Condensed Interim Financial Information (Unaudited)

Rede D'Or São Luiz S.A.

September 30, 2017
with Independent Auditor's Review Report

Rede D'Or São Luiz S.A.

Condensed interim financial information (unaudited)

September 30, 2017

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

Independent auditor's review report

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

Introduction

We have reviewed the accompanying individual and consolidated condensed interim financial information of Rede D'Or São Luiz S.A. ("Company") for the nine-month period ended September 30, 2017, which comprises the balance sheet as at September 30, 2017, and the related condensed statements of income, of comprehensive income, of changes in equity and of cash flows for the nine-month period then ended, including the explanatory notes.

Management's responsibility for the interim financial information

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

Scope of review

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

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Conclusion

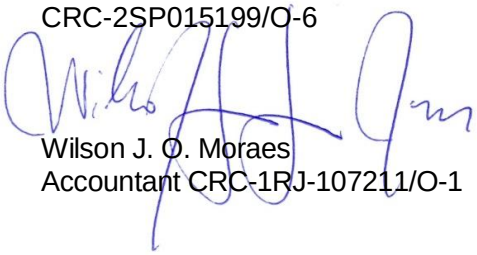
Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated condensed interim financial information referred to above is not fairly presented, in all material respects, in accordance with CPC 21 (R1) and IAS 34.

Other matters - statements of value added

We have also reviewed the individual and consolidated statements of value added for the nine-month period ended September 30, 2017, prepared under management's responsibility, the presentation of which is required by the Brazilian Corporation Law for publicly-held companies, however not required for privately-held entities. These statements have been subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they are not fairly prepared, in all material respects, in relation to the overall accompanying individual and consolidated condensed interim financial information.

Rio de Janeiro, November 17, 2017.

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.

Condensed balance sheets
September 30, 2017 (unaudited) and December 31, 2016
(In thousands of reais)

		Parent Company		Consolidated	
	Note	**09/30/2017**	**12/31/2016**	**09/30/2017**	**12/31/2016**
Assets					
Current assets					
Cash and cash equivalents	4	**25,382**	20,306	**158,087**	121,016
Marketable securities	4	**1,424,704**	1,968,899	**2,747,338**	2,620,387
Trade accounts receivable	5	**1,828,593**	1,446,998	**2,770,452**	2,142,744
Inventories	6	**120,649**	121,497	**187,075**	184,906
Taxes recoverable		**68,575**	146,113	**115,125**	178,468
Derivative financial instruments	27	**7,418**	7,145	**7,418**	7,145
Related parties	7	**9,429**	9,075	**-**	-
Dividends receivable		**15,921**	-	**-**	-
Other		**118,950**	136,973	**162,606**	163,284
Total current assets		**3,619,621**	3,857,006	**6,148,101**	5,417,950
Noncurrent assets					
Related parties	7	**459,505**	1,149,864	**21,433**	21,621
Deposit for acquisition of property		**-**	-	**88,770**	84,102
Judicial deposits	16	**90,176**	72,115	**116,548**	89,759
Deferred income tax and social contribution	19	**-**	-	**91,557**	70,668
Derivative financial instruments	27	**16,638**	23,130	**16,638**	23,130
Investments in subsidiaries, affiliates and jointly-controlled subsidiaries	8	**2,807,487**	1,892,449	**86,105**	78,164
Property and equipment	9	**2,356,243**	2,145,569	**3,483,647**	3,112,345
Intangible assets	10	**2,221,638**	2,209,365	**3,533,305**	3,332,183
Other		**30,278**	29,325	**86,589**	67,910
Total noncurrent assets		**7,981,965**	7,521,817	**7,524,592**	6,879,882
Total assets		**11,601,586**	11,378,823	**13,672,693**	12,297,832

	Note	Parent Company		Consolidated	
		09/30/2017	12/31/2016	09/30/2017	12/31/2016
Liabilities and equity					
Current liabilities					
Trade accounts payable		**252,874**	265,787	**441,669**	423,941
Derivative financial instruments	27	**102,323**	113,923	**102,323**	113,923
Loans and financing	12	**183,729**	91,982	**188,959**	95,683
Debentures payable	13	**250,839**	787,028	**335,567**	863,620
Salaries, provisions and social charges		**352,083**	282,584	**479,861**	385,023
Tax liabilities	14	**158,338**	61,453	**294,630**	190,655
Refinanced taxes obligation	14	**24,223**	21,407	**42,430**	26,384
Accounts payable for acquisitions	15	**53,368**	122,067	**60,177**	143,619
Dividends and interest on equity payable		**202,196**	419,089	**214,624**	427,259
Deferred gain on property disposal	11	**3,920**	3,920	**3,920**	3,920
Other		**46,772**	31,151	**56,978**	39,022
Total current liabilities		**1,630,665**	2,200,391	**2,221,138**	2,713,049
Noncurrent liabilities					
Derivative financial instruments	27	**73,602**	54,160	**73,602**	54,160
Loans and financing	12	**2,094,133**	1,195,514	**2,104,454**	1,199,120
Debentures payable	13	**2,922,381**	2,929,456	**4,041,353**	3,114,103
Related parties	7	**17,204**	54,684	**60**	111
Refinanced taxes obligation	14	**133,649**	148,141	**270,599**	178,427
Accounts payable from acquisitions	15	**52,511**	71,610	**91,194**	106,699
Deferred income tax and social contribution	19	**129,888**	122,332	**145,972**	150,515
Provision for contingencies	16	**124,713**	135,425	**180,418**	190,109
Provision for losses on investments	8	**64,955**	58,873	**-**	-
Deferred gain on property disposal	11	**77,180**	80,120	**77,180**	80,120
Other		**36,990**	41,838	**41,708**	44,687
Total noncurrent liabilities		**5,727,206**	4,892,153	**7,026,540**	5,118,051
Equity	18				
Capital stock		**867,776**	867,776	**867,776**	867,776
Capital reserves		**2,348,795**	2,399,142	**2,348,795**	2,399,142
Treasury shares		**(339,468)**	(331,525)	**(339,468)**	(331,525)
Income reserve		**570,690**	1,346,662	**570,690**	1,346,662
Retained earnings		**791,698**	-	**791,698**	-
Advances for future capital contribution		**4,224**	4,224	**4,224**	4,224
Total equity		**4,243,715**	4,286,279	**4,243,715**	4,286,279
Noncontrolling interests		**-**	-	**181,300**	180,453
Total equity		**4,243,715**	4,286,279	**4,425,015**	4,466,732
Total liabilities and equity		**11,601,586**	11,378,823	**13,672,693**	12,297,832

See accompanying notes.

Rede D'Or São Luiz S.A.

