10	**1,810,228**	1,556,715	1,486,465	**2,668,471**	1,803,646	1,639,325
Other		**71,342**	2,403	4,452	**71,394**	2,754	4,766
Total noncurrent assets		**6,039,894**	3,903,599	3,178,309	**5,847,474**	3,804,015	3,265,475
Total assets		**9,462,120**	5,827,016	5,090,035	**10,168,953**	6,297,697	5,636,618

	Note	Company			Consolidated		
		12/31/2015	12/31/2014	12/31/2013	12/31/2015	12/31/2014	12/31/2013
Liabilities and equity							
Current liabilities							
Trade accounts payable		**197,627**	180,314	196,152	**248,247**	243,613	265,441
Loans and financing	**12**	**40,815**	21,185	24,656	**50,964**	23,665	28,645
Debentures payable	**13**	**495,159**	52,131	20,428	**521,483**	57,703	55,386
Salaries, provisions and social charges		**260,357**	250,503	207,090	**341,689**	299,208	243,259
Tax liabilities	**14**	**108,676**	68,597	40,940	**174,502**	99,359	55,899
Taxes paid in installments	**14**	**18,123**	20,082	14,452	**29,802**	22,021	17,015
Accounts payable for acquisitions	**15**	**93,335**	199,927	30,172	**98,918**	199,927	30,172
Dividends and interest on equity payable	**18**	**309,051**	156,028	78,498	**316,004**	159,578	83,512
Deferred gain on property disposal	**11**	**3,920**	3,920	3,920	**3,920**	3,920	3,920
Other		**53,756**	45,220	42,431	**63,872**	63,029	56,700
Total current liabilities		**1,580,819**	997,907	658,739	**1,849,401**	1,172,023	839,949
Noncurrent liabilities							
Loans and financing	**12**	**1,113,852**	76,063	85,507	**1,124,550**	80,514	88,323
Debentures payable	**13**	**2,262,139**	2,717,253	2,468,694	**2,539,505**	3,013,495	2,817,073
Related parties	**7**	**74,398**	30,610	14,482	**953**	1,205	604
Taxes paid in installments	**14**	**121,827**	122,671	126,305	**151,035**	148,511	140,332
Accounts payable for acquisitions	**15**	**53,093**	66,455	210,312	**80,219**	66,455	210,312
Deferred income and social contribution taxes	**19**	**165,888**	47,661	47,793	**216,247**	75,739	79,413
Provision for contingencies	**16**	**103,480**	116,777	154,159	**179,569**	135,747	162,806
Provision for losses on investments	**8**	**52,780**	64,495	48,552	**-**	5,560	3,960
Deferred gain on property disposal	**11**	**84,040**	87,956	91,880	**84,040**	87,956	91,880
Other		**39,775**	40,788	22,539	**43,351**	40,222	31,480
Total noncurrent liabilities		**4,071,272**	3,370,729	3,270,223	**4,419,469**	3,655,404	3,626,183
Equity	**18**						
Capital stock		**867,777**	452,530	261,531	**867,777**	452,530	261,531
Capital reserves		**2,381,551**	259,408	171,284	**2,381,551**	259,408	171,284
Treasury shares		**(257,597)**	(161,919)	(157,117)	**(257,597)**	(161,919)	(157,117)
Income reserve		**814,074**	304,137	281,151	**814,074**	304,137	281,151
Other reserves		**-**	600,000	600,000	**-**	600,000	600,000
Total equity		**3,805,805**	1,454,156	1,156,849	**3,805,805**	1,454,156	1,156,849
Advance for future capital increase		**4,224**	4,224	4,224	**4,224**	4,224	4,224
Non-controlling interest		**-**	-	-	**90,054**	11,890	9,413
Total equity attributable to Company shareholders		**3,810,029**	1,458,380	1,161,073	**3,900,083**	1,470,270	1,170,486
Total liabilities and equity		**9,462,120**	5,827,016	5,090,035	**10,168,953**	6,297,697	5,636,618

See accompanying notes.

Rede D'Or São Luiz S.A.

Income statements
Years ended December 31, 2015, 2014 and 2013
(In thousands of reais)

	Note	Company			Consolidated		
		12/31/2015	12/31/2014	12/31/2013	12/31/2015	12/31/2014	12/31/2013
Net revenue	20	**4,648,932**	3,866,275	3,239,833	**6,452,068**	4,991,533	4,128,400
Cost of services rendered	21	**(3,298,248)**	(2,928,201)	(2,510,712)	**(4,732,162)**	(3,927,974)	(3,326,402)
Gross profit		**1,350,684**	938,074	729,121	**1,719,906**	1,063,559	801,998
General and administrative expenses	22	**(260,823)**	(218,220)	(158,069)	**(259,706)**	(221,858)	(160,992)
Selling expenses	23	**(32,834)**	(58,629)	(74,846)	**(27,835)**	(84,289)	(96,914)
Equity pickup	8	**251,447**	88,932	(6,650)	**39,348**	42,725	10,593
Other operating income (expenses, net)	24	**29,723**	(54,514)	31,112	**7,738**	(63,737)	(5,138)
Income before financial income (expenses) and income and social contribution taxes		**1,338,197**	695,643	520,668	**1,479,451**	736,400	549,547
Financial income	25	**144,959**	62,561	66,920	**169,632**	88,174	77,922
Financial expenses	25	**(583,290)**	(386,792)	(305,328)	**(639,472)**	(431,286)	(341,155)
Income before income taxes		**899,866**	371,412	282,260	**1,009,611**	393,288	286,314
Income taxes	19	**(175,133)**	(51,222)	(73,966)	**(259,460)**	(70,405)	(76,255)
Net income for the year		**724,733**	320,190	208,294	**750,151**	322,883	210,059
Net income attributable to controlling shareholders		**724,733**	320,190	208,294	**724,733**	320,190	208,294
Net income attributable to non-controlling shareholders		**-**	-	-	**25,418**	2,693	1,765
Basic earnings per share	26	**1.8267**	1.2479	0.8300	**-**	-	-
Diluted earnings per share	26	**1.6822**	0.9069	0.5980	**-**	-	-

See accompanying notes.

Rede D'Or São Luiz S.A.

Statements of comprehensive income
Years ended December 31, 2015, 2014 and 2013
(In thousands of reais)

	Company			Consolidated		
	12/31/2015	**12/31/2014**	**12/31/2013**	**12/31/2015**	**12/31/2014**	**12/31/2013**
Net income for the year	**724,733**	320,190	208,294	**750,151**	322,883	210,059
Other comprehensive income	**-**	-	-	**-**	-	-
Total comprehensive income	**724,733**	320,190	208,294	**750,151**	322,883	210,059
Attributable to						
Controlling shareholders	**-**	-	-	**724,733**	320,190	208,294
Non-controlling shareholders	**-**	-	-	**25,418**	2,693	1,765

See accompanying notes.

Rede D'Or São Luiz S.A.

Statements of changes in equity
Years ended December 31, 2015, 2014 and 2013
(In thousands of reais)

	Attributable to Company shareholders												
		Capital reserves				Income reserves							
Description	Capital	Goodwill reserve (issue of shares)	Goodwill on capital transactions	Share-based payment reserve	Treasury shares	Legal reserve	Investment reserve	Other reserves (Note 18 d)	Retained earnings (accumulated losses)	Total equity	Future capital contribution	Non-controlling interest	Total
Balances as of December 31, 2012	44,849	199,140	(52,416)	17,691	(129,594)	8,666	204,793	600,000	-	893,129	4,224	1,315	898,668
Capital increase (Note 18)	209,228	-	-	-	-	-	(88,529)	-	-	120,699	-	-	120,699
Acquisition of control in jointly-controlled entity (Note 18)	7,454	(13,787)	-	-	-	-	-	-	-	(6,333)	-	6,333	-
Treasury shares (Note 18)	-	-	-	-	(27,523)	-	-	-	-	(27,523)	-	-	(27,523)
Net income for the year	-	-	-	-	-	-	-	-	208,294	208,294	-	1,765	210,059
Share-based payment reserve (Note 18)	-	-	-	20,656	-	-	-	-	-	20,656	-	-	20,656
Proposed dividend	-	-	-	-	-	-	-	-	(52,073)	(52,073)	-	-	(52,073)
Recognition of investment reserve (Note 18)	-	-	-	-	-	-	156,221	-	(156,221)	-	-	-	-
Balances as of December 31, 2013	261,531	185,353	(52,416)	38,347	(157,117)	8,666	272,485	600,000	-	1,156,849	4,224	9,413	1,170,486
Capital increase (Note 18)	190,999	-	-	-	-	-	-	-	-	190,999	-	-	190,999
Adjustment to interest held in investee	-	60,761	-	-	-	-	-	-	-	60,761	-	-	60,761
Treasury shares (Note 18)	-	-	-	-	(4,802)	-	-	-	-	(4,802)	-	-	(4,802)
Net income for the year	-	-	-	-	-	-	-	-	320,190	320,190	-	2,693	322,883
Share-based payment reserve (Note 18)	-	-	-	27,363	-	-	-	-	-	27,363	-	-	27,363
Recognition of investment reserve (Note 18)	-	-	-	-	-	-	240,143	-	(240,143)	-	-	-	-
Dividend and interest on equity	-	-	-	-	-	-	(217,157)	-	(80,047)	(297,204)	-	(216)	(297,420)
Balances at December 31, 2014	**452,530**	**246,114**	**(52,416)**	**65,710**	**(161,919)**	**8,666**	**295,471**	**600,000**	**-**	**1,454,156**	**4,224**	**11,890**	**1,470,270**
Capital increase (Note 18)	**267,582**	**1,637,491**	**-**	**-**	**-**	**-**	**(33,613)**	**-**	**-**	**1,871,460**	**-**	**-**	**1,871,460**
Debentures converted into shares	**147,664**	**452,336**	**-**	**-**	**-**	**-**	**-**	**(600,000)**	**-**	**-**	**-**	**-**	**-**
Acquisition of control in jointly-controlled entity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**57,626**	**57,626**
Acquisition of interest in subsidiary	**-**	**-**	**(19,632)**	**-**	**-**	**-**	**-**	**-**	**-**	**(19,632)**	**-**	**(4,038)**	**(23,670)**
Treasury shares (Note 18)	**-**	**-**	**-**	**-**	**(95,678)**	**-**	**-**	**-**	**-**	**(95,678)**	**-**	**-**	**(95,678)**
Capital transaction involving non-controlling shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(842)**	**(842)**
Net income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**724,733**	**724,733**	**-**	**25,418**	**750,151**
Share-based payment reserve (Note 18)	**-**	**-**	**-**	**51,949**	**-**	**-**	**-**	**-**	**-**	**51,949**	**-**	**-**	**51,949**
Dividend and interest on equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(181,183)**	**(181,183)**	**-**	**-**	**(181,183)**
Recognition of investment reserve (Note 18)	**-**	**-**	**-**	**-**	**-**	**-**	**543,550**	**-**	**(543,550)**	**-**	**-**	**-**	**-**
Balances at December 31, 2015	**867,776**	**2,335,941**	**(72,048)**	**117,659**	**(257,597)**	**8,666**	**805,408**	**-**	**-**	**3,805,805**	**4,224**	**90,054**	**3,900,083**

See accompanying notes.

Rede D'Or São Luiz S.A.

Cash flow statements
Years ended December 31, 2015, 2014 and 2013
(In thousands of reais)

	Company			Consolidated		
	12/31/2015	**12/31/2014**	**12/31/2013**	**12/31/2015**	**12/31/2014**	**12/31/2013**
Cash flows from operating activities						
Income before income and social contribution taxes	**899,866**	371,412	282,260	**1,009,611**	393,288	286,313
Adjustments to reconcile net income to cash provided by operating activities						
Depreciation and amortization	**119,167**	98,063	88,654	**151,226**	132,870	114,830
Gain on disposal of properties	**(3,920)**	(3,924)	(45,875)	**(3,920)**	(3,924)	(45,875)
Gain on acquisition in steps	**(66,495)**	-	-	**(66,495)**	-	-
Interest and foreign exchange gains (losses), net	**424,800**	362,558	247,074	**487,528**	380,682	271,262
Share-based payment	**51,949**	27,363	20,656	**51,949**	27,363	20,656
Provision for contingencies	**3,590**	(6,283)	1,777	**(994)**	(3,762)	3,836
Equity pickup	**(251,447)**	(88,932)	6,650	**(39,348)**	(42,725)	(10,593)
Allowance for disallowances	**176,992**	212,585	135,994	**279,619**	250,449	182,335
Allowance for doubtful accounts	**22,677**	40,692	60,808	**15,991**	65,085	81,895
(Increase) decrease in assets and increase (decrease) in liabilities						
Accounts receivable	**(525,293)**	(389,580)	(371,522)	**(773,006)**	(533,492)	(494,867)
Inventories	**(14,179)**	(16,179)	(5,878)	**(11,113)**	(22,371)	(11,504)
Taxes recoverable	**(46,245)**	25,618	(12,041)	**(29,154)**	14,546	(22,488)
Judicial deposits	**(8,949)**	(7,979)	(8,594)	**(12,645)**	(9,280)	(12,977)
Other assets	**(38,369)**	(20,329)	(7,386)	**(40,477)**	13,771	2,450
Trade accounts payable	**11,800**	(15,838)	41,145	**(39,775)**	(21,828)	17,609
Salaries and social charges	**6,677**	43,413	26,801	**15,151**	55,949	39,498
Tax liabilities	**11,622**	(3,420)	312	**(30,694)**	43,460	5,377
Taxes paid in installments	**(2,803)**	(20,548)	10,300	**(4,515)**	(9,359)	10,651
Related parties	**(637,922)**	(99,231)	(128,406)	**(81,289)**	(17,450)	24,337
Provision for contingencies	**(41,076)**	(17,576)	(13,511)	**(88,733)**	(17,576)	(12,555)
Deferred income	**(3,920)**	(3,920)	40,800	**(3,920)**	(3,920)	40,800
Other liabilities	**(2,310)**	6,406	(2,583)	**(6,339)**	3,187	12,303
	(1,290,967)	(519,163)	(430,563)	**(1,106,509)**	(504,363)	(401,366)
Payment of interests	**(466,337)**	(300,828)	(267,518)	**(503,071)**	(339,548)	(305,519)
Payment of income and social contribution taxes	**(41,030)**	-	-	**(77,690)**	(55,447)	(9,162)
Net cash provided by operating activities	**(421,155)**	193,543	99,917	**197,897**	299,968	188,612
Cash flows from investing activities						
Proceeds from disposal of properties	**-**	-	373,074	**-**	-	373,074
Payment in business acquisition	**(631,532)**	(76,699)	(115,309)	**(965,152)**	(76,699)	(25,329)
Cash from business acquisitions	**9,552**	-	-	**63,844**	-	-
Capital increase in affiliates	**(56,978)**	-	-	**-**	-	-
Additions to property and equipment	**(534,999)**	(360,448)	(403,005)	**(874,265)**	(412,019)	(535,596)
Additions to intangible assets	**(12,425)**	-	(23,788)	**(13,925)**	(32,099)	(33,226)
Advances for acquisition of equity interest	**(42,050)**	-	-	**(42,050)**	-	-
Marketable securities	**34,068**	99,494	149,226	**94,782**	95,435	(80,311)
Cash used in investing activities	**(1,234,364)**	(337,653)	(19,802)	**(1,736,766)**	(425,382)	(301,388)
Cash flows from financing activities						
Capital increase and capital reserve	**927,025**	190,999	120,699	**927,025**	190,999	120,699
Treasury shares	**(95,678)**	(4,802)	(27,523)	**(95,678)**	(4,802)	(27,523)
Non-controlling interest	**-**	-	(13,787)	**-**	-	-
Payment of dividends and interest on equity	**(8,723)**	(199,913)	-	**(8,723)**	(228,092)	(3,841)
Dividend received	**18,385**	19,761	8,003	**16,027**	6,954	5,708
Accounts payable for acquisition	**(140,384)**	(15,912)	(60,121)	**(103,770)**	(7,912)	(60,121)
Debentures payable	**-**	200,000	100,000	**-**	200,000	200,000
Payment of principal of debentures	**5,797**	(17,676)	(139,133)	**(7,304)**	(17,466)	(159,132)
Loans and financing raised	**1,232,895**	-	-	**1,269,894**	-	-
Repayment of loans and financing	**(228,475)**	(48,093)	(55,934)	**(369,287)**	(48,607)	(73,140)
Cash provided by financing activities	**1,710,842**	124,364	(67,796)	**1,628,184**	91,074	2,650
Increase (decrease) in cash and cash equivalents	**55,323**	(19,746)	12,319	**75,390**	(34,340)	(110,126)
Cash and cash equivalents at beginning of year	**38,042**	57,788	45,469	**55,182**	89,522	199,648
Cash and cash equivalents at end of year	**93,365**	38,042	57,788	**144,497**	55,182	89,522

See accompanying notes.

Rede D'Or São Luiz S.A.

Statements of value added
Years ended December 31, 2015, 2014 and 2013
(In thousands of reais, unless otherwise stated)

	Company			Consolidated		
	12/31/2015	**12/31/2014**	**12/31/2013**	**12/31/2015**	**12/31/2014**	**12/31/2013**
Revenue	**4,931,355**	4,081,256	3,479,689	**6,866,733**	5,263,362	4,433,622
Sales of goods, products and services	**5,127,104**	4,330,613	3,569,808	**7,158,423**	5,574,976	4,570,082
Allowance for disallowances and doubtful accounts	**(199,669)**	(253,277)	(135,994)	**(295,610)**	(315,534)	(182,335)
Other revenue	**3,920**	3,920	45,875	**3,920**	3,920	45,875
Inputs acquired from third parties	**(1,661,431)**	(1,564,335)	(1,378,331)	**(2,478,749)**	(2,150,129)	(1,926,867)
Cost of services sold	**(1,595,667)**	(1,388,696)	(1,197,788)	**(2,407,849)**	(1,935,968)	(1,718,303)
Materials, energy, third-party services and other expenses	**(62,175)**	(181,923)	(157,484)	**(71,893)**	(217,923)	(183,446)
Loss/recovery of assets	**(3,589)**	6,284	(23,059)	**993**	3,762	(25,118)
Gross value added	**3,269,924**	2,516,921	2,101,358	**4,387,984**	3,113,233	2,506,755
Depreciation and amortization	**(119,167)**	(98,063)	(88,654)	**(151,226)**	(132,870)	(114,830)
Value added, net	**3,150,757**	2,418,858	2,012,704	**4,236,758**	2,980,363	2,391,925
Value added received in transfer	**396,406**	151,493	60,270	**208,980**	130,899	88,515
Equity pickup	**251,447**	88,932	(6,650)	**39,348**	42,725	10,593
Financial income	**144,959**	62,561	66,920	**169,632**	88,174	77,922
Total value added	**3,547,163**	2,570,351	2,072,974	**4,445,738**	3,111,262	2,480,440
Distribution of value added	**(3,547,163)**	(2,570,351)	(2,072,974)	**(4,445,738)**	(3,111,262)	(2,480,440)
Personnel and charges	**(1,482,904)**	(1,339,392)	(1,150,337)	**(2,013,613)**	(1,706,844)	(1,424,184)
Taxes, charges and contributions	**(476,313)**	(301,905)	(267,946)	**(686,196)**	(401,431)	(335,602)
Interest, rents and other operating expenses	**(863,213)**	(608,864)	(394,324)	**(995,778)**	(680,104)	(458,522)
Dividends and interest on equity	**(181,183)**	(80,047)	(52,073)	**(181,183)**	(80,047)	(52,073)
Retained profit	**(543,550)**	(240,143)	(208,294)	**(568,968)**	(242,836)	(210,059)

See accompanying notes.

Rede D'Or São Luiz S.A.

Notes to financial statements
December 31, 2015, 2014 and 2013
(In thousands of reais, unless otherwise stated)

1. Operations

Rede D'Or São Luiz S.A. ("Company" and jointly with its subsidiaries "Rede D'Or" or "Group"), formerly named Hospital Maternidade São Luiz S.A., headquartered at Rua Francisco Marengo, 1312 - São Paulo - SP, is engaged in the rendering of hospital services, offering assistance and hospitality concepts, creating medical and diagnostic excellence centers and generating medical knowledge and experience that ensure safety to customers, either doctors, patients or health plans.

Operating in the States of Rio de Janeiro, São Paulo, Pernambuco and Brasília, the Group operates with 27 own hospitals, in addition to 1 hospital under management and 3 under construction, as well as oncology and radiotherapy clinics.

In 1998, the first hospital unit, Hospital Barra D'Or, was officially opened, introducing new architectural and hospitality concepts. In 2000 and 2001, respectively, Hospital Copa D'Or and Hospital Quinta D'Or were officially opened. Since 2004, there have been strategic partnerships with other hospitals, increasing the breadth of expertise and reaching other areas in Rio de Janeiro. Since 2007, Rede D'Or has been operating, also through partnerships and acquisitions, in the State of Pernambuco. In 2010, major steps were taken towards the São Paulo market by acquiring Hospital Brasil, in Santo André, Hospital Assunção, in São Bernardo, and Hospital São Luiz, in the City of São Paulo, which has three units. Additionally, in 2010, the Company also acquired additional interest (50%) in Hospital Rio de Janeiro and Hospital Prontolinda, holding 100% of interest in such companies.

In 2011, the Company continued its expansion process by acquiring Vivalle Serviços de Saúde, a hospital in São José dos Campos, countryside of São Paulo, and acquiring Centro Hospitalar São Marcos, in Recife. Additionally, in 2011, the Company took a significant step toward increasing the scope of its services by investing in oncology and radiotherapy clinics.

In 2012, Rede D'Or acquired two hospital groups, one in São Paulo, comprising hospitals Nossa Senhora de Lourdes and Hospital da Criança, and the other in Brasília, comprising hospitals Santa Luzia and Hospital do Coração, thus increasing its hospital network and the breadth of expertise by starting to operate in the Federal District.

In 2013, the Company acquired additional interest (35%) in Hospital Norte D'Or, and started to hold controlling interest in this company.

In 2014, the Company acquired all the shares in Hospital IFOR S.A., located in the city of São Bernardo do Campo, state of São Paulo.

2. Basis of preparation and presentation and summary of significant accounting practices

In 2015, Rede D'Or acquired all units of interest/shares of Hospital Villa-Lobos Ltda., do Sino Brasileiro Serviços Hospitalares S.A. and do Hospital Maternidade Bartira Ltda., and equity control in Hospital Santa Helena S.A., all in São Paulo. In this period, the Company acquired additional 50% interest in Hospital Fluminense S.A.; 23.5% in Cardial Serviços Médicos S.A., Onco ABC Serviços Médicos S.A. and JLD Borducchi S.A.; 37.5% in Oncoholding S.A., and 28.33% in Oncologia Rede D'Or S.A., and became the controlling shareholders thereof.

The authorization for conclusion of preparation of these individual and consolidated financial statements (together denominated simply "financial statements") by management was provided on March 2, 2016. Thus, these financial statements consider subsequent events that could affect them until the referred to date.

As detailed in Note 18, in the 2Q2015, Carlyle Group, by means of its investee HPT Participações S.A., contributed capital in the amount of R$1,819,435 in the Company, which accounts for 8.38% interest in Rede D'Or. Entrance of this new shareholder is in line with Rede D'Or business model; funds will be used in acquisitions and expansion of hospitals.

Consolidated financial statements

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

2. Basis of preparation and presentation and summary of significant accounting practices (Continued)

Individual financial statements

The Company's individual financial statements were prepared in accordance with accounting practices adopted in Brazil, which comprise the provisions contained in the Brazilian Corporation Law and the accounting pronouncements, interpretations and guidance issued by the Brazilian Financial Accounting Standards Board ("CPC"), as approved by the Brazilian Securities and Exchange Commission (CVM). Up until December 31, 2013, these practices differed from IFRS applicable to separate financial statements solely with respect to the measurement of investments in subsidiaries, affiliates and jointly controlled entities under the equity method, while such investments would be measured at cost or fair value for IFRS purposes. The introduction of IAS 27 (Separate Financial Statements), as revised by the IASB in 2014, has allowed entities to use the equity method to account for investments in subsidiaries, associates and jointly-controlled entities in their separate financial statements prepared in accordance with the IFRS. In December 2014, Pronouncements CPC 18, CPC 35 and CPC 37 were approved and encompassed the aforementioned revised IAS 27. Consequently, the Company's individual financial statements are in accordance with the IFRS as of that year.

