Interim Financial Information

Rede D'Or São Luiz S.A.

June 30, 2018
with Independent Auditor's Review Report

Rede D'Or São Luiz S.A.

Interim Financial Information

June 30, 2018

Contents

Independent auditor's review report 1

Interim Financial Information

Balance sheets 3
Income statements 5
Statements of comprehensive income 6
Statements of changes in equity 7
Statements of cash flows 8
Statements of value added 9
Notes to interim financial information 10

Building a better working world

Centro Empresarial PB 370
Praia de Botafogo, 370
6º ao 10º andar - Botafogo
22250-040 - Rio de Janeiro - RJ - Brasil
Tel: +55 21 3263-7000
ey.com.br

A free translation from Portuguese into English of Independent Auditor's Review Report on Individual and consolidated Interim Financial Information prepared in Brazilian currency

Independent auditor's review report

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

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Rede D'Or São Luiz S.A. for the six-month period ended June 30, 2018, which comprises the balance sheet as at June 30, 2018, and the related statements of income, of comprehensive income, of changes in equity and of cash flows for the six-month period then ended, including the explanatory notes.

Management is responsible for the preparation and fair presentation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement 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 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). 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.

Conclusion on the individual and consolidated interim financial information

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

Building a better working world

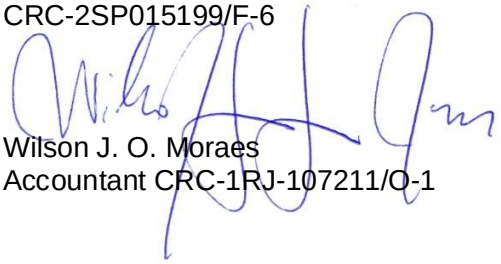
Other matters

Statements of value added

We have also reviewed the individual and consolidated statements of value added (SVA) for the six-month period ended June 30, 2018, prepared under management's responsibility, the presentation of which is required by the Brazilian Corporation Law for publicly-held companies, however not required of 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 interim financial information.

Rio de Janeiro, August 9, 2018

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



Wilson J. O. Moraes
Accountant CRC-1RJ-107211/O-1

Rede D'Or São Luiz S.A.

Balance sheets
June 30, 2018 and December 31, 2017
(In thousands of reais)

		Parent Company		Consolidated	
	Nota	**06/30/2018**	**12/31/2017**	**06/30/2018**	**12/31/2017**
Assets					
Current assets					
Cash and cash equivalents	4	**57,465**	32,559	**159,034**	140,383
Marketable securities	4	**2,189,768**	1,006,117	**3,650,884**	3,120,454
Accounts receivable	5	**2,110,858**	1,886,908	**3,067,590**	2,836,744
Inventories	6	**144,521**	151,838	**220,836**	229,235
Taxes recoverable		**63,400**	60,886	**105,270**	116,095
Derivative financial instruments	26	**69.576**	9,350	**69,576**	9,350
Related parties	7	**7,880**	7,066	**-**	-
Dividends receivable		**41,195**	41,195	**-**	-
Receivables from sale of properties	9	**276,861**	-	**276,861**	-
Other		**154,728**	109,889	**263,538**	161,438
Total current assets		**5,116,252**	3,305,808	**7,813,589**	6,613,699
Noncurrent assets					
Related parties	7	**218,665**	535,143	**24,012**	23,483
Deposit for acquisition of building		**-**	-	**91,707**	89,823
Judicial deposits	15	**106,563**	92,807	**132,106**	119,472
Deferred income tax and social contribution	18	**-**	-	**167,703**	113,043
Derivative financial instruments	26	**234,509**	90,618	**554,996**	90,618
Investments in subsidiaries, associates and jointly-controlled entities	8	**3,153,793**	2,702,604	**117,812**	89,971
Property and equipment	9	**2,650,535**	2,709,178	**4,368,489**	3,955,640
Intangible assets	10	**2,476,541**	2,225,688	**3,919,507**	3,557,352
Other		**57,503**	30,560	**89,992**	59,477
Total noncurrent assets		**8,898,109**	8,386,598	**9,466,324**	8,098,879
Total assets		**14,014,361**	11,692,406	**17,279,913**	14,712,578

	Note	Parent Company		Consolidated	
		06/30/2018	12/31/2017	06/30/2018	12/31/2017
Liabilities and equity					
Current liabilities					
Trade accounts payable		**287,970**	278,647	**494,661**	475,546
Derivative financial instruments	26	**27,844**	68,512	**117,749**	68,512
Loans, financing and debentures	12	**628,087**	475,361	**633,431**	588,037
Salaries, provisions and social charges		**333,032**	281,994	**435,070**	370,030
Tax liabilities	13	**151,726**	119,563	**277,413**	272,259
Accounts payable from acquisitions	14	**2,763**	18,904	**10,271**	26,249
Dividends and interest on equity payable	17	**130,056**	268,282	**137,270**	275,496
Deferred gain from property sales	11	**3,920**	3,920	**3,920**	3,920
Other		**34,586**	37,818	**35,710**	54,858
Total current liabilities		**1,599,984**	1,553,001	**2,145,495**	2,134,907
Noncurrent liabilities					
Derivative financial instruments	26	**167,742**	44,830	**167,742**	44,830
Loans, financing and debentures	12	**6,995,183**	5,028,195	**9,237,296**	7,136,514
Related parties	7	**57,197**	54,881	**60**	60
Tax liabilities	13	**128,076**	132,778	**280,992**	282,481
Accounts payable from acquisitions	14	**75,277**	72,892	**151,956**	112,255
Deferred income tax and social contribution	18	**177,238**	178,249	**256,034**	218,096
Provision for contingencies	15	**131,722**	128,189	**184,604**	177,979
Provision for losses on investments	8	**17,709**	77,803	**-**	-
Deferred gain from property sales	11	**74,240**	76,200	**74,240**	76,200
Other		**31,918**	29,546	**50,950**	48,112
Total noncurrent liabilities		**7,856,302**	5,823,563	**10,403,874**	8,096,527
Equity	17				
Capital stock		**867,776**	867,776	**867,776**	867,776
Capital reserves		**2,330,944**	2,333,532	**2,330,944**	2,333,532
Treasury shares		**(470,474)**	(339,468)	**(470,474)**	(339,468)
Income reserves		**1,279,120**	1,449,778	**1,279,120**	1,449,778
Retained earnings		**546,485**	-	**546,485**	-
Advance for future capital increase		**4,224**	4,224	**4,224**	4,224
Total equity attributable to controlling shareholders		**4,558,075**	4,315,842	**4,558,075**	4,315,842
Noncontrolling interests		**-**	-	**172,469**	165,302
Total equity		**4,558,075**	4,315,842	**4,730,544**	4,481,144
Total liabilities and equity		**14,014,361**	11,692,406	**17,279,913**	14,712,578

See accompanying notes.

Rede D'Or São Luiz S.A.

Income statements
Six-month periods ended June 30, 2018 and 2017
(In thousands of reais, unless otherwise stated)

		Parent Company		Consolidated	
	Note	06/30/2018	06/30/2017	06/30/2018	06/30/2017
Net revenue	19	**3,624,954**	3,092,214	**5,168,989**	4,521,304
Costs of services provided	20	**(2,558,500)**	(2,173,460)	**(3,839,127)**	(3,298,239)
Gross profit		**1,066,454**	918,754	**1,329,862**	1,223,065
General and administrative expenses	21	**(171,988)**	(152,088)	**(175,628)**	(154,230)
Sales expenses	22	**(24,077)**	(20,194)	**(26,814)**	(23,154)
Equity pickup	8	**119,294**	180,330	**10,501**	9,495
Other operating expenses	23	**(37,184)**	(28,215)	**(48,874)**	(52,690)
Income before financial income (expenses) and income taxes		**952,499**	898,587	**1,089,047**	1,002,486
Financial income	24	**151,712**	49,154	**525,212**	84,905
Financial expenses	24	**(406,560)**	(366,238)	**(833,020)**	(395,853)
Income before income taxes		**697,651**	581,503	**781,239**	691,538
Income taxes	18	**(151,166)**	(98,577)	**(224,952)**	(194,239)
Net income for the period		**546,485**	482,926	**556,287**	497,299
Net income attributable to controlling shareholders		**546,485**	482,926	**546,485**	482,926
Net income attributable to noncontrolling shareholders		**-**	-	**9,802**	14,373
Basic earnings per share (R$)	25	**1.2342**	1.0976	**-**	-
Diluted earnings per share (R$)	25	**1.2299**	1.0918	**-**	-

See accompanying notes.

Rede D'Or São Luiz S.A.

Statements of comprehensive income
Six-month periods ended June 30, 2018 and 2017
(In thousands of reais)

	Parent Company		Consolidated	
	06/30/2018	**03/31/2017**	**06/30/2018**	**03/31/2017**
Net income for the period	**546,485**	482,926	**556,287**	497,299
Other comprehensive income	**-**	-	**-**	-
Total comprehensive income	**546,485**	482,926	**556,287**	497,299
Attributable to				
Controlling shareholders	**546,485**	482,926	**546,485**	482,926
Noncontrolling shareholders	**-**	-	**9,802**	14,373

See accompanying notes.

Rede D'Or São Luiz S.A.

Statements of changes in equity
Six-month periods ended June 30, 2018 and 2017
(In thousands of reais)

	Attributable to Parent Company shareholders												
		Capital reserves				Income reserves							
Description	Capital stock	Goodwill reserve (issue of shares)	Goodwill on capital transactions	Share-based payment reserve	Treasury shares	Legal reserve	Investment reserve	Advances for future capital increase	Retained earnings	Additional dividends in excess of mandatory minimum dividends	Total equity	Noncontrolling shareholders	Total
Balances at December 31, 2016	867,776	2,335,941	(85,322)	148,523	(331,525)	8,666	607,279	4,224	-	730,717	4,286,279	180,453	4,466,732
Acquisition of controlling interest in jointly-controlled subsidiary	-	-	-	-	-	-	-	-	-	-	-	5,038	5,038
Acquisition of noncontrolling interest	-	-	(6,296)	-	-	-	-	-	-	-	(6,296)	(2,862)	(9,158)
Treasury stocks	-	-	-	-	(29,014)	-	-	-	-	-	(29,014)	-	(29,014)
Net income for the period	-	-	-	-	-	-	-	-	482,926	-	482,926	14,373	497,299
Share-based payment (Note 17)	-	-	-	16,302	-	-	-	-	-	-	16,302	-	16,302
Dividends and interest on equity (Note 17)	-	-	-	-	-	-	(139,221)	-	-	(730,717)	(869,938)	(12,476)	(882,414)
Reinvested dividends (Note 17)	-	-	-	-	-	-	184,960	-	-	-	184,960	-	184,960
Balances at June 30, 2017	867,776	2,335,941	(91,618)	164,825	(360,539)	8,666	653,018	4,224	482,926	-	4,065,219	184,526	4,249,745
Balances at December 31, 2017	867,776	2,335,941	(183,531)	181,122	(339,468)	8,666	1,441,112	4,224	-	-	4,315,842	165,302	4,481,144
Acquisition of noncontrolling interest	**-**	**-**	**(30,412)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(30,412)**	**(344)**	**(30,756)**
Capital transaction	**-**	**-**	**7,493**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7,493**	**-**	**7,493**
Dividends and interest on equity (Note 17)	**-**	**-**	**-**	**-**	**-**	**-**	**(170,658)**	**-**	**-**	**-**	**(170,658)**	**(2,291)**	**(172,949)**
Treasury shares (Note 17)	**-**	**-**	**-**	**-**	**(131,006)**	**-**	**-**	**-**	**-**	**-**	**(131,006)**	**-**	**(131,006)**
Net income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**546,485**	**-**	**546,485**	**9,802**	**556,287**
Share-based payment	**-**	**-**	**-**	**20,331**	**-**	**-**	**-**	**-**	**-**	**-**	**20,331**	**-**	**20,331**
Balances at June 30, 2018	**867,776**	**2,335,941**	**(206,450)**	**201,453**	**(470,474)**	**8,666**	**1,270,454**	**4,224**	**546,485**	**-**	**4,558,075**	**172,469**	**4,730,544**

See accompanying notes.

Rede D'Or São Luiz S.A.

Statements of cash flows
Six-month periods ended June 30, 2018 and 2017
(In thousands of reais)

	Parent Company		Consolidated	
	06/30/2018	06/30/2017	06/30/2018	06/30/2017
Cash flows from operating activities				
Income before income tax and social contribution	**697,651**	581,503	**781,239**	691,538
Adjustments to reconcile net income to cash provided by operating activities				
Depreciation and amortization	**138,802**	107,784	**181,848**	140,269
Gain from properties sales	**(1,960)**	(1,960)	**(1,960)**	(1,960)
Fair value of debt	**(180,258)**	10,601	**(180,258)**	10,601
Interest, monetary and foreign exchange differences, net	**404,177**	286,747	**250,580**	258,317
Share-based payment	**20,331**	16,302	**20,331**	16,302
Provision for contingencies	**-**	2,522	**347**	2,522
Equity pickup	**(119,294)**	(180,330)	**(10,501)**	(9,495)
Allowance for doubtful accounts and provision for disallowances	**211,176**	156,654	**338,070**	248,182
(Increase) decrease in assets and increase (decrease) in liabilities				
Accounts receivable	**(376,756)**	(406,864)	**(528,527)**	(640,661)
Inventories	**14,609**	1,858	**10,890**	8,782
Taxes recoverable	**(935)**	79,177	**11,198**	76,159
Judicial deposits	**(10,403)**	(2,261)	**(6,365)**	(1,640)
Other assets	**(6,002)**	15,018	**(118,687)**	(26,602)
Trade accounts payable	**(1,668)**	(17,759)	**8,509**	(15,025)
Payroll and social charges	**41,348**	32,891	**57,797**	41,982
Tax liabilities	**(10,500)**	(23,300)	**(100,720)**	(72,550)
Related parties	**(28,613)**	(70,474)	**(529)**	17,060
Provision for contingencies	**(6,698)**	(7,466)	**(7,641)**	(12,024)
Other liabilities	**(66,888)**	9,675	**1,125**	16,682
	718,119	590,318	**706,746**	748,439
Payment of interest	**(226,456)**	(306,113)	**(171,185)**	(318,328)
Payment of income tax and social contribution	**(114,730)**	(53,382)	**(164,382)**	(162,665)
Net cash provided by operating activities	**376,933**	230,823	**371,179**	267,446
Cash flows from investing activities				
Consideration transferred in business combination, net of cash acquired	**(303,000)**	(110,244)	**(404,167)**	(108,250)
Advances for future capital increase	**(121,210)**	-	**(1,500)**	-
Additions to property and equipment	**(256,530)**	(234,649)	**(715,074)**	(296,544)
Additions to intangible assets	**(29,404)**	(13,111)	**(42,791)**	(12,618)
Cash from merger of subsidiary	**12,404**	-	**-**	-
Acquisitions of marketable securities	**(10,321,371)**	(5,354,569)	**(14,612,431)**	(5,897,022)
Redemption of marketable securities	**9,197,171**	6,816,283	**14,181,653**	7,437,995
Dividends and interest on equity received	**23,188**	8,029	**3,888**	4,901
Net cash provided by (used in) investing activities	**(1,798,752)**	1,111,739	**(1,590,422)**	1,128,462
Cash flows from financing activities				
Acquisition of treasury shares	**(131,006)**	(29,014)	**(131,006)**	(29,014)
Acquisition of noncontrolling interests	**(35,252)**	(6,296)	**(49,196)**	(6,296)
Payment of dividends and interest on equity	**(293,071)**	(964,718)	**(293,805)**	(964,718)
Loans, financing and debentures raised	**3,346,537**	134,247	**3,347,387**	134,247
Swap settlement	**(32,465)**	(62,244)	**(32,465)**	(62,244)
Payment of debentures, loans and financing	**(1,394,428)**	(351,609)	**(1,589,431)**	(389,927)
Accounts payable from acquisitions	**(13,590)**	(46,326)	**(13,590)**	(58,679)
Net cash provided by (used in) financing activities	**1,446,725**	(1,325,960)	**1,237,894**	(1,376,631)
Increase in cash and cash equivalents	**24,906**	16,602	**18,651**	19,277
Cash and cash equivalents at beginning of period	**32,559**	20,306	**140,383**	121,016
Cash and cash equivalents at end of period	**57,465**	36,908	**159,034**	140,293

See accompanying notes.

Rede D'Or São Luiz S.A.

Statements of value added
Six-month periods ended June 30, 2018 and 2017
(In thousands of reais, unless otherwise stated)

	Parent Company		Consolidated	
	06/30/2018	**06/30/2017**	**06/30/2018**	**06/30/2017**
Revenue	**3,841,980**	3,275,212	**5,500,729**	4,801,175
Sales of goods, products and services	4,051,196	3,429,906	5,836,839	5,047,397
Provision for disallowances and Allowance for doubtful accounts	(211,176)	(156,654)	(338,070)	(248,182)
Other revenues	1,960	1,960	1,960	1,960
Inputs acquired from third parties	**(1,259,914)**	(1,003,087)	**(2,009,066)**	(1,670,032)
Costs of services sold	(1,189,417)	(948,968)	(1,924,078)	(1,591,574)
Materials, energy, third-party services and other	(70,497)	(51,597)	(84,641)	(75,936)
Loss/recovery of assets	-	(2,522)	(347)	(2,522)
Gross value added	**2,582,066**	2,272,125	**3,491,663**	3,131,143
Depreciation and amortization	(138,802)	(107,784)	(181,848)	(140,269)
Net value added	**2,443,264**	2,164,341	**3,309,815**	2,990,874
Value added received in transfer	**271,006**	229,484	**535,713**	94,400
Equity pickup	119,294	180,330	10,501	9,495
Financial income	151,712	49,154	525,212	84,905
Total value added	**2,714,270**	2,393,825	**3,845,528**	3,085,274
Distribution of value added	**(2,714,270)**	(2,393,825)	**(3,845,528)**	(3,085,274)
Personnel and related charges	(1,154,037)	(1,039,472)	(1,603,725)	(1,435,869)
Taxes, charges and contributions	(382,809)	(293,684)	(571,592)	(487,175)
Interest, rents and other operating expenses	(630,939)	(577,744)	(1,113,924)	(664,933)
Dividends and interest on equity	(170,658)	(139,221)	(170,658)	(139,221)
Retained profits	(375,827)	(343,704)	(385,629)	(358,076)

See accompanying notes.

