Condensed Interim Financial Information (Unaudited)

Rede D'Or São Luiz S.A.

June 30, 2015
with Independent Auditor's Review Report

Rede D'Or São Luiz S.A.

Condensed interim financial information (unaudited)

June 30, 2015

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A free translation from Portuguese into English of Independent Auditors' Review Report on Individual and Consolidated Condensed Interim Financial Information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board – IASB

Independent auditor's 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 six-month period ended June 30, 2015, which comprise the balance sheet as at June 30, 2015, and the related condensed statements of income, of comprehensive income, of changes in equity and cash flows for the six-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

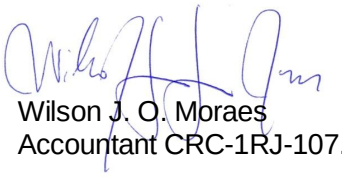
Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated condensed interim financial information referred to above is not fairly presented, in all material respects, in accordance with CPC 21 (R1) and IAS 34.

Other matters - Statements of value added

We have also reviewed the individual and consolidated statements of value added for the six-month period ended June 30, 2015, 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 – August 31, 2015.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/F-6



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

Rede D'Or São Luiz S.A.

Condensed balance sheets
June 30, 2015 (unaudited) and December 31, 2014
(In thousands of reais)

		Company		Consolidated	
	Note	**06/30/2015**	**12/31/2014**	**06/30/2015**	**12/31/2014**
Assets					
Current assets					
Cash and cash equivalents	**4**	**57,843**	38,042	**98,108**	55,182
Marketable securities	**4**	**944,959**	619,703	**1,127,682**	848,646
Trade accounts receivable	**5**	**1,158,122**	973,368	**1,612,892**	1,267,239
Inventories	**6**	**81,729**	82,887	**114,085**	106,687
Taxes recoverable		**52,074**	36,063	**104,989**	64,384
Financial instrument - promissory note	**18**	**944,435**	-	**944,435**	-
Related parties	**7**	**17,341**	23,870	**-**	10,715
Dividends receivable		**27,977**	41,357	**-**	-
Receivables from disposal of properties	**11**	**73,926**	73,926	**73,926**	73,926
Derivative financial instruments	**26**	**22,986**	-	**22,986**	-
Others		**55,114**	34,201	**85,194**	66,903
Total current assets		**3,436,506**	1,923,417	**4,184,297**	2,493,682
Noncurrent assets					
Related parties	**7**	**542,516**	461,403	**23,266**	125,924
Marketable securities	**4**	**-**	-	**72,144**	68,658
Judicial deposits	**16**	**56,439**	50,752	**69,845**	61,184
Deferred income and social contribution taxes	**19**	**-**	-	**29,592**	8,864
Derivative financial instruments	**26**	**33,520**	28,861	**33,520**	28,861
Investments	**8**	**1,005,526**	585,774	**85,145**	157,806
Property and equipment	**9**	**1,532,436**	1,217,691	**1,930,785**	1,546,318
Intangible assets	**10**	**1,836,575**	1,556,715	**2,654,680**	1,803,646
Others		**2,403**	2,403	**2,728**	2,754
Total noncurrent assets		**5,009,415**	3,903,599	**4,901,705**	3,804,015
Total assets		**8,445,921**	5,827,016	**9,086,002**	6,297,697

	Note	Company		Consolidated	
		06/30/2015	12/31/2014	06/30/2015	12/31/2014
Liabilities and equity					
Current liabilities					
Trade accounts payable		**164,964**	180,314	**252,917**	243,613
Loans and financing	**12**	**251,098**	21,185	**255,058**	23,665
Debentures	**13**	**228,034**	52,131	**243,703**	57,703
Salaries, provisions and social charges		**281,627**	250,503	**359,211**	299,208
Tax liabilities	**14**	**87,558**	68,597	**166,276**	99,359
Taxes in installments	**14**	**18,135**	20,082	**30,761**	22,021
Accounts payable for acquisitions	**15**	**230,443**	199,927	**241,787**	199,927
Dividends payable		**147,882**	156,028	**151,431**	159,578
Deferred gain on property disposal	**11**	**3,920**	3,920	**3,920**	3,920
Other		**61,802**	45,220	**60,325**	63,029
Total current liabilities		**1,475,463**	997,907	**1,765,389**	1,172,023
Noncurrent liabilities					
Loans and financing	**12**	**117,777**	76,063	**126,878**	80,514
Debentures	**13**	**2,535,052**	2,717,253	**2,817,049**	3,013,495
Related parties	**7**	**124,437**	30,610	**1,938**	1,205
Taxes paid in installments	**14**	**118,341**	122,671	**149,426**	148,511
Accounts payable for acquisitions	**15**	**30,297**	66,455	**57,672**	66,455
Deferred income and social contribution taxes	**19**	**99,172**	47,661	**122,146**	75,739
Provision for contingencies	**16**	**120,825**	116,777	**229,818**	135,747
Provision for losses on investments	**8**	**75,148**	64,495	**-**	5,560
Deferred gain on property disposal	**11**	**85,764**	87,956	**85,764**	87,956
Other		**40,364**	40,788	**43,616**	40,222
Total noncurrent liabilities		**3,347,177**	3,370,729	**3,634,307**	3,655,404
Equity	**18**				
Capital		**867,776**	452,530	**867,776**	452,530
Capital reserves		**2,353,591**	259,408	**2,353,591**	259,408
Treasury stock		**(168,853)**	(161,919)	**(168,853)**	(161,919)
Income reserves		**270,524**	304,137	**270,524**	304,137
Other reserves		**-**	600,000	**-**	600,000
Retained earnings		**296,019**	-	**296,019**	-
Total equity		**3,619,057**	1,454,156	**3,619,057**	1,454,156
Future capital contribution		**4,224**	4,224	**4,224**	4,224
Non-controlling interest		**-**	-	**63,025**	11,890
Total equity		**3,623,281**	1,458,380	**3,686,306**	1,470,270
Total liabilities and equity		**8,445,921**	5,827,016	**9,086,002**	6,297,697

See accompanying notes.

Rede D'Or São Luiz S.A.

Condensed income statements (unaudited)
Six-month periods ended June 30, 2015 and 2014
(In thousands of reais)

	Note	Company		Consolidated	
		06/30/2015	06/30/2014	06/30/2015	06/30/2014
Net income	20	**2,168,970**	1,836,492	**2,987,133**	2,357,443
Cost of services rendered	21	**(1,596,948)**	(1,392,581)	**(2,278,712)**	(1,860,850)
Gross profit		**572,022**	443,911	**708,421**	496,593
General and administrative expenses	22	**(111,000)**	(99,257)	**(109,575)**	(98,193)
Equity pickup	8	**99,262**	27,175	**17,258**	8,271
Other operating income (expenses), net	23	**19,491**	(70,524)	**18,791**	(82,744)
Income before financial income and income and social contribution taxes		**579,775**	301,305	**634,895**	323,927
Financial income	24	**93,534**	31,611	**106,078**	43,428
Financial expenses	24	**(302,287)**	(188,095)	**(328,798)**	(215,100)
Income (loss) before income taxes		**371,022**	144,821	**412,175**	152,255
Income taxes	19	**(75,003)**	(29,406)	**(110,623)**	(35,557)
Net income for the period		**296,019**	115,415	**301,552**	116,698
Net income attributable to controlling shareholders		**296,019**	115,415	**296,019**	115,415
Net income attributed to non-controlling shareholders		**-**	-	**5,533**	1,283
Basic earnings per share	25	**0.8247**	0.4563		
Diluted earnings per share	25	**0.6932**	0.3307		

See accompanying notes.

Rede D'Or São Luiz S.A.

Condensed statements of comprehensive income (unaudited)
Six-month periods ended June 30, 2015 and 2014
(In thousands of reais)

	Company		Consolidated	
	06/30/2015	**06/30/2014**	**06/30/2015**	**06/30/2014**
Net income for the period	**296,019**	115,415	**301,552**	116,698
Other comprehensive income	**-**	-	**-**	-
Total comprehensive income (losses)	**296,019**	115,415	**301,552**	116,698
Attributable to:				
Controlling shareholders	**296,019**	115,415	**296,019**	115,415
Non-controlling shareholders	**-**	-	**5,533**	1,283

See accompanying notes.

Rede D'Or São Luiz S.A.

Condensed statements of changes in equity (unaudited)
Six-month periods ended June 30, 2015 and 2014
(In thousands of reais)

		Capital reserve				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
Balance as of December 31, 2013	261,531	185,353	(52,416)	38,347	(157,117)	8,666	272,485	600,000	-	1,156,849	4,224	9,413	1,170,486
Treasury stock	-	-	-	-	(2,163)	-	-	-	-	(2,163)	-	-	(2,163)
Net income for the period	-	-	-	-	-	-	-	-	115,415	115,415	-	1,283	116,698
Reserve for share-based payment	-	-	-	17,883	-	-	-	-	-	17,883	-	-	17,883
Balances at June 30, 2014	**261,531**	**185,353**	**(52,416)**	**56,230**	**(159,280)**	**8,666**	**272,485**	**600,000**	**115,415**	**1,287,984**	**4,224**	**10,696**	**1,302,904**
Balance as of 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)	267,582	1,637,491	-	-	-	-	(33,613)	-	-	1,871,460	-	-	1,871,460
Conversion of debentures into shares (Note 18.a)	147,664	452,336	-	-	-	-	-	(600,000)	-	-	-	-	-
Acquisition of controlling interest in jointly-controlled in subsidiary	-	-	-	-	-	-	-	-	-	-	-	45,602	45,602
Treasury shares (Note 18.b)	-	-	-	-	(6,934)	-	-	-	-	(6,934)	-	-	(6,934)
Reserve for share-based payment (Note 18.c)	-	-	-	4,356	-	-	-	-	-	4,356	-	-	4,356
Net income for the period	-	-	-	-	-	-	-	-	296,019	296,019	-	5,533	301,552
Balances at June 30, 2015	**867,776**	**2,335,941**	**(52,416)**	**70,066**	**(168,853)**	**8,666**	**261,858**	**-**	**296,019**	**3,619,057**	**4,224**	**63,025**	**3,686,306**

See accompanying notes.

Rede D'Or São Luiz S.A.