Condensed income statements (unaudited)
Nine-month periods ended September 30, 2017 and 2016
(In thousands of reais)

	Note	Parent Company		Consolidated	
		09/30/2017	09/30/2016	09/30/2017	09/30/2016
Net revenue	20	**4,831,145**	4,241,242	**6,999,284**	5,906,455
Cost of services provided	21	**(3,310,619)**	(2,971,289)	**(5,048,445)**	(4,294,174)
Gross profit		**1,520,526**	1,269,953	**1,950,839**	1,612,281
General and administrative expenses	22	**(233,104)**	(183,371)	**(237,643)**	(189,701)
Sales expenses	23	**(31,078)**	(24,709)	**(34,965)**	(41,390)
Equity pickup	8	**234,471**	179,805	**14,154**	15,478
Other operating income (expenses), net	24	**(53,414)**	17,923	**(99,274)**	2,942
Income before financial income (expenses) and income taxes		**1,437,401**	1,259,601	**1,593,111**	1,399,610
Financial income	25	**89,875**	344,016	**143,901**	378,043
Financial expenses	25	**(548,880)**	(701,187)	**(598,456)**	(755,693)
Income before income taxes		**978,396**	902,430	**1,138,556**	1,021,960
Income taxes	19	**(186,698)**	(201,150)	**(326,065)**	(306,630)
Net income for the period		**791,698**	701,280	**812,491**	715,330
Net income attributable to controlling interests		**791,698**	701,280	**791,698**	701,280
Net income attributable to noncontrolling interests		**-**	-	**20,793**	14,050
Basic earnings per share	26	**1.7986**	1.5930		
Diluted earnings per share	26	**1.7861**	1.5806		

See accompanying notes.

Rede D'Or São Luiz S.A.

Condensed statements of comprehensive income (unaudited)
Nine-month periods ended September 30, 2017 and 2016
(In thousands of reais)

	Parent Company		Consolidated	
	09/30/2017	**09/30/2016**	**09/30/2017**	**09/30/2016**
Net income for the period	**791,698**	701,280	**812,491**	715,330
Other comprehensive income	**-**	-	**-**	-
Total comprehensive income	**791,698**	701,280	**812,491**	715,330
Attributable to:				
Controlling interests	**791,698**	701,280	**791,698**	701,280
Noncontrolling interests	**-**	-	**20,793**	14,050

See accompanying notes.

Rede D'Or São Luiz S.A.

Condensed statements of changes in equity (unaudited)
Nine-month periods ended September 30, 2017 and 2016
(In thousands of reais)

	Attributable to Parent Company shareholders												
		Capital reserves				Earnings reserves							
Description	Capital	Goodwill reserve (issue of shares)	Capital transactions	Share-based payment reserve	Treasury shares	Legal reserve	Investment reserve	Advance for future capital increase	Retained earnings (accumulated losses)	Additional dividends in excess of mandatory minimum dividends	Total equity	Noncontrolling interests	Total
Balances at December 31, 2015	867,776	2,335,941	(72,048)	117,659	(257,597)	8,666	805,408	4,224	-	-	3,810,029	90,054	3,900,083
Acquisition of controlling interest in jointly-controlled subsidiary	-	-	-	-	-	-	-	-	-	-	-	69,374	69,374
Acquisition of noncontrolling interest	-	-	(8,681)	-	-	-	-	-	-	-	(8,681)	(2,174)	(10,855)
Treasury stocks	-	-	-	-	(73,928)	-	-	-	-	-	(73,928)	-	(73,928)
Net income for the period	-	-	-	-	-	-	-	-	701,280	-	701,280	14,050	715,330
Share-based payment (Note 18)	-	-	-	22,575	-	-	-	-	-	-	22,575	-	22,575
Dividends and interest on equity (Note 18)	-	-	-	-	-	-	(144,070)	-	-	-	(144,070)	(4,580)	(148,650)
Balances at September 30, 2016	867,776	2,335,941	(80,729)	140,234	(331,525)	8,666	661,338	4,224	701,280	-	4,307,205	166,724	4,473,929
Balances at December 31, 2016	**867,776**	**2,335,941**	**(85,322)**	**148,523**	**(331,525)**	**8,666**	**607,279**	**4,224**	**-**	**730,717**	**4,286,279**	**180,453**	**4,466,732**
Acquisition of controlling interest in jointly-controlled subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,129)**	**(2,129)**
Acquisition of noncontrolling interest (Note 18)	**-**	**-**	**(74,796)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(74,796)**	**(5,674)**	**(80,470)**
Treasury stocks	**-**	**-**	**-**	**-**	**(7,943)**	**-**	**-**	**-**	**-**	**-**	**(7,943)**	**-**	**(7,943)**
Net income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**791,698**	**-**	**791,698**	**20,793**	**812,491**
Share-based payment (Note 18)	**-**	**-**	**-**	**24,449**	**-**	**-**	**-**	**-**	**-**	**-**	**24,449**	**-**	**24,449**
Dividends and interest on equity (Note 18)	**-**	**-**	**-**	**-**	**-**	**-**	**(230,215)**	**-**	**-**	**(730,717)**	**(960,932)**	**(12,143)**	**(973,075)**
Reinvested dividends (Note 18)	**-**	**-**	**-**	**-**	**-**	**-**	**184,960**	**-**	**-**	**-**	**184,960**	**-**	**184,960**
Balances at September 30, 2017	**867,776**	**2,335,941**	**(160,118)**	**172,972**	**(339,468)**	**8,666**	**562,024**	**4,224**	**791,698**	**-**	**4,243,715**	**181,300**	**4,425,015**

See accompanying notes.

Rede D'Or São Luiz S.A.

Condensed statements of cash flows (unaudited)
Nine-month periods ended September 30, 2017 and 2016
(In thousands of reais)

	Parent Company		Consolidated	
	09/30/2017	**09/30/2016**	**09/30/2017**	**09/30/2016**
Cash flows from operating activities				
Income before income taxes	**978,396**	902,430	**1,138,556**	1,021,960
Adjustments to reconcile income to cash provided by operating activities				
Depreciation and amortization	**166,423**	120,621	**217,940**	149,877
Gain on disposal of properties	**(2,940)**	(2,940)	**(2,940)**	(2,940)
Gain on step acquisitions	**-**	(74,830)	**-**	(74,830)
Fair value of debt	**11,898**	23,324	**11,898**	23,324
Interest, monetary and foreign exchange gains (losses), net	**402,248**	340,397	**373,238**	366,495
Share-based payment	**24,449**	22,575	**24,449**	22,575
Provision for contingencies	**2,522**	-	**2,706**	3,555
Equity pick-up	**(234,471)**	(179,805)	**(14,154)**	(15,478)
Provision for disallowance	**217,202**	172,206	**357,182**	285,855
Provision for doubtful accounts	**21,861**	15,468	**22,810**	30,297
(Increase) decrease in assets and increase (decrease) in liabilities				
Trade accounts receivable	**(620,658)**	(378,529)	**(983,151)**	(567,038)
Inventories	**848**	(1,527)	**1,263**	(8,423)
Taxes recoverable	**77,538**	18,245	**71,722**	4,550
Judicial deposits	**(16,741)**	(8,113)	**(1,756)**	(7,771)
Other assets	**18,792**	(21,485)	**11,725**	(43,458)
Trade accounts payable	**(12,913)**	(13,978)	**7,439**	53,374
Payroll and related charges	**69,499**	54,114	**70,067**	84,606
Tax liabilities	**13,333**	(21,441)	**(26,466)**	(47,240)
Taxes paid in installments	**(11,676)**	9,035	**(669)**	11,597
Related parties	**100,658**	4,778	**135**	(95)
Provision for contingencies	**(13,234)**	(6,607)	**(21,399)**	(10,663)
Other liabilities	**7,361**	(27,851)	**(5,366)**	(26,148)
	1,200,395	946,087	**1,255,229**	1,253,981
Payment of interests	**(425,319)**	(354,158)	**(461,907)**	(394,131)
Payment of income taxes	**(112,147)**	(169,382)	**(247,000)**	(247,201)
Net cash generated by operating activities	**(662,929)**	422,547	**546,322**	612,649
Cash flows from investing activities				
Payment in business acquisition, net of cash acquired	**(133,903)**	(199,162)	**(131,909)**	(202,123)
Capital increase in affiliates	**-**	(103,304)	**-**	-
Acquisitions of property and equipment	**(357,061)**	(497,339)	**(500,992)**	(636,566)
Sales of property, plant and equipment	**-**	300	**1,018**	300
Acquisition of intangible assets	**(28,477)**	(21,880)	**(45,438)**	(22,685)
Cash from merger of subsidiary	**-**	10,865	**-**	-
Receivables from disposal of properties	**-**	83,179	**-**	83,179
Acquisitions of marketable securities	**(7,774,479)**	(5,811,451)	**(9,974,774)**	(6,804,011)
Redemptions of marketable securities	**8,385,904**	4,053,037	**9,960,999**	4,968,454
Dividends and interest of equity received	**7,593**	22,429	**6,213**	17,539
Net cash used in investing activities	**99,577**	(2,463,326)	**(684,883)**	(2,595,913)
Cash flows from financing activities				
Promissory note received	**-**	944,435	**-**	944,435
Treasury stock acquired	**(7,943)**	(73,928)	**(7,943)**	(73,928)
Acquisition of noncontrolling interests	**(77,702)**	(10,855)	**(77,702)**	(10,855)
Payment of dividends and interest on equity	**(969,976)**	(122,874)	**(976,276)**	(122,874)
Loans and financing raised	**995,944**	338,874	**1,005,342**	338,874
Debentures issued	**1,400,000**	1,364,723	**2,400,000**	1,364,723
Payment of loans and financing	**(27,167)**	(18,840)	**(27,423)**	(26,929)
Swap settlement	**(68,353)**	(57,513)	**(68,353)**	(57,513)
Payment of debentures	**(1,901,558)**	(291,121)	**(1,958,339)**	(309,303)
Payment of acquisitions	**(100,675)**	(80,304)	**(113,674)**	(83,871)
Cash used in financing activities	**(757,430)**	1,992,597	**175,632**	1,962,759
Increase (decrease) in cash and cash equivalents	**5,076**	(48,182)	**37,071**	(20,505)
Cash and cash equivalents at beginning of period	**20,306**	93,365	**121,016**	144,497
Cash and cash equivalents at end of period	**25,382**	45,183	**158,087**	123,992