Basis of measurement

The individual and consolidated financial statements were prepared based on historical cost, except for certain financial instruments and share-based payments, measured at fair value.

Preparation of the financial statements requires the use of certain significant accounting estimates as well as professional judgment by Company management in the process to apply the accounting policies. Since judgment by management involves the determination of estimates related to the probability of future events, actual results may significantly differ from these estimates. Those areas that require greater judgment or involve more complexity or where the assumptions and estimates are significant for the financial statements are disclosed in Note 2.s. The Company reviews its estimates and assumptions periodically, at least on an annual basis.

The individual and consolidated financial statements are presented in Reais (R$), which is the Company's functional and reporting currency.

2. Basis of preparation and presentation and summary of significant accounting practices (Continued)

The financial statements of Rede D'Or comprise the following entities:

	Interest held (%)					
	12/31/2015		12/31/2014		12/31/2013	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
Company - Rede D'Or São Luiz S.A. (a)						
Wholly-owned subsidiaries						
Rodin Empreendimentos e Participações S.A.	**99.99**	**0.01**	99.99	0.01	-	100.00
Hospital Esperança S.A. ("Esperança")	**100.00**	**-**	100.00	-	100.00	-
Diagno São Marcos Ltda.	**-**	**100.00**	-	100.00	-	100.00
Mais-Multi Assistência Incorporada a Saúde Ltda. ("Hospital São Marcos")	**100.00**	**-**	100.00	-	100.00	-
Rede D'Or São Luiz Serviços Médicos S.A.	**99.99**	**0.01**	99.99	0.01	99.99	0.01
Advance Plano de Saúde S.A.	**99.99**	**0.01**	99.99	0.01	99.99	0.01
São Luiz Assistência Médica Ambulatorial Ltda.	**0.02**	**99.98**	0.02	99.98	0.02	99.98
PMJ Empreendimentos Imobiliários S.A.	**100.00**	**-**	100.00	-	100.00	-
Quinta Empreendimentos Imobiliários Ltda.	**99.99**	**0.01**	99.99	0.01	99.99	0.01
Onco D'Or Oncologia S.A.	**100.00**	**-**	100.00	-	100.00	-
Osby RJ Participações Ltda. (d)	**-**	**100.00**	-	-	-	-
Cidreira RJ Participações Ltda. (d)	**-**	**100.00**	-	-	-	-
Estância Velha RJ Participações Ltda. (d)	**-**	**100.00**	-	-	-	-
Jenner S.A. (f)	**-**	**75.00**	-	-	-	-
Oncoholding Participações S.A. (c) (formerly recognized by the equity pickup method)	**50.00**	**37.50**	-	50.00	-	50.00
Oncologia D'Or S.A.	**5.34**	**78.36**	-	50.00	-	50.00
Instituto Onco e Radio São Pellegrino Ltda.	**-**	**83.70**	-	-	-	-
CEHON - Centro de Hematologia e Oncologia Ltda.	**-**	**32.56**	-	-	-	-
Centro Diagnóstico NSL S.A.	**98.43**	**-**	95.92	-	95.92	-
Maxclínicas Clínicas e Diagnósticos Ltda.	**100.00**	**-**	100.00	-	100.00	-
Diagnolab Exames Complementares Ltda.	**99.99**	**0.01**	99.99	0.01	99.99	0.01
Centro Hospitalar São Marcos S.A.	**100.00**	**-**	100.00	-	100.00	-
Instituto Oncológico de Pernambuco Ltda. ("IOPE")	**100.00**	**-**	100.00	-	100.00	-
Esperança Serviços Médicos e de Diagnósticos S.A.	**-**	**100.00**	-	100.00	-	100.00
Santa Luzia Assistência Médica S.A. ("SLAM")	**100.00**	**-**	100.00	-	100.00	-
Hospital IFOR S.A. ("IFOR")	**100.00**	**-**	100.00	-	-	-
Hospital Fluminense S.A. (c) (formerly recognized by the equity pickup method)	**100.00**	**-**	50.00	-	50.00	-
Onco ABC Serviços Médicos Ltda. (c) (formerly recognized by the equity pickup method)	**73.50**	**-**	-	50.00	-	50.00
JLD Borducchi Ltda. (c) (formerly recognized by the equity pickup method)	**73.50**	**-**	-	50.00	-	50.00
Cardial Serviços Médicos Ltda. (c) (formerly recognized by the equity pickup method)	**73.50**	**-**	-	50.00	-	50.00
ONCORAD - Serviços de Radioterapia Ltda. (c) (formerly recognized by the equity pickup method)	**0.01**	**73.49**	-	50.00	-	50.00
Hospital Villa-Lobos Ltda. (c)	**100.00**	**-**	-	-	-	-
Unidade de Radiologia Clínica Ltda. ("URC")	**72.00**	**-**	72.00	-	72.00	-
Instituto de Ultrasonografia Médica Ltda. ("IUSM")	**72.00**	**-**	72.00	-	72.00	-
Laboratório Análises Clínicas - Labvivalle Ltda.	**51.00**	**-**	51.00	-	51.00	-
Norte D'Or Participações S.A.	**100.00**	**-**	100.00	-	100.00	-
Hospital Norte D'Or de Cascadura S.A ("Norte D'Or")	**-**	**70.00**	-	70.00	-	70.00
Proncordis Pronto Atendimento Cardiológico Ltda.	**1.69**	**93.95**	-	-	-	-
Hospital e Maternidade Bartira S.A. (c)	**100.00**	**-**	-	-	-	-
Café Verde da Quinta Ltda.	**100.00**	**-**	100.00	-	100.00	-
D'Or Trading Importação Ltda.	**100.00**	**-**	-	-	-	-
IFOR Empreendimentos Imobiliários S.A. (former Park D'Or)	**100.00**	**-**	-	-	-	-
OPUNER do Brasil Ltda.	**99.99**	**0.01**	99.99	0.01	99.99	0.01
Medise Medicina Diagnóstico e Serviços S.A. ("Medise")	**87.82**	**10.18**	85.34	10.18	85.34	10.18
Assunção Emp. Imobiliários Ltda.	**100.00**	**-**	-	-	-	-
JM01 Emp. Imobiliários S.A. (incorporated in 2015 - without operations)	**99.99**	**0.01**	-	-	-	-
JM02 Emp. Imobiliários Ltda. (organized in 2015)	**99.99**	**0.01**	-	-	-	-
RDSL Empreendimentos Imobiliários S.A. (incorporated in 2015 - without operations)	**100.00**	**-**	-	-	-	-
Rede D'Or São Luiz Soluções Saúde e Segurança	**65.00**	**-**	65.00	-	65.00	-
JTO Holding S.A.	**50.01**	**-**	-	-	-	-
JTO-Fundadores Participações Ltda.	**10.00**	**40.01**	-	-	-	-
D'Or Consultoria Corretagem, Seguros e Benefícios	**-**	**50.01**	-	-	-	-
Hospital Santa Helena S.A. (c)	**14.79**	**83.78**	-	-	-	-
Villa Lobos Empreendimentos Imobiliários S.A.	**99.99**	**0.01**	-	-	-	-
Campinas Empreendimentos Imobiliários S.A.	**99.99**	**0.01**	-	-	-	-
Tijuca Empreendimentos Imobiliários S.A.	**99.99**	**0.01**	-	-	-	-

2. Basis of preparation and presentation and summary of significant accounting practices (Continued)

	Interest held (%)					
	12/31/2015		12/31/2014		12/31/2013	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
Entities consolidated by the equity pickup method (b)						
Acreditar Oncologia S.A.	**50.00**	**-**	50.00	-	50.00	-
COB - Clínicas Oncológicas do Brasil Ltda.	**-**	**50.00**	-	50.00	-	50.00
Instituto Brasiliense de Oncologia Clínica Ltda.	**-**	**35.00**	-	35.00	-	35.00
Fujidayclinic Ltda.	**-**	**25.00**	-	25.00	-	25.00
IPEC - Instituto de Pesquisa e Ensino CEON Ltda.	**-**	**99.99**	-	99.99	-	99.99
Em Frente Distribuição, Manipulação E Nutrição Ltda.	**-**	**50.00**	-	50.00	-	50.00
Acreditar Tocantins Oncologia S.A.	**-**	**25.00**	-	25.00	-	25.00
Centro Oncológico do Vale Ltda.	**-**	**50.00**	-	50.00	-	50.00
Instituto de Radioterapia do Vale do Paraíba Ltda.	**-**	**50.00**	-	50.00	-	50.00
Clínica de Oncologia Dr. Paulo Emilio Pinto Ltda.	**-**	**50.00**	-	50.00	-	50.00
JMJB Diagnósticos e Serviços Hospitalares S.A.	**50.00**	**-**	50.00	-	50.00	-
J Badim S.A. ("Hospital Badim")	**-**	**50.00**	-	50.00	-	50.00
Rede Lav Lavanderia Industrial Hospitalar Ltda. (e)	**-**	**-**	-	50.00	-	50.00
JR Bayão Locação de Equipamentos Médicos Ltda. (e)	**-**	**-**	-	50.00	-	50.00
EAH Administração Hospitalar Ltda.	**-**	**50.00**	-	50.00	-	50.00
Prontimagem Serviços Médicos Ltda.	**55.00**	**-**	55.00	-	50.00	-
Lithocenter S.A.	**45.90**	**-**	45.90	-	45.90	-

(a) This includes hospitals São Luiz Itaim, São Luiz Morumbi, São Luiz Anália Franco, Copa D'Or, Quinta D'Or, Caxias D'Or, Brasil, Assunção, Prontolinda, Joari, Realcordis, HGB, HCB, Rio de Janeiro, Vivalle, Hospital Santa Luzia, Hospital do Coração, Sinisgalli, Hospital Nossa Senhora de Lourdes, Hospital da Criança and Sino Brasileiro Serviços Hospitalares S.A (acquired and merged in 2015).
(b) Jointly-controlled entities recognized by the equity pickup method.
(c) Control acquired in the first half of 2015, as detailed in Note 3.
(d) Companies acquired in the first half of 2015, with a single material asset, to wit, direct investment in Jenner S.A. and indirect investment in Oncologia D'Or S.A.
(e) Spun-off or transferred investment, or non-existing company.
(f) Indirect subsidiary in virtue of 75% interest equally held by Osby RJ Participações Ltda., Cidreira RJ Participações Ltda. and Estância Velha RJ Participações Ltda.

a) Basis of consolidation

The financial statements include information of the Company and its subsidiaries described above. The consolidation process of balance sheet and profit and loss accounts reflects the aggregate of the balances of assets, liabilities, income and expenses, according to their nature, together with the following adjustments:

- Significant transactions among consolidated companies are eliminated.
- Balances of asset and liability accounts held among consolidated companies are eliminated.
- Non-controlling interests are segregated from consolidated equity and profit or loss.

All consolidated companies have the same fiscal year and the same accounting practices as those of the parent company.

2. Basis of preparation and presentation and summary of significant accounting practices (Continued)

b) Business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition-date fair value, and the value of any non-controlling interests in the acquiree. For each business combination, the acquirer should measure the non-controlling interest in the acquiree at fair value or based on its participation in the identified net assets of acquiree. Direct attributable acquisition costs incurred are expensed.

Upon acquiring a business, the Company assesses financial assets and liabilities assumed so as to classify them and allocate them in accordance with contractual terms, economical circumstances and relevant conditions on acquisition date, which includes segregating, by the acquiree, embedded derivatives existing in host contracts in the acquired company.

If the business combination is achieved in stages, the previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Goodwill is initially measured as the excess of the consideration transferred over the net assets acquired (identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit and loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the cost of the operation when determining the gain or loss on disposal.

2. Basis of preparation and presentation and summary of significant accounting practices (Continued)

c) Financial instruments

The Company's non-derivative financial instruments are represented by cash and cash equivalents, marketable securities, accounts receivable, proceeds from disposal of properties, judicial deposits, derivatives, trade accounts payable, loans and financing, debentures, salaries and provisions, and accounts payable for acquisitions. Financial instruments are initially recorded at fair value, plus transaction costs directly attributable to their acquisition or issue, except for financial assets and liabilities classified under the "at fair value through profit or loss" category, whereupon such costs are posted directly to profit or loss for the year. These financial instruments are subsequently measured at each financial statements closing date according to their classification into the following financial assets and liabilities categories:

(i) *Financial assets measured at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if acquired to be sold in the short term. Gains and losses on liabilities held for trading are recognized in profit or loss.

(ii) *Investments held to maturity*

Financial assets with fixed or determinable payments and fixed maturities, which the Company has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are measured at amortized cost using the effective interest method, less impairment. Interest income is recognized using the effective interest method. The Company does not have held-to-maturity investments.

(iii) *Loans and receivables*

After their initial recognition, interest-bearing loans and receivables are subsequently measured at amortized cost, using the effective interest method. Gains and losses are recognized in the income statement when assets and liabilities are derecognized, as well as through the amortization process by the effective interest method.

2. Basis of preparation and presentation and summary of significant accounting practices (Continued)

c) Financial instruments (Continued)

Financial assets and liabilities are described by category in Note 27. The accounting treatment and presentation of the Company's main financial assets and liabilities are summarized below:

Cash and cash equivalents

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investing or any other purposes. The Company considers cash equivalents a short-term investment readily convertible into a known cash amount and subject to insignificant risk of change in value. Therefore, an investment usually qualifies as a cash equivalent when it has short-term maturity, e.g., three months or less, from the date it is taken out.

Marketable securities

The Company classifies its short-term investments as held for trading, considering the purpose for which the investment was acquired.

Short-term investments held for trading are measured at fair value. Interest and monetary adjustments, if any, are recognized in the income statement when incurred.

Accounts receivables

These are stated at their estimated realizable values, net of present value adjustment and of the allowance for doubtful accounts (as applicable).

Financial liabilities

Loans, financing and debentures are initially measured at fair value net of incurred transaction costs, and subsequently measured at amortized cost under the effective interest method.

Current and noncurrent liabilities are stated at known or estimable amounts plus, where applicable, related charges and monetary restatements and/or exchange fluctuations incurred through the balance sheet date.

2. Basis of preparation and presentation and summary of significant accounting practices (Continued)

c) Financial instruments (Continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognized (i.e., removed from profit or loss for the year) mainly when:

- The rights to receive cash flows from the asset have expired.

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive the cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset.

Impairment of financial assets

At each balance sheet date, the Group assesses whether there is any objective evidence indicating impairment of a financial asset or group of financial assets. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors are experiencing significant financial difficulty. The probability that they will enter bankruptcy or other financial reorganization, default or delinquency in interest or principal payments may be indicated by a measurable decrease in the estimated future cash flows, such as changes in maturity or economic conditions that correlate with *defaults*.

2. Basis of preparation and presentation and summary of significant accounting practices (Continued)

c) Financial instruments (Continued)

Derecognition (Continued)

Derivative financial instruments

Derivative financial instruments designated in hedge transactions are recognized at fair value on the date on which the contract is entered into and are subsequently measured at fair value at year-end. Derivatives are carried as financial assets when the instrument's fair value is positive and as financial liabilities when fair value is negative. Any gains or losses deriving from changes in fair value of derivatives during the year are directly recorded in the income statement.

d) Revenue and cost recognition

Transaction revenues, costs and expenses are recognized on an accrual basis.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, i.e. upon rendering of medical services. Revenue is measured at fair value of the consideration received, net of sales discounts, rebates, and related taxes or charges. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent, and eventually concluded that it is acting as a principal in all of its revenue arrangements.

e) Current and noncurrent assets and liabilities

Assets are classified as current when they are realizable within the following twelve months. Current and noncurrent liabilities are stated at amounts for which they will be settled, considering each balance sheet date, including interest provisioned, monetary and exchange gain/losses, in accordance with the contractual conditions.

f) Inventories

Inventories comprise hospital materials and medicines and are measured at average acquisition cost, not exceeding market value. Provisions for slow-moving inventory items or for obsolescence are set up whenever deemed necessary by management.

2. Basis of preparation and presentation and summary of significant accounting practices (Continued)

g) Property and equipment

Property and equipment are measured at acquisition or construction cost, less accumulated depreciation calculated by using the straight-line method based on the estimated useful lives of assets. Expenses with repair and maintenance that do not increase the asset useful life are recognized as expenses when incurred.

Management annually reviews the net carrying amount of assets so as to assess events or changes in economic, operating or technological circumstances which may indicate impairment. When such evidence is identified, and net carrying amount exceeds recoverable amount, a provision for impairment is set up to adjust the net carrying amount to the recoverable amount. Finance lease payments are allocated to financial charges and finance lease payment reduction, so as to obtain a constant interest rate on remaining lease liability. Financial charges are recognized in the income statement.

Those leased items are depreciated over their useful lives or, when the Company is reasonably sure to obtain ownership at the end of the lease term, the leased item is depreciated over the lease agreement term, whichever is earlier.

Operating leases are those whose risks and rewards are not transferred to the lessee, and costs are recognized in profit or loss on an accrual basis, as the asset item is used. Differences between amounts effectively paid and those expensed in profit or loss are recognized as prepaid expenses or provisioned in the balance sheet.

i) Intangible assets

Intangible assets acquired separately are measured at cost upon their initial recognition. Cost of intangible assets acquired in a business combination corresponds to fair value at the acquisition date. After initial recognition, intangible assets are stated at cost less accumulated amortization and impairment losses.

The useful life of an intangible asset is rated either as finite or indefinite.

2. Basis of preparation and presentation and summary of significant accounting practices (Continued)

i) Intangible assets (Continued)

Intangible assets with finite useful lives are amortized over their economic useful lives and tested for impairment whenever there is any indication thereof. The amortization period and method for an intangible asset with a finite useful life are reviewed at least at year-end. Changes in the estimated useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization charges on finite-lived intangible assets are recognized in the income statement in the expense category consistent with the use of the intangible asset.

Intangible assets with indefinite useful lives are not amortized, but are submitted to annual impairment tests, either individually or based on the relevant Cash-Generating Unit (CGU). Indefinite useful life assessment is reviewed annually to determine whether such assessment continues to be justified. Otherwise, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains and losses arising from write-off of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and classified in the income statement on disposal.

j) Provisions

Provisions are recognized when there is a present (legal or constructive) obligation arising from a past event, the settlement of which is likely to require an outflow of economic benefits, and its amount can be reliably measured. When the Company expects that the amount of a provision will be refunded, whether in full or in part, the refund is recognized as a separate asset, but only when the refund is virtually certain. Expenses related to any provision are stated in the income statement, net of any reimbursements.

The Company is party to several legal and administrative proceedings. The provision for contingencies is set up for legal claims in connection with which an outflow of funds for settlement is probable and the amount can be estimated reliably. Assessment of the likelihood of loss includes analysis of available evidence, the hierarchy of laws, available case law, the most recent court decisions and their relevance in the legal system, as well as the opinion of outside legal advisors. Provisions are reviewed and adjusted considering changes in existing circumstances, such as the applicable statutes of limitation, tax audit conclusions, or additional exposures identified based on new matters or court decisions.

2. Basis of preparation and presentation and summary of significant accounting practices (Continued)

k) Taxes

Current income and social contribution taxes

Income taxes comprise both income and social contribution taxes. Income tax is computed at the rate of 15% on taxable profit, plus surtax of 10% on taxable profit exceeding R$240 over 12 months, whereas social contribution tax is computed at the rate of 9% on taxable profit, both recognized on an accrual basis, therefore additions to book income deriving from temporarily non-deductible expenses or exclusions from temporarily non-taxable profit upon determination of current taxable profit generate deferred tax assets or liabilities.

Current income and social contribution taxes are stated net, by entity, in liabilities when there are amounts payable, or in assets when prepaid taxes exceed total due as of the financial statements date.

Deferred taxes

Deferred taxes arise from temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognized on all temporary tax differences, except:

- When a deferred tax liability arises upon initial recognition of goodwill or of an asset or liability in a transaction other than a business combination and, at the transaction date, has no impact on book income or tax income (loss).

- On temporary differences related to investments in subsidiaries, when the period for reversal of such differences can be controlled and the temporary differences are not likely to be reversed in the near future.

2. Basis of preparation and presentation and summary of significant accounting practices (Continued)

k) Taxes (Continued)

Deferred taxes (Continued)

Deferred tax assets are recognized for all deductible temporary differences, unused tax credits and losses, to the extent that taxable profit is likely to be available for realization of deductible temporary differences and unused tax credits and losses are likely to be used, except:

- When the deferred tax asset related to the deductible temporary difference is generated upon initial recognition of an asset or liability in a transaction other than a business combination and does not affect, at transaction date, the book income or tax income or loss.

- On deductible temporary differences with investments in subsidiaries. Deferred tax assets are only recognized to the extent that temporary differences are reversed in the near future and taxable profit is available for temporary differences to be used.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and written off, as taxable profit is no longer likely to allow deferred tax assets to be fully or partially used. Deferred tax assets written off are reviewed as of each balance sheet date, and recognized as future taxable profits are likely to allow such tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate likely to be applicable in the year in which the asset or the liability will be realized or settled, based on the tax rates (and tax law) in force at balance sheet date.

Deferred tax assets and liabilities are stated net if there is a legal or constructive right to offset tax assets against tax liabilities and the deferred taxes are related to the same taxable entity and subject to the same tax authority.

2. Basis of preparation and presentation and summary of significant accounting practices (Continued)

k) Taxes (Continued)

Taxes on revenue

Revenues, expenses and assets are recognized net of taxes on sales, except:

- When the sales taxes incurred on purchase of goods or services are not recoverable from tax authorities, in which case the sales taxes are recognized as part of acquisition cost of the asset or expense item, as applicable.
- When amounts receivable and payable are stated together with sales taxes.
- When net sales taxes, either recoverable or payable, are included as components of amounts receivable or payable in the balance sheet.

l) Present value adjustment of assets and liabilities

Noncurrent monetary assets and liabilities are monetarily restated, and therefore adjusted to their present value. Present value adjustment of current monetary assets and liabilities is calculated, and only recorded, if it is considered significant in relation to the overall financial statements.

m) Share-based payment

Share-based payment to Company executives is measured and recognized at fair value as of the date options are granted, in a specific equity and profit or loss account, as contractual conditions are met. The cost of transactions settled in shares is recognized, over the year in which performance and/or conditions are fulfilled, ending on the date the employee becomes entitled to premium (vesting date). The cumulative expense recognized through the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of shares to be acquired.

2. Basis of preparation and presentation and summary of significant accounting practices (Continued)

m) Share-based payment (Continued)

When an award that is settled with equity instruments is canceled, it is treated as if it had vested on the cancellation date, and any unrecognized expense in relation to the award is immediately recognized. This includes any premium in which non-acquisition conditions within the control of the Company or the other party are not met. However, if a new plan replaces the plan canceled, and is designated as a substitute plan on grant date, the plan canceled and the new plan are treated as a change in the original plan.

n) Treasury shares

These are own equity instruments that were reacquired (treasury stock), recognized at cost, less equity. No gains or losses are recognized in profit or loss upon purchase, sale, issue or cancellation of the Company's own equity instruments.

o) Cash flow statements

Cash flow statements were prepared using the indirect method and are presented in accordance with CPC 03 (R2).

p) Statements of value added

The Company prepares individual and consolidated Statements of Value Added pursuant to technical standard CPC 09 - Statement of Value Added. These statements are shown as part of the financial statements as required by Brazilian Corporate Law for publicly-held companies, and as supplementary information for privately-held companies; the IFRS do not require disclosure of the Statements of Value Added.

q) Segment information

The Company only operates in the hospital segment and, therefore, presents no segment reporting.

2. Basis of preparation and presentation and summary of significant accounting practices (Continued)

r) Earnings per share

Basic earnings per share are computed by dividing net income by the weighted average number of outstanding shares for the year.