Condensed statements of cash flows (unaudited)
Six-month periods ended June 30, 2015 and 2014
(In thousands of reais, unless otherwise stated)

	Company		Consolidated	
	06/30/2015	06/30/2014	06/30/2015	06/30/2014
Cash flows from operating activities				
Income before income and social contribution taxes	**371,022**	144,821	**412,175**	152,255
Adjustments to reconcile income with cash from operating activities				
Depreciation and amortization	**51,965**	42,813	**66,038**	57,446
Gain on disposal of properties	**(2,192)**	(1,010)	**(2,192)**	(1,010)
Gain on acquisition in stages	**(65,598)**	-	**(65,598)**	-
Interest, monetary and foreign exchange gains (losses), net	**201,277**	141,830	**235,692**	151,302
Share-based payment	**4,356**	17,883	**4,356**	17,883
Provision for contingencies	**-**	237	**1,425**	(827)
Equity pickup	**(99,262)**	(27,175)	**(17,258)**	(8,271)
Provision for contingencies	**81,585**	26,466	**127,443**	43,950
Allowance for doubtful accounts	**12,981**	28,127	**6,295**	28,618
(Increase) decrease in assets and liabilities				
Trade accounts receivable	**(256,665)**	(148,743)	**(394,050)**	(223,606)
Inventories	**1,432**	(9,574)	**2,299**	(12,800)
Taxes recoverable	**(14,630)**	3,081	**(33,907)**	(13,723)
Judicial deposits	**(3,149)**	(2,562)	**(6,518)**	(3,426)
Other assets	**(2,057)**	13,278	**(18,184)**	8,133
Trade accounts payable	**(20,863)**	(19,467)	**(23,231)**	(4,106)
Payroll and related charges	**27,947**	45,618	**40,825**	58,743
Tax liabilities	**11,462**	14,402	**22,440**	30,668
Taxes paid in installments	**(6,277)**	(5,515)	**(5,165)**	6,995
Transactions with related parties	**67,695**	(48,893)	**76,696**	(4,418)
Contingencies	**(23,972)**	(6,746)	**(34,743)**	(6,673)
Other liabilities	**32,391**	(1,364)	**(19,166)**	(9,450)
	369,448	207,507	**375,672**	267,683
Payment of interest	**(201,776)**	(125,753)	**(240,139)**	(143,303)
Payment of income and social contribution taxes	**(413)**	-	**(14,634)**	(10,418)
Net cash from operating activities	**167,259**	81,754	**120,899**	113,962
Cash flows from investing activities				
Business acquisition	**(597,766)**	-	**(545,845)**	-
Capital increase in subsidiaries	**(16,500)**	-	**-**	-
Additions to property and equipment	**(355,085)**	(147,172)	**(379,824)**	(159,809)
Additions to intangible assets	**(11,979)**	(3,408)	**(8,430)**	(24,113)
Cash from acquisition of subsidiaries	**9,551**	-	**-**	-
Marketable securities	**(294,437)**	111,599	**(199,979)**	119,901
Net cash used in investing activities	**(1,266,216)**	(38,981)	**(1,134,078)**	(64,021)
Cash flows from financing activities				
Capital increase	**927,026**	-	**927,026**	-
Treasury stock	**(6,934)**	(2,163)	**(6,934)**	(2,163)
Payment of dividends and interest on equity	**8,785**	(1,511)	**12,645**	(1,611)
Loans and financing taken out	**246,802**	-	**275,381**	-
Payment of debentures	**(2,899)**	(2,899)	**(2,899)**	(12,898)
Payment for acquisition	**(44,900)**	(11,035)	**(44,900)**	(11,035)
Repayments of loans and financing	**(9,122)**	(38,165)	**(104,214)**	(41,957)
Cash from (used in) financing activities	**1,118,758**	(55,773)	**1,056,105**	(69,664)
Increase (decrease) in cash and cash equivalents	**19,801**	(13,000)	**42,926**	(19,723)
Cash and cash equivalents at beginning of period	**38,042**	57,788	**55,182**	89,522
Cash and cash equivalents at end of year	**57,843**	44,788	**98,108**	69,799

See accompanying notes.

Rede D'Or São Luiz S.A.

Statements of value added (unaudited)
Six-month periods ended June 30, 2015 and 2014
(In thousands of reais, unless otherwise stated)

	Company		Consolidated	
	06/30/2015	**06/30/2014**	**06/30/2015**	**06/30/2014**
Revenue	**2,294,169**	1,989,083	**3,175,597**	2,562,765
Sales of goods, products and services	**2,390,695**	2,043,676	**3,311,295**	2,635,333
Allowance for disallowances and doubtful accounts	**(94,566)**	(54,593)	**(133,738)**	(72,568)
Other income	**(1,960)**	-	**(1,960)**	-
Input products acquired from third parties	**(777,402)**	(736,693)	**(1,159,192)**	(1,007,233)
Cost of services sold	**(772,566)**	(647,242)	**(1,155,081)**	(936,115)
Materials, energy, third-party services and other expenses	**(4,836)**	(89,214)	**(5,536)**	(71,945)
Loss/recovery of assets	**-**	(237)	**1,425**	827
Gross value added	**1,516,767**	1,252,390	**2,016,405**	1,555,532
Depreciation and amortization	**(51,965)**	(42,813)	**(66,038)**	(57,446)
Net value added	**1,464,802**	1,209,577	**1,950,367**	1,498,086
Value added received in transfer	**192,796**	58,786	**123,336**	51,699
Equity pickup	**99,262**	27,175	**17,258**	8,271
Financial income	**93,534**	31,611	**106,078**	43,428
Total value added	**1,657,598**	1,268,363	**2,073,703**	1,549,785
Distribution of value added	**(1,657,598)**	(1,268,363)	**(2,073,703)**	(1,549,785)
Personnel and related charges	**(712,254)**	(659,473)	**(961,818)**	(829,440)
Taxes, charges and contributions	**(215,143)**	(142,928)	**(307,401)**	(185,654)
Interest, rents and other operating expenses	**(434,175)**	(341,899)	**(502,924)**	(409,345)
Dividends and interest on equity	**(8)**	(8,648)	**(8)**	(8,648)
Retained earnings	**(296,018)**	(115,415)	**(301,552)**	(116,698)

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 29 own hospitals, in addition to 1 hospital under management and 3 under construction, as well as oncology and radiotherapy clinics.

In the first quarter of 2015, Rede D'Or acquired all units of interest/shares of Hospital Villa-Lobos Ltda., which is the owner of Hospital Villa-Lobos, and Sino Brasileiro Serviços Hospitalares S.A., owner of Hospital e Maternidade Sino Brasileiro, both located in the city of São Paulo. In the same period, the Company acquired additional 50% interest in Hospital Fluminense S.A. and 23.5% interest in Cardial Serviços Médicos S.A. Onco ABC Serviços Médicos S.A. and JLD Borducchi S.A.; 37.5% in Oncoholding S.A. and 28.33% in Oncologia Rede D'Or S.A., and started to hold control over these companies.

As detailed in Note 18, in the second quarter of 2015, Carlyle Group, by means of subsidiary HPT Participações S.A. invested R$1,819, 435 in the Company, representing interest of 8.38% in Rede D'Or. This new shareholder is aligned with the business model of Rede D'Or; the funds will be used for acquisitions and expansion of hospitals.

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, 2014.

P&L for the six-month period ended June 30, 2015 does not necessarily indicate the P&L expected for the entire year ending December 31, 2015. 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, 2014.

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; therefore, the settlement of transactions can result in different estimated values. The Company reviews its estimates and assumptions at least on an annual basis.

Authorization to conclude the preparation of this financial information was provided by Company management on August 31, 2015.

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

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

	Interest (%)			
	06/30/2015		12/31/2014	
	Direct	Indirect	Direct	Indirect
Company - Rede D'Or São Luiz S.A. (a)				
Fully consolidated entities				
Medise Medicina Diagnóstico e Serviços S.A. ("Medise")	95.52	-	95.52	-
Rodin Empreendimentos e Participações S.A.	100.00	-	100.00	-
Hospital Esperança S.A. ("Esperança")	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.	100.00	-	100.00	-
Advance Plano de Saúde S.A.	100.00	-	100.00	-
São Luiz Assistência Médica Ambulatorial Ltda.	100.00	-	100.00	-
PMJ Empreendimentos Imobiliários S.A	100.00	-	100.00	-
Quinta Empreendimentos Imobiliários Ltda.	100.00	-	100.00	-
Onco D'Or Oncologia S.A.	100.00	-	100.00	-
Esperança Serviços Médicos e de Diagnósticos S.A.	100.00		100.00	
Centro Diagnóstico NSL S.A.	100.00	-	100.00	-
Maxclínicas Clínicas e Diagnósticos Ltda.	100.00	-	100.00	-
Diagno São Marcos Ltda.	100.00	-	100.00	-
Diagnolab Exames Complementares Ltda.	100.00	-	100.00	-
Centro Hospitalar São Marcos S.A.	100.00	-	100.00	-
Instituto Oncológico de Pernambuco Ltda. ("IOPE")	100.00	-	100.00	-
Santa Luzia Assistência Médica Ltda. ("SLAM")	100.00	-	100.00	-
Hospital IFOR S.A. ("IFOR")	100.00	-	100.00	-
Hospital Fluminense S.A. (c) (previously recognized under equity pick-up method)	100.00	-	50.00	-
Onco ABC Serviços Médicos Ltda. (c) (previously recognized under equity pickup method)	73.50	-	50.00	-
JLD Borducchi Ltda. (c) (previously recognized under equity pickup method)	73.50	-	50.00	-
Cardial Serviços Médicos Ltda. (c) (previously recognized under equity pickup method)	73.50	-	50.00	-
ONCORAD - Serviços de Radioterapia Ltda. (c) (previously recognized under equity pickup method)	-	73.49		50.00
Oncoholding Participações S.A. (c) (previously recognized under equity pickup method)	50.00	37.50	-	50.00
Oncologia D'Or S.A.	-	78.33	-	44.76
Hospital Villa-Lobos Ltda. (c)	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	-	-	-
Hospital Norte D'Or de Cascadura S.A ("Norte D'Or")	-	70.00	-	70.00
Hospital e Maternidade Bartira S.A. (c)	100.00	-	-	-
Café Verde da Quinta Ltda.	100.00	-	100.00	-
D'Or Trading Importação Ltda.	100.00	-	100.00	-
Park D´Or S.A.	100.00	-	100.00	-
Proncordis Pronto Atendimento Cardiológico Ltda.	100.00	-	100.00	-
Entities consolidated by the equity method (b)				
Acreditar Oncologia S.A.	-	50.00	-	50.00
Centro Oncológico do Vale Ltda.	-	50.00	-	50.00
Instituto de Radioterapia do Vale do Paraíba Ltda.	-	50.00	-	50.00
Clínica de Oncologia Dr. Paulo Emilio Pinto 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
Rede Lav Lavanderia Industrial Hospitalar Ltda. (d)	-	-	-	50.00
JR Bayão Locação de Equipamentos Médicos Ltda. (d)	-	-	-	50.00
EAH Administração Hospitalar Ltda.	-	50.00	-	50.00
Prontimagem Serviços Médicos Ltda.	55.00	-	55.00	-
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 and Sino Brasileiro Serviços Hospitalares S.A.
(b) Jointly-controlled companies recognized by the equity method.
(c) Interest acquired in the first quarter of 2015, as described in Note 3.
(d) Investment spun off and transferred to third parties at book value or terminated company.

3. Business combination

Acquisitions in the first six-month period of 2015 were as follows:

Hospital Fluminense S.A.

On February 1, 2015, the Group acquired 700,000 shares of Hospital Fluminense S.A., corresponding to the remaining 50% of its capital, a privately-held company operating Niterói D'Or hospital, located in the city of Niterói, state of Rio de Janeiro.