1. Operations

Rede D'Or São Luiz S.A. ("Company" or "Parent Company" and its subsidiaries "Rede D'Or" or "Group"), headquartered at Rua Francisco Marengo, 1312, in the city and state of São Paulo, 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 care plans.

Rede D'Or operates in the States of Rio de Janeiro, São Paulo, Pernambuco and Brasília, with 36 own hospitals and 2 under construction, as well as oncology and radiotherapy clinics. Currently, the Group has 5,579 hospital beds in total.

In 1998, the first hospital unit, Hospital Barra D'Or, was opened, and in 2000 and 2001, respectively, Hospital Copa D'Or and Hospital Quinta D'Or were opened. Since 2004, there have been strategic partnerships with other hospitals, increasing the expertise and reaching other areas in Rio de Janeiro. Since 2007, Rede D'Or has been operating, also through partnerships and acquisitions, in the State of Pernambuco, and from 2018 in the State of Maranhão.

As from 2010, through new shareholders, fundraising in the market and own cash generation, Rede D'Or started a strong expansion process through acquisitions and construction of new units. The main business combinations since 2010 were:

Hospital	Location	Year of acquisition
Hospital Brasil	Santo Andre, SP	2010
Hospital Assunção	São Bernardo, SP	2010
Hospital São Luiz	São Paulo, SP	2010
Hospital Rio de Janeiro	Rio de Janeiro, RJ	2010
Hospital Prontolinda	Rio de Janeiro, RJ	2010
Vivalle Serviços de Saúde	São José dos Campos, SP	2011
Centro Hospitalar São Marcos	Recife, PE	2011
Nossa Senhora de Lourdes	São Paulo, SP	2012
Hospital da Criança	São Paulo, SP	2012
Santa Luzia	Brasília, DF	2012
Hospital do Coração	Brasília, DF	2012
Hospital Norte D'Or	Rio de Janeiro, RJ	2013
Hospital IFOR S.A.	São Bernardo, SP	2013
Hospital Villa-Lobos	São Paulo, SP	2015
Sino Brasileiro Serviços Hospitalares	São Paulo, SP	2015
Hospital Maternidade Bartira	São Paulo, SP	2015
Hospital Fluminense	Rio de Janeiro, RJ	2015
Hospital Memorial São José	Recife, PE	2016
Hospital Alpha-Med Ltda.	São Paulo, SP	2016
Hospital Ribeirão Pires	São Paulo, SP	2016
Hospital São Vicente	Rio de Janeiro, RJ	2017
Hospital UDI	São Luís, MA	2018

In addition, the Group has invested in oncology and radiotherapy clinics.

2. Basis of preparation and presentation and significant accounting practices

This unaudited interim financial information was prepared in accordance with CPC 21 (R1) / IAS 34 - Interim Financial Reporting.

The significant accounting practices adopted by the Group in this unaudited interim financial information are consistent with those adopted in the audited financial statements for the year ended December 31, 2017, issued on March 31, 2018, except for the adoption of IFRS 15 and IFRS 9, effective from January 1, 2018.

IFRS 15/CPC 47 - Revenue from contracts with customers

Revenue is recognized at an amount that reflects the consideration that an entity expects to be entitled in exchange for assets or services to a customer.

IFRS 9/CPC 48 - Financial Instruments

IFRS 9 determines new criteria for classifying financial assets into three categories: (i) measured at fair value through profit or loss; (ii) measured at fair value through other comprehensive income; and (iii) measured at amortized cost. Depending on the characteristics of each instrument, they may be classified under financial income (expense) or comprehensive income (loss). Also, there is a new impairment model for financial assets, a hybrid of expected and incurred losses, replacing the current model of losses incurred, as well as easing of requirements for adoption of hedge accounting.

The presentation and disclosure of financial instruments were changed in accordance with the new concepts introduced by IFRS 9. All of the items below have been evaluated and there will be no accounting impacts resulting from changes in classifications.

Financial assets/liabilities	Previous classification	IFRS 9 classification
Cash and cash equivalents	Measured at fair value	Fair value through profit or loss
Marketable securities	Measured at fair value	Fair value through profit or loss
Trade accounts receivable	Loans and receivables	Amortized cost
Financial instrument - promissory note	Loans and receivables	Amortized cost
Receivables from sale of property	Loans and receivables	Amortized cost
Judicial deposits	Loans and receivables	Amortized cost
Trade accounts payable	Loans and receivables	Amortized cost
Loans, financing and debentures	Loans and receivables (a)	Amortized cost
Salaries, provisions and social charges	Loans and receivables	Amortized cost
Accounts payable for acquisitions	Loans and receivables	Amortized cost
Derivatives	Fair value through P&L	Fair value through P&L

(a) The debt portion recorded as hedge accounting is measured at fair value through P&L.See Note 26.

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

IFRS 9/CPC 48 - Financial instruments (Continued)

The Company and its subsidiaries classify their financial assets and liabilities at amortized cost and at fair value through profit or loss. These classifications are based on the business model adopted by management and on the characteristics of the contractual cash flows.

a) Financial assets

Amortized cost

The financial assets held under a business model whose purpose is to maintain financial assets to receive contractual cash flows are recognized at amortized cost. These flows are received on specific dates and comprise exclusively payment of principal and interest.

Fair value through P&L

Assets are recognized at fair value through profit or loss when: (i) they do not fall within the business models for which the classification at amortized cost or at fair value through other comprehensive income would be possible; (ii) refer to equity instruments designated at fair value through profit or loss; and (iii) the financial assets are managed to obtain cash flow from the sale of the assets.

Initial measurement

Upon initial recognition, the entity measures its financial assets and liabilities at fair value considering the transaction costs attributable to the acquisition or issue of the financial asset or liability. For trade accounts receivable, the initial measurement is performed by the price of the transaction.

Subsequent measurement

Amortized cost: these assets are accounted for using the effective interest rate method, less the expected credit loss amount. In addition, the amount of principal paid is considered for calculation of the amortized cost.

Fair value through profit or loss: assets classified under this business model are accounted for through the recognition of gain and loss in P&L for the period.

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

IFRS 9/CPC 48 - Financial instruments (Continued)

a) Financial assets (Continued)

Impairment

The Company recognizes a provision for expected credit loss on its assets classified at amortized cost. This evaluation is carried out prospectively and is based on historical data and models designed for this purpose.

b) Financial liabilities

Initial recognition

Financial liabilities are initially recognized at fair value plus transaction costs (for the case of loans and financing and accounts payable).

Subsequent measurement

Amortized cost: liabilities classified as amortized cost are accounted for using the effective interest rate method, whereby gains and losses are recognized in P&L when the liabilities are written off and the amortization is recognized.

Fair value through profit or loss: liabilities classified at fair value through profit or loss are accounted for through the recognition of gain and loss in P&L for the period.

As disclosed in the financial statements for the year ended December 31, 2017, the adoption of these standards had no significant impact on the Company's financial statements.

P&L for the six-month period ended June 30, 2018 does not necessarily indicate the P&L expected for the entire year ending December 31, 2018. The interim financial information and related notes do not include all the information and disclosures required for the annual financial statements. Therefore, this interim financial information shall be read jointly with the audited annual financial statements as of December 31, 2017.

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

The estimates and critical accounting judgments adopted by the Company in this interim financial information are consistent with those adopted in the financial statements for the year ended December 31, 2017, issued on March 31, 2018.

Authorization to issue this financial information was provided by the Company's management on August 9, 2018.

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

	Interest held (%)			
	06/30/2018		12/31/2017	
Parent Company - Rede D'Or São Luiz S.A. (a)	Direct	Indirect	Direct	Indirect
Fully consolidated entities				
Rodin Empreendimentos e Participações S.A.	99,99	0,01	99,99	0,01
Hospital Esperança S.A. ("Esperança")	100,00	-	100,00	-
Hospital UDI (company acquired in 2018)	100,00	-	-	-
UDI Cárdio - Unidade de Diagnóstico e Tratamento Cardiológico Ltda.	-	100,00	-	-
UDI Imagem - Unidade de Diagnóstico por Imagem Ltda.	-	100,00	-	-
Diagno São Marcos Ltda.	-	100,00	-	100,00
Rede D'Or São Luiz Serviços Médicos S.A. ("RM")	99,99	0,01	99,99	0,01
Advance Plano de Saúde S.A.	99,99	0,01	99,99	0,01
PMJ Empreendimentos Imobiliários S.A.	100,00	-	100,00	-
Quinta Empreendimentos Imobiliários Ltda.	99,99	0,01	99,99	0,01
Onco D'Or Oncologia S.A.	98,90	-	98,90	-
Onco D'Or PE S.A.	-	67,03	-	67,03
Instituto Oncológico de Pernambuco Ltda. ("IOPE")	-	67,02	-	67,02
Núcleo Especializado em Oncologia e Hemato (NEOH)	-	67,02	-	67,02
Onco Star SP Oncologia Ltda. (entity incorporated in 2017)	-	75,00	-	75,00
Jenner S.A. (b)	50,00	41,67	50,00	37,50
Clínica de Oncologia Dr. Paulo Emílio Pinto Ltda.	-	50,00	-	50,00
Oncobrasilia - Inst. Bras Onco Clinica Ltda.	-	98,90	-	98,90
Acreditar Oncologia S.A.	-	98,90	-	98,90
Oncologia D'Or S.A.	7,39	78,36	7,39	78,36
Centro de Oncologia do RJ Ltda. ("Salus")	-	89,55	-	89,55
Onco D'Or Oncologia BA Ltda. (former Centro de Hematologia e Oncologia - CEHON)	-	98,57	-	98,57
Centro Médico Jabaquara S.A. (former Centro Diagnóstico NSL S.A.)	97,58	-	97,58	-
Maxclínicas Clínicas e Diagnósticos Ltda.	99,99	0,01	99,99	0,01
TJK Empreendimentos Imobiliários Ltda. (former Diagnolab Exames Complementares Ltda.)	99,99	0,01	99,99	0,01
Centro Hospitalar São Marcos S.A.	100,00	-	100,00	-
Esperança Serviços Médicos e de Diagnósticos S.A.	100,00	-	100,00	-
Hospital Fluminense S.A.	100,00	-	100,00	-
Cardial Serviços Médicos Ltda. (c)	89,44	-	84,00	-
ONCORAD - Serviços de Radioterapia Ltda.	0,01	83,99	0,01	83,99
Unidade de Radiologia Clínica Ltda. ("URC")	72,00	-	72,00	-
Instituto de Ultrassonografia Médica Ltda. ("IUSM")	72,00	-	72,00	-
Laboratório Análises Clínicas - Labvivalle Ltda.	50,10	-	50,10	-
Norte D'Or Participações S.A.	100,00	-	100,00	-
Hospital Norte D'Or de Cascadura S.A ("Norte D'Or")	-	70,00	-	70,00
Proncordis Pronto Atendimento Cardiológico Ltda.	1,69	98,31	1,69	98,31
Café Verde da Quinta Ltda.	99,99	0,01	99,99	0,01
Campinas Empreendimentos Imobiliários Ltda. (former D'Or Trading Importação Ltda.)	99,99	0,01	99,99	0,01
Olimpia Projeto Rua do Rocio 86 SPE S.A. (acquisition of a land. See Note 9)	100.00	-	-	-

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

	Interest held (%)			
	06/30/2018		12/31/2017	
	Direct	Indirect	Direct	Indirect
IFOR Empreendimentos Imobiliários S.A. (former Park D'Or)	99,99	0,01	99,99	0,01
OPUNER do Brasil Ltda.	99,99	0,01	99,99	0,01
Medise Medicina Diagnóstico e Serviços S.A. ("Medise")	87,82	10,18	87,82	10,18
Assunção Emp. Imobiliários Ltda.	99,99	0,01	99,99	0,01
Villa Lobos Empreendimentos Imobiliários S.A.	99,99	0,01	99,99	0,01
Santa Luzia II Emp. Imobiliários Ltda.	99,99	0,01	99,99	0,01
RDSL Empreendimentos Imobiliários S.A.	100,00	-	100,00	-
Rede D'Or São Luiz Soluções Saúde e Segurança	65,00	-	65,00	-
JTO Holding S.A.	92,00	-	92,00	-
JTO-Fundadores Participações Ltda.	11,40	73,60	11,40	73,60
D'Or Consultoria Corretagem, Seguros e Benefícios	-	50,01	-	50,01
D'Or Rio em Corretagem de Seguros S.A.	-	37,51	-	-
D'Or Bahia Consultoria em Corretagem de Seguros e Benefícios Ltda.	-	40,01	-	40,01
Hospital Santa Helena S.A.	100,00	-	100,00	-
Hospital Memorial São José Ltda. ("MSJ") (entity merged in 2018)	-	-	100,00	-
Prontimagem Serviços Médicos Ltda.	100,00	-	100,00	-
GNI01 Empreendimentos Imobiliários Ltda.	99,99	0,01	99,99	0,01
GNI02 Empreendimentos Imobiliários Ltda.	99,99	0,01	99,99	0,01
GNI05 Empreendimentos Imobiliários Ltda.	99,99	0,01	99,99	0,01
GNI06 Empreendimentos Imobiliários Ltda.	99,99	0,01	99,99	0,01
GNI04 Empreendimentos Imobiliários Ltda.	99,99	0,01	99,99	0,01
GNI07 Empreendimentos Imobiliários Ltda.	99,99	0,01	99,99	0,01
GNI09 Empreendimentos Imobiliários Ltda. (entity created in 2018)	99,99	0,01	-	-
GNI10 Empreendimentos Imobiliários Ltda. (entity created in 2018)	99,99	0,01	-	-
GNI11 Empreendimentos Imobiliários Ltda. (entity created in 2018)	99,99	0,01	-	-
GNI12 Empreendimentos Imobiliários Ltda. (entity created in 2018)	99,99	0,01	-	-
GNI13 Empreendimentos Imobiliários Ltda. (entity created in 2018)	99,99	0,01	-	-
Maximagem com Diag. por imagem Ltda.	100,00	-	100,00	-
Noventa e Nove Participações S.A. (entity merged in 2018)	-	-	100,00	-
Hospital Ribeirão Pires Ltda. (company merged in 2018)	-	-	-	100,00
Hospital Alpha Med Ltda.	65,99	34,01	65,99	34,01
Gestão Total da Saúde Ltda.	99,99	0,01	99,99	0,01
Sator Empreendimentos e Participações Ltda. (entity acquired in 2017)	100,00	-	100,00	-
Svgávea Empreendimentos e Participações S.A (entity acquired in 2017)	-	100,00	-	100,00
Hospitais Integrados da Gávea S.A. - Clínica São Vicente (entity acquired in 2017)	-	100,00	-	100,00
Keiki Empreendimentos e Participações S.A.	100,00	-	100,00	-
Santa Luzia III Emp. Imobiliários Ltda.	99,99	0,01	99,99	0,01
Rede D'Or Finance S.A	100,00	-	100,00	-
Companies accounted for under the equity method in the consolidated statements				
Fujidayclinic Ltda.	-	49,45	-	49,45
Em Frente Distribuição, Manipulação E Nutrição Ltda.	-	59,99	-	59,99
Acreditar Tocantins Oncologia S.A.	-	49,45	-	49,45
Centro Oncológico do Vale Ltda.	-	50,00	-	50,00
Instituto de Radioterapia do Vale do Paraíba Ltda. ("Onco São José dos Campos")	-	50,00	-	50,00
JMJB Diagnósticos e Serviços Hospitalares S.A.	50,00	-	50,00	-
J Badim S.A. ("Hospital Badim")	-	50,00	-	50,00
EAH Administração Hospitalar Ltda.	-	50,00	-	50,00
Memorial Imagem e Diag Ltda. ("Mediax")	15,00	-	15,00	-
GGSH Part. S.A. (d)	34,46	-	23,88	-
G2D Serviços Tecnológicos S.A. ("Boa Consulta")	15,00	-	15,00	-
Eldorado do Sul Participações Ltda. (b)	-	33,33	-	-

(a) This includes the following 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, Santa Luzia, Hospital do Coração, Sinisgalli, Nossa Senhora de Lourdes, Hospital da Criança, Sino Brasileiro, Villa Lobos, Hospital e Maternidade Bartira, Ifor, Copa Star, Hospital São Caetano, Hospital Memorial São José Ltda. ("MSJ") and Hospital Ribeirão Pires Ltda.

(b) On June 30, 2018, Onco D'Or Oncologia acquired 33% in Eldorado do Sul Participações Ltda. Through this acquisition there was also an increase of 4.17% of the Company's interest in Jenner S.A., since Eldorado do Sul Participações Ltda. holds interest of 12.5% in Jenner S.A.

(c) On February 28, 2018, Rede D'Or acquired additional interest of 5.44% in Cardial Serviços Médicos Ltda.

(d) On April 30, 2018, Rede D'Or acquired additional interest of 10.58% in GGSH Part. S.A.

