Condensed Interim Financial Information (Unaudited)

Rede D'Or São Luiz S.A.

March 31, 2016
with Independent Auditors' Review Report

Rede D'Or São Luiz S.A.

Condensed interim financial information (unaudited)

March 31, 2016

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Centro Empresarial PB 370
Praia de Botafogo, 370
5º ao 8º Andares - Botafogo
22250-040 - Rio de Janeiro, RJ, Brasil
Phone.: (55 21) 3263-7000
ey.com.br

A free translation from Portuguese into English of Independent Auditors' Review Report on Individual and Consolidated Condensed Interim Financial Information prepared in Brazilian currency.

Independent auditors' review report

The Shareholders, Board of Directors and Officers
Rede D'Or São Luiz S.A.
São Paulo - SP

Introduction

We have reviewed the accompanying individual and consolidated condensed interim financial information of Rede D'Or São Luiz S.A. ("Company") for the three-month period ended March 31, 2016, which comprise the balance sheet as at March 31, 2016, and the related condensed statements of income, of comprehensive income, of changes in equity and cash flows for the three-month period then ended, including the explanatory notes.

Management's responsibility for the interim financial information

Management is responsible for the preparation and fair presentation of the individual and consolidated condensed interim financial information in accordance with CPC 21 (R1) - Interim Financial Reporting and with IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

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

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Conclusion

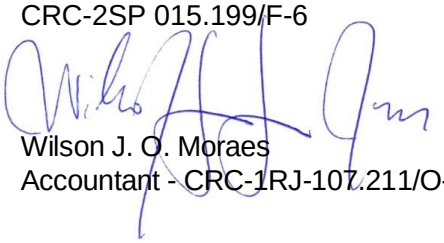
Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated condensed interim financial information referred to above is not fairly presented, in all material respects, in accordance with CPC 21 (R1) and IAS 34.

Other matters - Statements of value added

We have also reviewed the individual and consolidated statements of value added for the three-month period ended March 31, 2016, prepared under management's responsibility, the presentation of which is required by the Brazilian Corporation Law for publicly-held companies, however not required for privately-held entities. These statements have been subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they are not fairly prepared, in all material respects, in relation to the overall accompanying individual and consolidated condensed interim financial information.

Rio de Janeiro, May 16, 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.

Condensed balance sheets
March 31, 2016 (unaudited) and December 31, 2015
(In thousands of reais)

		Parent Company		Consolidated	
	Note	**03/31/2016**	**12/31/2015**	**03/31/2016**	**12/31/2015**
Assets					
Current assets					
Cash and cash equivalents	**4**	**37,284**	93,365	**95,735**	144,497
Marketable securities	**4**	**414,817**	679,032	**635,832**	897,237
Trade accounts receivable	**5**	**1,379,199**	1,321,647	**1,963,995**	1,911,681
Inventories	**6**	**89,610**	97,340	**120,116**	133,538
Taxes recoverable		**49,384**	83,689	**78,966**	104,449
Financial instrument – promissory note	**18**	**944,435**	944,435	**944,435**	944,435
Related parties	**7**	**14,690**	40,072	**-**	-
Dividends receivable		**27,977**	27,977	**-**	-
Receivables from disposal of properties	**11**	**73,926**	73,926	**73,926**	73,926
Other		**104,092**	60,743	**147,251**	111,716
Total current assets		**3,135,414**	3,422,226	**4,060,256**	4,321,479
Noncurrent assets					
Related parties	**7**	**1,184,273**	1,175,363	**20,365**	16,928
Deposit for acquisition of property		**-**	-	**76,869**	76,869
Judicial deposits	**16**	**64,642**	62,239	**80,534**	78,439
Deferred income and social contribution taxes	**19**	**-**	-	**45,578**	80,607
Derivative financial instruments	**27**	**-**	35,956	**-**	35,956
Investments	**8**	**939,168**	1,224,110	**120,442**	118,651
Property and equipment	**9**	**1,817,871**	1,660,656	**2,853,296**	2,700,159
Intangible assets	**10**	**2,154,983**	1,810,228	**2,689,445**	2,668,471
Other		**71,342**	71,342	**73,811**	71,394
Total noncurrent assets		**6,232,279**	6,039,894	**5,960,340**	5,847,474
Total assets		**9,367,693**	9,462,120	**10,020,596**	10,168,953

	Note	Parent Company		Consolidated	
		03/31/2016	12/31/2015	03/31/2016	12/31/2015
Liabilities and equity					
Current liabilities					
Trade accounts payable		**175,904**	197,627	**254,067**	248,247
Loans and financing	**12**	**54,815**	40,815	**55,357**	50,964
Debentures	**13**	**604,071**	495,159	**650,042**	521,483
Salaries, provisions and social charges		**313,162**	260,357	**391,012**	341,689
Tax liabilities	**14**	**117,488**	108,676	**175,218**	174,502
Taxes in installments	**14**	**26,410**	18,123	**29,428**	29,802
Accounts payable for acquisitions	**15**	**29,940**	93,335	**30,889**	98,918
Dividends and interest on equity (IOE) payable		**227,093**	309,051	**239,103**	316,004
Deferred gain on property disposal	**11**	**3,920**	3,920	**3,920**	3,920
Other		**59,555**	53,756	**51,496**	63,872
Total current liabilities		**1,612,358**	1,580,819	**1,880,532**	1,849,401
Noncurrent liabilities					
Loans and financing	**12**	**1,030,578**	1,113,852	**1,043,586**	1,124,550
Derivative financial instruments	**27**	**86,013**	-	**86,013**	-
Debentures	**13**	**2,059,660**	2,262,139	**2,321,303**	2,539,505
Related parties	**7**	**68,262**	74,398	**1,125**	953
Taxes paid in installments	**14**	**121,016**	121,827	**149,388**	151,035
Accounts payable for acquisitions	**15**	**64,630**	53,093	**97,557**	80,219
Deferred income and social contribution taxes	**19**	**102,394**	165,888	**167,401**	216,247
Provision for contingencies	**16**	**149,071**	103,480	**177,278**	179,569
Provision for losses on investments	**8**	**57,760**	52,780	**-**	-
Deferred gain on property disposal	**11**	**83,030**	84,040	**83,030**	84,040
Other		**39,210**	39,775	**41,409**	43,351
Total noncurrent liabilities		**3,861,624**	4,071,272	**4,168,090**	4,419,469
Equity	**18**				
Capital		**867,777**	867,777	**867,777**	867,777
Capital reserves		**2,389,076**	2,381,551	**2,389,076**	2,381,551
Treasury stock		**(322,524)**	(257,597)	**(322,524)**	(257,597)
Income reserves		**955,158**	814,074	**955,158**	814,074
Total equity		**3,889,487**	3,805,805	**3,889,487**	3,805,805
Advances for future capital contribution		**4,224**	4,224	**4,224**	4,224
Non-controlling interests		**-**	-	**78,263**	90,054
Total equity		**3,893,711**	3,810,029	**3,971,974**	3,900,083
Total liabilities and equity		**9,367,693**	9,462,120	**10,020,596**	10,168,953

See accompanying notes.

Rede D'Or São Luiz S.A.

Condensed income statements (unaudited)
Three-month periods ended March 31, 2016 and 2015
(In thousands of reais)

	Note	Parent Company		Consolidated	
		03/31/2016	03/31/2015	03/31/2016	03/31/2015
Net revenue	20	**1,291,153**	1,011,633	**1,775,927**	1,341,703
Cost of services rendered	21	**(917,685)**	(773,987)	**(1,307,504)**	(1,074,066)
Gross profit		**373,468**	237,646	**468,423**	267,637
General and administrative expenses	22	**(54,903)**	(55,895)	**(54,903)**	(55,895)
Sales expenses	23	**(8,775)**	(6,853)	**(9,368)**	(6,943)
Equity pickup	8	**55,774**	27,440	**3,334**	10,606
Other operating income (expenses), net	24	**(17,707)**	9,334	**(21,428)**	12,307
Income before financial income (expenses) and income and social contribution taxes		**347,857**	211,672	**386,058**	227,712
Financial income	25	**101,096**	59,720	**109,366**	65,886
Financial expenses	25	**(244,145)**	(162,933)	**(259,947)**	(173,795)
Income before income taxes		**204,808**	108,459	**235,477**	119,803
Income taxes	19	**(16,212)**	(16,875)	**(41,943)**	(28,127)
Net income for the period		**188,596**	91,584	**193,534**	91,676
Net income attributed to controlling shareholders		**188,596**	91,584	**188,596**	91,584
Net income attributed to non-controlling shareholders		**-**	-	**4,938**	92
Basic earnings per share	26	**0.4285**	0.3025	**-**	-
Diluted earnings per share	26	**0.4245**	0.2272	**-**	-

See accompanying notes.

Rede D'Or São Luiz S.A.

Condensed statements of comprehensive income (unaudited)
Three-month periods ended March 31, 2016 and 2015
(In thousands of reais)

	Parent Company		Consolidated	
	03/31/2016	**03/31/2015**	**03/31/2016**	**03/31/2015**
Net income for the period	**188,596**	91,584	193,534	91,676
Other comprehensive income	**-**	-	**-**	-
Total comprehensive income	**188,596**	91,584	193,534	91,676
Attributable to:				
Controlling shareholders	**188,596**	91,584	**188,596**	91,584
Non-controlling shareholders	-	-	**4,938**	92

See accompanying notes.

Rede D'Or São Luiz S.A.

Condensed statements of changes in equity (unaudited)
Three-month periods ended March 31, 2016 and 2015
(In thousands of reais)

		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	Retained earnings	Total equity	Advance for future capital increase	Non-controlling interests	Total
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.a)	85,639	-	-	-	-	-	(33,613)	-	-	52,026	-	-	52,026
Acquisition of controlling interest in jointly-controlled subsidiary	-	-	-	-	-	-	-	-	-	-	-	19,100	19,100
Treasury shares	-	-	-	-	(15,021)	-	-	-	-	(15,021)	-	-	(15,021)
Net income for the period	-	-	-	-	-	-	-	-	91,584	91,584	-	92	91,676
Share-based payment reserve	-	-	-	4,356	-	-	-	-	-	4,356	-	-	4,356
Balances at March 31, 2015	**538,169**	**246,114**	**(52,416)**	**70,066**	**(176,940)**	**8,666**	**261,858**	**600,000**	**91,584**	**1,587,101**	**4,224**	**31,082**	**1,622,407**
Balances at December 31, 2015	**867,777**	**2,335,941**	**(72,048)**	**117,658**	**(257,597)**	**8,666**	**805,408**	**-**	**-**	**3,805,805**	**4,224**	**90,054**	**3,900,083**
Acquisition of controlling interest in jointly-controlled subsidiary	-	-	-	-	-	-	-	-	-	-	-	(15,231)	(15,231)
Proposed dividends and interest on equity	-	-	-	-	-	-	(47,512)	-	-	(47,512)	-	(1,498)	(49,010)
Treasury shares	-	-	-	-	(64,927)	-	-	-	-	(64,927)	-	-	(64,927)
Net income for the period	-	-	-	-	-	-	-	-	188,596	188,596	-	4,938	193,534
Share-based payment reserve	-	-	-	7,525	-	-	-	-	-	7,525	-	-	7,525
Balances at March 31, 2016	**867,777**	**2,335,941**	**(72,048)**	**125,183**	**(322,524)**	**8,666**	**757,896**	**-**	**188,596**	**3,889,487**	**4,224**	**78,263**	**3,971,974**

See accompanying notes.