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

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

	Acquisition date
Prior shareholding interest at fair value	**700**
Prior shareholding interest at book value (50%)	**(4,542)**
Gain on phased business combination	**5,242**
Deferred income and social contribution taxes	**1,782**
Net gain on phased business combination	**3,460**

Gains presented above were classified under Other operating income in the income statements.

The Group is evaluating the assets acquired and liabilities assumed at their fair values; therefore, the effects recorded are preliminary. To date, assets or liabilities recorded at amounts different from book values have not been identified; as a result, determination of goodwill was as follows:

	At acquisition date
Fair value of 50% of acquired net assets at the date of obtaining of control	**700**
Fair value of acquired shareholding interest	**700**
Net assets at book value	**(11,028)**
Goodwill on acquisition (Note 10)	**12,428**

3. Business combination (Continued)

Hospital Fluminense S.A. (Continued)

In the first half of 2015, management will complete the analyses of the assets acquired and the liabilities assumed and will make adjustments, if any, as required by IFRS 3/CPC 15.

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

At March 31, 2015, the Group acquired 23.5% more shareholding interest of the privately-held companies Cardial Serviços Médicos S.A. ("Cardial"), Onco ABC Serviços Médicos S.A. ("Onco ABC") and JLD Borducchi S.A. ("JLD"). Thus, the Group has 73.5% shareholding interest in these companies, located in São Paulo.

The total consideration transferred amounted to R$16,939, fully paid on the transaction date.

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

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

Gains presented above were classified under Other operating income in the income statements.

3. Business combination (Continued)

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

The Group is evaluating the assets acquired and liabilities assumed at their fair values; therefore, the effects recorded are preliminary. To date, assets or liabilities recorded at amounts different from book values have not been identified; as a result, determination of goodwill was as follows:

	At acquisition date
Fair value of 50% of acquired net assets at the date of obtaining of control	**36,040**
Fair value of acquired shareholding interest	**16,939**
Fair value of non-controlling interest at fair value	**19,101**
	72,080
Net assets at book value	**19,794**
Goodwill on acquisition (Note 10)	**52,286**

In the first half of 2015, management will complete the analyses of the assets acquired and the liabilities assumed and will make adjustments, if any, as required by IFRS 3/CPC 15.

Hospital Villa-Lobos Ltda.

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

Total consideration transferred amounted to R$127,402, fully paid on the transaction date, and adjusted for variation of net debt, resulting in the amount of R$119,821.

The Group is evaluating the assets acquired and liabilities assumed at their fair values; therefore, the effects recorded are preliminary. To date, assets or liabilities recorded at amounts different from book values have not been identified; as a result, determination of goodwill was as follows:

3. Business combination (Continued)

Hospital Villa-Lobos Ltda. (Continued)

	At acquisition date
Capital deficiency assumed	**24,374**
Consideration transferred (Note 8)	**119,821**
Goodwill on acquisition (Note 10)	**144,193**

In the first half of 2015, management will complete the analyses of the assets acquired and the liabilities assumed and will make adjustments, if any, as required by IFRS 3/CPC 15.

Sino Brasileiro Serviços Hospitalares S.A.

On February 13, 2015, the Group acquired all shares of Sino Brasileiro Serviços Hospitalares S.A. ("Sino Brasileiro"), a privately-held company operating a hospital in the city of Osasco.

The total consideration transferred amounted to R$345,916, fully paid on the transaction date.

The Group is evaluating the assets acquired and liabilities assumed at their fair values; therefore, the effects recorded are preliminary. To date, assets or liabilities recorded at amounts different from book values have not been identified; as a result, determination of goodwill was as follows:

	At acquisition date
Net assets acquired at book value	**74,074**
Consideration transferred (Note 8)	**345,917**
Goodwill on acquisition (Note 10)	**271,841**

3. Business combination (Continued)

Sino Brasileiro Serviços Hospitalares S.A. (Continued)

In the first half of 2015, management will complete the analyses of the assets acquired and the liabilities assumed and will make adjustments, if any, as required by IFRS 3/CPC 15.

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

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

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

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

	At acquisition date
Prior shareholding interest at fair value	**86,000**
Prior shareholding interest at book value (50%)	**44,475**
Gain on phased business combination	**41,525**
Deferred income and social contribution tax liabilities	**14,119**
Net gain on phased business combination	**27,406**

Gains presented above were classified under Other operating income in the income statements.

3. Business combination (Continued)

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

The Group is evaluating the assets acquired and liabilities assumed at their fair values; therefore, the effects recorded are preliminary. To date, assets or liabilities recorded at amounts different from book values have not been identified; as a result, determination of goodwill was as follows:

	At acquisition date
Fair value of 50% of acquired net assets at the date of obtaining of control	**86,000**
Fair value of acquired shareholding interest	**64,500**
Fair value of non-controlling interest at fair value	**21,500**
	172,000
Net assets at book value	**(88,949)**
Goodwill existing in acquired companies	**95,765**
Goodwill on acquisition (Note 10)	**178,816**

Since this is a recent acquisition, Management will complete the analyses of the assets acquired and the liabilities assumed and will make adjustments, if any, until the end of year 2015, as required by IFRS 3/CPC 15.

Hospital e Maternidade Bartira Ltda.

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

Total consideration transferred was R$118,365, of which R$89,073 were paid at acquisition date, and the remaining R$29,292 will be paid in five years, restated at CDI rate, as of closing date.

3. Business combination (Continued)

Hospital e Maternidade Bartira Ltda. (Continued)

The Group is evaluating the assets acquired and liabilities assumed at their fair values; therefore, the effects recorded are preliminary. To date, assets or liabilities recorded at amounts different from book values have not been identified; as a result, determination of goodwill was as follows:

	At acquisition date
Capital deficiency assumed	**65,909**
Consideration transferred (Note 8)	**118,365**
Goodwill on acquisition (Note 10)	**184,274**

In the first half of 2015, management will complete the analyses of the assets acquired and the liabilities assumed and will make adjustments, if any, as required by IFRS 3/CPC 15.

4. Cash, cash equivalents and marketable securities

	Company		Consolidated	
	06/30/2015	12/31/2014	06/30/2015	12/31/2014
Cash and cash equivalents				
Cash and banks	**42,461**	35,791	**57,711**	42,656
Short-term investments	**15,382**	2,251	**40,397**	12,526
	57,843	38,042	**98,108**	55,182
Marketable securities				
Non-exclusive investment funds	**590,446**	355,131	**695,983**	499,637
Repurchase agreements	**139,248**	181,095	**167,873**	230,001
Bank Deposit Certificates (CDB)	**215,265**	83,477	**263,826**	119,008
Guarantee bank deposit	**-**	-	**72,144**	68,658
Marketable securities	**944,959**	619,703	**1,199,826**	917,304
Current	**944,959**	619,703	**1,127,682**	848,646
Noncurrent	**-**	-	**72,144**	68,658

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 85% to 105% of Interbank Deposit Certificate (CDI). The amount recorded in the noncurrent portion refers to deposit made in connection with a property purchase, which is readily redeemable by the Company should it decide not to continue with the acquisition.

4. Cash, cash equivalents and marketable securities (Continued)

Short-term investments classified as cash equivalents mature within not 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:

	Company		Consolidated	
	06/30/2015	**12/31/2014**	**06/30/2015**	**12/31/2014**
Accounts receivable from health insurance and health plans	**1,518,405**	1,286,821	**2,155,366**	1,690,778
Accounts receivable from individuals	**58,018**	56,537	**66,246**	62,264
Provision for disallowances	**(170,132)**	(163,799)	**(273,004)**	(223,460)
Allowance for doubtful accounts	**(248,169)**	(206,191)	**(335,716)**	(262,343)
	1,158,122	973,368	**1,612,892**	1,267,239

Changes in provision for disallowances and allowance for doubtful accounts

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

	Company		Consolidated	
	06/30/2015	**12/31/2014**	**06/30/2015**	**12/31/2014**
Balance at beginning of year	**(369,990)**	(225,924)	**(485,803)**	(305,378)
Recognition of provision for disallowances	**(81,585)**	(212,585)	**(127,443)**	(250,449)
Reversal of provision for disallowances	**80,530**	109,211	**80,541**	135,109
Set up of allowance for doubtful accounts	**(12,981)**	(40,692)	**(6,295)**	(65,085)
Provision arising from acquisition of companies	**(34,275)**	-	**(69,720)**	-
Balance at end of year	**(418,301)**	(369,990)	**(608,720)**	(485,803)

5. Trade accounts receivable (Continued)

Changes in provision for disallowances and allowance for doubtful accounts (Continued)

At June 30, 2015 and December 31, 2014, the aging list of trade accounts receivable is as follows:

	Company								
			Overdue						
	Total	Falling due	1 - 30 days	31 - 60 days	61 - 90 days	91 - 120 days	121 - 180 days	181 - 360 days	Over 360 days
06/30/2015	**1,576,423**	**1,074,469**	**59,872**	**28,026**	**21,056**	**17,959**	**30,927**	**95,945**	**248,169**
12/31/2014	1,343,358	801,847	77,885	30,917	31,859	25,793	57,263	111,603	206,191

	Consolidated								
			Overdue						
	Total	Falling due	1 - 30 days	31 - 60 days	61 - 90 days	91 - 120 days	121 - 180 days	181 - 360 days	Over 360 days
06/30/2015	**2,221,612**	**1,359,827**	**118,093**	**59,406**	**42,067**	**33,999**	**59,696**	**212,808**	**335,716**
12/31/2014	1,753,042	847,494	139,979	55,066	57,852	52,120	113,375	224,813	262,343

6. Inventories

	Company		Consolidated	
	06/30/2015	12/31/2014	06/30/2015	12/31/2014
Special materials	**27,116**	21,501	**34,307**	27,607
Medicines	**20,071**	24,551	**31,233**	31,967
Disposable materials	**16,131**	18,350	**22,584**	22,145
Bracing and prosthetic	**1,370**	3,545	**1,881**	4,857
Materials for use and consumption	**7,864**	7,757	**10,148**	10,250
Dressing room materials	**1,632**	2,227	**2,133**	3,443
Food	**2,805**	1,345	**6,032**	1,732
Surgical sutures	**1,514**	1,589	**1,930**	1,992
Other	**3,226**	2,022	**3,837**	2,694
	81,729	82,887	**114,085**	106,687