3. Business combination

Business combinations disclosed in the financial statements as at December 31, 2017, were not subject to significant subsequent adjustments. The fair value of assets acquired and liabilities assumed as well as goodwill determined on acquisitions occurred in 2017 and in the six-month period ended on June 30, 2018 are as follows:

	2018	2017
	Hospital UDI (a)	**Sator**
Acquisition date	**07/02/2018**	**19/04/2017**
Location	**MA**	**RJ**
Interest acquired (%)	**100.00**	**100.00**
Total consideration	**441,480**	**125,244**
Payment on acquisition date	406,480	110,244
Accounts payable (Note 14)	35,000	15,000
Assets		
Cash and cash equivalents	4,217	2,361
Accounts receivable	40,389	24,003
Inventories	2,491	3,589
Taxes recoverable	373	12,119
Related parties	4,120	18,087
Judicial deposits	551	16,546
Deferred income tax and social contribution	5,943	22,001
Property and equipment	114,004	75,619
Indemnifiable assets	13,919	8,777
Intangible assets	1,070	-
Other	3,164	3,351
	190,241	**186,453**
Liabilities		
Trade accounts payable	(10,606)	(10,257)
Loans and financing	(13,726)	(12,283)
Salaries, provisions and social charges	(7,243)	(27,887)
Tax liabilities	(37.747)	(125.608)
Related parties	(4,120)	(18,089)
Provision for contingencies	(13,919)	(8,777)
Other	(5,531)	(21,397)
	(92,892)	**(224,298)**
Total identifiable assets, net	**97,349**	**(37,845)**
Total consideration	**441,480**	**125,244**
Goodwill on acquisition (Note 10)	**344,131**	**163,089**
Other information:		
Contribution from the acquiree for the Group revenues since the acquisition date	**131,867**	109,742
Contribution from acquiree for the Group of income before taxes since the acquisition date	**29,000**	8,368
Revenues from the acquiree since the beginning of period	**183,598**	153,353
Income before taxes from acquiree since the beginning of period	**53,914**	2,991

(a) The Group is assessing the assets acquired and liabilities assumed at their fair values and, thus, the effects above demonstrated are preliminary.

There is no contingent consideration in these acquisitions. The amount withheld (R$ 35 million and R$ 15 million, in UDI and Sator, respectively) is a guarantee for the potential liabilities assumed by the sellers, and will be paid within six years after the signing date, restated by reference to the Interbank Deposit Certificate - CDI.

4. Cash and cash equivalents and marketable securities

	Parent Company		Consolidated	
	06/30/2018	**12/31/2017**	**06/30/2018**	**12/31/2017**
Cash and cash equivalents				
Cash and banks	**57,465**	30,235	**92,482**	48,511
Short-term investments	**-**	2,324	**66,552**	91,872
Cash and cash equivalents	**57,465**	32,559	**159,034**	140,383
Marketable securities				
Non-boutique investment funds	**317,068**	419,191	**584,937**	1,476,716
Repurchase agreements	**547,496**	457,187	**1,273,182**	1,202,868
Bank Deposit Certificates (CDBs)	**1,325,204**	129,739	**1,792,765**	440,870
Marketable securities	**2,189,768**	1,006,117	**3,650,884**	3,120,454

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

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 "FIM CP Plataforma" investment fund portfolio, issued by first-tier financial institutions, and with average yield of 100.2% (102.0% in 2017) of the Interbank Deposit Certificate (CDI).

5. Accounts receivable

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

	Parent Company		Consolidated	
	06/30/2018	**12/31/2017**	**06/30/2018**	**12/31/2017**
Accounts receivable from health insurance and health plans	**2,530,733**	2,267,263	**3,807,020**	3,501,612
Accounts receivable from individuals	**57,037**	36,985	**73,599**	41,112
Provision for disallowances and Allowance for doubtful accounts	**(476,912)**	(417,340)	**(813,029)**	(705,980)
	2,110,858	1,886,908	**3,067,590**	2,836,744

5. Accounts receivable (Continued)

Changes in provision for disallowances and allowance for doubtful accounts

	Parent Company		Consolidated	
	06/30/2018	**06/30/2017**	**06/30/2018**	**06/30/2017**
Balance at beginning of year	**(417,340)**	(617,418)	**(705,980)**	(972,464)
Recognition of provision for disallowances	**(194,599)**	(142,585)	**(321,210)**	(233,158)
Write-off of uncollectible amounts	**151,604**	115,392	**231,021**	189,932
Set up of allowance for doubtful accounts	**(16,577)**	(14,069)	**(16,860)**	(15,024)
Provision arising from acquisitions	**-**	-	**-**	(17,158)
Balance at end of year	**(476,912)**	(658,680)	**(813,029)**	(1,047,872)

At June 30, 2018 and December 31, 2017, the aging list of trade accounts receivable was as follows:

	Parent Company								
			Overdue						
	Total	**Falling due**	**1 - 30 days**	**31 - 60 days**	**61 - 90 days**	**91 - 120 days**	**121 - 180 days**	**181 - 360 days**	**360 - 720 days**
06/30/2018	**2,587,770**	**1,661,881**	**64,761**	**47,937**	**50,914**	**43,699**	**90,654**	**246,877**	**381,047**
12/31/2017	2,304,248	1,463,931	69,177	52,109	49,618	45,560	89,509	222,514	311,830

	Consolidated								
			Overdue						
	Total	**Falling due**	**1 - 30 days**	**31 - 60 days**	**61 - 90 days**	**91 - 120 days**	**121 - 180 days**	**181 - 360 days**	**360 - 720 days**
06/30/2018	**3,880,619**	**2,377,345**	**105,734**	**78,411**	**74,517**	**66,569**	**144,242**	**370,929**	**662,872**
12/31/2017	3,542,724	2,171,336	115,694	83,487	79,410	70,963	141,715	343,135	536,984

6. Inventories

	Parent Company		Consolidated	
	06/30/2018	**12/31/2017**	**06/30/2018**	**12/31/2017**
Medicines	**39,572**	46,944	**76,849**	85,633
Special materials	**42,204**	38,918	**55,904**	49,410
Disposable materials	**33,219**	38,606	**39,624**	48,359
Bracing and prosthetic	**919**	1,496	**4,067**	1,794
Materials for use and consumption	**12,762**	8,971	**18,627**	14,348
Food items	**2,589**	2,627	**2,993**	3,079
Dressing room materials	**820**	1,370	**1,502**	2,366
Surgical sutures	**3,044**	3,108	**3,668**	3,888
Other	**9,392**	9,798	**17,602**	20,358
	144,521	151,838	**220,836**	229,235

7. Transactions with related parties

Significant related-party transactions

The nature of significant related-party transactions is summarized as follows:

(i) *Lease* - the Group leases properties owned by the controlling shareholders: hospitals Copa D'Or and Quinta D'Or and the property of the administrative unit. They are leased at market value. The impact on profit or loss for six-month period ended June 30, 2018 was R$10,987 (R$7,900 in 2017). Leases are annually restated by reference to the Extended Consumer Price Index (IPCA).

(ii) *Transfers of funds between companies* - in order to support the operations of certain investees and provide funds for expansion and/or acquisitions, the Parent Company transfers funds to its investees. The balances are substantially eliminated in the consolidated interim financial information. These balances are not restated, do not have a maturity, and the collection is expected for the subsequent fiscal year. The remaining consolidated balances refer to the transfer of funds to affiliates and joint ventures.

(iii) *Shared services* - these are centralized services rendered by the Parent Company, such as legal services, marketing, accounting, treasury, accounts payable and accounts receivable. These services are shared among the other entities of the group and have specific allocation criteria based on the contribution of each entity to the consolidated revenue. These balances are substantially eliminated for consolidation purposes.

(iv) *Debentures* - certain subsidiaries issued nonconvertible debentures, which were acquired by the Parent Company. These issuances were intended to provide funds to the investees for investment in operations and expansion. These balances are substantially eliminated for consolidation purposes.

In addition to the balances presented in the tables below, for the six-month period ended June 30, 2018, the Parent Company and the subsidiary Rede D'Or Finance made a transaction of issuance and purchase of debentures, as disclosed in Note 12.

7. Transactions with related parties (Continued)

Related-party balances

	Parent Company							
	06/30/2018				12/31/2017			06/30/2017
Companies	Current assets	Noncurrent assets	Noncurrent liabilities	P&L	Current assets	Noncurrent assets	Noncurrent liabilities	P&L
Debentures Norte D'Or (a)	**7,880**	**5,946**	**-**	**780**	7,066	11,364	-	1,790
Shared services								
Medise Medicina Diagnóstico e Serviços Ltda.	**-**	**18,736**	**-**	**5,402**	-	13,343	-	3,354
Hospital Esperança S.A.	**-**	**17,611**	**-**	**16,297**	-	7,449	-	11,568
Hospital São Marcos S.A	**-**	**4,244**	**-**	**2,576**	-	1,668	-	1,868
Hospital Norte D'Or de Cascadura S.A.	**-**	**-**	**-**	**3,227**	-	-	-	1,696
Rede D'Or São Luiz Serviços Médicos S.A.	**-**	**-**	**-**	**7,653**	-	142,060	-	5,819
J. Badim S.A.	**-**	**3,793**	**-**	**600**	-	3,214	-	626
Oncologia D'Or S.A.	**-**	**272**	**-**	**816**	-	9,627	-	816
Hospital Fluminense S.A.	**-**	**-**	**-**	**2,387**	-	1,472	-	1,312
Hospital Ribeirão Pires LTDA	**-**	**-**	**-**	**-**	-	5,426	-	-
Clínica São Vicente	**-**	**-**	**-**	**3,488**	-	3,619	-	-
Hospital Memorial São José LTDA	**-**	**-**	**-**	**-**	-	5,808	-	-
Hospital Santa Helena S.A	**-**	**-**	**-**	**8,438**	-	13,066	-	-
Hospital Alpha-Med LTDA	**-**	**3,337**	**-**	**1,362**	-	1,976	-	-
Esperança Serviços Médicos e Diagnósticos S.A	**-**	**51**	**-**	**-**	-	51	-	59
Centro Médico Jabaquara S.A	**-**	**368**	**-**	**-**	-	368	-	-
Centro Diagnóstico NSL	**-**	**3**	**-**	**3**	-	-	-	119
Diagno SM	**-**	**69**	**-**	**69**	-	-	-	-
URC	**-**	**143**	**-**	**143**	-	-	-	-
São Luiz Serviços Médicos S.A. (b)	**-**	**-**	**-**	**-**	-	-	2,368	-
Centro Dignóstico NSL (b)	**-**	**255**	**-**	**-**	-	2,578	-	-
Hospital Norte D'Or de Cascadura S.A.	**-**	**-**	**1,059**	**-**	-	10,093	-	-
Hospital Ribeirao Pires LTDA (b)	**-**	**-**	**-**	**-**	-	4,457	-	-
Hospital Alpha Med.	**-**	**-**	**3,158**	**-**	-	-	-	-
Unidade de Radiologia Clínica Ltda. (b)	**-**	**11,237**	**-**	**-**	-	11,993	-	-
Medise Medicina Diagnóstico e Serviços Ltda. (b)	**-**	**-**	**9,079**	**-**	-	-	9,234	-
PMJ Assessoria e Consultoria Financeira S.A. (b)	**-**	**-**	**-**	**-**	-	60,894	-	-
Jenner S.A (b)	**-**	**16,688**	**-**	**-**	-	16,688	-	-
Oncologia D'Or S.A. (b)	**-**	**3,681**	**-**	**-**	-	6,481	-	-
Hospital Fluminense S.A. (b)	**-**	**-**	**867**	**-**	-	2,086	-	-
Hospital Esperança S.A. (b)	**-**	**-**	**35,818**	**-**	-	-	36,055	-
JMJB Diagnósticos e Serviços Hospitalares S.A. (b)	**-**	**7,708**	**-**	**-**	-	7,499	-	-
Proncordis PA Cardiologico Ltda. (b)	**-**	**11,098**	**-**	**-**	-	10,578	-	-
Onco D'Or Oncologia S.A. (b)	**-**	**83,414**	**-**	**-**	-	99,009	-	-
D'Or Trading Importação Ltda.	**-**	**457**	**-**	**-**	-	-	-	-
Hospital Santa Helena S.A. (b)	**-**	**-**	**-**	**-**	-	12,103	-	-
Santa Luzia II Emp. Imobiliários Ltda. (b)	**-**	**-**	**-**	**-**	-	24,550	-	-
IFOR Empreendimentos Imobiliários S.A.	**-**	**1**	**-**	**-**	-	-	-	-
Opuner do Brasil Ltda. (b)	**-**	**-**	**5,808**	**-**	-	-	5,808	-
Assunção Empreendimentos Imobiliários	**-**	**-**	**34**	**-**	-	-	-	-
Instituto D'Or de Pesquisa e Ensino (b)	**-**	**7,454**	**-**	**-**	-	7,454	-	-
JM&AM Empreendimentos Imobiliários S.A. (c)	**-**	**-**	**-**	**10,987**	-	-	-	7,900
Onco Star	**-**	**17,484**	**-**	**-**	-	-	-	-
Other	**-**	**4,615**	**1,374**	**-**	-	38,169	1,416	-
	7,880	**218,665**	**57,197**	**64,228**	7,066	535,143	54,881	36,927

7. Transactions with related parties (Continued)

Related-party balances (Continued)

	Consolidated							
	06/30/2018				12/31/2017			06/30/2017
Companies	Current assets	Noncurrent assets	Noncurrent liabilities	P&L	Current assets	Noncurrent assets	Noncurrent liabilities	P&L
Shared services								
J. Badim S.A.	**-**	**3,793**	**-**	**780**	-	3,214	-	**626**
JMJB Diagnósticos e Serviços Hospitalares S.A.	**-**	**-**	**-**	**-**	-	7,499	-	**-**
Instituto D'Or de Pesquisa e Ensino	**-**	**7,708**	**-**	**-**	-	7,454	-	**-**
J Badim S.A. (b)	**-**	**7,454**	**-**	**-**	-	1,489	-	**-**
JM&AM Empreendimentos Imobiliários S.A. (c)	**-**	**1,218**	**-**	**10,987**	-	-	-	**7,900**
Other	**-**	**3,839**	**60**	**-**	-	3,827	60	**-**
	-	**24,012**	**60**	**11,767**	-	23,483	60	**8.526**

(a) On February 09, 2012, Hospital Norte D'Or privately issued nonconvertible, single-series, registered debentures amounting to R$35,000, maturing on February 10, 2017, with Rede D'Or as the debenture holder. The debentures are remunerated on a *pro rata* temporis basis bearing interest equivalent to 100% of DI (Interbank Deposits) plus 3.5% p.a. Interest is paid on a quarterly basis. There are no guarantees for the debentures. Upon a 10-day notice, Norte D'Or is entitled to repay the debentures in advance, as provided for by agreement. On May 8, 2014, the indenture was amended to split the first payment into 10 successive monthly installments beginning August 2014, subject to interest as defined in the original indenture. On November 10, 2015, nonconvertible, single-series, registered debentures amounting to R$25.000 were issued, with quarterly payments beginning in May 2017 and maturing on November 10, 2019. The debenture holder is Rede D'Or and the other conditions are similar to that of the first issue.

(b) Transfers of funds for acquisitions of companies, properties, for expansion of operations, among others. These balances are substantially eliminated in the consolidated financial statements. There are no maturity or monetary correction on these balances.

(c) Lease of properties owned by the controlling shareholders of Rede D'Or.

Key management personnel's compensation

The Group considers "Key management personnel" only the members of its Statutory Board and Board of Directors. At June 30, 2018 and 2017, key management personnel compensation was as follows:

	06/30/2018	06/30/2017
Salaries and bonuses	**25,663**	**23,721**
Benefits	**61**	**40**
Share-based compensation	**20,331**	**16,302**
	46,055	**40,063**

8. Investments

Breakdown of and changes in investments - Parent Company

Company	Balances at 12/31/2017	Equity pickup	Dividends	Acquisition of equity interest	Capital increase/advance for future capital increase	Transfer	Other	Merger	Balances at 06/30/2018
Medise Medicina Diagnóstico e Serviços S.A.	173,056	**20,196**	**-**	**-**	**-**	**-**	**-**	**-**	**193,252**
Hospital Esperança S.A.	71,346	**35,123**	**-**	**-**	**-**	**-**	**-**	**-**	**106,469**
Hospital São Marcos (including goodwill)	65,705	**6,078**	**-**	**-**	**-**	**-**	**-**	**-**	**71,783**
PMJ Empreendimentos Imobiliários S.A.	180,403	**1,213**	**-**	**-**	**113,878**	**-**	**-**	**-**	**295,494**
Norte D'Or Participações S.A. (including goodwill)	71,695	**5,997**	**-**	**-**	**52**	**-**	**-**	**-**	**77,744**
Onco D'Or Oncologia S.A.	275,950	**30,175**	**-**	**-**	**5,296**	**-**	**(8,954)**	**-**	**302,467**
Jenner S.A. (including goodwill)	101,233	**4,499**	**-**	**-**	**-**	**-**	**-**	**-**	**105,732**
JMJB Diagnósticos e Serviços Hospitalares	23,291	**2,271**	**-**	**-**	**1,500**	**-**	**-**	**-**	**27,062**
Rodin Empreendimentos e Participações S.A.	54,285	**(38)**	**-**	**-**	**-**	**-**	**-**	**-**	**54,247**
Quinta Empreendimentos Imobiliários Ltda.	55,137	**3,677**	**-**	**-**	**-**	**-**	**-**	**-**	**58,814**
Hospital Fluminense S.A. (including goodwill)	58,588	**7,372**	**-**	**-**	**6,390**	**-**	**-**	**-**	**72,350**
Cardial Serviços Médicos (including goodwill)	62,308	**2,449**	**(9,987)**	**962**	**5,296**	**-**	**-**	**-**	**61,028**
Hospital Santa Helena S.A. (including goodwill)	332,878	**12,043**	**-**	**-**	**42,547**	**-**	**-**	**-**	**387,468**
TJK Empreendimentos Imobiliários Ltda.	21,926	**145**	**-**	**-**	**-**	**-**	**-**	**-**	**22,071**
Memorial São José Ltda. (including goodwill) (a)	173,401	**-**	**-**	**-**	**-**	**-**	**-**	**(173,401)**	**-**
Hospital Ribeirão Pires Ltda. (including goodwill) (a)	173,807	**1,098**	**-**	**-**	**-**	**-**	**-**	**(174,905)**	**-**
Villa Lobos Empreendimentos Imobiliários Ltda.	209,818	**2,514**	**(12,000)**	**-**	**-**	**-**	**-**	**-**	**200,332**
Santa Luzia II Empreendimentos Imobiliários Ltda.	33,538	**(1,216)**	**-**	**-**	**52,580**	**-**	**-**	**-**	**84,902**
Campinas Empreendimentos Imobiliários Ltda.	45,882	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**45,882**
Sator Empreendimentos e Participações Ltda.	168,819	**2,460**	**-**	**-**	**28,713**	**-**	**-**	**-**	**199,992**
Rede D'or Finance	-	**(9,018)**	**-**	**-**	**14,387**	**-**	**-**	**-**	**5,369**
Rede D'or São Luiz Serviços Médicos S.A.	-	**(15,750)**	**-**	**-**	**147,675**	**(59,630)**	**-**	**-**	**72,295**
GGSH Participações S.A	18,925	**3,963**	**-**	**12,833**	**-**	**-**	**7,347**	**-**	**43,068**
Olimpia Projeto Rua do Rocio 86 SPE S.A.	-	**-**	**-**	**303,000**	**-**	**-**	**-**	**-**	**303,000**
Other	330,613	**6,444**	**(1,201)**	**-**	**29,558**	**-**	**(2,442)**	**-**	**362,972**
	2,702,604	**121,695**	**(23,188)**	**316,795**	**447,872**	**(59,630)**	**(4,049)**	**(348,306)**	**3,153,793**
Rede D'or São Luiz Serviços Médicos S.A.	(59,630)	**-**	**-**	**-**	**-**	**59,630**	**-**	**-**	**-**
Centro Hospitalar São Marcos S.A.	(16,121)	**(629)**	**-**	**-**	**-**	**-**	**-**	**-**	**(16,750)**
Proncordis Pronto Atendimento Cardiológico Ltda.	(31)	**(14)**	**-**	**-**	**-**	**-**	**-**	**-**	**(45)**
Café Verde	(2,021)	**(1,758)**	**-**	**-**	**2,776**	**-**	**89**	**-**	**(914)**
	(77,803)	**(2,401)**	**-**	**-**	**2,776**	**59,630**	**89**	**-**	**(17,709)**
Equity pickup		**119,294**							

(a) Subsidiary merged into the Parent Company in 2018.