See accompanying notes.

Rede D'Or São Luiz S.A.

Condensed statements of value added (unaudited)
Nine-month periods ended September 30, 2017 and 2016
(In thousands of reais)

	Parent Company		Consolidated	
	09/30/2017	**09/30/2016**	**09/30/2017**	**09/30/2016**
Revenue	**5,090,507**	4,574,390	**7,407,345**	6,341,395
Sales of goods, products and services	**5,326,630**	4,684,337	**7,784,397**	6,580,436
Provisions for doubtful accounts and disallowances	**(239,063)**	(187,717)	**(379,992)**	(316,811)
Other income	**2,940**	77,770	**2,940**	77,770
Inputs acquired from third parties	**(1,507,300)**	(1,443,705)	**(2,516,036)**	(2,239,121)
Cost of services sold	**(1,434,034)**	(1,337,791)	**(2,422,629)**	(2,110,044)
Materials, energy, third-party services and other expenses	**(70,744)**	(105,914)	**(90,701)**	(125,522)
Loss/recovery of assets	**(2,522)**	-	**(2,706)**	(3,555)
Gross value added	**3,583,207**	3,130,685	**4,891,309**	4,102,274
Depreciation and amortization	**(166,423)**	(120,621)	**(217,940)**	(149,877)
Value added, net	**3,416,784**	3,010,064	**4,673,369**	3,952,397
Value added received in transfer	**324,346**	523,821	**158,055**	393,521
Equity pickup	**234,471**	179,805	**14,154**	15,478
Financial income	**89,875**	344,016	**143,901**	378,043
Total value added	**3,741,130**	3,533,885	**4,831,424**	4,345,918
Distribution of value added	**(3,741,130)**	(3,533,885)	**(4,831,424)**	(4,345,918)
Personnel and related charges	**(1,590,825)**	(1,388,685)	**(2,206,484)**	(1,852,440)
Taxes, charges and contributions	**(464,981)**	(471,996)	**(753,996)**	(694,097)
Interest, rents and other operating expenses	**(893,626)**	(971,924)	**(1,058,453)**	(1,084,051)
Dividends and interest on equity	**(230,215)**	(144,070)	**(230,215)**	(144,070)
Retained profits	**(561,483)**	(557,210)	**(582,276)**	(571,260)

See accompanying notes.

Rede D'Or São Luiz S.A.

Notes to condensed interim financial information (unaudited)
September 30, 2017
(In thousands of reais, unless otherwise stated)

1. Operations

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

Rede D'Or operates in the states of Rio de Janeiro, São Paulo, Pernambuco and Brasília, with 34 own hospitals and 2 under construction, as well as oncology and radiotherapy clinics. Currently, the Group has 5,114 hospital beds in total.

2. Basis of preparation and presentation and significant accounting practices

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

The accounting practices used in this individual and consolidated interim financial information are consistent with those presented in the annual financial statements at December 31, 2016.

P&L for the nine-month period ended September 30, 2017, does not necessarily indicate the P&L expected for the entire year ending December 31, 2017. The condensed interim financial information and related notes do not include all the information and disclosures required for the annual financial statements. Therefore, this condensed interim financial information shall be read jointly with the audited annual financial statements as of December 31, 2016.

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

Authorization to conclude the preparation of this financial information was provided by Company management on November 17, 2017.