Rede D'Or São Luiz S.A.

Condensed statements of cash flows (unaudited)
Three-month periods ended March 31, 2016 and 2015
(In thousands of reais, unless otherwise stated)

	Parent Company		Consolidated	
	03/31/2016	03/31/2015	03/31/2016	03/31/2015
Cash flows from operating activities				
Income before income taxes	**204,808**	108,459	**235,477**	119,803
Adjustments to reconcile income with cash from operating activities				
Depreciation and amortization	**28,860**	24,798	**36,751**	31,749
Gain on disposal of properties	**980**	980	**980**	980
Gain on acquisition in stages	**-**	(24,073)	**-**	(24,073)
Interest, monetary and foreign exchange gains (losses), net	**171,071**	86,621	**173,211**	92,461
Share-based payment	**7,525**	4,356	**7,525**	4,356
Provision for contingencies	**-**	-	**-**	-
Equity pickup	**(55,774)**	(27,440)	**(3,334)**	(10,606)
Allowance for disallowance of claims	**52,374**	37,610	**84,139**	54,703
Allowance for doubtful accounts	**4,698**	5,203	**4,698**	5,256
(Increase) decrease in assets and increase (decrease) in liabilities				
Trade accounts receivable	**(71,656)**	(84,240)	**(141,151)**	(133,419)
Inventories	**7,743**	7,701	**13,422**	8,593
Taxes recoverable	**35,829**	(8,440)	**25,483**	(18,501)
Judicial deposits	**(2,086)**	(1,749)	**(2,095)**	(4,522)
Other assets	**(60,116)**	3,184	**(36,595)**	(34,231)
Trade accounts payable	**(35,557)**	(19,997)	**5,820**	2,569
Payroll and related charges	**37,780**	30,410	**49,323**	35,791
Tax liabilities	**(23,120)**	3,699	**(31,659)**	14,810
Taxes paid in installments	**(821)**	(2,420)	**(2,021)**	(3,245)
Transactions with related parties	**6,016**	118,364	**(3,265)**	6,000
Provision for contingencies	**(2,095)**	(5,688)	**(5,333)**	(6,914)
Other liabilities	**(5,021)**	4,628	**(24,362)**	17,736
	301,438	261,966	**387,014**	159,296
Payment of interests	**(120,935)**	(80,518)	**(130,454)**	(89,206)
Payment of income and social contribution taxes	**(32,320)**	-	**(46,650)**	-
Net cash generated by operating activities	**148,184**	181,448	**209,910**	70,090
Cash flows from investing activities				
Acquisition of interest (net of cash acquired)	**(2,549)**	(490,257)	**(2,549)**	(428,972)
Additions to property and equipment - net of write-offs	**(135,689)**	(269,959)	**(188,316)**	(267,262)
Additions to intangible assets	**(4,257)**	(10,043)	**(2,302)**	(11,922)
Cash from mergers	**10,866**	-	**-**	-
Marketable securities	**280,248**	356,792	**285,327**	431,084
Net cash used in investing activities	**148,619**	(413,467)	**92,160**	(277,072)
Cash flows from financing activities				
Capital increase	**-**	52,026	**-**	52,026
Treasury stock	**(64,927)**	(15,021)	**(64,927)**	(15,021)
Payment of dividends and interest on equity	**(121,393)**	(8,619)	**(122,891)**	(8,647)
Dividends received	**-**	-	**2,706**	-
Loans and financing taken out	**-**	216,849	**-**	216,849
Payment of debentures	**(83,951)**	(1,449)	**(89,720)**	(5,266)
Payment for acquisitions	**(75,000)**	(5,914)	**(75,000)**	(5,544)
Repayments of loans and financing	**(7,612)**	-	**(1,000)**	(15,888)
Cash from (used in) financing activities	**(352,883)**	237,872	**(350,832)**	218,509
Increase (decrease) in cash and cash equivalents	**(56,081)**	5,853	**(48,762)**	11,527
Cash and cash equivalents at beginning of period	**93,365**	38,042	**144,497**	55,182
Cash and cash equivalents at end of period	**37,284**	43,895	**95,735**	66,709

See accompanying notes.

Rede D'Or São Luiz S.A.

Statements of value added (unaudited)
Three-month periods ended March 31, 2016 and 2015
(In thousands of reais, unless otherwise stated)

	Parent Company		Consolidated	
	03/31/2016	**03/31/2015**	**03/31/2016**	**03/31/2015**
Revenue	1,369,418	1,071,594	1,887,126	1,426,012
Sales of goods, products and services	1,425,510	1,113,427	1,974,983	1,484,991
Allowance for doubtful accounts and disallowance of claims	(57,072)	(42,813)	(88,837)	(59,959)
Other revenues	980	980	980	980
Inputs acquired from third parties	(439,662)	(382,657)	(667,164)	(540,909)
Cost of services sold	(408,459)	(374,245)	(631,646)	(535,380)
Materials, energy, third-party services and other	(31,203)	(8,412)	(35,518)	(5,529)
Gross value added	**929,756**	688,937	**1,219,962**	885,103
Depreciation and amortization	**(28,860)**	(24,798)	**(36,751)**	(31,749)
Net value added, net	**900,896**	664,139	**1,183,211**	853,354
Value added received in transfer	156,870	87,160	112,700	76,492
Equity pickup	55,774	27,440	3,334	10,606
Financial income	101,096	59,720	109,366	65,886
Total value added	**1,057,766**	751,299	**1,295,911**	929,846
Distribution of value added	(1,057,766)	(751,299)	(1,295,911)	(929,846)
Personnel and related charges	(440,232)	(348,548)	(579,284)	(463,481)
Taxes, charges and contributions	(98,195)	(81,059)	(156,860)	(115,985)
Interest, rents and other operating expenses	(330,743)	(230,100)	(366,233)	(258,696)
Dividends and interest on equity	(47,512)	(8)	(47,512)	(8)
Retained earnings	(141,084)	(91,584)	(146,022)	(91,676)

See accompanying notes.

1. Operations

Rede D'Or São Luiz S.A. ("Company" and jointly with the 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.

2. Basis of preparation and presentation and significant accounting practices

The accompanying consolidated condensed interim financial information was prepared in accordance with CPC 21 (R1) and IAS 34 - Interim Financial Reporting.

The accounting practices used in this individual and consolidated interim financial information are consistent with those presented in the annual financial statements at December 31, 2015.

P&L for the three-month period ended March 31, 2016 does not necessarily indicate the P&L expected for the entire year ending December 31, 2016. The condensed interim financial information and related notes do not include all the information and disclosures required for the annual financial statements. Therefore, this condensed interim financial information shall be read jointly with the audited annual financial statements as of December 31, 2015.

The preparation of the Company's financial information in accordance with accounting practices adopted in Brazil requires management to use professional judgment and estimates and adopt assumptions that affect the amounts presented in revenues, expenses, assets and liabilities reported in the interim financial information and the corresponding notes. Significant items subject to these estimates and assumptions include the economic useful life and net book value of property and equipment, recoverability of assets, provision for contingencies and fair value of financial instruments, among others. The use of estimates and judgments is complex and considers various future projections and assumptions and, thus, settlement of transactions may result in amounts different from those estimated. The Company reviews its estimates and assumptions at least on an annual basis.

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

Authorization to conclude the preparation of this financial information was provided by Company management on May 16, 2016.

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

	Interest held (%)			
	03/31/2016		12/31/2015	
	Direct	Indirect	Direct	Indirect
Parent Company - Rede D'Or São Luiz S.A. (a)				
Fully consolidated entities				
Rodin Empreendimentos e Participações S.A.	**99.99**	**0.01**	99.99	0.01
Hospital Esperança S.A. ("Esperança")	**100.00**	**-**	100.00	-
Diagno São Marcos Ltda.	**-**	**100.00**	-	100.00
Mais-Multi Assistência Incorporada a Saúde Ltda. ("Hospital São Marcos")	**100.00**	**-**	100.00	-
Rede D'Or São Luiz Serviços Médicos S.A.	**99.99**	**0.01**	99.99	0.01
Advance Plano de Saúde S.A.	**99.99**	**0.01**	99.99	0.01
São Luiz Assistência Médica Ambulatorial Ltda.	**0.02**	**99.98**	0.02	99.98
PMJ Empreendimentos Imobiliários S.A.	**100.00**	**-**	100.00	-
Quinta Empreendimentos Imobiliários Ltda.	**99.00**	**1.00**	99.99	0.01
Onco D'Or Oncologia S.A.	**100.00**	**-**	100.00	-
Osby RJ Participações Ltda. (c)	**-**	**-**	-	100.00
Cidreira RJ Participações Ltda. (c)	**-**	**-**	-	100.00
Estância Velha RJ Participações Ltda. (c)	**-**	**-**	-	100.00
Jenner S.A.	**50.00**	**37.50**	-	75.00
Oncoholding Participações S.A. (f)	**-**	**-**	50.00	37.50
Oncologia D'Or S.A.	**5.34**	**78.36**	5.34	78.36
Instituto Onco e Radio São Pellegrino Ltda.	**-**	**83.70**	-	83.70
CEHON – Centro de Hematologia e Oncologia Ltda.	**-**	**32.56**	-	32.56
Centro Diagnóstico NSL S.A.	**98.43**	**-**	98.43	-
Maxclínicas Clínicas e Diagnósticos Ltda.	**99.99**	**0.01**	99.99	0.01
Tijuca Empreendimentos Imobiliários S.A. (former Diagnolab Exames Complementares Ltda.)	**99.99**	**0.01**	99.99	0.01
Centro Hospitalar São Marcos S.A.	**100.00**	**-**	100.00	-
Instituto Oncológico de Pernambuco Ltda. ("IOPE")	**99.00**	**1.00**	99.00	1.00
Esperança Serviços Médicos e de Diagnósticos S.A.	**100.00**	**-**	100.00	-
Santa Luzia Assistência Médica S.A. ("SLAM")	**100.00**	**-**	100.00	-
Hospital IFOR S.A. ("IFOR") (d)	**-**	**-**	100.00	-
Hospital Fluminense S.A.	**100.00**	**-**	100.00	-
Onco ABC Serviços Médicos Ltda. (e)	**-**	**-**	73.50	-
JLD Borducchi Ltda. (e)	**-**	**-**	73.50	-
Cardial Serviços Médicos Ltda.	**73.50**	**-**	73.50	-
ONCORAD - Serviços de Radioterapia Ltda.	**0.01**	**73.49**	0.01	73.49
Hospital Villa-Lobos Ltda. (d)	**-**	**-**	100.00	-
Unidade de Radiologia Clínica Ltda. ("URC")	**72.00**	**-**	72.00	-
Instituto de Ultrasonografia Médica Ltda. ("IUSM")	**72.00**	**-**	72.00	-
Laboratório Análises Clínicas - Labvivalle Ltda.	**51.00**	**-**	51.00	-
Norte D'Or Participações S.A.	**100.00**	**-**	100.00	-
Hospital Norte D'Or de Cascadura S.A ("Norte D'Or")	**-**	**70.00**	-	70.00
Proncordis Pronto Atendimento Cardiológico Ltda.	**1.69**	**93.95**	1.69	93.95
Hospital e Maternidade Bartira S.A. (d)	**-**	**-**	100.00	-
Café Verde da Quinta Ltda.	**100.00**	**-**	100.00	-
Campinas Empreendimentos Imobiliários Ltda. (former D'Or Trading Importação Ltda.)	**99.99**	**0.01**	99.99	0.01
IFOR Empreendimentos Imobiliários S.A. (former Park D'Or)	**99.99**	**0.01**	99.99	0.01
OPUNER do Brasil Ltda.	**99.99**	**0.01**	99.99	0.01
Medise Medicina Diagnóstico e Serviços S.A. ("Medise")	**87.82**	**10.18**	87.82	10.18
Assunção Emp. Imobiliários Ltda	**99.99**	**0.01**	99.99	0.01
Villa Lobos Empreendimentos Imobiliários S.A. (formerJM01 Emp. Imobiliários S.A.)	**99.99**	**0.01**	99.99	0.01
JM02 Emp. Imobiliários Ltda.	**99.99**	**0.01**	99.99	0.01
RDSL Empreendimentos Imobiliários S.A.	**100.00**	**-**	100.00	-
Rede D'Or São Luiz Soluções Saúde e Segurança	**65.00**	**-**	65.00	-
JTO Holding S.A.	**50.01**	**-**	50.01	-
JTO-Fundadores Participações Ltda.	**10.00**	**40.01**	10.00	40.01
D'Or Consultoria Corretagem, Seguros e Benefícios	**-**	**50.01**	-	50.01
Hospital Santa Helena S.A	**14.79**	**83.78**	14.79	83.78
PGRJ Empreendimentos Imobiliários Ltda.(organized in 2016)	**99.00**	**1.00**	-	-