8. **Investments** (Continued)

Breakdown of and changes in investments - Parent Company (Continued)

Parent Company	Balances at 12/31/2016	Equity pickup	Dividends	Acquisition of interest	Capital increase/advance for future capital increase	Transfer	Other	Merger	Balances at 06/30/2017
Medise Medicina Diagnóstico e Serviços S.A.	149,837	**9,818**	**-**	**-**	**-**	**-**	**-**	**-**	**159,655**
Hospital Esperança S.A.	222,888	**47,064**	**-**	**-**	**-**	**-**	**-**	**-**	**269,952**
Hospital São Marcos (including goodwill)	48,723	**9,648**	**-**	**-**	**-**	**-**	**-**	**-**	**58,371**
PMJ Empreendimentos Imobiliários S.A.	73,355	**131**	**-**	**-**	**104,222**	**-**	**-**	**-**	**177,708**
Norte D'Or Participações S.A. (including goodwill)	64,889	**4,642**	**(3,878)**	**-**	**83**	**-**	**-**	**-**	**65,736**
Onco D'Or Oncologia S.A.	117,682	**12,839**	**-**	**-**	**-**	**-**	**(7,513)**	**-**	**123,008**
Jenner S.A. (including goodwill)	94,738	**7,801**	**-**	**-**	**-**	**-**	**-**	**-**	**102,539**
JMJB Diagnósticos e Serviços Hospitalares	18,179	**2,824**	**-**	**-**	**-**	**-**	**-**	**-**	**21,003**
Rodin Empreendimentos e Participações S.A.	52,222	**(51)**	**-**	**-**	**2,020**	**-**	**-**	**-**	**54,191**
Quinta Empreendimentos Imobiliários Ltda.	31,808	**3,516**	**-**	**-**	**16,265**	**-**	**-**	**-**	**51,589**
Hospital Fluminense S.A. (including goodwill)	21,390	**6,548**	**-**	**-**	**26,976**	**-**	**-**	**-**	**54,914**
Acreditar Oncologia S.A. (including goodwill)	130,105	**7,559**	**-**	**-**	**-**	**-**	**-**	**-**	**137,664**
Cardial Serviços Médicos (including goodwill)	55,947	**4,315**	**(3,242)**	**-**	**-**	**-**	**561**	**-**	**57,581**
Hospital Santa Helena S.A. (including goodwill)	207,264	**20,851**	**-**	**-**	**100,275**	**-**	**(4,893)**	**-**	**323,497**
TJK Empreendimentos Hospitalares	21,464	**325**	**-**	**-**	**-**	**-**	**-**	**-**	**21,789**
Memorial São José Ltda. (including goodwill)	143,960	**8,634**	**-**	**-**	**11,961**	**-**	**-**	**-**	**164,555**
Ribeirão Pires (including goodwill)	168,003	**6,898**	**-**	**-**	**-**	**-**	**115**	**-**	**175,016**
Cedib (including goodwill) (a)	5,324	**-**	**-**	**-**	**-**	**-**	**-**	**(5,324)**	**-**
Villa Lobos Empreendimentos Imobiliários Ltda. (former JM01 Empreendimentos Imobiliários Ltda.)	11,713	**2,238**	**-**	**-**	**193,580**	**-**	**-**	**-**	**207,531**
Santa Luzia II Empreendimentos Imobiliários Ltda. (former Jm02 Empreendimentos Imobiliários Ltda.)	27,036	**6,526**	**-**	**-**	**-**	**-**	**-**	**-**	**33,562**
Campinas Empreendimentos Imobiliários Ltda. (former D'Or Trading Importação Ltda.)	353	**(573)**	**-**	**-**	**45,531**	**-**	**-**	**-**	**45,311**
Sator Empreendimentos e Participações Ltda. (b)	-	**5,329**	**-**	**125,244**	**2,382**	**-**	**-**	**-**	**132,955**
Other	192,569	**7,974**	**(909)**	**-**	**53,883**	**14**	**8,348**	**-**	**261,879**
	1,859,449	**174,856**	**(8,029)**	**125,244**	**557,178**	**14**	**(3,382)**	**(5,324)**	**2,700,006**
Rede D'or São Luiz Serviços Médicos S.A.	(31,566)	**6,941**	**-**	**-**	**13,652**	**-**	**-**	**-**	**(10,973)**
Centro Hospitalar São Marcos S.A.	(25,178)	**(164)**	**-**	**-**	**-**	**-**	**-**	**-**	**(25,342)**
Proncordis Pronto Atendimento Cardiológico Ltda.	(14)	**(9)**	**-**	**-**	**-**	**-**	**-**	**-**	**(23)**
IFOR Empreendimentos imobiliários S.A (forrmer Park D'Or)	(15)	**-**	**-**	**-**	**29**	**(14)**	**-**	**-**	**-**
Café Verde	(2,100)	**(1,294)**	**-**	**-**	**2,954**	**-**	**-**	**-**	**(440)**
	(58,873)	**5,474**	**-**	**-**	**16,635**	**(14)**	**-**	**-**	**(36,778)**
Equity pickup		**180,330**							

(a) Subsidiary merged into the Parent Company in 2017.

(b) Entity acquired on April 19, 2017.

8. **Investments** (Continued)

Breakdown of and changes in investments - Consolidated

Company	Balances at 12/31/2017	Equity pickup	Acquisition of interest	Dividends	Advance for future capital increase	Other	Balances at 06/30/2018
JMJB Diagnósticos e Serviços Hospitalares S.A.	23,291	**2,271**	**-**	**-**	**1,500**	**-**	**27,062**
Instituto de Radioterapia do Vale do Paraíba Ltda.	34,206	**3,561**	**-**	**(2,577)**	**-**	**-**	**35,190**
GGSH Participações S.A	18,925	**3,963**	**12,833**	**-**	**-**	**7,347**	**43,068**
Other	13,549	**706**	**-**	**(1,311)**	**-**	**(452)**	**12,492**
	89,971	**10,501**	**12,833**	**(3,888)**	**1,500**	**6,895**	**117,812**

Company	Balances at 12/31/2016	Equity pickup	Acquisition of interest	Dividends	Advance for future capital increase	Other	Balances at 06/30/2017
JMJB Diagnósticos e Serviços Hospitalares S.A.	18,179	2,824	-	-		-	21,003
Instituto de Radioterapia do Vale do Paraíba Ltda.	35,721	2,587	-	(3,798)		-	34,510
GGSH Participações S.A	16,030	2,722	-	-		(1,428)	17,324
Other	8,234	1,362	-	(1,103)		-	8,493
	78,164	9,495	-	(4,901)		(1,428)	81,330

8. **Investments** (Continued)

Summary of information of significant subsidiaries

	06/30/2018							06/30/2017
	% Total	% Voting capital	Assets	Liabilities	Equity	Operating income	P&L for the year	P&L for the year
Parent Company - Rede D'Or São Luiz S.A. (a)								
Direct and indirect subsidiaries								
Medise Medicina Diagnóstico e Serviços S.A. ("Medise")	**98.00**	**98.00**	331,306	129,008	202,298	34,534	22,537	11,180
Rodin Empreendimentos e Participações S.A.	**100.00**	**100.00**	54,247	-	54,247	(33)	(38)	(51)
Hospital Esperança S.A. ("Esperança")	**100.00**	**100.00**	2,491,965	2,385,496	106,469	102,952	35,124	47,064
Mais-Multi Assistência Incorporada a Saúde Ltda. ("Hospital São Marcos")	**100.00**	**100.00**	85,593	24,617	60,976	7,404	6,078	9,648
PMJ Empreendimentos Imobiliários S.A	**100.00**	**100.00**	352,042	56,548	295,494	880	1,213	131
Quinta Empreendimentos Imobiliários Ltda.	**100.00**	**100.00**	60,754	1,939	58,815	6,779	3,678	3,516
Onco D'Or Oncologia S.A.	**98.90**	**98.90**	239,933	84,723	155,210	19,349	9,756	13,893
Jenner S.A.	**91.67**	**91.67**	141,737	16,690	125,047	(14)	7,874	15,602
Hospital Fluminense S.A.	**100.00**	**100.00**	71,938	12,368	59,570	11,587	7,372	6,548
Cardial Serviços Médicos Ltda.	**89.50**	**89.50**	30,452	5,813	24,639	3,972	2,449	5,136
Norte D'Or Participações S.A.	**100.00**	**100.00**	51,939	2,646	49,293	(24)	5,997	4,642
Hospital Norte D'Or de Cascadura S.A ("Norte D'Or")	**70.00**	**70.00**	107,996	39,189	68,807	16,004	6,418	7,332
Hospital Santa Helena S.A	**100.00**	**100.00**	347,178	80,620	266,558	24,751	12,043	20,851
Acreditar Oncologia S.A.	**98.90**	**98.90**	85,555	38,054	47,501	15,596	10,477	12,598
Tijuca Empreendimentos Imobiliários Ltda.	**100.00**	**100.00**	22,832	761	22,071	744	145	325
Villa Lobos Empreendimentos Imobiliários S.A.	**100.00**	**100.00**	202,252	1,919	200,333	9,972	2,515	25,734
Santa Luzia II Emp. Imobiliários Ltda.	**100.00**	**100.00**	86,020	1,118	84,902	(48)	(1,216)	6,526
Campinas Empreendimentos Imob. (former D'Or Trading)	**100.00**	**100.00**	46,338	457	45,881	-	-	(573)
IFOR Empreendimentos imobiliários S.A (Park D'Or)	**100.00**	**100.00**	33	25	8	(13)	(6)	-
Hospital Ribeirão Pires Ltda.	**100.00**	**100.00**	92,043	70,680	21,363	12,129	11,079	5,290
Sator Empreendimentos e Participações Ltda.	**100.00**	**100.00**	2	59,408	-59,406	2,460	2,460	5,329
Hospital Alpha Med Ltda.	**100.00**	**100.00**	46,961	23,091	23,870	9,481	6,233	2,995

(a) This includes the following 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, Santa Luzia, Hospital do Coração, Sinisgalli, Nossa Senhora de Lourdes, Hospital da Criança, Sino Brasileiro, Villa Lobos, Hospital e Maternidade Bartira, Ifor, Copa Star, Hospital Memorial São José, Hospital Ribeirão Pires and Hospital São Caetano.

Summary of information of associates and jointly controlled entities

	06/30/2018							06/30/2017
	% Total	% Voting capital	Assets	Liabilities	Equity	Operating income	P&L for the year	P&L for the year
Companies recognized by the equity method in the consolidated financial information								
Instituto de Radioterapia do Vale do Paraíba Ltda.	**50.00**	**50.00**	19,614	11,674	7,940	9,056	3,561	5,174
JMJB Diagnósticos e Serviços Hospitalares S.A.	**50.00**	**50.00**	70,413	9,289	61,124	4,516	2,271	5,648
GGSH Participações S.A.	**34,46**	**34,46**	113,788	1,358	112,430	13,371	4,456	12,786

9. Property and equipment

Breakdown of balances

		Parent Company					
		06/30/2018			12/31/2017		
Description	Depreciation rate	Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
Hospital machinery and equipment	12% to 20%	**836,909**	**(469,110)**	**367,799**	784,172	(430,982)	353,190
Surgical instruments	20%	**43,500**	**(22,277)**	**21,223**	39,749	(18,224)	21,525
Machinery and equipment	7% to 10%	**248,584**	**(162,879)**	**85,705**	227,864	(144,110)	83,754
Properties	2.5% to 4%	**594,377**	**(93,437)**	**500,940**	848,716	(77,508)	771,208
Improvements in own properties	4%	**101,105**	**(27,792)**	**73,313**	99,610	(22,738)	76,872
Leasehold improvements	3% to 4%	**820,078**	**(269,760)**	**550,318**	816,341	(244,250)	572,091
Furniture and fixtures	10%	**128,350**	**(66,890)**	**61,460**	115,418	(60,013)	55,405
Vehicles	20%	**3,984**	**(2,870)**	**1,114**	3,939	(2,690)	1,249
Facilities	10%	**94,434**	**(34,050)**	**60,384**	85,242	(30,804)	54,438
Land	-	**155,530**	**-**	**155,530**	130,020	-	130,020
Construction in progress	-	**765,484**	**-**	**765,484**	582,239	-	582,239
Other	5% to 10%	**12,115**	**(4,850)**	**7,265**	11,799	(4,612)	7,187
		3,804,450	**(1,153,915)**	**2,650,535**	3,745,109	(1,035,931)	2,709,178

		Consolidated					
		06/30/2018			12/31/2017		
Description	Depreciation rate	Cost	Accumulated depreciation	Net Amount	Cost	Accumulated depreciation	Net amount
Hospital machinery and equipment	12% to 20%	**1,057,048**	**(559,990)**	**497,058**	992,902	(511,585)	481,317
Surgical instruments	20%	**50,609**	**(26,211)**	**24,398**	48,636	(21,655)	26,981
Machinery and equipment	7% to 10%	**332,738**	**(222,150)**	**110,588**	291,036	(196,134)	94,902
Properties	2.5% to 4%	**1,050,481**	**(124,747)**	**925,734**	1,258,561	(99,842)	1,158,719
Improvements in own properties	4%	**105,752**	**(29,984)**	**75,768**	104,053	(24,517)	79,536
Leasehold improvements	3% to 4%	**1,070,892**	**(362,379)**	**708,513**	1,032,436	(331,362)	701,074
Furniture and fixtures	10%	**173,403**	**(90,458)**	**82,945**	157,720	(81,750)	75,970
Vehicles	20%	**4,526**	**(4,262)**	**264**	4,495	(3,054)	1,441
Facilities	10%	**149,513**	**(58,596)**	**90,917**	139,140	(52,972)	86,168
Land	-	**791,878**	**-**	**791,878**	463,442	-	463,442
Construction in progress	-	**1,017,678**	**-**	**1,017,678**	743,591	-	743,591
Other	5% to 10%	**48,999**	**(6,251)**	**42,748**	48,645	(6,146)	42,499
		5,853,517	**(1,485,028)**	**4,368,489**	5,284,657	(1,329,017)	3,955,640

9. Property and equipment (Continued)

Changes in Parent Company

	12/31/2017	Additions	Sales / disposals	Additions from mergers	06/30/2018
Cost					
Hospital machinery and equipment	784,172	**40,029**	**-**	**12,708**	**836,909**
Surgical instruments	39,749	**1,643**	**-**	**2,108**	**43,500**
Machinery and equipment	227,864	**19,333**	**-**	**1,387**	**248,584**
Properties	848,716	**3,161**	**(257,500)**	**-**	**594,377**
Improvements in own properties	99,610	**1,481**	**-**	**14**	**101,105**
Leasehold improvements	816,341	**10,429**	**(10,000)**	**3,308**	**820,078**
Furniture and fixtures	115,418	**7,991**	**-**	**4,941**	**128,350**
Vehicles	3,939	**45**	**-**	**-**	**3,984**
Facilities	85,242	**7,876**	**-**	**1,316**	**94,434**
Land	130,020	**-**	**-**	**25,510**	**155,530**
Construction in progress	582,239	**171,518**	**-**	**11,727**	**765,484**
Other	11,799	**306**	**-**	**10**	**12,115**
	3,745,109	**263,812**	**(267,500)**	**63,029**	**3,804,450**
Depreciation					
Hospital machinery and equipment	(430,982)	**(38,128)**	**-**	**-**	**(469,110)**
Surgical instruments	(18,224)	**(4,053)**	**-**	**-**	**(22,277)**
Machinery and equipment	(144,110)	**(18,769)**	**-**	**-**	**(162,879)**
Properties	(77,508)	**(21,079)**	**5,150**	**-**	**(93,437)**
Improvements in own properties	(22,738)	**(5,054)**	**-**	**-**	**(27,792)**
Leasehold improvements	(244,250)	**(25,710)**	**200**	**-**	**(269,760)**
Furniture and fixtures	(60,013)	**(6,877)**	**-**	**-**	**(66,890)**
Vehicles	(2,690)	**(180)**	**-**	**-**	**(2,870)**
Facilities	(30,804)	**(3,246)**	**-**	**-**	**(34,050)**
Other	(4,612)	**(238)**	**-**	**-**	**(4,850)**
	(1,035,931)	**(123,334)**	**5,350**	**-**	**(1,153,915)**
Property and equipment, net	2,709,178	**140,478**	**(262,150)**	**63,029**	**2,650,535**