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

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

	Interest held (%)			
	09/30/2017		12/31/2016	
	Direct	Indirect	Direct	Indirect
Parent Company - Rede D'Or São Luiz S.A. (a)				
Fully consolidated entities				
Rodin Empreendimentos e Participações S.A.	**99.99**	**0.01**	99.99	0.01
Hospital Esperança S.A. ("Esperança")	**100.00**	**-**	100.00	-
Diagno São Marcos Ltda.	**-**	**100.00**	-	100.00
Mais-Multi Assistência Incorporada a Saúde Ltda. ("Hospital São Marcos")	**100.00**	**-**	100.00	-
Rede D'Or São Luiz Serviços Médicos S.A. ("RM")	**99.99**	**0.01**	99.99	0.01
Advance Plano de Saúde S.A.	**99.99**	**0.01**	99.99	0.01
São Luiz Assistência Médica Ambulatorial Ltda.	**0.02**	**99.98**	0.02	99.98
PMJ Empreendimentos Imobiliários S.A.	**100.00**	**-**	100.00	-
Quinta Empreendimentos Imobiliários Ltda.	**99.99**	**0.01**	99.99	0.01
Onco D'Or Oncologia S.A.	**98.57**	**-**	98.57	-
Onco D'Or PE S.A.	**-**	**67.03**	-	67.03
Instituto Oncológico de Pernambuco Ltda. ("IOPE")	**-**	**67.02**	-	67.02
Núcleo Especializado em Oncologia e Hemato (NEOH)	**-**	**67.02**	-	67.02
Jenner S.A.	**50.00**	**37.50**	50.00	37.50
Oncologia D'Or S.A.	**7.39**	**78.36**	7.39	78.36
Centro de Oncologia do RJ Ltda. ("Salus")	**-**	**89.55**	-	89.55
Centro de Hematologia e Oncologia (CEHON)	**-**	**98.57**	-	98.57
Centro Diagnóstico NSL S.A.	**98.43**	**-**	98.43	-
Maxclínicas Clínicas e Diagnósticos Ltda.	**99.99**	**0.01**	99.99	0.01
Tijuca Empreendimentos Imobiliários Ltda.	**99.99**	**0.01**	99.99	0.01
Centro Hospitalar São Marcos S.A.	**100.00**	**-**	100.00	-
Esperança Serviços Médicos e de Diagnósticos S.A.	**100.00**	**-**	100.00	-
Santa Luzia Assistência Médica S.A. ("SLAM")	**100.00**	**-**	100.00	-
Hospital Fluminense S.A.	**100.00**	**-**	100.00	-
Cardial Serviços Médicos Ltda.	**84.00**	**-**	84.00	-
ONCORAD - Serviços de Radioterapia Ltda.	**0.01**	**83.99**	0.01	83.99
Unidade de Radiologia Clínica Ltda. ("URC")	**72.00**	**-**	72.00	-
Instituto de Ultrassonografia Médica Ltda. ("IUSM")	**72.00**	**-**	72.00	-
Laboratório Análises Clínicas - Labvivalle Ltda.	**50.01**	**-**	50.01	-
Norte D'Or Participações S.A.	**100.00**	**-**	100.00	-
Hospital Norte D'Or de Cascadura S.A ("Norte D'Or")	**-**	**70.00**	-	70.00
Proncordis Pronto Atendimento Cardiológico Ltda.	**1.69**	**93.95**	1.69	93.95
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
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	**65.00**	**-**	65.00	-
JTO Holding S.A. (e)	**92.00**	**-**	50.01	-
JTO-Fundadores Participações Ltda. (f)	**11.40**	**73.60**	10.00	40.01
D'Or Consultoria Corretagem, Seguros e Benefícios	**-**	**50.01**	-	50.01
Hospital Santa Helena S.A.	**100.00**	**-**	100.00	-
Acreditar Oncologia S.A.	**60.00**	**-**	60.00	-
Hospital Memorial São José Ltda. ("MSJ")	**100.00**	**-**	100.00	-
Prontimagem Serviços Médicos Ltda.	**60.10**	**-**	60.10	-
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
Maximagem com Diag. por imagem Ltda.	**100.00**	**-**	100.00	-
Noventa e Nove Participações S.A.	**100.00**	**-**	100.00	-
Hospital Ribeirão Pires Ltda.	**-**	**100.00**	-	100.00
Hospital Alpha Med Ltda.	**65.99**	**34.01**	65.99	34.01
Centro de Diagnóstico por Imagem Bartira (CEDIB) (b)	**100.00**	**-**	100.00	-
Atenção Total e Gestão de Saúde Ltda.	**99.99**	**0.01**	99.99	0.01
Hospitais Integrados da Gávea S.A. - Clínica São Vicente (d)	**100.00**	**-**	-	-
Sator Empreendimentos e Participações Ltda. (d)	**100.00**	**-**	-	-
SVgávea Empreendimentos e Participações S.A (d)	**100.00**	**-**	-	-

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

	Interest held (%)			
	09/30/2017		12/31/2016	
	Direct	Indirect	Direct	Indirect
Companies recognized by equity method in the consolidated statements				
Instituto Brasiliense de Oncologia Clínica Ltda. (c)	**-**	**40.00**	-	40.00
Fujidayclinic Ltda. (c)	**-**	**30.00**	-	30.00
IPEC - Instituto de Pesquisa e Ensino CEON Ltda. (c)	**-**	**59.99**	-	59.99
Em Frente Distribuição, Manipulação E Nutrição Ltda. (c)	**-**	**59.99**	-	59.99
Acreditar Tocantins Oncologia S.A. (c)	**-**	**30.00**	-	30.00
Centro Oncológico do Vale Ltda. (c)	**-**	**50.00**	-	50.00
Instituto de Radioterapia do Vale do Paraíba Ltda. (c)	**-**	**50.00**	-	50.00
JMJB Diagnósticos e Serviços Hospitalares S.A.	**50.00**	**-**	50.00	-
J Badim S.A. ("Hospital Badim")	**-**	**50.00**	-	50.00
EAH Administração Hospitalar Ltda.	**-**	**50.00**	-	50.00
Memorial Imagem e Diag Ltda. ("Mediax")	**15.00**	**-**	15.00	-
GGSH Part. S.A.	**23.88**	**-**	23.88	-

(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 and Copa Star;

(b) Company incorporated by the Company on January 1, 2017;

(c) Investees of subsidiary Acreditar Oncologia S.A;

(d) Company acquired on April 19, 2017 (Note 3).

(e) On July 31, 2017 Rede Dor acquired an additional 35% interest in JTO Holding and 1.4% interest in JTO Fundadores.

3. Business combination

The business combinations disclosed in the December 31, 2016 financial statements were not subject to significant subsequent adjustments.

On April 19, 2017, the Group acquired 100% of Sator Empreendimentos e Participações Ltda. ("Sator"), a holding company that owns all shares of Hospitais Integrados da Gávea S.A. ("Clínica São Vicente"), located in the city of Rio de Janeiro - state of Rio de Janeiro. The consideration totaled R$125,244, of which R$110,244 was paid at the contract execution date and the remaining balance of R$15,000 was held as guarantee for indemnification of obligations of the sellers, and will be paid in six years after the execution date, updated by the Interbank Deposit Certificate (CDI).

3. Business combination (Continued)

The Group is assessing the fair values of the assets acquired and liabilities assumed and, thus, the effects are preliminary, as follows:

	At acquisition date
Assets	
Cash and cash equivalents	2,361
Trade accounts receivable	24,003
Inventories	3,589
Taxes recoverable	12,119
Related parties	18,087
Judicial deposits	16,546
Deferred income tax and social contribution	22,001
Property and equipment	75,685
Indemnifiable assets	8,777
Other	3,285
	186,453
Liabilities	
Trade accounts payable	(10,257)
Loans and financing	(12,283)
Salaries, provisions and social charges	(27,887)
Taxes liabilities	(16,721)
Taxes paid in installments	(108,887)
Related parties	(18,089)
Provision for contingencies	(8,777)
Other	(21,397)
	(224,298)
Total identifiable assets, net	(37,845)
Total consideration	125,244
Goodwill on acquisition (Note 10)	163,089

Since the acquisition date, Sator contributed to the Group with income before taxes totaling R$705. If the business combination had occurred at the beginning of the year, Sator would have contributed to the Group with income before taxes amounting to R$701.

4. Cash and cash equivalents and marketable securities

	Parent Company		Consolidated	
	09/30/2017	**12/31/2016**	**09/30/2017**	**12/31/2016**
Cash and cash equivalents				
Cash and banks	**5,413**	19,397	**53,856**	40,493
Short-term investments	**19,969**	909	**104,231**	80,523
Cash and cash equivalents	**25,382**	20,306	**158,087**	121,016
Marketable securities				
Non-exclusive investment funds	**1,109,907**	1,048,966	**1,917,507**	1,383,317
Repurchase agreements	**158,971**	316,656	**541,895**	427,394
Financial treasury bills (LFT)	**-**	422,833	**-**	569,194
Bank deposit certificates (CDBs)	**155,826**	180,444	**287,936**	240,482
Marketable securities	**1,424,704**	1,968,899	**2,747,338**	2,620,387

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

Short-term investments classified as marketable securities mainly refer to Bank Deposit Certificates (CDBs) and repurchase agreements collaterized by debentures, which are part of the exclusive "FIM CP Plataforma" fund portfolio, issued by first-tier financial institutions, and with average yield of 60% to 102% of Interbank Deposit Certificate (CDI).