Diluted earnings per share are calculated by dividing net income attributed to holders of Company common shares - after adjustments to the share option plan, as described in Note 18 (e), as described in Note 18 (d) - by the weighted average number of Company common shares available in the year, plus the weighted average number of common shares that would be issued when converting all potential diluted common shares into common shares.

s) Significant accounting judgments, estimates and assumptions

Judgments

Preparing the Company's consolidated financial statements requires that management make judgment and estimates and adopt assumptions that affect those figures reported as revenues, expenses, assets and liabilities, as well as contingent-liability disclosures, as of the financial statements date. Nevertheless, uncertainty associated with those estimates and assumptions could lead to results that would require significant adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

Significant assumptions concerning sources of uncertainty in future estimates and other important sources of uncertainty in estimates at the balance sheet date, involving significant risk of causing a material adjustment to the carrying amount of the assets and liabilities in the next financial year are discussed below:

Allowance for doubtful accounts and disallowances

The allowances for doubtful accounts and for disallowances are presented reducing the balance of accounts receivable being recognized for an amount considered by management to be sufficient to cover any losses on the realization of this balance, considering the individual risk of the portfolios.

2. Basis of preparation and presentation and summary of significant accounting practices (Continued)

s) Significant accounting judgments, estimates and assumptions (Continued)

Estimates and assumptions (Continued)

Fair value of financial instruments

When the fair value of financial assets and liabilities in the balance sheet cannot be obtained in active markets, it shall be determined through valuation techniques, including the discounted cash flow method. The data for these methods is based on the market, whenever possible. However, when not feasible, a certain level of judgment is required to establish the fair value.

Judgment includes consideration of the inputs used, such as liquidity risk, credit risk and volatility.

Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Useful lives of property and equipment and intangible assets

Depreciation or amortization of property and equipment and intangible assets considers management's best estimate on the use of these assets during operations. Changes in the economic scenario and/or consumer market may require that the estimated useful lives be reviewed.

Impairment of non-financial assets

Management reviews net carrying amount of assets at least annually to assess events or changes in economic, operating or technological circumstances that may indicate deterioration or impairment. When such evidence is identified and net carrying amount exceeds recoverable amount, a provision for impairment is set up by adjusting net carrying amount to the recoverable amount.

The recoverable amount of an asset or a cash generating unit is defined as the higher of value in use and fair value less costs to sell. In the case of the Company, the evaluation considered each of its hospitals as a cash generating unit

2. Basis of preparation and presentation and summary of significant accounting practices (Continued)

s) Significant accounting judgments, estimates and assumptions (Continued)

Estimates and assumptions (Continued)

Impairment of non-financial assets (Continued)

Upon estimation of the asset's value in use, the estimated future cash flows are discounted to their present value, using a discount rate before taxes that reflects the weighted average cost of capital for the segment where the cash-generating unit operates. Fair value less costs of disposal is determined, whenever possible, based on a firm sales agreement in an arm's length transaction, between knowledgeable and willing parties, after deducting the costs of disposal, or, when a firm sales agreement does not exist, based on market price in an active market, or on price of the most recent transaction with similar assets.

This criterion is also applied to evaluate impairment of intangible assets with indefinite useful lives, which are tested for impairment at December 31 of each year, either individually or at the CGU level, as applicable or when circumstances indicate that the carrying amount may be impaired. When such evidence is identified and net carrying amount exceeds recoverable amount, a provision for impairment is set up to adjust the net carrying amount to the recoverable amount, as applicable.

Income and social contributions taxes

Deferred income and social contribution tax assets are recognized insofar as taxable profit is likely to be available for temporary differences to be used and tax losses to be offset. Recovery of deferred tax assets is reviewed at each year end and, when taxable profit is no longer likely to be available for total or partial asset recovery, the asset balance is adjusted to the amount expected to be recovered.

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

2. Basis of preparation and presentation and summary of significant accounting practices (Continued)

s) Significant accounting judgments, estimates and assumptions (Continued)

Estimates and assumptions (Continued)

Provision for contingencies

The Company recorded a provision, which involves considerable management judgment, for tax, labor and civil contingencies which, as a result of a past event, is likely to generate an outflow of economic benefits for settlement thereof, and whose amount can be reliably estimated. The Company is also subject to legal, civil and labor claims covering matters arising from its normal course of business.

Assessment of the likelihood of loss includes analysis of available evidence, the hierarchy of laws, available case law, the most recent court decisions and their relevance in the legal system, as well as the opinion of external legal advisors. Provisions are reviewed and adjusted to take into consideration changes in circumstances, such as applicable statute barring period, conclusion of tax audits or additional exposures identified based on new matters or court decisions. Actual results could differ from those estimates. The grounds for and nature of the provision for contingencies are mentioned in Note 16.

Settlement of transactions involving those estimates may result in amounts significantly different from those recorded in the financial statements due to the uncertainties inherent in their estimate process. The Company reviews its estimates and assumptions at least on an annual basis.

t) Pronouncements issued, but not yet effective at December 31, 2015

The standards and interpretations issued, applicable to the Group, but not yet adopted through to the date of these financial statements are set out below:

2. Basis of preparation and presentation and summary of significant accounting practices (Continued)

t) Pronouncements issued, but not yet effective at December 31, 2015 (Continued)

IFRS 9 - Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 - Financial Instruments, which reflects all financial instruments project phases and replaces IAS 39 - Financial Instruments: Recognition and measurement, and previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

IFRS 15 - Revenue from contracts with customers

Issued in May 2014, this standard establishes a new five-phase model to recognize revenue from contracts with customers. Under IFRS 15, revenues are recognized in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the transfer of goods or services to a customer. IFRS 15 principles comprise a more structured approach to measure and recognize revenue. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018, with early adoption permitted. There is no equivalent standard in Brazil.

Management does not believe these standards will significantly impact its financial statements.

IFRS 16 - Leases

This standard will replace IAS 17 - "Leases" and corresponding interpretations, and is intended to unify the accounting method adopted for leases, requiring that lessees recognize all lease agreements as assets/liabilities. Certain agreements with termination expected within twelve months or whose amount is immaterial me be left out of the scope. This standard will be effective as from January 1, 2019.

Management is assessing the impact of applying this standard.

3. Business combination

Acquisitions in 2015

Hospital Fluminense S.A.

On February 1, 2015, the Group acquired 700,000 shares of Hospital Fluminense S.A., corresponding to the remaining 50% of its capital, a privately-held company operating Niterói D'Or hospital, located in the city of Niterói, state of Rio de Janeiro. The Company was already a joint controlling shareholder of the Hospital and became its controlling shareholder by means of the acquired remaining interest.

Total consideration transferred amounted to R$700, divided into four (4) consecutive monthly installments.

As provided for by accounting pronouncement CPC 15 - Business combinations, the Company assessed its prior shareholding interest at fair value and recorded the corresponding gain at the controlling interest acquisition date, as follows:

	At acquisition date
Prior shareholding interest at fair value	**700**
Prior shareholding interest at carrying amount (50%)	**(4,715)**
Gain on phased business combination	**5,415**
Deferred income and social contribution taxes	**(1,841)**
Net gain on phased business combination (Note 24)	**3,574**

The gain presented above was classified as Other operating income in the income statement.

3. Business combination (Continued)

Acquisitions in 2015 (Continued)

Hospital Fluminense S.A. (Continued)

As required by IFRS3/CPC15, allocations made and goodwill on the acquisition are as follows:

	At acquisition date
Assets	
Cash and banks	**2,616**
Accounts receivable	**6,148**
Property and equipment	**12,205**
Other	**4,599**
	25,568
Liabilities	
Personnel liabilities	**(2,304)**
Current account with related companies	**(21,100)**
Other	**(11,422)**
	(34,826)
Total identifiable assets, net	**(9,258)**
Total consideration	**700**
Fair value of 50% of net assets at the date control was obtained	**700**
Goodwill on acquisition (Note 10)	**10,658**

From acquisition date, Hospital Fluminense contributed to the Group with R$61,163 in revenue and R$3,734 pre-tax income. Had the business combination taken place at the beginning of the year, Hospital Fluminense would have contributed to the Group with R$73,396 in revenue and R$4,481 pre-tax income.

Hospital Villa-Lobos Ltda.

On February 12, 2015, the Group acquired all the units of interest of Hospital Villa-Lobos Ltda. ("Villa-Lobos"), a privately-held company that operates a hospital in São Paulo.

Total consideration transferred amounted to R$123,471, fully paid at the transaction date.

3. Business combination (Continued)

Acquisitions in 2015 (Continued)

Hospital Villa-Lobos Ltda. (Continued)

As required by IFRS3/CPC15, allocations made and goodwill on the acquisition are as follows:

	At acquisition date
Assets	
Cash and banks	**11,613**
Accounts receivable	**10,554**
Intercompany current account	**7,445**
Inventories	**2,482**
Deferred taxes	**14,087**
Property and equipment	**9,184**
Other	**1,289**
	56,654
Liabilities	
Trade accounts payable	**(4,446)**
Personnel liabilities	**(4,239)**
Loans and financing	**(48,790)**
Provision for contingencies	**(1,865)**
Other	**(3,061)**
	(62,401)
Total identifiable assets, net	**(5,747)**
Total consideration	**123,471**
Goodwill on acquisition (Note 10)	**129,218**

From acquisition date, Villa-Lobos contributed to the Group with R$148,634 in revenue and R$32,499 pre-tax income. Had the business combination taken place at the beginning of the year, Villa-Lobos would have contributed to the Group with R$162,146 in revenue and R$35,453 pre-tax income.

3. Business combination (Continued)

Acquisitions in 2015 (Continued)

Sino Brasileiro Serviços Hospitalares S.A.

On February 13, 2015, the Group acquired all shares of Sino Brasileiro Serviços Hospitalares S.A. ("Sino Brasileiro"), a privately-held company operating a hospital in the city of Osasco. Total consideration transferred amounted to R$345,915, fully paid at the transaction date.

As required by IFRS3/CPC15, allocations made and goodwill on the acquisition are as follows:

	At acquisition date
Assets	
Cash and banks	**58,515**
Accounts receivable	**14,023**
Deferred taxes	**18,445**
Property and equipment	**16,755**
Other	**3,609**
	111,347
Liabilities	
Trade accounts payable	**(3,589)**
Personnel liabilities	**(2,589)**
Provision for contingencies	**(3,547)**
Other	**(867)**
	(10,592)
Total identifiable assets, net	**100,755**
Total consideration	**345,915**
Goodwill on acquisition (Note 10)	**245,160**

From acquisition date, Sino Brasileiro contributed to the Group with R$152,754 in revenue and R$38,486 pre-tax income. Had the business combination taken place at the beginning of the year, Sino Brasileiro would have contributed to the Group with R$166,641 in revenue and R$41,985 pre-tax income.

3. Business combination (Continued)

Acquisitions in 2015 (Continued)

Cardial Serviços Médicos S.A./Onco ABC Serviços Médicos S.A./JLD Borducchi S.A.

At March 31, 2015, the Group acquired 23.5% more shareholding interest of the privately-held companies Cardial Serviços Médicos S.A. ("Cardial"), Onco ABC Serviços Médicos S.A. ("Onco ABC") and JLD Borducchi S.A. ("JLD"). Thus, the Group holds 73.5% shareholding interest in these companies, which operate an oncology service clinic located in São Paulo Total consideration transferred amounted to R$16,939, fully paid at the transaction date. The Company was already a joint controlling shareholder of the Hospital and became its controlling shareholder by means of the acquired remaining interest.

As provided for by accounting pronouncement IFRS3/CPC 15 - Business combinations, the Company assessed its prior shareholding interest at fair value and recorded the corresponding gain at the controlling interest acquisition date, as follows:

	At acquisition date
Prior shareholding interest at fair value	**36,040**
Prior shareholding interest at carrying amount (50%)	**17,209**
Gain on phased business combination	**18,831**
Deferred income and social contribution taxes	**(6,403)**
Net gain on phased business combination (Note 24)	**12,428**

The gain presented above was classified as Other operating income in the income statement.

3. Business combination (Continued)

Acquisitions in 2015 (Continued)

Cardial Serviços Médicos S.A./Onco ABC Serviços Médicos S.A./JLD Borducchi S.A. (Continued)

As required by IFRS3/CPC15, allocations made and goodwill on the acquisition are as follows:

	At acquisition date
Assets	
Cash and banks	**14,848**
Accounts receivables	**4,783**
Property and equipment	**107**
Other	**6,948**
	26,686
Liabilities	
Trade accounts payable	**(2,499)**
Personnel liabilities	**(38)**
Other	**(4,243)**
	(6,780)
Total identifiable assets, net	**19,906**
Total consideration	**16,939**
Fair value of 50% of net assets at the date control was obtained	**36,040**
Non-controlling interest at fair value	**19,101**
Goodwill on acquisition (Note 10)	**52,174**

From acquisition date, Cardial, JLD e Onco ABC contributed to the Group with R$38,378 in revenue and R$8,411 pre-tax income. Had the business combination taken place at the beginning of the year, Cardial, JLD e Onco ABC would have contributed to the Group with R$54,166 in revenue and R$11,215 pre-tax income.

Oncoholding Participações S.A./Oncologia Rede D'Or S.A.

On May 7, 2015, Rede D'Or, by means of its wholly owned subsidiary Onco D'Or Oncologia S.A., acquired 37.5% of the capital of Oncoholding Participações S.A. ("Oncoholding"), which holds 89.52% of the capital of Oncologia Rede D'Or S.A., thus holding 87.5% of the capital of Oncoholding.

The total amount of the operation was R$64,500, of which R$36,000 was paid at contract date, and the remaining R$28,500 will be paid in five years after contract date, restated at CDI rate, as of closing date.

3. Business combination (Continued)

Acquisitions in 2015 (Continued)

Oncoholding Participações S.A./Oncologia Rede D'Or S.A. (Continued)

As provided for by accounting pronouncement CPC 15 - Business combinations, the Company assessed its prior shareholding interest at fair value and recorded the corresponding gain at the controlling interest acquisition date, as follows:

	At acquisition date
Prior shareholding interest at fair value	**86,000**
Prior shareholding interest at carrying amount (50%)	**43,751**
Gain on phased business combination	**42,249**
Deferred income and social contribution taxes	**(14,365)**
Net gain on phased business combination (Note 24)	**27,884**

The gain presented above was classified as Other operating income in the income statement.

3. Business combination (Continued)

Acquisitions in 2015 (Continued)

Oncoholding Participações S.A./Oncologia Rede D'Or S.A. (Continued)

As required by IFRS3/CPC15, allocations made and goodwill on the acquisition are as follows:

	At acquisition date
Assets	
Cash and banks	**8,169**
Accounts receivable	**42,510**
Inventories	**3,779**
Taxes recoverable	**4,867**
Property and equipment	**14,262**
Other	**7,354**
	80,941
Liabilities	
Trade accounts payable	**(11,749)**
Tax liabilities	**(5,160)**
Personnel liabilities	**(3,664)**
Tax payment in installments	**(5,216)**
Current account with related companies	**(13,507)**
Deferred taxes	**(16,865)**
Other	**(33,044)**
	(89,205)
Total identifiable assets, net	**(8,264)**
Total consideration	**64,500**
Fair value of 50% of net assets at the date control was obtained	**86,000**
Non-controlling interest at fair value	**21,500**
Goodwill on acquisition (Note 10)	**180,264**

From acquisition date, Oncoholding/Oncologia contributed to the Group with R$148,511 in revenue and R$35,260 pre-tax income. Had the business combination taken place at the beginning of the year, Oncoholding/Oncologia would have contributed to the Group with R$214,055 in revenue and R$46,487 pre-tax income.

3. Business combination (Continued)

Acquisitions in 2015 (Continued)

Hospital e Maternidade Bartira Ltda.

On May 15, 2015, the Group acquired all units of interest of Hospital e Maternidade Bartira Ltda. ("Bartira"), a privately-held entity that operates a hospital in Santo André.

Total consideration transferred was R$118,365, of which R$89,073 were paid at the acquisition date, and the remaining R$29,292 will be paid in five years, restated at CDI rate, as of closing date. There are also assets to be indemnified by former members amounting to R$29,292, which results in final consideration of R$89,073.

As required by IFRS3/CPC15, allocations made and goodwill on the acquisition are as follows:

	At acquisition date
Assets	
Accounts receivable	**11,646**
Indemnification assets	**29,292**
Deferred taxes	**25,568**
Property and equipment	**25,042**
Other	**2,498**
	94,046
Liabilities	
Trade accounts payable	**(9,829)**
Loans and financing	**(6,794)**
Tax liabilities	**(16,284)**
Provision for contingencies	**(43,542)**
Other	**(6,457)**
	(82,906)
Total identifiable assets, net	**11,140**
Total consideration	**118,365**
Goodwill on acquisition (Note 10)	**107,225**

From acquisition date, Bartira contributed to the Group with R$72,579 in revenue and R$10,298 pre-tax income. Had the business combination taken place at the beginning of the year, Bartira would have contributed to the Group with R$108,869 in revenue and R$15,447 pre-tax income.

3. Business combination (Continued)

Acquisitions in 2015 (Continued)

Hospital Santa Helena S.A.

On December 22, 2015, Rede D'Or São Luiz S.A. and JM02 Empreendimentos Imobiliários Ltda, wholly-owned subsidiary of Rede D'Or, acquired 98.57% voting capital of Hospital Santa Helena S.A. ("Santa Helena"), proportionally 14.79% and 83.78%, respectively. Santa Helena is a privately-held company that operates a hospital in Brasília.

Total consideration transferred amounted to R$331,204, fully paid at the transaction date.

The Group is evaluating the assets acquired and liabilities assumed at their fair values; therefore, the effects recorded are preliminary, as follows:

	At acquisition date
Assets	
Accounts receivable	**72,984**
Deferred taxes	**14,870**
Property and equipment	**317,850**
Other	**11,285**
	416,989
Liabilities	
Trade accounts payable	**(11,638)**
Loans and financing	**(8,087)**
Personnel liabilities	**(7,944)**
Tax liabilities	**(1,491)**
Current account with related companies	**(161,267)**
Provision for contingencies	**(14,206)**
Other	**(4,675)**
	(209,308)
Total identifiable assets, net	**207,681**
Total consideration	**331,204**
Goodwill on acquisition (Note 10)	**123,523**

Had the business combination taken place at the beginning of the year, Santa Helena would have contributed to the Group with R$140,435 in revenue and R$21,738 pre-tax income.

3. Business combination (Continued)

Acquisition in 2014

Hospital IFOR S.A.

On October 9, 2014, the Group acquired all of the shares in Hospital IFOR S.A. ("IFOR"), a privately-held company operating a hospital in São Bernardo do Campo.

Total consideration transferred amounted to R$84,699, including R$76,699 paid at the acquisition date and R$8,000 to be paid in 72 months from closing date, depending on the materialization of pre-acquisition existing contingencies.

As required by IFRS3/CPC15, allocations made and goodwill on the acquisition are as follows:

	At acquisition date
Assets	
Cash and banks	**1,408**
Accounts receivable	**6,516**
Property and equipment	**6,359**
Other	**6,222**
	20,505
Liabilities	
Trade accounts payable	**(3,715)**
Loans and financing	**(7,316)**
Personnel liabilities	**(2,105)**
Tax liabilities	**(3,820)**
Provision for contingencies	**(4,488)**
Other	**(86)**
	(21,530)
Total identifiable assets, net	**(1,025)**
Total consideration	**84,699**
Goodwill on acquisition (Note 10)	**85,724**

From acquisition date, Hospital IFOR contributed to the Group with R$19,589 in revenue and R$1,735 pre-tax income. Had the business combination taken place at the beginning of the year, Hospital IFOR would have contributed to the Group with R$80,514 in revenue and R$396 pre-tax income.

3. Business combination (Continued)

Acquisition in 2013

Hospital Norte D'or Cascadura S.A. ("Norte D'or")

On July 23, 2013, Rede D'Or acquired and merged with Norte D'Or Participações S.A., holder of 7,452,160 shares of Norte D'Or, corresponding to 35% of its capital, through issue of 171,286 new common shares of the Company, for R$35,902. Thus, Rede D'Or, became controlling shareholder of Hospital Norte D'Or with 70% shareholding interest therein.

The fair value of consideration paid in shares, in the amount of R$7,452, substantially represented the fair value of acquired net assets, with goodwill being generated from the transaction, as follows:

	At acquisition date
Assets	
Cash and banks	**8,240**
Accounts receivable	**13,640**
Deferred taxes	**2,549**
Property and equipment	**47,179**
Other	**3,258**
	74,866
Liabilities	
Trade accounts payable	**(2,572)**
Loans and financing	**(3,807)**
Debentures	**(29,615)**
Personnel liabilities	**(4,915)**
Other	**(12,666)**
	(53,575)
Total identifiable assets, net	**21,291**
Total consideration	**7,452**
Fair value of 50% of net assets at the date control was obtained	**35,902**
Non-controlling interest at fair value	**6,387**
Goodwill on acquisition (Note 10)	**28,450**

From acquisition date, Hospital Norte D'or contributed to the Group with R$51,162 in revenue and R$2,700 pre-tax income. Had the business combination taken place at the beginning of the year, Hospital Norte D'or would have contributed to the Group with R$93,104 in revenue and R$4,465 pre-tax income.

4. Cash and cash equivalents and marketable securities

	Company			Consolidated		
	12/31/2015	**12/31/2014**	**12/31/2013**	**12/31/2015**	**12/31/2014**	**12/31/2013**
Cash and cash equivalents						
Cash and banks	**76,149**	35,791	26,095	**94,763**	42,656	37,669
Short-term investments	**17,216**	2,251	31,693	**49,734**	12,526	51,853
Cash and cash equivalents	**93,365**	38,042	57,788	**144,497**	55,182	89,522
Marketable securities						
Non-exclusive investment funds	**646,720**	355,131	22,226	**822,157**	499,637	39,076
Repurchase agreements	**19,057**	181,095	629,877	**41,935**	230,001	749,834
Bank Deposit Certificates (CDBs)	**13,255**	83,477	10,534	**33,145**	119,008	80,232
Marketable securities	**679,032**	619,703	662,637	**897,237**	848,646	869,142

Short-term investments classified as marketable securities particularly refer to Bank Deposit Certificates (CDBs) and debentures with repurchase clauses, which are part of the "FIM CP Plataforma" boutique fund portfolio, issued by first-tier financial institutions, substantially remunerated based on 85% to 105% of Interbank Deposit Certificate (CDI) (85% to 105% in 2014).

Short-term investments classified as cash equivalents mature within three months days from the investment date, and the amounts classified as marketable securities refer to securities maturing after three months, held for trading.

5. Accounts receivable

Accounts receivable comprise receivables from health insurance/plan companies and individuals, as follows:

	Company			Consolidated		
	12/31/2015	**12/31/2014**	**12/31/2013**	**12/31/2015**	**12/31/2014**	**12/31/2013**
Accounts receivable from health insurance and health plans	**1,572,170**	1,217,720	928,048	**2,436,851**	1,607,140	1,196,555
Accounts receivable from individuals	**66,776**	56,103	65,406	**79,951**	61,382	73,584
Allowance for disallowances	**(122,348)**	(157,706)	(54,332)	**(298,683)**	(193,040)	(77,700)
Allowance for doubtful accounts	**(194,951)**	(142,749)	(102,057)	**(306,438)**	(208,243)	(143,158)
	1,321,647	973,368	837,065	**1,911,681**	1,267,239	1,049,281

5. Accounts receivable (Continued)

Changes in allowances

Management has a policy on allowance for doubtful accounts establishment for receivables overdue for more than 360 days. The allowance for disallowances is set up based on the history of receipts by health insurance/plan within the term of up to 360 days.