7. Transactions with related parties

Balances with related parties

	Company							
	06/30/2015				12/31/2014			
Company	Current assets	Noncurrent assets	Noncurrent liabilities	P&L	Current assets	Noncurrent assets	Noncurrent liabilities	P&L
Debentures Norte D'Or	**4,636**	**14,584**	**-**	**1,621**	13,154	13,462	-	4,092
Debentures Oncotech Oncologia S.A.	**12,705**	**-**	**-**	**332**	10,716	6,154	-	3,071
Shared services								
Medise Medicina Diagnóstico e Serviços Ltda.	**-**	**45,077**	**-**	**3,693**	-	41,384	-	12,236
Hospital Esperança S.A.	**-**	**48,607**	**-**	**11,784**	-	36,823	-	17,494
Hospital São Marcos	**-**	**11,229**	**-**	**1,529**	-	9,700	-	2,958
Hospital Norte D'Or de Cascadura S.A.	**-**	**14,773**	**-**	**2,739**	-	12,034	-	4,893
Rede D'or São Luiz Serviços Médicos S.A.	**-**	**146,206**	**-**	**21,602**	-	124,604	-	47,326
J. Badim S.A.	**-**	**1,797**	**-**	**372**	-	1,425	-	1,425
Oncologia D'Or S.A.	**-**	**16,928**	**-**	**113**	-	16,815	-	911
Hospital Fluminense S.A.	**-**	**8,778**	**-**	**766**	-	6,532	-	3,976
São Luiz Serviços Médicos S.A	**-**	**-**	**24,901**	**-**	-	2,739	-	-
Esperança Serviços Médicos e de Diagnósticos S.A.	**-**	**1,224**	**-**	**-**	-	962	-	-
Centro Dignóstico NSL	**-**	**197**	**-**	**-**	-	827	-	-
Medise Medicina Diagnóstico e Serviços Ltda.	**-**	**-**	**42,401**	**-**	-	-	9,604	-
PMJ Assessoria e Consultoria Financeira S.A.	**-**	**22,183**	**-**	**-**	-	22,098	-	-
Quinta D'or Empreendimentos Imobiliários S.A.	**-**	**47,785**	**-**	**-**	-	47,163	-	-
Oncologia D'or S.A.	**-**	**43,543**	**-**	**-**	-	42,316	-	-
Hospital Fluminense S.A.	**-**	**15,649**	**-**	**-**	-	25,996	-	-
Hospital São Marcos Ltda.	**-**	**12,242**	**-**	**-**	-	16,090	-	-
Villa Lobos	**-**	**8,529**	**-**	**-**		-	-	-
Hospital Esperança S.A.	**-**	**-**	**54,127**	**-**	-	-	20,109	-
IFOR	**-**	**2,800**	**-**	**-**	-	4,195	-	-
JMJB Diagnósticos e Serviços Hospitalares S.A.	**-**	**2,491**	**-**	**-**	-	2,444	-	-
Diagnolabs Ltda.	**-**	**5,432**	**-**	**-**	-	314	-	-
Proncordis	**-**	**6,505**	**-**	**-**	-	5,985	-	-
Onco ABC	**-**	**756**	**-**	**-**	-	3,230	-	-
Onco BSB	**-**	**4,335**	**-**	**-**	-	1,743	-	-
Rodin	**-**	**553**	**-**	**-**	-	5,619	-	-
Centro Hospitalar São Marcos Ltda.	**-**	**564**	**-**	**-**	-	486	-	-
Onco D'Or	**-**	**36,429**	**-**	**-**	-	-	-	-
D'Or Trading	**-**	**5,958**	**-**	**-**	-	-	-	-
Other	**-**	**17,362**	**3,008**	**-**	-	10,263	897	-
	17,341	**542,516**	**124,437**	**44,551**	23,870	461,403	30,610	98,382

	Consolidated							
	06/30/2015				12/31/2014			
Companies	Current assets	Noncurrent assets	Noncurrent liabilities	P&L	Current assets	Noncurrent assets	Noncurrent liabilities	P&L
Debentures Oncotech Oncologia S.A.	**-**	**-**	**-**	**-**	10,715	6,154	-	-
Shared services								
J. Badim S.A.	**-**	**1,797**	**-**	**372**	-	1,425	-	1,425
Oncologia D'Or S.A. (*)	**-**	**-**	**-**	**-**	-	16,815	-	911
Hospital Fluminense S.A. (*)	**-**	**-**	**-**	**-**	-	6,532	-	3,976
Oncologia Rede D'Or S.A. (*)	**-**	**-**	**-**	**-**	-	49,133	-	-
Onco BSB	**-**	**4,335**	**-**	**-**	-	1,743	-	-
Hospital Fluminense S.A. (*)	**-**	**-**	**-**	**-**	-	26,018	-	-
Proncordis	**-**	**-**	**-**	**-**	-	5,985	-	-
Onco ABC (consolidated at 06/30/15)	**-**	**-**	**-**	**-**	-	3,230	-	-
JMJB Diagnósticos e Serviços Hospitalares S.A.	**-**	**7,482**	**-**	**-**	-	2,444	-	-
Diagnolabs Ltda.	**-**	**5,580**	**-**	**-**	-	461	-	-
Badim	**-**	**801**	**-**	**-**	-	585	-	-
Other	**-**	**3,271**	**1,938**	**-**	-	5,399	1,205	-
	-	**23,266**	**1,938**	**372**	10,715	125,924	1,205	6,312

(*) Companies consolidated as of control acquisition, as described in Note 3.

7. Transactions with related parties (Continued)

Transactions with related parties refer to transfer of funds between companies provided that the main balances are eliminated in the consolidated financial statements. Except for debentures, other balances between related parties are not restated, have no maturity date and are expected to be received in the subsequent year.

Balances remaining in the consolidated correspond to transfer of funds to investees with shared control of operations. The purpose is leveraging the investee's operations, and it is expected that payment is made using cash from its operations.

Key management personnel compensation

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

At June 30, 2015 and 2014, key management personnel compensation is as follows:

	06/30/2015	06/30/2014
Salaries and bonuses	**22,040**	8,150
Benefits	**94**	250
Share-based compensation	**4,356**	17,883
	26,490	26,283

8. Investments

Breakdown of and changes in investments for the period – Company

Company	Balance at 12/31/2014	Equity pickup	Acquisition of ownership/controlling interest	Dividends	Spin-off	Advance for future capital increase	Other	Merger	Balance at 06/30/2015
Medise Medicina Diagnóstico e Serviços S.A.	68,419	**12,101**	-	-	-	-	-	-	**80,520**
Hospital Esperança S.A.	56,422	**28,127**	-	-	-	-	-	-	**84,549**
Hospital São Marcos	2,360	**7,365**	-	-	-	-	-	-	**9,725**
Goodwill - Hospital São Marcos	7,132	-	-	-	-	-	-	-	**7,132**
PMJ Empreendimentos Imobiliários S.A.	68,606	**2,068**	-	-	-	-	-	-	**70,674**
Norte D'or Participações S.A.	20,255	**789**	-	-	**7,799**	-	**(586)**	-	**28,257**
Goodwill Hospital Norte D'Or Participações S.A.	28,450	-	-	-	-	-	-	-	**28,450**
Onco D'Or Oncologia S.A.	40,027	**7,498**	-	**(1,000)**	-	-	-	-	**46,525**
JMJB Diagnósticos e Serviços Hospitalares	14,853	**1,975**	-	-	**(7,799)**	-	**4,991**	-	**14,020**
Rodin Empreendimentos e Participações S.A.	56,655	**1,111**	-	-	-	-	-	-	**57,766**
Quinta Empreendimentos Imobiliários Ltda.	9,601	**5,157**	-	-	-	-	-	-	**14,758**
Hospital IFOR S.A.	84,815	**5,698**	-	-	-	-	**1,137**	-	**91,650**
Hospital Fluminense S.A.	-	**229**	**1,468**	-	-	-	-	-	**1,697**
Oncoholding Participações S.A.	40,852	**6,478**	-	-	-	-	-	-	**47,330**
Goodwill Oncoholding Participações S.A.	-	-	**41,525**	-	-	-	-	-	**41,525**
Acreditar Oncologia S.A.	20,664	**6,758**	-	**(11,349)**	-	-	-	-	**16,073**
Goodwill Acreditar Oncologia S.A.	13,175	-	-	-	-	-	-	-	**13,175**
Onco ABC Serviços Médicos Ltda.	9,617	**2,609**	**4,652**	**(4,410)**	-	-	-	-	**12,468**
Goodwill Onco ABC Serviços Médicos Ltda.	7,312	-	**31,118**	-	-	-	-	-	**38,430**
Hospital Villa-Lobos Ltda.	-	**12,584**	**119,821**	-	-	**16,500**	-	-	**148,905**
Sino Brasileiro Serviços Hospitalares S.A.	-	**4,309**	**74,074**	-	-	-	-	**(78,383)**	-
Goodwill Sino Brasileiro Serviços Hospitalares S.A	-	-	**271,841**	-	-	-	-	**(271,841)**	-
Hospital e Maternidade Bartira S.A.	-	**4,291**	**118,365**	-	-	-	-	-	**122,656**
Other	36,559	**3,475**	**500**	**(172)**	-	-	**(11,121)**	-	**29,241**
Total	585,774	**112,622**	**663,364**	**(16,931)**	-	**16,500**	**(5,579)**	**(350,224)**	**1,005,526**
São Luiz Serviços Médicos S.A.	(34,134)	**(13,013)**	-	-	-	-	-	-	**(47,147)**
Centro Hospitalar São Marcos S.A.	(24,574)	**255**	-	-	-	-	-	-	**(24,319)**
Diagnolab Exames Complementares Ltda.	(227)	**(5)**	-	-	-	-	-	-	**(232)**
Café Verde	-	**(707)**	-	-	-	-	**(2,743)**	-	**(3,450)**
Hospital Fluminense S.A.	(5,560)	**110**	**5,450**	-	-	-	-	-	-
	(64,495)	**(13,360)**	**5,450**	-	-	-	**(2,743)**	-	**(75,148)**
Equity pickup		**99,262**							

Breakdown of and changes in investments for the period – Consolidated

Company	Balances at 12/31/2014	Equity pickup	Acquisition of controlling interest	Dividends	Transfer	Other	Balances at 06/30/2015
JMJB Diganósticos e Serviços Hospitalares S.A.	14,853	**1,975**	-	-	**(7,799)**	**4,991**	**14,020**
Oncoholding Participações S.A. (*)	40,853	**3,310**	**(44,163)**	-	-	-	-
Acreditar Oncologia S.A.	20,664	**6,758**	-	**(11,349)**	-	-	**16,073**
Goodwill Acreditar Oncologia S.A.	13,175	-	-	-	-	-	**13,175**
Onco ABC Serviços Médicos Ltda. (*)	9,617	**280**	**(9,897)**	-	-	-	-
Goodwill Onco ABC Serviços Médicos Ltda. (*)	7,312	-	**(7,016)**	-	-	**(296)**	-
Onco São José dos Campos	5,461	**3,252**	-	**(1,296)**	-	-	**7,417**
Goodwill Onco São José dos Campos	30,967	-	-	-	-	-	**30,967**
Other	14,904	**1,573**	**(6,147)**	-	-	**(6,837)**	**3,493**
Total	157,806	**17,148**	**(67,223)**	**(12,645)**	**(7,799)**	**(2,142)**	**85,145**
Hospital Fluminense S.A. (*)	(5,560)	**110**	**5,450**	-		-	-
Equity pickup		**17,258**					

(*) Consolidated companies as of control acquisition, as described in Note 3.