5. Trade accounts receivable

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

	Parent Company		Consolidated	
	09/30/2017	**12/31/2016**	**09/30/2017**	**12/31/2016**
Accounts receivable from health insurance and health care plans	**2,534,423**	2,013,274	**3,910,918**	3,040,912
Accounts receivable from individuals	**35,259**	51,142	**38,853**	74,296
Provision for doubtful accounts and for disallowances	**(741,089)**	(617,418)	**(1,179,319)**	(972,464)
	1,828,593	1,446,998	**2,770,452**	2,142,744

5. Trade accounts receivable (Continued)

Changes in provision for doubtful accounts and for disallowances

	Parent Company		Consolidated	
	09/30/2017	**12/31/2016**	**09/30/2017**	**12/31/2016**
Balance at the beginning of the year	**(617,418)**	(317,299)	**(972,464)**	(605,121)
Recognition of provision for disallowances	**(217,202)**	(230,925)	**(357,182)**	(383,920)
Write-off of uncollectible amounts	**115,392**	51,445	**190,295**	151,918
Recognition (reversal) of provision for doubtful accounts	**(21,861)**	(84,409)	**(22,810)**	(114,251)
Provision arising from acquisitions	**-**	(36,230)	**(17,158)**	(21,090)
Balance at end of year	**(741,089)**	(617,418)	**(1,179,319)**	(972,464)

At September 30, 2017 and December 31, 2016, the aging list of trade accounts receivable is as follows:

	Parent Company								
			Overdue						
	Total	**Falling due**	**1 - 30 days**	**31 - 60 days**	**61 - 90 days**	**91 - 120 days**	**121 - 180 days**	**181 - 360 days**	**Over 360 days**
09/30/2017	**2,569,682**	**1,624,730**	**69,659**	**57,867**	**61,821**	**43,122**	**69,585**	**269,191**	**373,707**
12/31/2016	2,064,416	1,219,060	68,786	63,894	64,129	35,746	66,788	169,722	376,291

	Consolidated								
			Overdue						
	Total	**Falling due**	**1 - 30 days**	**31 - 60 days**	**61 - 90 days**	**91 - 120 days**	**121 - 180 days**	**181 - 360 days**	**Over 360 days**
09/30/2017	**3,949,771**	**2,367,632**	**123,983**	**89,025**	**96,597**	**67,185**	**119,744**	**443,678**	**641,927**
12/31/2016	3,115,208	1,745,983	95,296	99,364	106,725	74,180	131,497	294,477	567,686

6. Inventories

	Parent Company		Consolidated	
	09/30/2017	**12/31/2016**	**09/30/2017**	**12/31/2016**
Medicine	**34,339**	35,523	**65,371**	67,075
Special materials	**35,121**	34,789	**43,458**	42,408
Disposable materials	**27,771**	28,369	**34,750**	34,035
Bracing and prosthetic	**870**	643	**1,134**	927
Materials for use and consumption	**8,520**	9,730	**14,369**	18,953
Food items	**2,244**	2,137	**3,429**	3,712
Dressing room materials	**1,307**	1,323	**2,130**	1,994
Surgical sutures	**2,511**	2,440	**3,278**	3,066
Other	**7,966**	6,543	**19,156**	12,736
	120,649	121,497	**187,075**	184,906

7. Related parties

The nature of the main transactions between related parties are similar to those disclosed in the financial statements for the year ended December 31, 2016.

Related-party balances

	Parent Company							
	09/30/2017				12/31/2016			
Companies	Current assets	Noncurrent assets	Noncurrent liabilities	P&L	Current assets	Noncurrent assets	Noncurrent liabilities	P&L
Debentures Norte D'Or (a)	**9,429**	**11,364**	**-**	**2,523**	9,075	19,681	-	3,991
Shared services (d)								
Medise Medicina Diagnóstico e Serviços Ltda.	**-**	**11,139**	**-**	**6,976**	-	14,024	-	7,237
Hospital Esperança S.A.	**-**	**3,874**	**-**	**22,428**	-	2,182	-	23,254
Hospital São Marcos S.A	**-**	**441**	**-**	**5,564**	-	16,405	-	3,683
Hospital Norte D'Or de Cascadura S.A.	**-**	**1,519**	**-**	**5,110**	-	-	-	3,228
Rede D'Or São Luiz Serviços Médicos S.A.	**-**	**135,337**	**-**	**10,246**	-	128,211	-	29,182
J. Badim S.A.	**-**	**1,589**	**-**	**1,589**	-	1,120	-	1,812
Oncologia D'Or S.A.	**-**	**9,899**	**-**	**136**	-	9,627	-	1,533
Hospital Fluminense S.A.	**-**	**516**	**-**	**2,047**	-	6,712	-	2,803
Esperança Serviços Médicos e de Diagnósticos	**-**	**21**	**-**	**99**	-	-	-	-
Centro Diagnóstico NSL	**-**	**306**	**-**	**201**	-	-	-	-
Hospital Alpha Med Ltda.	**-**	**1,461**	**-**	**1,461**	-	-	-	-
Hospital Santa Helena S.A	**-**	**9,770**	**-**	**9,770**	-	-	-	-
Hospital Memorial São José Ltda.	**-**	**4,380**	**-**	**4,380**	-	-	-	-
Hospital De Ribeirão Pires.	**-**	**4,220**	**-**	**4,220**	-	-	-	-
Hospitais Integrados da Gávea S.A. - Clínica São Vicente	**-**	**2,765**	**-**	**2,765**	-	-	-	-
Rede D'Or São Luiz Serviços Médicos S.A.	**-**	**754**	**-**	**-**	-	-	6,033	-
Centro Diagnóstico NSL (b)	**-**	**2,576**	**-**	**-**	-	3,042	-	-
Hospital Norte D'Or (b)	**-**	**8,252**	**-**	**-**	-		-	-
Hospital de Ribeirão Pires (b)	**-**	**4,014**	**-**	**-**	-		-	-
Unidade de Radiologia Clínica Ltda. (b)	**-**	**10,824**	**-**	**-**	-	9,162	-	-
Medise Medicina Diagnóstico e Serviços Ltda.	**-**	**-**	**9,978**	**-**	-	-	11,814	-
PMJ Assessoria e Consultoria Financeira S.A. (b)	**-**	**23,372**	**-**	**-**	-	87,540	-	-
Quinta D'Or Empreendimentos Imobiliários S.A. (b)	**-**	**-**	**-**	**-**	-	16,265	-	-
Jenner S.A (b)	**-**	**16,688**	**-**	**-**	-	16,688	-	-
Oncologia D'Or S.A. (b)	**-**	**7,326**	**-**	**-**	-	8,716	-	-
Hospital Fluminense S.A. (b)	**-**	**1,383**	**-**	**-**	-	16,342	-	-
Hospital Esperança S.A. (b)	**-**	**12,414**	**-**	**-**	-	-	17,981	-
Rede D'Or São Luiz Soluções Saúde e Segurança (b)	**-**	**-**	**1,383**	**-**	-	-	-	-
JMJB Diagnósticos e Serviços Hospitalares S.A. (b)	**-**	**7,360**	**-**	**-**	-	7,801	-	-
Proncordis Pronto Atendimento Cardiológico Ltda. (b)	**-**	**10,472**	**-**	**-**	-	10,120	-	-
Rodin Empreendimentos e Participações S.A. (b)	**-**	**-**	**-**	**-**	-	11,461	-	-
Onco D'Or Oncologia S.A. (b)	**-**	**99,009**	**-**	**-**	-	48,096	-	-
Campinas Empreendimentos Imobiliários Ltda. (b)	**-**	**73**	**-**	**-**	-	45,049	-	-
Hospital Santa Helena S.A. (b)	**-**	**6,706**	**-**	**-**	-	64,498	-	-
Santa Luzia II Emp. Imobiliários Ltda. (b)	**-**	**16,810**	**-**	**-**	-	326,107	-	-
IFOR Empreendimentos Imobiliários S.A. (b)	**-**	**-**	**-**	**-**	-	184,523	-	-
Hospital Memorial São José Ltda. (b)	**-**	**227**	**-**	**-**	-	10,987	-	-
GNI01 Emp. Imob. Ltda. (b)	**-**	**-**	**-**	**-**	-	29,654	-	-
Opuner do Brasil Ltda. (b)	**-**	**-**	**5,809**	**-**	-	-	5,779	-
Assunção Emp. Imobiliários Ltda. (c)	**-**	**-**	**-**	**-**	-	5,082	-	-
Instituto D'Or de Pesquisa e Ensino (c)	**-**	**7,443**	**-**	**-**	-	7,404	-	-
RDSL Empreendimento Imobiliários (c)	**-**	**-**	**-**	**-**	-	20,559	-	-
JM&AM Empreendimentos Imobiliários S.A. (c)	**-**	**-**	**-**	**12,594**	-	-	-	16,555
Other	**-**	**25,201**	**34**	**-**	-	22,806	13,077	364
	9,429	**459,505**	**17,204**	**92,109**	9,075	1,149,864	54,684	93,642