	Company			Consolidated		
	12/31/2015	**12/31/2014**	**12/31/2013**	**12/31/2015**	**12/31/2014**	**12/31/2013**
Balance at beginning of year	**(300,455)**	(156,389)	(65,483)	**(401,283)**	(220,858)	(100,294)
Recognition of allowance for disallowances	**(176,992)**	(212,585)	(135,994)	**(279,619)**	(250,449)	(182,335)
Write-off of uncollectible amounts	**211,921**	109,211	105,896	**256,829**	135,109	148,632
Set up (reversal) of allowance for doubtful accounts	**(22,677)**	(40,692)	(60,808)	**(15,991)**	(65,085)	(81,895)
Provision arising from company acquisitions	**(29,096)**	-	-	**(165,057)**	-	(4,966)
Balance at end of year	**(317,299)**	(300,455)	(156,389)	**(605,121)**	(401,283)	(220,858)

At December 31, the aging list of trade accounts receivable is as follows:

	Company								
			Overdue						
	Total	**Falling due**	**1 - 30 days**	**31 - 60 days**	**61 - 90 days**	**91 - 120 days**	**121 - 180 days**	**181 - 360 days**	**Over 360 days**
2015	**1,638,946**	**1,140,748**	**50,395**	**34,998**	**25,326**	**40,535**	**65,512**	**86,481**	**194,951**
2014	1,273,823	797,551	77,468	30,751	31,688	25,655	56,956	111,005	142,749
2013	993,454	595,082	83,819	35,705	32,630	22,615	37,262	84,284	102,057

	Consolidated								
			Overdue						
	Total	**Falling due**	**1 - 30 days**	**31 - 60 days**	**61 - 90 days**	**91 - 120 days**	**121 - 180 days**	**181 - 360 days**	**Over 360 days**
2015	**2,516,802**	**1,723,105**	**91,655**	**59,050**	**44,482**	**60,973**	**98,633**	**132,466**	**306,438**
2014	1,668,522	821,570	139,000	54,681	57,448	51,756	112,582	223,242	208,243
2013	1,270,139	706,091	123,061	49,276	43,074	30,679	50,331	124,469	143,158

6. Inventories

	Company			Consolidated		
	12/31/2015	**12/31/2014**	**12/31/2013**	**12/31/2015**	**12/31/2014**	**12/31/2013**
Medicines	**29,615**	21,501	16,514	**37,655**	27,607	21,395
Special materials	**27,011**	24,551	15,114	**41,367**	31,967	21,429
Disposable materials	**23,690**	18,350	11,566	**28,727**	22,145	14,414
Bracing and prosthetic	**582**	3,545	10,552	**718**	4,857	11,263
Materials for use and consumption	**7,508**	7,757	5,595	**9,762**	10,250	6,953
Food items	**1,250**	2,227	1,998	**1,542**	3,443	2,309
Dressing room materials	**2,237**	1,345	1,637	**4,889**	1,732	2,035
Surgical sutures	**1,761**	1,589	1,139	**2,237**	1,992	1,540
Other	**3,686**	2,022	2,593	**6,641**	2,694	2,978
	97,340	82,887	66,708	**133,538**	106,687	84,316

7. Related parties

Related-party balances

	Company											
	12/31/2015				12/31/2014				12/31/2013			
Companies	Current assets	Noncurrent assets	Noncurrent liabilities	Profit or loss	Current assets	Noncurrent assets	Noncurrent liabilities	Profit or loss	Current assets	Noncurrent assets	Noncurrent liabilities	Profit or loss
Debentures - Norte D'Or (a)	**33,701**	**5,385**	**-**	**2,428**	13,154	13,462	-	4,092	11,370	24,231	-	3,960
Debentures - Oncotech Oncologia S.A. (b)	**6,371**	**-**	**-**	**1,568**	10,716	6,154	-	3,071	13,046	15,385	-	3,861
Shared services (c)												
Medise Medicina Diagnóstico e Serviços Ltda.	**-**	**22,351**	**-**	**7,546**	-	41,384	-	12,236	-	29,148	-	17,684
Hospital Esperança S.A.	**-**	**23,000**	**-**	**23,403**	-	36,823	-	17,494	-	19,329	-	11,711
Hospital São Marcos	**-**	**12,723**	**-**	**3,023**	-	9,700	-	2,958	-	6,741	-	2,999
Hospital Norte D'Or de Cascadura S.A.	**-**	**-**	**-**	**5,723**	-	12,034	-	4,893	-	7,141	-	4,085
Rede D'or São Luiz Serviços Médicos S.A.	**-**	**148,786**	**-**	**41,370**	-	124,604	-	47,326	-	77,076	-	49,116
J. Badim S.A.	**-**	**324**	**-**	**776**	-	1,425	-	1,425	-	-	-	-
Oncologia D'Or S.A.	**-**	**8,096**	**-**	**504**	-	16,815	-	911	-	15,904	-	5,558
Hospital Fluminense S.A.	**-**	**11,476**	**-**	**3,463**	-	6,532	-	3,976	-	2,556	-	1,652
São Luiz Serviços Médicos S.A	**-**	**-**	**30,408**	**-**	-	2,739	-	-	-	11,218	-	-
Esperança Serviços Médicos e de Diagnósticos	**-**	**1,485**	**-**	**-**	-	962	-	-	-	1,301	-	-
URC	**-**	**6,544**	**-**	**-**	-	-	-	-	-	-	-	-
Medise Medicina Diagnóstico e Serviços Ltda.	**-**	**-**	**19,690**	**-**	-	-	9,604	-	-	3,840	-	-
PMJ Assessoria e Consultoria Financeira S.A.	**-**	**22,644**	**-**	**-**	-	22,098	-	-	-	5,882	-	-
Quinta D'Or Empreendimentos Imobiliários S.A.	**-**	**37,725**	**-**	**-**	-	47,163	-	-	-	46,920	-	-
Oncoholding	**-**	**16,688**	**-**	**-**	-	-	-	-	-	-	-	-
Oncologia D'Or S.A.	**-**	**48,394**	**-**	**-**	-	42,316	-	-	-	36,085	-	-
Hospital Fluminense S.A.	**-**	**14,204**	**-**	**-**	-	25,996	-	-	-	16,634	-	-
Hospital São Marcos Ltda.	**-**	**12,310**	**-**	**-**	-	16,090	-	-	-	14,607	-	-
Villa Lobos Ltda.	**-**	**-**	**3,392**	**-**	-	-	-	-	-	-	-	-
Hospital Esperança S.A.	**-**	**-**	**17,401**	**-**	-	-	20,109	-	-	-	12,959	-
IFOR	**-**	**-**	**504**	**-**	-	4,195	-	-	-	-	-	-
D'Or Soluções	**-**	**-**	**2,479**	**-**	-	-	-	-	-	-	-	-
JMJB Diagnósticos e Serviços Hospitalares S.A.	**-**	**2,624**	**-**	**-**	-	2,444	-	-	-	2,441	-	-
Proncordis	**-**	**7,037**	**-**	**-**	-	5,985	-	-	-	-	-	-
Onco ABC	**-**	**756**	**-**	**-**	-	3,230	-	-	-	-	-	-
Onco BSB	**-**	**4,335**	**-**	**-**	-	1,743	-	-	-	-	-	-
Rodin	**-**	**625**	**-**	**-**	-	5,619	-	-	-	-	-	-
Onco D'Or Oncologia S.A.	**-**	**36,429**	**-**	**-**	-	-	-	-	-	-	-	-
D'Or Trading Importação Ltda.	**-**	**42,157**	**-**	**-**	-	-	-	-	-	-	-	-
Hospital e Maternidade Bartira S.A.	**-**	**14,304**	**-**	**-**	-	-	-	-	-	-	-	-
Hospital Santa Helena S.A.	**-**	**5,600**	**-**	**-**	-	-	-	-	-	-	-	-
JM02 Empreendimentos Imobiliários Ltda. (d)	**-**	**434,477**	**-**	**-**	-	-	-	-	-	-	-	-
Park D'Or S.A. (d)	**-**	**198,832**	**-**	**-**	-	-	-	-	-	-	-	-
Diagnolab Exames Complementares Ltda.	**-**	**20,566**	**-**	**-**	-	-	-	-	-	-	-	-
JM&AM Empreendimentos Imobiliários S.A. (e)	**-**	**-**	**-**	**15,654**	-	-	-	14,275	-	-	-	13,415
Other	**-**	**15,486**	**524**	**-**	-	11,890	897	-	-	9,059	1,523	-
	40,072	**1,175,363**	**74,398**	**105,458**	23,870	461,403	30,610	112,657	24,416	345,498	14,482	114,041

7. Related parties (Continued)

Related-party balances (Continued)

	Consolidated											
	12/31/2015				12/31/2014				12/31/2013			
Companies	Current assets	Noncurrent assets	Noncurrent liabilities	Profit or loss	Current assets	Noncurrent assets	Noncurrent liabilities	Profit or loss	Current assets	Noncurrent assets	Noncurrent liabilities	Profit or loss
Debentures - Oncotech Oncologia S.A. (b)	-	-	-	-	10,715	6,154	-	-	13,046	15,385	-	-
Shared services (c)												
J. Badim S.A.	-	**324**	-	**776**	-	1,425	-	1,425	-	-	-	-
Oncologia D'Or S.A.	-	-	-	-	-	16,815	-	911	-	18,071	-	7,210
Hospital Fluminense S.A.	-	-	-	-	-	6,532	-	3,976	-	-	-	-
Oncologia Rede D'Or S.A.	-	-	-	-	-	49,133	-	-	-	36,085	-	-
Onco BSB	-	-	**953**	-	-	1,743	-	-				
Hospital Fluminense S.A.	-	-	-	-	-	26,018	-	-	-	16,634	-	-
Proncordis	-	-	-	-	-	5,985	-	-	-	-	-	-
Onco ABC	-	-	-	-	-	3,230	-	-	-	-	-	-
Centro Hospitalar São Marcos Ltda.	-	-	-	-	-	-	-	-	-	5,156	-	-
JMJB Diagnósticos e Serviços Hospitalares S.A.	-	**7,615**	-	-	-	2,444	-	-	-	2,441	-	-
Diagnolabs Ltda.	-	-	-	-	-	461	-	-	-	5,576	-	-
Badim	-	**615**	-	-	-	585	-	-	-	-	-	-
JM&AM Empreendimentos Imobiliários S.A. (e)	-	-	-	**15,654**	-	-	-	14,275	-	-	-	13,415
Other	-	**8,374**	-	-	-	5,399	1,205	-	-	6,194	604	-
	-	**16,928**	**953**	**16,430**	10,715	125,924	1,205	20,587	13,046	105,542	604	20,625

(a) On February 9, 2012, Hospital Norte D'Or privately issued nonconvertible, single-series, registered debentures amounting to R$ 35,000, maturing on February 10, 2017, with Rede D'Or as the debenture holder. The debentures are remunerated *pro rata temporis* bearing interest equivalent to 100% of DI (Interbank Deposits) plus 3.5% p.a. Interest is paid on a quarterly basis. There are no expected guarantees for the debentures. Upon a 10-day notice, Norte D'Or is entitled to repay the debentures in advance, as provided for by agreement. On May 8, 2014, the registration statement was amended to split the first payment into 10 successive monthly installments beginning August 2014, subject to interest as defined in the original statement. On November 10, 2015, non-convertible single-series registered debentures amounting to R$25.000 were issued, with maturity on November 10, 2019. Debenture holder is Rede D'Or. The debentures are remunerated *pro rata temporis* bearing interest equivalent to 100% of DI (Interbank Deposits) plus 3.5% p.a. Interest is paid on a quarterly basis. There are no expected guarantees for the debentures. Upon a 10-day notice, Norte D'Or is entitled to repay the debentures in advance, as provided for by agreement.

(b) On January 16, 2012, Oncotech Oncologia S.A. privately issued nonconvertible, single-series, registered debentures amounting to R$ 40,000, maturing on January 16, 2016, with Rede D'Or as the debenture holder. The debentures are remunerated *pro rata temporis* bearing interest equivalent to 100% of DI (Interbank Deposits) plus 4% p.a. Interest is paid on a quarterly basis. There are no expected guarantees for the debentures. Upon a 10-day notice, Oncotech is entitled to repay the debentures in advance, as provided for by agreement.

(c) Shared services include centralized services rendered by the parent company, Rede D'Or, such as legal advice, marketing, accounting, treasury, accounts payable, accounts receivable, and that are shared among the other units of the group and have specific apportionment criteria based on the contribution of each unit to the consolidated gross revenue.

(d) The outstanding balance with Park D'Or S.A. refers to funds transferred for purchase of Villa-Lobos hospital building for R$ 195,000, and the balance outstanding with JM02 Empreendimentos Imobiliários Ltda. refers to funds transferred for purchase of 85% interest in Hospital Santa Helena S.A.

(e) Transactions referring to rental of three buildings where hospitals operate. Buildings belong to Rede D'Or controlling shareholders' company.

7. Related parties (Continued)

Related-party balances (Continued)

The other transactions with related parties refer to transfers of funds between the companies, of which the main balances are eliminated in the consolidated financial statements. These balances between related parties are not restated, do not have a defined maturity, and receipt is substantially expected for the subsequent financial year. The remaining consolidated balances refer to the transfer of funds to investees under shared control. This aims at boosting the investee's operations and payment is expected to be made with cash from operating activities.

Key management personnel compensation

The Company treated as "Key management personnel" only the members of its statutory board and Board of Directors.

For the years ended December 31, 2015, 2014 and 2013, key management personnel compensation was as follows:

	12/31/2015	12/31/2014	12/31/2013
Salaries and bonuses	**30,145**	21,873	16,300
Benefits	**185**	147	500
Share-based payment	**51,949**	27,363	20,656
	82,279	49,383	37,456

8. Investments

Breakdown of and changes in investments - Company

Company	Balance at 12/31/2014	Equity pickup	Acquisition of interest/ shareholding control	Dividend	Spin-off	FCC	Transfer	Other	Merger	Balance at 12/31/2015
Medise Medicina Diagnóstico e Serviços S.A.	68,419	**26,766**	**2,177**	**-**	**-**	**-**	**-**	**-**	**-**	**97,362**
Hospital Esperança S.A.	56,422	**69,532**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**125,954**
Hospital São Marcos (including goodwill)	9,492	**17,215**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**26,707**
PMJ Empreendimentos Imobiliários S.A.	68,606	**5,897**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**74,503**
Norte D'Or Participações S.A. (including goodwill)	48,705	**6,478**	**-**	**-**	**7,799**	**-**	**-**	**-**	**-**	**62,982**
Onco D'Or Oncologia S.A.	40,027	**8,626**	**-**	**(1,000)**	**-**	**16,849**	**-**	**-**	**-**	**64,502**
Oncoholding Participações S.A. (including goodwill)	40,852	**13,015**	**41,525**	**-**	**-**	**-**	**-**	**(838)**	**-**	**94,554**
JMJB Diagnósticos e Serviços Hospitalares	14,853	**10,416**	**-**	**-**	**(7,799)**	**-**	**-**	**4,305**	**-**	**21,775**
Rodin Empreendimentos e Participações S.A.	56,655	**1,118**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**57,773**
Quinta Empreendimentos Imobiliários Ltda.	9,601	**10,734**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**20,335**
Hospital IFOR S.A.	84,815	**4,837**	**-**	**-**	**-**	**-**	**-**	**1,137**	**-**	**90,789**
Hospital Fluminense S.A.	-	**2,824**	**1,400**	**-**	**-**	**-**	**-**	**240**	**-**	**4,464**
Acreditar Oncologia S.A.	33,839	**16,177**	**-**	**(11,349)**	**-**	**-**	**-**	**-**	**-**	**38,667**
Onco ABC Serviços Médicos Ltda.	16,929	**7,184**	**35,770**	**(4,410)**	**-**	**-**	**-**	**-**	**-**	**55,473**
Hospital Villa-Lobos Ltda.	-	**36,624**	**123,471**	**-**	**-**	**16,500**	**-**	**-**	**-**	**176,595**
Sino Brasileiro Serviços Hospitalares S.A.	-	**4,309**	**345,915**	**-**	**-**	**-**	**-**	**-**	**(350,224)**	**-**
Hospital e Maternidade Bartira S.A. (a)	-	**13,585**	**89,073**	**-**	**-**	**-**	**-**	**-**	**-**	**102,658**
Hospital Santa Helena S.A. (b)	-	**-**	**49,681**	**-**	**-**	**20,146**	**-**	**-**	**-**	**69,827**
Other	36,559	**(12,897)**	**9,015**	**(1,626)**	**-**	**3,483**	**-**	**4,656**	**-**	**39,190**
Total	585,774	**242,440**	**698,027**	**(18,385)**	**-**	**56,978**	**-**	**9,500**	**(350,224)**	**1,224,110**
Rede D'or São Luiz Serviços Médicos S.A.	(34,134)	**7,468**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(26,666)**
Centro Hospitalar São Marcos S.A.	(24,574)	**(68)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(24,642)**
Diagnolab Exames Complementares Ltda.	(227)	**(10)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(237)**
Café Verde	-	**1,508**	**-**	**-**	**-**	**-**	**-**	**(2,743)**	**-**	**(1,235)**
Park D'Or	-	**(1)**	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Hospital Fluminense S.A.	(5,560)	**110**	**5,450**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	(64,495)	**9,007**	**5,451**	**-**	**-**	**-**	**-**	**(2,743)**	**-**	**(52,780)**
Equity pickup		**251,447**								

8. Investments (Continued)

Breakdown of and changes in investments - Company (Continued)

Company	Balance at 12/31/2013	Equity pickup	Acquisition of interest	Dividend	Capital increase	FCC and other (b)	Balance at 12/31/2014
Medise Medicina Diagnóstico e Serviços S.A.	58,039	11,326	(946)	-	-	-	68,419
Hospital Esperança S.A.	40,491	15,931	-	-	-	-	56,422
Hospital São Marcos	16,926	(7,434)	-	-	-	-	9,492
PMJ Empreendimentos Imobiliários S.A.	63,087	5,519	-	-	-	-	68,606
Hospital Norte D'Or de Cascadura S.A.	15,211	5,044	-	-	-	28,450	48,705
Onco D'Or Oncologia S.A.	31,687	8,340	-	-	-	-	40,027
JMJB Diagnósticos e Serviços Hospitalares	9,342	1,387	-	(100)	4,224	-	14,853
Rodin Empreendimentos e Participações S.A.	-	2,913	67,122	(13,380)	-	-	56,655
Quinta Empreendimentos Imobiliários Ltda.	-	9,591	-	-	-	10	9,601
Hospital IFOR S.A.	-	1,253	83,562	-	-	-	84,815
Oncoholding Participações S.A.	24,254	19,731	-	(3,133)	-	-	40,852
Acreditar Oncologia S.A.	30,560	5,021	-	(1,742)	-	-	33,839
Onco ABC Serviços Médicos Ltda.	12,607	4,992	-	(670)	-	-	16,929
Other	24,576	8,692	-	(736)	-	4,027	36,559
Total	326,780	92,306	149,738	(19,761)	4,224	32,487	585,774
São Luiz Serviços Médicos S.A.	(44,592)	632	-	-	-	9,826	(34,134)
Centro Hospitalar São Marcos S.A.	-	(2,396)	-	-	-	(22,178)	(24,574)
Diagnolab Exames Complementares Ltda.	-	(10)	(217)	-	-	-	(227)
Hospital Fluminense S.A.	(3,960)	(1,600)	-	-	-	-	(5,560)
	(48,552)	(3,374)	(217)	-	-	(12,352)	(64,495)
Equity pickup		88,932					

(a) This refers to capital reduction in Medise by Rede D'Or by the net amount of R$946, partly with a transfer of equity interest held in investee Rodin, in the amount of R$67,122, and partly with debentures amounting to R$68,368.
(b) Adjustment to prior years' combinations, matched with goodwill acquired.
(c) Entity organized in 2014 with revenue from property leased to Hospital Quinta D'Or.

8. Investments (Continued)

Breakdown of and changes in investments – Company (Continued)

Company	Balance at 12/31/2012	Equity pickup	Write-offs/ merger	Partial spin-off	Acquisition of interest	Dividend	Capital increase	Goodwill and other	Balance at 12/31/2013
Medise Medicina Diagnóstico e Serviços S.A.	28,043	26,211	-	-	-	-	-	3,785	58,039
Hospital Esperança S.A.	47,759	(5,975)	-	-	-	(1,293)	-	-	40,491
Hospital São Marcos	17,661	(735)	-	-	-	-	-	-	16,926
PMJ Empreendimentos Imobiliários S.A.	-	(1,143)	-	-	-	-	64,751	(521)	63,087
Hospital Norte D'Or de Cascadura S.A.	-	1,309	-	7,452	7,452	(1,002)	-	-	15,211
Acreditar Oncologia S.A..	17,956	473	(30,087)	-	-	(1,339)	7,667	5,330	-
Onco ABC Serviços Médicos Ltda.	9,655	1,609	(10,764)	-	-	(500)	-	-	-
Onco D'Or	-	(3,725)	62,543				35,412		94,230
Oncoholding	22,483	2,550	(21,692)	-	-	(3,341)	-	-	-
JMJB Diagnósticos e Serviços Hospitalares	14,171	3,151	-	(7,452)	-	(528)	-	-	9,342
Other	10,904	9,910	-	-	7,479	-	-	1,161	29,454
Total	168,632	33,635	--	-	14,931	(8,003)	107,830	9,755	326,780
São Luiz Serviços Médicos S.A.	(4,973)	(39,619)	-	-	-	-	-	-	(44,592)
Hospital Fluminense S.A.	(3,294)	(666)	-	-	-	-	-	-	(3,960)
	(8,267)	(40,285)	-	-	-	-	-	-	(48,552)
Equity pickup		(6,650)							

8. **Investments** (Continued)

Breakdown of and changes in investments - Consolidated

Company	Balances at 12/31/2014	Equity pickup	Acquisition of control	Dividend	Transfer	Other	Balance at 12/31/2015
JMJB Diganósticos e Serviços Hospitalares S.A.	14,853	**10,416**	**-**	**-**	**(7,799)**	**4,305**	**21,775**
Oncoholding Participações S.A. (*)	40,853	**3,310**	**(44,163)**	**-**	**-**	**-**	**-**
Acreditar Oncologia S.A.	20,664	**16,177**	**-**	**(11,349)**	**-**	**-**	**25,492**
Goodwill -Acreditar Oncologia S.A.	13,175	**-**	**-**	**-**	**-**	**-**	**13,175**
Onco ABC Serviços Médicos Ltda. (*)	9,617	**280**	**(9,897)**	**-**	**-**	**-**	**-**
Goodwill -Onco ABC Serviços Médicos Ltda. (*)	7,312	**-**	**(7,312)**	**-**	**-**	**-**	**-**
Onco São José dos Campos	5,461	**5,935**	**-**	**(4,000)**	**-**	**(1,365)**	**6,031**
Goodwill -Onco São José dos Campos	30,967	**-**	**-**	**-**	**-**	**-**	**30,967**
CEHON	-	**-**	**16,849**	**-**		**-**	**16,849**
Other	14,904	**3,120**	**(6,147)**	**(678)**	**-**	**(6,837)**	**4,362**
Total	157,806	**39,238**	**(50,670)**	**(16,027)**	**(7,799)**	**(3,897)**	**118,651**
Hospital Fluminense S.A. (*)	(5,560)	**110**	**5,450**	**-**	**-**	**-**	**-**
Equity pickup		**39,348**					

(*) Companies consolidated as from equity control acquisition, as mentioned in Note 3.