	12/31/2016	Additions	Additions from mergers	06/30/2017
Cost				
Hospital machinery and equipment	647,982	57,527	3,819	709,328
Surgical instruments	33,257	2,166	-	35,423
Machinery and equipment	193,711	16,562	10	210,283
Properties	442,851	6,416	-	449,267
Improvements in own properties	94,452	1,137	-	95,589
Leasehold improvements	793,676	7,002	-	800,678
Furniture and fixtures	96,030	9,830	3	105,863
Vehicles	3,631	114	-	3,745
Facilities	70,417	5,790	-	76,207
Land	122,684	-	-	122,684
Construction in progress	459,643	127,843	-	587,486
Other	11,349	262	-	11,611
	2,969,683	234,649	3,832	3,208,164
Depreciation				
Hospital machinery and equipment	(363,138)	(38,119)	-	(401,257)
Surgical instruments	(12,231)	(2,785)	-	(15,016)
Machinery and equipment	(111,621)	(14,967)	-	(126,588)
Properties	(64,383)	847	-	(63,536)
Improvements in own properties	(15,951)	(2,907)	-	(18,858)
Leasehold improvements	(176,333)	(31,851)	-	(208,184)
Furniture and fixtures	(49,205)	(5,099)	-	(54,304)
Vehicles	(2,306)	(186)	-	(2,492)
Facilities	(24,487)	(2,712)	-	(27,199)
Other	(4,459)	(65)	-	(4,524)
	(824,114)	(97,844)	-	(921,958)
Property and equipment, net	2,145,569	136,805	3,832	2,286,206

9. Property and equipment (Continued)

Changes in Consolidated

	12/31/2017	Additions	Sales / disposals	Transfers	Business combination	06/30/2018
Cost						
Hospital machinery and equipment	992,902	**64,146**	**-**	**-**	**-**	**1,057,048**
Surgical instruments	48,636	**1,973**	**-**	**-**	**-**	**50,609**
Machinery and equipment	291,036	**22,533**	**-**	**-**	**19,169**	**332,738**
Properties	1,258,561	**15,016**	**(257,500)**	**-**	**34,404**	**1,050,481**
Improvements in own properties	104,053	**1,699**	**-**	**-**	**-**	**105,752**
Leasehold improvements	1,032,436	**18,073**	**(10,000)**	**9,285**	**21,098**	**1,070,892**
Furniture and fixtures	157,720	**10,059**	**-**	**-**	**5,624**	**173,403**
Vehicles	4,495	**31**	**-**	**-**	**-**	**4,526**
Facilities	139,140	**10,373**	**-**	**-**	**-**	**149,513**
Land	463,442	**304,080**	**-**	**-**	**24,356**	**791,878**
Construction in progress	743,591	**274,019**	**-**	**(9,285)**	**9,353**	**1,017,678**
Other	48,645	**354**	**-**	**-**	**-**	**48,999**
	5,284,657	**722,356**	**(267,500)**	**-**	**114,004**	**5,853,517**
Depreciation						
Hospital machinery and equipment	(511,585)	**(48,405)**	**-**	**-**	**-**	**(559,990)**
Surgical instruments	(21,655)	**(4,556)**	**-**	**-**	**-**	**(26,211)**
Machinery and equipment	(196,134)	**(26,016)**	**-**	**-**	**-**	**(222,150)**
Properties	(99,842)	**(30,055)**	**5,150**	**-**	**-**	**(124,747)**
Improvements in own properties	(24,517)	**(5,467)**	**-**	**-**	**-**	**(29,984)**
Leasehold improvements	(331,362)	**(31,217)**	**200**	**-**	**-**	**(362,379)**
Furniture and fixtures	(81,750)	**(8,708)**	**-**	**-**	**-**	**(90,458)**
Vehicles	(3,054)	**(1,208)**	**-**	**-**	**-**	**(4,262)**
Facilities	(52,972)	**(5,624)**	**-**	**-**	**-**	**(58,596)**
Other	(6,146)	**(105)**	**-**	**-**	**-**	**(6,251)**
	(1,329,017)	**(161,361)**	**5,350**	**-**	**-**	**(1,485,028)**
Property and equipment, net	3,955,640	**560,995**	**(262,150)**	**-**	**114,004**	**4,368,489**

The main changes in the six-month period were:

(i) Acquisition of Hospital UDI.

(ii) On June 29, 2018, the Company performed two sale and leaseback transactions with the Hospital São Luiz Morumbi's building and with the Hospital Brasil's administration building, located in the city of São Paulo, for the total amount of R$ 276,861, of which R$ 269,361 shall be paid until September 2018, and the remaining amount of R$ 7,500 shall be paid as soon as Company complies with certain the contractual clauses. This price adjustment is restated in accordance with the Interbank Deposit Certificate - CDI index. The rental term is 25 years. The gain of R$ 1,960 was recorded on P&L at the contract execution date.

(iii) Expansions of Hospital Vivalle, Hospital Coração, Hospital Bartira remodeling of Onco Star and expansion in various hospitals.

(iv) Purchase of hospital machinery and equipment, as part of the Company's operational routine and renovation of Hospital Niterói D'Or.

(v) Acquisition, through the investee Olimpia Projeto Rua do Rocio 86 SPE S.A., of a land located in the city of São Paulo, in the amount of R$303,000.

9. Property and equipment (Continued)

Changes in Consolidated (Continued)

	12/31/2016	Additions	Sales / disposals	Business combination	06/30/2017
Cost					
Hospital machinery and equipment	819,559	66,595	(8)	8,659	894,805
Surgical instruments	39,483	2,719	-	-	42,202
Machinery and equipment	249,915	19,404	(159)	1,558	270,718
Properties	786,820	18,043	-	41,203	846,066
Improvements in own properties	97,780	1,384	-	-	99,164
Leasehold improvements	996,741	11,950	-	-	1,008,691
Furniture and fixtures	131,514	13,075	(4)	974	145,559
Vehicles	4,081	220	-	-	4,301
Installations	118,912	7,078	-	429	126,419
Land	391,074	270	-	22,408	413,752
Construction in progress	508,275	155,538	-	388	664,201
Other	17,012	268	-	-	17,280
	4,161,166	296,544	(171)	75,619	4,533,158
Depreciation					
Hospital machinery and equipment	(424,606)	(46,584)	-	-	(471,190)
Surgical instruments	(14,334)	(3,211)	-	-	(17,545)
Machinery and equipment	(150,724)	(21,289)	-	-	(172,013)
Properties	(70,601)	(6,931)	-	-	(77,532)
Improvements in own properties	(16,920)	(3,293)	-	-	(20,213)
Leasehold improvements	(253,862)	(36,496)	-	-	(290,358)
Furniture and fixtures	(66,952)	(6,987)	-	-	(73,939)
Vehicles	(2,584)	(235)	-	-	(2,819)
Facilities	(42,190)	(4,829)	-	-	(47,019)
Other	(6,048)	(72)	-	-	(6,120)
	(1,048,821)	(129,927)	-	-	(1,178,748)
Property and equipment, net	3,112,345	166,617	(171)	75,619	3,354,410

The main changes in the six-month period were:

(i) Acquisition of Hospital São Vicente (Sator Empreendimentos e Participações Ltda.) on April 19, 2017.

(ii) Purchase of hospital machinery and equipment, as part of the Group's operational routine.

(iii) Construction of São Caetano hospitals, renovation of Niteroi D'or and completion of the Hospital Copa Star.

There is no indication of impairment of P&E.

10. Intangible assets

	Annual rate	Parent Company		Consolidated	
		06/30/2018	12/31/2017	06/30/2018	12/31/2017
Finite useful lives					
Software	20%	**118,001**	110,242	**131,147**	120,173
Exclusivity and 'no compete' agreements	20%	**12,424**	11,597	**54,729**	47,679
Indefinite useful life					
Goodwill (a)					
Acquisition of Copa D'Or		**80,058**	80,058	**80,058**	80,058
Acquisition of HMSL		**668,339**	668,339	**668,339**	668,339
Acquisition of Hospital Brasil		**121,398**	121,398	**121,398**	121,398
Acquisition of Hospital Prontolinda		**30,595**	30,595	**30,595**	30,595
Acquisition of Vivalle		**38,692**	38,692	**38,692**	38,692
Acquisition of São Marcos		**-**	-	**10,807**	10,807
Acquisition of Santa Luzia		**199,333**	199,333	**199,333**	199,333
Acquisition of Sinisgalli		**156,646**	156,646	**156,646**	156,646
Acquisition of Hospital Esperança		**-**	-	**108,408**	108,408
Acquisition of Norte D'Or		**-**	-	**28,450**	28,450
Acquisition of IFOR		**85,724**	85,724	**85,724**	85,724
Acquisition of Sino Brasileiro		**241,947**	241,947	**241,947**	241,947
Acquisition of Villa-Lobos		**136,074**	136,074	**136,074**	136,074
Acquisition of Bartira		**105,584**	105,584	**105,584**	105,584
Acquisition of Onco ABC/Cardeal/JLD		**-**	-	**52,174**	52,174
Acquisition of Oncoholding		**-**	-	**159,445**	159,445
Acquisition of Hospital Fluminense		**-**	-	**10,658**	10,658
Acquisition of Hospital Santa Helena		**-**	-	**125,802**	125,802
Acquisition of Acreditar		**-**	-	**155,720**	155,720
Acquisition of Memorial São José (c)		**112,528**	-	**112,528**	112,528
Acquisition of Alpha-Med		**-**	-	**43,815**	43,815
Acquisition of CEHON		**-**	-	**68,757**	68,757
Acquisition of Maximagem		**-**	-	**46,742**	46,742
Acquisition of Ribeirão Pires (c)		**129,739**	-	**129,739**	129,739
Acquisition of NEOH		**-**	-	**33,422**	33,422
Acquisition of JTO		**-**	-	**12,567**	12,567
Acquisition of Salus		**-**	-	**8,956**	8,956
Acquisition of Prontimagem		**-**	-	**6,220**	6,220
Acquisition of Sator (see Note 3)		**-**	-	**163,089**	163,089
Acquisition of Hospital UDI (see Note 3)		**-**	-	**344,131**	-
Other goodwill		**48,649**	48,649	**57,001**	57,001
Trademarks and patents (b)		**190,810**	190,810	**190,810**	190,810
		2,476,541	2,225,688	**3,919,507**	3,557,352

(a) Goodwill was generated from the business combinations performed. See Note 3 for additional information on acquisitions performed in 2018 and 2017.

(b) This mainly refers to Hospital São Luiz trademark recorded upon its acquisition in 2010.

(c) This subsidiary was merged into the Parent Company in January 2018.

10. Intangible assets (Continued)

Impairment

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

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

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

There was no impairment indication of intangible assets for the period ended June 30, 2018.

11. Deferred gain from property sales

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

Part of the gain referring to the excess of sales proceeds and fair value was deferred, as required by CPC 06/IAS 17 - Leases, and has been amortized over the lease term. At June 30, 2018, deferred gains were recorded as follows:

	Parent Company and Consolidated	
	06/30/2018	**12/31/2017**
Caxias D'Or	**36,120**	36,120
Hospital Brasil	**42,040**	44,000
	78,160	80,120
Current	**3,920**	3,920
Noncurrent	**74,240**	76,200

12. Loans, financing and debentures

Banks	Indexes	Spread	Currency	Principal (R$)	Beginning of of maturity	Maturity	Amortization	Guarantees	Parent Company 06/30/2018	Parent Company 12/31/2017	Consolidated 06/30/2018	Consolidated 12/31/2017
BNDES/FINEP	TJLP	0.90%	R$	315,042	Aug/2012	Feb/2025	Monthly	Shares and receivables	**327,943**	307,498	**331,963**	315,968
IFC-I (a)	LIBOR	3.30%	US$	93,790	Sept/2011	Apr/2020	Semiannually	Shares and receivables	**45,186**	48,283	**45,186**	48,283
IFC-II-A Loan (a)	LIBOR	3.00%	US$	135,349	Dec/2014	Nov/2024	Semiannually	Shares, receivables and cash collateral	**119,506**	112,576	**119,506**	112,576
IFC-II-B1 Loan (a)	LIBOR	3.00%	US$	386,712	Dec/2014	Nov/2024	Semiannually	Shares, receivables and cash collateral	**341,403**	321,607	**341,403**	321,607
IFC II B2 Loan (a)	LIBOR	2.70%	US$	58,007	Dec/2014	Nov/2022	Semiannually	Shares, receivables and cash collateral	**40,484**	39,102	**40,484**	39,102
IFC II C Loan (a)	LIBOR	6.00%	US$	57,863	Dec/2014	Nov/2027	Semiannually	n/a	**58,724**	51,365	**58,724**	51,365
IFC II MCPP Loan (a)	LIBOR	3.00%	US$	101,512	Dec/2014	Nov/2024	Semiannually	Shares, receivables and cash collateral	**89,618**	84,421	**89,618**	84,421
IFC III A1 Loan (a)	LIBOR	3.30%	US$	157,685	May/2017	Apr/2025	Semiannually	n/a	**189,956**	166,693	**189,956**	166,693
IFC III A2 Loan (a)	LIBOR	3.30%	US$	157,685	May/2017	Apr/2026	Semiannually	Shares and receivables	**158,040**	158,037	**158,040**	158,037
IFC III B Loan (a)	LIBOR	3.00%	US$	252,296	May/2017	Apr/2024	Semiannually	n/a	**304,396**	266,100	**304,396**	266,100
IFC III C Loan (a)	LIBOR	5.50%	US$	94,611	May/2017	Apr/2026	Bullet	n/a	**123,982**	108,013	**123,982**	108,013
Proparco Loan (a)	EURIBOR	3.00%	EUR	212,221	Dec/2014	Nov/2024	Semiannually	Shares, receivables and cash collateral	**200,580**	193,390	**200,580**	193,390
JP Morgan (a)	Fixed rate	3.35%	US$	300,000	Apr/2016	Apr/2020	Quarterly	n/a	**327,822**	288,692	**327,822**	288,692
Citibank (a)	LIBOR	0.99%	US$	203,190	Aug/2017	Aug/2022	Bullet	n/a	**252,366**	221,041	**252,366**	221,041
CCB	Fixed rate	5.40%	R$	17,813	n/a	n/a	n/a	n/a	**-**	40	**441**	7,239
Debentures - 3th issuance	100% of DI	2.30%	R$	650,000	Dec/2011	Dec/2020	Monthly	n/a	**326,526**	388,255	**326,526**	388,255
Debentures - 5th issuance	100% of DI	2.00%	R$	100,000	Dec/2013	Dec/2018	Yearly	n/a	**51,252**	49,691	**51,252**	49,691
Debentures - 7th issuance 1st series (c)	100% of DI	1.9%	R$	600,000	Jul/2016	Jul/2019	Bullet	Receivables	**-**	621,399	**-**	621,399
Debentures - 7th issuance 2sd series (c)	100% of DI	2.0%	R$	300,000	Jul/2016	Jul/2020	Bullet	Receivables	**-**	310,763	**-**	310,763
Debentures - 7th issuance 3th series (c)	100% of DI	2.1%	R$	300,000	Jul/2016	Jul/2021	Bullet	Receivables	**-**	310,825	**-**	310,825
Debentures - 9th issuance 1st series	110% of DI	-	R$	800,000	Aug/2017	Aug/2020	Bullet	n/a	**838,311**	833,360	**838,311**	833,360
Debentures - 9th issuance 2sd series	100% of DI	1.75%	R$	600,000	Aug/2017	Aug/2024	Semiannually	n/a	**606,067**	600,810	**606,067**	600,810
Senior notes (a) / (b)	Fixed rate	4.95%	US$	1,596,400	Jan/2018	Jan/2028	Bullet	n/a	**-**	-	**1,744,385**	**-**
Debentures - 10th issuance (b)	Fixed rate	11.82%	R$	1,628,100	Jan/2018	Jan/2028	Bullet	n/a	**1,547,106**	-	**33,372**	-
Mortgage-backed Securities ("CRIs")	99% of DI	-	R$	662,837	Mar/2018	Mar/2023	Bullet	n/a	**663,286**	-	**663,286**	-
Debentures - 1st issue – Medise (c)	100% of DI	2.20%	R$	100,000	Dec/2011	Dec/2018	Monthly	Receivables	**-**	21,595	**-**	21,595
Debentures - 1st issue – Esperança (c)	100% of DI	2.40%	R$	200,000	Oct/2012	Oct/2021	Monthly	Shares and receivables	**-**	-	**-**	150,525
Debentures - 2sd issue – Esperança	100% of DI	1.90%	R$	100,000	Dec/2013	Dec/2018	Semiannually	Receivables	**-**	-	**17,971**	36,335
Debentures - 3th issue – Esperança	110.85% of DI	-	R$	1,000,000	Aug/2017	Aug/2024	Semiannually	n/a	**-**	-	**1,009,765**	1,025,161
Debentures - 4th issue – Esperança	100% of DI	1.27%	R$	1,000,000	Feb/2018	Dec/2025	Semiannually	n/a	**-**	-	**984,609**	993,305
Promissory Note	112.5% of DI	-	R$	1.000.000	Apr/2018	Apr/2023	Bullet	n/a	**1,010,716**	-	**1,010,716**	-
									7,623,270	5,503,556	**9,870,727**	7,724,551
								Current	**628,087**	475,361	**633,431**	588,037
								Noncurrent	**6,995,183**	5,028,195	**9,237,296**	7,136,514

(a) As mentioned in Note 26, the Group contracts derivative financial instruments to hedge foreign exchange variation and adopted the fair value hedge accounting as accounting practice; therefore, these debts are recorded at fair value through P&L

(b) On January 17, 2018, through its wholly owned subsidiary Rede D'Or Finance, Rede D'Or issued Senior Notes, in the total amount of US$500,000, restated by interest of 4.95% p.a., maturing on January 17, 2028, with semiannual interest payments starting on July 17, 2018 and the principal in one payment on January 17, 2028. At the same time, also through its subsidiary Rede D'Or Finance, the Company contracted a derivative financial instruments to hedge the exchange variation and interest, exchanging for Reais plus CDI + 2.01% p.a. Additionally, the Parent Company issued debentures (10th issuance), which were substantially acquired by the subsidiary Rede D'Or Finance.

