

Interim Financial Information

Rede D'Or São Luiz S.A.

March 31, 2019

with Independent Auditor's Review Report

Rede D'Or São Luiz S.A.

Interim Financial Information

March 31, 2019

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A free translation from Portuguese into English of Independent Auditor's Review Report on Interim Financial Information prepared in Brazilian currency in accordance with CPC 21 (R1) and IAS 34.

Independent auditor's review report on interim financial information

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

Introduction

We have reviewed the accompanying individual and consolidated interim balance sheets of Rede D'Or São Luiz S.A. (the "Company") as at March 31, 2019, and the related statements of income, of comprehensive income, of changes in equity and of cash flows for the quarter 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 the 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

Based on our review nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, applicable to the preparation of interim financial information.



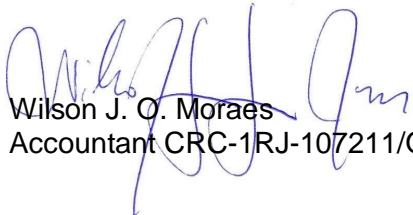
Other matters

Statements of value added

We have also reviewed the individual and consolidated statements of value added (SVA) for the quarter ended March 31, 2019, prepared under the responsibility of Company management, the presentation of which is required by the Brazilian Corporation Law for publicly-held companies, but is 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, consistently with the overall individual and consolidated interim financial information.

Rio de Janeiro, May 31, 2019

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


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

Rede D'Or São Luiz S.A.

Balance sheets

March 31, 2019 and December 31, 2018

(In thousands of reais)

	Note	Parent Company		Consolidated	
		03/31/2019	12/31/2018	03/31/2019	12/31/2018
Assets					
Current assets					
Cash and cash equivalents	4	42,092	47,782	77,617	192,008
Marketable securities	4	2,714,189	2,768,894	3,682,124	3,864,700
Trade accounts receivable	5	2,193,260	2,139,001	3,390,330	3,259,349
Inventories	6	147,551	169,688	269,920	284,429
Taxes recoverable		40,799	60,313	92,260	116,793
Derivative financial instruments	27	89,671	82,357	89,671	82,357
Related parties	7	6,902	9,206	-	-
Dividends receivable		132,461	53,195	-	-
Receivables from sale of property	12	17,500	17,500	17,500	17,500
Other		158,118	152,350	282,012	237,623
Total current assets		5,542,543	5,500,286	7,901,434	8,054,759
Noncurrent assets					
Related parties	7	499,214	405,782	26,401	23,466
Deposit for acquisition of property		-	-	96,776	92,373
Judicial deposits	16	116,712	113,168	152,023	147,810
Deferred income and social contribution taxes	19	-	-	242,259	195,597
Derivative financial instruments	27	201,341	185,276	526,768	478,602
Investments in subsidiaries, associates and jointly-controlled entities	8	4,116,681	3,808,176	150,585	144,529
Property and equipment	9	2,888,725	2,827,842	5,411,995	4,994,831
Intangible assets	10	2,534,504	2,523,451	5,181,920	4,812,604
Right of use	11	1,689,520	-	2,265,282	-
Other		53,002	50,849	127,226	84,333
Total noncurrent assets		12,099,699	9,914,544	14,181,235	10,974,145
Total assets		17,642,242	15,414,830	22,082,669	19,028,904

	Note	Parent Company		Consolidated	
		03/31/2019	12/31/2018	03/31/2019	12/31/2018
Liabilities and equity					
Current liabilities					
Trade accounts payable		212,653	248,051	503,407	528,975
Derivative financial instruments	27	8,925	8,339	95,504	98,387
Loans, financing and debentures	13	619,686	621,388	640,856	607,704
Salaries, provisions and social charges		381,160	310,234	540,733	436,641
Tax obligations	14	140,245	154,870	258,947	343,611
Accounts payable for acquisitions	15	23,221	22,357	128,372	105,094
Dividends and interest on equity payable	18	69,193	1,101	73,731	8,940
Deferred gain on property sales	12	3,920	3,920	3,920	3,920
Lease agreements	17	92,738	-	119,385	-
Other		16,515	26,020	54,435	47,967
Total current liabilities		1,568,256	1,396,280	2,419,290	2,181,239
Noncurrent liabilities					
Loans, financing and debentures	13	9,256,168	9,010,443	11,503,015	11,238,881
Related parties	7	46,535	57,201	2,280	60
Tax liabilities	14	91,451	91,108	283,647	233,326
Accounts payable for acquisitions	15	59,200	57,875	357,525	258,288
Deferred income and social contribution taxes	19	184,787	190,424	276,260	263,203
Provision for contingencies	16	126,276	130,044	199,506	189,795
Provision for losses on investments	8	46,328	36,064	-	-
Deferred gain on property sales	12	71,486	72,280	71,486	72,280
Lease agreements	17	1,634,316	-	2,191,210	-
Other		37,051	37,592	56,985	64,105
Total noncurrent liabilities		11,553,598	9,683,031	14,941,914	12,319,938
Equity	18				
Capital		867,776	867,776	867,776	867,776
Capital reserves		2,347,943	2,343,782	2,347,943	2,343,782
Treasury shares		(473,193)	(473,193)	(473,193)	(473,193)
Income reserves		516,808	1,592,930	516,808	1,592,930
Retained earnings		256,830	-	256,830	-
Advances for future capital increase		4,224	4,224	4,224	4,224
Total equity attributable to controlling interests		4,520,388	4,335,519	4,520,388	4,335,519
Noncontrolling interests		-	-	201,077	192,208
Total equity		4,520,388	4,335,519	4,721,465	4,527,727
Total liabilities and equity		17,642,242	15,414,830	22,082,669	19,028,904

See accompanying notes.

Rede D'Or São Luiz S.A.

Income statements

Three-month periods ended March 31, 2019 and 2018

(In thousands of reais, unless otherwise stated)

	Note	Parent Company		Consolidated	
		03/31/2019	03/31/2018	03/31/2019	03/31/2018
Net revenue	20	1,944,510	1,701,993	3,033,250	2,433,055
Costs of services rendered	21	(1,337,523)	(1,225,731)	(2,248,760)	(1,854,086)
Gross profit		606,987	476,262	784,490	578,969
General and administrative expenses	22	(131,794)	(96,277)	(134,745)	(98,094)
Selling expenses	23	(2,453)	(11,374)	(3,508)	(12,455)
Equity pickup	8	70,275	34,526	7,105	3,817
Other operating income (expenses), net	24	(25,804)	(23,548)	(52,005)	(31,472)
Income before finance income (costs) and income and social contribution taxes		517,211	379,589	601,337	440,765
Finance income	25	157,472	105,656	212,417	138,483
Finance costs	25	(357,815)	(223,920)	(466,380)	(285,645)
Income before income taxes		316,868	261,325	347,374	293,603
Income taxes	19	(60,038)	(54,332)	(83,507)	(82,429)
Net income for the period		256,830	206,993	263,867	211,174
Net income attributable to controlling interests		256,830	206,993	256,830	206,993
Net income attributable to noncontrolling interests		-	-	7,037	4,181
Basic earnings per share	26	0.5827	0.4697		
Diluted earnings per share	26	0.5802	0.4681		

See accompanying notes.

Rede D'Or São Luiz S.A.

Statements of comprehensive income
Three-month periods ended March 31, 2019 and 2018
(In thousands of reais)

	Parent Company		Consolidated	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Net income for the period	256,830	206,993	263,867	211,174
Other comprehensive income	-	-	-	-
Total comprehensive income	256,830	206,993	263,867	211,174
Attributable to				
Controlling interests	256,830	206,993	256,830	206,993
Noncontrolling interests	-	-	7,037	4,181

See accompanying notes.

Rede D'Or São Luiz S.A.

Statements of changes in equity
Three-month periods ended March 31, 2019 and 2018
(In thousands of reais)

Description	Controlling interests												Noncontrolling interests	Total
	Capital reserves					Income reserves					Retained earnings	Total equity		
	Capital	Capital reserve (issue of shares)	Capital transactions	Share-based payment reserve	Treasury shares	Legal reserve	Investment reserve	Additional dividends in excess of mandatory minimum dividends	Advances for future capital increase					
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 interests	-	-	(4,048)	-	-	-	-	-	-	-	(4,048)	-	(4,048)	
Capital transactions	-	-	7,493	-	-	-	-	-	-	-	7,493	-	7,493	
Proposed dividends and interest on equity (Note 18)	-	-	-	-	-	-	(101,776)	-	-	-	(101,776)	(28)	(101,804)	
Treasury shares (Note 18)	-	-	-	-	(131,006)	-	-	-	-	-	(131,006)	-	(131,006)	
Net income for the period	-	-	-	-	-	-	-	-	-	206,993	206,993	4,181	211,174	
Share-based payment	-	-	-	10,165	-	-	-	-	-	-	10,165	-	10,165	
Balances at March 31, 2018	867,776	2,335,941	(180,086)	191,287	(470,474)	8,666	1,339,336	-	4,224	206,993	4,303,663	169,455	4,473,118	
Balances at December 31, 2018	867,776	2,335,941	(213,943)	221,784	(473,193)	8,666	1,584,264	-	4,224	-	4,335,519	192,208	4,527,727	
Capital increase - noncontrolling interest	-	(6,003)	-	-	-	-	-	-	-	-	(6,003)	6,003	-	
Acquisition of noncontrolling interests	-	-	-	-	-	-	-	-	-	-	-	(666)	(666)	
Acquisition of investment in subsidiaries (Note 3)	-	-	-	-	-	-	-	-	-	-	-	(1,105)	(1,105)	
Net income for the period	-	-	-	-	-	-	-	-	-	256,830	256,830	7,037	263,867	
Share-based payment (Note 18)	-	-	-	10,164	-	-	-	-	-	-	10,164	-	10,164	
Proposed dividends and interest on equity (Note 18)	-	-	-	-	-	-	(76,122)	-	-	-	(76,122)	(2,400)	(78,522)	
Balances at March 31, 2019	867,776	2,329,938	(213,943)	231,948	(473,193)	8,666	1,508,142	-	4,224	256,830	4,520,388	201,077	4,721,465	

See accompanying notes.

Rede D'Or São Luiz S.A.

Statements of cash flows Three-month periods ended March 31, 2019 and 2018 (In thousands of reais)

	Parent Company		Consolidated	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Cash flows from operating activities				
Income before income and social contribution taxes	316,868	261,325	347,374	293,603
Adjustments to reconcile net income to cash provided by operating activities				
Depreciation and amortization	117,296	70,002	153,179	90,868
Gain from property sales	(980)	(980)	(980)	(980)
Fair value of debt	28,584	39,923	28,584	39,923
Interest, monetary and foreign exchange differences, net	118,760	60,461	209,057	64,205
Share-based payment	10,164	10,165	10,164	10,165
Provision for contingencies	-	-	368	262
Equity pickup	(70,275)	(34,526)	(7,105)	(3,817)
Allowance for doubtful accounts and provision for disallowances	104,643	97,821	187,797	155,866
(Increase) decrease in assets and increase (decrease) in liabilities				
Trade accounts receivable	(158,902)	(206,365)	(283,095)	(274,171)
Inventories	22,137	28,306	23,381	33,561
Taxes recoverable	19,514	12,216	43,549	29,269
Judicial deposits	(3,544)	(2,446)	(2,146)	3,260
Other assets	(79,553)	(19,710)	(75,793)	(11,696)
Trade accounts payable	(35,398)	(25,264)	(63,247)	(32,786)
Payroll and social charges	70,926	49,851	87,947	64,028
Tax liabilities	(36,400)	(14,010)	(97,098)	(75,615)
Taxes paid in installments	(125)	(3,307)	14,099	(9,710)
Related parties	(106,924)	(58,328)	(2,844)	(775)
Provision for contingencies	(3,768)	(4,140)	314	(5,941)
Other liabilities	(71,797)	3,626	(98,274)	(7,413)
	241,226	264,620	475,231	362,106
Payment of interest	(165,428)	(102,618)	(198,398)	(150,080)
Income and social contribution taxes paid	(45,138)	(48,797)	(132,617)	(69,469)
Net cash provided by operating activities	30,660	113,205	144,216	142,557
Cash flows from investing activities				
Acquisitions of investments and business, net of cash acquired	(70,224)	-	(285,435)	(404,167)
Future capital contribution	(251,543)	(21,563)	-	-
Acquisition of property and equipment	(116,576)	(105,765)	(367,284)	(175,428)
Acquisition of intangible assets	(26,578)	(12,619)	(25,938)	(17,127)
Cash from merger of subsidiary	-	10,522	-	-
Acquisitions of marketable securities	(3,312,856)	(6,234,057)	(4,717,202)	(9,306,458)
Redemption of marketable securities	3,403,077	4,421,416	4,948,146	8,140,189
Dividends and interest on equity received	91,296	9,987	-	1,370
Net cash used in investing activities	(283,404)	(1,932,079)	(447,713)	(1,761,621)
Cash flows from financing activities				
Treasury shares acquired	-	(5,629)	-	(5,629)
Payment of dividends and interest on equity	-	(293,071)	(3,054)	(297,159)
Acquisition of noncontrolling interests	(6,003)	(130,387)	(778)	(130,387)
Loans, financing and debentures taken out	300,000	2,342,537	300,000	2,342,537
Settlement (receipt) of swap	19,651	(5,801)	(28,587)	(5,801)
Repayment of loans, financing and debentures	(66,594)	(82,227)	(78,475)	(267,163)
Net cash provided by (used in) financing activities	247,054	1,825,422	189,106	1,636,398
Increase in cash and cash equivalents	(5,690)	6,548	(114,391)	17,334
Cash and cash equivalents at beginning of period	47,782	32,559	192,008	140,383
Cash and cash equivalents at end of period	42,092	39,107	77,617	157,717

See accompanying notes.

Rede D'Or São Luiz S.A.