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

	Interest held (%)			
	03/31/2016		12/31/2015	
	Direct	**Indirect**	Direct	Indirect
Entities consolidated by the equity method (b)				
Acreditar Oncologia S.A.	**55.00**	**-**	50.00	-
Instituto Brasiliense de Oncologia Clínica Ltda.	**-**	**37.5**	-	35.00
Fujidayclinic Ltda.	**-**	**27.5**	-	25.00
IPEC – Instituto de Pesquisa e Ensino CEON Ltda.	**-**	**54.99**	-	49.99
Em Frente Distribuição, Manipulação E Nutrição Ltda.	**0.1**	**54.99**	0.1	49.99
Acreditar Tocantins Oncologia S.A.	**-**	**27.50**	-	25.00
Centro Oncológico do Vale Ltda.	**-**	**50.00**	-	50.00
Instituto de Radioterapia do Vale do Paraíba Ltda.	**-**	**50.00**	-	50.00
JMJB Diagnósticos e Serviços Hospitalares S.A.	**50.00**	**-**	50.00	-
J Badim S.A. ("Hospital Badim")	**-**	**50.00**	-	50.00
EAH Administração Hospitalar Ltda.	**-**	**50.00**	-	50.00
Prontimagem Serviços Médicos Ltda.	**55.10**	**-**	55.10	-
Lithocenter S.A.	**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, Sino Brasileiro Serviços Hospitalares S.A, Villa Lobos Ltda. Hospital e Maternidade Bartira S.A. and Hospital Ifor S.A..
(b) Jointly-controlled companies recognized by the equity method.
(c) Osby RJ Participações Ltda. Cidreira RJ Participações Ltda. and Estância Velha RJ Participações Ltda. were merged into Onco D'Or Oncologia S.A. on January 1, 2016;
(d) Companies merged into the Parent Company on January 1, 2016.
(e) JLD Borducchi Ltda. and Onco ABC Serviços Médicos Ltda were merged into Cardial Serviços Médicos Ltda. on January 1, 2016.
(f) Oncoholding Participações S.A was merged into Jenner S.A. on January 1, 2016;

3. Business combination

As mentioned in Note 29, on April 25, 2016 Rede D'or acquired 100% interest in the following companies of Fernandes Vieira Group ("GFV"). Hospital Memorial São José; Maximagem – Diagnóstico por Imagem Ltda. ("Maximagem"); Memorial Imagem e Diagnóstico Ltda. ("Mediax"); and Serviços de Hemoterapia Ltda. ("Hemato"). The total consideration transferred amounted to R$141,936, fully paid on the transaction date. There was no effect in the first quarter of 2016, and management will carry out an analysis on the assets and liabilities acquired at fair value in order to record this business combination in accordance with IFRS 3 – Business Combinations.

Business combinations disclosed in the financial statements as of December 31, 2015, did not change significantly.

4. Cash and cash equivalents and marketable securities

	Parent Company		Consolidated	
	03/31/2016	12/31/2015	03/31/2016	12/31/2015
Cash and cash equivalents				
Cash and banks	25,461	76,149	34,532	94,763
Short-term investments	11,823	17,216	61,202	49,734
	37,284	93,365	95,734	144,497
Marketable securities				
Non-exclusive investment funds	392,114	646,720	593,631	822,157
Repurchase agreements	7,121	19,057	12,484	41,935
Bank Deposit Certificates (CDBs)	15,582	13,255	29,718	33,145
Marketable securities	414,817	679,032	635,833	897,237

Short-term investments classified as marketable securities particularly refer to Bank Deposit Certificates (CDBs) and repurchase agreements backed by debentures, which are part of the exclusive "FIM CP Plataforma" fund portfolio, issued by first-tier financial institutions, and with average yield of 75% to 101% of Interbank Deposit Certificate (CDI).

Short-term investments classified as cash equivalents mature within no more than 90 days from the investment date, and the amounts classified as marketable securities refer to securities maturing after 90 days, held for trading.

5. Trade accounts receivable

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

	Parent Company		Consolidated	
	03/31/2016	12/31/2015	03/31/2016	12/31/2015
Accounts receivable from health insurance and health plans	1,717,388	1,572,170	2,572,427	2,436,851
Accounts receivable from individuals	72,412	66,776	85,526	79,951
Allowance for disallowance of claims	(191,566)	(122,348)	(382,822)	(298,683)
Allowance for doubtful accounts	(219,035)	(194,951)	(311,136)	(306,438)
	1,379,199	1,321,647	1,963,995	1,911,681

5. Trade accounts receivable (Continued)

Changes in provision for disallowance of claims and allowance for doubtful accounts

Management has a policy to set up an allowance for doubtful accounts for receivables overdue for more than 360 days. The provision for disallowance of heath care service claims is set up based on the history of receipts by health insurance/plan within the term of up to 360 days.

	Parent Company		Consolidated	
	03/31/2016	**12/31/2015**	**03/31/2016**	**12/31/2015**
Balance at beginning of year	**(317,299)**	(300,455)	**(605,121)**	(401,283)
Recognition of provision for disallowance of claims	**(52,374)**	(176,992)	**(84,139)**	(279,619)
Write-off of uncollectible amounts	**-**	211,921	**-**	256,829
Set up (reversal) of allowance for doubtful accounts	**(4,698)**	(22,677)	**(4,698)**	(15,991)
Provision arising from acquisition of companies	**-**	(29,096)	**-**	(165,057)
Provision arising from mergers	**(36,230)**	-	**-**	-
Balance at end of year	**(410,601)**	(317,299)	**(693,958)**	(605,121)

At March 31, 2016 and December 31, 2015, the aging list of trade accounts receivable is as follows:

	Parent Company								
			Overdue						
	Total	**Falling due**	**1 - 30 days**	**31 - 60 days**	**61 - 90 days**	**91 - 120 days**	**121 - 180 days**	**181 - 360 days**	**Above 360 days**
03/31/2016	1,789,800	1,205,169	69,941	44,278	34,009	28,663	46,487	142,218	219,035
12/31/2015	1,638,946	1,140,748	50,395	34,998	25,326	40,535	65,512	86,481	194,951

	Consolidated								
			Overdue						
	Total	**Falling due**	**1 - 30 days**	**31 - 60 days**	**61 - 90 days**	**91 - 120 days**	**121 - 180 days**	**181 - 360 days**	**Above 360 days**
03/31/2016	2,657,953	1,730,070	118,957	81,907	61,980	53,940	77,491	222,472	311,136
12/31/2015	2,516,802	1,723,105	91,655	59,050	44,482	60,973	98,633	132,466	306,438

6. Inventories

	Parent Company		Consolidated	
	03/31/2016	12/31/2015	03/31/2016	12/31/2015
Special materials	29,137	29,615	35,986	37,655
Medicines	22,037	27,011	35,316	41,367
Disposable materials	21,090	23,690	28,555	28,727
Bracing and prosthetic	559	582	687	718
Materials for use and consumption	8,062	7,508	9,804	9,762
Dressing room materials	1,248	1,250	1,517	1,542
Food items	2,620	2,237	3,526	4,889
Surgical sutures	1,756	1,761	2,157	2,237
Other	3,101	3,686	2,568	6,641
	89,610	97,340	120,116	133,538

7. Transactions with related parties

Balances with related parties

	Parent Company							
	03/31/2016				12/31/2015			
Companies	Current assets	Non-current assets	Non-current liabilities	P&L	Current assets	Non-current assets	Non-current liabilities	P&L
Debentures Norte D'Or (a)	11,613	24,994	-	1,515	33,701	5,385	-	2,428
Debentures Oncotech Oncologia S.A. (b)	3,077	-	-	610	6,371	-	-	1,568
Shared services (c)								
Medise Medicina Diagnóstico e Serviços Ltda.	-	24,170	-	1,819	-	22,351	-	7,546
Hospital Esperança S.A.	-	29,183	-	6,183	-	23,000	-	23,403
Hospital São Marcos	-	13,704	-	981	-	12,723	-	3,023
Hospital Norte D'Or de Cascadura S.A.	-	-	-	1,060	-	-	-	5,723
Rede D'or São Luiz Serviços Médicos S.A.	-	158,494	-	9,708	-	148,786	-	41,370
J. Badim S.A.	-	267	-	409	-	324	-	776
Oncologia D'Or S.A.	-	8,479	-	383	-	8,096	-	504
Hospital Fluminense S.A.	-	12,123	-	647	-	11,476	-	3,463
Angiodinâmica	-	34	-	34	-	-	-	-
CD NSL	-	70	-	70	-	-	-	-
São Luiz Serviços Médicos S.A	-	-	29,136	-	-	-	30,408	-
Esperança Serviços Médicos e de Diagnósticos	-	1,982	-	-	-	1,485	-	-
URC	-	8,551	-	-	-	6,544	-	-
Medise Medicina Diagnóstico e Serviços Ltda.	-		18,639	-	-	-	19,690	-
PMJ Assessoria e Consultoria Financeira S.A.	-	33,905	-	-	-	22,644	-	-
Quinta D'Or Empreendimentos Imobiliários S.A.	-	37,725	-	-	-	37,725	-	-
Oncoholding	-	16,688	-	-	-	16,688	-	-
Oncologia D'Or S.A.	-	36,952	-		-	48,394	-	-
Hospital Fluminense S.A.	-	14,410	-	-	-	14,204	-	-
Hospital São Marcos Ltda.	-	12,384	-	-	-	12,310	-	-
Villa Lobos Ltda.	-	-	-	-	-	-	3,392	-
Hospital Esperança S.A.	-	-	16,802	-	-	-	17,401	-
IFOR	-	-	-	-	-	-	504	-
D'Or Soluções	-	-	2,404	-	-	-	2,479	-
JMJB Diagnósticos e Serviços Hospitalares S.A.	-	7,615	-	-	-	2,624	-	-
Proncordis	-	7,406	-	-	-	7,037	-	-
Cardial	-	756	-	-	-	756	-	-
Acreditar Oncologia S.A.	-	4,335	-	-	-	4,335	-	-
Rodin	-	693	-	-	-	625	-	-
Onco D'Or Oncologia S.A.	-	36,490	-	-	-	36,429	-	-
D'Or Trading Importação Ltda.	-	45,017	-	-	-	42,157	-	-
Hospital e Maternidade Bartira S.A.	-	-	-	-	-	14,304	-	-
Hospital Santa Helena S.A.	-	1,991	-	-	-	5,600	-	-
JM02 Empreendimentos Imobiliários Ltda. (d)	-	434,482	-	-	-	434,477	-	-
IFOR Empreendimentos Imobiliários S.A. (antiga Park D'Or S.A.) (d)	-	198,832	-	-	-	198,832	-	-
Diagnolab Exames Complementares Ltda.	-	-	-	-	-	20,566	-	-
JM&AM Empreendimentos Imobiliários S.A. (e)	-	-	-	3,913	-	-	-	15,654
Other	-	12,541	1,281	-	-	15,486	524	-
	14,690	**1,184,273**	**68,262**	**27,332**	**40,072**	**1,175,363**	**74,398**	**105,458**