(c) During the semester ended June 30, 2018, the Company fully settled these debentures.

12. Loans, financing and debentures (Continued)

Significant loans, financing and debentures were obtained for general corporate purposes, to perform acquisitions, to expand the hospitals and for construction of new units.

Total capitalized costs related to the loans, financing and debentures, in the amount of R$128,843 at June 30, 2018 (R$, was recorded as a reduction of the balances and have been amortized over the term of the agreements.

In addition to the guarantees given, there are covenants required in certain loan and financing contracts, related ratios based on net debt, EBITDA and financial income. To date, the Group is in compliance with all debt covenants.

At June 30, 2018, the noncurrent maturity schedule is as follows:

Parent Company		Consolidated	
Year	**Amount**	**Year**	**Amount**
2019	336,180	2019	336,918
2020	1,381,013	2020	1,381,940
2021	345,576	2021	592,249
2022	657,765	2022	1,149,837
2023	2,101,027	2023	2,592,934
2024	497,693	2024	989,600
2025	50,834	2025	296,839
From 2026 to 2028	1,625,095	From 2026 to 2028	1,896,979
	6,995,183		**9,237,296**

13. Tax liabilities

	Parent Company		Consolidated	
	06/30/2018	**12/31/2017**	**06/30/2018**	**12/31/2017**
Contribution tax on gross revenue for social integration program (PIS)	**3,324**	2,785	**6,194**	3,341
Contribution tax on gross revenue for social security financing (COFINS)	**24,624**	18,405	**35,109**	27,249
Tax on services (ISS)	**56,874**	40,181	**89,313**	65,023
Withholding income tax (IRRF)	**16,519**	15,186	**21,412**	19,052
Income tax	**13,618**	-	**35,032**	49,902
Social contribution	**3,823**	-	**10,337**	15,180
Other	**13,686**	23,343	**33,387**	52,562
Tax refinancing programs:				
Tax on services (ISS)	**14,383**	17,505	**38,661**	43,457
Refinancing - Law No. 11941/09	**62,919**	63,642	**77,471**	80,053
Social security payable	**69,709**	70,965	**180,600**	178,322
Other	**323**	329	**30,889**	20,599
	279,802	252,341	**558,405**	554,740
Current	**151,726**	119,563	**277,413**	272,259
Noncurrent	**128,076**	132,778	**280,992**	282,481

At June 30, 2018, the noncurrent maturity schedule is as follows:

Parent Company		Consolidated	
Year	**Amount**	**Year**	**Amount**
2019	**4,593**	2019	**13,120**
2020	**37,824**	2020	**62,926**
2021	**8,779**	2021	**23,687**
2022	**8,131**	2022	**21,065**
2023 to 2030	**68,749**	2023 to 2030	**160,194**
	128,076		**280,992**

14. Accounts payable from acquisitions

Acquisitions	Restatement index	Parent Company 06/30/2018	Parent Company 12/31/2017	Consolidated 06/30/2018	Consolidated 12/31/2017
Ribeirão Pires	CDI	**20,130**	19,510	**20,130**	19,510
IFOR	CDI	**11,999**	11,630	**11,999**	11,630
Acreditar	CDI	**-**	13,827	**-**	13,827
Alphamed	CDI	**6,972**	6,758	**6,972**	6,758
Oncologia RJ	CDI	**-**	-	**40,823**	39,364
Salus	IPCA	**-**	-	**7,037**	6,862
Sator (São Vicente)	SELIC	**15,959**	15,923	**15,959**	15,923
UDI	CDI	**-**	-	**35,855**	-
Maximagem	CDI	**16,429**	15,467	**16,429**	15,467
Other acquisitions	CDI	**6,551**	8,681	**7,023**	9,163
		78,040	91,796	**162,227**	138,504
Current		**2,763**	18,904	**10,271**	26,249
Noncurrent		**75,277**	72,892	**151,956**	112,255

Accounts payable from acquisitions refer to the remaining balance payable of the considerations of the business combinations. At June 30, 2018, the noncurrent payable maturity is as follows:

Parent Company Year	Parent Company Amount	Consolidated Year	Consolidated Amount
2019	**19,169**	2019	**19,169**
2020	**15,971**	2020	**56,795**
2021	**7,429**	2021	**7,429**
2022	**23,708**	2022	**42,063**
2023	**9,000**	2023	**9,000**
2024	**-**	2024	**17,500**
	75,277		**151,956**

15. 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 external legal advisors, management recorded a provision for losses deemed sufficient to cover probable losses, as stated below:

	Parent Company				Consolidated			
	06/30/2018		12/31/2017		06/30/2018		12/31/2017	
	Provision for contingencies	Judicial deposits	Provision for contingencies	Judicial deposits	Provision for contingencies	Judicial deposits	Provision for contingencies	Judicial deposits
Tax and social security	**36,701**	**(81,928)**	24,198	(76,755)	60,216	(102,627)	49,424	(99,169)
Labor claims	**47,890**	**(10,116)**	53,219	(5,240)	57,250	(13,168)	63,136	(7,718)
Civil	**47,131**	**(14,519)**	50,772	(10,812)	67,138	(16,311)	65,419	(12,585)
	131,722	**(106,563)**	128,189	(92,807)	184,604	(132,106)	177,979	(119,472)

15.1. Contingencies assessed as probable loss

Changes in provisions for contingencies for the periods ended June 30, 2018 and 2017 were as follows:

	Parent Company			
	Tax and social security	Labor	Civil	Total
Balances at December 31, 2016	58,944	50,170	26,311	135,425
Additions, net of reversals	(3,237)	(4,463)	10,222	2,522
Payments	-	(5,316)	(2,150)	(7,466)
Balances at June 30, 2017	55,707	40,391	34,383	130,481
Balances at December 31, 2017	24,198	53,219	50,772	128,189
Additions, net of reversals	**5,159**	**(4,583)**	**(576)**	**-**
Payments	**-**	**(3,611)**	**(3,065)**	**(6,676)**
Additions from mergers	**7,344**	**2,865**	**-**	**10,209**
Balances at June 30, 2018	**36,701**	**47,890**	**47,131**	**131,722**

15. Provision for contingencies and judicial deposits (Continued)

15.1 Contingencies assessed as probable loss (Continued)

	Consolidated			
	Tax and social security	**Labor**	**Civil**	**Total**
Balances at December 31, 2016	79,811	60,014	50,284	190,109
Additions, net of reversals	9,397	(7,538)	663	2,522
Payments	-	(7,463)	(4,529)	(11,992)
Additions from acquisitions (a)	8,970	-	-	8,970
Balances at June 30, 2017	98,178	45,013	46,418	189,609
Balances at December 31, 2017	49,424	63,136	65,419	177,979
Additions, net of reversals	**2,287**	**(1,307)**	**(633)**	**347**
Payments	**-**	**(4,650)**	**(2,737)**	**(7,387)**
Additions from business combination (b)	**8,505**	**71**	**5,089**	**13,665**
Balances at June 31, 2018	**60,216**	**57,250**	**67,138**	**184,604**

(a) In 2017, additions refer to the acquisition of Hospital São Vicente (Sator).

(b) In 2018, additions refer to the acquisition of Hospital UDI.

Tax proceedings reserves arise mainly from challenges of State VAT (ICMS) on imports of medical equipment, Tax on services (ISS) payable based on a differentiated rate, and of Federal VAT (IPI) on imports.

Labor claims are largely derived from overtime payment, 13th month salary, resignation notice, vacation pay and Unemployment Compensation Fund (FGTS).

Civil and administrative proceedings refer to compensation for alleged moral and material damages.

15. Provision for contingencies and judicial deposits (Continued)

15.2. Contingencies assessed as possible loss

The proceedings assessed as possible loss, for which no provisions have been recorded, are summarized as follows:

	Parent Company		Consolidated	
	06/30/2018	**12/31/2017**	**06/30/2018**	**12/31/2017**
Tax and social security (a)	**1,111,688**	381,909	**1,196,601**	459,095
Labor (b)	**283,388**	263,482	**332,621**	325,258
Civil (c)	**144,452**	114,004	**230,440**	204,031
	1,539,528	759,395	**1,759,662**	988,384

(a) The most significant matters refer to administrative proceedings, in the total amount of R$1.1 billion, of which R$365 million refers to assessments received in 2016 and 2017 and R$720 million related to an assessment received in early 2018. These challenges are mostly derived from allegations of the Brazilian Internal Revenue Service (RFB) that certain doctors who render services in hospitals through legal entities would be effectively Company's employees. Therefore, the Brazilian tax authorities assessed the Company demanding the payment of the Social Security Tax (INSS). The Company is currently challenging such allegations.

In addition, the Company is party to various tax proceedings involving PIS, COFINS, ISS and Real Estate Tax (IPTU). There are no individually significant proceedings.

(b) Proceedings largely derived from overtime payment, 13th month salary, resignation notice, vacation pay and Unemployment Compensation Fund (FGTS). There are no individually significant proceedings.

(c) Proceedings related to compensation for moral and material damages. There are no individually significant proceedings.

16. Commitments

At June 30, 2018, Rede D'Or has operating leases referring substantially to buildings from third and related parties for an average period of fourteen years, whose amounts and schedule for non-cancelable minimum payments are as follows:

Year	Parent Company	Consolidated
	(Gross nominal amounts)	
2018	**144,562**	**175,993**
2019	**289,124**	**351,986**
2020	**281,540**	**344,402**
2021	**266,066**	**328,928**
2022 to 2050	**3,676,523**	**4,464,913**
	4,657,815	**5,666,222**

Lease expenses recognized in the six-month period amount to R$153,451 (R$143,805 at June 30, 2017) in the Parent Company, and R$179,825 (R$174,111 at June 30, 2017) in the Consolidated, referring to all hospitals of Rede D'Or, except for owned buildings of Hospital e Maternidade Assunção, Hospital e Maternidade Nossa Senhora de Lourdes, Hospital Vivalle, Hospital Copa Star and Hospital Morumbi.

17. Equity

a) Capital stock

Breakdown of Company's capital stock is as follows:

	06/30/2018		12/31/2017	
Shareholders	**Number of shares**	**Equity interest**	**Number of shares**	**Equity interest**
Controlling family (a)	263,849,784	57.37%	263,849,784	57.03%
Pacific RDSL Participações (b)	119,269,748	25.93%	119,269,748	25.78%
Carlyle Group (c)	54,625,943	11.88%	54,625,943	11.81%
Other	22,166,942	4.82%	22,166,942	4.79%
Total common shares	459,912,417	100,00%	459,912,417	99.41%
Preferred shares	-	-	2,734,600	0.59%
Total shares	459,912,417	100.00%	462,647,017	100.00%

(a) This represents equity interest directly held by the "Moll Family" (individuals) and by means of investment fund 'Delta FM&B Fundo Inv. em Participações'.

(b) This represents the Singapore sovereign fund ("GIC"), which acquired equity interest directly from the controlling shareholders and from BTG Pactual Saúde Fundo de Investimento em Participações in 2015.

(c) Represented by funds HPT Fundo de Investimento em Participações, HPT II Fundo de Investimento em Participações, RDSL Investimento Secundário FIP, Fundo Brasil de Internacionalização de Empresas – FIP and Fundo Brasil de Internacionalização de Empresas – FIP II.

Subscribed and paid-in capital at June 30, 2018 and December 31, 2017, amounts to R$867,776, represented by 459,912,417 registered common shares. As approved in the Company's Articles of Incorporation, the limit of authorized capital is up to 2 billion of shares (units).

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

17. Equity (Continued)

b) Income distribution

Changes in the balances of dividends and interest on equity payable for the six-month period ended June 30, 2018 and 2017 were as follows:

	2018	2017
Balance payable at December 31	**275,496**	427,259
Allocation of dividends and interest on equity	**172,949**	881,907
Payment of dividends and interest on equity	**(293,071)**	(964,718)
Reinvested dividends	**-**	(184,960)
Withholding Income Tax (IRRF)	**(18,104)**	(24,289)
Balance payable at June 30	**137,270**	135,199

The distribution and payment of dividends and interest on equity were approved at the General Meeting.

c) Treasury shares

At June 30, 2018, the Company had 19,262,373 registered common shares with no par value and 2,734,600 registered class A preferred shares with no par value of Rede D'Or, in the amount of R$345,097, recorded as treasury shares in equity.

Changes in treasury shares are as follows:

	2018			2017		
	Number of shares	Share value (in reais)	Total	Number of shares	Share value (in reais)	Total
Balance at December 31	19,222,619	17.66	339,468	19,734,399	16.80	331,525
Acquisitions	**2,774,354**	**47.22**	**131,006**	1,165,499	33.90	39,509
Sales	**-**	**-**	**-**	(1,019,878)	10.29	(10,495)
Balance at June 30	**21,996,973**	**21.39**	**470,474**	19,880,020	18.14	360,539

On February 23, 2018, Rede D'Or repurchased 2,734,600 preferred shares of noncontrolling shareholders, for the amount of R$130,506, recorded as treasury shares.

Other share purchases and sales substantially refer to the share-based payment option plan and acquisition of noncontrolling interests, as described below.

17. Equity (Continued)

d) Share-based payment (stock options)

First Stock Option Plan

At the Annual General Meeting held on November 19, 2011, the Company's shareholders approved a share-based payment plan (stock option plan) for managing officers and employees of the Company. The stock options issued by the Company are first-issue options, thus involving the issuance of new shares or use of existing treasury shares.

On November 30, 2011, the stock option plan comprising the right to purchase 7,074,940 common shares was granted, by means of an individual agreement and its amendments, entered into between the Company and each beneficiary.

In order to be entitled to the right to stock options, beneficiaries have to work for the Company for at least three years (vesting period). Company's management and employees participating in this plan will be fully entitled to such options, at one-fifth of total shares available for the plan, after each 12 months from the grant date. The participants have a maximum of sixty months, as from the end of the vesting period, to exercise the options.

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

Second and Third Stock Option Plans

At the Special General Meeting held on November 23, 2012, shareholders approved the Second Stock Option Plan and on May 14, 2013, shareholders approved the Third Stock Option Plan.

The Company granted to beneficiaries of these plans the option for the purchase of 2,390,080 and 3,934,800 registered common shares, with no par value, respectively, through individual contract between each beneficiary and the Company. The contracts follow the same conditions of the First Stock Option Plan.

The strike price of options granted is R$9.24 per share for the Second Plan and R$9.34 per share for the Third Plan, subject to monetary restatement (CDI variation).

17. Equity (Continued)

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

Fourth Stock Option Plan

At the Special General Meeting held on June 5, 2014, the shareholders approved the grant of the first series of the Fourth Stock Option Plan, and on July 21, 2014, the shareholders approved the grant of the second series of the Fourth Stock Option Plan.

The Company granted to beneficiaries of the first series the option to purchase 57,615 common registered shares, with no par value, through an individual contract between each beneficiary and the Company. The contracts follow the same conditions of the First Stock Option Plan.

The Company granted to beneficiaries of the second series the option to purchase 1,203,497 common registered shares, with no par value, through an individual contract between each beneficiary and the Company. In order to be entitled to the stock options, beneficiaries have to work for the Company for at least three years (vesting period). Company managing officers and employees participating in this stock option plan will be fully entitled to such options as follows: 10% after 12 months from June 2, 2015; 10% 24 months thereafter; 20% 36 months thereafter; 20% 48 months thereafter; 20% 60 months thereafter; 10% 72 months thereafter; and 10% 84 months thereafter. The participants have a maximum forty-eight months from the end of the vesting period to exercise the options.

The strike price of options granted in the first series is R$13.99 per share and for the second series is R$9.00 per shares, subject to monetary restatement (CDI variation).

Fifth Stock Option Plan

At the Special General Meeting held on February 23, 2015, shareholders approved the first and second series of the Fifth Stock Option Plan.

The Company granted to beneficiaries of the first series the option to purchase 132,513 common registered shares, with no par value, through an individual contract between each beneficiary and the Company. In order to be entitled to the right to stock options, beneficiaries have to work for the Company for at least three years (vesting period). Company managing officers and employees participating in this stock option plan will be fully entitled to such options as from March 31, 2016. The participants have a maximum forty-eight months from the end of the vesting period to exercise the options.

17. Equity (Continued)

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

Fifth Stock Option Plan (Continued)

For the beneficiaries of the second series, the stock option is composed of five lots of 39,756 common shares, to be granted annually and exercised as from January 31 of each subsequent year. At the end of 2016, two series have already been granted totaling 79,512 common registered shares, with no par value. The participants have a maximum forty-eight months from the end of the vesting period to exercise the options.