Statements of value added
 Three-month periods ended March 31, 2019 and 2018
 (In thousands of reais, unless otherwise stated)

	Parent Company		Consolidated	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Revenue	2,069,369	1,803,135	3,236,928	2,589,757
Sales of goods, products and services	2,173,032	1,899,976	3,423,745	2,744,643
Provision for disallowances and Allowance for doubtful accounts	(104,643)	(97,821)	(187,797)	(155,866)
Other revenues	980	980	980	980
Inputs acquired from third parties	(681,793)	(617,926)	(1,209,226)	(990,899)
Costs of services sold	(634,748)	(576,827)	(1,134,557)	(940,559)
Materials, energy, third-party services and other expenses	(47,045)	(41,099)	(74,301)	(50,078)
Loss/recovery of assets	-	-	(368)	(262)
Gross value added	1,387,576	1,185,209	2,027,702	1,598,858
Depreciation and amortization	(117,296)	(70,002)	(153,179)	(90,868)
Net value added	1,270,280	1,115,207	1,874,523	1,507,990
Value added received in transfer	227,747	140,182	219,522	142,300
Equity pickup	70,275	34,526	7,105	3,817
Finance income	157,472	105,656	212,417	138,483
Total value added	1,498,027	1,255,389	2,094,045	1,650,290
Distribution of value added	(1,498,027)	(1,255,389)	(2,094,045)	(1,650,290)
Personnel and related charges	(652,534)	(556,241)	(1,004,853)	(773,443)
Taxes, charges and contributions	(183,917)	(162,365)	(286,205)	(246,048)
Interest, rents and other operating expenses	(404,746)	(329,790)	(539,120)	(419,625)
Dividend and interest on equity	(3,054)	(101,776)	(3,054)	(101,776)
Retained profits	(253,776)	(105,217)	(260,813)	(109,398)

See accompanying notes.

Rede D'Or São Luiz S.A.

Notes to interim financial information

March 31, 2019

(In thousands of reais, unless otherwise stated)

1. Operations

Rede D'Or São Luiz S.A. ("Company" or "Parent Company" and jointly with 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, Brasília, Maranhão Bahia and Sergipe, with 41 own hospitals and 3 under construction, as well as oncology and radiotherapy clinics and a laboratory. Currently, the Group has 6,427 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, in 2018 in the states of Maranhão and Bahia and in 2019 in the state of Sergipe.

As from 2010, through the admission of 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
Hospital Santa Luzia	Brasília, DF	2012
Hospital do Coração	Brasília, DF	2012
Hospital Norte D'Or	Rio de Janeiro, RJ	2013
Hospital IFOR	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	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
Laboratório Richet	Rio de Janeiro, RJ	2018
Hospital São Rafael	Salvador, BA	2018
Hospital Samer	Rio de Janeiro, RJ	2018
Hospital de Clínicas Rio Mar	Rio de Janeiro, RJ	2019
Hospital São Lucas	Aracaju, SE	2019

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

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

1. Operations (Continued)

Seasonality

There is no significant seasonality in the Company's operations; however, a smaller volume of customers is observed in December, January and February, due to the year-end holidays and vacation period, and a larger volume during the winter.

2. Basis of preparation and presentation and significant accounting policies

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

The significant accounting policies adopted by the Group in this unaudited interim financial information are consistent with those adopted in the financial statements for the year ended December 31, 2018, disclosed on February 18, 2019, except for the adoption of IFRS 16/CPC 06 (R2) - Leases, effective from January 1, 2019, the impacts of which are summarized below.

P&L for the quarter ended March 31, 2019 does not necessarily indicate the P&L expected for the entire year ending December 31, 2019. 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, 2018.

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, 2018.

Authorization to complete the preparation of this financial information was provided by Company management on May 31, 2019.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

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

IFRS 16/CPC 06 (R2) - Leases

IFRS 16/CPC 06 (R2) supersedes IAS 17 - Leases and IFRIC 4 - Determining whether an Arrangement contains a Lease. IFRS 16/ CPC06 (R2) establishes the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single model in the statement of financial position, similar to accounting for finance leases under IAS 17. At the lease inception, the lessee recognizes a liability relating to lease payments and an asset that represents the right to use the underlying asset over the lease term (i.e. the right-of-use asset). Lessees recognize separately the interest expense on the liability over the lease period to produce a constant periodic interest rate, and the depreciation expense on the right-of-use asset.

Lessees shall also remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). In general, the lessee recognizes the revaluation amount of the lease liability as an adjustment to the right-of-use asset.

There is no substantial change in lessor accounting based on IFRS 16/CPC 06 (R2) in relation to the current accounting under IAS 17. Lessors will continue to classify all leases in accordance with the same IAS 17 classification principle, distinguishing them between two types: operating and finance leases.

The Company adopted IFRS 16/CPC 06 (R2) using the modified retrospective approach and elected to apply the standard to agreements that were previously identified as leases applying IAS 17 and IFRIC 4. The Company also elected to use the exemptions proposed by the standard on lease agreements for which the lease terms end within 12 months as of the first-time adoption date, and lease agreements for which the underlying asset is of low value.

Upon adoption of IFRS 16, the Company recognized the assets that represents the right to use and lease liabilities relating to leases that had already been classified as "operating leases" under IAS 17 principles. These liabilities were measured at present value of the remaining lease payments as discounted through the Company's incremental borrowing rate on January 1, 2019.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

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

IFRS 16/CPC 06 (R2) - Leases (Continued)

The first-time adoption impact of IFRS 16 on the first quarter of 2019 is as follows:

	Parent Company			Consolidated		
	Assets	Liabilities	Expense	Assets	Liabilities	Expense
First-time adoption - 01/01/2019	1,725,239	1,725,239	-	2,312,074	2,312,074	-
Addition	-	-	-	-	-	-
Payment	-	(61,678)	-	-	(86,152)	-
Amortization (Note 9)	(35,719)	-	(35,719)	(46,792)	-	(46,792)
Interest (Note 25)	-	63,493	(63,493)	-	84,673	(84,673)
Balances at March 31, 2019	1,689,520	1,727,054	(99,212)	2,265,282	2,310,595	(131,465)

The Company has lease transaction for assets such as: real estate, machinery and equipment. In general, lease agreements are carried out for the average term of 18 years (mainly real estate), however, they may include extension options. The lease terms are negotiated individually and contain a wide range of different terms and conditions.

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

	03/31/2019		12/31/2018	
	Direct	Indirect	Direct	Indirect
Parent Company - Rede D'Or São Luiz S.A. (a)				
Fully consolidated entities				
Rodin Empreendimentos e Participações S.A.	99.99	0.01	99.99	0.01
Hospital Esperança S.A. ("Esperança")	100.00	-	100.00	-
Hospital UDI (acquired in 2018 and merged in 2019)	-	-	-	100.00
UDI Cárdio - Unidade de Diagnóstico e Tratamento Cardiológico Ltda.	-	100.00	-	100.00
UDI Imagem - Unidade de Diagnóstico por Imagem Ltda.	-	100.00	-	100.00
Diagno São Marcos Ltda.	-	100.00	-	100.00
Hospital São Rafael S.A. (acquired in 2018)	-	75.00	-	75.00
São Lucas Médico Hospitalar S.A. (acquired in 2019)	-	75.00	-	-
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.	-	67.25	-	67.25
Instituto Oncológico de Pernambuco Ltda. ("IOPE")	-	67.18	-	67.18
Núcleo Especializado em Oncologia e Hemato (NEOH)	-	67.15	-	67.15
Clínica de Oncologia Dr. Paulo Emílio Pinto Ltda.	-	49.45	-	49.45
Oncobrasília - Inst. Bras. Onco Clínica Ltda.	0.10	97.91	0.10	97.91
Acreditar Oncologia S.A.	-	98.90	-	98.90
Onco Star SP Oncologia Ltda.	75.00	-	75.00	-
Jenner S.A.	50.00	41.25	50.00	41.25
Oncologia D'Or S.A.	7.39	83.35	7.39	83.35
Centro de Oncologia do RJ Ltda. ("Salus")	-	90.66	-	90.66
Onco D'Or Oncologia BA Ltda.	-	98.81	-	98.81
Centro Médico Jabaquara S.A.	97.58	-	97.58	-
Maxclínicas Clínicas e Diagnósticos Ltda.	99.99	0.01	99.99	0.01
TJK Empreendimentos Imobiliários Ltda.	99.99	0.01	99.99	0.01

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

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

	03/31/2019		12/31/2018	
	Direct	Indirect	Direct	Indirect
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.	100.00	-	100.00	-
ONCORAD - Serviços de Radioterapia Ltda.	0.02	99.98	0.02	99.98
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.	1.70	98.30	1.70	98.30
Café Verde da Quinta Ltda.	99.99	0.01	99.99	0.01
Campinas Empreendimentos Imobiliários Ltda.	99.99	0.01	99.99	0.01
Olimpia Projeto Rua do Rocio 86 SPE S.A. (acquired in 2018)	100.00	-	100.00	-
IFOR Empreendimentos Imobiliários S.A.	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	85.00	-	85.00	-
JTO Holding S.A.	94.00	-	92.00	-
JTO-Fundadores Participações Ltda.	18.80	75.20	18.40	73.60
D'Or Consultoria Corretagem, Seguros e Benefícios	-	94.00	-	92.00
D'Or MG Consultoria em Corretagem de Seguros e Benefícios	-	94.00	-	92.00
D'Or PME Corretagem de Seguros e Serviços Online Ltda.	-	75.20	-	73.60
D'Or Rio em Corretagem de Seguros S.A.	-	70.50	-	69.00
New Trix Corretora de Seguros Ltda.	-	70.50	-	69.00
D'Or Bahia Consultoria em Corretagem de Seguros e Benefícios	-	75.20	-	73.60
D'Or Kappius Consultoria Empresarial e Corretagem de Seguros	-	47.94	-	46.92
Hospital Santa Helena S.A.	100.00	-	100.00	-
Prontimagem Serviços Médicos Ltda.	100.00	-	100.00	-
Laboratório Richet Pesquisas de Physiopathologia Humana 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. ("RDSL Farmácia")	99.99	0.01	99.99	0.01
GNI09 Empreendimentos Imobiliários Ltda.	99.99	0.01	99.99	0.01
GNI10 Empreendimentos Imobiliários Ltda.	99.99	0.01	99.99	0.01
GNI11 Empreendimentos Imobiliários Ltda.	99.99	0.01	99.99	0.01
GNI12 Empreendimentos Imobiliários Ltda.	99.99	0.01	99.99	0.01
GNI13 Empreendimentos Imobiliários Ltda.	99.99	0.01	99.99	0.01
Maximagem com Diag. por imagem Ltda.	99.99	0.01	99.99	0.01
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.	100.00	-	100.00	-
Svgávea Empreendimentos e Participações S.A.	-	100.00	-	100.00
Hospitais Integrados da Gávea S.A. - Clínica São Vicente	-	100.00	-	100.00
Hospital de Clínicas Rio Mar S.A. (acquired in 2019)	-	95.31	-	-
Centro Médico Rio Mar S.A. (acquired in 2019)	-	95.31	-	-
Hospital Jutta Batista (incorporated in 2019)	-	100.00	-	-
Samer Serviços de Assistência Médica de Resende Ltda.	-	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	-
Califórnia investimentos Imobiliários Ltda.	100.00	-	-	-
Clínica Médica São Remo Ltda. (acquired in 2019)	100.00	-	-	-
Memorial Imagem e Diag Ltda. ("Mediex") (b)	70.00	-	15.00	-

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

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

	03/31/2019		12/31/2018	
	Direct	Indirect	Direct	Indirect
Companies accounted for under the equity method in the consolidated statements				
Fujidayclinic Ltda.	-	49.45	-	49.45
Acreditar Tocantins Oncologia S.A.	-	49.45	-	49.45
Centro Oncológico do Vale Ltda.	-	49.45	-	49.45
Instituto de Radioterapia do Vale do Paraíba Ltda. ("Onco São José dos Campos")	-	49.45	-	49.45
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
GGSH Part. S.A.	34.46	-	34.46	-
G2D Serviços Tecnológicos S.A. ("Boa Consulta")	15.00	-	15.00	-
Eldorado do Sul Participações Ltda.	-	33.33	-	33.33

- (a) This includes hospitals São Luiz Itaim, São Luiz Morumbi, São Luiz Anália Franco, Copa D'Or, Quinta D'Or, Caxias D'Or, Brasil, Assunção, Prontolinda, Joari, Realcordis, HGB, HCB, Rio de Janeiro, Vivalle, 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 March 21, 2019, Rede D'Or acquired additional interest of 55.00% in Memorial Imagem e Diagnóstico Ltda. (Mediix). As of March 2019, Mediix is fully consolidated. In 2018, this investment was accounted for by the equity method.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

3. Business combination

The fair value of assets acquired and liabilities assumed as well as goodwill determined on significant acquisitions occurred in 2018 and in the quarter ended March 31, 2019 are as follows:

	2019			2018		
	Hospital São Lucas (a)	Hospital Clínicas Rio Mar (a)	Hospital Samer (a)	Hospital São Rafael (a)	Laboratório Richet (a)	Hospital UDI
Acquisition date	01/22/2019	01/18/2019	12/04/2018	08/01/2018	07/05/2018	07/02/2018
Location	SE	RJ	RJ	BA	RJ	MA
Interest acquired (%)	75.00	95.31	100.00	75.00	100.00	100.00
Total consideration	238,950	85,326	78,322	607,500	191,964	441,480
Payment on acquisition date	188,950	25,326	66,574	417,500	177,464	406,480
Accounts payable (Note 15)	50,000	60,000	11,748	190,000	14,500	35,000
Assets						
Cash and cash equivalents	3,030	795	2,407	6,992	1,227	4,217
Trade accounts receivable	28,346	6,548	19,737	99,341	14,193	40,389
Inventories	4,362	2,803	822	12,048	1,340	2,491
Taxes recoverable	15,856	3,079	848	-	338	373
Related parties	-	-	-	171,643	-	4,120
Judicial deposits	649	1,418	-	-	-	551
Deferred income and social contribution taxes	2,656	8,378	-	-	1,363	5,943
Indemnifiable assets	-	6,336	-	-	1,427	13,919
Property and equipment	57,712	6,255	2,658	33,465	32,341	122,252
Intangible assets	-	197	-	10,489	392	1,070
Other	313	686	72	5,473	165	3,164
	112,924	36,495	26,544	339,451	52,786	198,489
Liabilities						
Trade accounts payable	(33,277)	(4,176)	(6,776)	(82,781)	(13,709)	(10,606)
Loans and financing	(21,111)	(9,982)	(3,149)	(109,265)	(21,424)	(13,726)
Salaries, provisions and social charges	(9,614)	(4,045)	(2,848)	(39,540)	(3,166)	(7,243)
Tax obligations	(46,690)	(25,915)	(7,668)	(2,046)	(5,805)	(37,747)
Related parties	-	-	(6,339)	-	-	(4,120)
Provision for contingencies	(1,207)	(7,823)	(343)	-	(3,989)	(13,919)
Other	(1,777)	(6,356)	(277)	(13,752)	(222)	(5,531)
	(113,676)	(58,297)	(27,400)	(247,384)	(48,315)	(92,892)
Total identifiable assets, net	(564)	(20,885)	(856)	69,051	4,471	105,597
Total net indemnifiable assets - noncontrolling interests	(188)	(917)	-	23,016	-	-
Total consideration	238,950	85,326	78,322	607,500	191,964	441,480
Goodwill on acquisition (Note 10)	239,514	106,211	79,178	538,449	187,493	335,883

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

3. Business combination (Continued)

Other information:

	2019		2019			
	Hospital São Lucas (a)	Hospital Clínicas Rio Mar (a)	Hospital Samer (a)	Hospital São Rafael (a)	Laboratório Richet (a)	Hospital UDI
Contribution for the Group of revenues since the acquisition date	75,110	12,534	9,526	262,695	46,756	302,551
Contribution for the Group with income (loss) before taxes since the acquisition date	7,963	(6,566)	4,324	(14,687)	3,496	61,763
Revenues acquired since the beginning of year	75,110	12,534	103,566	262,695	100,092	354,282
Income (loss) from acquiree before taxes since the beginning of year	7,963	(6,566)	14,585	(14,687)	12,803	86,677

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

In addition to the business combinations stated above, in 2019 the Company acquired Clínica Médica São Remo Ltda. and additional interest of 55% in Memorial Imagem e Diagnóstico Ltda. (MediAx), and goodwill generated in these acquisitions totaled R\$\$3,592 and R\$2,805, respectively. In 2018, the Company acquired New Trix Corretora de Seguros Ltda. and Kappius Consultoria Empresarial e Corretagem de Seguros Ltda., and goodwill generated in these acquisitions totaled R\$23,977 and R\$1,125, respectively.