7. Transactions with related parties (Continued)

Balances with related parties (Continued)

	Consolidated							
	03/31/2016				12/31/2015			
Companies	Current assets	Noncurrent assets	Noncurrent liabilities	P&L	Current assets	Noncurrent assets	Noncurrent liabilities	P&L
Shared services (c)								
J Badim S.A.	-	267	-	-	-	324	-	776
Onco BSB	-	-	1,125	-	-	-	953	-
JMJB Diagnósticos e Serviços Hospitalares S.A.	-	7,615	-	-	-	7,615	-	-
Diagnolabs Ltda.	-	-	-	-	-	-	-	-
Badim	-	1,403	-	-	-	615	-	-
JM&AM Empreendimentos Imobiliários S.A. (e)	-	-	-	3,913	-	-	-	15,654
Other	-	11,080	-	-	-	8,374	-	-
	-	20,365	1,125	3,913	-	16,928	953	16,430

(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, Hospital Norte D'Or privately issued nonconvertible, single-series, registered debentures amounting to R$25,000, maturing on November 10, 2019, 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.

(b) On January 16, 2012, Oncotech Oncologia S.A. privately issued nonconvertible, single-series, registered debentures amounting to R$40,000, maturing on April 18, 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 balance outstanding with IFOR Empreendimentos Imobiliários S.A. (former Park D'Or S.A.) relates to transfer of funds to purchase of the property of Villa-Lobos hospital in the amount of R$195,000, while the balance outstanding with JM02 Empreendimentos Imobiliários Ltda. refers to transfer of funds to purchase 85% of the interest acquired from Hospital Santa Helena S.A.

(e) Transactions referring to rental of three properties for hospital operation. The properties belong to a company owned by controlling shareholders of Rede D'Or.

The other transactions with related parties refer mainly to transfers of funds between the companies, the main balances of which 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 fiscal 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.

7. Transactions with related parties (Continued)

Key management personnel compensation

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

At March 31, 2016 and 2015, key management personnel compensation is as follows:

	03/31/2016	03/31/2015
Salaries and bonuses	3,768	3,555
Benefits	46	47
Share-based compensation	7,525	4,356
	11,339	7,958

8. Investments

Breakdown of and changes in investments for the period – Parent Company

Parent Company	Balance at 12/31/2015	Equity pickup	Acquisition of interest	Capital increase	Transfer	Other	Merger	Balance at 03/31/2016
Medise Medicina Diagnóstico e Serviços S.A.	97,362	**5,234**	-	-	-	-	-	**102,596**
Hospital Esperança S.A.	125,954	**21,499**	-	-	-	-	-	**147,453**
Hospital São Marcos (including goodwill)	26,707	**6,126**	-	-	-	-	-	**32,833**
PMJ Empreendimentos Imobiliários S.A.	74,503	**(757)**	-	-	-	-	-	**73,746**
Norte D'Or Participações S.A. (including goodwill)	62,982	**189**	-	-	-	-	-	**63,171**
Onco D'Or Oncologia S.A.	64,502	**4,406**	-	-	-	-	-	**68,908**
Jenner S.A	94,554	**4,768**	-	-	-	-	-	**99,322**
JMJB Diagnósticos e Serviços Hospitalares	21,775	**(1,698)**	-	-	-	-	-	**20,077**
Rodin Empreendimentos e Participações S.A.	57,773	**(13)**	-	-	-	-	-	**57,760**
Quinta Empreendimentos Imobiliários Ltda.	20,335	**2,818**	-	-	-	-	-	**23,153**
Hospital IFOR S.A. (a)	90,789	-	-	-	-	-	**(90,789)**	-
Hospital Fluminense S.A. (including goodwill)	4,464	**3,557**	-	-	-	-	-	**8,021**
Acreditar Oncologia S.A.	38,667	**2,863**	**2,549**	-	-	-	-	**44,079**
Cardial Serviços Médicos	55,473	**1,128**	-	-	-	-	-	**56,601**
Hospital Villa-Lobos Ltda. (a)	176,595	-	-	-	-	-	**(176,595)**	-
Hospital e Maternidade Bartira S.A. (a)	102,658	-	-	-	-	-	**(102,658)**	-
Hospital Santa Helena S.A.	69,827	**1,966**	-	-	-	-	-	**71,793**
Diagnolab Exames Complementares Ltda.	-	-	-	-	**20,327**	-	-	**20,327**
Other	39,190	**8,907**	-	-	-	**1,231**	-	**49,328**
Total	1,224,110	**60,993**	**2,549**	-	**20,327**	**1,231**	**(370,042)**	**939,168**
Rede D'or São Luiz Serviços Médicos S.A.	(26,666)	**(5,157)**	-	-	-	-	-	**(31,823)**
Centro Hospitalar São Marcos S.A.	(24,642)	**(46)**	-	-	-	-	-	**(24,688)**
Diagnolab Exames Complementares Ltda.	(237)	**(2)**	-	**20,566**	**(20,327)**	-	-	-
Café Verde	(1,235)	**(14)**	-	-	-	-	-	**(1,249)**
	(52,780)	**(5,219)**	-	**20,566**	**(20,327)**	-	-	**(57,760)**
Equity pickup		**55,774**						

(a) On January 1, 2016, Rede D'or São Luiz S.A. merged the following companies: Hospital IFOR S.A, Hospital Villa-Lobos Ltda e Hospital and Maternidade Bartira S.A. These mergers generated no impact on the Company's consolidated financial statements.

8. Investments (Continued)

Breakdown of and changes in investments for the period – Consolidated (Continued)

Company	Balances at 12/31/2015	Equity pickup	Acquisition of interest	Dividends	Other	Balance at 03/31/2016
JMJB Diganósticos e Serviços Hospitalares S.A.	**21,775**	**(1,698)**	**-**	**-**	**-**	**20,077**
Acreditar Oncologia S.A.	**25,492**	**2,863**	**2,549**	**-**	**-**	**30,904**
Goodwill - Acreditar Oncologia S.A.	**13,175**	**-**	**-**	**-**	**-**	**13,175**
Onco São José dos Campos	**6,031**	**1,725**	**-**	**(2,417)**	**-**	**5,339**
Goodwill - Onco São José dos Campos	**30,967**	**-**	**-**	**-**	**-**	**30,967**
CEHON	**16,849**	**-**	**-**	**-**	**-**	**16,849**
Other	**4,362**	**444**	**-**	**(289)**	**(1,386)**	**3,131**
Total	**118,651**	**3,334**	**2,549**	**(2,706)**	**(1,386)**	**120,442**
Equity pickup		**3,334**				

8. Investments (Continued)

Breakdown of investments

	March 31, 2016							March, 31, 2015
	% Total	Voting %	Assets	Liabilities	Equity	Operating income	P&L for the year	P&L for the year
Direct and indirect subsidiaries								
Medise Medicina Diagnóstico e Serviços S.A.	98.00	98.00	491,186	386,496	104,690	7,535	5,341	3,072
Hospital Esperança S.A. ("Esperança")	100.00	100.00	1,022,359	874,906	147,453	47,089	21,499	(11,189)
Mais-Multi Assistência Médica Ambulatorial Ltda. (Hospital São Marcos)	100.00	100.00	135,750	110,049	25,701	6,456	6,126	3,323
Rede D'Or São Luiz Serviços Médicos S.A.	99.99	99.99	475,254	507,077	(31,823)	(8,086)	(5,157)	(6,271)
Centro Hospitalar São Marcos Ltda.	100.00	100.00	8,514	33,202	(24,688)	34	(46)	(238)
Advance Plano de Saúde Ltda.	99.99	99.99	21,713	14,612	7,101	34	284	(2,525)
Norte D'Or Participações S.A.	100.00	100.00	34,745	22	34,723	189	189	
Hospital Norte D'Or de Cascadura S.A. ("Norte D'Or")	70.00	70.00	96,615	59,405	37,210	2,851	348	(153)
PMJ Empreendimentos Imobiliários S.A. (organized in 2013)	100.00	100.00	110,119	36,373	73,746	(640)	(757)	1,109
Quinta Empreendimentos Imobiliários Ltda. (organized in 2013)	100.00	100.00	63,325	40,172	23,153	3,098	2,818	2,458
Onco D'or Oncologia S.A. (organized in 2013)	100.00	100.00	195,986	67,852	128,134	4,889	4,406	1,341
Esperança Serviços Médicos e de Diagnósticos S.A	100.00	100.00	5,437	3,051	2,386	197	193	675
Centro Diagnóstico NSL S.A.	98.43	98.43	4,217	2,820	1,397	-	(107)	(133)
Maxiclínicas Clínicas e Diagnósticos Ltda.	100.00	100.00	6,700	2,909	3,791	492	451	144
Diagno São Marcos Ltda.	100.00	100.00	928	2,563	(1,635)	(308)	(353)	(243)
Diagnolab Exames Complementares Ltda.	100.00	100.00	21,020	693	20,327	-	(2)	(1)
Rodin Empreendimentos e Participações Ltda.	100.00	100.00	58,723	963	57,760	(17)	(13)	1,798
São Luiz Assistência Médica Ambulatorial Ltda.	100.00	100.00	511	-	511	-	-	-
Instituto Oncológico de Pernambuco Ltda. ("IOPE")	100.00	100.00	22	1,511	(1,489)	(316)	(350)	(651)
Santa Luzia Assistência Médica Ltda. ("SLAM")	100.00	100.00	7,844	2,491	5,353	1,370	1,221	(730)
Unidade de Radiologia Clínica Ltda. ("URC")	72.00	72.00	21,102	15,985	5,117	1,111	380	-
Hospital Fluminense S.A.	100.00	100.00	36,989	41,749	(4,760)	5,614	3,557	68
Cardial Serviços Médicos S.A.	73.50	73.50	25,906	3,102	22,804	3,008	1,534	-
ONCORAD - Serviços de Radioterapia Ltda.	73.50	73.50	1,749	1,775	(26)	4	(11)	-
Café Verde da Quinta Ltda.	100.00	100.00	41	1,290	(1,249)	(14)	(14)	-
Instituto Onco e Rádio São Pellegrino	83.70	83.70	4,500	1,399	3,101	(140)	(230)	-
IFOR Empreendimentos Imobiliários S.A.(former Park D'Or)	100.00	100.00	198,831	198,831	-	-	-	-
Proncordis Pronto Atendimento Cardiológico Ltda.	95.64	95.64	10,853	10,853	-	(126)	(369)	-
D'Or Trading Importação Ltda.	100.00	100.00	45,502	45,033	469	(32)	(32)	-
Companies consolidated by the equity method								
Acreditar Oncologia S.A.	55.00	55.00	66,540	10,351	56,189	4,798	5,205	6,360
Centro Oncológico do Vale Ltda.	50.00	50.00	16,259	8,394	7,865	3,846	3,557	8,516
Instituto de Radioterapia do Vale do Paraíba Ltda.	50.00	50.00	4,260	1,448	2,812	83	(108)	98
JMJB Diagnósticos e Serviços Hospitalares S.A.	50.00	50.00	66,540	10,351	56,189	(3,517)	5,205	2,774