8. Investments (Continued)

Breakdown of and changes in investments - Consolidated (Continued)

Company	Balances at 12/31/2013	Equity pickup	Dividend	Capital increase	Other	Balance at 12/31/2014
JMJB Diganósticos e Serviços Hospitalares S.A.	9,342	1,387	(100)	4,224	-	14,853
Oncoholding Participações S.A.	24,255	19,731	(3,133)	-	-	40,853
Acreditar Oncologia S.A.	17,385	5,021	(1,742)	-	-	20,664
Goodwill -Acreditar Oncologia S.A.	13,175	-	-	-	-	13,175
Onco ABC Serviços Médicos Ltda.	5,295	4,992	(670)	-	-	9,617
Goodwill -Onco ABC Serviços Médicos Ltda.	7,312	-	-	-	-	7,312
Onco São José dos Campos	1,700	4,566	(805)	-	-	5,461
Goodwill - Onco São José dos Campos	30,967	-	-	-	-	30,967
Other	6,791	8,628	(504)	-	(11)	14,904
Total	116,222	44,325	(6,954)	4,224	(11)	157,806
Hospital Fluminense S.A.	(3,960)	(1,600)	-	-	-	(5,560)
Equity pickup		42,725				

Company	Balance at 12/31/2012	Equity pickup	Partial spin-off	Acquisition of interest	Dividend	Capital increase	Goodwill and other	Balance at 12/31/2013
Oncoholding	22,483	5,113	-	-	(3,341)	-	-	24,255
JMJB Diganósticos e Serviços Hospitalares	14,171	3,151	(7,452)	-	(528)	-	-	9,342
Acreditar Oncologia S.A.	17,956	946	-	-	(1,339)	7,667	5,330	30,560
Onco ABC Serviços Médicos Ltda.	9,655	3,452	-	-	(500)	-	-	12,607
Onco São José dos Campos	-	228	-	1,472	-	-	30,967	32,667
Other	20,962	(1,631)	(7,325)	-	-	-	(5,215)	6,791
Total	85,227	11,259	(14,777)	1,472	(5,708)	7,667	31,082	116,222
Hospital Fluminense S.A.	(3,294)	(666)	-	-	-	-	-	(3,960)
Equity pickup		10,593						

8. **Investments** (Continued)

Subsidiaries' information

	December 31, 2015							December 31, 2014
	% Total	% Voting capital	Assets	Liabilities	Equity	Operating income (loss)	Profit or loss for the year	Profit or loss for the year
Company - Rede D'Or São Luiz S.A. (a)								
Direct and indirect subsidiaries								
Medise Medicina Diagnóstico e Serviços S.A. ("Medise")	**98**	**98**	**409,592**	**310,243**	**99,349**	**41,149**	**27,312**	11,857
Rodin Empreendimentos e Participações S.A.	**100**	**100**	**58,666**	**893**	**57,773**	**1,061**	**1,118**	6,487
Hospital Esperança S.A. ("Esperança")	**100**	**100**	**860,097**	**734,143**	**125,954**	**61,586**	**69,532**	15,931
Mais-Multi Assistência Incorporada a Saúde Ltda. ("Hospital São Marcos")	**100**	**100**	**105,166**	**85,591**	**19,575**	**18,326**	**17,215**	(7,434)
Rede D'Or São Luiz Serviços Médicos S.A.	**100**	**100**	**388,268**	**414,934**	**(26,666)**	**6,263**	**7,468**	632
Advance Plano de Saúde S.A.	**100**	**100**	**20,051**	**13,234**	**6,817**	**162**	**610**	(858)
São Luiz Assistência Médica Ambulatorial Ltda.	**100**	**100**	**511**	**-**	**511**	**-**	**-**	-
PMJ Empreendimentos Imobiliários S.A.	**100**	**100**	**99,644**	**25,141**	**74,503**	**(16)**	**5,897**	5,519
Quinta Empreendimentos Imobiliários Ltda.	**100**	**100**	**60,413**	**40,078**	**20,335**	**11,196**	**10,734**	9,591
Onco D'Or Oncologia S.A.	**100**	**100**	**194,057**	**129,555**	**64,502**	**11,183**	**8,626**	8,340
Oncoholding Participações S.A.	**87.5**	**87.5**	**122,747**	**16,690**	**106,057**	**26,029**	**26,029**	39,462
Oncologia Rede D'Or S.A.	**78.33**	**78.33**	**209,742**	**97,799**	**111,943**	**38,270**	**17,357**	-
Esperança Serviços Médicos e de Diagnósticos S.A.	**100**	**100**	**4,827**	**2,634**	**2,193**	**(401)**	**(393)**	808
Centro Diagnóstico NSL S.A.	**100**	**100**	**4,279**	**2,710**	**1,569**	**(411)**	**(909)**	340
Maxclínicas Clínicas e Diagnósticos Ltda.	**100**	**100**	**4,769**	**1,429**	**3,340**	**1,459**	**1,224**	1,484
Diagno São Marcos Ltda.	**100**	**100**	**896**	**2,177**	**(1,281)**	**(650)**	**(851)**	(379)
Diagnolab Exames Complementares Ltda.	**100**	**100**	**41**	**278**	**(237)**	**-**	**(10)**	(10)
Centro Hospitalar São Marcos S.A.	**100**	**100**	**8,492**	**33,134**	**(24,642)**	**434**	**(68)**	(2,396)
Instituto Oncológico de Pernambuco Ltda. ("IOPE")	**100**	**100**	**59**	**1,198**	**(1,139)**	**(2,710)**	**(2,678)**	(2,391)
Santa Luzia Assistência Médica Ltda. ("SLAM")	**100**	**100**	**7,350**	**2,631**	**4,719**	**177**	**517**	680
Hospital IFOR S.A. ("IFOR")	**100**	**100**	**27,085**	**22,020**	**5,065**	**9,277**	**4,837**	(3,796)
Hospital Fluminense S.A.	**100**	**100**	**29,907**	**38,223**	**(8,316)**	**4,640**	**2,719**	(3,200)
Onco ABC Serviços Médicos Ltda.	**73.5**	**73.5**	**14**	**204**	**(190)**	**90**	**62**	9,844
JLD Borducchi Ltda.	**73.5**	**73.5**	**524**	**2,012**	**(1,488)**	**(192)**	**(200)**	-
Cardial Serviços Médicos Ltda.	**73.5**	**73.5**	**27,277**	**4,329**	**22,948**	**7,704**	**7,614**	-
ONCORAD - Serviços de Radioterapia Ltda.	**73.49**	**73.49**	**1,878**	**1,890**	**(12)**	**307**	**(2,448)**	-
Hospital Villa-Lobos Ltda.	**100**	**100**	**85,940**	**57,189**	**28,751**	**35,483**	**36,624**	-
Unidade de Radiologia Clínica Ltda. ("URC")	**72**	**72**	**16,063**	**11,474**	**4,589**	**2,682**	**686**	-
Instituto de Ultrasonografia Médica Ltda. ("IUSM")	**72**	**72**	**1,349**	**114**	**1,235**	**35**	**10**	-
Laboratório Análises Clínicas - Labvivalle Ltda.	**51**	**51**	**2,497**	**302**	**2,195**	**1,265**	**634**	-
Norte D'Or Participações S.A.	**100**	**100**	**34,532**	**-**	**34,532**	**6,478**	**6,478**	-
Hospital Norte D'Or de Cascadura S.A ("Norte D'Or")	**70**	**70**	**99,324**	**57,619**	**41,705**	**30,534**	**12,769**	7,205
Hospital e Maternidade Bartira S.A.	**100**	**100**	**57,832**	**110,157**	**(52,325)**	**11,169**	**13,585**	-
Café Verde da Quinta Ltda.	**100**	**100**	**44**	**1,279**	**(1,235)**	**1,514**	**1,508**	-
D'Or Trading Importação Ltda.	**100**	**100**	**42,674**	**42,173**	**501**	**(3)**	**1**	-
Park D'Or S.A.	**100**	**100**	**198,831**	**198,832**	**(1)**	**(1)**	**(1)**	-
Instituto Onco e Rádio São Pellegrino	**100**	**100**	**4,815**	**1,483**	**3,332**	**3,813**	**3,433**	-
Proncordis Pronto Atendimento Cardiológico Ltda.	**100**	**100**	**10,697**	**10,334**	**363**	**(329)**	**(985)**	-

8. **Investments** (Continued)

Subsidiaries' information (Continued)

	December 31, 2015							December 31, 2014
	% Total	% Voting capital	Assets	Liabilities	Equity	Operating income (loss)	Profit or loss for the year	Profit or loss for the year
Entities consolidated by the equity pickup method								
Acreditar Oncologia S.A.	**50**	**50**	**62,243**	**11,259**	**50,984**	**31,091**	**32,354**	10,042
Centro Oncológico do Vale Ltda.	**50**	**50**	**2,703**	**845**	**1,858**	**727**	**101**	8,516
Instituto de Radioterapia do Vale do Paraíba Ltda.	**50**	**50**	**17,772**	**8,824**	**8,948**	**15,081**	**11,859**	98
Clínica de Oncologia Dr. Paulo Emílio Pinto Ltda.	**50**	**50**	**1,770**	**513**	**1,257**	**121**	**(89)**	518
JMJB Diagnósticos e Serviços Hospitalares S.A.	**50**	**50**	**51,284**	**7,735**	**43,549**	**28,851**	**20,832**	2,774
Prontimagem Serviços Médicos Ltda.	**55**	**55**	**3,285**	**1,141**	**2,144**	**776**	**219**	-
Lithocenter S.A.	**45.9**	**45.9**	**9,363**	**2,321**	**7,042**	**5,751**	**4,192**	-

(a) This includes hospitals São Luiz Itaim, São Luiz Morumbi, São Luiz Anália Franco, Copa D'Or, Quinta D'Or, Caxias D'Or, Brasil, Assunção, Prontolinda, Joari, Realcordis, HGB, HCB, Rio de Janeiro, Vivalle, Hospital Santa Luzia, Hospital do Coração, Sinisgalli, Hospital Nossa Senhora de Lourdes, Hospital da Criança, Hospital São Caetano, and Sino Brasileiro Serviços Hospitalares S.A (acquired and merged in 2015).

9. Property and equipment

Breakdown of balances

		Company								
		12/31/2015			12/31/2014			12/31/2013		
Description	Depreciation rate	Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
Hospital machinery and equipment	12% to 20%	463,548	(254,233)	209,315	343,483	(202,393)	141,090	300,594	(166,798)	133,796
Surgical instruments	20%	14,810	(10,085)	4,725	9,773	(6,816)	2,957	7,603	(4,279)	3,324
Machinery and equipment	7% to 10%	144,594	(85,544)	59,050	135,333	(64,269)	71,064	119,951	(47,480)	72,471
Real estate	2.5% to 4%	298,796	(68,869)	229,927	291,821	(56,452)	235,369	234,215	(50,969)	183,246
Improvements in own properties	10%	23,803	(6,228)	17,575	10,332	(4,108)	6,224	44,602	(9,982)	34,620
Leasehold improvements	3% to 4%	476,047	(116,581)	359,466	459,908	(107,254)	352,654	348,322	(88,169)	260,153
Furniture and fixtures	10%	67,446	(41,030)	26,416	61,814	(35,050)	26,764	54,064	(26,292)	27,772
Vehicles	20%	2,659	(1,926)	733	2,628	(1,681)	947	2,517	(1,562)	955
Facilities	10%	55,578	(19,980)	35,598	53,253	(16,854)	36,399	18,612	(10,097)	8,515
Land	N/A	115,115	-	115,115	110,349	-	110,349	106,745	-	106,745
Construction in progress	N/A	596,611	-	596,611	227,963	-	227,963	110,422	-	110,422
Other	5% to 10%	10,442	(4,317)	6,125	10,179	(4,268)	5,911	9,727	(3,055)	6,672
		2,269,449	(608,793)	1,660,656	1,716,836	(499,145)	1,217,691	1,357,374	(408,683)	948,691

		Consolidated								
		12/31/2015			12/31/2014			12/31/2013		
Description	Depreciation rate	Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
Hospital machinery and equipment	12% to 20%	578,814	(306,352)	272,462	428,789	(246,579)	182,210	375,687	(201,996)	173,691
Surgical instruments	20%	24,498	(11,697)	12,801	12,667	(7,451)	5,216	8,815	(4,519)	4,296
Machinery and equipment	7% to 10%	187,369	(114,644)	72,725	161,165	(85,147)	76,018	138,582	(57,495)	81,087
Real estate	2.5% to 4%	844,077	(73,271)	770,806	306,131	(59,837)	246,294	242,855	(50,190)	192,665
Improvements in own properties	10%	27,132	(6,533)	20,599	10,332	(4,108)	6,224	84,029	(10,015)	74,014
Leasehold improvements	3% to 4%	646,821	(184,791)	462,030	596,855	(170,578)	426,277	449,483	(151,583)	297,900
Furniture and fixtures	10%	96,448	(56,323)	40,125	82,980	(47,365)	35,615	66,411	(30,127)	36,284
Vehicles	20%	3,403	(2,234)	1,169	3,321	(1,830)	1,491	2,913	(1,688)	1,225
Facilities	10%	97,363	(34,093)	63,270	88,540	(27,682)	60,858	47,719	(18,268)	29,451
Land	N/A	355,973	-	355,973	257,658	-	257,658	239,054	-	239,054
Construction in progress	N/A	617,778	-	617,778	238,490	-	238,490	114,714	-	114,714
Other	5% a 10%	16,314	(5,893)	10,421	15,793	(5,826)	9,967	15,261	(4,548)	10,713
		3,495,990	(795,831)	2,700,159	2,202,721	(656,403)	1,546,318	1,785,523	(530,429)	1,255,094

9. Property and equipment (Continued)

Changes in Company

Cost	12/31/2014	Additions	Write-offs	Transfers	Additions from merger	12/31/2015
Hospital machinery and equipment	343,483	**108,023**	**-**	**1,734**	**10,308**	**463,548**
Surgical instruments	9,773	**4,518**	**(42)**	**561**	**-**	**14,810**
Machinery and equipment	135,333	**8,230**	**(47)**	**685**	**393**	**144,594**
Real estate	291,821	**5,530**	**-**	**386**	**1,059**	**298,796**
Improvements in own properties	10,332	**13,471**	**-**	**-**	**-**	**23,803**
Leasehold improvements	459,908	**16,159**	**-**	**(20)**	**-**	**476,047**
Furniture and fixtures	61,814	**4,393**	**(48)**	**230**	**1,057**	**67,446**
Vehicles	2,628	**-**	**-**	**-**	**31**	**2,659**
Facilities	53,253	**2,301**	**-**	**24**	**-**	**55,578**
Land	110,349	**-**	**-**	**-**	**4,766**	**115,115**
Construction in progress	227,963	**372,335**	**(87)**	**(3,600)**	**-**	**596,611**
Other	10,179	**553**	**(290)**	**-**	**-**	**10,442**
	1,716,836	**535,513**	**(514)**	**-**	**17,614**	**2,269,449**

Depreciation	12/31/2014	Additions	Write-offs	Transfers	Additions from merger	12/31/2015
Hospital machinery and equipment	(202,393)	**(51,840)**	**-**	**-**	**-**	**(254,233)**
Surgical instruments	(6,816)	**(3,269)**	**-**	**-**	**-**	**(10,085)**
Machinery and equipment	(64,269)	**(21,275)**	**-**	**-**	**-**	**(85,544)**
Real estate	(56,452)	**(12,417)**	**-**	**-**	**-**	**(68,869)**
Improvements in own properties	(4,108)	**(2,120)**	**-**	**-**	**-**	**(6,228)**
Leasehold improvements	(107,254)	**(9,327)**	**-**	**-**	**-**	**(116,581)**
Furniture and fixtures	(35,050)	**(5,980)**	**-**	**-**	**-**	**(41,030)**
Vehicles	(1,681)	**(245)**	**-**	**-**	**-**	**(1,926)**
Facilities	(16,854)	**(3,126)**	**-**	**-**	**-**	**(19,980)**
Other	(4,268)	**(49)**	**-**	**-**	**-**	**(4,317)**
	(499,145)	**(109,648)**	**-**	**-**	**-**	**(608,793)**
Property and equipment, net	1,217,691	**425,865**	**(514)**	**-**	**17,614**	**1,660,656**

9. Property and equipment (Continued)

Changes in Company (Continued)

Cost	12/31/2013	Additions	Write-offs	Transfers	12/31/2014
Hospital machinery and equipment	300,594	39,124	(30)	3,795	343,483
Surgical instruments	7,603	1,651	-	519	9,773
Machinery and equipment	119,951	15,456	(93)	19	135,333
Real estate	234,215	44,399	-	13,207	291,821
Improvements in own properties	9,258	1,074	-	-	10,332
Leasehold improvements	383,666	41,040	(53)	35,255	459,908
Furniture and fixtures	54,064	5,729	-	2,021	61,814
Vehicles	2,517	111	-	-	2,628
Facilities	18,612	2,744	(36)	31,933	53,253
Land	106,745	7,548	-	(3,944)	110,349
Construction in progress	110,422	201,207	(774)	(82,892)	227,963
Other	9,727	365	-	87	10,179
	1,357,374	360,448	(986)	-	1,716,836

Depreciation	12/31/2013	Additions	Write-offs	Transfers	12/31/2014
Hospital machinery and equipment	(166,798)	(35,622)	27	-	(202,393)
Surgical instruments	(4,279)	(2,537)	-	-	(6,816)
Machinery and equipment	(47,480)	(16,882)	93	-	(64,269)
Real estate	(50,969)	(5,483)	-	-	(56,452)
Improvements in own properties	(4,095)	(13)	-	-	(4,108)
Leasehold improvements	(94,056)	(13,251)	53	-	(107,254)
Furniture and fixtures	(26,292)	(8,758)	-	-	(35,050)
Vehicles	(1,562)	(119)	-	-	(1,681)
Facilities	(10,097)	(6,769)	12	-	(16,854)
Other	(3,055)	(1,213)	-	-	(4,268)
	(408,683)	(90,647)	185	-	(499,145)
Property and equipment, net	948,691	269,801	(801)	-	1,217,691

Cost	12/31/2012	Additions	Write-offs	Transfers	12/31/2013
Hospital machinery and equipment	253,737	48,586	(3,441)	1,712	300,594
Surgical instruments	3,366	4,060	(82)	259	7,603
Machinery and equipment	90,060	21,476	(206)	8,621	119,951
Real estate	479,650	34,792	(339,970)	59,743	234,215
Improvements in own properties	8,925	333	-	-	9,258
Leasehold improvements	294,607	67,285	(15,301)	37,075	383,666
Furniture and fixtures	47,200	7,027	(137)	(26)	54,064
Vehicles	2,517	-	-	-	2,517
Facilities	16,245	2,413	(141)	95	18,612
Land	97,786	4,271	(7,790)	12,478	106,745
Construction in progress	67,436	175,629	(11,050)	(121,593)	110,422
Other	6,938	1,185	(32)	1,636	9,727
	1,368,467	367,057	(378,150)	-	1,357,374

9. Property and equipment (Continued)

Changes in Company (Continued)

Depreciation	12/31/2012	Additions	Write-offs	Transfers	12/31/2013
Hospital machinery and equipment	(142,469)	(24,634)	305	-	(166,798)
Surgical instruments	(3,002)	(1,300)	23	-	(4,279)
Machinery and equipment	(34,326)	(13,180)	26	-	(47,480)
Real estate	(47,174)	(12,046)	8,251	-	(50,969)
Improvements in own properties	(3,830)	(265)	-	-	(4,095)
Leasehold improvements	(68,105)	(27,121)	1,170	-	(94,056)
Furniture and fixtures	(21,639)	(4,665)	12	-	(26,292)
Vehicles	(1,556)	(6)	-	-	(1,562)
Facilities	(8,842)	(1,265)	10	-	(10,097)
Other	(2,059)	(1,000)	4	-	(3,055)
	(333,002)	(85,482)	9,801	-	(408,683)
Property and equipment, net	1,035,465	281,575	(368,349)	-	948,691

Changes in Consolidated

Cost	12/31/2014	Additions	Write-offs	Transfers	Business combinations	12/31/2015
Hospital machinery and equipment	428,789	**117,218**	**(71)**	**962**	**31,916**	**578,814**
Surgical instruments	12,668	**5,259**	**(42)**	**523**	**6,090**	**24,498**
Machinery and equipment	161,164	**12,968**	**(70)**	**1,243**	**12,064**	**187,369**
Real estate	306,131	**300,824**	**-**	**338**	**236,784**	**844,077**
Improvements in own properties	10,332	**13,495**	**-**	**-**	**3,305**	**27,132**
Leasehold improvements	596,855	**30,034**	**(41)**	**(20)**	**19,993**	**646,821**
Furniture and fixtures	82,980	**6,507**	**(48)**	**523**	**6,486**	**96,448**
Vehicles	3,321	**-**	**35**	**(7)**	**54**	**3,403**
Facilities	88,540	**6,205**	**(2)**	**181**	**2,439**	**97,363**
Land	257,658	**1**	**-**	**-**	**98,314**	**355,973**
Construction in progress	238,490	**381,818**	**(87)**	**(3,743)**	**1,300**	**617,778**
Other	15,793	**597**	**(335)**	**-**	**259**	**16,314**
	2,202,721	**874,926**	**(661)**	**-**	**419,004**	**3,495,990**

Depreciation	12/31/2014	Additions	Write-offs	Transfers	Business combinations	12/31/2015
Hospital machinery and equipment	(246,579)	**(59,773)**	**-**	**-**	**-**	**(306,352)**
Surgical instruments	(7,451)	**(4,246)**	**-**	**-**	**-**	**(11,697)**
Machinery and equipment	(85,147)	**(29,497)**	**-**	**-**	**-**	**(114,644)**
Real estate	(59,837)	**(13,434)**	**-**	**-**	**-**	**(73,271)**
Improvements in own properties	(4,108)	**(2,425)**	**-**	**-**	**-**	**(6,533)**
Leasehold improvements	(170,578)	**(14,213)**	**-**	**-**	**-**	**(184,791)**
Furniture and fixtures	(47,365)	**(8,958)**	**-**	**-**	**-**	**(56,323)**
Vehicles	(1,830)	**(404)**	**-**	**-**	**-**	**(2,234)**
Facilities	(27,682)	**(6,411)**	**-**	**-**	**-**	**(34,093)**
Other	(5,826)	**(67)**	**-**	**-**	**-**	**(5,893)**
	(656,403)	**(139,428)**	**-**	**-**	**-**	**(795,831)**
Property and equipment, net	1,546,318	**735,498**	**(661)**	**-**	**419,004**	**2,700,159**

9. Property and equipment (Continued)

Changes in Consolidated (Continued)

Significant additions in 2015 refer to: (i) purchase of real estate where Villa-Lobos hospital is located, which was owned by third parties other than former hospital owners, for R$195,000; (ii) purchase of hospital machinery and equipment; (iii) expenses with construction of Copa Star and São Caetano hospitals; and (iv) expansion in network hospitals, such as São Luiz Itaim, Hospital Prontolinda and Hospital Assunção.

Management did not identify any indication of impairment of property and equipment.