The amounts payable of R\$50,000, R\$60,000 and R\$750 related to Hospital São Lucas, Hospital Rio Mar and Clínica Médica São Remo, respectively (R\$115,000, R\$14,500, R\$35,000 and R\$11,748 related to Hospital São Rafael, Laboratório Richet, Hospital UDI and Samer, respectively in 2018), serve as guarantees for the potential liabilities assumed by the sellers, and will be paid within six years after execution dates, restated by reference to the Interbank Deposit Certificate (CDI), Extended Consumer Price Index (IPCA) and Brazil's Central Bank benchmark rate (SELIC) included in the balance of "Accounts payable for acquisitions" (Note 15).

As part of the acquisition of Hospital São Rafael in 2018, a contingent consideration was agreed based on achieving certain financial goals in the subsequent twelve months. This amount was measured at R\$75 million, included in the balance of "Accounts payable for acquisitions" (Note 15).

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

4. Cash and cash equivalents and marketable securities

	Parent Company		Consolidated	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Cash and cash equivalents				
Cash and banks	38,289	45,121	64,171	87,063
Short-term investments	3,803	2,661	13,446	104,945
Cash and cash equivalents	42,092	47,782	77,617	192,008
Marketable securities				
Non-boutique investment funds	792,824	1,589,583	1,204,466	2,163,056
Repurchase agreements	454,658	288,360	637,342	484,566
Bank Deposit Certificates (CDBs)	1,466,707	890,951	1,840,316	1,217,078
Marketable securities	2,714,189	2,768,894	3,682,124	3,864,700

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 government securities, which are part of the "FI Plataforma" and "FIC Plataforma Star" boutique fund portfolio, issued by first-tier financial institutions, and with average yield of 100.1% (100.2% in 2018) of the Interbank Deposit Certificate (CDI).

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

5. Trade accounts receivable

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

	Parent Company		Consolidated	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Accounts receivable from health insurance and health plans	2,644,650	2,646,828	4,254,609	4,199,603
Accounts receivable from individuals	43,755	51,137	64,620	67,934
Allowance for doubtful accounts and provision for disallowances	(495,145)	(558,964)	(928,899)	(1,008,188)
	2,193,260	2,139,001	3,390,330	3,259,349

Changes in provision for disallowances and allowance for doubtful accounts

	Parent Company		Consolidated	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Balance at beginning of period	(558,964)	(417,340)	(1,008,188)	(705,980)
Recognition of provision for disallowances	(104,643)	(89,950)	(187,797)	(147,969)
Write-off of uncollectible amounts	168,462	75,243	282,638	75,412
Set up of allowance for doubtful accounts	-	(7,871)	-	(7,897)
Provision arising from acquisitions	-	-	(15,552)	-
Balance at end of period	(495,145)	(439,918)	(928,899)	(786,434)

At March 31, 2019 and December 31, 2018, the aging list of trade accounts receivable is as follows:

	Parent Company								
	Total	Falling due	Overdue						360 - 720 days
			1 - 30 days	31 - 60 days	61 - 90 days	91 - 120 days	121 - 180 days	181 - 360 days	
03/31/2019	2,688,405	1,777,751	82,376	47,210	49,919	49,014	82,708	223,560	375,867
12/31/2018	2,697,965	1,763,781	85,660	61,307	45,527	52,200	82,850	240,751	365,889

	Consolidated								
	Total	Falling due	Overdue						360 - 720 days
			1 - 30 days	31 - 60 days	61 - 90 days	91 - 120 days	121 - 180 days	181 - 360 days	
03/31/2019	4,319,229	2,758,966	157,080	93,462	87,993	87,046	144,669	369,365	620,648
12/31/2018	4,267,537	2,701,045	160,141	111,571	82,186	87,433	135,903	390,555	598,703

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

6. Inventories

	Parent Company		Consolidated	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Medicines	38,304	48,570	96,738	110,573
Special materials	46,667	44,429	62,824	59,181
Disposable materials	36,117	44,027	50,659	55,050
Bracing and prosthetic	758	1,363	3,103	7,597
Materials for use and consumption	8,404	12,713	22,046	25,351
Food items	2,339	2,550	2,747	2,881
Dressing room materials	578	581	1,618	1,437
Surgical sutures	3,329	3,596	4,217	4,579
Other	11,055	11,859	25,968	17,780
	147,551	169,688	269,920	284,429

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 interests, namely: hospitals Copa D'Or and Quinta D'Or and the property of the administrative unit. They are leased at market value and generated an impact on profit or loss for the quarter ended March 31, 2019 amounting to R\$5,596 (R\$4,894 in 2018). 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 fully acquired by the Parent Company. These issues were intended to provide funds to the investees for investment in operations and expansion. These balances are substantially eliminated for consolidation purposes.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

7. Transactions with related parties (Continued)

In addition to the balances presented in the tables below, the Parent Company and subsidiary Rede D'Or Finance carried out a transaction of issue and purchase of debentures on January 17, 2018. As described in Note 13, subsidiary Rede D'Or Finance issued senior notes totaling US\$500,000, and at the same time, the Parent Company issued debentures (10th issue), which were substantially acquired by subsidiary Rede D'Or Finance.

Balances with related parties

Company	Parent Company								
	03/31/2019				12/31/2018			03/31/2018	
	Current assets	Noncurrent assets	Noncurrent liabilities	P&L	Current assets	Noncurrent assets	Noncurrent liabilities	P&L	P&L
Norte D'Or Debentures	6,902	-	-	154	9,206	-	-	1,326	475
Shared services									
Medise Medicina Diagnóstico e Serviços Ltda.	-	26,630	-	2,756	-	23,874	-	10,531	2,861
Hospital Esperança S.A.	-	42,112	-	8,514	-	33,605	-	32,291	8,395
Hospital São Marcos S.A.	-	8,489	-	1,584	-	6,905	-	5,240	1,278
Hospital Norte D'Or de Cascadura S.A.	-	678	-	1,970	-	-	-	6,438	1,369
Rede D'Or São Luiz Serviços Médicos S.A.	-	-	-	-	-	-	-	13,824	3,946
J. Badim S.A.	-	6,177	-	730	-	5,447	-	2,254	454
Oncologia D'Or S.A.	-	1,496	-	408	-	1,088	-	1,631	408
Hospital Fluminense S.A.	-	-	-	1,154	-	-	-	4,730	1,219
Hospital Ribeirão Pires Ltda	-	-	-	-	-	-	-	-	1,494
Clínica São Vicente	-	-	-	1,737	-	-	-	7,088	1,772
Hospital Memorial São José Ltda	-	-	-	-	-	-	-	-	-
Hospital Santa Helena S.A.	-	-	-	4,093	-	-	-	16,729	4,410
Hospital Alpha-Med Ltda	-	1,410	-	765	-	645	-	2,680	706
Esperança Serviços Médicos e Diagnósticos S.A.	-	-	-	-	-	-	-	-	-
Centro Médico Jabaquara S.A.	-	368	-	-	-	368	-	-	-
Other	-	4,601	-	4,472	-	146	-	2,070	215
São Luiz Serviços Médicos S.A. (a)	-	-	2,206	-	-	-	2,405	-	-
Centro Diagnóstico NSL (a)	-	539	-	-	-	420	-	-	-
Hospital Norte D'Or de Cascadura S.A.	-	-	531	-	-	-	856	-	-
Hospital Alpha Med	-	-	375	-	-	-	-	-	-
Unidade de Radiologia Clínica Ltda. (a)	-	12,381	-	-	-	12,132	-	-	-
Medise Medicina Diagnóstico e Serviços Ltda. (a)	-	-	12,999	-	-	-	14,285	-	-
Jenner S.A (a)	-	16,688	-	-	-	16,668	-	-	-
Oncologia D'Or S.A. (a)	-	81	-	-	-	1,441	-	-	-
Hospital Fluminense S.A. (a)	-	-	-	-	-	-	99	-	-
Hospital Esperança S.A. (a)	-	-	18,789	-	-	-	28,759	-	-
JMJB Diagnósticos e Serviços Hospitalares S.A. (a)	-	7,578	-	-	-	7,578	-	-	-
Proncordis PA Cardiológico Ltda. (a)	-	384	-	-	-	157	-	-	-
Onco D'Or Oncologia S.A. (a)	-	81,086	-	-	-	81,086	-	-	-
Campinas Empreendimentos Imobiliários Ltda. (a)	-	3,667	-	-	-	3,230	-	-	-
Hospital Santa Helena S.A. (a)	-	-	4,468	-	-	-	3,262	-	-
Santa Luzia II Emp. Imobiliários Ltda. (a)	-	-	-	-	-	-	-	-	-
GNI01 Emp. Imob. Ltda. (a)	-	10	-	-	-	10	-	-	-
Opuner do Brasil Ltda. (a)	-	-	5,808	-	-	-	5,808	-	-
Instituto D'Or de Pesquisa e Ensino (a)	-	7,460	-	-	-	7,454	-	-	-
JM&AM Empreendimentos Imobiliários S.A. (b)	-	360	-	5,077	-	-	-	19,570	4,894
Onco Star SP (c)	-	241,266	-	-	-	167,484	-	-	-
Other	-	35,753	1,359	-	-	36,044	1,727	-	-
	6,902	499,214	46,535	33,414	9,206	405,782	57,201	126,402	33,896

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

7. Transactions with related parties (Continued)

Balances with related parties (Continued)

Company	Consolidated								
	03/31/2019				12/31/2018				03/31/2018
	Current assets	Noncurrent assets	Noncurrent liabilities	P&L	Current assets	Noncurrent assets	Noncurrent liabilities	P&L	P&L
Shared services									
J Badim S.A.	-	6,177	-	730	-	5,447	-	2,254	-
JMJB Diagnósticos e Serviços Hospitalares S.A.	-	7,578	-	-	-	7,578	-	-	-
Instituto D'Or de Pesquisa e Ensino	-	7,460	-	-	-	7,454	-	-	-
J Badim S.A. (a)	-	1,576	-	-	-	1,302	-	-	-
JM&AM Empreendimentos Imobiliários S.A. (b)	-	360	-	5,077	-	-	-	19,570	4,894
Other	-	3,250	2,280	-	-	1,685	60	-	-
	-	26,401	2,280	5,807	-	23,466	60	21,824	4,894

- (a) Transfers of funds for acquisitions of companies, properties, for expansion of operations, among others. The balances are substantially eliminated in the consolidated interim financial information. There are no maturity or monetary restatement on these balances.
- (b) Lease of properties owned by the controlling interests of Rede D'Or.
- (c) Onco Star SP was created in 2017. Rede D'Or has been providing resources for acquisition of machinery and equipment, as part of operational routine.