9. Property and equipment

Breakdown of balances

		Parent Company					
		03/31/2016			12/31/2015		
Description	Depreciation rate	Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
Hospital machinery and equipment	**12% to 20%**	490,381	(266,424)	223,957	463,548	(254,233)	209,315
Surgical instruments	**20%**	22,685	(10,645)	12,040	14,810	(10,085)	4,725
Machinery and equipment	**7% to 10%**	154,095	(92,213)	61,882	144,594	(85,544)	59,050
Properties	**2.5% to 4%**	306,251	(70,517)	235,734	298,796	(68,869)	229,927
Improvements in own properties	**10%**	24,450	(6,785)	17,665	23,803	(6,228)	17,575
Leasehold improvements	**3% to 4%**	505,830	(119,152)	386,678	476,047	(116,581)	359,466
Furniture and fixtures	**10%**	71,691	(42,778)	28,913	67,446	(41,030)	26,416
Vehicles	**20%**	3,025	(1,988)	1,037	2,659	(1,926)	733
Facilities	**10%**	60,226	(20,908)	39,318	55,578	(19,980)	35,598
Land	**n/a**	128,605	-	128,605	115,115	-	115,115
Construction in progress	**n/a**	675,288	-	675,288	596,611	-	596,611
Other	**5% to 10%**	11,084	(4,330)	6,754	10,442	(4,317)	6,125
		2,453,611	(635,740)	1,817,871	2,269,449	(608,793)	1,660,656

		Consolidated					
		03/31/2016			12/31/2015		
Description	Depreciation rate	Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
Hospital machinery and equipment	**12% to 20%**	610,141	(320,794)	289,347	578,814	(306,352)	272,462
Surgical instruments	**20%**	25,656	(12,375)	13,281	24,498	(11,697)	12,801
Machinery and equipment	**7% to 10%**	200,817	(123,447)	77,370	187,369	(114,644)	72,725
Properties	**2.5% to 4%**	853,113	(75,730)	777,383	844,077	(73,271)	770,806
Improvements in own properties	**10%**	27,801	(7,185)	20,616	27,132	(6,533)	20,599
Leasehold improvements	**3% to 4%**	670,444	(188,788)	481,656	646,821	(184,791)	462,030
Furniture and fixtures	**10%**	98,314	(58,634)	39,680	96,448	(56,323)	40,125
Vehicles	**20%**	3,498	(2,317)	1,181	3,403	(2,234)	1,169
Facilities	**10%**	100,361	(35,831)	64,530	97,363	(34,093)	63,270
Land	**n/a**	355,973	-	355,973	355,973	-	355,973
Construction in progress	**n/a**	721,485	-	721,485	617,778	-	617,778
Other	**5% to 10%**	16,703	(5,909)	10,794	16,314	(5,893)	10,421
		3,684,306	(831,010)	2,853,296	3,495,990	(795,831)	2,700,159

9. Property and equipment (Continued)

Changes in the Parent Company

Cost	12/31/2015	Additions	Disposals	Transfers	Additions from mergers*	03/31/2016
Hospital machinery and equipment	463,548	24,016	(300)	30	3,088	490,382
Surgical instruments	14,810	1,092	-	-	6,783	22,685
Machinery and equipment	144,594	6,115	-	32	3,353	154,094
Properties	298,796	23	-	-	7,432	306,251
Improvements in own properties	23,803	648	-	-	-	24,451
Leasehold improvements	476,047	19,261	-	1,876	8,646	505,830
Furniture and fixtures	67,446	1,584	-	-	2,661	71,691
Vehicles	2,659	96	-	-	270	3,025
Facilities	55,578	2,505	-	(21)	2,164	60,226
Land	115,115	-	-	-	13,490	128,605
Construction in progress	596,611	80,286	-	(1,917)	308	675,288
Other	10,442	363	-	-	278	11,083
	2,269,449	135,989	(300)	-	48,473	2,453,611

Depreciation	12/31/2015	Additions	Disposals	Transfers	Additions from mergers*	03/31/2016
Hospital machinery and equipment	(254,233)	(12,192)	-	-	-	(266,425)
Surgical instruments	(10,085)	(560)	-	-	-	(10,645)
Machinery and equipment	(85,544)	(6,668)	-	-	-	(92,212)
Properties	(68,869)	(1,648)	-	-	-	(70,517)
Improvements in own properties	(6,228)	(557)	-	-	-	(6,785)
Leasehold improvements	(116,581)	(2,571)	-	-	-	(119,152)
Furniture and fixtures	(41,030)	(1,748)	-	-	-	(42,778)
Vehicles	(1,926)	(62)	-	-	-	(1,988)
Facilities	(19,980)	(928)	-	-	-	(20,908)
Other	(4,317)	(13)	-	-	-	(4,330)
	(608,793)	(26,947)	-	-	-	(635,740)
Property and equipment, net	1,660,656	109,042	(300)	-	48,473	1,817,871

***** Additions from mergers of Hospital e Maternidade Bartira Ltda. and Hospital Ifor S.A, into Hospital Villa-Lobos S.A., both merged on January 1, 2016.

9. Property and equipment (Continued)

Changes in Consolidated

Cost	12/31/2015	Additions	Disposals	Transfers	03/31/2016
Hospital machinery and equipment	578,814	31,597	(300)	30	610,141
Surgical instruments	24,498	1,158	-	-	25,656
Machinery and equipment	187,369	13,372	-	75	200,816
Properties	844,077	9,036	-	-	853,113
Improvements in own properties	27,132	669	-	-	27,801
Leasehold improvements	646,821	21,748	-	1,876	670,445
Furniture and fixtures	96,448	1,866	-	-	98,314
Vehicles	3,403	96	-	-	3,499
Facilities	97,363	3,019	-	(21)	100,361
Land	355,973	-	-	-	355,973
Construction in progress	617,778	105,666	-	(1,960)	721,484
Other	16,314	389	-	-	16,703
	3,495,990	188,616	(300)	-	3,684,306

Depreciation	12/31/2015	Additions	Disposals	Transfers	03/31/2016
Hospital machinery and equipment	(306,352)	(14,443)	-	-	(320,795)
Surgical instruments	(11,697)	(678)	-	-	(12,375)
Machinery and equipment	(114,644)	(8,803)	-	-	(123,447)
Properties	(73,271)	(2,459)	-	-	(75,730)
Improvements in own properties	(6,533)	(652)	-	-	(7,185)
Leasehold improvements	(184,791)	(3,997)	-	-	(188,788)
Furniture and fixtures	(56,323)	(2,311)	-	-	(58,634)
Vehicles	(2,234)	(82)	-	-	(2,316)
Facilities	(34,093)	(1,738)	-	-	(35,831)
Other	(5,893)	(16)	-	-	(5,909)
	(795,831)	(35,179)	-	-	(831,010)
Property and equipment, net	2,700,159	153,437	(300)	-	2,853,296

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

10. Intangible assets

Intangible assets are broken down as follows:

		Parent Company		Consolidated	
	Annual rate	03/31/2016	12/31/2015	03/31/2016	12/31/2015
Finite useful life					
Software	20%	20,467	18,123	21,754	21,024
Exclusive agreement	20%	12,425	12,425	13,925	13,925
Indefinite useful life					
Goodwill					
Acquisition of Copa D'Or		80,058	80,058	80,058	80,058
Acquisition of HMSL		668,339	668,339	668,339	668,339
Acquisition of Hospital Brasil		121,398	121,398	121,398	121,398
Acquisition of Hospital Prontolinda		30,595	30,595	30,595	30,595
Acquisition of Vivalle		38,692	38,692	38,692	38,692
Acquisition of São Marcos		-	-	10,807	10,807
Acquisition of Santa Luzia		199,333	199,333	199,333	199,333
Acquisition of Sinisgalli		156,646	156,646	156,646	156,646
Acquisition of Hospital Esperança		-	-	108,408	108,408
Acquisition of Norte D'Or		-	-	28,450	28,450
Acquisition of IFOR		85,724	-	85,724	85,724
Acquisition of Sino Brasileiro (Note 3)		250,303	245,160	250,303	245,160
Acquisition of Villa-Lobos (Note 3)		136,074	-	136,074	129,218
Acquisition of Bartira (Note 3)		115,470	-	115,470	107,225
Acquisition of Onco ABC (Note 3)		-	-	52,174	52,174
Acquisition of Onco ABC (Note 3)		-	-	180,264	180,264
Acquisition of Hospital Fluminense (Note 3)		-	-	10,658	10,658
Acquisition of Hospital Santa Helena (Note 3)		-	-	123,523	123,523
Acquisition of JTO (Note 3)		-	-	5,001	5,001
Other goodwill		48,649	48,649	61,039	61,039
Trademarks and patents		190,810	190,810	190,810	190,810
		2,154,983	1,810,228	2,689,445	2,668,471

Goodwill presented above arises from business combinations made in 2015 and in prior years.

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 projections are restated on an annual basis or in a shorter period when necessary.

The recoverable amount of a CGU is based on value in use calculations.

Management performed impairment testing on goodwill and trademarks and patents for the year ended December 31, 2015, and did not identify the need of recording any provision for loss. No change was identified that would require restatement of tests at March 31, 2016.

11. Deferred gain on property disposal

On October 11, 2013 and December 26, 2012, the Company entered into 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 appropriated over the lease term. At March 31, 2016, deferred gains were recorded as follows:

	Parent Company and Consolidated	
	03/31/2016	**12/31/2015**
Caxias D'Or	**39,100**	39,560
Hospital Brasil	**47,850**	48,400
	86,950	87,960
Current	**3,920**	3,920
Noncurrent	**83,030**	84,040

At March 31, 2016, the Company has R$73,926 (R$73,926 at December 31, 2015) in receivables from the sale of these two properties, which was pending formal documentation of title property transfer to the buyer. This transfer was carried out in October 2015. Accordingly, on March 16, 2016, the parties entered into a contractual arrangement to receive the outstanding balance until the deadline, on June 15, 2016.