The strike price of options granted in the first series is R$9.00 per share and for the second series is R$12.68 per shares, subject to monetary restatement (CDI variation).

Sixth Stock Option Plan

At the Special General Meeting held on December 30, 2015, the shareholders approved the Sixth Stock Option Plan.

The Company granted to beneficiaries the option to purchase 665,020 common registered shares, with no par value, through an individual contract between each beneficiary and the Company. The stock option is composed of five lots of 133,004 common shares, to be granted annually and exercised as from January 31 of each subsequent year. The participants have a maximum forty-eight months from the end of the vesting period to exercise the options.

The strike price of options granted in the first, second and third series is R$47.23 per share, subject to monetary restatement (CDI variation).

17. Equity (Continued)

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

Seventh Stock Option Plan

At the Special General Meeting held on December 21, 2016, shareholders approved the first, second and third series of the Seventh Stock Option Plan.

The Company granted to beneficiaries of the first series of the Seventh Plan the option to purchase 700,000 common registered shares, with no par value, through an individual contract between each beneficiary and the Company. Company managing officers and employees participating in this stock option plan will be fully entitled to such options as follows: 10% after 12 months from June 2, 2015; 10% 24 months thereafter; 20% 36 months thereafter; 20% 48 months thereafter; 20% 60 months thereafter; 10% 72 months thereafter; and 10% 84 months thereafter. The participants have a maximum of seventy-two months, as from the end of the vesting period, to exercise the options.

The Company granted to the beneficiaries of the second and third series of the Seventh Plan the option to purchase 2,700,000 common registered shares, with no par value, through an individual contract between each beneficiary and the Company. The stock option is composed of five lots of 540,000 common shares, to be granted annually and exercised as from January 31 of each subsequent year. The participants have a maximum forty-eight-month term from the end of the vesting period to exercise the options.

The strike price of options granted in the first, second and third series is R$50.32 per share, increased by the CDI variation, on a *pro rata* day basis, until the effective date of exercise of any Stock Option.

At the Special General Meeting held on January 1, 2017, shareholders approved the fourth series of the Seventh Stock Option Plan.

The Company granted to beneficiaries of the fourth series of the Seventh Plan the option to purchase 769,753 common registered shares, with no par value, through an individual contract between each beneficiary and the Company. The stock option is composed of a single lot of 769,753 common shares, to be granted as from January 1 of subsequent year. The participants have from 36 to 60 months, as from the end of the vesting period, to exercise the options.

The strike price of options granted in the fourth series is R$53.69 per share, subject to monetary restatement (IPCA variation).

17. Equity (Continued)

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

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

The details of the fair value calculation is as follows:

Beginning of maturity	Number of shares	Annual volatility	Risk-free rate	Fair value of options (in Reais)	Vesting
First Stock Option Plan					
01/01/2012	1,414,988	39.60%	10.50%	7.61	Vested
01/01/2013	1,414,988	39.60%	10.50%	7.89	Vested
01/01/2014	1,414,988	39.60%	10.60%	8.28	Vested
01/01/2015	1,414,988	39.60%	10.70%	8.64	Vested
01/01/2016	1,414,988	39.60%	10.70%	8.97	Vested
Second Stock Option Plan					
03/31/2013	478,016	32.39%	7.10%	13.91	Vested
03/31/2014	478,016	32.39%	7.25%	13.67	Vested
03/31/2015	478,016	32.39%	7.61%	13.53	Vested
03/31/2016	478,016	32.39%	8.06%	13.5	Vested
03/31/2017	478,016	32.39%	8.39%	13.49	Vested
Third Stock Option Plan					
03/31/2014	786,960	31.74%	9.11%	14.26	Vested
03/31/2015	786,960	31.74%	10.23%	14.21	Vested
03/31/2016	786,960	31.74%	10.89%	14.16	Vested
03/31/2017	786,960	31.74%	11.34%	14.15	Vested
03/31/2018	786,960	31.74%	11.53%	14.09	Vested
Fourth Stock Option Plan - First series					
03/31/2015	7,453	30.27%	10.81%	16	Vested
03/31/2016	12,540	30.27%	11.16%	15.85	Vested
03/31/2017	12,540	30.27%	11.50%	15.83	Vested
03/31/2018	12,541	30.27%	11.66%	15.79	Vested
03/31/2019	12,541	30.27%	11.82%	15.81	Unvested
Fourth Stock Option Plan - Second series					
06/02/2015	120,350	30.17%	10.76%	19.7	Vested
06/02/2016	120,350	30.17%	10.91%	19.42	Vested
06/02/2017	240,699	30.17%	11.09%	19.18	Vested
06/02/2018	240,699	30.17%	11.18%	18.97	Vested
06/02/2019	240,699	30.17%	11.29%	18.79	Unvested
06/02/2020	120,350	30.17%	11.41%	18.66	Unvested
06/02/2021	120,350	30.17%	11.40%	18.49	Unvested
Fifth Stock Option Plan - First series					
03/31/2015	88,342	30.94%	12.81%	22.91	Vested
03/30/2016	44,171	30.94%	12.67%	22.56	Vested
Fifth Stock Option Plan - Second series					
03/31/2015	39,756	30.94%	13.12%	20.52	Vested
03/30/2016	39,756	30.94%	13.00%	20.22	Vested
Sixth Stock Option Plan					
01/31/2017	133,004	32.00%	15.95%	50.31	Vested
Seventh Stock Option Plan - First series					
03/31/2017	70,000	33.72%	12.06%	52.37	Vested
Seventh Stock Option Plan - Second series					
03/31/2017	460,000	33.72%	11.98%	52.37	Vested
Seventh Stock Option Plan - Third series					
03/31/2017	80,000	33.75%	11.87%	52.65	Vested
Seventh Stock Option Plan - Fourth series					
01/01/2021	513,251	25.65%	10.73%	69.01	Unvested
01/01/2022	186,502	25.65%	10.73%	69.01	Unvested
01/01/2023	70,000	25.65%	10.73%	69.01	Unvested
	16,385,714				

17. Equity (Continued)

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

The effects of stock option plans, covering all granted and outstanding options, in equity and Profit or Loss for the years, are as follows:

	Fair value of options per year	Effects on profit or loss for the year	Cumulative effect on equity
2011	**1,457**	**1,457**	**1,457**
2012	**16,234**	**16,234**	**17,691**
2013	**20,656**	**20,656**	**38,347**
2014	**27,363**	**27,363**	**65,710**
2015	**51,949**	**51,949**	**117,659**
2016	**30,864**	**30,864**	**148,523**
2017	**32,599**	**32,599**	**181,122**
2018	**20,331**	**20,331**	**201,453**
2019	**3,614**		
2020	**2,977**		
2021	**1,216**		
2022	**257**		
2023	**64**		
	209,581		

The Company grants a put option to each beneficiary on total shares that are acquired. The periods for exercising the option are determined by individual agreements between the parties, and the acquisition price by the Company will be determined based on specific measurement criteria involving multiples of the Company's EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization). In 2015, first plan executives exercised their put options of shares vested against the Company, which repurchased 3,572,896 shares and recorded them as treasury shares. Over the first quarter of 2016, those same executives exercised their put options of shares vested over the year against the Company, which repurchased more 1,832,947 shares and recorded them as treasury shares. In 2017, second plan executives exercised their put options of all vested shares against the Company, which repurchased 881,788 in shares and recorded them as treasury shares.

Should the beneficiary withdraw from his/her position, options not yet exercisable expire, with no right to compensation, and options exercisable may be exercised in up to 90 days. If the beneficiary's employment contract is terminated for cause, all rights exercisable or not yet exercisable expire automatically, regardless of notice or compensation.

18. Income tax and social contribution

Income and social contribution tax expenses for the six-month periods ended June 30, 2018 and 2017 are as follows:

	Parent Company		Consolidated	
	06/30/2018	**06/30/2017**	**06/30/2018**	**06/30/2017**
Deferred				
Income tax	**(9,465)**	(23,883)	**7,313**	(23,017)
Social contribution	**(3,408)**	(8,598)	**2,615**	(8,303)
	(12,873)	(32,481)	**9,928**	(31,320)
Current				
Income tax	**(100,256)**	(47,977)	**(170,612)**	(118,751)
Social contribution	**(38,037)**	(18,119)	**(64,268)**	(44,168)
	(138,293)	(66,096)	**(234,880)**	(162,919)
Income and social contribution tax expenses	**(151,166)**	(98,577)	**(224,952)**	(194,239)

Changes in deferred income tax and social contribution assets and liabilities for semester ended June 30, 2018 were as follows:

	Parent Company				Consolidated			
	12/31/2017	**Additional benefits (expenses) recorded**	**Additions from mergers**	**06/30/2018**	**12/31/2017**	**Additional benefits (expenses) recorded**	**Additions from business combination**	**06/30/2018**
Assets								
Tax losses	-	**-**	**-**	**-**	14,713	**6,696**	**-**	**21,409**
Social contribution tax loss	-	**-**	**-**	**-**	5,295	**2,411**	**-**	**7,706**
Allowance for doubtful accounts	116,545	**5,636**	**1,015**	**123,196**	154,567	**5,732**	**-**	**160,299**
Provision for disallowances	96,792	**14,618**	**6,540**	**117,950**	180,680	**22,489**	**1,385**	**204,554**
Contingencies	48,173	**(2,270)**	**6,067**	**51,970**	75,737	**(2,394)**	**5,409**	**78,752**
Provision for bonus	19,171	**(8,107)**	**110**	**11,174**	20,651	**(8,508)**	**-**	**12,143**
Foreign exchange differences	25,129	**96,733**	**-**	**121,862**	25,129	**96,733**	**-**	**121,862**
Deferred gain from property sales	27,241	**(666)**	**-**	**26,575**	27,241	**(666)**	**-**	**26,575**
Taxes - Judicial deposits	4,970	**1,172**	**-**	**6,142**	969	**1,232**	**-**	**2,201**
Swap variation	27,065	**-**		**27,065**	27,065	**(27,065)**	**-**	**-**
Other provisions	1,619	**(2,307)**	**152**	**(536)**	4,087	**(875)**	**-**	**3,212**
Total deferred tax assets	366,705	**104,809**	**13,884**	**485,398**	536,134	**95,785**	**6,794**	**638,713**
Liabilities								
Differences between book balance and tax base of goodwill	(496,081)	**(27,085)**	**-**	**(523,166)**	(550,339)	**(27,085)**	**-**	**(577,424)**
Swap variation	-	**(90,597)**		**(90,597)**	-	**(63,532)**	**-**	**(63,532)**
Gain from step acquisitions	(48,873)	**-**	**-**	**(48,873)**	(69,499)	**-**	**-**	**(69,499)**
Deferred income	-	**-**	**-**	**-**	(21,349)	**4,760**	**-**	**(16,589)**
Total deferred tax liabilities	(544,954)	**(117,682)**	**-**	**(662,636)**	(641,187)	**(85,857)**	**-**	**(727,044)**
Net effect - asset (liability)	(178,249)	**(12,873)**	**13,884**	**(177,238)**	(105,053)	**9,928**	**6,794**	**(88,331)**
Assets in the balance sheets	-			**-**	113,043			**167,703**
Liabilities in the balance sheets	(178,249)			**(177,238)**	(218,096)			**(256,034)**

18. Income tax and social contribution (Continued)

Changes in deferred income tax and social contribution assets for the period ended June 30, 2017 were as follows:

	Parent Company			Consolidated			
	12/31/2016	Additional benefits (expenses) recorded	06/30/2017	12/31/2016	Additional benefits (expenses) recorded	Additions from business combination	06/30/2017
Assets							
Tax losses	2,383	**-**	**2,383**	3,731	**(731)**	**9,962**	**12,962**
Social contribution tax loss	857	**-**	**857**	1,341	**(263)**	**3,586**	**4,664**
Allowance for doubtful accounts	103,945	**4,783**	**108,728**	139,203	**5,108**	**2,682**	**146,993**
Provision for disallowances	65,791	**9,246**	**75,037**	133,528	**14,697**	**2,773**	**150,998**
Contingencies	50,633	**(1,681)**	**48,952**	79,830	**(3,220)**	**3,081**	**79,691**
Provision for inventories	1,159	**-**	**1,159**	1,159	**-**	**-**	**1,159**
Provision for bonus	15,510	**(6,877)**	**8,633**	15,941	**(6,768)**	**-**	**9,173**
Provision for losses	16,529	**-**	**16,529**	15,287	**-**	**-**	**15,287**
Deferred gain on property sales	30,976	**(666)**	**30,310**	30,976	**(666)**	**-**	**30,310**
Suspended tax payments	6,380	**426**	**6,806**	7,786	**(374)**	**-**	**7,412**
Swap variation	54,211	**(11,176)**	**43,035**	54,211	**(11,176)**	**-**	**43,035**
Other provisions	3,856	**(2,592)**	**1,264**	5,925	**(1,931)**	**-**	**3,994**
Total deferred tax assets	352,230	**(8,537)**	**343,693**	488,918	**(5,324)**	**22,084**	**505,678**
Liabilities							
Differences between book balance and tax base of goodwill	(425,689)	**(34,939)**	**(460,628)**	(475,843)	**(36,991)**	**-**	**(512,834)**
Gain on acquisition in stages	(48,873)	**-**	**(48,873)**	(69,499)	**-**	**-**	**(69,499)**
Foreign exchange differences	-	**10,995**	**10,995**	-	**10,995**	**-**	**10,995**
Deferred income	-	**-**	**-**	(23,423)	**-**	**-**	**(23,423)**
Total deferred tax liabilities	(474,562)	**(23,944)**	**(498,506)**	(568,765)	**(25,996)**	**-**	**(594,761)**
Net effect - asset (liability)	(122,332)	**(32,481)**	**(154,813)**	(79,847)	**(31,320)**	**22,084**	**(89,083)**
Assets in the balance sheets	-	**-**	**-**	70,668	**-**	**-**	**95,943**
Liabilities in the balance sheets	(122,332)	**-**	**(154,813)**	(150,515)	**-**	**-**	**(185,026)**

18. Income tax and social contribution (Continued)

The reconciliation of income tax and social contribution and the amount determined at the statutory rate at June 30, 2018 and 2017 are as follows:

	Parent Company		Consolidated	
	06/30/2018	**06/30/2017**	**06/30/2018**	**06/30/2017**
Income before income tax and social contribution	**697,651**	581,503	**781,239**	691,538
Income tax and social contribution expenses at statutory rates	**237,201**	197,711	**265,621**	235,123
Adjustments to determine the effective rate:				
Equity pickup	**(40,560)**	(61,312)	**(3,570)**	(3,228)
Stock option expenses	**6,913**	5,543	**6,913**	5,543
Interest on equity	**(48,926)**	(47,317)	**(48,926)**	(47,317)
Other	**(3,462)**	3,952	**4,914**	4,118
Expenses recorded in the income statement	**151,166**	98,577	**224,952**	194,239
Effective rate	**22%**	17%	**29%**	28%

Tax losses carryforward has no expiration; however, offsetting is limited to 30% of taxable income generated in each fiscal year.

The Company expects that deferred tax credits over its tax losses carryforward will be realized in 1 or 2 years. Management expects that other temporary differences will be realized between 1 and 5 years, except for deferred gain on property sales, the realization of which will take place along the lease contract term.

19. Net revenue

	Parent Company		Consolidated	
	06/30/2018	**06/30/2017**	**06/30/2018**	**06/30/2017**
Gross revenue	**4,051,196**	3,429,906	**5,836,839**	5,047,397
Deductions from revenue				
Cancellations and rebates	**(194,599)**	(142,585)	**(321,210)**	(233,158)
Taxes on revenues	**(231,643)**	(195,107)	**(346,640)**	(292,935)
	3,624,954	3,092,214	**5,168,989**	4,521,304

The Company has no revenues arising from customers outside Brazil.