Key management personnel's compensation

The Group considers "Key management personnel" only the members of its Statutory Board and Board of Directors. At March 31, 2019 and 2018, key management personnel compensation is summarized as follows:

	03/31/2019	03/31/2018
Salaries and bonuses	10,089	3,710
Benefits	31	41
Share-based payment	10,164	10,165
	20,284	13,916

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

8. Investments

Breakdown of and changes in investments - Parent Company

Company	12/31/2018	Equity pickup	Dividends	Acquisition of interest	Capital increase/Future capital contribution	Other	03/31/2019
Medise Medicina Diagnóstico e Serviços S.A.	211,761	6,800	-	-	-	-	218,561
Hospital Esperança S.A.	140,130	28,801	(21,220)	-	-	-	147,711
Hospital São Marcos (including goodwill)	85,845	4,600	-	-	-	-	90,445
PMJ Empreendimentos Imobiliários S.A.	394,927	(93)	-	-	55,507	-	450,341
Norte D'Or Participações S.A. (including goodwill)	85,417	3,415	-	-	-	-	88,832
Onco D'Or Oncologia S.A.	321,160	18,407	-	-	-	-	339,567
Jenner S.A. (incluindo ágio)	113,123	3,073	-	-	-	-	116,196
JMJB Diagnósticos e Serviços Hospitalares	28,405	631	-	-	-	-	29,036
Rodin Empreendimentos e Participações S.A.	54,209	(99)	-	-	110	-	54,220
Quinta Empreendimentos Imobiliários Ltda.	51,467	2,890	(5,000)	-	-	-	49,357
Hospital Fluminense S.A. (including goodwill)	82,200	2,719	(22,000)	-	1,860	-	64,779
Cardial Serviços Médicos (including goodwill)	61,703	753	-	-	-	-	62,456
Hospital Santa Helena S.A. (including goodwill)	402,743	254	(25,374)	-	4,093	-	381,716
TJK Empreendimentos Imobiliários Ltda.	22,340	187	(1,569)	-	-	-	20,958
Villa Lobos Empreendimentos Imobiliários Ltda.	204,125	2,372	(9,534)	-	-	-	196,963
Santa Luzia II Empreendimentos Imobiliários Ltda.	160,633	(3,132)	-	-	52,942	-	210,443
Campinas Empreendimentos Imobiliários Ltda.	46,442	(58)	-	-	-	-	46,384
Sator Empreendimentos e Participações Ltda.	328,187	(1,290)	-	-	142,033	-	468,930
Rede D'Or Finance	5,369	-	-	-	-	-	5,369
Rede D'Or São Luiz Serviços Médicos S.A.	67,168	(1,938)	-	-	-	-	65,230
GGSH Participações S.A.	47,354	3,408	-	-	-	-	50,762
Olimpia Projeto Rua do Rocio 86 SPE S.A. (a)	306,007	-	-	-	-	-	306,007
Proncordis Pronto Atendimento Cardiológico Ltda.	11,194	(5)	-	-	-	-	11,189
Prontimagem Serviços Médicos Ltda.	208,867	1,492	-	-	-	-	210,359
Maximagem com Diag. por imagem Ltda.	74,319	3,091	-	-	-	-	77,410
Califórnia Investimentos Imobiliários Ltda.	-	-	-	60,000	-	-	60,000
Other	293,081	4,261	(6,599)	8,589	128	(6,000)	293,460
	3,808,176	80,539	(91,296)	68,589	256,673	(6,000)	4,116,681
Onco Star SP	(23,431)	(9,304)	-	-	-	-	(32,735)
Centro Hospitalar São Marcos S.A.	(11,595)	(8)	-	-	-	-	(11,603)
Café Verde	(1,038)	(952)	-	-	-	-	(1,990)
	(36,064)	(10,264)	-	-	-	-	(46,328)
Equity pickup		70,275					

(a) Acquisition of land in 2018 through subsidiary.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

8. Investments (Continued)

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

Company	Balances at 12/31/2017	Equity pickup	Dividends	Acquisition of interest	Capital increase/Future capital contribution	Transfer	Other	Development	Balances at 03/31/2018
Medise Medicina Diagnóstico e Serviços S.A.	173,056	7,529	-	-	-	-	-	-	180,585
Hospital Esperança S.A.	71,346	13,078	-	-	-	-	-	-	84,424
Hospital São Marcos (including goodwill)	65,705	2,869	-	-	-	-	-	-	68,574
PMJ Empreendimentos Imobiliários S.A.	180,403	637	-	-	89,359	-	-	-	270,399
Norte D'Or Participações S.A. (including goodwill)	71,695	3,682	-	-	-	-	-	-	75,377
Onco D'Or Oncologia S.A.	275,950	7,355	-	-	-	-	-	-	283,305
Jenner S.A. (including goodwill)	101,233	2,511	-	-	-	-	-	-	103,744
JMJB Diagnósticos e Serviços Hospitalares	23,291	37	-	-	-	-	-	-	23,328
Rodin Empreendimentos e Participações S.A.	54,285	(19)	-	-	-	-	-	-	54,266
Quinta Empreendimentos Imobiliários Ltda.	55,137	1,803	-	-	-	-	-	-	56,940
Hospital Fluminense S.A. (including goodwill)	58,588	2,467	-	-	5,038	-	-	-	66,093
Cardial Serviços Médicos (including goodwill)	62,308	1,382	(9,987)	962	-	-	-	-	54,665
Hospital Santa Helena S.A. (including goodwill)	332,878	2,776	-	-	33,050	-	-	-	368,704
TJK Empreendimentos Imobiliários Ltda.	21,926	1	-	-	-	-	-	-	21,927
Memorial São José Ltda. (including goodwill) (a)	173,401	-	-	-	-	-	-	(173,401)	-
Hospital Ribeirão Pires Ltda. (including goodwill)	173,807	1,098	-	-	3,663	-	-	-	178,568
Villa Lobos Empreendimentos Imobiliários Ltda.	209,818	1,223	-	-	-	-	-	-	211,041
Santa Luzia II Empreendimentos Imobiliários Ltda.	33,538	199	-	-	40,292	-	-	-	74,029
Campinas Empreendimentos Imobiliários Ltda.	45,882	-	-	-	-	-	-	-	45,882
Sator Empreendimentos e Participações Ltda.	168,819	2,085	-	-	10,729	-	-	-	181,633
Rede D'or Finance	-	(9,018)	-	-	14,386	-	-	-	5,368
Rede D'or São Luiz Serviços Médicos S.A.	-	(13,517)	-	-	143,784	(59,630)	-	-	70,637
GGSH Participações S.A.	18,925	1,113	-	-	-	-	7,493	-	27,531
Prontimagem Serviços Médicos Ltda.	5,337	727	-	-	758	-	(587)	-	6,235
Maximagem com Diag. por imagem Ltda.	62,427	1,681	-	-	-	-	-	-	64,108
Other	262,849	3,990	-	-	9,942	-	29	-	276,810
	<u>2,702,604</u>	<u>35,689</u>	<u>(9,987)</u>	<u>962</u>	<u>351,001</u>	<u>(59,630)</u>	<u>6,935</u>	<u>(173,401)</u>	<u>2,854,173</u>
Rede D'or São Luiz Serviços Médicos S.A.	(59,630)	-	-	-	-	59,630	-	-	-
Centro Hospitalar São Marcos S.A.	(16,121)	(388)	-	-	-	-	-	-	(16,509)
Proncordis Pronto Atendimento Cardiológico Ltda.	(31)	-	-	-	-	-	-	-	(31)
Café Verde	(2,021)	(775)	-	-	-	-	-	-	(2,796)
	<u>(77,803)</u>	<u>(1,163)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,630</u>	<u>-</u>	<u>-</u>	<u>(19,336)</u>
Equity pickup		<u>34,526</u>							

(a) Subsidiary merged into the Company in 2018.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

8. Investments (Continued)

Breakdown of and changes in investments - Consolidated

Company	12/31/2018	Equity pickup	Other	03/31/2019
JMJB Diagnósticos e Serviços Hospitalares S.A.	28,405	631	-	29,036
Instituto de Radioterapia do Vale do Paraíba Ltda.	40,134	2,678	-	42,812
GGSH Participações S.A.	47,354	3,408	-	50,762
Eldorado do Sul Participações Ltda.	14,595	256	-	14,851
Other	14,041	132	(1,049)	13,124
	<u>144,529</u>	<u>7,105</u>	<u>(1,049)</u>	<u>150,585</u>

Company	12/31/2017	Equity pickup	Dividends	Other	03/31/2018
JMJB Diganósticos e Serviços Hospitalares S.A.	23,291	37	-	-	23,328
Instituto de Radioterapia do Vale do Paraíba Ltda.	34,206	2,554	(1,366)	-	35,394
GGSH Participações S.A.	18,925	1,113	-	7,493	27,531
Other	13,549	113	(4)	-	13,658
	<u>89,971</u>	<u>3,817</u>	<u>(1,370)</u>	<u>7,493</u>	<u>99,911</u>

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

8. Investments (Continued)

Summary of information of significant subsidiaries

	03/31/2019					03/31/2018		
	% Total	% Voting capital	Assets	Liabilities	Equity	Operating income (expenses)	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	398,875	167,332	231,543	10,492	7,588	8,573
Hospital Esperança S.A. ("Esperança")	100,00	100,00	2,989,509	2,842,893	146,616	66,791	27,553	(20,273)
Mais-Multi Assistência Incorporada a Saúde Ltda. ("Hospital São Marcos")	100,00	100,00	137,684	58,046	79,638	5,983	4,600	2,869
PMJ Empreendimentos Imobiliários S.A.	100,00	100,00	463,047	12,277	450,770	717	(93)	637
Norte D'Or Participações S.A.	100,00	100,00	63,855	3,475	60,380	3,415	3,415	3,682
Onco D'Or Oncologia S.A.	98,90	98,90	271,480	93,913	177,567	12,513	6,664	7,638
Jenner S.A.	87,50	87,50	161,754	16,688	145,066	(2)	5,378	5,023
Rodin Empreendimentos e Participações S.A.	100,00	100,00	54,388	168	54,220	(95)	(99)	(19)
Quinta Empreendimentos Imobiliários Ltda.	100,00	100,00	55,545	6,188	49,357	3,516	2,890	28,792
Hospital Fluminense S.A.	100,00	100,00	93,659	41,660	51,999	3,270	2,719	2,467
Cardial Serviços Médicos Ltda.	89,00	89,00	36,009	9,773	26,236	1,813	753	1,546
Hospital Santa Helena S.A.	100,00	100,00	529,692	268,886	260,806	9,305	254	2,776
TJK Empreendimentos Imobiliários Ltda.	100,00	100,00	23,488	2,530	20,958	388	187	1
Villa Lobos Empreendimentos Imobiliários S.A.	100,00	100,00	207,454	10,492	196,962	4,884	2,372	1,223
Santa Luzia II Emp. Imobiliários Ltda.	100,00	100,00	218,273	7,831	210,442	(2,538)	(3,132)	199
Campinas Empreendimentos Imob.	100,00	100,00	49,613	3,230	46,383	-	(58)	-
Sator Empreendimentos e Participações Ltda.	100,00	100,00	1	(120,649)	120,650	(1,289)	(1,290)	896
Rede D'Or Finance	100,00	100,00	5,369	-	5,369	-	-	(9,018)
Rede D'Or São Luiz Serviços Médicos S.A.	100,00	100,00	153,791	88,562	65,229	(3,124)	(1,938)	(13,517)
Olimpia Projeto Rua do Rocio 86 SPE S.A.	100,00	100,00	118,807	484	118,323	194	194	-
Proncordis Pronto Atendimento Cardiológico Ltda.	100,00	100,00	8,797	1,106	7,691	(135)	(280)	(295)
Prontimagem Serviços Médicos Ltda.	100,00	100,00	226,432	19,811	206,621	1,849	1,492	727
Maximagem com Diag. por imagem Ltda.	100,00	100,00	30,773	3,881	26,892	3,442	3,091	1,681
California Investimentos Imobiliários Ltda.	100,00	100,00	21,062	-	21,062	-	-	-

(a) These include 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

	03/31/2019					03/31/2018		
	% Total	% Voting interest	Noncurrent	Liabilities	Equity	Operating income expenses	P&L for the period	P&L for the period
Companies recognized by the equity method in the consolidated financial information								
Instituto de Radioterapia do Vale do Paraíba Ltda.	50	50	37,639	26,499	11,140	6,516	2,678	7,755
JMJB Diagnósticos e Serviços Hospitalares S.A.	50	50	67,414	9,342	58,072	1,263	631	5,114
GGSH Participações S.A.	34.46	34.46	134,826	(1,585)	136,411	10,101	3,408	9,365

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

9. Property and equipment

Breakdown of balances

Description	Depreciation rate	Parent Company					
		03/31/2019			12/31/2018		
		Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
Hospital machinery and equipment	12% to 20%	949,277	(532,713)	416,564	923,373	(509,296)	414,077
Surgical instruments	20%	49,534	(27,372)	22,162	48,994	(25,990)	23,004
Machinery and equipment	7% to 10%	330,109	(203,571)	126,538	315,354	(191,814)	123,540
Buildings	2.5% to 4%	596,297	(106,614)	489,683	595,058	(99,790)	495,268
Improvements in own buildings	4%	169,843	(40,312)	129,531	169,801	(35,994)	133,807
Leasehold improvements	3% to 4%	1,135,353	(309,202)	826,151	1,131,558	(297,415)	834,143
Furniture and fixtures	10%	145,156	(77,788)	67,368	140,496	(74,144)	66,352
Vehicles	20%	4,043	(3,174)	869	3,988	(3,081)	907
Facilities	10%	113,975	(40,998)	72,977	110,470	(38,228)	72,242
Land	-	155,530	-	155,530	155,530	-	155,530
Construction in progress	-	573,745	-	573,745	501,378	-	501,378
Other	5% to 10%	12,503	(4,896)	7,607	12,430	(4,836)	7,594
		4,235,365	(1,346,640)	2,888,725	4,108,430	(1,280,588)	2,827,842

Description	Depreciation rate	Consolidated					
		03/31/2019			12/31/2018		
		Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
Hospital machinery and equipment	12% to 20%	1,308,209	(640,769)	667,440	1,204,717	(608,634)	596,083
Surgical instruments	20%	57,664	(32,251)	25,413	57,586	(30,342)	27,244
Machinery and equipment	7% to 10%	515,030	(283,422)	231,608	474,285	(265,693)	208,592
Buildings	2.5% to 4%	1,154,181	(153,565)	1,000,616	1,067,049	(140,907)	926,142
Improvements in own buildings	4%	184,280	(43,165)	141,115	184,234	(38,636)	145,598
Leasehold improvements	3% to 4%	1,438,497	(417,327)	1,021,170	1,432,885	(401,454)	1,031,431
Furniture and fixtures	10%	206,664	(106,589)	100,075	195,542	(99,936)	95,606
Vehicles	20%	4,812	(4,722)	90	4,717	(4,717)	-
Facilities	10%	172,514	(69,442)	103,072	167,142	(65,273)	101,869
Land	-	863,991	-	863,991	802,896	-	802,896
Construction in progress	-	1,211,422	-	1,211,422	1,016,424	-	1,016,424
Other	5% to 10%	52,450	(6,467)	45,983	49,338	(6,392)	42,946
		7,169,714	(1,757,719)	5,411,995	6,656,815	(1,661,984)	4,994,831

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

9. Property and equipment (Continued)

Changes in Parent Company

	12/31/2018	Additions	03/31/2019
Cost			
Hospital machinery and equipment	923,373	25,904	949,277
Surgical instruments	48,994	540	49,534
Machinery and equipment	315,354	14,755	330,109
Buildings	595,058	1,239	596,297
Improvements in own buildings	169,801	42	169,843
Leasehold improvements	1,131,558	3,795	1,135,353
Furniture and fixtures	140,496	4,660	145,156
Vehicles	3,988	55	4,043
Facilities	110,470	3,505	113,975
Land	155,530	-	155,530
Construction in progress	501,378	72,367	573,745
Other	12,430	73	12,503
	<u>4,108,430</u>	<u>126,935</u>	<u>4,235,365</u>
Depreciation			
Hospital machinery and equipment	(509,296)	(23,417)	(532,713)
Surgical instruments	(25,990)	(1,382)	(27,372)
Machinery and equipment	(191,814)	(11,757)	(203,571)
Buildings	(99,790)	(6,824)	(106,614)
Improvements in own buildings	(35,994)	(4,318)	(40,312)
Leasehold improvements	(297,415)	(11,787)	(309,202)
Furniture and fixtures	(74,144)	(3,644)	(77,788)
Vehicles	(3,081)	(93)	(3,174)
Facilities	(38,228)	(2,770)	(40,998)
Other	(4,836)	(60)	(4,896)
	<u>(1,280,588)</u>	<u>(66,052)</u>	<u>(1,346,640)</u>
Property and equipment, net	<u>2,827,842</u>	<u>60,883</u>	<u>2,888,725</u>