Cost	12/31/2013	Additions	Write-offs	Transfers	Business combinations	12/31/2014
Hospital machinery and equipment	375,687	47,236	(30)	3,886	2,010	428,789
Surgical instruments	8,815	2,051	(35)	767	1,070	12,668
Machinery and equipment	138,582	18,208	(93)	3,890	577	161,164
Real estate	242,855	49,861	-	13,207	208	306,131
Improvements in own properties	9,258	1,074	-	-	-	10,332
Leasehold improvements	524,254	47,757	(53)	23,893	1,004	596,855
Furniture and fixtures	66,411	7,306	(10)	8,641	632	82,980
Vehicles	2,913	111	-	-	297	3,321
Facilities	47,719	7,413	(36)	32,585	859	88,540
Land	239,054	22,548	-	(3,944)	-	257,658
Construction in progress	114,714	208,090	(1,302)	(83,012)	-	238,490
Other	15,261	364	-	87	81	15,793
	1,785,523	412,019	(1,559)	-	6,738	2,202,721

Depreciation	12/31/2013	Additions	Write-offs	Transfers	Business combinations	12/31/2014
Hospital machinery and equipment	(201,996)	(44,610)	27	-	-	(246,579)
Surgical instruments	(4,519)	(2,945)	13	-	-	(7,451)
Machinery and equipment	(57,495)	(27,745)	93	-	-	(85,147)
Real estate	(50,190)	(9,647)	-	-	-	(59,837)
Improvements in own properties	(4,095)	(13)	-	-	-	(4,108)
Leasehold improvements	(157,503)	(13,128)	53	-	-	(170,578)
Furniture and fixtures	(30,127)	(17,248)	10	-	-	(47,365)
Vehicles	(1,688)	(142)	-	-	-	(1,830)
Facilities	(18,268)	(9,426)	12	-	-	(27,682)
Other	(4,548)	(1,278)	-	-	-	(5,826)
	(530,429)	(126,182)	208	-	-	(656,403)
Property and equipment, net	1,255,094	285,837	(1,351)	-	6,738	1,546,318

9. Property and equipment (Continued)

Changes in Consolidated (Continued)

Cost	12/31/2012	Additions	Write-offs	Transfers	Business combinations	12/31/2013
Hospital machinery and equipment	319,461	54,068	(3,432)	1,713	3,877	375,687
Surgical instruments	4,037	4,599	(80)	259	-	8,815
Machinery and equipment	101,945	25,105	(208)	8,625	3,115	138,582
Real estate	479,876	43,206	(339,970)	59,743	-	242,855
Improvements in own properties	8,925	333	-	-	-	9,258
Leasehold improvements	384,061	78,964	(12,876)	37,021	37,084	524,254
Furniture and fixtures	55,153	9,128	(104)	(26)	2,260	66,411
Vehicles	2,888	25	-	-	-	2,913
Facilities	43,559	2,848	(142)	95	1,359	47,719
Land	181,972	52,343	(7,938)	12,477	200	239,054
Construction in progress	70,148	176,672	(10,684)	(121,542)	120	114,714
Other	12,115	1,541	(30)	1,635	-	15,261
	1,664,140	448,832	(375,464)	-	48,015	1,785,523

Depreciation	12/31/2012	Additions	Write-offs	Transfers	Business combinations	12/31/2013
Hospital machinery and equipment	(172,140)	(30,153)	297	-	-	(201,996)
Surgical instruments	(3,108)	(1,432)	21	-	-	(4,519)
Machinery and equipment	(41,354)	(16,169)	28	-	-	(57,495)
Real estate	(47,185)	(11,257)	8,252	-	-	(50,190)
Improvements in own properties	(3,830)	(265)	-	-	-	(4,095)
Leasehold improvements	(116,790)	(41,919)	1,206	-	-	(157,503)
Furniture and fixtures	(24,680)	(5,456)	9	-	-	(30,127)
Vehicles	(1,682)	(6)	-	-	-	(1,688)
Facilities	(14,435)	(3,845)	12	-	-	(18,268)
Other	(3,483)	(1,066)	1	-	-	(4,548)
	(428,687)	(111,568)	9,826	-	-	(530,429)
Property and equipment, net	1,235,453	337,264	(365,638)	-	48,015	1,255,094

10. Intangible assets

Intangible assets are broken down as follows:

		Company			Consolidated		
	Annual rate	**12/31/2015**	**12/31/2014**	**12/31/2013**	**12/31/2015**	**12/31/2014**	**12/31/2013**
Finite useful life							
Software	**20%**	**18,123**	21,223	15,681	**21,024**	22,376	16,061
Exclusive agreement	**20%**	**12,425**	-	-	**13,925**	-	-
Indefinite useful life							
Goodwill							
Acquisition of Copa D'Or		**80,058**	80,058	80,058	**80,058**	80,058	80,058
Acquisition of HMSL		**668,339**	668,339	618,566	**668,339**	668,339	618,566
Acquisition of Hospital Brasil		**121,398**	121,398	132,903	**121,398**	121,398	132,903
Acquisition of Hospital Prontolinda		**30,595**	30,595	30,595	**30,595**	30,595	30,595
Acquisition of Vivalle		**38,692**	38,692	38,692	**38,692**	38,692	38,692
Acquisition of São Marcos		**-**	-	-	**10,807**	10,807	10,807
Acquisition of Santa Luzia		**199,333**	199,333	199,333	**199,333**	199,333	199,333
Acquisition of Sinisgalli		**156,646**	156,646	156,646	**156,646**	156,646	156,646
Acquisition of Hospital Esperança		**-**	-	-	**108,408**	108,408	108,408
Acquisition of Norte D'Or		**-**	-	-	**28,450**	28,450	-
Acquisition of IFOR		**-**	-	-	**85,724**	85,724	-
Acquisition of Sino Brasileiro (Note 3)		**245,160**	-	-	**245,160**	-	-
Acquisition of Villa-Lobos (Note 3)		**-**	-	-	**129,218**	-	-
Acquisition of Bartira (Note 3)		**-**	-	-	**107,225**	-	-
Acquisition of Onco ABC (Note 3)		**-**	-	-	**52,174**	-	-
Acquisition of Oncoholding (Note 3)		**-**	-	-	**180,264**	-	-
Acquisition of Hospital Fluminense (Note 3)		**-**	-	-	**10,658**	-	-
Acquisition of Hospital Santa Helena (Note 3)		**-**	-	-	**123,523**	-	-
Acquisition of JTO (Note 3)		**-**	-	-	**5,001**	-	-
Other goodwill		**48,649**	49,621	23,181	**61,039**	62,010	56,446
Trademarks and patents		**190,810**	190,810	190,810	**190,810**	190,810	190,810
		1,810,228	1,556,715	1,486,465	**2,668,471**	1,803,646	1,639,325

Goodwill presented above arises from the business combinations in 2015, 2014, 2013 and in prior years.

10. Intangible assets (Continued)

Goodwill impairment testing

Goodwill is allocated to the Cash Generating Units (CGU), identified by management as being each of the hospitals, as set out in the table above.

The recoverable amount of a CGU is based on value in use calculations. The value in use calculations use cash flow projections, before income taxes, based on financial budgets approved by management covering a five-year period. The cash flows beyond the five-year period did not consider a growth rate, since they were based on an actual projection model.

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and is derived from its weighted average cost of capital (WACC - Actual). Actual WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company's investors. The cost of debt is based on the interest bearing borrowings the Company is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. The 8.09% pre-tax discount rate was the main assumption adopted in the calculation of value in use at December 31, 2015.

Management determined projected gross margin based on past performance and its expectation for market development. The discount rate used corresponds to the pre-tax rate and reflects sector specific risks.

Management tested goodwill and trademarks and patents for impairment for the years ended December 31, 2015, 2014 and 2013, through comparison of its book balances with the projected cash flows and did not identify the need of recording any provision for loss.

11. Deferred gain on property disposal

On October 11, 2013 and December 26, 2012, the Company conducted property sale and leaseback transactions, and property lease was accounted for as operating lease.

Part of the gain referring to the excess of sales proceeds and fair value was deferred, as required by CPC 06/IAS 17 - Leases, and has been amortized over the lease term. At December 31, 2015, breakdown of deferred gains was as follows:

	Company and Consolidated		
	12/31/2015	**12/31/2014**	**12/31/2013**
Caxias D'Or	**39,560**	41,276	43,000
Hospital Brasil	**48,400**	50,600	52,800
	87,960	91,876	95,800
Current	**3,920**	3,920	3,920
Noncurrent	**84,040**	87,956	91,880

At December 31, 2015, the Company had R$73,926 (R$73,926 at December 31, 2014) in receivables from the sale of both properties, which is pending formal documentation of title property transfer to the buyer.

12. Loans and financing

			Company		
Bank	**Index**	***Spread***	**12/31/2015**	**12/31/2014**	**12/31/2013**
BNDES/FINAME	TJLP	4.90%	**86,252**	8,859	14,484
IFC - International Finance Corporation	USD/LIBOR	3.30%	**1,067,519**	86,601	90,272
CCB's	Fixed	3.90%	**896**	1,788	5,407
			1,154,667	97,248	110,163
Current			**40,815**	21,185	24,656
Noncurrent			**1,113,852**	76,063	85,507

			Consolidated		
Bank	**Index**	***Spread***	**12/31/2015**	**12/31/2014**	**12/31/2013**
BNDES/FINAME	TJLP	4.90%	**97,403**	13,719	21,277
IFC - International Finance Corporation	USD/LIBOR	3.30%	**1,067,519**	86,601	90,272
CCB's	Fixed	3.90%	**10,592**	3,859	5,419
			1,175,514	104,179	116,968
Current			**50,964**	23,665	28,645
Noncurrent			**1,124,550**	80,514	88,323

12. Loans and financing (Continued)

Financing was obtained in order to acquire companies, and to expand the size of hospitals. As a guarantee, shares representing 3.1% of Company's capital and chattel mortgage of credit rights were provided. After the last appraisal report prepared by an independent appraiser and issued in June 2015, shares given in guarantee accounted for 8.6% of the Company's capital, as new loans and financing were raised with shares given in guarantee.

In addition to the guarantees given, the maintenance of covenants is provided for by certain loan and financing agreements. These include the assessment of indicators contractually determined based on net debt, EBITDA and financial income (expenses). To the date, all covenants have been complied with.

On December 4, 2014, the Company obtained two financing lines from the International Finance Corporation ("IFC"), in the amount of US$191,250, and from Société de Promotion et de Participation Pour La Coopération Économique ("Proparco"), in the amount of EUR$50,000. The Financing amount was divided into six installments, as follows:

Bank	Currency	Indexes	Spread	Beginning of repayment	End of repayment	Repayment period	Guarantees
IFC A Loan	US$	LIBOR	3.0%	Nov. 2017	Nov. 2024	Semiannual	Shares and receivables
IFC B1 Loan	US$	LIBOR	3.0%	Nov. 2017	Nov. 2024	Semiannual	Shares and receivables
IFC B2 Loan	US$	LIBOR	2.7%	Nov. 2016	Nov. 2022	Semiannual	Shares and receivables
IFC C Loan	US$	LIBOR	6.0%	Nov. 2021	Nov. 2027	Semiannual	Shares and receivables
IFC MCPP Loan	US$	LIBOR	3.0%	Nov. 2017	Nov. 2024	Semiannual	Shares and receivables
Proparco Loan	EUR	EURIBOR	3.0%	Nov. 2017	Nov. 2024	Semiannual	Shares and receivables

On February 13, 2015, the Company took out a R$ 205,583 loan from Banco Santander for payment of commitments generated by acquisitions made. That loan was settled on its maturity date, August 13, 2015.

At December 31, 2015, noncurrent maturity schedule is as follows:

Company		Consolidated	
Year	Amount	Year	Amount
2017	**91,016**	2017	**94,855**
2018	**155,025**	2018	**156,739**
2019	**155,025**	2019	**156,739**
2020	**148,046**	2020	**149,760**
2021 to 2027	**564,740**	2021 to 2027	**566,457**
	1,113,852		**1,124,550**

13. Debentures payable

	Company			Consolidated		
	12/31/2015	**12/31/2014**	**12/31/2013**	**12/31/2015**	**12/31/2014**	**12/31/2013**
Rede D'Or São Luiz						
1st issue (a)	**873,314**	881,165	858,009	**873,314**	881,165	858,009
2nd issue (b)	**78,408**	85,183	91,579	**78,408**	85,183	91,579
3rd issue (c)	**644,446**	642,320	642,023	**644,446**	642,320	642,023
4th issue (d)	**804,082**	799,590	796,972	**804,082**	799,590	796,972
5th issue (e)	**98,545**	99,774	100,539	**98,545**	99,774	100,539
6th issue (f)	**196,733**	199,241	-	**196,733**	199,241	-
Medise						
1st issue (g)	**61,770**	62,111	-	**61,770**	62,111	80,291
Hospital Esperança						
1st issue (h)	**-**	-	-	**204,161**	202,600	203,001
2nd issue (i)	**-**	-	-	**99,529**	99,214	100,045
	2,757,298	2,769,384	2,489,122	**3,060,988**	3,071,198	2,872,459
Current	**495,159**	52,131	20,428	**521,483**	57,703	55,386
Noncurrent	**2,262,139**	2,717,253	2,468,694	**2,539,505**	3,013,495	2,817,073

(a) On April 20, 2011, the Company issued nonconvertible debentures in a series of 100 debentures for public distribution, totaling R$1,000,000, maturing on April 20, 2020 (as per the amendment of December 2013), and monthly principal repayment beginning January 20, 2016. The debentures are remunerated *pro rata temporis* bearing interest equivalent to 100% of DI (Interbank Deposits) plus 2.3% p.a., to be paid on a quarterly basis for four years and eight months, and on a monthly basis thereafter. As a guarantee, shares representing 42.5% of Company's capital and chattel mortgage of credit rights were offered. After the last appraisal report issued in June 2015, the guaranteeing shares started to represent 6.8% of the Company's capital. After 24 months, the Company is entitled to repay the debentures in advance, as provided for by agreement.

(b) On October 28, 2011, the Company carried out the second issue of nonconvertible, single-series debentures for public distribution, totaling R$100,000, maturing on January 15, 2017, and monthly principal repayment beginning July 15, 2012. The debentures are remunerated *pro rata temporis* bearing interest equivalent to 100% of DI (Interbank Deposits) plus 2.0% p.a. Interest has been paid on a monthly basis since July 15, 2012. There are no expected guarantees or repayment in advance.

(c) On December 10, 2011, the Company carried out the third issue of nonconvertible, single-series debentures for public distribution, totaling R$650,000, maturing on December 10, 2020 (as per the amendment of December 2013), and monthly principal repayment beginning January 10, 2016. The debentures are remunerated *pro rata temporis* bearing interest equivalent to 100% of DI (Interbank Deposits) plus 2.3% p.a. There are no expected guarantees for the debentures. Upon a 10-day notice, the Company is entitled to repay the debentures in advance, as provided for by agreement.

13. Debentures payable (Continued)

(d) On September 5, 2012, the Company carried out the fourth issue of nonconvertible, single-series debentures for public distribution, totaling R$800,000, maturing on August 10, 2021 (as per the amendment of December 2013), and monthly principal repayment beginning September 10, 2016. The debentures are remunerated *pro rata temporis* bearing interest equivalent to 100% of DI (Interbank Deposits) plus 2.4% p.a. As a guarantee, shares representing 23.5% of Company's capital and chattel mortgage of credit rights were offered. After the last appraisal report issued in June 2015, the guaranteeing shares started to represent 6.5% of the Company's capital.

(e) On December 10, 2013, the Company carried out the fifth issue of nonconvertible, single-series debentures for public distribution, totaling R$100,000, maturing on December 10, 2018, and annual principal repayments beginning December 10, 2017. The debentures are remunerated *pro rata temporis* bearing interest equivalent to 100% of DI (Interbank Deposits) plus 2.0% p.a. There are no expected guarantees for the debentures.

(f) On December 15, 2014, the Company carried out the sixth issue of nonconvertible, single-series debentures for public distribution, totaling R$200,000, maturing on December 15, 2019, and annual principal repayment beginning December 15, 2016. The debentures are remunerated *pro rata temporis* bearing interest equivalent to 100% of DI (Interbank Deposits) plus 2.0% p.a. There are no expected guarantees for the debentures.

(g) On December 12, 2011, subsidiary Medise carried out the first issue of nonconvertible, single-series debentures for public distribution, totaling R$100,000, maturing on December 12, 2017, and quarterly principal repayment beginning June 10, 2016. The debentures are remunerated *pro rata temporis* bearing interest equivalent to 100% of DI (Interbank Deposits) plus 2.2% p.a. Interest has been paid on a monthly basis from January 12, 2013. As a guarantee, chattel mortgage of credit rights was offered. Upon a 10-day notice, the Company is entitled to repay the debentures in advance, as provided for by agreement. In July 2014, Rede D'Or São Luiz S.A. assumed Medise's debts in connection with the Offer, pursuant to Article 299 et seq. of the 2012 Brazilian Civil Code. As a result, the status of Rede D'Or changed from Collateral to Issuer, in view of the capital reduction of the Issuer.

13. Debentures payable (Continued)

(h) On October 15, 2012, subsidiary LE Participações Societárias S.A. (later merged into Hospital Esperança S.A.) carried out the first issue of nonconvertible, single-series debentures for public distribution, totaling R$200,000, maturing on October 15, 2021 (as amended in February 2013), and monthly principal repayment beginning October 15, 2016. The debentures are remunerated *pro rata temporis* bearing interest equivalent to 100% of DI (Interbank Deposits) plus 2.4% p.a. As a guarantee, shares representing 5.9% of Company's capital and chattel mortgage of credit rights were offered. After the last appraisal report issued in June 2015, the guaranteeing shares started to represent 1.7% of the Company's capital.

(i) On December 9, 2013, subsidiary Hospital Esperança S.A. carried out the second issue of nonconvertible, single-series debentures for public distribution, totaling R$100,000, maturing on December 10, 2018, and quarterly principal repayment beginning June 10, 2016. The debentures are remunerated *pro rata temporis* bearing interest equivalent to 100% of DI (Interbank Deposits) plus 1.9% p.a. Chattel mortgage of credit rights was given in guarantee.

In addition to the guarantees given, the maintenance of covenants is provided for by the debenture agreements. These include the assessment of indicators contractually determined based on net debt, EBITDA and financial income (expenses). To the date, all covenants have been complied with.

Such issues of debentures are linked to the Group's growth plan, as mentioned in Note 1.

At December 31, 2015, noncurrent maturity schedule is as follows:

Company		Consolidated	
Year	**Amount**	**Year**	**Amount**
2017	**676,888**	2017	**758,859**
2018	**602,936**	2018	**684,487**
2019	**530,540**	2019	**576,004**
2020	**349,549**	2020	**386,591**
2021	**102,226**	2021	**133,564**
	2,262,139		**2,539,505**

14. Tax liabilities and taxes paid in installments

a) Tax liabilities

	Company			Consolidated		
	12/31/2015	**12/31/2014**	**12/31/2013**	**12/31/2015**	**12/31/2014**	**12/31/2013**
Contribution tax on gross revenue for social integration program (PIS)	**1,991**	1,979	2,267	**2,841**	3,020	2,673
Contribution tax on gross revenue for social security financing (COFINS)	**25,490**	14,945	12,565	**34,690**	20,807	16,627
Service Tax (ISS)	**50,415**	32,854	13,463	**78,913**	47,678	20,533
Withholding income tax (IRRF)	**27,652**	13,345	8,054	**31,574**	15,557	9,937
Income tax	**-**	1,862	1,467	**19,593**	7,132	2,362
Social contribution tax	**-**	550	622	**2,168**	1,626	958
Other	**3,128**	3,062	2,502	**4,723**	3,539	2,809
	108,676	68,597	40,940	**174,502**	99,359	55,899

b) Taxes in installments

	Company			Consolidated		
Taxes in installments	**12/31/2015**	**12/31/2014**	**12/31/2013**	**12/31/2015**	**12/31/2014**	**12/31/2013**
ISS	**24,140**	21,532	23,498	**25,411**	22,698	25,257
Installment payment - Law No. 11941/09	**68,784**	72,635	65,334	**89,654**	86,854	78,424
Installment payment - social security contributions	**28,342**	31,311	-	**42,400**	42,490	38,148
Other	**18,684**	17,275	51,925	**23,372**	18,490	15,518
	139,950	142,753	140,757	**180,837**	170,532	157,347
Current	**18,123**	20,082	14,452	**29,802**	22,021	17,015
Noncurrent	**121,827**	122,671	126,305	**151,035**	148,511	140,332

Tax installment payment program - Law No. 11941/09

On August 25 and November 28, 2014, the Company enrolled with the Special Tax Installment Payment Program introduced by Law No. 12996/2014 and Law No. 13043/2014, with a view to balancing its tax liabilities by means of a special method the allows the installment payment of its tax and social security liabilities. When the Company opted to enroll with this program, it formally requested the Brazilian IRS to include all of the outstanding debts in its current account, amounting to R$27,742, in addition to migrating PAES and PAEX payables in the amount of R$20,490.

The debts included in the installment payment program were under in-court discussion, including R$22,544 recorded as a provision for contingencies, and reclassified to taxes paid in installments when the Company enrolled with the program in 2014. Additionally, the Company had tax claims regarded as possible losses for which no provision had been recognized, which were also included in the installment payment program, recorded in the amount of R$5,198 and matched against a profit and loss account in 2014.

14. Tax liabilities and taxes paid in installments (Continued)

b) Taxes in installments (Continued)

The Company did not use credits arising from income and social contribution tax losses to reduce interest and fines.

At December 31, 2015, noncurrent maturity schedule is as follows:

Company		Consolidated	
Year	**Amount**	**Year**	**Amount**
2017	**17,870**	2017	**21,367**
2018	**17,647**	2018	**21,101**
2019	**17,544**	2019	**20,885**
2020	**15,986**	2020	**19,276**
2021 to 2030	**52,780**	2021 to 2030	**68,406**
	121,827		**151,035**

15. Accounts payable for acquisitions

	Restatement index	Company		
		12/31/2015	**12/31/2014**	**12/31/2013**
Current	CDI	**93,335**	199,927	30,172
Noncurrent	CDI	**53,093**	66,455	210,312

	Restatement index	Consolidated		
		12/31/2015	**12/31/2014**	**12/31/2013**
Current	CDI	**98,918**	199,927	30,172
Noncurrent	CDI	**80,219**	66,455	210,312

Accounts payable for acquisition of companies refer to the remaining balance of considerations for acquisitions in 2015, 2014, 2013 and previous years.

The stated long-term balance will be fully repaid until 2020.

16. Provision for contingencies and judicial deposits

The Company and its subsidiaries are parties to various tax, civil and labor claims. The judicial deposits made will only be released in the event that favorable decisions are handed down to the companies. Based on the opinion of its internal and outside legal advisors, management set up a provision for losses considered sufficient to cover probable losses, as follows:

	Company					
	12/31/2015		12/31/2014		12/31/2013	
	Provision for contingencies	Judicial deposits	Provision for contingencies	Judicial deposits	Provision for contingencies	Judicial deposits
Tax	**16,220**	**(36,309)**	42,751	(28,380)	84,403	(24,519)
Labor	**60,196**	**(5,213)**	48,463	(4,466)	36,739	(5,309)
Civil	**27,064**	**(20,717)**	25,563	(17,906)	33,017	(12,945)
	103,480	**(62,239)**	116,777	(50,752)	154,159	(42,773)

	Consolidated					
	12/31/2015		12/31/2014		12/31/2013	
	Provision for contingencies	Judicial deposits	Provision for contingencies	Judicial deposits	Provision for contingencies	Judicial deposits
Tax	**59,132**	**(48,987)**	45,662	(36,433)	86,032	(29,780)
Labor	**71,859**	**(5,784)**	51,932	(4,915)	38,889	(6,782)
Civil	**48,578**	**(23,668)**	38,153	(19,836)	37,885	(15,342)
	179,569	**(78,439)**	135,747	(61,184)	162,806	(51,904)

16. Provision for contingencies and judicial deposits (Continued)

Changes in provisions for contingencies for 2015, 2014 and 2013 were as follows:

	Company			
	Tax	**Labor**	**Civil**	**Total**
Balances at January 1, 2013	73,701	39,900	31,010	144,611
Reclassification of accounts payable for acquisition of subsidiaries (a)	21,282	-	-	21,282
Additions, net of reversals	2,452	(2,682)	2,007	1,777
Monetary restatements	703	297	-	1,000
Payments	(13,735)	(776)	-	(14,511)
Balances at December 31, 2013	84,403	36,739	33,017	154,159
Additions, net of reversals	(13,113)	13,123	(6,293)	(6,283)
Enrollment with REFIS (Note 14b)	(22,544)	-	-	(22,544)
Monetary restatements	9,021	-	-	9,021
Payments	(15,016)	(1,399)	(1,161)	(17,576)
Balances at December 31, 2014	**42,751**	**48,463**	**25,563**	**116,777**
Additions, net of reversals	**(16,367)**	**13,985**	**5,972**	**3,590**
Monetary restatements	**2,306**	**807**	**748**	**3,861**
Payments	**(17,670)**	**(3,059)**	**(5,220)**	**(25,949)**
Additions from acquisitions (a)	**5,201**	**-**	**-**	**5,201**
Balances at December 31, 2015	**16,221**	**60,196**	**27,063**	**103,480**

(a) These additions refer to Sino Brasileiro, company merged during the year.

Payments, in Company, mainly refer to claims related to São Paulo hospital waste disposal fees, for which a provision was set up by management.

16. Provision for contingencies and judicial deposits (Continued)

	Consolidated			
	Tax	**Labor**	**Civil**	**Total**
Balances at January 1, 2013	76,063	41,430	32,750	150,243
Reclassification of accounts payable for acquisition of subsidiaries (a)	21,282	-	-	21,282
Additions, net of reversals	2,027	(3,072)	4,881	3,836
Monetary restatements	704	297	-	1,001
Payments	(14,044)	(800)	-	(14,844)
Additions from acquisitions (b)	-	1,034	254	1,288
Balances at December 31, 2013	86,032	38,889	37,885	162,806
Additions, net of reversals	(15,775)	13,793	(1,780)	(3,762)
Enrollment with REFIS (Note 14b)	(22,544)	-	-	(22,544)
Monetary restatements	12,335	-	-	12,335
Payments	(15,016)	(1,399)	(1,161)	(17,576)
Additions from acquisitions (c)	630	649	3,209	4,488
Balances at December 31, 2014	**45,662**	**51,932**	**38,153**	**135,747**
Additions, net of reversals	**(14,561)**	**7,254**	**6,313**	**(994)**
Monetary restatements	**9,317**	**7,881**	**1,311**	**18,509**
Payments	**(19,925)**	**(4,574)**	**(9,654)**	**(34,153)**
Additions from acquisitions (d)	**38,639**	**9,366**	**12,455**	**60,460**
Balances at December 31, 2015	**59,132**	**71,859**	**48,578**	**179,569**

(a) This is related to the withholding of the portion payable for the acquisition of subsidiaries, given the sellers' assuming contingencies whose triggering events were prior to the purchase by the Company.

(b) Those additions refer to Norte D'Or, company whose control we acquired in 2013.

(c) These additions refer to Hospital IFOR, company acquired in 2014.

(d) These additions refer to companies acquired in 2015, i.e., Bartira, Villa-Lobos, Sino Brasileiro, Santa Helena and Hospital Fluminense.