12. Loans and financing

			Parent Company	
Bank	**Index**	**Spread**	**03/31/2016**	**12/31/2015**
BNDES/FINAME/FINEP	TJLP	4.90%	92,100	86,252
IFC - International Finance Corporation	USD/ LIBOR	3.30%	991,162	1,067,519
CCBs	Fixed	3.90%	2,131	896
			1,085,393	1,154,667
Current			54,815	40,815
Noncurrent			1,030,578	1,113,852

			Consolidated	
Bank	**Index**	**Spread**	**03/31/2016**	**12/31/2015**
BNDES/FINAME/FINEP	TJLP	4.90%	94,800	97,403
IFC - International Finance Corporation	LIBOR	3.30%	991,162	1,067,519
CCBs	Fixed	3.90%	12,981	10,592
			1,098,943	1,175,514
Current			55,357	50,964
Noncurrent			1,043,586	1,124,550

Financing was obtained in order to make company acquisitions and to expand the size of hospitals. Loans and financing are guaranteed by shares representing 3.1% of the Company's capital and fiduciary assignment of credit rights. After the last economic valuation report prepared by independent appraisers and issued in December 2015, the guarantee shares started to represent 8.5% of the Company's capital, due to new loans and financing taken out with shares transferred as 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). Management understands that these covenants have always been complied with.

12. Loans and financing (Continued)

On December 4, 2014, the Company obtained two credit lines from the International Finance Corporation ("IFC") amounting to US$ 191,250 and from the Société de Promotion et de Participation Pour La Coopération Economique ("Proparco") amounting to EUR$50,000. Total amount for financing is divided into six installments, as follows:

Bank	Currency	Index	Spread	Beginning of amortization	End of amortization	Amortization period	Guarantees
IFC A Loan (i)	US$	LIBOR	3.0%	Nov 2017	Nov 2024	Half-yearly	Shares and receivables
IFC B1 Loan (i)	US$	LIBOR	3.0%	Nov 2017	Nov 2024	Half-yearly	Shares and receivables
IFC B2 Loan (i)	US$	LIBOR	2.7%	Nov 2016	Nov 2022	Half-yearly	Shares and receivables
IFC C Loan	US$	LIBOR	6.0%	Nov 2021	Nov 2027	Half-yearly	Shares and receivables
IFC MCPP Loan	US$	LIBOR	3.0%	Nov 2017	Nov 2024	Half-yearly	Shares and receivables
Proparco Loan	EUR	EURIBOR	3.0%	Nov 2017	Nov 2024	Half-yearly	Shares and receivables

(i) Releases of 80% carried out in October 2015 and 20% in December 2015.

At March 31, 2016, the long-term maturity schedule is as follows:

Parent Company		Consolidated	
Year	Amount	Year	Amount
2017	83,644	2017	84,700
2018	143,052	2018	144,858
2019	143,052	2019	144,858
2020	136,676	2020	138,401
2021 to 2027	524,154	2021 to 2027	530,769
	1,030,578		1,043,586

13. Debentures payable

	Parent Company		Consolidated	
	03/31/2016	12/31/2015	03/31/2016	12/31/2015
Rede D'Or São Luiz				
1st issue (a)	**799,555**	873,314	**799,555**	873,314
2nd issue (b)	**76,802**	78,408	**76,802**	78,408
3rd issue (c)	**612,911**	644,446	**612,911**	644,446
4th issue (d)	**804,481**	804,082	**804,481**	804,082
5th issue (e)	**101,999**	98,545	**101,999**	98,545
6th issue (f)	**203,629**	196,733	**203,629**	196,733
Medise				
1st issue (g)	**64,354**	61,770	**64,354**	61,770
Esperança				
1st issue (h)	**-**	-	**204,165**	204,161
2nd issue (i)	**-**	-	**103,449**	99,529
	2,663,731	2,757,298	**2,971,345**	3,060,988
Current	**604,071**	495,159	**650,042**	521,483
Noncurrent	**2,059,660**	2,262,139	**2,321,303**	2,539,505

13. Debentures payable (Continued)

(a) On April 20, 2011, the Company issued nonconvertible debentures in a series of 100 (one hundred) debentures for public distribution, totaling R$1,000,000, maturing on April 20, 2020 (as per the amendment of December 2013) and monthly amortization charges referring to principal as from 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 fiduciary transfer of credit rights were offered. After the last valuation report issued in December 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 amortization charges referring to principal as from 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 amortization charges as from 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 amortization charges referring to principal as from 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 fiduciary transfer of credit rights were offered. After the last valuation report issued in December 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. 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 amortization charges referring to principal as from 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 amortization charges referring to principal as from 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, fiduciary transfer 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 2002 Brazilian Civil Code ("cc/2002"). As a result, the status of Rede D'Or will change from Collateral to Issuer, in view of the capital decrease 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 amortization charges referring to principal as from 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 fiduciary transfer of credit rights were offered. After the last valuation report issued in December 2015, the guaranteeing shares started to represent 1.6% of the Company's capital.

(i) On December 09, 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 amortization charges referring to principal as from June 10, 2016. The debentures are remunerated *pro rata temporis* bearing interest equivalent to 100% of DI (Interbank Deposits) plus 1.9% p.a. Fiduciary transfer 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). Management understands that these covenants have always been complied with.

At March 31, 2016, the long-term maturity schedule is as follows:

Parent Company		Consolidated	
Year	**Amount**	**Year**	**Amount**
2017	475,684	2017	537,471
2018	601,130	2018	683,467
2019	529,181	2019	575,812
2020	349,309	2020	387,843
2021	104,356	2021	136,710
	2,059,660		2,321,303

14. Tax liabilities and taxes in installments

a) Tax liabilities

	Parent Company		Consolidated	
	03/31/2016	12/31/2015	03/31/2016	12/31/2015
Contribution tax on gross revenue for social integration program (PIS)	3,469	1,991	5,092	2,841
Contribution tax on gross revenue for social security financing (COFINS)	24,924	25,490	34,326	34,690
Service tax (ISS)	56,423	50,415	83,634	78,913
Withholding income tax (IRRF)	13,718	27,652	16,197	31,574
Income tax	15,268	-	28,524	19,593
Social contribution tax	625	-	3,784	2,168
Other	3,061	3,128	3,661	4,723
	117,488	108,676	175,218	174,502

b) Taxes paid in installments

	Parent Company		Consolidated	
Taxes paid in installments	03/31/2016	12/31/2015	03/31/2016	12/31/2015
ISS	23,807	24,140	25,041	25,411
Installment payment – Law No. 11941/09	75,475	68,784	88,143	89,654
Installment payment – social security contributions	28,075	28,342	41,897	42,400
Other	20,069	18,684	23,735	23,372
	147,426	139,950	178,816	180,837
Current	26,410	18,123	29,428	29,802
Noncurrent	121,016	121,827	149,388	151,035

15. Accounts payable for acquisitions

	Adjustment index	Parent Company		Consolidated	
		03/31/2016	12/31/2015	03/31/2016	12/31/2015
Current	CDI	29,940	93,335	30,889	98,918
Noncurrent		64,630	53,093	97,557	80,219

Accounts payable for acquisition of companies refer to the remaining balance of the considerations for acquisitions made in 2015 and prior 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:

	Parent Company				Consolidated			
	03/31/2016		12/31/2015		03/31/2016		12/31/2015	
	Provision for contingencies	Judicial deposits	Provision for contingencies	Judicial deposits	Provision for contingencies	Judicial deposits	Provision for contingencies	Judicial deposits
Tax	62,041	(38,366)	16,220	(36,309)	62,174	(48,398)	59,132	(48,987)
Labor	60,397	(5,234)	60,196	(5,213)	69,552	(6,808)	71,859	(5,784)
Civil	26,633	(21,042)	27,064	(20,717)	45,552	(25,328)	48,578	(23,668)
	149,071	(64,642)	103,480	(62,239)	177,278	(80,534)	179,569	(78,439)

Changes in provisions for contingencies at March 31, 2016 were as follows:

	Parent Company				
	03/31/2016				12/31/2015
	Tax	Labor	Civil	Total	Total
Balance at beginning of period	**16,221**	**60,196**	**27,063**	**103,480**	116,777
Additions, net of reversals	**-**	**-**	**-**	**-**	3,590
Monetary restatements	**-**	**-**	**-**	**-**	3,861
Payments	**-**	**(1,553)**	**(542)**	**(2,095)**	(25,949)
Additions from mergers*	**45,820**	**1,754**	**112**	**47,686**	5,201
Balance at end of period	**62,041**	**60,397**	**26,633**	**149,071**	103,480

	Consolidated				
	03/31/2016				12/31/2015
	Tax	Labor	Civil	Total	Total
Balance at beginning of period	**59,132**	**71,859**	**48,578**	**179,569**	135,747
Additions, net of reversals	**-**	**-**	**-**	**-**	(994)
Monetary restatements	**3,042**	**-**	**-**	**3,042**	18,509
Payments	**-**	**(2,307)**	**(3,026)**	**(5,333)**	(34,153)
Additions from acquisitions	**-**	**-**	**-**	**-**	60,460
Balance at end of period	**62,174**	**69,552**	**45,552**	**177,278**	179,569

17. Commitments

At March 31, 2016, Rede D'Or has operating leases referring substantially to leased buildings with third and related parties for an average period of eighteen years, considering the following payment schedule:

Year	Parent Company (Gross nominal values)	Consolidated (Gross nominal values)
2016	**161,082**	**182,480**
2017	**214,775**	**243,306**
2018	**198,090**	**226,621**
2019	**188,908**	**217,440**
2020 to 2051	**1,964,439**	**2,209,603**
	2,727,294	**3,079,450**

18. Equity

a) Capital

Subscribed and paid-in capital at March 31, 2016, amounts to R$867,777, divided into 422,861,080 registered common shares and 2,734,600 registered class A preferred shares, with no par value.

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

On April 27, 2015, the Company entered into an investment agreement with HPT Participações S.A. (Carlyle Group's investee) in the amount of R$1,819,435, R$181,943 of which relates to capital increase and R$1,637,491 to goodwill reserve on share subscriptions, through issue of 37,051,337 new common shares, representing 8.38% of Rede D'Or's capital. The contribution was carried out as follows: (a) R$875,000 contributed as cash ("First Tranche"), through issue of 18,525,668 new common shares, free and clear of any liens, fully subscribed and paid up on the closing date, representing 4.19% of total Company's capital; and (b) R$944,435 contributed with promissory notes ("Second Tranche"), through issue of 18,525,669 new common shares, free and clear of any liens, fully subscribed and paid up on the closing date, representing 4.19% of total Company's capital. The promissory note contributed is *pro-soluto type*, i.e., settled and negotiable on the market by the Company, which is why it was registered as a financial instrument, receivable under current assets, matched against equity.

On April 15, 2016, the amount of R$944,500 related to the Second Tranche of the investment with HPT Participações S.A. was fully received by the Company.

18. Equity (Continued)

b) Treasury stock

At March 31, 2016, the Company had 19,369,141 registered common shares with no par value of Rede D'Or, in the amount of R$322,524, 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, 2015	**19,959,827**	**12.91**	**257,597**
Acquisitions	**2,936,007**	**29.13**	**85,512**
Sales	**(3,526,693)**	**5.84**	**(20,585)**
Balance at March 31, 2016	**19,369,141**	**16.65**	**322,524**

c) Share-based payment (stock options)

There were no new grants or changes in new plans for the quarter.