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

9. Property and equipment (Continued)

Changes in Parent Company (Continued)

	<u>12/31/2017</u>	<u>Additions</u>	<u>Additions from mergers</u>	<u>03/31/2018</u>
Cost				
Hospital machinery and equipment	784,172	13,333	11,346	808,851
Surgical instruments	39,749	721	218	40,688
Machinery and equipment	227,864	5,084	837	233,785
Properties	848,716	2,410	-	851,126
Improvements in own properties	99,610	662	14	100,286
Leasehold improvements	816,341	5,010	3,286	824,637
Furniture and fixtures	115,418	3,725	3,681	122,824
Vehicles	3,939	-	-	3,939
Facilities	85,242	2,319	896	88,457
Land	130,020	-	-	130,020
Construction in progress	582,239	72,422	8,801	663,462
Other	11,799	79	10	11,888
	<u>3,745,109</u>	<u>105,765</u>	<u>29,089</u>	<u>3,879,963</u>
Depreciation				
Hospital machinery and equipment	(430,982)	(19,415)	-	(450,397)
Surgical instruments	(18,224)	(1,936)	-	(20,160)
Machinery and equipment	(144,110)	(9,191)	-	(153,301)
Properties	(77,508)	(7,890)	-	(85,398)
Improvements in own properties	(22,738)	(2,474)	-	(25,212)
Leasehold improvements	(244,250)	(12,993)	-	(257,243)
Furniture and fixtures	(60,013)	(3,315)	-	(63,328)
Vehicles	(2,690)	(93)	-	(2,783)
Facilities	(30,804)	(1,597)	-	(32,401)
Other	(4,612)	(47)	-	(4,659)
	<u>(1,035,931)</u>	<u>(58,951)</u>	<u>-</u>	<u>(1,094,882)</u>
Property and equipment, net	<u>2,709,178</u>	<u>46,814</u>	<u>29,089</u>	<u>2,785,081</u>

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

9. Property and equipment (Continued)

Changes in Consolidated (Continued)

	12/31/2018	Additions	Business combination	03/31/2019
Cost				
Hospital machinery and equipment	1,204,717	96,792	6,700	1,308,209
Surgical instruments	57,586	78	-	57,664
Machinery and equipment	474,285	22,666	18,079	515,030
Buildings	1,067,049	52,436	34,696	1,154,181
Improvements in own buildings	184,234	42	4	184,280
Leasehold improvements	1,432,885	5,612	-	1,438,497
Furniture and fixtures	195,542	6,401	4,721	206,664
Vehicles	4,717	95	-	4,812
Facilities	167,142	4,626	746	172,514
Land	802,896	60,000	1,095	863,991
Construction in progress	1,016,424	187,519	7,479	1,211,422
Other	49,338	1,376	1,736	52,450
	<u>6,656,815</u>	<u>437,643</u>	<u>75,256</u>	<u>7,169,714</u>
Depreciation				
Hospital machinery and equipment	(608,634)	(32,135)	-	(640,769)
Surgical instruments	(30,342)	(1,909)	-	(32,251)
Machinery and equipment	(265,693)	(17,729)	-	(283,422)
Buildings	(140,907)	(12,658)	-	(153,565)
Improvements in own buildings	(38,636)	(4,529)	-	(43,165)
Leasehold improvements	(401,454)	(15,873)	-	(417,327)
Furniture and fixtures	(99,936)	(6,653)	-	(106,589)
Vehicles	(4,717)	(5)	-	(4,722)
Facilities	(65,273)	(4,169)	-	(69,442)
Other	(6,392)	(75)	-	(6,467)
	<u>(1,661,984)</u>	<u>(95,735)</u>	<u>-</u>	<u>(1,757,719)</u>
Property and equipment, net	<u>4,994,831</u>	<u>341,908</u>	<u>75,256</u>	<u>5,411,995</u>

Significant changes in the quarter ended March 31, 2019 were:

- (i) Acquisition of Hospital Rio Mar e Hospital São Lucas;
- (ii) Acquisition of land through acquisition of California Investimentos Imobiliários for the amount of R\$60,000;
- (iii) Purchases of hospital machinery and equipment as part of the Company's operational routine and reformulation and remodeling of Hospital Niterói D'Or, Hospital Bartira, Hospital DF Star, Hospital Gloria D'Or and Onco Star;
- (iv) Interest capitalized at March 31, 2019 amounted to R\$55,091 (R\$44,732 at December 31, 2018).

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

9. Property and equipment (Continued)

Changes in Consolidated (Continued)

	12/31/2017	Additions	Transfers	Business combinations	03/31/2018
Cost					
Hospital machinery and equipment	992,902	21,103	-	-	1,014,005
Surgical instruments	48,636	761	-	-	49,397
Machinery and equipment	291,036	6,642	-	19,169	316,847
Properties	1,258,561	9,031	-	34,404	1,301,996
Improvements in own properties	104,053	964	-	-	105,017
Leasehold improvements	1,032,436	8,781	9,285	21,098	1,071,600
Furniture and fixtures	157,720	4,695	-	5,624	168,039
Vehicles	4,495	-	-	-	4,495
Facilities	139,140	3,237	-	-	142,377
Land	463,442	1,080	-	24,356	488,878
Construction in progress	743,591	119,010	(9,285)	9,353	862,669
Other	48,645	124	-	-	48,769
	<u>5,284,657</u>	<u>175,428</u>	<u>-</u>	<u>114,004</u>	<u>5,574,089</u>
Depreciation					
Hospital machinery and equipment	(511,585)	(24,659)	-	-	(536,244)
Surgical instruments	(21,655)	(2,255)	-	-	(23,910)
Machinery and equipment	(196,134)	(13,128)	-	-	(209,262)
Properties	(99,842)	(12,279)	-	-	(112,121)
Improvements in own properties	(24,517)	(2,673)	-	-	(27,190)
Leasehold improvements	(331,362)	(15,690)	-	-	(347,052)
Furniture and fixtures	(81,750)	(4,351)	-	-	(86,101)
Vehicles	(3,054)	(109)	-	-	(3,163)
Facilities	(52,972)	(2,766)	-	-	(55,738)
Other	(6,146)	(52)	-	-	(6,198)
	<u>(1,329,017)</u>	<u>(77,962)</u>	<u>-</u>	<u>-</u>	<u>(1,406,979)</u>
Property and equipment, net	<u>3,955,640</u>	<u>97,466</u>	<u>-</u>	<u>114,004</u>	<u>4,167,110</u>

Significant changes in the quarter ended March 31, 2018 were:

- (i) Merger of Hospital Memorial São José Ltda.;
- (ii) Acquisition of Hospital UDI.;
- (iii) Purchase of hospital machinery and equipment, as part of the Company's operational routine and reformulation of Niterói D'or.

There is no indication of property and equipment impairment.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

10. Intangible assets

	Annual amortization rate	Parent Company		Consolidated	
		03/31/2019	12/31/2018	03/31/2019	12/31/2018
Finite useful life					
Software	20%	171,414	160,361	197,718	183,240
Exclusive agreements	20%	16,974	16,974	61,717	60,664
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 Jose		112,528	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		129,739	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		-	-	163,089	163,089
Acquisition of Hospital São Rafael (Nota 3)		-	-	538,449	538,449
Acquisition of Laboratório Richet (Nota 3)		-	-	187,493	187,493
Acquisition of UDI (Nota 3)		-	-	335,883	335,883
Acquisition of Samer (Nota 3)		-	-	79,178	79,178
Acquisition of Hospital Rio Mar (Nota 3)		-	-	106,211	-
Acquisition of Hospital São Lucas (Nota 3)		-	-	239,514	-
Other goodwill		48,649	48,649	103,258	95,198
Trademarks and patents (b)		190,810	190,810	190,810	190,810
		2,534,504	2,523,451	5,181,920	4,812,604

(a) Goodwill was generated on business combinations performed. See Note 3 for additional information on acquisitions performed in 2019 and 2018.

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

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

10. Intangible assets (Continued)

Impairment loss

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 and social contribution taxes based on financial budgets approved by management covering a five-year period. The cash flows beyond the five-year period did not consider a growth rate, since they were based on an actual projection model.

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the 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 quarter ended March 31, 2019.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

11. Right of use

Breakdown of balances

Description	Parent Company			Consolidated		
	Cost	Amortization	Net	Cost	Amortization	Net
Hospital machinery and equipment	21,483	(786)	20,697	28,452	(1,035)	27,417
Properties	1,703,756	(34,933)	1,668,823	2,283,622	(45,757)	2,237,865
	<u>1,725,239</u>	<u>(35,719)</u>	<u>1,689,520</u>	<u>2,312,074</u>	<u>(46,792)</u>	<u>2,265,282</u>

Changes in Parent Company

	First-time adoption - 01/01/2019	Amortization	03/31/2019
Cost			
Hospital machinery and equipment	21,483	-	21,483
Properties	1,703,756	-	1,703,756
	<u>1,725,239</u>	<u>-</u>	<u>1,725,239</u>
Amortization			
Hospital machinery and equipment	-	(786)	(786)
Properties	-	(34,933)	(34,933)
	<u>-</u>	<u>(35,719)</u>	<u>(35,719)</u>
Right of use, net	<u>-</u>	<u>1,689,520</u>	<u>1,689,520</u>

Changes in Consolidated

	First-time adoption - 01/01/2019	Amortization	03/31/2019
Cost			
Hospital machinery and equipment	28,452	-	28,452
Properties	2,283,622	-	2,283,622
	<u>2,312,074</u>	<u>-</u>	<u>2,312,074</u>
Amortization			
Hospital machinery and equipment	-	(1,035)	(1,035)
Properties	-	(45,757)	(45,757)
	<u>-</u>	<u>(46,792)</u>	<u>(46,792)</u>
Right of use, net	<u>-</u>	<u>2,265,282</u>	<u>2,265,282</u>

The rights of use are amortized during the lease agreement term and take into consideration the expected renewal, when the management intends to exercise this right, and in accordance with the terms of the agreements.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

12. Deferred gain on property sales

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

Part of the gain referring to the excess of sales proceeds and fair value was deferred, as required by CPC 06/IAS 17 - Leases, and has been amortized over the lease term. At March 31, 2019, deferred gains were recorded as follows:

	Parent Company and Consolidated	
	03/31/2019	12/31/2018
Caxias D'Or	33,970	34,400
Hospital Brasil	41,436	41,800
	<u>75,406</u>	<u>76,200</u>
Current	3,920	3,920
Noncurrent	71,486	72,280

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

13. Loans, financing and debentures

Banks	Indexes	Spread	Curren- cy	Principal raised (R\$)	Beginning of maturity	Maturity	Amortization	Guarantees	Parent Company		Consolidated	
									03/31/2019	12/31/2018	03/31/2019	12/31/2018
BNDES/FINEP	TJLP	2.70%	R\$	315,042	Aug/2012	Feb/2025	Monthly	N/A	123,201	156,490	124,808	163,409
Loan IFC III A1 (a)	LIBOR	3.30%	US\$	157,685	May/2017	Apr/2025	Semiannually	N/A	198,189	194,132	198,189	194,132
Loan IFC III A2 (a)	LIBOR	3.30%	US\$	157,685	May/2017	Apr/2026	Semiannually	Shares and receivables	158,695	155,398	158,695	155,398
Loan IFC III B (a)	LIBOR	3.00%	US\$	252,296	May/2017	Apr/2024	Semiannually	N/A	315,223	308,943	315,223	308,943
Loan IFC III C (a)	LIBOR	5.50%	US\$	94,611	May/2017	Apr/2026	Lump-sum payment	N/A	125,485	122,201	125,485	122,201
JP Morgan (a)	Fixed rate	3.35%	US\$	300,000	Apr/2016	Apr/2020	Quarterly	N/A	334,692	331,601	334,692	331,601
Bank Credit Bill (CCB)	Fixed rate	10.10%	R\$	17,813	N/A	N/A	Monthly	N/A	-	-	25,854	4,627
Debentures - 3rd issue	100% of ID	2.30%	R\$	650,000	Dec/2011	Dec/2020	Monthly Lump-sum payment	N/A	228,565	261,220	228,565	261,220
Debentures – 9th issue 1st series	110% of DI	-	R\$	800,000	Aug/2017	Aug/2020	payment	N/A	883,516	878,454	883,516	878,454
Debentures – 9ª issue 2nd series	100% of ID	1.75%	R\$	600,000	Aug/2017	Aug/2024	Semiannually Lump-sum payment	N/A	595,149	614,031	595,149	614,031
Senior notes (a) / (b)	Fixed rate	4.95%	US\$	1,596,400	Jan/2018	Jan/2028	Lump-sum payment	N/A	-	-	1,989,989	1,935,389
Debentures – 10th issue (b)	Fixed rate	11.82%	R\$	1,628,100	Jan/2018	Jan/2028	Lump-sum payment	N/A	1,783,580	1,765,979	32,439	33,397
Mortgage-backed Securities (CRIs) – 1st issue	99% of ID	-	R\$	662,837	Mar/2018	Mar/2023	Lump-sum payment	N/A	659,515	667,919	659,515	667,919
Debentures – 3rd issue – Esperança	110.85% of ID	-	R\$	1,000,000	Aug/2017	Aug/2024	Semiannually	N/A	-	-	994,109	1,011,362
Debentures – 4th issue – Esperança	100% of ID	1.27%	R\$	1,000,000	Feb/2018	Dec/2025	Semiannually Lump-sum payment	N/A	-	-	1,007,599	989,039
Promissory note – 3rd issue	112.5% of ID	-	R\$	1,000,000	Apr/2018	Apr/2023	Lump-sum payment	N/A	1,060,254	1,045,386	1,060,254	1,045,386
Mortgage-backed Securities (CRIs) – 2nd issue	IPCA	6.06%	R\$	300,000	Jul/2018	Jul/2025	Lump-sum payment	N/A	307,772	307,306	307,772	307,306
Debentures – 13th issue	100% of ID	1.02%	R\$	1,400,000	Sept/2018	Sept/2024	Yearly	N/A	1,379,407	1,418,105	1,379,407	1,418,105
Citibank II (a)	LIBOR	0.46%	US\$	301,200	Nov/2018	Nov/2023	Lump-sum payment	N/A	311,231	310,591	311,231	310,591
Debentures – 14th issue	106% of ID	-	R\$	500,000	Oct/2018	Oct/2026	Yearly	Property	502,989	500,408	502,989	500,408
Mortgage-backed Securities (CRIs) – 3rd issue	96.5% of ID	-	R\$	227,051	Dec/2018	Dec/2023	Lump-sum payment	N/A	228,539	224,701	228,539	224,701
Mortgage-backed Securities (CRIs) – 3rd issue	IPCA	4.65%	R\$	372,949	Dec/2018	Dec/2025	Lump-sum payment	N/A	378,560	368,966	378,560	368,966
Mortgage-backed Securities (CRIs) – 4th issue	95.75% of ID	-	R\$	269,900	Feb/2019	Feb/2023	Lump-sum payment	N/A	271,175	-	271,175	-
Mortgage-backed Securities (CRIs) – 4th issue	IPCA	3.93%	R\$	30,100	Feb/2019	Feb/2023	Lump-sum payment	N/A	30,117	-	30,117	-
									9,875,854	9,631,831	12,143,871	11,846,585
								Current assets	619,686	621,388	640,856	607,704
									9,256,168	9,010,443	11,503,015	11,238,881