7. Related parties (Continued)

Related party balances (Continued)

	Consolidated							
	09/30/2017				12/31/2016			
Companies	Current assets	Noncurrent assets	Noncurrent liabilities	P&L	Current assets	Noncurrent assets	Noncurrent liabilities	P&L
Shared services (d)								
J. Badim S.A.	**-**	**1,589**	**-**	**1,589**	-	1,120	-	1,812
JMJB Diagnósticos e Serviços Hospitalares S.A.	**-**	**7,360**	**-**	**-**	-	7,801	-	-
Instituto D'Or de Pesquisa e Ensino	**-**	**7,443**	**-**	**-**	-	7,404	-	-
J. Badim S.A.	**-**	**1,259**	**-**	**-**	-	1,393	-	-
JM&AM Empreendimentos Imobiliários S.A. (c)	**-**	**-**	**-**	**12,594**	-	-	-	16,555
Other	**-**	**3,782**	**60**		-	3,903	111	-
	-	**21,433**	**60**	**14,183**	-	21,621	111	18,367

(a) Issue of nonconvertible debentures by Hospital Norte D'Or in the amount of R$35,000, fully acquired by Parent Company Rede D'Or. The debentures are remunerated at a rate of 100% of DI (Interbank Deposits) plus 3.5% p.a., and interest is paid on a quarterly basis. Payments are also made on quarterly basis, beginning May 2017 and maturing on November 10, 2019.

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

(c) Transactions referring to the lease of properties belonging to the company of the controlling shareholders of Rede D'Or.

(d) Balances related to the corporate service expenses incurred by Rede D'Or and shared between the investees.

Key management personnel compensation

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

At September 30, 2017 and 2016, key management personnel compensation is as follows:

	09/30/2017	09/30/2016
Salaries and bonuses	**30,913**	30,432
Benefits	**121**	136
Share-based payment	**24,449**	22,575
	55,483	53,143

8. Investments

Balances of and changes in investments for the period - Parent Company

Parent Company	Balances at 12/31/2016	Equity pickup	Dividends	Acquisition of interest	Capital increase/advance for future capital increase	Transfer	Write-off	Other	Merger	Balances at 09/30/2017
Medise Medicina Diagnóstico e Serviços S.A.	149,837	18,322	-	-	-	-	-	30	-	**168,189**
Hospital Esperança S.A.	255,888	70,968	-	-	(33,000)	-	-	-	-	**293,856**
Hospital São Marcos (including goodwill)	48,723	13,042	-	-	-	-	-	-	-	**61,765**
PMJ Empreendimentos Imobiliários S.A.	73,355	645	-	-	104,222	-	-	(3)	-	**178,219**
Norte D'Or Participações S.A. (including goodwill)	64,889	6,630	(3,878)	-	-	-	-	-	-	**67,641**
Onco D'Or Oncologia S.A.	117,682	21,325	-	-	-	-	-	(2,876)	-	**136,131**
Jenner S.A. (including goodwill)	94,738	12,185	-	-	-	-	-	-	-	**106,923**
JMJB Diagnósticos e Serviços Hospitalares	18,179	4,778	-	-	-	-	-	-	-	**22,957**
Rodin Empreendimentos e Participações S.A.	52,222	64	-	-	2,020	-	-	-	-	**54,306**
Quinta Empreendimentos Imobiliários Ltda.	31,808	5,292	-	-	16,265	-	-	-	-	**53,365**
Hospital Fluminense S.A. (including goodwill)	21,390	8,933	-	-	26,976	-	-	-	-	**57,299**
Acreditar Oncologia S.A. (including goodwill)	130,105	10,904	(15,921)	-	-	-	-	-	-	**125,088**
Cardial Serviços Médicos (including goodwill)	55,947	6,992	(3,242)	-	-	-	-	561	-	**60,258**
Hospital Santa Helena S.A. (including goodwill)	207,264	25,350	-	-	100,275	-	-	(4,893)	-	**327,996**
TJK Empreendimentos Hospitalares	21,464	388	-	-	-	-	-	10	-	**21,862**
Memorial São José Ltda. (including goodwill)	143,960	12,471	-	-	11,961	-	-	-	-	**168,392**
Ribeirão Pires (including goodwill)	168,003	7,077	-	-	-	-	-	115	-	**175,195**
Cedib (including goodwill) (a)	5,324	-	-	-	-	-	-	-	(5,324)	**-**
Villa Lobos Empreendimentos Imobiliários Ltda.	11,713	3,351	-	-	193,580	-	-	-	-	**208,644**
Santa Luzia II Empreendimentos Imobiliários Ltda.	27,036	6,564	-	-	-	-	-	-	-	**33,600**
Campinas Empreendimentos Imobiliários Ltda.	353	(585)	-	-	45,531	-	-	-	-	**45,299**
Sator Empreendimentos e Participações Ltda. (b)	-	706	-	125,244	13,519	-	-	-	-	**139,469**
Other	192,569	21,772	(473)	29,358	53,883	14	(2,343)	6,253	-	**301,033**
	1,892,449	257,174	(23,514)	154,602	535,232	14	(2,343)	(803)	(5,324)	**2,807,487**
Rede D'Or São Luiz Serviços Médicos S.A.	(31,566)	(16,134)	-	-	-	-	-	-	-	**(47,700)**
Centro Hospitalar São Marcos S.A.	(25,178)	(4,561)	-	-	13,652	-	-	-	-	**(16,087)**
Proncordis Pronto Atendimento Cardiológico Ltda.	(14)	(15)	-	-	-	-	-	-	-	**(29)**
IFOR Empreendimentos imobiliários S.A.	(15)	-	-	-	29	(14)	-	-	-	**-**
Café Verde	(2,100)	(1,993)	-	-	2,954	-	-	-	-	**(1,139)**
	(58,873)	(22,703)	-	-	16,635	(14)	-	-	-	**(64,955)**
Equity pickup		234,471								

(a) Entity merged by the Company on January 1, 2017.