Tax claims provisioned particularly arise from proceedings related to discussions on the levy of State VAT (ICMS) on imports of medical equipment, Service Tax (ISS) payable based on a differentiated rate, and discussions on the levy of Federal VAT (IPI) on imports, losses of which are assessed as probable, provisioned by Company management.

Additionally, the Company is also a party to various tax claims, totaling R$77,800 (R$9,020 in 2014 and R$18,336 in 2013) in Company, and R$ 90,020 (R$22,979 in 2014 and R$19,583 in 2013) in Consolidated, losses of which were estimated by its legal advisors as possible. Therefore, no provisions were set up for contingencies for such claims.

16. Provision for contingencies and judicial deposits (Continued)

Labor claims are largely derived from overtime payment, 13th month salary pay, prior resignation notice, vacation pay and Unemployment Compensation Fund (FGTS). In addition to the claims provisioned, Rede D'Or is a party to labor claims totaling R$82,676 (R$53,524 in 2014 and R$71,216 in 2013) in Company and R$101,367 (R$55,623 in 2014 and R$72,146 in 2013) in Consolidated, losses of which were estimated by its legal advisors as possible. Therefore, no provisions were set up for those contingencies.

Civil claims particularly refer to compensation for property damages and pain and suffering. In addition to the claims provisioned, Rede D'Or is a party to civil claims totaling R$58,593 (R$75,025 in 2014 and R$93,365 in 2013) in Company and R$116,170 (R$112,350 in 2014 and R$95,634 in 2013) in Consolidated, losses of which were estimated by its legal advisors as possible. Therefore, no provisions were set up for those contingencies.

17. Commitments

At December 31, 2015, Rede D'Or has operating leases referring substantially to buildings from third and related parties for an average period of eighteen years, considering the following payment schedule:

Year	Company	Consolidated
	(Gross nominal amounts)	
2016	**214,775**	**243,306**
2017	**214,775**	**243,306**
2018	**198,453**	**226,694**
2019	**188,660**	**217,191**
2020 to 2051	**1,964,921**	**2,210,163**
	2,781,585	**3,140,950**

Lease expenses recognized for the year amounted to R$219,766 (R$200,906 in 2014 and R$141,068 in 2013) in Company and R$256,720 (R$231,622 in 2014 and R$169,440 in 2013) in Consolidated.

These leases refer to all hospitals of Rede D'Or São Luiz S.A., except Hospital e Maternidade Assunção and Hospital Vivalle, as they are in own buildings.

18. Equity

a) Capital stock

Breakdown of Company's capital is as follows:

	12/31/2015		12/31/2014		12/31/2013	
Shareholders	Number of common shares	% of interest in voting capital	Number of common shares	% of interest in voting capital	Number of common shares	% of interest in voting capital
Controlling family (a)	**263,227,301**	**57.24**	294,363,184	92.37	248,339,088	91.08
Pacific RDSL Participações (b)	**118,988,362**	**25.87**	-	-	-	-
Carlyle Group (c)	**54,497,067**	**11.85**	-	-	-	-
Other	**23,199,687**	**5.04**	24,327,036	7.63	24,327,035	8.92
	459,912,417	**100.00**	318,690,220	100.00	272,666,123	100.00

(a) This represents interest directly held by the "Moll Family" (individuals) and by means of investment fund 'Delta FM&B Fundo Inv. em Participações'.
(b) This represents Singapore sovereign fund ("GIC"), which acquired interest directly from shareholders in 2015.
(c) Represented by funds HPT Participações S.A. and RDSL Investimento Secundário FIP.

At December 31, 2015, subscribed and paid-in capital amounted to R$867,776 (R$452,530 and R$261,531 at December 31, 2014 and 2013) divided into 2,734,600 registered preferred class A shares, with no par value, (318,690,220 common shares and 2,734,600 preferred shares in 2014, and 272,666,123 common and 2,734,600 preferred shares in 2013).

Under the Company's charter, each common share is entitled to a vote in the Company's general meetings. Preferred class A shares are non-voting shares, have priority in the return of capital, without premium, in case of Company dissolution, and are entitled to preferred annual dividend.

In Special General Shareholders' Meeting held on February 23, 2015, capital increase was approved in the amount of R$52,026 in cash, with issue of 12,537,402 new common registered shares, with no par value, for the issue price of R$4.15 (four reais and fifteen cents) each. On the same date, R$33,613 was allocated from income reserve (investment reserve) to capital increase, without issue of new shares.

18. Equity (Continued)

a) Capital stock (Continued)

On March 31, 2015, BTG Pactual Saúde Fundo de Investimento em Participações communicated Rede D'Or that it would exercise its option to convert debentures into shares, in the amount of R$600,000, by means of issue of 91,633,457 new common registered shares, with no par value, accounting for 21.53% capital of the Company, of which R$147,664 recorded as capital increase and R$452,336 recorded as goodwill reserve in share subscription. Given their nature, those debentures were classified as equity; therefore, said capitalization generated no effects on the Company's financial statements. The operation took place on May 7, 2015, upon approval by competent regulators.

On April 27, 2015, the Company entered into an investment agreement with HPT Participações S.A. (Carlyle Group investee), in the amount of R$1,819,435, of which R$181,943 for capital increase and R$1,637,491 as goodwill reserve on share subscription, upon issue of 37,051,337 new common registered shares, accounting for 8.38% of Rede D'Or capital. Capital contribution was as follows: (a) R$875,000 contributed in cash ("First Tranche"), through issue of 18,525,668 common shares, clear title, fully subscribed and paid-in at closing date, accounting for 4.19% of Company's capital; and (b) R$944,435 contributed as a promissory note ("Second Tranche"), through issue of 18,525,669 new common clear title shares, subscribed and paid-in at closing date, accounting for 4.19% of Company's capital. The promissory note is non-recourse, i.e., settled and tradable in the market by the Company, reason why it was recorded as a financial instrument, receivable, in current assets, against equity.

The promissory note will mature in April 2016. In the event Carlyle fails to pay the promissory note, as a guarantee, the Company may (i) repurchase the First Tranche for R$1 (one real) and the Second Tranche with 50% reduction of the contributed amount; (ii) repurchase First Tranche for R$1 (one real), keeping Carlyle with 4.19% interest, but without the shareholders' agreement rights; or (iii) enforce, in court, the promissory note, with fine of R$75,000.

Amounts agreed in this transaction and the referred to interest of Carlyle Group in Rede D'Or depended on the achievement of metrics determined in contract for 2015. Failure to achieve those metrics would result in Rede D'Or issuing new shares in favor of the Carlyle Group up to 17% of interest in the Company. Metric computation by management indicates achievement thereof at December 31, 2015; therefore, the Company recorded no liability corresponding to its potential obligation to issue new shares, and Carlyle Group interest will remain unchanged.

18. Equity (Continued)

a) Capital stock (Continued)

In addition, in 2015, Carlyle carried out other transactions between shareholders, whereby it acquired 17,445,730 common shares of the Company, and became holder of 54,497,067 shares, which account for 11.85% of voting capital at December 31, 2015.

On December 22, 2014, the Company's capital increase was approved in the amount of R$190,999 in kind, with issue of 46,024,097 new registered common shares with no par value, for the issue price of R$4.15 (four reais and fifteen cents) each.

On April 30, 2013, there was approval of the Company's capital increase by R$209,228, of which R$88,528, without issue of new shares, through capitalization of part of the income reserve balance, and R$120,699 in cash, with issue of 27,879,412 new registered common shares with no par value, for issue price of R$4.33 (four reais and thirty-three cents) each.

b) Allocation of income

The legal reserve is set up at 5% of net income for the year, limited to 20% of capital or until its balance plus capital reserves exceeds 30% of the amount of capital (Law No. 6404/76, article 182).

Dividend is paid based on Law No. 6404/76, and the mandatory minimum dividend corresponds to 25% of net income, after allocation of legal reserve.

At December 31, 2015, 2014 and 2013, the calculation of dividend and the changes therein for the years are as follows:

	12/31/2015	12/31/2014	12/31/2013
Net income for the year	**724,733**	320,190	208,294
Set-up of legal reserve (article 193 Law No. 6404) (*)	-	-	-
Mandatory minimum dividend calculation base	**724,733**	320,190	208,294
Mandatory minimum dividend (25%)	**181,183**	80,047	52,073
Dividend and interest on equity proposed	**181,183**	80,047	52,073
Mandatory minimum dividend per thousand shares - in reais	**0.4285**	0.2512	0.1891

(*) The Company did not set up a legal reserve based on paragraph 1 of article 193 of Law No. 6404, according to which when the legal reserve, plus the capital reserves, exceeds 30% of capital, it does not need to be set up.

18. Equity (Continued)

b) Allocation of income (Continued)

Mandatory minimum dividend is stated in the balance sheet as legal obligations (in current liabilities). At December 31, 2015, dividend payable totaled R$309,051 (R$156,028 in 2014 and R$78,498 in 2013), in Company, and R$316,004 (R$159,578 in 2014 and R$83,512 in 2013), in consolidated. After income allocation to the legal reserve and dividend, the exceeding amount will be allocated to the investment reserve, to be reinvested in the Company.

Capital budget, submitted by management bodies together with the proposed profit retention, will also be submitted to the General Shareholders' Meeting for approval.

c) Treasury shares

At December 31, 2015, the Company had 19,959,827 registered common shares with no par value of Rede D'Or, in the amount of R$257,597, recorded as treasury shares in equity.

Changes in treasury shares are as follows:

	Number of shares	Share value (In reais)	Total
Balance at December 31, 2012	16,924,129	7.65	129,594
Acquisitions made	1,129,360	24.37	27,523
Balance at December 31, 2013	18,053,489	8.69	157,117
Acquisitions made	1,937,003	2.48	4,802
Balance at December 31, 2014	19,990,492	8.10	161,919
Acquisitions made	**4,957,395**	**25.64**	**127,110**
Sales made	**(4,988,060)**	**6.30**	**(31,432)**
Balance at December 31, 2015	**19,959,827**	**12.91**	**257,597**

Shares purchased and sold in 2015 substantially refer to the share-based payment option plan, as follows.

18. Equity (Continued)

e) Share-based payment (*stock options*)

- *First Stock Option Plan*

  Company's shareholders approved, in a Shareholders' Meeting held on November 19, 2011, the adoption of a stock option plan for managing officers and employees of the Company. The stock options issued by the Company are first-issue options, thus involving the issue of new shares or use of existing treasury shares.

  On November 30, 2011, the stock option plan comprising the right to purchase 4,355,694 shares was granted, by means of an individual agreement entered into between the Company and each beneficiary. In order to be entitled to the right to stock options, beneficiaries would have to be working for the Company for at least three years (vesting period). Company management and employees participating in this plan will be fully entitled to such options, at one-fifth of total shares available for the plan, after 12 months from the vesting date, and to the following four, under the same conditions, after 24, 36, 48 and 60 months also from the vesting date. The participants have a maximum of sixty months, as from the end of the vesting period, to exercise the options.

  The price for exercising the options granted was R$8.09 per nominal share and should remain the same until the options are effectively exercised, subject to monetary restatement (CDI or IPCA).

- *Second and Third Stock Option Plans*

  The Special General Shareholders' Meeting held on November 23, 2012, approved the Second Stock Option Plan and on May 14, 2013, the Third Stock Option Plan was approved.

  The Company granted to beneficiaries of the Second and Third Plans the option for the purchase of 855,141 and 2,428,464 registered common shares with no nominal value, respectively, through individual contract between each beneficiary and the Company. The contracts follow the same conditions of the First Stock Option Plan.

18. Equity (Continued)

e) Share-based payment *(stock options)* (Continued)

- *Second and Third Stock Option Plans* (Continued)

  The price for exercising the options granted is R$9.24 per share for the Second Plan and R$9.34 per share for the Third Plan. Exercise price is increased by CDI variation, *pro rata die*, until the effective date of exercise of any stock option.

- *Fourth Stock Option Plan*

  The Special General Shareholders' Meeting held on June 5, 2014 approved the Fourth Stock Option Plan.

  The Company granted to beneficiaries of the Fourth Plan the option to purchase 37,265 registered common shares with no par value, through an individual contract between each beneficiary and the Company. The contracts of the Fourth Stock Option Plan follow the same conditions of the First Stock Option Plan.

  The price for exercising the options granted is R$13.99 per share, increased by CDI variation, *pro rata die*, until the effective date of exercise of any stock option.

- *Fifth Stock Option Plan*

  The Extraordinary Shareholders' Meeting held on July 21, 2014 approved the Fifth Stock Option Plan.

  The Company granted to beneficiaries of the Fifth Plan the option to purchase 992,000 registered common shares with no par value, through an individual contract between each beneficiary and the Company.

18. Equity (Continued)

e) Share-based payment (stock options) (Continued)

- *Fifth Stock Option Plan* (Continued)

  In order to be entitled to the right to stock options, beneficiaries has to work for the Company for at least three years (vesting period). Company management and employees participating in this stock option plan will be fully entitled to such options as follows: 10% after 12 months from June 2, 2015; 10% 24 months thereafter; 20% 36 months thereafter; 20% 48 months thereafter; 10% 72 months thereafter; and 10% 84 months thereafter. The participants have a maximum forty-eight months from the end of the vesting period to exercise the options.

- *Sixth Stock Option Plan*

  The Special General Shareholders' Meeting held on February 23, 2015 approved the Sixth Stock Option Plan.

  The Company granted to beneficiaries of the Sixth Plan the option to purchase 86,004 registered common shares with no par value, through an individual contract between each beneficiary and the Company.

  In order to be entitled to the right to stock options, beneficiaries has to work for the Company for at least three years (vesting period). Company management and staff members in this payment plan will be fully entitled to those options in the proportion of 50% as from March 31, 2015, and 50% as from March 31, 2016. The participants have a maximum forty-eight months from the end of the vesting period to exercise the options.

- *Seventh Stock Option Plan*

  The Special General Shareholders' Meeting held on February 23, 2015 approved the Seventh Stock Option Plan.

  The Company granted to beneficiaries of the Seventh Plan the option to purchase 30,177 registered common shares with no par value, through an individual contract between each beneficiary and the Company.

18. Equity (Continued)

e) Share-based payment (stock options) (Continued)

- *Seventh Stock Option Plan* (Continued)

  In order to be entitled to the right to stock options, beneficiaries has to work for the Company for at least three years (vesting period). Company management and staff members in this payment plan will be fully entitled to those options as from March 31, 2016. The participants have a maximum forty-eight months from the end of the vesting period to exercise the options.

  Share-based payment was measured and recognized at fair value, based on the Black, Scholes & Merton model (1973).

  The results of the calculation of fair value of options restated at the financial statement date are as follows:

- *First Stock Option Plan*

Maturity date	Number of shares	Annual volatility	Risk-free rate	Fair value of options (in R$)	Expiration
01/01/2012	906,570	39.6%	10.5%	7.61	Expired
01/01/2013	906,570	39.6%	10.5%	7.89	Expired
01/01/2014	740,950	39.6%	10.6%	8.28	Expired
01/01/2015	1,958,444	39.6%	10.7%	8.64	Expired
01/01/2016	1,958,444	39.6%	10.7%	8.97	Unexpired
Total	6,470,978	Average risk-free rate	10.6%		

- *Second Stock Option Plan*

Maturity date	Number of shares	Annual volatility	Risk-free rate	Fair value of options (in R$)	Expiration
03/31/2013	298,117	32.39%	7.10%	13.91	Expired
03/31/2014	173,902	32.39%	7.25%	13.67	Expired
03/31/2015	132,900	32.39%	7.61%	13.53	Expired
03/31/2016	155,486	32.39%	8.06%	13.50	Unexpired
03/31/2017	155,486	32.39%	8.39%	13.49	Unexpired
Total	915,891	Average risk-free rate	7.68%		

18. Equity (Continued)

e) Share-based payment (*stock options*) (Continued)

- *Third Stock Option Plan*

Maturity date	Number of shares	Annual volatility	Risk-free rate	Fair value of options (in R$)	Expiration
03/31/2014	422,342	31.74%	9.11%	14.26	Expired
03/31/2015	501,531	31.74%	10.23%	14.21	Expired
03/31/2016	1,003,642	31.74%	10.89%	14.16	Unexpired
03/31/2017	1,003,642	31.74%	11.34%	14.15	Unexpired
03/31/2018	1,003,642	31.74%	11.53%	14.09	Unexpired
Total	3,934,799	Average risk-free rate	10.62%		

- *Fourth Stock Option Plan*

Maturity date	Number of shares	Annual volatility	Risk-free rate	Fair value of options (in R$)	Expiration
03/31/2015	7,453	30.27%	10.81%	16.00	Expired
03/31/2016	12,541	30.27%	11.16%	15.85	Unexpired
03/31/2017	12,541	30.27%	11.50%	15.83	Unexpired
03/31/2018	12,541	30.27%	11.66%	15.79	Unexpired
03/31/2019	12,541	30.27%	11.82%	15.81	Unexpired
Total	57,617	Average risk-free rate	11.39%		

- *Fifth Stock Option Plan*

Maturity date	Number of shares	Annual volatility	Risk-free rate	Fair value of options (in R$)	Expiration
06/02/2015	99,200	30.17%	10.76%	19.70	Expired
06/02/2016	184,050	30.17%	10.91%	19.42	Unexpired
06/02/2017	184,050	30.17%	11.09%	19.18	Unexpired
06/02/2018	184,050	30.17%	11.18%	18.97	Unexpired
06/02/2019	184,050	30.17%	11.29%	18.79	Unexpired
06/02/2020	184,050	30.17%	11.41%	18.66	Unexpired
06/02/2021	184,050	30.17%	11.40%	18.49	Unexpired
Total	1,203,500	Average risk-free rate	11.15%		

- *Sixth Stock Option Plan*

Maturity date	Number of shares	Annual volatility	Risk-free rate	Fair value of options (in R$)	Expiration
03/31/2015	43,002	30.94%	12.81%	22.91	Expired
03/30/2016	43,002	30.94%	12.67%	22.56	Unexpired
Total	86,004	Average risk-free rate	12.74%		

18. Equity (Continued)

e) Share-based payment (stock options) (Continued)

- *Seventh Stock Option Plan*

Maturity date	Number of shares	Annual volatility	Risk-free rate	Fair value of options (in R$)	Expiration
03/31/2016	30,177	30.94%	12.81%	19.74	Unexpired
Total	30,177	Average risk-free rate	12.84%		

The effects of share-based payment (stock option plan), covering all granted and outstanding options, in equity and profit or loss for the year, are as follows:

	Fair value of options per year	Effects on profit or loss for the year	Cumulative effect on equity
2011	**1,457**	**1,457**	**1,457**
2012	**16,234**	**16,234**	**17,691**
2013	**20,656**	**20,656**	**38,347**
2014	**27,420**	**27,363**	**65,710**
2015	**51,949**	**51,949**	**117,659**
2016	**18,728**	**-**	**-**
2017	**7,420**	**-**	**-**
2018	**2,974**	**-**	**-**
2019	**1,393**	**-**	**-**
2020	**737**	**-**	**-**
2021	**246**	**-**	**-**
	149,214		

The Company grants a put option to each beneficiary on total shares that are acquired due to exercise of stock option. The periods for exercising the option are determined by individual agreements between the parties, and the acquisition price of the Company for exercising the put options will be determined differently, with specific measurement criteria, since the company can be a privately-held or publicly-traded company. In 2015, first plan executives exercised their put options of expired shares against the Company, which purchased R$127,110 in shares and recorded them as treasury shares.

Should the beneficiary withdraw from his/her position, options not yet exercisable expire, with no rights of compensation, and options already exercisable may be exercised in up to 90 days.

If the beneficiary's employment contract is terminated for cause, all rights exercisable or not yet exercisable expire automatically, regardless of notice or compensation.

19. Income and social contributions taxes

Income and social contribution tax expenses for the years ended December 31, 2015, 2014 and 2013 are as follows:

	Company			Consolidated		
	12/31/2015	**12/31/2014**	**12/31/2013**	**12/31/2015**	**12/31/2014**	**12/31/2013**
Deferred						
Income tax	**(100,489)**	(14,810)	(54,387)	**(92,130)**	(10,991)	(49,334)
Social contribution tax	**(36,182)**	(5,335)	(19,579)	**(33,208)**	(3,967)	(17,759)
	(136,671)	(20,145)	(73,966)	**(125,338)**	(14,958)	(67,093)
Current						
Income tax	**(28,809)**	(22,837)	-	**(98,647)**	(40,494)	(6,737)
Social contribution tax	**(9,653)**	(8,240)	-	**(35,475)**	(14,953)	(2,425)
	(38,462)	(31,077)	-	**(134,122)**	(55,447)	(9,162)
Income and social contribution tax expenses	**(175,133)**	(51,222)	(73,966)	**(259,460)**	(70,405)	(76,255)

Changes in deferred income and social contribution tax assets and liabilities at December 31, 2015, 2014 and 2013 were as follows:

	Company								
	12/31/2012	**Additional benefits (expenses) recorded**	**12/31/2013**	**Additional benefits (expenses) recorded**	**Other (*)**	**12/31/2014**	**Additional benefits (expenses) recorded**	**Additions from business combinations**	**12/31/2015**
Assets									
Tax losses	40,743	(4,984)	35,759	(10,611)	-	25,148	**(11,765)**	**-**	**13,383**
Social contribution tax losses	14,669	(1,794)	12,875	(3,822)	-	9,053	**(4,236)**	**-**	**4,817**
ADA	35,596	(473)	35,123	13,926	-	49,049	**7,710**	**9,707**	**66,466**
Allowance for disallowances	8,970	9,731	18,701	34,305	-	53,006	**(11,882)**	**472**	**41,596**
Contingencies	47,712	4,703	52,415	(12,711)	-	39,704	**(7,602)**	**6,911**	**39,013**
Provision for inventories	1,159	-	1,159	-	-	1,159	**-**	**-**	**1,159**
Provision for bonus	11,988	669	12,657	6,487	-	19,144	**(250)**	**-**	**18,894**
Foreign exchange variation	3,737	(3,737)	-	-	-	-	**-**	**-**	**-**
Provision for losses	9,086	-	9,086	2	-	9,088	**1,149**	**1,355**	**11,592**
Deferred gain on property disposals	10,431	(748)	9,683	9,339	-	19,022	**(1,333)**	**-**	**17,689**
Taxes - Judicial deposits	-	772	772	1,192	-	1,964	**2,690**	**-**	**4,654**
Provision for overtime	-	4,015	4,015	938	-	4,953	**(3,691)**	**-**	**1,262**
Total deferred tax assets	184,091	8,154	192,245	39,045	-	231,290	**(29,210)**	**18,445**	**220,525**
Liabilities									
Differences between accounting and tax base of goodwill	(157,918)	(73,376)	(231,294)	(58,115)	20,277	(269,132)	**(82,498)**	**-**	**(351,631)**
Gain on acquisition in steps	-	-	-	-	-	-	**(22,550)**	**-**	**(22,550)**
Swap variation	-	(8,744)	(8,744)	(1,075)	-	(9,819)	**(2,413)**	**-**	**(12,232)**
Total deferred tax liabilities	(157,918)	(82,120)	(240,038)	(59,190)	20,277	(278,951)	**(107,461)**	**-**	**(386,413)**
Net effect – asset (liability)	26,173	(73,966)	(47,793)	(20,145)	20,277	(47,661)	**(136,671)**	**18,445**	**(165,888)**

(*) This refers to the reclassification of amounts previously recorded as goodwill on acquisition of Hospital Brasil.