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

13. Loans, financing and debentures (Continued)

- (a) As mentioned in Note 26, the Group contracts derivative financial instruments to hedge foreign exchange differences and adopted the fair value hedge accounting as accounting practice; therefore, these debts are recorded at fair value through profit or loss.
- (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 a lump-sum payment on January 17, 2028. At the same time, also through its subsidiary Rede D'Or Finance, the Company contracted derivative financial instruments to hedge the foreign exchange differences and interest rates, exchanging for Reais plus CDI + 2,01% p.a. Additionally, the Parent Company issued debentures (10th issue), which were substantially acquired by subsidiary Rede D'Or Finance.
- (c) On February 15, 2019, through a securitization company, Rede D'Or issued registered book-entry Mortgage-backed Securities ("CRIs") amounting to R\$300,000. The 1st series of issue amounts to R\$269,900, maturing on February 15, 2023 in a lump-sum payment, semiannually remunerated on a *pro rata* temporis basis, with interest equivalent to 95.75% of the CDI, and 2nd series amounts to R\$30,100, maturing on February 15, 2026 in a lump-sum payment, remunerated by IPCA + 3.9317% to be paid semiannually. There are no guarantees.

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

Total capitalized costs related to the issues of loans, financing and debentures, in the amount of R\$134,388 at March 31, 2019 (R\$135,695 at December 31, 2018), were 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 March 31, 2019, the noncurrent maturity schedule is as follows:

Parent Company		Consolidated	
Year	Amount	Year	Amount
2020	1,173,837	2020	1,177,839
2021	190,992	2021	441,863
2022	249,927	2022	746,755
2023	3,621,209	2023	4,117,569
2024	1,161,076	2024	1,655,540
2025	828,120	2025	1,075,356
2026	285,380	2026	285,426
From 2027 to 2028	1,745,627	From 2027 to 2028	2,002,667
	9,256,168		11,503,015

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

14. Tax liabilities

	Parent Company		Consolidated	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Contribution Tax on Gross Revenue for Social Integration Program (PIS)	2,786	3,531	2,466	4,982
Contribution tax on gross revenue for social security financing (COFINS)	23,032	24,394	42,266	38,264
Service Tax (ISS)	69,440	68,449	130,977	114,867
Withholding Income Tax (IRRF)	10,980	15,959	18,430	23,507
Income tax	-	-	-	53,717
Social contribution tax	-	-	-	16,980
Other	21,596	26,237	37,834	47,217
Tax refinancing programs:				
Service Tax (ISS)	12,854	14,420	52,055	36,532
Refinancing - Law No. 11941/09	14,856	15,969	31,811	30,025
Social security payable	54,470	55,333	168,368	158,966
Other	21,682	21,686	58,387	51,880
	231,696	245,978	542,594	576,937
Current	140,245	154,870	258,947	343,611
Noncurrent	91,451	91,108	283,647	233,326

At March 31, 2019, the noncurrent maturity schedule is as follows:

Parent Company		Consolidated	
Year	Amount	Year	Amount
2020	15,163	2020	41,700
2021	12,122	2021	32,505
2022	10,174	2022	26,660
2023	10,174	2023	26,091
2024 to 2030	43,818	2024 to 2030	156,691
	91,451		283,647

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

15. Accounts payable for acquisitions

Acquisitions	Restatement index	Parent Company		Consolidated	
		03/31/2019	12/31/2018	03/31/2019	12/31/2018
Ribeirão Pires	CDI	21,077	20,763	21,077	20,763
IFOR	CDI	12,564	12,377	12,564	12,377
Alphamed	CDI	7,301	7,192	7,301	7,192
Oncologia RJ	CDI	-	-	42,527	41,894
Salus	IPCA	-	-	5,196	5,139
Sator	SELIC	16,710	16,461	16,710	16,461
UDI	CDI	-	-	37,543	36,983
São Rafael	SELIC	-	-	176,131	173,506
Richet	CDI	-	-	10,983	10,820
Samer	CDI	-	-	11,979	11,800
Maximagem	CDI	17,203	16,947	17,204	16,947
Hospital Rio Mar	IPCA	-	-	66,509	-
Hospital São Lucas	CDI	-	-	50,569	-
Other	CDI/IPCA	7,566	6,492	9,604	9,500
		82,421	80,232	485,897	363,382
Current		23,221	22,357	128,372	105,094
Noncurrent		59,200	57,875	357,525	258,288

Accounts payable from acquisitions refer to the remaining balance payable of the considerations of the business combinations. At March 31, 2019, the noncurrent maturity schedule is as follows:

Parent Company		Consolidated	
Year	Amount	Year	Amount
2020	16,865	2020	62,700
2021	8,203	2021	16,355
2022	24,682	2022	103,970
2023	9,000	2023	11,500
2024 to 2030	450	2024 to 2030	163,000
	59,200		357,525

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

16. Provision for contingencies and judicial deposits

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

	Parent Company				Consolidated			
	03/31/2019		12/31/2018		03/31/2019		12/31/2018	
	Provision for contingencies	Judicial deposits	Provision for contingencies	Judicial deposits	Provision for contingencies	Judicial deposits	Provision for contingencies	Judicial deposits
Tax and social security	36,487	(89,754)	39,489	(88,067)	73,856	(119,773)	61,728	(117,222)
Labor	45,043	(14,377)	41,474	(11,878)	61,072	(17,886)	54,837	(15,105)
Civil	44,746	(12,581)	49,081	(13,223)	64,578	(14,364)	73,230	(15,483)
	126,276	(116,712)	130,044	(113,168)	199,506	(152,023)	189,795	(147,810)

16.1. Proceedings assessed as probable loss

Changes in provisions for contingencies in the quarters ended March 31, 2019 and 2018 are as follows:

	Parent Company			
	Tax and social security	Labor	Civil	Total
Balances at December 31, 2017	24,198	53,219	50,772	128,189
Additions, net of reversals	8,123	(2,520)	(5,603)	-
Payments	-	(3,551)	(589)	(4,140)
Additions from mergers	-	2,872	-	2,872
Balances at March 31, 2018	32,321	50,020	44,580	126,921
Balances at December 31, 2018	39,489	41,474	49,081	130,044
Additions, net of reversals	(2,894)	6,230	(3,336)	-
Payments	(108)	(2,661)	(999)	(3,768)
Balances at March 31, 2019	36,487	45,043	44,746	126,276

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

16. Provision for contingencies and judicial deposits (Continued)

16.1. Proceedings assessed as probable loss (Continued)

	Consolidated			
	Tax and social security	Labor	Civil	Total
Balances at December 31, 2017	49,424	63,136	65,419	177,979
Additions, net of reversals	(1,368)	4,997	(3,367)	262
Payments	-	(5,282)	(659)	(5,941)
Additions from business combinations (a)	7,925	180	5,814	13,919
Balances at March 31, 2018	55,981	63,031	67,207	186,219
Balances at December 31, 2018	61,728	54,837	73,230	189,795
Additions, net of reversals	2,390	5,538	(7,560)	368
Payments	(483)	(2,720)	(1,092)	(4,295)
Additions from acquisitions (a)	10,221	3,417	-	13,638
Balances at March 31, 2019	73,856	61,072	64,578	199,506

(a) In 2018, additions refer to the acquisition of Hospital UDI while in 2019 they refer to acquisitions of Hospital Rio Mar and Hospital São Lucas.

Tax proceedings arise mainly from challenges of State VAT (ICMS) on imports of medical equipment, Service Tax (ISS) payable based on a different tax 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 pain and suffering and property damages.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

16. Provision for contingencies and judicial deposits (Continued)

16.2. Proceedings assessed as possible loss

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

	Parent Company		Consolidated	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Tax and social security (a)	1,147,984	1,128,187	1,188,190	1,210,075
Labor (b)	191,514	168,369	253,031	224,981
Civil (c)	99,435	86,150	184,793	170,988
	1,438,933	1,382,706	1,626,014	1,606,044

(a) The significant challenges refer to administrative proceedings in the total amount of R\$1.2 billion, of which R\$415 million refers to assessments received in 2016 and 2017 and R\$759 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 a party to various tax proceedings involving PIS, COFINS, ISS and Real Estate Tax (IPTU), whose amounts are not individually significant.

(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 property damage and pain and suffering. There are no individually significant proceedings.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

17. Lease agreements

At March 31, 2019, lease liabilities are as follows:

	<u>Parent Company</u> <u>03/31/2019</u>	<u>Consolidated</u> <u>03/31/2019</u>
Nominal value of future payments	5,080,478	7,985,099
Present value adjustment	<u>(3,353,424)</u>	<u>(5,674,504)</u>
	<u>1,727,054</u>	<u>2,310,595</u>
Current	92,738	119,385
Noncurrent	1,634,316	2,191,210

The liabilities were measured at the present value of the remaining lease payments discounted by the rate of 16.26%.

At March 31, 2019, the noncurrent maturity schedule is as follows:

<u>Parent Company</u>		<u>Consolidated</u>	
<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2020	53,710	2020	70,266
2021	66,697	2021	91,721
2022	75,237	2022	102,990
2023	80,612	2023	110,151
2024 to 2055	<u>1,358,060</u>	2024 to 2055	<u>1,816,082</u>
	<u>1,634,316</u>		<u>2,191,210</u>

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

18. Equity

a) Capital

Breakdown of Company's capital is as follows:

Shareholders	03/31/2019		12/31/2018	
	Number of shares	Equity interest	Number of shares	Equity interest
Controlling family (a)	263,849,784	57.37%	263,849,784	57.37%
Pacific Mezz Investco S.A.R.L (b)	119,269,748	25.93%	119,269,748	25.93%
Carlyle Group (c)	54,625,943	11.88%	54,625,943	11.88%
Other	22,166,942	4.82%	22,166,942	4.82%
Total common shares	459,912,417	100.00%	459,912,417	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 Singapore Sovereign Fund (GIC).

(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 March 31, 2019 and December 31, 2018, amounts to R\$867,776, represented by 459,912,417 registered common shares with no par value. 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.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

18. Equity (Continued)

b) Distribution of profit

Changes in the balances of dividends and interest on equity payable in the quarters ended March 31, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Balance payable at beginning of period	8,940	275,496
Allocation of dividends and interest on equity	78,522	101,804
Payment of dividends and interest on equity	(5,701)	(293,071)
Withholding Income Tax (IRRF)	(8,030)	(8,579)
Balance payable at March 31	<u>73,731</u>	<u>75,650</u>

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

c) Treasury shares

At March 31, 2019, the Company had 19,178,667 registered common shares with no par value of Rede D'Or, in the amount of R\$473,193, recorded as treasury shares in equity.

Changes in treasury shares are as follows:

	<u>2019</u>			<u>2018</u>		
	<u>Number of shares</u>	<u>Share value (in reais)</u>	<u>Total</u>	<u>Number of shares</u>	<u>Share value (in reais)</u>	<u>Total</u>
Opening balance	19,178,667	24.67	473,193	19,222,619	17.66	339,468
Acquisitions	-	-	-	2,774,354	47.22	131,006
Balance at March 31	<u>19,178,667</u>	<u>24.67</u>	<u>473,193</u>	21,996,973	21.39	470,474

On February 23, 2018, Rede D'Or repurchased 2,734,600 preferred shares of noncontrolling interests, for the amount of R\$130,506, recorded as treasury shares. With this purchase, third parties no longer hold any preferred shares.

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

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

18. Equity (Continued)

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

First Stock Option Plan

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

On November 30, 2011, the stock option plan comprising the right to purchase 7,074,940 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 would have to be working for the Company for at least three years (vesting period). Company managing officers and employees participating in this plan will be fully entitled to such options, at one-fifth of total shares available for the plan, after 12 months from the grant date, and to the following four, under the same conditions, after 24, 36, 48 and 60 months also 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

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. Strike prices are increased by CDI variation, on a *pro rata* day basis, until the effective date of exercise of any stock option.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

18. Equity (Continued)

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

Fourth Stock Option Plan

The Company granted to beneficiaries of the first series of the Four Plan 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 of the Fourth Plan 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 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 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-month term 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, increased by the CDI variation, on a *pro rata* day basis, until the effective date of exercise of any Stock Option.

Fifth Stock Option Plan

The Company granted to beneficiaries of the first series of the Fifth Plan 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.

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-month term from the end of the vesting period to exercise the options.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

18. Equity (Continued)

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

Fifth Stock Option Plan (Continued)

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, increased by the CDI variation, on a *pro rata* day basis, until the effective date of exercise of any Stock Option.

Sixth Stock Option Plan

The Company granted to beneficiaries of the Sixth Plan 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-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\$47.23 per share, increased by the CDI variation, on a *pro rata* day basis, until the effective date of exercise of any Stock Option.

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.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

18. Equity (Continued)

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

Seventh Stock Option Plan (Continued)

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, increased by the IPCA variation, on a *pro rata* day basis, until the effective date of exercise of any Stock Option.