(b) Entity acquired by the Company on April 19, 2017. See Note 3.

8. Investments (Continued)

Balances of and changes in investments for the period - Consolidated

Company	Balances at 12/31/2016	Equity pickup	Dividends	Balances at 09/30/2017
JMJB Diagnósticos e Serviços Hospitalares S.A.	18,179	4,778	-	22,957
Onco São José dos Campos	35,721	4,433	(5,111)	35,043
GGSH Participações S.A.	16,030	3,020	-	19,050
Other	8,234	1,923	(1,102)	9,055
	78,164	14,154	(6,213)	86,105

Summarized information of the subsidiaries

	30/09/2017							30/09/2016
	% Total	% Voting capital	Assets	Liabilities	Equity	Operating income	P&L for the period	P&L for the period
Direct and indirect subsidiaries								
Medise Medicina Diagnóstico e Serviços S.A. ("Medise")	**98.00**	**98.00**	**260,629**	**88,457**	**172,172**	**37,161**	**18,322**	20,835
Rodin Empreendimentos e Participações S.A.	**100**	**100**	**54,307**	**1**	**54,306**	**80**	**64**	(5,395)
Hospital Esperança S.A. ("Esperança")	**100**	**100**	**1,509,397**	**1,547,029**	**(37,632)**	**59,474**	**(3,959)**	74,681
Mais-Multi Assistência Incorporada a Saúde Ltda. ("Hospital São Marcos")	**100**	**100**	**98,609**	**47,651**	**50,958**	**14,255**	**13,042**	15,276
Rede D'Or São Luiz Serviços Médicos S.A.	**100**	**100**	**184,210**	**231,910**	**(47,700)**	**(26,139)**	**(16,134)**	(6,438)
Advance Plano de Saúde S.A.	**100**	**100**	**16,753**	**10,703**	**6,050**	**(1,502)**	**(1,138)**	(1,271)
PMJ Empreendimentos Imobiliários S.A	**100**	**100**	**224,317**	**46,098**	**178,219**	**(1,567)**	**645**	(2,305)
Quinta Empreendimentos Imobiliários Ltda.	**100**	**100**	**55,194**	**1,829**	**53,365**	**9,870**	**5,292**	8,542
Onco D'Or Oncologia S.A.	**86.00**	**86.00**	**282,048**	**140,686**	**141,362**	**(1,037)**	**22,144**	3,933
Jenner S.A.	**82.00**	**82.00**	**144,118**	**16,689**	**127,429**	**(20)**	**24,371**	5,442
Oncologia Rede D'Or S.A.	**81.00**	**81.00**	**247,149**	**111,269**	**135,880**	**39,055**	**27,234**	6,091
Esperança Serviços Médicos e de Diagnósticos S.A.	**100**	**100**	**6,978**	**894**	**6,084**	**1,414**	**1,361**	1,282
Centro Diagnóstico NSL S.A.	**100**	**100**	**4,879**	**3,518**	**1,361**	**(171)**	**(44)**	(174)
Maxclínicas Clínicas e Diagnósticos Ltda.	**100**	**100**	**2,439**	**294**	**2,145**	**(5)**	**(194)**	(2,068)
Diagno São Marcos Ltda.	**100**	**100**	**615**	**2,443**	**(1,828)**	**(1,263)**	**(1,350)**	(1,186)
Diagnolab Exames Complementares Ltda.	**100**	**100**	**22,690**	**827**	**21,863**	**1,125**	**388**	732
Centro Hospitalar São Marcos S.A.	**100**	**100**	**674**	**16,761**	**(16,087)**	**(4,331)**	**(4,561)**	(472)
Instituto Oncológico de Pernambuco Ltda. ("IOPE")	**58.00**	**58.00**	**47,393**	**2,555**	**44,838**	**6,624**	**6,692**	(433)
Santa Luzia Assistência Médica Ltda. ("SLAM")	**100**	**100**	**-**	**-**	**-**	**(763)**	**(601)**	(1,477)
Hospital Fluminense S.A.	**100**	**100**	**62,638**	**18,119**	**44,519**	**14,201**	**8,933**	7,967
Cardial Serviços Médicos Ltda.	**84.00**	**84.00**	**30,645**	**4,661**	**25,984**	**9,071**	**8,323**	5,335
ONCORAD - Serviços de Radioterapia Ltda.	**84.00**	**84.00**	**2,121**	**2,042**	**79**	**539**	**254**	(135)
Unidade de Radiologia Clínica Ltda. ("URC")	**72.00**	**72.00**	**21,538**	**15,641**	**5,897**	**2,365**	**49**	1,318
Instituto de Ultrasonografia Médica Ltda. ("IUSM")	**72.00**	**72.00**	**1,390**	**95**	**1,295**	**9**	**36**	20
Laboratório Análises Clínicas - Labvivalle Ltda.	**50.00**	**50.00**	**3,608**	**472**	**3,136**	**1,282**	**1,241**	1,339
Norte D'Or Participações S.A.	**100**	**100**	**41,256**	**2,066**	**39,190**	**(31)**	**6,630**	1,428
Hospital Norte D'Or de Cascadura S.A ("Norte D'Or")	**70.00**	**70.00**	**109,185**	**50,762**	**58,423**	**20,576**	**10,787**	3,339
Hospital Santa Helena S.A	**100**	**100**	**319,789**	**112,702**	**207,087**	**42,072**	**25,350**	33,480
Acreditar Oncologia S.A	**60.00**	**60.00**	**94,726**	**42,693**	**52,033**	**25,814**	**18,174**	10,315
Hospital Memorial São Jose Ltda.	**100**	**100**	**81,010**	**31,766**	**49,244**	**21,848**	**12,471**	2,684
Centro de Oncologia do RJ ("Salus")	**100**	**100**	**9,182**	**4,614**	**4,568**	**4,097**	**3,595**	124
Café Verde da Quinta Ltda.	**100**	**100**	**118**	**1,256**	**(1,138)**	**(1,819)**	**(1,993)**	(211)
IFOR Empreendimentos imobiliários S.A (Park D'Or)	**100**	**100**	**43**	**30**	**13**	**(1)**	**-**	(73)
Proncordis Pronto Atendimento Cardiológico Ltda.	**95.64**	**95.64**	**9,476**	**11,258**	**(1,782)**	**(466)**	**(906)**	(926)
Prontimagem Serviços Médicos Ltda.	**60.10**	**60.10**	**2,385**	**511**	**1,874**	**(153)**	**(610)**	(500)
GNI02 Empreendimentos Imobiliários Ltda.	**100**	**100**	**22,604**	**(401)**	**23,005**	**2,180**	**2,153**	-
GNI05 Empreendimentos Imobiliários Ltda.	**100**	**100**	**1**	**-**	**1**	**-**	**-**	-
GNI06 Empreendimentos Imobiliários Ltda.	**100**	**100**	**1**	**-**	**1**	**-**	**-**	-
Maximagem com Diag por Imagem Ltda.	**100**	**100**	**20,582**	**8,276**	**12,306**	**7,266**	**4,277**	2,655
Centro de Hematologia e Oncologia (CEHON)	**85.86**	**85.86**	**24,662**	**5,766**	**18,896**	**7,757**	**6,370**	5,162
Onco D'Or PE S.A.	**58.38**	**58.38**	**51,892**	**15**	**51,877**	**8,986**	**8,986**	-
Núcleo Especializado em Oncologia e Hemato (NEOH)	**92.31**	**92.31**	**13,366**	**7,328**	**6,038**	**11,593**	**10,213**	-
Noventa e Nove Participações S.A.	**100**	**100**	**11,788**	**6,538**	**5,250**	**7,077**	**7,077**	-
Hospital Ribeirão Pires Ltda.	**100**	**100**	**56,554**	**44,881**	**11,673**	**10,185**	**7,077**	-
Hospital Alpha Med Ltda.	**100**	**100**	**40,271**	**26,124**	**14,147**	**10,864**	**6,845**	-
Centro de Diagnóstico por Imagem Bartira (CEDIB)	**100**	**100**	**189,935**	**71,907**	**118,028**	**56,004**	**53,240**	-
Assunção Empreendimentos Imobiliários S.A.	**100**	**100**	**4,970**	**1,393**	**3,577**	**2**	**38**	-
Atenção Total e Gestão de Saúde Ltda.	**100**	**100**	**5**	**-**	**5**	**-**	**-**	-
Campinas Empreendimentos Imob. (former D'Or Trading)	**100**	**100**	**45,436**	**138**	**45,298**	**(582)**	**(585)**	(99)
Hospitais Integrados da Gávea S.A. - Clínica São Vicente	**100**	**100**	**10,004**	**57,646**	**(47,642)**	**278**	**127**	-