8. Investments (Continued)

Breakdown of investments

	June 30, 2015							June 30, 2014
	% Total	% Voting	Assets	Liabilities	Equity	Operating income (b)	P&L for the year (b)	P&L for the year (b)
Company - Rede D'Or São Luiz S.A. (a)								
Direct and indirect subsidiaries								
Medise Medicina Diagnóstico e Serviços S.A. ("Medise")	95.52	95.52	233,931	149,635	84,296	18,890	12,668	16,059
Rodin Empreendimentos e Participações S.A.	100.00	100.00	58,609	843	57,766	1,063	1,111	-
Hospital Esperança S.A. ("Esperança")	100.00	100.00	591,088	506,534	84,549	67,347	28,127	9,959
Mais-Multi Assistência Incorporada a Saúde Ltda ("Hospital São Marcos")	100.00	100.00	54,859	45,134	9,725	7,885	7,449	(1,467)
Rede D'Or São Luiz Serviços Médicos S.A.	100.00	100.00	214,674	261,821	(47,147)	(13,670)	(13,013)	(6,967)
Advance Plano de Saúde S.A.	100.00	100.00	16,792	13,149	3,643	728	919	2,217
São Luiz Assistência Médica Ambulatorial Ltda.	100.00	100.00	511	-	511	-	-	-
PMJ Empreendimentos Imobiliários S.A	100.00	100.00	95,163	24,489	70,674	(127)	2,067	(3)
Quinta Empreendimentos Imobiliários Ltda.	100.00	100.00	54,124	39,366	14,758	5,461	5,157	
Onco D'Or Oncologia S.A.	100.00	100.00	173,583	64,515	109,068	7,484	7,497	7,177
Esperança Serviços Médicos e de Diagnósticos S.A.	100.00	100.00	6,198	2,463	3,735	1,161	1,147	903
Centro Diagnóstico NSL S.A.	100.00	100.00	5,198	3,016	2,182	16	(333)	(1,069)
Maxclínicas Clínicas e Diagnósticos Ltda.	100.00	100.00	3,391	688	2,703	738	586	743
Diagno São Marcos Ltda.	100.00	100.00	594	1,450	(856)	(325)	(426)	(292)
Diagnolab Exames Complementares Ltda	100.00	100.00	46	278	(232)	-	(5)	(5)
Centro Hospitalar São Marcos S.A.	100.00	100.00	8,648	32,967	(24,319)	446	254	(1,115)
Instituto Oncológico de Pernambuco Ltda. ("IOPE")	100.00	100.00	809	530	279	(1,293)	(1,259)	(1,317)
Santa Luzia Assistência Médica Ltda. ("SLAM")	100.00	100.00	7,864	2,980	4,884	720	681	325
Hospital IFOR S.A. ("IFOR")	100.00	100.00	30,174	25,385	4,789	5,720	5,697	-
Hospital Fluminense S.A.	100.00	100.00	22,822	33,734	(10,912)	1,384	124	(1,602)
Onco ABC Serviços Médicos Ltda.	73.50	73.50	15	203	(188)	90	63	4,444
JLD Borducchi Ltda.	73.50	73.50	459	1,878	(1,419)	(125)	(130)	-
Cardial Serviços Médicos Ltda.	73.50	73.50	22,884	4,314	18,570	3,760	3,236	-
ONCORAD - Serviços de Radioterapia Ltda.	73.49	73.49	4,804	1,195	3,609	200	199	-
Hospital Villa-Lobos Ltda.	100.00	100.00	57,699	52,987	4,712	16,695	12,584	-
Unidade de Radiologia Clínica Ltda. ("URC")	72.00	72.00	11,082	5,853	5,229	1,834	874	-
Instituto de Ultrasonografia Médica Ltda. (" IUSM")	72.00	72.00	1,340	114	1,226	12	1	-
Laboratório Análises Clínicas - Labvivalle Ltda.	51.00	51.00	2,147	303	1,844	840	805	-
Oncoholding Participações S.A.	87.50	87.50	110,518	16,688	93,830	6,335	6,334	12,732
Oncologia D'Or S.A.	78.33	78.33	188,648	90,360	98,288	11,535	7,072	-
Norte D'Or Participações S.A.	100.00	100.00	28,257	-	28,257	202	202	-
Hospital Norte D'Or de Cascadura S.A ("Norte D'Or")	70.00	70.00	86,306	53,674	32,632	10,657	3,696	1,879
Hospital e Maternidade Bartira S.A.	100.00	100.00	47,545	109,163	(61,618)	4,069	4,290	-
Café Verde da Quinta Ltda.	100.00	100.00	(486)	2,964	(3,450)	(705)	(707)	-
D'Or Trading Importação Ltda.	100.00	100.00	6,469	5,966	503	-	2	-
Park D´Or S.A.	100.00	100.00	3,832	3,832	-	-	-	-
Instituto Onco e Radio São Pellegrino	100.00	100.00	9,062	3,270	5,792	804	624	-
Proncordis Pronto Atendimento Cardiológico Ltda.	100.00	100.00	11,013	10,564	449	(597)	(898)	-
Companies recognized under equity pickup method for the consolidated								
Acreditar Oncologia S.A.	50.00	50.00	38,710	6,564	32,146	11,241	13,515	5,618
Centro Oncológico do Vale Ltda.	50.00	50.00	2,776	1,038	1,738	222	(82)	97
Instituto de Radioterapia do Vale do Paraíba Ltda.	50.00	50.00	16,776	8,060	8,716	7,817	6,361	52
Clínica de Oncologia Dr. Paulo Emilio Pinto Ltda.	50.00	50.00	2,344	597	1,747	335	225	31
JMJB Diagnósticos e Serviços Hospitalares S.A.	50.00	50.00	35,665	7,625	28,040	13,714	13,931	4,716
Prontimagem Serviços Médicos Ltda.	55.00	55.00	2,874	1,152	1,722	60	(202)	-
Lithocenter S.A.	45.90	45.90	8,605	2,840	5,765	2,238	1,779	-

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

(b) For companies acquired in the period, this is the P&L generated after acquisition by the Group.

9. Property and equipment

Breakdown of balances

		Company					
		06/30/2015			12/31/2014		
Description	Depreciation rate	Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
Hospital machinery and equipment	12% to 20%	367,918	(222,523)	145,395	343,483	(202,393)	141,090
Surgical instruments	20%	10,417	(8,248)	2,169	9,773	(6,816)	2,957
Machinery and equipment	7% to 10%	137,277	(75,247)	62,030	135,333	(64,269)	71,064
Properties	2.5% to 4%	491,134	(61,658)	429,476	291,821	(56,452)	235,369
Improvements in own properties	10%	16,125	(5,184)	10,941	10,332	(4,108)	6,224
Leasehold improvements	3% to 4%	466,063	(111,423)	354,640	459,908	(107,254)	352,654
Furniture and fixtures	10%	64,374	(38,170)	26,204	61,814	(35,050)	26,764
Vehicles	20%	2,677	(1,821)	856	2,628	(1,681)	947
Facilities	10%	53,832	(18,426)	35,406	53,253	(16,854)	36,399
Land	n/a	111,484	-	111,484	110,349	-	110,349
Construction in progress	n/a	347,934	-	347,934	227,963	-	227,963
Other	5% to 10%	10,193	(4,292)	5,901	10,179	(4,268)	5,911
		2,079,428	(546,992)	1,532,436	1,716,836	(499,145)	1,217,691

		Consolidated					
		06/30/2015			12/31/2014		
Description	Depreciation rate	Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
Hospital machinery and equipment	12% to 20%	466,181	(269,245)	196,936	428,789	(246,579)	182,210
Surgical instruments	20%	21,143	(9,337)	11,806	12,667	(7,451)	5,216
Machinery and equipment	7% to 10%	168,591	(100,018)	68,573	161,165	(85,147)	76,018
Properties	2.5% a 4%	517,634	(65,762)	451,872	306,131	(59,837)	246,294
Improvements in own properties	10%	18,470	(5,324)	13,146	10,332	(4,108)	6,224
Leasehold improvements	3% to 4%	632,368	(176,777)	455,591	596,855	(170,578)	426,277
Furniture and fixtures	10%	89,292	(51,821)	37,471	82,980	(47,365)	35,615
Vehicles	20%	3,375	(2,035)	1,340	3,321	(1,830)	1,491
Facilities	10%	93,230	(30,935)	62,295	88,540	(27,682)	60,858
Land	n/a	258,852	-	258,852	257,658	-	257,658
Construction in progress	n/a	362,783	-	362,783	238,490	-	238,490
Other	5% to 10%	15,984	(5,864)	10,120	15,793	(5,826)	9,967
		2,647,903	(717,118)	1,930,785	2,202,721	(656,403)	1,546,318

9. Property and equipment (Continued)

Changes in the Company

	12/31/2014	Additions	Transfers	Additions – merger	06/30/2015
Cost					
Hospital machinery and equipment	343,483	**20,475**	**117**	**3,843**	**367,918**
Surgical instruments	9,773	**644**	**-**	**-**	**10,417**
Machinery and equipment	135,333	**1,597**	**3**	**344**	**137,277**
Properties	291,821	**197,844**	**399**	**1,070**	**491,134**
Improvements in own properties	10,332	**5,793**	**-**	**-**	**16,125**
Leasehold improvements	459,908	**6,187**	**(32)**	**-**	**466,063**
Furniture and fixtures	61,814	**1,436**	**32**	**1,092**	**64,374**
Vehicles	2,628	**19**	**-**	**30**	**2,677**
Facilities	53,253	**574**	**5**	**-**	**53,832**
Land	110,349	**-**	**-**	**1,135**	**111,484**
Construction in progress	227,963	**120,495**	**(524)**	**-**	**347,934**
Other	10,179	**21**	**-**	**(7)**	**10,193**
	1,716,836	**355,085**	**-**	**7,507**	**2,079,428**
Depreciation					
Hospital machinery and equipment	(202,393)	**(20,130)**	**-**	**-**	**(222,523)**
Surgical instruments	(6,816)	**(1,432)**	**-**	**-**	**(8,248)**
Machinery and equipment	(64,269)	**(10,978)**	**-**	**-**	**(75,247)**
Properties	(56,452)	**(5,206)**	**-**	**-**	**(61,658)**
Improvements in own properties	(4,108)	**(1,076)**	**-**	**-**	**(5,184)**
Leasehold improvements	(107,254)	**(4,169)**	**-**	**-**	**(111,423)**
Furniture and fixtures	(35,050)	**(3,120)**	**-**	**-**	**(38,170)**
Vehicles	(1,681)	**(140)**	**-**	**-**	**(1,821)**
Facilities	(16,854)	**(1,572)**	**-**	**-**	**(18,426)**
Other	(4,268)	**(24)**	**-**	**-**	**(4,292)**
	(499,145)	**(47,847)**	**-**	**-**	**(546,992)**
	1,217,691	**307,238**	**-**	**7,507**	**1,532,436**