The Company granted to beneficiaries of the fifth series of the Seventh Plan the option to purchase 1,172,510 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 1,172,510 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 fifth series is R\$54.37 per share, increased by the IPCA variation, on a *pro rata* day basis, until the effective date of exercise of any Stock Option.

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

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Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

18. Equity (Continued)

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

The result of the calculation of the fair value of options restated at the interim financial information date 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%	13.50	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%	16.00	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	Vested
Fourth Stock Option Plan - Second series					
06/02/2015	120,350	30.17%	10.76%	19.70	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	Vested
01/01/2022	186,502	25.65%	10.73%	69.01	Vested
01/01/2023	70,000	25.65%	10.73%	69.01	Vested
Seventh Stock Option Plan - Fifth series					
01/01/2018	234,502	25.95%	7.57%	70.40	Vested
01/01/2019	234,502	25.95%	7.57%	70.40	Vested
01/01/2020	234,502	25.95%	7.57%	70.40	Unvested
01/01/2021	234,502	25.95%	7.57%	70.40	Unvested
01/01/2022	234,502	25.95%	7.57%	70.40	Unvested
	<u>17,558,224</u>				

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Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

18. Equity (Continued)

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

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

	<u>Fair value of options per year</u>	<u>Effects on profit or loss for the year</u>	<u>Cumulative effect on equity</u>
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	40,662	40,662	221,784
2019	10,164	10,164	231,948
2020	2,977		
2021	1,216		
2022	257		
2023	64		
	<u>236,462</u>		

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).

Should the beneficiary withdraw from his/her position, options not yet exercisable expire, with no right to indemnification or 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.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

19. Income and social contribution taxes

Income and social contribution tax expenses for the quarter ended March 31, 2019 and 2018 are as follows:

	Parent Company		Consolidated	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Deferred				
Income tax	4,145	287	16,484	17,955
Social contribution tax	1,492	103	6,087	6,436
	5,637	390	22,571	24,391
Current				
Income tax	(47,653)	(39,827)	(77,472)	(77,834)
Social contribution tax	(18,022)	(14,895)	(28,606)	(28,986)
	(65,675)	(54,722)	(106,078)	(106,820)
Income and social contribution tax expenses	(60,038)	(54,332)	(83,507)	(82,429)

Changes in deferred income and social contribution tax assets and liabilities for quarter ended March 31, 2019 were as follows:

	Parent Company			Consolidated			
	12/31/2018	Additional benefits (expenses)	03/31/2019	12/31/2018	Additional benefits (expenses)	Additions from business combinations	03/31/2019
Assets							
Tax losses				25,976	3,857	2,737	32,570
Social contribution tax loss				9,350	1,228	985	11,563
Allowance for doubtful accounts	117,562	-	117,562	154,350	-	-	154,350
Provision for disallowances	140,434	4,994	145,428	248,532	13,942	5,251	267,725
Provision for contingencies	51,400	(1,281)	50,119	79,637	(1,335)	2,061	80,363
Provision for bonus	21,333	5,221	26,554	22,937	5,538	-	28,475
Foreign exchange gains	101,910	2,473	104,383	101,910	2,473	-	104,383
Deferred gain on property sales	25,908	(333)	25,575	25,908	(333)	-	25,575
Lease depreciation (IFRS 16)	-	12,824	12,824	-	15,611	-	15,611
PVA appropriation (IFRS 16)	-	21,588	21,588	-	26,223	-	26,223
Other provisions	6,392	2,036	8,428	4,510	7,704	-	12,214
Total deferred tax assets	464,939	47,522	512,461	673,110	74,908	11,034	759,052
Liabilities							
Differences between book balance and tax base of goodwill	(554,310)	(15,572)	(569,882)	(608,568)	(21,282)	-	(629,850)
Gain on acquisition in steps	(48,873)	-	(48,873)	(69,499)	-	-	(69,499)
Swap variation	(52,180)	1,969	(50,211)	(52,180)	1,969	-	(50,211)
IFRS 16 - Leases	-	(28,282)	(28,282)	-	(34,316)	-	(34,316)
Deferred revenue	-	-	-	(10,469)	1,292	-	(9,177)
Total deferred tax liabilities	(655,363)	(41,885)	(697,248)	(740,716)	(52,337)	-	(793,053)
Net effect - asset (liability)	(190,424)	5,637	(184,787)	(67,606)	22,571	11,034	(34,001)
Assets as per statement of financial position				195,597			242,259
Liabilities as per statement of financial position	(190,424)		(184,787)	(263,203)			(276,260)

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Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

19. Income and social contribution taxes (Continued)

Changes in deferred income and social contribution tax assets and liabilities for quarter ended March 31, 2018 were as follows:

	Parent Company				Consolidated			
	12/31/2017	Additional benefits (expenses)	Mergers	03/31/2018	12/31/2017	Additional benefits (expenses)	Business combinations	03/31/2018
Assets								
Tax loss	-	-	-	-	14,713	6,482	-	21,195
Social contribution tax loss	-	-	-	-	5,295	2,333	-	7,628
Allowance for doubtful accounts	116,545	2,676	1,247	120,468	154,567	2,685	338	157,590
Provision for disallowances	96,792	5,000	5,270	107,062	180,680	17,259	1,014	198,953
Provision for contingencies	48,173	(1,408)	173	46,938	75,737	(1,931)	5,409	79,215
Provision for bonus	19,171	4,448	60	23,679	20,651	4,942	-	25,593
Foreign exchange gains	25,129	4,756	-	29,885	25,129	4,757	-	29,886
Deferred gain on property disposals	27,241	(333)	-	26,908	27,241	(333)	-	26,908
Taxes - Judicial deposits	4,970	552	-	5,522	969	580	-	1,549
Provision for overtime	1,619	(621)	152	1,150	4,087	(695)	-	3,392
Swap variation	27,065	(3,169)	-	23,896	27,065	(3,168)	-	23,897
Total deferred tax assets	366,705	11,901	6,902	385,508	536,134	32,911	6,761	575,806
Liabilities								
Differences between book balance and tax base of goodwill	(496,081)	(11,511)	-	(507,592)	(550,339)	(11,512)	-	(561,851)
Gain on acquisition in steps	(48,873)	-	-	(48,873)	(69,499)	-	-	(69,499)
Deferred revenue	-	-	-	-	(21,349)	2,992	-	(18,357)
Total deferred tax liabilities	(544,954)	(11,511)	-	(556,465)	(641,187)	(8,520)	-	(649,707)
Net effect - asset (liability)	(178,249)	390	6,902	(170,957)	(105,053)	24,391	6,761	(73,901)
Assets as per statement of financial position	-	-	-	-	113,043	-	-	177,611
Liabilities as per statement of financial position	(178,249)	-	-	(170,957)	(218,096)	-	-	(251,512)

The reconciliation of income and social contribution taxes to the amount determined at the statutory rate at March 31, 2019 and 2018 is as follows:

	Parent Company		Consolidated	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Income before income and social contribution taxes	316,868	261,325	347,374	293,603
Income and social contribution tax expenses at statutory rates	107,735	88,851	118,107	99,825
Adjustments to determine the effective rate				
Equity pickup	(23,894)	(11,739)	(2,416)	(1,298)
Stock option expenses	3,456	3,456	3,456	3,456
Interest on equity	(25,882)	(25,506)	(25,882)	(25,506)
Other	(1,377)	(730)	(9,758)	5,952
Expenses recorded in the statement of profit or loss	60,038	54,332	83,507	82,429
Effective rate	19%	21%	24%	28%

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

The Company expects that deferred tax assets calculated on income and social contribution tax losses will be realized within 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 agreement term.

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Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

20. Net revenue

	Parent Company		Consolidated	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Gross revenue	2,173,032	1,899,976	3,423,745	2,744,643
Deductions from revenue				
Cancellations and rebates	(104,643)	(89,950)	(187,797)	(147,969)
Taxes on revenues	(123,879)	(108,033)	(202,698)	(163,619)
	<u>1,944,510</u>	<u>1,701,993</u>	<u>3,033,250</u>	<u>2,433,055</u>

The Company has no revenues arising from customers outside Brazil.

21. Costs of services rendered

	Parent Company		Consolidated	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Personnel	(559,158)	(488,500)	(911,477)	(705,702)
Materials and medicines	(354,801)	(330,192)	(622,702)	(500,168)
Third-party services	(279,947)	(246,635)	(511,855)	(440,391)
Utilities and services	(37,338)	(30,285)	(56,614)	(43,244)
Rentals	(4,229)	(71,638)	(8,179)	(85,234)
Depreciation and amortization	(102,050)	(58,481)	(137,933)	(79,347)
	<u>(1,337,523)</u>	<u>(1,225,731)</u>	<u>(2,248,760)</u>	<u>(1,854,086)</u>

22. General and administrative expenses

	Parent Company		Consolidated	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Personnel	(93,376)	(67,741)	(93,376)	(67,741)
Third-party services	(17,808)	(13,068)	(17,808)	(13,068)
Trips and lodging	(5,364)	(3,947)	(7,947)	(5,502)
Depreciation and amortization	(15,246)	(11,521)	(15,246)	(11,521)
Provision for contingencies	-	-	(368)	(262)
	<u>(131,794)</u>	<u>(96,277)</u>	<u>(134,745)</u>	<u>(98,094)</u>

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Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

23. Selling expenses

	Parent Company		Consolidated	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Allowance for doubtful accounts	-	(7,871)	-	(7,897)
Marketing	(2,453)	(3,503)	(3,508)	(4,558)
	(2,453)	(11,374)	(3,508)	(12,455)

24. Other operating expenses, net

	Parent Company		Consolidated	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Taxes, charges and penalties	(14,073)	(12,704)	(23,280)	(17,448)
Gain from property sales	980	980	980	980
Equipment lease	(2,281)	(3,354)	(3,837)	(4,500)
Freight expenses	(4,090)	(4,497)	(5,335)	(4,988)
Legal fees	(1,620)	(1,528)	(2,581)	(2,165)
Other expenses and revenues	(4,720)	(2,445)	(17,952)	(3,351)
	(25,804)	(23,548)	(52,005)	(31,472)

25. Finance income (costs), net

	Parent Company		Consolidated	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Short-term investment yield	41,839	30,420	58,905	60,168
Net foreign exchange differences on financing	(7,509)	(14,007)	(18,692)	(13,435)
Fair value of debt	(28,584)	(39,923)	(28,584)	(39,923)
Derivatives' fair value (swaps)	42,444	43,887	29,775	(47,295)
Interest and monetary variation on financing and debentures	(172,073)	(126,824)	(192,882)	(78,781)
Taxes on finance income (costs)	(3,136)	(3,229)	(4,702)	(5,443)
Interest on lease liability	(63,493)	-	(84,673)	-
Other expenses and revenues	(9,831)	(8,588)	(13,110)	(22,453)
	(200,343)	(118,264)	(253,963)	(147,162)
Total finance income	157,472	105,656	212,417	138,483
Total finance costs	(357,815)	(223,920)	(466,380)	(285,645)
	(200,343)	(118,264)	(253,963)	(147,162)

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Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

26. Earnings per share

a) Basic earnings per share

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

	<u>03/31/2019</u>	<u>03/31/2018</u>
Income attributable to the Company's controlling interests	256,830	206,993
Weighted average number of common shares issued	440,734	440,690
Basic earnings per share (in R\$)	<u>0.5827</u>	<u>0.4697</u>

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.

	<u>03/31/2019</u>	<u>03/31/2018</u>
Income attributable to the Company's controlling interests	256,830	206,993
Weighted average number of common shares issued, including dilutive factors	442,697	442,194
Diluted earnings per share (in R\$)	<u>0.5801</u>	<u>0.4681</u>

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Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

27. Financial instruments and financial risk management

27.1. 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 tables below present breakdown of financial assets and liabilities at March 31, 2019 and December 31, 2018:

Parent Company				
Financial assets	Classification by category	Fair value hierarchy	Accounting balance	
			03/31/2019	12/31/2018
Cash and cash equivalents	Fair value through P&L	Level 2	42,092	47,782
Marketable securities	Fair value through P&L	Level 2	2,714,189	2,768,894
Trade accounts receivable	Amortized cost		2,193,260	2,139,001
Dividends receivable	Amortized cost		87,789	53,195
Judicial deposits	Amortized cost		116,712	113,168
Derivatives	Fair value through P&L	Level 2	291,012	267,633
			5,445,054	5,389,673
Parent Company				
Financial liabilities	Classification by category	Fair value hierarchy	Accounting balance	
			03/31/2019	12/31/2018
Trade accounts payable	Amortized cost		212,653	248,051
Loans, financing and debentures	Amortized cost (a)	Level 2	9,875,854	9,631,831
Salaries, provisions and social charges	Amortized cost		381,160	310,234
Accounts payable for acquisitions	Amortized cost		82,421	80,232
Derivatives	Fair value through P&L	Level 2	8,925	8,339
			10,561,013	10,278,687

(a) The debt portion recorded as hedge accounting is measured at fair value through profit or loss, amounting to R\$ 1,337,177 at March 31, 2019 (R\$1,320 at December 31, 2018).

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

27. Financial instruments and financial risk management (Continued)

27.1. Financial instruments by category (Continued)

Consolidated				
Financial assets	Classification by category	Fair value hierarchy	Accounting balance	
			03/31/2019	12/31/2018
Cash and cash equivalents	Fair value through P&L	Level 2	77,617	192,008
Marketable securities	Fair value through P&L	Level 2	3,682,124	3,864,700
Trade accounts receivable	Amortized cost		3,390,330	3,259,349
Judicial deposits	Amortized cost		152,023	147,810
Derivatives	Fair value through P&L	Level 2	616,439	560,959
			7,918,533	8,024,826
Financial liabilities	Classification by category	Fair value hierarchy	Accounting balance	
			03/31/2019	12/31/2018
Trade accounts payable	Amortized cost		503,407	528,975
Loans, financing and debentures	Amortized cost (a)	Level 2	12,143,607	11,846,585
Salaries, provisions and social charges	Amortized cost		540,733	436,641
Accounts payable for acquisitions	Fair value through P&L		485,897	363,382
Derivatives	Amortized cost	Level 2	95,504	98,387
			13,769,148	13,273,970

(a) The debt portion recorded as hedge accounting is measured at fair value through profit or loss, amounting to R\$ 3,327,212 at March 31, 2019 (R\$3,294,278 at December 31, 2018).

27.2. 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.