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

	Fair value of options per year	Effect on P&L for the period	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	**7,525**	**7,525**	**125,184**
2017	**8,328**	**-**	**-**
2018	**3,650**	**-**	**-**
2019	**1,395**	**-**	**-**
2020	**444**	**-**	**-**
2021	**159**	**-**	**-**
	139,217		

19. Income taxes

Income and social contribution tax expenses for the three-month periods ended March 31, 2016 and 2015 are as follows:

	Parent Company		Consolidated	
	03/31/2016	03/31/2015	03/31/2016	03/31/2015
Deferred				
Income tax	19,458	(12,408)	24,759	(10,928)
Social contribution tax	7,005	(4,467)	9,302	(3,934)
	26,463	(16,875)	34,061	(14,862)
Current				
Income tax	(31,097)	-	(56,323)	(9,752)
Social contribution tax	(11,578)	-	(19,681)	(3,513)
	(42,675)	-	(76,004)	(13,265)
Income and social contribution tax expenses	(16,212)	(16,875)	(41,943)	(28,127)

Changes in deferred income and social contribution tax assets for the three-month period ended March 31, 2016 were as follows:

	Parent Company				Consolidated		
	12/31/2015	Additional benefits (expenses) recorded	Additions from mergers	03/31/2016	12/31/2015	Additional benefits (expenses) recorded	03/31/2016
Assets							
Income tax loss	13,383	**(11,000)**	**-**	**2,383**	13,898	**(11,116)**	**2,782**
Social contribution tax loss	4,817	**(3,960)**	**-**	**857**	5,001	**(4,002)**	**999**
Allowance for doubtful accounts	66,466	**1,597**	**8,780**	**76,843**	97,598	**1,597**	**99,195**
Allowance for disallowance of claims	41,596	**12,791**	**5,851**	**60,238**	82,723	**19,765**	**102,488**
Contingencies	39,013	**(20,951)**	**37,700**	**55,762**	77,952	**(21,023)**	**56,929**
Fair value of derivatives	-	**28,644**	**-**	**28,644**	-	**28,644**	**28,644**
Provision for inventories	1,159	**-**	**-**	**1,159**	1,159	**-**	**1,159**
Provision for bonus	18,894	**3,558**	**-**	**22,452**	18,894	**3,558**	**22,452**
Provision for losses	11,592	**-**	**4,937**	**16,529**	15,287	**-**	**15,287**
Deferred gain on property disposals	17,689	**-**	**-**	**17,689**	17,689	**-**	**17,689**
Taxes - Judicial deposits	4,654	**382**	**7**	**5,043**	5,968	**391**	**6,359**
Provision for overtime	1,262	**2,646**	**-**	**3,908**	1,847	**3,305**	**5,152**
Total deferred tax assets	220,525	**13,707**	**57,275**	**291,507**	338,016	**21,119**	**359,135**
Liabilities							
Differences between accounting and tax base of goodwill	(351,631)	**(19,720)**	**-**	**(371,351)**	(397,603)	**(18,463)**	**(416,066)**
Gain on acquisition in stages	(22,550)	**-**	**-**	**(22,550)**	(40,398)	**-**	**(40,398)**
Fair value of derivatives	(12,232)	**12,232**	**-**	**-**	(12,232)	**12,232**	**-**
Deferred income	-	**-**	**-**	**-**	(23,423)	**(1,071)**	**(24,494)**
Total deferred tax liabilities	(386,413)	**(7,488)**	**-**	**(393,901)**	(473,656)	**(7,302)**	**(480,958)**
Net effect – asset (liability)	(165,888)	**6,219**	**57,275**	**(102,394)**	(135,640)	**13,817**	**(121,823)**
Assets as per balance sheet					80,607	**(35,029)**	**45,578**
Liabilities as per balance sheet					(216,247)	**48,846**	**(167,401)**
Net effect – asset (liability)					(135,640)	**13,817**	**(121,823)**

19. Income taxes (Continued)

The reconciliation of income and social contribution taxes and the amount determined at the statutory rate at March 31, 2016 and 2015 are as follows:

	Parent Company		Consolidated	
	03/31/2016	**03/31/2015**	**03/31/2016**	**03/31/2015**
Income before income and social contribution taxes	**204,808**	108,459	**235,477**	119,803
Income and social contribution tax expenses at statutory rates	**69,635**	36,876	**80,062**	40,733
Adjustments to determine the effective tax rate				
Interest on debentures recorded as equity instrument	**-**	(12,224)	**-**	(12,224)
Equity pickup	**(18,963)**	(9,330)	**(1,133)**	(3,606)
Stock option expenses	**2,559**	1,481	**2,559**	1,481
Interest on equity	**(16,154)**	-	**(16,154)**	-
Other	**(20,865)**	72	**(23,391)**	1,743
Expenses recorded in the income statement	**16,212**	16,875	**41,943**	28,127

Income and social contribution tax losses may be carried indefinitely, however, offsetting is limited to 30% of taxable income generated in each tax 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, the realization of which will take place along the lease contract term.

20. Net revenue

	Parent Company		Consolidated	
	03/31/2016	**03/31/2015**	**03/31/2016**	**03/31/2015**
Gross revenue	**1,425,510**	1,113,427	**1,974,983**	1,484,991
Deductions from revenue				
Cancellations and rebates	**(52,374)**	(37,610)	**(84,139)**	(55,430)
Taxes on revenues	**(81,983)**	(64,184)	**(114,917)**	(87,858)
	1,291,153	1,011,633	**1,775,927**	1,341,703

21. Cost of services rendered

	Parent Company		Consolidated	
	03/31/2016	**03/31/2015**	**03/31/2016**	**03/31/2015**
Personnel	**(396,615)**	(305,149)	**(535,667)**	(420,082)
Materials and medicines	**(236,932)**	(207,265)	**(330,055)**	(261,934)
Third-party services	**(171,527)**	(166,980)	**(301,591)**	(273,446)
Utilities and services	**(26,187)**	(18,380)	**(36,312)**	(25,278)
Rents	**(60,411)**	(53,998)	**(69,975)**	(64,160)
Depreciation and amortization	**(26,013)**	(22,215)	**(33,904)**	(29,166)
	(917,685)	(773,987)	**(1,307,504)**	(1,074,066)

22. General and administrative expenses

	Parent Company		Consolidated	
	03/31/2016	**03/31/2015**	**03/31/2016**	**03/31/2015**
Personnel	**(43,617)**	(43,399)	**(43,617)**	(43,399)
Third-party services	**(8,439)**	(9,913)	**(8,439)**	(9,913)
Depreciation and amortization	**(2,847)**	(2,583)	**(2,847)**	(2,583)
	(54,903)	(55,895)	**(54,903)**	(55,895)

23. Sales expenses

	Parent Company		Consolidated	
	03/31/2016	**03/31/2015**	**03/31/2016**	**03/31/2015**
Allowance for doubtful accounts	**(4,698)**	(5,203)	**(4,698)**	(5,256)
Marketing	**(4,077)**	(1,650)	**(4,670)**	(1,687)
	(8,775)	(6,853)	**(9,368)**	(6,943)

24. Other operating income (expenses), net

	Parent Company		Consolidated	
	03/31/2016	**03/31/2015**	**03/31/2016**	**03/31/2015**
Trips and lodging	**(3,782)**	(2,477)	**(4,558)**	(2,926)
Taxes, fees and penalties	**(6,334)**	(4,840)	**(8,341)**	(6,218)
Gain on acquisition in stages	**-**	24,073	**-**	24,073
Gain on disposal of properties	**980**	980	**980**	980
Other expenses and revenues	**(8,571)**	(8,402)	**(9,509)**	(3,602)
	(17,707)	9,334	**(21,428)**	12,307

25. Financial income (expenses), net

Financial income (expenses) for the periods ended March 31, 2016 and 2015, is as follows:

	Parent Company		Consolidated	
	03/31/2016	**03/31/2015**	**03/31/2016**	**03/31/2015**
Financial income				
Short-term investment yield	**16,033**	12,981	**23,922**	19,087
Foreign exchange variation on financing, net	**82,782**	-	**83,096**	-
Swap variation	**-**	44,701	**-**	44,701
Other	**2,281**	2,038	**2,348**	2,098
	101,096	59,720	**109,366**	65,886
Financial expenses				
Interest and monetary variation on financing	**(9,982)**	(45,760)	**(13,190)**	(45,895)
Interest on debentures	**(103,267)**	(93,142)	**(114,000)**	(104,071)
Taxes on financial income (expenses)	**(1,939)**	(750)	**(2,613)**	(910)
Foreign exchange variation on financing, net	**-**	(14,387)	**-**	(14,387)
Swap variation	**(121,969)**	-	**(121,969)**	-
Other	**(6,988)**	(8,894)	**(8,175)**	(8,532)
	(244,145)	(162,933)	**(259,947)**	(173,795)
	(143,049)	(103,213)	**(150,581)**	(107,909)

26. Earnings per share

a) Basic earnings per share

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 period, excluding common shares purchased by the Company and held as treasury shares.

	03/31/2016	03/31/2015
Profit attributable to Company shareholders	**188,596**	91,584
Weighted average number of common shares issued (thousands)	**440,154**	302,798
Basic earnings per share (in R$)	**0.4285**	0.3025

b) Diluted earnings per share

Diluted earnings per share are calculated by adjusting the weighted average number of outstanding common shares to assume the conversion of all the potentially dilutive common shares. The Company has one category of potentially dilutive common shares: the stock options.

	03/31/2016	03/31/2015
Profit attributable to Company shareholders	**188,596**	91,584
Weighted average number of common shares issued, including dilutive factors (thousands)	**444,259**	403,100
Diluted earnings per share (in R$)	**0.4245**	0.2272

27. Financial instruments and financial risk management

27.1. Classification of financial instruments by category

The classification of financial assets by category at March 31, 2016, and December 31, 2015, is as follows:

	Parent Company					
	03/31/2016			12/31/2015		
Financial assets	**Loans and receivables**	**Fair value through profit or loss (*)**	**Total**	**Loans and receivables**	**Fair value through profit or loss (*)**	**Total**
Cash and cash equivalents	**37,284**	**-**	**37,284**	93,365	-	93,365
Marketable securities	**-**	**414,817**	**414,817**	-	679,032	679,032
Accounts receivable	**1,379,199**	**-**	**1,379,199**	1,321,647	-	1,321,647
Dividends receivable	**27,977**	**-**	**27,977**	27,977	-	27,977
Financial instrument – Promissory note	**944,435**	**-**	**944,435**	944,435		944,435
Receivables from disposal of properties	**73,926**	**-**	**73,926**	73,926	-	73,926
Judicial deposits	**64,642**	**-**	**64,642**	62,239	-	62,239
Derivatives	**-**	**-**	**-**	-	35,956	35,956
	2,527,463	**414,817**	**2,942,280**	2,523,589	714,988	3,238,577

	Consolidated					
	03/31/2016			12/31/2015		
Financial assets	**Loans and receivables**	**Fair value through profit or loss (*)**	**Total**	**Loans and receivables**	**Fair value through profit or loss (*)**	**Total**
Cash and cash equivalents	**95,735**	**-**	**95,735**	144,497	-	144,497
Marketable securities	**-**	**635,832**	**635,832**	-	897,237	897,237
Accounts receivable	**1,963,995**	**-**	**1,963,995**	1,911,681	-	1,911,681
Financial instrument – Promissory note	**944,435**	**-**	**944,435**	944,435		944,435
Receivables from disposal of properties	**73,926**	**-**	**73,926**	73,926	-	73,926
Judicial deposits	**80,534**	**-**	**80,534**	78,439	-	78,439
Derivatives	**-**	**-**	**-**	-	35,956	35,956
	3,158,625	**635,832**	**3,794,457**	3,152,978	933,193	4,086,171

(*) 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: fair value measurement is derived from quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: fair value measurement is derived from 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: fair value measurement is derived from valuation techniques that include an asset or liability that is not included in an active market.