9. Property and equipment (Continued)

Changes in Consolidated

	12/31/2014	Additions	Disposals	Transfers	Business combinations	06/30/2015
Cost						
Hospital machinery and equipment	428,789	**22,011**	**-**	**(623)**	**16,004**	**466,181**
Surgical instruments	12,668	**916**	**-**	**(40)**	**7,599**	**21,143**
Machinery and equipment	161,164	**2,523**	**-**	**560**	**4,344**	**168,591**
Properties	306,131	**205,071**	**-**	**425**	**6,007**	**517,634**
Improvements in own properties	10,332	**5,817**	**-**	**-**	**2,321**	**18,470**
Leasehold improvements	596,855	**15,553**	**-**	**(33)**	**19,993**	**632,368**
Furniture and fixtures	82,980	**2,087**	**-**	**269**	**3,956**	**89,292**
Vehicles	3,321	**19**	**-**	**(7)**	**42**	**3,375**
Facilities	88,540	**2,248**	**(2)**	**5**	**2,439**	**93,230**
Land	257,658	**-**	**-**	**-**	**1,194**	**258,852**
Construction in progress	238,490	**123,552**	**-**	**(556)**	**1,297**	**362,783**
Other	15,793	**27**	**(80)**	**-**	**244**	**15,984**
	2,202,721	**379,824**	**(82)**	**-**	**65,440**	**2,647,903**
Depreciation						
Hospital machinery and equipment	(246,579)	**(22,666)**	**-**	**-**	**-**	**(269,245)**
Surgical instruments	(7,451)	**(1,886)**	**-**	**-**	**-**	**(9,337)**
Machinery and equipment	(85,147)	**(14,871)**	**-**	**-**	**-**	**(100,018)**
Properties	(59,837)	**(5,925)**	**-**	**-**	**-**	**(65,762)**
Improvements in own properties	(4,108)	**(1,216)**	**-**	**-**	**-**	**(5,324)**
Leasehold improvements	(170,578)	**(6,199)**	**-**	**-**	**-**	**(176,777)**
Furniture and fixtures	(47,365)	**(4,456)**	**-**	**-**	**-**	**(51,821)**
Vehicles	(1,830)	**(205)**	**-**	**-**	**-**	**(2,035)**
Facilities	(27,682)	**(3,253)**	**-**	**-**	**-**	**(30,935)**
Other	(5,826)	**(38)**	**-**	**-**	**-**	**(5,864)**
	(656,403)	**(60,715)**	**-**	**-**	**-**	**(717,118)**
Property and equipment, net	1,546,318	**319,109**	**(82)**	**-**	**65,440**	**1,930,785**

Main additions occurred in the periods presented above refer to: (i) purchase of property where Villa-Lobos hospital is located, which belong to third parties other than former hospital owners; (ii) purchase of machinery and equipment; (iii) expenses with construction of Copa Star and São Caetano hospitals; and (iv) expansion of network hospitals, such as São Luiz Itaim, Hospital Prontolinda and Hospital Assunção.

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

10. Intangible assets

Intangible assets are broken down as follows:

		Company		Consolidated	
	Annual rate	06/30/2015	12/31/2014	06/30/2015	12/31/2014
Finite useful life					
Software	**20%**	**17,790**	21,224	**18,118**	22,376
Exclusive agreement	**20%**	**12,425**	-	**12,425**	-
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
Acquisition of Sino Brasileiro (Note 3)		**271,841**	-	**271,841**	-
Acquisition of Villa-Lobos (Note 3)		**-**	-	**144,193**	-
Acquisition of Bartira (Note 3)		**-**	-	**184,274**	-
Acquisition of Onco ABC (Note 3)		**-**	-	**52,286**	-
Acquisition of Oncoholding (Note 3)		**-**	-	**178,816**	-
Acquisition of Hospital Fluminense (Note 3)		**-**	972	**12,428**	972
Other goodwill		**48,648**	48,648	**61,039**	61,038
Trademarks and patents		**190,810**	190,810	**190,810**	190,810
		1,836,575	1,556,715	**2,654,680**	1,803,646

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, 2014, and did not identify the need of recording any provision for loss. No change was identified that would require restatement of tests at June 30, 2015.

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 difference between excess of sales proceeds and fair value was deferred, as required by CPC 06 (R1)/IAS 17 - Leases, and has been amortized over the lease term. At June 30, 2015, deferred gains were recorded as follows:

	Company and Consolidated	
	06/30/2015	**12/31/2014**
Caxias D'Or	**40,184**	41,276
Hospital Brasil	**49,500**	50,600
	89,684	91,876
Current	**3,920**	3,920
Noncurrent	**85,764**	87,956

At June 30, 2015, the Company has R$73,926 (R$73,926 at December 31, 2014) in receivables from the sale of two properties, which is pending formal documentation of title property transfer to the buyer.

12. Loans and financing

		Company		
Bank	**Index**	**Spread – year**	**06/30/2015**	**12/31/2014**
BNDES (FINAME/FINEP)	TJLP	4.80%	**51,299**	8,859
IFC – International Finance Corporation	LIBOR	3.30%	**91,951**	86,601
Banco Santander	Fixed	1.70%	**224,653**	-
CCB's	Fixed	4.10%	**972**	1,788
			368,875	97,248
Current			**251,098**	21,185
Noncurrent			**117,777**	76,063

		Consolidated		
Bank	**Index**	**Spread – year**	**06/30/2015**	**12/31/2014**
BNDES (FINAME/FINEP)	TJLP	4.80%	**53,870**	13,719
IFC – International Finance Corporation	LIBOR	3.30%	**91,951**	86,601
Banco Santander	Fixed	1.70%	**224,653**	-
CCB's	Fixed	4.10%	**11,462**	3,859
			381,936	104,179
Current			**255,058**	23,665
Noncurrent			**126,878**	80,514

Significant 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 valuation report issued in March 2015, the guaranteeing shares started to represent 0.8% of the Company's capital.

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)

At June 30, 2015, the long-term maturity schedule is as follows:

Company		Consolidated	
Year	**Amount**	**Year**	**Amount**
2016	**20,228**	2016	**23,422**
2017	**23,850**	2017	**25,733**
2018	**24,343**	2018	**25,747**
2019 to 2025	**49,356**	2019 to 2022	**51,976**
	117,777		**126,878**

13. Debentures payable

	Company		Consolidated	
	06/30/2015	**12/31/2014**	**06/30/2015**	**12/31/2014**
Rede D'Or São Luiz				
1st issue (a)	**870,910**	881,165	**870,910**	881,165
2nd issue (b)	**81,244**	85,183	**81,244**	85,183
3rd issue (c)	**643,550**	642,320	**643,550**	642,320
4th issue (d)	**801,912**	799,590	**801,912**	799,590
5th issue (e)	**106,637**	99,774	**106,637**	99,774
6th issue (f)	**196,696**	199,241	**196,696**	199,241
Medise				
1st issue (g)	**62,137**	62,111	**62,137**	62,111
Esperança				
1st issue (h)	**-**	-	**198,276**	202,600
2nd issue (i)	**-**	-	**99,390**	99,214
	2,763,086	2,769,384	**3,060,752**	3,071,198
Current	**228,034**	52,131	**243,703**	57,703
Noncurrent	**2,535,052**	2,717,253	**2,817,049**	3,013,495

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). 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 March 2015, the guaranteeing shares started to represent 6.5% 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. 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). 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.

(d) On August 10, 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). 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 March 2015, the guaranteeing shares started to represent 6.3% of the Company's capital.

13. Debentures payable (Continued)

(e) On December 28, 2013, the Company carried out the fifth issue of nonconvertible, single-series debentures for public distribution, totaling up to 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 up to R$200,000, maturing on December 15, 2019. 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. 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 since 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 2012 Brazilian Civil Code. As a result, the status of Rede D'Or will change from Collateral to Issuer, in view of the capital decrease of the Issuer.

(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 per the amendment of February 2013). 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 March 2015, the guaranteeing shares started to represent 1.6% of the Company's capital.

13. Debentures payable (Continued)

(i) On December 9, 2013, subsidiary Hospital Esperança S.A. carried out the second issue of nonconvertible, single-series debentures for public distribution, totaling R$100,000, maturing on December 10, 2018. 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 June 30, 2015, the long-term maturity schedule is as follows:

Company		Consolidated	
Year	**Amount**	**Year**	**Amount**
2016	**600,788**	2016	**664,599**
2017	**600,687**	2017	**674,185**
2018	**589,462**	2018	**645,069**
2019	**496,814**	2019	**534,675**
2020	**221,098**	2020	**259,450**
2021	**26,203**	2021	**39,071**
	2,535,052		**2,817,049**

14. Tax liabilities and taxes paid in installments

a) Tax obligations

	Company		Consolidated	
	06/30/2015	**12/31/2014**	**06/30/2015**	**12/31/2014**
Contribution tax on gross revenue for social integration program (PIS)	**3,243**	1,979	**4,608**	3,020
Contribution tax on gross revenue for social security financing (COFINS)	**22,306**	14,945	**31,704**	20,807
Service tax (ISS)	**40,137**	32,854	**64,684**	47,678
Withholding income tax (IRRF)	**10,374**	13,345	**13,340**	15,557
Income tax	**6,317**	1,862	**36,188**	7,132
Social contribution tax	**2,062**	550	**12,332**	1,626
Other	**3,119**	3,062	**3,420**	3,539
	87,558	68,597	**166,276**	99,359

b) Taxes paid in installments

	Company		Consolidated	
Taxes paid in installments	**06/30/2015**	**12/31/2014**	**06/30/2015**	**12/31/2014**
ISS	**18,404**	21,532	**19,737**	22,698
Installment payment – Law No. 11941/09	**71,280**	72,635	**95,047**	86,854
Installment payment - social security contributions	**29,123**	31,311	**43,614**	42,490
Other	**17,669**	17,275	**21,789**	18,490
	136,476	142,753	**180,187**	170,532
Current	**18,135**	20,082	**30,761**	22,021
Noncurrent	**118,341**	122,671	**149,426**	148,511

15. Accounts payable for acquisitions

	Adjusted index	Company		Consolidated	
		06/30/2015	**12/31/2014**	**06/30/2015**	**12/31/2014**
Current	**CDI**	**230,443**	199,927	**241,787**	199,927
Noncurrent		**30,297**	66,455	**57,672**	66,455

Accounts payable for acquisition of companies refer to the remaining balance of the considerations for the acquisitions mentioned in Note 3 and those made in prior years.

The stated long-term balance will be fully repaid until 2021.