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Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

27. Financial instruments and financial risk management (Continued)

27.2. 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 March 31, 2019 and December 31, 2018, the Company has the following capital structure:

	Parent Company		Consolidated	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Cash and cash equivalents	42,092	47,782	169,331	192,008
Marketable securities	2,714,189	2,768,894	3,590,410	3,864,700
	2,756,281	2,816,676	3,759,741	4,056,708
Loans, financing and debentures	(9,875,854)	(9,631,831)	(12,143,607)	(11,846,585)
Net debt	(7,119,573)	(6,815,155)	(8,383,866)	(7,789,877)
Total equity	4,509,112	4,335,959	4,710,189	4,479,972
Total net debt and equity	(2,610,461)	(2,479,196)	(3,673,677)	(3,309,905)
Financial leverage ratio	1.58	1.57	1.78	1.74

b) Interest rate risk

The Company has loans, financing and debentures in local currency subject particularly to the fluctuation of the CDI, IPCA and Long-term Interest Rate (TJLP). 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 B3 at March 31, 2019, 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.)	6.40%	8.00%	9.60%
Projected interest expenses (*)	3,041	3,801	4,561

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

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Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

27. Financial instruments and financial risk management (Continued)

27.2. 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 - 03/31/2019					
	Up to 6 months	From 6 months to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Trade accounts payable	212,653	-	-	-	-	212,653
Loans, financing and debentures	367,347	263,038	1,255,424	4,697,636	4,940,722	11,524,167
Salaries, provisions and social charges	381,160	-	-	-	-	381,160
Accounts payable for acquisitions	5,268	18,714	17,949	48,437	554	90,922
Derivative financial instruments	4,511	4,414	-	-	-	8,925
Total	970,939	286,166	1,273,373	4,746,073	4,941,276	12,217,827

	Consolidated – 03/31/2019					
	Up to 6 months	From 6 months to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Trade accounts payable	503,407	-	-	-	-	503,407
Loans, financing and debentures	383,145	268,638	1,392,603	6,134,841	6,017,505	14,196,732
Salaries, provisions and social charges	540,733	-	-	-	-	540,733
Accounts payable for acquisitions	34,213	98,151	68,060	172,684	177,537	550,645
Derivative financial instruments	45,489	50,015	-	-	-	95,504
Total	1,506,987	416,804	1,460,663	6,307,525	6,195,042	15,887,021

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Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

27. Financial instruments and financial risk management (Continued)

27.2. Risk management (Continued)

d) Liquidity risk (Continued)

Parent Company - 12/31/2018						
	Up to 6 months	From 6 months to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total financial liabilities
Trade accounts payable	248,051	-	-	-	-	248,051
Loans, financing and debentures	367,636	264,511	1,359,589	4,391,384	4,843,769	11,226,889
Salaries, provisions and social charges	310,234	-	-	-	-	310,234
Accounts payable for acquisitions	4,405	18,714	17,633	47,768	-	88,520
Derivatives	4,138	4,201	-	-	-	8,339
	934,464	287,426	1,377,222	4,439,152	4,843,769	11,882,033
Consolidated - 12/31/2018						
	Up to 6 months	From 6 months to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total financial liabilities
Trade accounts payable	528,975	-	-	-	-	528,975
Loans, financing and debentures	351,764	266,791	1,363,283	5,824,412	6,057,033	13,863,283
Salaries, provisions and social charges	436,641	-	-	-	-	436,641
Accounts payable for acquisitions	18,131	90,651	67,437	140,068	90,831	407,118
Derivatives	46,375	52,012	-	-	-	98,387
	1,381,886	409,454	1,430,720	5,964,480	6,147,864	15,334,404

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 25.1% of total consolidated indebtedness (corresponding to the sum of the balances of loans, financing and debentures and derivative financial instruments, net - current and noncurrent) at March 31, 2019 (25.4% at December 31, 2018). 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.

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Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

27. Financial instruments and financial risk management (Continued)

27.2. Risk management (Continued)

f) Derivatives

At March 31, 2019, the Company has swaps recorded based on fair value hedge accounting acquired to hedge the Company against financing in foreign currency. The swaps exchange the flow of interest and principal in foreign currency for CDI+ spread 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 is as follows:

Description	Maturity ranges month/year	Reference value (notional)	03/31/2019	
			Parent Company	Consolidated
			Reference value - Fair value	
Swap (currency)	04/20/2020			
Long position	USD/BRL + 3.35%	US\$ 85,520		
Short position	115% of CDI	R\$ 333,245	30,760	30,760
Swap (currency)	11/21/2023			
Long position	USD/Libor + 0.46%	US\$ 80,248		
Short position	109% of CDI	R\$ 312,703	8,086	8,086
Swap (currency)	04/15/2025			
Long position	USD/BRL + 3.30%	US\$ 51,360		
Short position	CDI + 2.084%	R\$ 200,136	40,767	40,767
Swap (currency)	04/15/2024			
Long position	USD/BRL + 3.00%	US\$ 82,067		
Short position	CDI + 1.68%	R\$ 319,789	63,798	63,798
Swap (currency)	04/15/2026			
Long position	USD/BRL + 5.50%	US\$ 31,119		
Short position	CDI + 0.25%	R\$ 121,260	9,572	9,572
Swap (currency)	01/18/2028			
Long position	USD/fixed rate + (4.95%)	US\$ 504,881		
Short position	BRL Fixed rate (11.82%)	R\$ 1,967,371	-	238,848
Swap (currency)	01/18/2028			
Long position	BRL Fixed rate (11.82%)	R\$ 1,633,615		
Short position	CDI + 2.01%	R\$ 1,633,615	129,104	129,104
Current assets position			89,671	89,671
Noncurrent assets position			201,341	526,768
Current liabilities position			(8,925)	(95,504)
Noncurrent liabilities position			-	-
Effect on P&L for the period (fair value of derivatives - swaps)			42,444	29,775

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Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

27. Financial instruments and financial risk management (Continued)

27.2. Risk management (Continued)

f) Derivatives (Continued)

Description	Maturity ranges month/year	Reference value (notional value)	12/31/2018		
			Parent Company	Consolidated	
			Reference value - Fair value		
Swap (currency)	04/20/2020				
Long position	USD/BRL + 3.35%	US\$	85,582		
Short position	115% of CDI	R\$	331,612	27,491	27,491
Swap (currency)	08/09/2022				
Long position	USD/BRL + 0.99%	US\$	65,212		
Short position	CDI + 1.00%	R\$	215,720	-	-
Swap (currency)	04/15/2025				
Long position	USD/BRL + 3.30%	US\$	51,369		
Short position	CDI + 2.084%	R\$	199,045	39,932	39,932
Swap (currency)	04/15/2024				
Long position	USD/BRL + 3.00%	US\$	82,077		
Short position	CDI + 1.68%	R\$	318,032	62,434	62,434
Swap (currency)	04/15/2026				
Long position	USD/BRL + 5.50%	US\$	31,134		
Short position	CDI + 0.25%	R\$	120,638	8,512	8,512
Swap (currency)	11/21/2023				
Long position	USD/Libor + 0.46%	US\$	80,311		
Short position	109% of CDI	R\$	311,188	7,121	7,121
Swap (currency)	01/18/2028				
Long position	USD/fixed rate + (4.95%)	US\$	505,044		
Short position	BRL Fixed rate (11.82%)	R\$	1,956,944	-	203,278
Swap (currency)	01/18/2028				
Long position	BRL Fixed rate (11.82%)	R\$	1,633,615		
Short position	CDI + 2.01%	R\$	1,633,615	113,804	113,804
Current assets position				82,357	82,357
Noncurrent assets position				185,276	478,602
Current liabilities position				(8,339)	(98,387)
Noncurrent liabilities position				-	-
Effect on profit or loss for the year (fair value of derivatives - swaps)				313,880	517,158

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Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

27. Financial instruments and financial risk management (Continued)

27.2. 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 B3 for 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.

	Scenario I	Scenario II	Scenario III	Scenario IV	Scenario V
Debt - International Finance Corporation (IFC)					
Exchange rate variation	5%	-25%	-50%	+25%	+50%
Depreciation of US\$ (rate in R\$)	-	3.0687	2.0458	-	-
Appreciation of US\$ (rate in R\$)	4.0915	-	-	5.1144	6.1373
Effect on liabilities in US\$	6,463	(32,313)	(64,626)	32,313	64,626
Effect on derivatives					
Swap	479	(2,393)	(4,786)	2,393	4,786
Net effect	6,941	(34,706)	(69,412)	34,706	69,412
Debt 4131 - JP Morgan and Citibank					
Exchange rate variation	5%	-25%	-50%	+25%	+50%
Depreciation of US\$ (rate in R\$)	-	3.0687	2.0458	-	-
Appreciation of US\$ (rate in R\$)	4.0915	-	-	5.1144	6.1373
Effect on liabilities in US\$	32,296	(161,481)	(322,962)	161,481	322,962
Effect on derivatives					
Swap	(32,296)	161,481	322,962	(161,481)	(322,962)
Net effect	-	-	-	-	-
Debt – Senior Notes					
Exchange rate variation	5%	-25%	-50%	+25%	+50%
Depreciation of US\$ (rate in R\$)	-	3.06887	2.0458	-	-
Appreciation of US\$ (rate in R\$)	4.0915	-	-	5.1144	6.1373
Effect on liabilities in US\$	99,502	(497,509)	(995,017)	497,509	995,017
Effect on derivatives					
Swap – Senior Notes	(99,502)	497,509	995,017	(497,509)	(995,017)
Net effect	-	-	-	-	-

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

27. Financial instruments and financial risk management (Continued)

27.3. Changes in liabilities from financing activities

Parent Company	Parent Company									
	12/31/2018	Loans, financing and debentures taken out	Interest, monetary and foreign exchange differences, net	Repayment of loans, financing and debentures	Payment of interest	Fair value of debt	Allocation of dividends and interest on equity	Payment of dividends and interest on equity	Other	03/31/2019
Loans, financing and debentures	9,631,831	300,000	130,271	(66,594)	(165,428)	28,584	-	-	17,190	9,875,854
Accounts payable for acquisitions	80,232	-	2,189	-	-	-	-	-	-	82,421
Derivatives	8,339	-	-	-	-	586	-	-	-	8,925
Dividends and interest on equity payable	1,101	-	-	-	-	-	76,122	-	(8,030)	69,193
	<u>9,721,503</u>	<u>300,000</u>	<u>132,460</u>	<u>(66,594)</u>	<u>(165,428)</u>	<u>29,170</u>	<u>76,122</u>	<u>-</u>	<u>9,160</u>	<u>10,036,393</u>
Current	653,185									721,025
Noncurrent	9,068,318									9,315,368

Parent Company	Parent Company									
	12/31/2017	Loans, financing and debentures taken out	Interest, monetary and foreign exchange differences, net	Repayment of loans, financing and debentures	Payment of interest	Fair value of debt	Allocation of dividends and interest on equity	Payment of dividends and interest on equity	Other	03/31/2018
Loans, financing and debentures	5,503,556	2,342,537	133,501	(82,227)	(102,618)	39,923	-	-	(10,540)	7,824,132
Accounts payable for acquisitions	91,796	-	812	-	-	-	-	-	-	92,608
Derivatives	113,342	-	19,357	(5,801)	-	-	-	-	-	126,898
Dividends and interest on equity payable	268,282	-	-	-	-	-	101,804	(293,071)	(8,579)	68,436
	<u>5,976,976</u>	<u>2,342,537</u>	<u>153,670</u>	<u>(88,028)</u>	<u>(102,618)</u>	<u>39,923</u>	<u>101,804</u>	<u>(293,071)</u>	<u>(19,119)</u>	<u>8,112,074</u>
Current	831,059									620,205
Noncurrent	5,145,917									7,491,869

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

27. Financial instruments and financial risk management (Continued)

27.3. Changes in liabilities from financing activities (Continued)

Consolidated										
Consolidated	12/31/2018	Loans, financing and debentures taken out	Interest, monetary and foreign exchange differences, net	Repayment of loans, financing and debentures	Payment of interest	Fair value of debt	Allocation of dividends and interest on equity	Payment of dividends and interest on equity	Other	03/31/2019
Loans, financing and debentures	11,846,585	300,000	223,424	(78,474)	(198,398)	28,584	-	-	21,886	12,143,607
Accounts payable for acquisitions	363,382	117,115	5,400	-	-	-	-	-	-	485,897
Derivatives	98,387	-	-	-	-	(2,883)	-	-	-	95,504
Dividends and interest on equity payable	8,940	-	-	-	-	-	75,875	(3,054)	(8,030)	73,731
	<u>12,317,294</u>	<u>445,541</u>	<u>205,680</u>	<u>(78,474)</u>	<u>(198,398)</u>	<u>25,701</u>	<u>75,875</u>	<u>(3,054)</u>	<u>8,574</u>	<u>12,798,739</u>
Current	820,125									938,463
Noncurrent	11,497,169									11,860,276

Consolidated										
Consolidated	12/31/2017	Loans, financing and debentures taken out	Interest, monetary and foreign exchange differences, net	Repayment of loans, financing and debentures	Payment of interest	Fair value of debt	Allocation of dividends and interest on equity	Payment of dividends and interest on equity	Other	03/31/2018
Loans, financing and debentures	7,724,551	2,342,537	171,459	(267,158)	(149,872)	39,923	-	-	(86,825)	9,774,615
Accounts payable for acquisitions	138,504	35,000	2,519	-	(240)	-	-	-	-	175,783
Derivatives	113,342	-	29,481	(5,801)	-	-	-	-	91,470	228,492
Dividends and interest on equity payable	275,496	-	-	-	-	-	101,804	(293,071)	(8,579)	75,650
	<u>8,251,893</u>	<u>2,377,537</u>	<u>203,459</u>	<u>(272,959)</u>	<u>(150,112)</u>	<u>39,923</u>	<u>101,804</u>	<u>(293,071)</u>	<u>(3,934)</u>	<u>10,254,540</u>
Current	958,294									766,182
Noncurrent	7,293,599									9,488,358

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Notes to interim financial information (Continued)

March 31, 2019

(Amounts in thousands of reais, unless otherwise stated)

28. Insurance coverage

At March 31, 2019, the Company maintains insurance coverage at amounts deemed sufficient by management to cover risks, if any, on its assets and/or liabilities.

<u>Insurance line</u>	<u>Amount insured</u>
Property risk	2,714,517
Civil Liability (D&O)	150,000
General civil liability	1,500
Engineering risks	409,846