19. Income and social contributions taxes (Continued)

	Consolidated								
	12/31/2012	Additional benefits (expenses) recorded	12/31/2013	Additional benefits (expenses) recorded	Other (*)	12/31/2014	Additional benefits (expenses) recorded	Additions from business combinations	12/31/2015
Assets									
Tax losses	41,569	(4,553)	37,016	(11,868)	-	25,148	**(11,250)**	**-**	**13,898**
Social contribution tax losses	14,969	(1,642)	13,327	(4,274)	-	9,053	**(4,052)**	**-**	**5,001**
ADA	35,596	2,429	38,025	19,635	-	57,660	**5,437**	**34,501**	**97,598**
Allowance for disallowances	8,970	11,839	20,809	37,637	-	58,446	**7,624**	**16,653**	**82,723**
Contingencies	47,712	4,843	52,555	(11,531)	-	41,024	**(5,353)**	**42,281**	**77,952**
Provision for inventories	1,159	-	1,159	-	-	1,159	**-**	**-**	**1,159**
Provision for bonus	11,988	669	12,657	6,487	-	19,144	**(250)**	**-**	**18,894**
Foreign exchange variation	3,737	(3,737)	-	-	-	-	**-**	**-**	
Provision for losses	9,086	-	9,086	2	-	9,088	**4,846**	**1,353**	**15,287**
Deferred gain on property disposals	10,431	(748)	9,683	9,339	-	19,022	**(1,333)**	**-**	**17,689**
Taxes - Judicial deposits	-	857	857	1,270	-	2,127	**3,841**	**-**	**5,968**
Provision for overtime	-	5,638	5,638	1,232	-	6,870	**(5,023)**	**-**	**1,847**
Total deferred tax assets	185,217	15,595	200,812	47,929	-	248,741	**(5,513)**	**94,788**	**338,016**
Liabilities and equity									
Differences between accounting and tax base of goodwill	(173,717)	(73,944)	(247,661)	(61,812)	21,524	(287,949)	**(94,748)**	**(14,906)**	**(397,603)**
Gain on acquisition in steps	(17,848)	-	(17,848)	-	-	(17,848)	**(22,550)**	**-**	**(40,398)**
Swap variation	-	(8,744)	(8,744)	(1,075)	-	(9,819)	**(2,413)**	**-**	**(12,232)**
Deferred revenue	-	-	-	-	-	-	**(114)**	**(23,309)**	**(23,423)**
Total deferred tax liabilities	(191,565)	(82,688)	(274,253)	(62,887)	21,524	(315,616)	**(119,825)**	**(38,215)**	**(473,656)**
Net effect – asset (liability)	(6,348)	(67,093)	(73,441)	(14,958)	21,524	(66,875)	**(125,338)**	**56,573**	**(135,640)**
Assets in balance sheet	7,792	(1,820)	5,972	2,892	-	8,864	**(1,227)**	**72,970**	80,607
Liabilities in balance sheet	(14,140)	(65,273)	(79,413)	(17,850)	21,524	(75,739)	**(124,111)**	**(16,397)**	(216,247)
Net effect – asset (liability)	(6,348)	(67,093)	(73,441)	(14,958)	21,524	(66,875)	**(125,338)**	**56,573**	**(135,640)**

(*) This refers to the reclassification of amounts previously recorded as goodwill on acquisition of Hospital Brasil.

Reconciliation of income and social contribution taxes to the amount determined at the statutory rate for years 2015, 2014 and 2013 are as follows:

	Company			Consolidated		
	12/31/2015	12/31/2014	12/31/2013	12/31/2015	12/31/2014	12/31/2013
Income before income and social contribution taxes	**899,866**	371,412	282,260	**1,009,611**	393,288	286,314
Income and social contribution taxes at statutory rates	**305,954**	126,280	95,968	**343,268**	133,718	97,347
Adjustments to determine the effective tax rate						
Interest on debentures recorded as equity instrument	**(19,755)**	(42,725)	(30,891)	**(19,755)**	(42,725)	(30,891)
Equity pickup	**(89,492)**	(30,237)	2,261	**(13,378)**	(14,527)	(3,602)
Stock option expenses	**17,663**	9,303	7,023	**17,663**	9,303	7,023
Expenses with interest and fines	**1,366**	-	-	**1,371**	-	-
Interest on equity	**(46,459)**	(2,940)	-	**(46,459)**	(2,940)	-
Unrecognized tax credit	**-**	-	-	**(10,111)**	-	-
Effects of companies taxed under the profit computed as a percentage of the revenue regime	**-**	-	-	**(5,457)**	-	-
Other	**5,856**	(8,459)	(395)	**(7,682)**	(12,424)	6,378
Expenses (benefit) in the income statement	**175,133**	51,222	73,966	**259,460**	70,405	76,255

19. Income and social contributions taxes (Continued)

Income and social contribution tax losses may be carried indefinitely, however, offsetting is limited to 30% of taxable income generated in each fiscal year.

The Company expects that deferred tax credits calculated on income and social contribution tax losses will be realized in 2 years. Management expects that other temporary differences will be realized between 1 to 5 years, except for deferred gain on property disposals, of which the realization will take place along the lease contract term.

20. Net revenue

	Company			Consolidated		
	12/31/2015	**12/31/2014**	**12/31/2013**	**12/31/2015**	**12/31/2014**	**12/31/2013**
Gross revenue	**5,127,104**	4,330,613	3,569,807	**7,158,423**	5,574,976	4,570,082
Deductions from revenue						
Cancellations and rebates	**(176,992)**	(213,655)	(135,994)	**(279,619)**	(252,417)	(182,335)
Taxes on revenues	**(301,180)**	(250,683)	(193,980)	**(426,736)**	(331,026)	(259,347)
	4,648,932	3,866,275	3,239,833	**6,452,068**	4,991,533	4,128,400

21. Cost of services rendered

	Company			Consolidated		
	12/31/2015	**12/31/2014**	**12/31/2013**	**12/31/2015**	**12/31/2014**	**12/31/2013**
Personnel	**(1,297,563)**	(1,188,762)	(1,042,731)	**(1,828,272)**	(1,556,214)	(1,316,578)
Materials and medicines	**(883,700)**	(825,725)	(706,156)	**(1,205,523)**	(1,022,458)	(851,735)
Third-party services	**(711,967)**	(562,971)	(491,633)	**(1,202,326)**	(913,510)	(817,453)
Utilities and services	**(82,833)**	(60,787)	(46,627)	**(115,577)**	(80,313)	(62,523)
Leases	**(219,766)**	(200,906)	(141,068)	**(245,986)**	(231,622)	(169,440)
Depreciation and amortization	**(102,419)**	(89,050)	(82,497)	**(134,478)**	(123,857)	(108,673)
	(3,298,248)	(2,928,201)	(2,510,712)	**(4,732,162)**	(3,927,974)	(3,326,402)

22. General and administrative expenses

	Company			Consolidated		
	12/31/2015	**12/31/2014**	**12/31/2013**	**12/31/2015**	**12/31/2014**	**12/31/2013**
Personnel	**(185,341)**	(150,630)	(107,606)	**(185,341)**	(150,630)	(107,606)
Third-party services	**(43,105)**	(51,493)	(30,043)	**(43,105)**	(51,493)	(30,043)
Trips and lodging	**(12,039)**	(13,367)	(12,486)	**(15,505)**	(14,484)	(13,350)
Depreciation and amortization	**(16,748)**	(9,013)	(6,157)	**(16,748)**	(9,013)	(6,157)
Provision for contingencies	**(3,590)**	6,283	(1,777)	**993**	3,762	(3,836)
	(260,823)	(218,220)	(158,069)	**(259,706)**	(221,858)	(160,992)

23. Selling expenses

	Company			Consolidated		
	12/31/2015	**12/31/2014**	**12/31/2013**	**12/31/2015**	**12/31/2014**	**12/31/2013**
Allowance for doubtful accounts	**(22,677)**	(40,692)	(60,808)	**(15,991)**	(65,085)	(81,895)
Marketing	**(10,157)**	(17,937)	(14,038)	**(11,844)**	(19,204)	(15,019)
	(32,834)	(58,629)	(74,846)	**(27,835)**	(84,289)	(96,914)

24. Other operating expenses, net

	Company			Consolidated		
	12/31/2015	**12/31/2014**	**12/31/2013**	**12/31/2015**	**12/31/2014**	**12/31/2013**
Taxes, fees and penalties	**(17,795)**	(14,131)	(12,116)	**(22,965)**	(16,063)	(13,598)
Gain on acquisition in steps (Note 3)	**66,495**	-	-	**66,495**	-	
Gain on disposal of properties	**3,920**	3,920	45,875	**3,920**	3,920	45,875
Other expenses and revenues	**(22,897)**	(44,303)	(2,647)	**(39,712)**	(51,594)	(37,415)
	29,723	(54,514)	31,112	**7,738**	(63,737)	(5,138)

25. Financial income (expenses), net

Financial income and expenses for the years ended December 31, 2015, 2014 and 2013 are as follows:

	Company			Consolidated		
	12/31/2015	**12/31/2014**	**12/31/2013**	**12/31/2015**	**12/31/2014**	**12/31/2013**
Financial income						
Short-term investment yields	**93,397**	56,560	39,438	**121,641**	80,597	50,363
Swap variation	**47,271**	5,211	25,700	**47,271**	5,211	25,700
Other	**4,291**	790	1,782	**720**	2,366	1,859
	144,959	62,561	66,920	**169,632**	88,174	77,922
Financial expenses						
Interest and monetary variation on financing	**(143,404)**	(36,536)	(21,824)	**(142,574)**	(37,176)	(26,925)
Interest on debentures	**(413,625)**	(324,487)	(264,688)	**(463,528)**	(367,905)	(294,700)
Taxes on financial income (expenses)	**(7,133)**	(760)	(790)	**(8,762)**	(1,153)	(1,141)
Other	**(19,128)**	(25,009)	(18,026)	**(24,608)**	(25,052)	(18,389)
	(583,290)	(386,792)	(305,328)	**(639,472)**	(431,286)	(341,155)
	(438,331)	(324,231)	(238,408)	**(469,840)**	(343,112)	(263,233)

26. Earnings per share

a) Basic

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

	12/31/2015	12/31/2014	12/31/2013
Income attributable to controlling shareholders	**724,733**	320,190	208,294
Weighted average number of common shares issued (thousands)	**396,753**	256,592	250,944
Basic earnings per share (in R$)	**1.8267**	1.2479	0.8300

b) Diluted

Earnings per share are calculated by adjusting the weighted average number of outstanding common shares assuming conversion of all possible common shares that would have resulted in dilution. The Company has two categories of dilutive potential common shares: stock option plans and convertible debentures.

	12/31/2015	12/31/2014	12/31/2013
Income attributable to controlling shareholders	**724,733**	320,190	208,294
Weighted average number of common shares issued, including dilutive factors (thousands)	**430,833**	353,059	348,341
Diluted earnings per share (in R$)	**1.6822**	0.9069	0.5980

27. Financial instruments and financial risk management

27.1. Financial instruments by category

The classification of financial assets by category at December 31, 2015, 2014 and 2013 is as follows:

	Company								
	12/31/2015			12/31/2014			12/31/2013		
Financial Assets	Loans and receivables	Fair value through profit or loss (*)	Total	Loans and receivables	Fair value through profit or loss (*)	Total	Loans and receivables	Fair value through profit or loss (*)	Total
Cash and cash equivalents	**93,365**	**-**	**93,365**	38,042	-	38,042	57,788	-	57,788
Marketable securities	**-**	**679,032**	**679,032**	-	619,703	619,703	-	662,637	662,637
Accounts receivables	**1,321,647**	**-**	**1,321,647**	973,368	-	973,368	837,065	-	837,065
Dividend receivable	**27,977**	**-**	**27,977**	41,357	-	41,357	27,977	-	27,977
Financial instrument – promissory note	**944,435**	**-**	**944,435**	-	-	-	-	-	-
Receivables from disposal of properties	**73,926**	**-**	**73,926**	73,926	-	73,926	123,000	-	123,000
Judicial deposits	**62,239**	**-**	**62,239**	50,752	-	50,752	42,773	-	42,773
Derivatives	**-**	**35,956**	**35,956**	-	28,861	28,861	-	25,700	25,700
	2,523,589	**714,988**	**3,225,296**	1,177,445	648,564	1,826,009	1,088,603	688,337	1,776,940

	Consolidated								
	12/31/2015			12/31/2014			12/31/2013		
Financial Assets	Loans and receivables	Fair value through profit or loss (*)	Total	Loans and receivables	Fair value through profit or loss (*)	Total	Loans and receivables	Fair value through profit or loss (*)	Total
Cash and cash equivalents	**144,497**	**-**	**144,497**	55,182	-	55,182	89,522	-	89,522
Marketable securities	**-**	**897,237**	**897,237**	-	848,646	848,646	-	869,142	869,142
Accounts receivables	**1,911,681**	**-**	**1,911,681**	1,267,239	-	1,267,239	1,049,281	-	1,049,281
Financial instrument – promissory note	**944,435**	**-**	**944,435**	-	-	-	-	-	-
Receivables from disposal of properties	**73,926**	**-**	**73,926**	73,926	-	73,926	123,000	-	123,000
Judicial deposits	**78,439**	**-**	**78,439**	61,184	-	61,184	51,904	-	51,904
Derivatives	**-**	**35,956**	**35,956**	-	28,861	28,861	-	25,700	25,700
	3,152,978	**933,193**	**4,086,171**	1,457,531	877,507	2,335,038	1,313,707	894,842	2,208,549

(*) The financial instruments recognized at fair value may be measured at levels from 1 to 3, based on the fair value measurement, as follows:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data.

The financial assets referred to above are measured at Level 2.

27. Financial instruments and financial risk management (Continued)

27.1. Financial instruments by category (Continued)

Significant financial liabilities of the Company are measured at amortized cost, as follows:

	Company			Consolidated		
Financial liabilities	**12/31/2015**	**12/31/2014**	**12/31/2013**	**12/31/2015**	**12/31/2014**	**12/31/2013**
Trade accounts payable	**197,627**	180,314	196,152	**248,247**	243,613	265,441
Loans and financing	**1,154,667**	97,248	110,163	**1,175,515**	104,179	116,968
Debentures	**2,757,299**	2,769,384	2,489,122	**3,060,987**	3,071,198	2,872,459
Salaries, provisions and social charges	**260,357**	250,503	207,090	**341,689**	299,208	243,259
Accounts payable for acquisition	**146,429**	266,382	240,484	**179,136**	266,382	240,484
	4,516,379	3,563,831	3,243,011	**5,005,574**	3,984,580	3,738,611

Loans and financing bear are not actively traded and bear floating rates, which are consistent with those observable in the market; therefore, the book balances informed are not materially different from their respective fair values.

27.2. Risk management

The Company's financial transactions are carried out through the financial area in accordance with the strategy previously approved by the Executive Board and shareholders. Company's risk management strategies and the corresponding effects on the individual and consolidated financial statements may be summarized as follows:

a) Capital management

The main purpose of capital management is to ensure the continuity of the business and maximize the return to shareholder.

27. Financial instruments and financial risk management (Continued)

27.2. Risk management (Continued)

a) Capital management (Continued)

The Company uses its own and third parties capital to finance its activities, and the use of third-party capital seeks to optimize its capital structure. The Company manages its capital structure and makes adjustments considering changes in economic conditions. At December 31, the Company has the following capital structure:

	Company			Consolidated		
	12/31/2015	**12/31/2014**	**12/31/2013**	**12/31/2015**	**12/31/2014**	**12/31/2013**
Cash and cash equivalents	**93,365**	38,042	57,788	**144,497**	55,182	89,522
Marketable securities	**679,032**	619,703	662,637	**897,237**	848,646	869,142
	772,397	657,745	720,425	**1,041,734**	903,828	958,664
Loans and financing	**(1,154,667)**	(97,248)	(110,163)	**(1,175,514)**	(104,179)	(116,968)
Debentures	**(2,757,299)**	(2,769,384)	(2,489,122)	**(3,060,988)**	(3,071,198)	(2,872,459)
Net debt	**(3,139,569)**	(2,208,887)	(1,878,860)	**(3,194,768)**	(2,271,549)	(2,030,763)
Total equity	**3,810,029**	1,454,156	1,156,849	**3,900,083**	1,466,046	1,166,262
Gearing ratio (%)	**0.82**	1.52	1.62	**0.82**	1.55	1.74

b) Interest rate risk

The Company has loans and financing and debentures in domestic currencies subject particularly to CDI rate and Long-term Interest Rate - TJLP fluctuation, as well as balance of taxes payable subject to SELIC interest and TJLP. The risk inherent to these liabilities arises from the possibility of fluctuation in these rates that impact the Company's cash flows.

27. Financial instruments and financial risk management (Continued)

27.2. Risk management (Continued)

b) Interest rate risk (Continued)

The sensitivity analysis about interest on loans, financing and debentures considered as probable scenario (Scenario I) the referential rates obtained with BM&FBOVESPA at December 31, 2015, and Scenarios II and III take into consideration rate increase by 25% and 50%, respectively. The results, in nominal values, are as follows:

Scenarios	Scenario I current	Scenario II +25%	Scenario III +50%
CDI rate (p.a.)	**14.14%**	**17.68%**	**21.21%**
Projected interest expenses (*)	**1,599**	**2,007**	**2,408**

(*) Calculated until the end of each indexed contract.

c) Credit risk

Credit risk is the risk that a counterparty to a business arrangement will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits in banks and financial institutions, exchange transactions and other financial instruments. In the case of identification of imminent risk of non-realization of these assets, the Company records provisions to bring them to their probable realizable value.

27. Financial instruments and financial risk management (Continued)

27.2. Risk management (Continued)

d) Liquidity risk

Liquidity risk represents the risk of cash shortage and difficulty of the Company in paying its debts. The Company seeks to align the maturity of its debts with the cash generation period to avoid any mismatch and generate the need for greater leverage. At December 31, 2015, the Company held cash, cash equivalents and marketable securities in the total amount of R$1,041,734. The amounts disclosed below are projected considering inflation and interest through to maturity.

	Company – 12/31/2015					
	Up to 6 months	From 6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total financial liabilities
Trade accounts payable	197,627	-	-	-	-	197,627
Loans and financing	18,011	18,405	99,265	530,268	712,273	1,378,222
Debentures	223,900	289,241	718,425	1,725,905	130,359	3,087,830
Salaries, provisions and social charges	260,357	-	-	-	-	260,357
Accounts payable for acquisition	78,409	5,763	25,633	10,142	37,156	157,103
Total	778,304	313,409	843,323	2,266,315	879,788	5,081,139

	Consolidated – 12/31/2015					
	Up to 6 months	From 6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total financial liabilities
Trade accounts payable	248,247	-	-	-	-	248,247
Loans and financing	21,925	22,024	102,685	531,310	723,957	1,401,901
Debentures	240,383	318,132	798,224	1,903,607	170,895	3,431,241
Salaries, provisions and social charges	341,689	-	-	-	-	341,689
Accounts payable for acquisition	96,118	5,763	25,633	43,389	20,330	191,233
Total	948,362	345,919	926,542	2,478,306	915,182	5,614,311

e) Foreign currency

The Company has loans and financing and trade accounts payable in foreign currency (mainly the US dollar). The risk related to those assets and liabilities arise from the possibility of the Company's incurring losses due to fluctuations in exchange rates. Liabilities in foreign currency account for 10.5% of total consolidated liabilities at December 31, 2015. The Company took out financial instruments to hedge against exchange rate fluctuation (see following topic). Management understands that the risk of exposure to foreign currency is not material for its financial position.

27. Financial instruments and financial risk management (Continued)

27.2. Risk management (Continued)

f) Derivatives

At December 31, 2015, the Company has outstanding derivative instruments to cover its loans in foreign currency and swap of interest rates amounting to US$255,437 and R$951,665, respectively, and present net income receivable amounting to R$35,956 in Company and Consolidated (net income receivable amounting to R$28,861 and R$23,650 at December 31, 2014 and 2013, respectively in Company and Consolidated) recorded in the balance sheet as "Derivative financial instruments."

The Company and its subsidiaries do not take out derivative instruments for speculative purposes, and generally do not settle them before their respective maturities. There is no margin given in guarantee in derivative contracts. Amount are computed based on models and quotes available in the market, which consider present and future market conditions, with gross amounts before taxes.

27. Financial instruments and financial risk management (Continued)

27.2. Risk management (Continued)

f) Derivatives (Continued)

The fair value of those instruments at the financial statements date is as follows:

Description	Maturity dd/mm/yyyy	Reference value (notional)		12/31/2015 Reference value notional	12/31/2014 Reference value notional	12/31/2013 Reference value notional
Swap (CDI x TJLP)	**16/01/2017**					
Long position	**CDI + 2.0%**					
Short position	**TJLP + 7.07%**	**R$**	**79,710**	**1,852**	1,480	2,577
Swap (CDI x TJLP)	**10/12/2018**					
Long position	**CDI + 2.30%**					
Short position	**TJLP + 7.46%**	**R$**	**45,000**	**1,038**	954	324
Swap (Exchange)	**15/04/2020**					
Long position	**LIBOR + 3.30%**	**US$**	**12,897**			
Short position	**CDI + 1.00%**	**R$**	**49,654**	**55,120**	26,427	20,749
Swap (Exchange)	**18/11/2024**					
Long position	**USD/BRL + 3.00%**	**US$**	**28,060**			
Short position	**CDI + 1.47%**	**R$**	**108,010**	**(1,582)**	-	-
Swap (Exchange)	**18/11/2024**					
Long position	**USD/BRL + 3.00%**	**US$**	**32,723**			
Short position	**CDI + 1.62%**	**R$**	**125,956**	**(3,097)**	-	-
Swap (Exchange)	**18/11/2024**					
Long position	**USD/BRL + 3.00%**	**US$**	**80,173**			
Short position	**CDI + 1.47%**	**R$**	**308,600**	**(4,518)**	-	-
Swap (Exchange)	**16/11/2022**					
Long position	**USD/BRL + 2.70%**	**US$**	**12,026**			
Short position	**CDI + 1.00%**	**R$**	**46,290**	**(289)**	-	-
Swap (Exchange)	**16/11/2022**					
Long position	**USD/BRL + 2.70%**	**US$**	**3,044**			
Short position	**CDI + 1.23%**	**R$**	**11,717**	**(155)**	-	-
Swap (Exchange)	**16/11/2027**					
Long position	**USD/BRL + 6.00%**	**US$**	**15,032**			
Short position	**CDI - 1.71%**	**R$**	**57,863**	**(2,447)**	-	-
Swap (Exchange)	**18/11/2024**					
Long position	**USD/BRL + 3.00%**	**US$**	**21,045**			
Short position	**CDI + 1.47%**	**R$**	**81,008**	**(1,186)**	-	-
Swap (Exchange)	**18/11/2024**					
Long position	**EUR/BRL + 3.00%**	**EUR**	**40,379**			
Short position	**CDI + 2.30%**	**R$**	**169,900**	**(7,410)**	-	-
Swap (Exchange)	**18/11/2024**					
Long position	**EUR/BRL + 3.00%**	**US$**	**10,058**			
Short position	**CDI + 2.46%**	**R$**	**42,321**	**(1,370)**	-	-
Long (short) position				**35,956**	28,861	23,650
Effect on profit or loss for the year				**47,271**	5,211	25,700

Given the changes in market rates, these amounts may change until early settlement or maturity of the transactions.

27. Financial instruments and financial risk management (Continued)

27.2. Risk management (Continued)

f) Derivatives (Continued)

In compliance with CVM Ruling No. 475/08, for derivative financial instruments, the Company and its subsidiaries consider as probable scenario (Scenario I) future exchange rates of real in relation to the US dollar, obtained from BM&FBOVESPA to instrument maturity, calculated on the nominal amount of the agreement.

The Company and its subsidiaries adopted, as determined by CVM Ruling No. 475/08, scenarios equivalent to -25% (Scenario II), -50% (Scenario III), 25% (Scenario IV) and 50% (Scenario V) on the respective exchange rates used in determining the probable scenario.

Event	Scenario I	Scenario II	Scenario III	Scenario IV	Scenario V
Exchange rate variation	**5%**	**-25%**	**-50%**	**+25%**	**+50%**
Depreciation of US$ (rate in R$)	**-**	**3.0312**	**2.0208**	**-**	**-**
Appreciation of US$ (rate in R$)	**4.0417**	**-**	**-**	**5.0521**	**6.0625**

	Scenario I (loss)/gain	Scenario II (loss)/gain	Scenario III (loss)/gain	Scenario IV (loss)/gain	Scenario V (loss)/gain
Effect on liabilities in US$					
IFC - International Finance Corporation	**41,091**	**(174,636)**	**(390,362)**	**256,817**	**472,543**
Effect on derivatives					
Swap	**(41,200)**	**165,941**	**370,928**	**(246,725)**	**(452,250)**
Net effect	**(109)**	**(8,694)**	**(19,434)**	**10,092**	**20,293**

28. Insurance

The Company maintains insurance coverage at amounts deemed sufficient by management to cover any risks on its assets and/or liabilities:

Type of coverage	Insured amount
Property risk	**1,435,466**
Civil liability - D&O	**40,000**
Engineering risks	**376,490**
Civil liability - construction works	**165,000**
General civil liability	**1,500**