16. Provision for contingencies and judicial deposits

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

	Company				Consolidated			
	06/30/2015		12/31/2014		06/30/2015		12/31/2014	
	Provision for contingencies	**Judicial deposits**	**Provision for contingencies**	**Judicial deposits**	**Provision for contingencies**	**Judicial deposits**	**Provision for contingencies**	**Judicial deposits**
Tax	**52,056**	**31,617**	42,751	28,380	**145,848**	**41,562**	45,662	36,433
Labor	**46,863**	**4,512**	48,463	4,466	**53,293**	**5,083**	51,932	4,915
Civil	**21,906**	**20,310**	25,563	17,906	**30,677**	**23,200**	38,153	19,836
	120,825	**56,439**	116,777	50,752	**229,818**	**69,845**	135,747	61,184

Changes in provisions for contingencies at June 30, 2015 were as follows:

	Company				
	06/30/2015				12/31/2014
	Tax	**Labor**	**Civil**	**Total**	**Total**
Balances at beginning of period	**42,751**	**48,463**	**25,563**	**116,777**	154,159
Additions (reversals), net	**-**	**-**	**-**	**-**	(6,283)
Adherence to REFIS	**-**	**-**	**-**	**-**	(22,544)
Monetary restatements	**1,275**	**-**	**562**	**1,837**	9,021
Payments	**(12,297)**	**(1,600)**	**(4,219)**	**(18,116)**	(17,576)
Additions from acquisitions	**20,327**	**-**	**-**	**20,327**	-
Balances at end of period	**52,056**	**46,863**	**21,906**	**120,825**	116,777

	Consolidated				
	06/30/2015				12/31/2014
	Tax	**Labor**	**Civil**	**Total**	**Total**
Balances at beginning of period	**45,662**	**51,932**	**38,153**	**135,747**	162,806
Additions (reversals), net	**(539)**	**(543)**	**(343)**	**(1,425)**	(3,762)
Adherence to REFIS	**-**	**-**	**-**	**-**	(22,544)
Monetary restatements	**1,490**	**3,839**	**562**	**5,891**	12,335
Payments	**(13,204)**	**(2,062)**	**(8,387)**	**(23,653)**	(17,576)
Additions from acquisitions	**112,439**	**127**	**692**	**113,258**	4,488
Balances at end of period	**145,848**	**53,293**	**30,677**	**229,818**	135,747

17. Commitments

At June 30, 2015, Rede D'Or has operating leases referring substantially to leased buildings for an average period of eighteen years, considering the following payment schedule:

Year	Company (Gross nominal values)	Consolidated (Gross nominal values)
2015	**102,249**	**118,427**
2016	**202,695**	**235,051**
2017	**202,695**	**235,051**
2018	**186,372**	**218,729**
2019 to 2051	**2,007,259**	**2,288,708**
	2,701,270	**3,095,966**

18. Equity

a) Capital

Subscribed and paid-in capital at June 30, 2015 amounts R$867,776, divided into 422,861,080 class A common shares, 18,525,668 class B common shares, 18,525,669 class C common shares, and 2,734,600 class A preferred shares, all registered, with no par value.

Under the Company's articles of incorporation, each common share is entitled to a vote in the Company's shareholders' meetings. Class A preferred shares have the following characteristics: (i) they are non-voting shares; (ii) have priority in the return of capital, without premium, in case of Company dissolution; and (iii) are entitled to preferred annual dividends.

On February 23, 2015, the Special Shareholders' Meeting approved the increase in Company's capital amounting to R$52,026 in kind, upon issue of 12,537,402 new registered common shares with no par value, at the issue price of R$4.15 (four reais and fifteen cents) each. There was also a capital increase in the amount of R$33,613, without issue of new shares, through capitalization of part of the income reserve balance.

18. Equity (Continued)

a) Capital (Continued)

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

On April 27, 2015, the Company entered into a R$1,819,435 investment agreement with HPT Participações S.A. (Carlyle Group investee), of which R$181,943 in capital and R$1,637,491 in goodwill reserve on share subscription, upon issue of 37,051,337 new common shares, which accounts for 8.38% of Rede D'Or capital. Capital contribution was as follows: (a) R$875,000 ("First Tranche"), upon issue of 18,525,668 new common shares, free and clear of any liens, fully subscribed and paid up on the closing date, in kind, representing 4.19% of total Company's capital; and (b) R$944,435 ("Second Tranche"), upon issue of 18,525,669 new common shares, free and clear of any liens, subscribed and paid up by means of promissory note on the closing date, representing 4.19% of total Company's capital. The promissory note is non-recourse, i.e., it settles the operation and can be negotiated by the Company in the market. That is why it was accounted for as a financial instrument receivable, in current assets, against equity.

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

18. Equity (Continued)

a) Capital (Continued)

Amounts agreed in this transaction and the referred to Carlyle Group interest in Rede D'Or depend on the achievement of some metrics determined in contract for 2015. Failure to achieve such metrics entails Rede D'Or issuing new shares for the Carlyle Group until 17% of interest in the Company. Management projections indicate that metrics will have been achieved by December 31, 2015; accordingly, the Company recorded no liability corresponding to any potential obligation related to the issue of new shares, in the event of failure to achieve certain metrics set forth in contract.

b) Treasury shares

At June 30, 2015, the Company had 18,060,557 registered common shares, with no par value, of Rede D'Or, in the amount of R$168,853, 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, 2014	**19,990,492**	**8.10**	**161,919**
Acquisition	**663,390**	**24.92**	**16,531**
Sale	**(2,593,325)**	**3.70**	**(9,597)**
Balance at June 30, 2015	**18,060,557**	**9.35**	**168,853**

18. Equity (Continued)

c) Share-based payment (stock options)

There were no new grants or changes in new plans for the six-month period ended June 30, 2015.

The effects of share-based payment (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	**27,363**	**27,363**	**65,710**
2015	**17,475**	**4,356**	**70,066**
2016	**10,230**	**-**	**-**
2017	**5,058**	**-**	**-**
2018	**2,167**	**-**	**-**
2019	**912**	**-**	**-**
2020	**397**	**-**	**-**
2021	**133**	**-**	**-**
	102,082		

19. Income and social contributions taxes

Income and social contribution tax expenses for the six-month periods ended June 30, 2015 and 2014 are as follows:

	Company		Consolidated	
	06/30/2015	06/30/2014	06/30/2015	06/30/2014
Deferred				
Income tax	**(51,439)**	(17,219)	**(50,840)**	(12,282)
Social contribution tax	**(18,517)**	(6,198)	**(18,302)**	(4,421)
	(69,956)	(23,417)	**(69,142)**	(16,703)
Current				
Income tax	**(3,869)**	(4,400)	**(30,501)**	(13,864)
Social contribution tax	**(1,178)**	(1,589)	**(10,980)**	(4,990)
	(5,047)	(5,989)	**(41,481)**	(18,854)
Income and social contribution tax expenses	**(75,003)**	(29,406)	**(110,623)**	(35,557)

19. Income and social contributions taxes (Continued)

Changes in deferred income and social contribution tax assets for the six-month period ended June 30, 2015 were as follows:

	Company				Consolidated			
	12/31/2014	Additional benefits (expenses) recorded	Additions arising from business combinations	06/30/2015	12/31/2014	Additional benefits (expenses) recorded	Additions arising from business combinations	06/30/2015
Assets								
Income tax loss	25,148	**4,271**	**-**	**29,419**	23,894	**4,271**	**-**	**28,165**
Social contribution tax loss	9,053	**1,537**	**-**	**10,590**	8,602	**1,537**	**-**	**10,139**
Allowance for doubtful accounts	49,049	**4,078**	**9,707**	**62,834**	55,645	**799**	**18,488**	**74,932**
Allowance for disallowances	53,006	**361**	**472**	**53,839**	63,996	**9,953**	**808**	**74,757**
Contingencies	39,704	**(5,535)**	**6,911**	**41,080**	31,824	**(5,923)**	**37,451**	**63,352**
Provision for inventories	1,159	**-**	**-**	**1,159**	1,159	**-**	**-**	**1,159**
Provision for bonus	19,144	**(3,214)**	**-**	**15,930**	19,151	**(3,217)**	**-**	**15,934**
Provision for losses	9,088	**-**	**1,355**	**10,443**	303	**-**	**1,334**	**1,637**
Deferred gain on property disposals	19,022	**(666)**	**-**	**18,356**	19,022	**(666)**	**-**	**18,356**
Other	6,917	**(205)**	**-**	**6,712**	8,998	**(515)**	**-**	**8,483**
Total deferred tax assets	231,290	**627**	**18,445**	**250,362**	232,594	**6,239**	**58,081**	**296,914**
Liabilities								
Differences between accounting and tax base of goodwill	(269,132)	**(38,880)**	**-**	**(308,012)**	(271,814)	**(43,677)**	**(14,618)**	**(330,109)**
Gain on acquisition in stages	-	**(22,304)**	**-**	**(22,304)**	(17,842)	**(22,304)**	**-**	**(40,146)**
Swap variation	(9,819)	**(9,399)**	**-**	**(19,218)**	(9,813)	**(9,400)**	**-**	**(19,213)**
Total deferred tax liabilities	(278,951)	**(70,583)**	**-**	**(349,534)**	(299,469)	**(75,381)**	**(14,618)**	**(389,468)**
Net effect – assets (liabilities)	(47,661)	**(69,956)**	**18,445**	**(99,172)**	(66,875)	**(69,142)**	**43,463**	**(92,554)**
Asset balance	-			**-**	8,864			**29,592**
Liability balance	(47,661)			**(99,172)**	(75,739)			**(122,146)**

19. Income and social contributions taxes (Continued)

The reconciliation of income and social contribution taxes and the amount determined at the statutory rate at June 30, 2015 and 2014 are as follows:

	Company		Consolidated	
	06/30/2015	**06/30/2014**	**06/30/2015**	**06/30/2014**
Income before income and social contribution taxes	**371,022**	144,821	**412,175**	152,255
Income and social contribution taxes at statutory rates	**126,147**	49,239	**140,140**	51,767
Adjustments to determine the effective tax rate				
Interest on debentures recorded as equity instrument	**(19,755)**	(19,582)	**(19,755)**	(19,582)
Equity pickup	**(33,749)**	(9,240)	**(5,868)**	(2,812)
Stock option expenses	**1,481**	6,080	**1,481**	6,080
Other	**879**	2,909	**(5,375)**	104
Expenses recorded in the income statement	**75,003**	29,406	**110,623**	35,557

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

The Company expects that deferred tax credits calculated on income and social contribution tax losses will be realized in 2 years. Management expects that other temporary differences will be realized between 1 and 5 years, except for deferred gain on property disposal, whose realization will take place over the lease agreement term.