Short-term investments and derivatives recorded at fair value are measured at Level 2.

27. Financial instruments and financial risk management (Continued)

27.1. Classification of financial instruments by category (Continued)

The classification of financial assets by category at March 31, 2016, and December 31, 2015, is as follows:

	Parent Company					
	03/31/2016			12/31/2015		
Financial liabilities	Amortized cost	Fair value through profit or loss (*)	Total	Amortized cost	Fair value through profit or loss (*)	Total
Trade accounts payable	**175,904**	**-**	**175,904**	197,627	-	197,627
Loans and financing	**1,085,393**	**-**	**1,085,393**	1,154,667	-	1,154,667
Debentures	**2,663,731**	**-**	**2,663,731**	2,757,299	-	2,757,299
Derivatives	**-**	**86,013**	**86,013**	-	-	-
Salaries, provisions and social charges	**313,162**	**-**	**313,162**	260,357		260,357
Accounts payable for acquisitions	**94,570**	**-**	**94,570**	146,429	-	146,429
	4,332,760	**86,013**	**4,418,773**	4,516,379	-	4,516,379

	Consolidated					
	03/31/2016			12/31/2015		
Financial liabilities	Amortized cost	Fair value through profit or loss (*)	Total	Amortized cost	Fair value through profit or loss (*)	Total
Trade accounts payable	**254,067**	**-**	**254,067**	248,247	-	248,247
Loans and financing	**1,098,943**	**-**	**1,098,943**	1,175,515	-	1,175,515
Debentures	**2,971,345**	**-**	**2,971,345**	3,060,987	-	3,060,987
Derivatives	**-**	**86,013**	**86,013**	-	-	-
Salaries, provisions and social charges	**391,012**	**-**	**391,012**	341,689		341,689
Accounts payable for acquisitions	**128,446**	**-**	**128,446**	179,136	-	179,136
	4,843,813	**86,013**	**4,929,826**	5,005,574	-	5,005,574

Loans and financing are not actively traded, with floating interest rates consistent with those applied in the market; therefore, the book balances reported do not significantly differ from the corresponding fair values.

27. Financial instruments and financial risk management (Continued)

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 capital management objective is to ensure business continuity and maximize return to shareholders.

The Company uses own and third-party capital to finance its activities, also use of third-party capital aims at optimizing its capital structure. The Company manages its capital structure and makes adjustments considering changes in economic conditions. At March 31, 2016, the Company's capital structure is as follows:

	Parent Company		Consolidated	
	03/31/2016	**12/31/2015**	**03/31/2016**	**12/31/2015**
Cash and cash equivalents	**37,284**	93,365	**95,735**	144,497
Marketable securities	**414,817**	679,032	**635,832**	897,237
	452,101	772,397	**731,567**	1,041,734
Loans and financing	**(1,085,393)**	(1,154,667)	**(1,098,943)**	(1,175,514)
Debentures	**(2,663,731)**	(2,757,299)	**(2,971,345)**	(3,060,988)
Net debt	**(3,297,023)**	(3,139,569)	**(3,338,721)**	(3,194,768)
Total equity	**3,893,711**	3,810,029	**3,971,974**	3,900,083
Gearing ratio (%)	**0.85**	0.82	**0.84**	0.82

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 March 31, 2016, 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.)	**14.13%**	**17.66%**	**21.20%**
Projected interest expenses (*)	**1,394**	**1,609**	**1,822**

(*) 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 regarding 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 March 31, 2016, the Company held cash, cash equivalents and marketable securities in the total amount of R$452,101 in Company and R$731,567 in Consolidated. The amounts disclosed below are projected considering inflation and interest through to maturity.

	Parent Company – 03/31/2016					
	Up to 6 months	From 6 months to 1 year	From 1 to 2 years	From 2 to 5 years	More than 5 years	Total financial liabilities
Trade accounts payable	**175,904**	**-**	**-**	**-**	**-**	**175,904**
Loans and financing	**27,379**	**17,090**	**88,557**	**425,442**	**526,925**	**1,085,393**
Debentures	**231,833**	**373,448**	**599,982**	**1,392,885**	**65,583**	**2,663,731**
Salaries, provisions and social charges	**313,162**	**-**	**-**	**-**	**-**	**313,162**
Accounts payable for acquisitions	**24,297**	**16,378**	**16,116**	**8,486**	**29,293**	**94,570**
Total	**772,575**	**406,916**	**704,655**	**1,826,813**	**621,801**	**4,332,760**

	Consolidated – 03/31/2016					
	Up to 6 months	From 6 months to 1 year	From 1 to 2 years	From 2 to 5 years	More than 5 years	Total financial liabilities
Trade accounts payable	**254,067**	**-**	**-**	**-**	**-**	**254,067**
Loans and financing	**31,173**	**20,855**	**91,422**	**426,317**	**529,176**	**1,098,943**
Debentures	**260,814**	**410,873**	**674,831**	**1,536,553**	**88,274**	**2,971,345**
Salaries, provisions and social charges	**391,012**	**-**	**-**	**-**	**-**	**391,012**
Accounts payable for acquisitions	**27,532**	**16,378**	**16,116**	**36,986**	**31,434**	**128,446**
Total	**964,598**	**448,106**	**782,369**	**1,999,856**	**648,884**	**4,843,813**

27. Financial instruments and financial risk management (Continued)

27.2. Risk management (Continued)

e) Foreign currency

The Company has loans and financing and trade accounts payable in foreign currency (mainly the US dollar). The risk linked to these assets and liabilities arises from the possibility of the Company to incur losses from fluctuations in foreign exchange rates. Liabilities in foreign currency represent 9.9% of total consolidated liabilities at March 31, 2016. The Company has derivative financial instruments taken out for hedge against foreign exchange rate fluctuation (see topic below). Management believes that the risk of exposure to foreign currency is not significant in relation to its financial position.

f) Derivatives

At March 31, 2016, the Company has outstanding derivative financial instruments ("swaps") to hedge its loans denominated in foreign currency in the amounts of US$225,384 and EUR$41,330, and interest rate swap (TJLP x CDI) in the amount of R$119,511. These derivatives generated a liability of R$86,013 at March 31, 2016, in Parent Company and Consolidated (receivable of R$35,956 at December 31, 2015 in Parent Company and Consolidated) recorded in the balance sheet under "Derivative financial instruments".

The Company and its subsidiaries do not contract derivative instruments for speculative purposes and do not settle them prior to respective maturities on a regular basis. No guarantee margin is provided in connection with derivative contracts. The amounts are determined based on models and available market quotations that take into consideration present or future market conditions, being pretax gross amounts.

27. Financial instruments and financial risk management (Continued)

27.2. Risk management (Continued)

f) Derivatives (Continued)

The fair value of these instruments at the reporting date by counterparty, classified under "Derivative financial instruments", is set out below:

Description	Maturity month/year	Reference value (notional)		03/31/2016 Reference value Fair value
Swap (CDI x TJLP)	**16/01/2017**			
Long position	**CDI + 2.0%**			
Short position	**TJLP + 7.07%**	**R$**	**78,261**	**732**
Swap (CDI x TJLP)	**10/12/2018**			
Long position	**CDI + 2.30%**			
Short position	**TJLP + 7.46%**	**R$**	**41,250**	**415**
Swap (Currency)	**15/04/2020**			
Long position	**LIBOR + 3.30%**	**US$**	**13,534**	
Short position	**CDI + 1.00%**	**R$**	**49,654**	**44,819**
Swap (Currency)	**18/11/2024**			
Long position	**USD/BRL + 3.00%**	**US$**	**29,441**	
Short position	**CDI + 1.47%**	**R$**	**108,010**	**(12,095)**
Swap (Currency)	**18/11/2024**			
Long position	**USD/BRL + 3.00%**	**US$**	**34,332**	
Short position	**CDI + 1.62%**	**R$**	**125,956**	**(18,958)**
Swap (Currency)	**18/11/2024**			
Long position	**USD/BRL + 3.00%**	**US$**	**84,117**	
Short position	**CDI + 1.47%**	**R$**	**308,600**	**(46,078)**
Swap (Currency)	**16/11/2022**			
Long position	**USD/BRL + 2.70%**	**US$**	**12,618**	
Short position	**CDI + 1.00%**	**R$**	**46,290**	**(5,952)**
Swap (Currency)	**16/11/2022**			
Long position	**USD/BRL + 2.70%**	**US$**	**3,194**	
Short position	**CDI + 1.23%**	**R$**	**11,717**	**(1,574)**
Swap (Currency)	**16/11/2027**			
Long position	**USD/BRL + 6.00%**	**US$**	**15,772**	
Short position	**CDI - 1.71%**	**R$**	**57,863**	**(4,856)**
Swap (Currency)	**18/11/2024**			
Long position	**USD/BRL + 3.00%**	**US$**	**22,081**	
Short position	**CDI + 1.47%**	**R$**	**81,008**	**(16,127)**
Swap (Currency)	**18/11/2024**			
Long position	**EUR/BRL + 3.00%**	**EUR**	**41,330**	
Short position	**CDI + 2.30%**	**R$**	**169,900**	**(21,468)**
Swap (Currency)	**18/11/2024**			
Long position	**EUR/BRL + 3.00%**	**US$**	**10,295**	
Short position	**CDI + 2.46%**	**R$**	**42,321**	**(4,871)**
Long (short) position				**(86,013)**
Effect on P&L for the year				**(121,731)**

27. Financial instruments and financial risk management (Continued)

27.2. Risk management (Continued)

f) Derivatives (Continued)

Changes in market rates may make these amounts to change until maturity or early settlement of the transactions.

The Company and its subsidiaries adopted, according to CVM Rule No. 475/08, the scenarios corresponding to -25% (Scenario II), -50% (Scenario III), 25% (Scenario IV) and 50% (Scenario V) in relation to the exchange rate used to determine the probable scenario.

Situation	Scenario I	Scenario II	Scenario III	Scenario IV	Scenario V
Variation of exchange rate	5%	(25%)	(50%)	25%	50%
Devaluation of US$ (rate in R$)	-	2.8026	1.8684	-	-
Appreciation of US$ (rate in R$)	3.7368	-	-	4.6711	5.6053

	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	(20,090)	(187,586)	(395,262)	227,766	435,441
Effect on derivatives					
SWAP on IFC loan	22,841	172,740	366,371	(211,509)	(405,295)
Net effect	2,751	(14,846)	(28,891)	16,257	30,146

28. Insurance

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

Insurance line	Amount insured
Property risk	1,435,466
Civil liability (D&O)	40,000
General civil liability	376,490
Civil liability – construction works	165,000
Engineering risks	1,500

29. Subsequent events

On April 25, 2016, Rede D'or acquired 100% interest in the following companies of Fernandes Vieira Group ("GFV"): Hospital Memorial São José; Maximagem – Diagnóstico por Imagem Ltda. ("Maximagem"); Memorial Imagem e Diagnóstico Ltda. ("Mediax"); and Serviços de Hemoterapia Ltda. ("Hemato"). The total consideration transferred amounted to R$141,936, fully paid on the transaction date.

On April 15, 2016, the Company took out a loan with JP Morgan Chase Bank totaling US$84,997,875, with interest rate of 3.5% p.a.. This loan matures on April 20, 2020, payable in quarterly installments as from April 22, 2019. Financing was mainly obtained to make company acquisitions and to expand the size of the Group's hospitals.