20. Costs of services provided

	Parent Company		Consolidated	
	06/30/2018	**06/30/2017**	**06/30/2018**	**06/30/2017**
Personnel	**(1,031,066)**	(929,349)	**(1,480,754)**	(1,325,746)
Materials and medicines	**(674,892)**	(560,677)	**(1,035,192)**	(854,951)
Third-party services	**(514,525)**	(388,291)	**(888,886)**	(736,623)
Utilities and services	**(62,945)**	(53,782)	**(89,803)**	(76,767)
Rentals and leasing	**(153,451)**	(143,805)	**(179,825)**	(174,111)
Depreciation and amortization	**(121,621)**	(97,556)	**(164,667)**	(130,041)
	(2,558,500)	(2,173,460)	**(3,839,127)**	(3,298,239)

21. General and administrative expenses

	Parent Company		Consolidated	
	06/30/2018	**06/30/2017**	**06/30/2018**	**06/30/2017**
Personnel	**(122,971)**	(110,123)	**(122,971)**	(110,123)
Third-party services	**(23,853)**	(22,256)	**(23,853)**	(22,256)
Trips and lodging	**(7,983)**	(6,959)	**(11,276)**	(9,101)
Depreciation and amortization	**(17,181)**	(10,228)	**(17,181)**	(10,228)
Contingencies	**-**	(2,522)	**(347)**	(2,522)
	(171,988)	(152,088)	**(175,628)**	(154,230)

22. Selling expenses

	Parent Company		Consolidated	
	06/30/2018	**06/30/2017**	**06/30/2018**	**06/30/2017**
Allowance for doubtful accounts	**(16,577)**	(14,069)	**(16,860)**	(15,024)
Marketing	**(7,500)**	(6,125)	**(9,954)**	(8,130)
	(24,077)	(20,194)	**(26,814)**	(23,154)

23. Other operating expenses, net

	Parent Company		Consolidated	
	06/30/2018	**06/30/2017**	**06/30/2018**	**06/30/2017**
Taxes, charges and penalties	**(23,045)**	(14,636)	**(32,896)**	(19,774)
Gain from property sales	**1,960**	1,960	**1,960**	1,960
Equipment lease	**(7,123)**	(5,997)	**(9,676)**	(8,416)
Freight expenses	**(9,360)**	(7,848)	**(10,386)**	(8,822)
Legal fees	**(3,061)**	(2,392)	**(4,077)**	(4,245)
Other	**3,445**	698	**6,201**	(13,393)
	(37,184)	(28,215)	**(48,874)**	(52,690)

24. Financial income (expenses), net

	Parent Company		Consolidated	
	06/30/2018	**06/30/2017**	**06/30/2018**	**06/30/2017**
Interest on short-term investments	**70,503**	43,747	**122,448**	77,236
Net foreign exchange differences	**(296,407)**	(27,948)	**(619,555)**	(27,967)
Fair value of debt	**180,258**	(10,601)	**180,258**	(10,601)
Derivatives' fair value (swaps)	**89,697**	(21,778)	**320,348**	(21,778)
Interest and monetary variation on financing and debentures	**(272,150)**	(270,477)	**(270,376)**	(290,407)
Taxes on financial income	**(6,483)**	(6,135)	**(9,947)**	(7,726)
Other	**(20,266)**	(23,892)	**(30,984)**	(29,705)
	(254,848)	(317,084)	**(307,808)**	(310,948)
Total financial income	**151,712**	49,154	**525,212**	84,905
Total financial expenses	**(406,560)**	(366,238)	**(833,020)**	(395,853)
	(254,848)	(317,084)	**(307,808)**	(310,948)

25. Earnings per share

a) Basic earnings per share

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

	06/30/2018	**06/30/2017**
Income attributable to the Company's controlling shareholders	546,485	482,926
Weighted average number of common shares issued (thousands)	442,796	439,986
Basic earnings per share (in R$)	1.2342	1.0976

b) Diluted earnings per share

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

	06/30/2018	**06/30/2017**
Income attributable to the Company's controlling shareholders	546,485	482,926
Weighted average number of common shares issued, including dilutive factors (thousands)	444,330	442,336
Diluted earnings per share (in R$)	1.2299	1.0918

26. Financial instruments and financial risk management

26.1. Financial instruments by category

Fair value hierarchy

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 and 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.

The following tables present breakdown of financial assets and liabilities at June 30, 2018 and December 31, 2017:

		Parent Company		
		Fair value	Accounting balance	
Financial assets	**Classification by category**	**hierarchy**	**06/30/2018**	**12/31/2017**
Cash and cash equivalents	Fair value through P&L	Level 2	**57,465**	32,559
Marketable securities	Fair value through P&L	Level 2	**2,189,768**	1,006,117
Accounts receivable	Amortized cost		**2,110,858**	1,886,908
Dividends receivable	Amortized cost		**41,195**	41,195
Judicial deposits	Amortized cost		**106,563**	92,807
Derivatives	Fair value through P&L	Level 2	**304,085**	99,968
			4,809,934	3,159,554

		Fair value	Accounting balance	
Financial liabilities	**Classification by category**	**hierarchy**	**06/30/2018**	**12/31/2017**
Trade accounts payable	Amortized cost		**287,970**	278,647
Loans, financing and debentures	Amortized cost (a)	Level 2	**7,623,270**	5,503,556
Salaries, provisions and social charges	Amortized cost		**333,032**	281,994
Accounts payable for acquisitions	Amortized cost		**78,040**	91,796
Derivatives	Fair value through P&L	Level 2	**195,586**	113,342
			8,517,898	6,269,335

(a) The debt portion recorded as *hedge accounting* is measured at fair value through P&L.

26. Financial instruments and financial risk management (Continued)

26.1. Financial instruments by category (Continued)

		Consolidated		
		Fair value	Accounting balance	
Financial assets	**Classification by category**	**hierarchy**	**06/30/2018**	**12/31/2017**
Cash and cash equivalents	Fair value through P&L	Level 2	**159,034**	140,383
Marketable securities	Fair value through P&L	Level 2	**3,650,884**	3,120,454
Accounts receivable	Amortized cost		**3,067,590**	2,836,744
Judicial deposits	Amortized cost		**132,106**	119,472
Derivatives	Fair value through P&L	Level 2	**624,572**	99,968
			7,634,186	6,317,021

		Fair value	Accounting balance	
Financial liabilities	**Classification by category**	**hierarchy**	**06/30/2018**	**12/31/2017**
Trade accounts payable	Amortized cost		**494,661**	475,546
Loans and financing	Amortized cost and fair value through P&L (a)	Level 2	**9,870,727**	7,724,551
Salaries, provisions and social charges	Amortized cost		**435,070**	370,030
Accounts payable for acquisitions	Amortized cost		**162,227**	138,504
Derivatives	Fair value through P&L	Level 2	**285,491**	113,342
			11,248,176	8,821,973

(a) The debt portion recorded *as hedge accounting* is measured at fair value through P&L.

26.2. Risk management

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

a) Capital management

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

26. Financial instruments and financial risk management (Continued)

26.2. Risk management (Continued)

a) Capital management (Continued)

The Company uses own and third parties capital to finance its activities, and the use of third-party capital seeks to optimize its capital structure. The Company monitors its capital structure and makes adjustments according to changes in economic conditions. At June 30, 2018, the Company's capital structure is as follows:

	Parent Company		Consolidated	
	06/30/2018	**06/30/2017**	**06/30/2018**	**06/30/2017**
Cash and cash equivalents	**57,465**	32,559	**159,034**	140,383
Marketable securities	**2,189,768**	1,006,117	**3,650,884**	3,120,454
	2,247,233	1,038,676	**3,809,918**	3,260,837
Loans, financing and debentures	**(7,623,270)**	(5,503,556)	**(9,870,727)**	(7,724,551)
Net debt	**(5,376,037)**	(4,464,880)	**(6,060,809)**	(4,463,714)
Total equity	**4,558,075**	4,315,842	**4,730,544**	4,481,144
Total net debt and equity	**(817,962)**	(149,038)	**(1,330,265)**	17,430
Financial leverage ratio	**1.18**	1.03	**1.28**	1.00

b) Interest rate risk

The Company has loans and financing in local currency subject particularly to CDI rate and Long-term Interest Rate (TJLP) fluctuation. The risk inherent to these liabilities arises from the possibility of fluctuation in these rates that impact the Company's cash flows.

The sensitivity analysis about interest on loans, financing and debentures considered as probable scenario (Scenario I) the referential rates obtained with BM&FBOVESPA at June 30, 2018, and Scenarios II and III take into consideration rate increase by 25% and 50%, respectively. The results, in nominal values, are as follows:

Scenarios	Scenario I current	Scenario II +25%	Scenario III +50%
CDI rate (p.a.)	6.39%	7.99%	9.59%
Projected interest expenses (*)	4,481	5,601	6,722

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

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 accounts receivable) 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.

The amounts disclosed below are projected considering inflation and interest through to maturity.

	Parent Company - 06/302018					
	Within 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	**287,970**	**-**	**-**	**-**	**-**	**287,970**
Loans, financing and debentures	**356,966**	**282,211**	**713,979**	**4,430,550**	**3,020,954**	**8,804,660**
Salaries, provisions and social charges	**333,032**	**-**	**-**	**-**	**-**	**333,032**
Accounts payable for acquisitions	**2,361**	**419**	**20,357**	**64,559**	**-**	**87,696**
	980,329	**282,630**	**734,336**	**4,495,109**	**3,020,954**	**9,513,358**

	Consolidated - 06/30/2018					
	Within 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	**494,661**	**-**	**-**	**-**	**-**	**494,661**
Loans, financing and debentures	**361,446**	**283,110**	**715,276**	**5,564,074**	**4,555,388**	**11,479,294**
Salaries, provisions and social charges	**435,070**	**-**	**-**	**-**	**-**	**435,070**
Accounts payable for acquisitions	**9,868**	**419**	**63,711**	**85,678**	**21,384**	**181,060**
	1,301,045	**283,529**	**778,987**	**5,649,752**	**4,576,772**	**12,590,085**

26. Financial instruments and financial risk management (Continued)

26.2. Risk management (Continued)

d) Liquidity risk (Continued)

	Parent Company - 06/30/2017					
	Within 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	248,028	-	-	-	-	248,028
Loans, financing and debentures	528,745	370,626	923,625	3,497,616	525,649	5,846,261
Salaries, provisions and social charges	315,475	-	-	-	-	315,475
Accounts payable for acquisitions	99,442	14,480	309	43,253	17,787	175,271
	1,191,690	385,106	923,934	3,540,869	543,436	6,585,035

	Consolidated - 06/30/2017					
	Within 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	419,205	-	-	-	-	419,205
Loans, financing and debentures	569,749	413,356	994,244	3,618,286	525,649	6,121,284
Salaries, provisions and social charges	451,776	-	-	-	-	451,776
Accounts payable for acquisitions	108,930	14,480	7,312	79,736	17,787	228,245
	1,549,660	427,836	1,001,556	3,698,022	543,436	7,220,510

e) Foreign currency

The Company has loans and financing and trade accounts payable in foreign currency (mainly the US dollar). The risk related to those assets and liabilities arises from the possibility of the Company's incurring losses due to fluctuations in exchange rates. Liabilities in foreign currency represent 39.8% of total consolidated indebtedness at June 30, 2018 (13.9% at December 31, 2017). The Company has derivative financial instruments to hedge the foreign exchange rate fluctuation (see topic below). Management understands that the risk of exposure to foreign currency is not significant in relation to its financial position.

26. Financial instruments and financial risk management (Continued)

26.2. Risk management (Continued)

f) Derivatives

At June 30, 2018, the Company has swaps recorded based on fair value hedge accounting contracted to hedge the Company against loans and financing in foreign currency. The swaps exchange the flow of interest and principal in foreign currency for CDI+ or a percentage of CDI in Brazilian reais. In addition, the Company also has other swaps that were contracted to cover exposure to indebtedness and variable interest, however they were not designated for the hedge accounting strategy.

The fair value of these instruments at the interim financial information date is as follows:

Description	Range of Maturity month/year	Reference value (notional)		06/30/2018 Reference value fair value
Swap (CDI vs TJLP)	12/10/2018			
Long position	CDI + 2.30%			
Short position	TJLP + 7.46%	R$	18,750	**(109)**
Swap (currency)	04/15/2020			
Long position	USD/BRL + 3.30%	US$	11,903	
Short position	CDI + 1.00%	R$	45,894	**24,520**
Swap (currency)	11/18/2024			
Long position	USD/BRL + 3.00%	US$	24,430	
Short position	CDI + 1.47%	R$	94,198	**3,012**
Swap (currency)	11/18/2024			
Long position	USD/BRL + 3.00%	US$	28,138	
Short position	CDI + 1.62%	R$	108,496	**689**
Swap (currency)	11/18/2024			
Long position	USD/BRL + 3.00%	US$	69,801	
Short position	CDI + 1.47%	R$	269,137	**8,429**
Swap (currency)	11/16/2022			
Long position	USD/BRL + 2.70%	US$	8,361	
Short position	CDI + 1.00%	R$	32,237	**769**

26. Financial instruments and financial risk management (Continued)

26.2. Risk management (Continued)

f) Derivatives (Continued)

Description	Range of maturity month/year	Reference value (notional)		06/30/2018 Reference value fair value
Swap (currency)	16/11/2022			
Long position	USD/BRL + 2.70%	US$	2,090	
Short position	CDI + 1.23%	R$	8,059	**(23)**
Swap (currency)	11/16/2027			
Long position	USD/BRL + 6.00%	US$	15,156	
Short position	CDI - 1.71%	R$	58,439	**1,781**
Swap (currency)	11/18/2024			
Long position	USD/BRL + 3.00%	US$	18,323	
Short position	CDI + 1.47%	R$	70,649	**2,213**
Swap (currency)	11/18/2024			
Long position	EUR/BRL + 3.00%	EUR	34,782	
Short position	CDI + 2.30%	R$	156,631	**13,179**
Swap (currency)	11/18/2024			
Long position	EUR/BRL + 3.00%	EUR	8,696	
Short position	CDI + 2.46%	R$	39,158	**3,343**
Swap (currency)	04/20/2020			
Long position	USD/BRL + 3.35%	US$	85,544	
Short position	115% CDI	R$	329,839	**23,724**
Swap (currency)	08/09/2022			
Long position	USD/BRL + 0.99%	US$	65,303	
Short position	CDI + 1.00%	R$	251,797	**47,079**
Swap (currency)	04/15/2025			
Long position	USD/BRL + 3.30%	US$	50,586	
Short position	CDI + 2.084%	R$	195,050	**32,604**
Swap (currency)	04/15/2024			
Long position	USD/BRL + 3.00%	US$	80,889	
Short position	CDI + 1.68%	R$	311,893	**52,840**
Swap (currency)	04/15/2026			
Long position	USD/BRL + 5.50%	US$	30,486	
Short position	CDI + 0.25%	R$	117,546	**8,864**
Swap (currency)	01/18/2028			
Long position	USD Fixed rate + (4.95%)	US$	511,069	
Short position	BRL Fixed rate (11.82%)	R$	1,970,579	**230,582**
Swap (currency)	01/18/2028			
Long position	BRL Fixed rate (11.82%)			
Short position	CDI + 2.01%	R$	1,680,013	**(114,515)**
Current assets position				**69,576**
Noncurrent assets position				**554,996**
Current liabilities position				**(117,749)**
Noncurrent liabilities position				**(167,742)**
Effect on P&L for the period (fair value of derivatives - swaps)				**320,348**

26. Financial instruments and financial risk management (Continued)

26.2. Risk management (Continued)

f) Derivatives (Continued)

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

For derivative financial instruments, the Company considers as probable scenario (Scenario I) future exchange rates of the Brazilian real in relation to the US dollar, obtained from BM&FBOVESPA to instrument maturity, calculated on the nominal amount of the agreement.

The Company adopted the scenarios corresponding to -25% (Scenario II), -50% (Scenario III), 25% (Scenario IV) and 50% (Scenario V) in relation to the exchange rates used to determine the probable scenario.

Debt - International Finance Corporation (IFC)	**Scenario I**	**Scenario II**	**Scenario III**	**Scenario IV**	**Scenario V**
Exchange rate variation	5%	-25%	-50%	+25%	+50%
Depreciation of US$ (rate in R$)	-	3,0364	2,0243	-	-
Appreciation of US$ (rate in R$)	4,0486	-	-	5,0607	6,0729
Effect on liabilities in US$					
IFC - International Finance Corporation	9,273	(46,363)	(92,726)	46,363	92,726
Effect on derivatives					
Swap	532	(2,662)	(5,323)	2,662	5,323
Net effect	9,805	(49,025)	(98,050)	49,025	98,050

Debt - JP Morgan and Citibank	**Scenario I**	**Scenario II**	**Scenario III**	**Scenario IV**	**Scenario V**
Exchange rate variation	5%	-25%	-50%	+25%	+50%
Depreciation of US$ (rate in R$)	-	3,0364	2,0243	-	-
Appreciation of US$ (rate in R$)	4,0486	-	-	5,0607	6,0729
Effect on liabilities in US$					
Loan 4131 - JP Morgan and Citibank	29,009	(145,047)	(290,094)	145,047	290,094
Effect on derivatives					
Swap	(29,009)	145,047	290,094	(145,047)	(290,094)
Net effect	-	-	-	-	-

26. Financial instruments and financial risk management (Continued)

26.2. Risk management (Continued)

f) Derivatives (Continued)

Debt – Senior Notes	Scenario I	Scenario II	Scenario III	Scenario IV	Scenario V
Exchange rate variation	5%	-25%	-50%	+25%	+50%
Depreciation of US$ (rate in R$)	-	3,0364	2,0243	-	-
Appreciation of US$ (rate in R$)	4,0486	-	-	5,0607	6,0729
Effect on liabilities in US$					
Senior Notes	88,491	(442,456)	(884,912)	442,456	884,912
Effect on derivatives					
Swap – Senior Notes	(88,491)	(442,456)	(884,912)	(442,456)	(884,912)
Net effect	-	-	-	-	-

27. Insurance coverage

At June 30, 2018, 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	2,278,701
Civil Liability (D&O)	150,000
Engineering risks	316,085
General civil liability	1,500

28. Subsequent events

On July 5, 2018, through its wholly-owned subsidiary Prontimagem Serviços Médicos Ltda., Rede D'Or acquired all shares of Laboratório Richet Pesquisas de Physiopathologia Humana Ltda. ("Laboratório Richet"), a limited liability entity that operates clinical and pathological analysis activities, including the presentation of results and reports; collection points for biological samples for analysis; diagnostic imaging tests; and diagnostic and therapeutic services. The consideration transferred totaled R$191,964, of which R$177,464 were paid on the contract execution date, R$4,000 will be settled after the price adjustment within 150 days, if applicable, and the remaining amount was withheld as collateral for indemnifications by the sellers, and will be paid in six years after the contract date, restated by reference to the CDI.

On July 18, 2018, through a securitization company, Rede D'Or issued registered book-entry Mortgage-backed Securities ("CRI") in the amount of R$300,000, maturing on July 15, 2025 in a bullet payment. The CRI will be remunerated by IPCA + 6.0563% to be paid semiannually. There are no guarantees.

28. Subsequent events (Continued)

On August 1, 2018, through its wholly owned subsidiary Hospital Esperança S.A., Rede D'Or acquired 75% of the shares of Hospital São Rafael S.A. ("Hospital São Rafael"), a limited liability entity that operates a hospital located in the city of São Marcos (Bahia State). The consideration transferred totaled R$436,459, of which R$246,459 were paid on the contract execution date and the remaining amount was withheld as collateral for indemnifications by the sellers, and will be paid in six years after the contract date, restated by reference to the CDI.