20. Net revenue

	Company		Consolidated	
	06/30/2015	**06/30/2014**	**06/30/2015**	**06/30/2014**
Gross revenue	**2,390,695**	2,043,676	**3,311,295**	2,635,333
Deductions from revenue				
Cancellations and rebates	**(81,585)**	(93,662)	**(127,384)**	(127,793)
Taxes on revenues	**(140,140)**	(113,522)	**(196,778)**	(150,097)
	2,168,970	1,836,492	**2,987,133**	2,357,443

21. Cost of services rendered

	Company		Consolidated	
	06/30/2015	**06/30/2014**	**06/30/2015**	**06/30/2014**
Personnel	**(634,716)**	(583,103)	**(884,280)**	(753,070)
Materials and medicines	**(434,079)**	(384,969)	**(573,083)**	(473,290)
Third-parties services	**(338,487)**	(262,273)	**(581,998)**	(433,336)
Utilities and services	**(39,145)**	(29,338)	**(54,422)**	(38,561)
Rents	**(105,731)**	(94,045)	**(126,066)**	(109,107)
Depreciation and amortization	**(44,790)**	(38,853)	**(58,863)**	(53,486)
	(1,596,948)	(1,392,581)	**(2,278,712)**	(1,860,850)

22. General and administrative expenses

	Company		Consolidated	
	06/30/2015	**06/30/2014**	**06/30/2015**	**06/30/2014**
Personnel	**(77,538)**	(76,370)	**(77,538)**	(76,370)
Third-parties services	**(26,287)**	(18,690)	**(26,287)**	(18,690)
Depreciation and amortization	**(7,175)**	(3,960)	**(7,175)**	(3,960)
Provision for contingencies	**-**	(237)	**1,425**	827
	(111,000)	(99,257)	**(109,575)**	(98,193)

23. Other operating income (expenses), net

	Company		Consolidated	
	06/30/2015	**06/30/2014**	**06/30/2015**	**06/30/2014**
Allowance for doubtful accounts	**(12,981)**	(28,127)	**(6,295)**	(28,618)
Marketing	**(4,589)**	(7,075)	**(5,048)**	(7,813)
Trips and lodging	**(5,477)**	(7,348)	**(6,595)**	(7,832)
Taxes, fees and penalties	**(9,455)**	(7,058)	**(11,336)**	(7,903)
Gain on acquisition in stages	**65,598**	-	**65,598**	-
Other income and expenses	**(13,605)**	(20,916)	**(17,533)**	(30,578)
	19,491	(70,524)	**18,791**	(82,744)

24. Financial income (expenses), net

Breakdown of financial income (expenses) for the periods ended June 30, 2015 and 2015 was as follows:

	Company		Consolidated	
	06/30/2015	**06/30/2014**	**06/30/2015**	**06/30/2014**
Financial income				
Short-term investment yields	**30,819**	30,816	**41,932**	41,953
Swap variation	**61,417**	795	**61,417**	1,475
Other	**1,298**	-	**2,729**	-
	93,534	31,611	**106,078**	43,428
Financial expenses				
Interest and monetary and exchange variation on financing	**(45,776)**	(14,247)	**(47,186)**	(18,369)
Interest on debentures	**(206,272)**	(151,471)	**(229,758)**	(169,604)
Taxes on financial income (expenses)	**(1,973)**	(465)	**(2,405)**	(742)
Swap variation	**(33,772)**	(8,127)	**(33,772)**	(8,127)
Interest on equity	**(8)**	(8,648)	**(8)**	(8,648)
Other	**(14,486)**	(5,137)	**(15,669)**	(9,610)
	(302,287)	(188,095)	**(328,798)**	(215,100)
	(208,753)	(156,484)	**(222,720)**	(171,672)

25. Earnings per share

a) Basic earnings per share

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

	06/30/2015	**06/30/2014**
Profit attributable to Company controlling shareholders	**296,019**	115,415
Weighted average number of common shares issued (in thousands)	**358,939**	252,914
Basic earnings per share – in R$	**0.8247**	0.4563

25. Earnings per share (Continued)

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 diluting common shares. The Company has only one category of potentially diluting common shares: stock options.

	06/30/2015	06/30/2014
Profit attributable to Company controlling shareholders	**296,019**	115,415
Weighted average number of common shares issued, including dilutive factors (in thousands)	**427,024**	348,989
Diluted earnings per share – R$	**0.6932**	0.3307

26. Financial instruments and financial risk management

	Company					
	06/30/2015			12/31/2014		
Financial Assets	Loans and receivables	At fair value through profit or loss (*)	Total	Loans and receivables	At fair value through profit or loss (*)	Total
Cash and cash equivalents	**57,843**	**-**	**57,843**	38,042	-	38,042
Marketable securities	**-**	**944,959**	**944,959**	-	619,703	619,703
Accounts receivable	**1,158,122**	**-**	**1,158,122**	973,368	-	973,368
Dividend receivable	**27,977**	**-**	**27,977**	41,357	-	41,357
Promissory note receivable	**944,435**	**-**	**944,435**	**-**	-	**-**
Receivables from disposal of properties	**73,926**	**-**	**73,926**	73,926	-	73,926
Judicial deposits	**56,439**	**-**	**56,439**	50,752	-	50,752
Derivatives	**-**	**56,506**	**56,506**	-	28,861	28,861
	2,318,742	**1,001,465**	**3,320,207**	1,177,445	648,564	1,826,009

26. Financial instruments and financial risk management (Continued)

26.1. Classification of financial instruments by category (Continued)

	Consolidated					
	06/30/2015			12/31/2014		
Financial Assets	Loans and receivables	At fair value through profit or loss (*)	Total	Loans and receivables	At fair value through profit or loss (*)	Total
Cash and cash equivalents	**98,108**	**-**	**98,108**	55,182	-	55,182
Marketable securities	**-**	**1,199,826**	**1,199,826**	-	917,304	917,304
Accounts receivable	**1,612,892**	**-**	**1,612,892**	1,267,239	-	1,267,239
Promissory note receivable	**944,435**	**-**	**944,435**	**-**	-	**-**
Receivables from disposal of properties	**73,926**	**-**	**73,926**	73,926	-	73,926
Judicial deposits	**69,845**	**-**	**69,845**	61,184	-	61,184
Derivatives	**-**	**56,506**	**56,506**	-	28,861	28,861
	2,799,206	**1,256,332**	**4,055,538**	1,457,531	946,165	2,403,696

(*) 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.

The fair values of receivables do not significantly differ from book balances, since they are monetarily restated consistently with market rates and/or adjusted by the provision for impairment.

Company's significant financial liabilities are measured at amortized cost, as follows:

	Company		Consolidated	
Financial liabilities	06/30/2015	12/31/2014	06/30/2015	12/31/2014
Trade accounts payable	**164,964**	180,314	**252,917**	243,613
Loans and financing	**368,875**	97,248	**381,936**	104,179
Debentures	**2,763,086**	2,769,384	**3,060,752**	3,071,198
Accounts payable for acquisition	**260,740**	266,382	**299,459**	266,382
	3,557,665	3,313,328	**3,995,064**	3,685,372

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.

Convertible debentures are recognized at the historical amount in equity, as previously described.

26. Financial instruments and financial risk management (Continued)

26.2. 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 its own and third parties capital to finance its activities, and the use of third-party capital seeks to optimize its capital structure. The Company manages its capital structure and makes adjustments considering changes in economic conditions. At June 30, 2015, Company's capital structure is as follows:

	Company		Consolidated	
	06/30/2015	**12/31/2014**	**06/30/2015**	**12/31/2014**
Cash and cash equivalents	**57,843**	38,042	**98,108**	55,182
Marketable securities	**944,959**	619,703	**1,199,826**	917,304
	1,002,802	657,745	**1,297,934**	972,486
Loans and financing	**(368,875)**	(97,248)	**(381,936)**	(104,179)
Debentures	**(2,763,086)**	(2,769,384)	**(3,060,752)**	(3,071,198)
Net debt	**(2,129,159)**	(2,208,887)	**(2,144,754)**	(2,202,891)
Total equity	**3,619,057**	1,454,156	**3,682,082**	1,466,046
Leverage ratio (%)	**0.59**	1.52	**0.58**	1.50

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 in these liabilities arises from the possibility of fluctuation in these rates that impact the Company's cash flows.

26. Financial instruments and financial risk management (Continued)

26.2. Risk management (Continued)

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.

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 June 30, 2015, the Company held cash, cash equivalents and marketable securities in the amount of R$1,002,802 in Company and R$1,297,934 in Consolidated. The amounts disclosed below are projected considering inflation and interest through maturity.

	Company – 06/30/2015					
	Up to 6 months	From 6 months to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total financial liabilities
Trade accounts payable	164,964	-	-	-	-	164,964
Loans and financing	240,727	10,371	20,776	24,496	72,505	368,875
Debentures	58,033	170,001	600,459	1,686,036	248,557	2,763,086
Salaries, provisions and payroll charges	281,627	-	-	-	-	281,627
Accounts payable for acquisition	155,229	55,932	21,060	7,200	21,319	260,740
Total	900,580	236,304	642,295	1,717,732	342,381	3,839,292

	Consolidated – 06/30/2015					
	Up to 6 months	From 6 months to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total financial liabilities
Trade accounts payable	252,917	-	-	-	-	252,917
Loans and financing	243,106	11,952	22,883	74,639	29,356	381,936
Debentures	64,736	178,967	665,419	1,856,216	295,414	3,060,752
Salaries, provisions and payroll charges	359,211	-	-	-	-	359,211
Accounts payable for acquisition	160,333	65,463	21,060	35,700	16,903	299,459
Total	1,080,303	256,382	709,362	1,966,555	341,673	4,354,275

26. Financial instruments and financial risk management (Continued)

26.2. Risk management (Continued)

e) Currency risk

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 incurring losses from fluctuations in foreign exchange rates. Liabilities in foreign currency represent 1.8% of total consolidated liabilities at June 30, 2015. The Company has derivative financial instruments taken out for hedging 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 June 30, 2015, the Company has outstanding derivative instruments to hedge its loans in foreign currency and interest rate swap in the amount of US$82,244 and R$135,108, respectively, with net revenue receivable of R$56,506 in Company and Consolidated (net revenue receivable of R$28,861 at December 31, 2014 in 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 usually settle them prior to respective maturities. 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.

26. Financial instruments and financial risk management (Continued)

26.2. 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:

				06/30/2015
Description	**Maturity month/year**	**Notional value**		**Notional value**
Swap (floating x fixed)	**16/01/2017**			
Long position	**CDI + 2.0%**			
Short position	**TJLP + 7.07%**	**R$**	**82,608**	**1,962**
Swap (floating x fixed)	**10/12/2018**			
Long position	**CDI + 2.30%**			
Short position	**TJLP + 7.46%**	**R$**	**52,500**	**1,180**
Swap (currency)	**15/04/2020**			
Long position	**LIBOR + 3.30%**	**US$**	**17,782**	
Short position	**CDI + 1.00%**	**R$**	**55,171**	**38,263**
Swap (currency)	**13/08/2015**			
Long position	**USD/BRL + 2.27%**	**US$**	**64,462**	
Short position	**CDI + 1.30%**	**R$**	**200,000**	**15,101**
				56,506
Effect on P&L for the period				**27,645**

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

26. Financial instruments and financial risk management (Continued)

26.2. Risk management (Continued)

f) Derivatives (Continued)

The Company and its subsidiaries adopted, according to Brazilian Securities and Exchange Commission (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
Exchange rate variation	5%	(25%)	(50%)	25%	50%
Devaluation of US$ (rate in R$)	-	2.4626	1.6417	-	-
Appreciation of US$ (rate in R$)	3.2835	-	-	4.1043	4.9252

	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	(4,634)	19,694	44,021	(28,961)	(53,289)
Loan 4131	(11,321)	48,116	107,553	(70,758)	(130,195)
Effect on derivatives					
SWAP - IFC - International Finance Corporation	4,614	(19,643)	(44,057)	28,763	53,189
SWAP - Loan 4131	11,319	(48,106)	(107,353)	70,859	130,036
Net effect	(22)	61	164	(97)	(259)

27. 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	**888,125**
Civil liability (D&O)	**40,000**
General civil liability	**13,500**
Civil liability – construction work	**151,000**
Engineering risk	**382,893**