8. Investments (Continued)

Summarized information of the associates and jointly controlled entities

	30/09/2017							30/09/2016
	% Total	% Voting capital	Assets	Liabilities	Equity	Operating income	P&L for the year	P&L for the year
Companies recognized by equity pickup in the consolidated statements								
Acreditar Tocantis S.A.	**50**	**8,137**	**7,862**	**1,060**	**6,802**	**1,444**	**1,111**	1,697
Instituto de Radioterapia do Vale do Paraíba Ltda.	**50**	**50**	**18,592**	**10,487**	**8,105**	**11,463**	**8,867**	9,194
JMJB Diagnósticos e Serviços Hospitalares S.A.	**50**	**50**	**54,101**	**8,188**	**45,913**	**9,108**	**9,555**	6,324
GGSH Participações S.A.	**23**	**23**	**70,117**	**1,370**	**68,747**	**10,834**	**12,648**	-
Fujidayclinic Ltda.	**50**	**50**	**11,786**	**2,447**	**9,339**	**3,254**	**2,735**	1,468

9. Property and equipment

Breakdown of balances

		Parent Company					
		09/30/2017			12/31/2016		
Description	Depreciation rate	Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
Hospital machinery and equipment	12% to 20%	**750,421**	**(420,959)**	**329,462**	647,982	(363,138)	284,844
Surgical instruments	20%	**37,081**	**(16,555)**	**20,526**	33,257	(12,231)	21,026
Machinery and equipment	7% to 10%	**218,619**	**(134,876)**	**83,743**	193,711	(111,621)	82,090
Buildings	2.5% to 4%	**454,633**	**(67,269)**	**387,364**	442,851	(64,383)	378,468
Improvements in own properties	4%	**96,360**	**(20,708)**	**75,652**	94,452	(15,951)	78,501
Leasehold improvements	3% to 4%	**804,801**	**(220,585)**	**584,216**	793,676	(176,333)	617,343
Furniture and fixtures	10%	**109,188**	**(57,086)**	**52,102**	96,030	(49,205)	46,825
Vehicles	20%	**3,876**	**(2,596)**	**1,280**	3,631	(2,306)	1,325
Facilities	10%	**79,122**	**(29,133)**	**49,989**	70,417	(24,487)	45,930
Land	N/A	**122,684**	**-**	**122,684**	122,684	-	122,684
Construction in progress	N/A	**642,098**	**-**	**642,098**	459,643	-	459,643
Other	5% to 10%	**11,693**	**(4,566)**	**7,127**	11,349	(4,459)	6,890
		3,330,576	**(974,333)**	**2,356,243**	2,969,683	(824,114)	2,145,569

		Consolidated					
		09/30/2017			12/31/2016		
Description	Depreciation rate	Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
Hospital machinery and equipment	12% to 20%	**945,433**	**(496,087)**	**449,346**	819,559	(424,606)	394,953
Surgical instruments	20%	**44,280**	**(19,652)**	**24,628**	39,483	(14,334)	25,149
Machinery and equipment	7% to 10%	**280,139**	**(183,398)**	**96,741**	249,915	(150,724)	99,191
Buildings	2.5% to 4%	**861,007**	**(85,406)**	**775,601**	786,820	(70,601)	716,219
Improvements in own properties	4%	**100,333**	**(22,267)**	**78,066**	97,780	(16,920)	80,860
Leasehold improvements	3% to 4%	**1,015,353**	**(305,163)**	**710,190**	996,741	(253,862)	742,879
Furniture and fixtures	10%	**149,780**	**(77,431)**	**72,349**	131,514	(66,952)	64,562
Vehicles	20%	**4,432**	**(2,941)**	**1,491**	4,081	(2,584)	1,497
Facilities	10%	**130,397**	**(50,105)**	**80,292**	118,912	(42,190)	76,722
Land	N/A	**404,542**	**-**	**404,542**	391,074	-	391,074
Construction in progress	N/A	**748,715**	**-**	**748,715**	508,275	-	508,275
Other	5% to 10%	**54,246**	**(12,560)**	**41,686**	17,012	(6,048)	10,964
		4,738,657	**(1,255,010)**	**3,483,647**	4,161,166	(1,048,821)	3,112,345

9. Property and equipment (Continued)

Changes in Parent Company

	12/31/2016	Additions	Additions from mergers	09/30/2017
Cost				
Hospital machinery and equipment	647,982	**98,620**	**3,819**	**750,421**
Surgical instruments	33,257	**3,824**	**-**	**37,081**
Machinery and equipment	193,711	**24,898**	**10**	**218,619**
Buildings	442,851	**11,782**	**-**	**454,633**
Improvements in own properties	94,452	**1,908**	**-**	**96,360**
Leasehold improvements	793,676	**11,125**	**-**	**804,801**
Furniture and fixtures	96,030	**13,155**	**3**	**109,188**
Vehicles	3,631	**245**	**-**	**3,876**
Facilities	70,417	**8,705**	**-**	**79,122**
Land	122,684	**-**	**-**	**122,684**
Construction in progress	459,643	**182,455**	**-**	**642,098**
Other	11,349	**344**	**-**	**11,693**
	2,969,683	**357,061**	**3,832**	**3,330,576**
Depreciation				
Hospital machinery and equipment	(363,138)	**(57,821)**	**-**	**(420,959)**
Surgical instruments	(12,231)	**(4,324)**	**-**	**(16,555)**
Machinery and equipment	(111,621)	**(23,255)**	**-**	**(134,876)**
Buildings	(64,383)	**(2,886)**	**-**	**(67,269)**
Improvements in own properties	(15,951)	**(4,757)**	**-**	**(20,708)**
Leasehold improvements	(176,333)	**(44,252)**	**-**	**(220,585)**
Furniture and fixtures	(49,205)	**(7,881)**	**-**	**(57,086)**
Vehicles	(2,306)	**(290)**	**-**	**(2,596)**
Facilities	(24,487)	**(4,646)**	**-**	**(29,133)**
Other	(4,459)	**(107)**	**-**	**(4,566)**
	(824,114)	**(150,219)**	**-**	**(974,333)**
Property and equipment, net	2,145,569	**206,842**	**3,832**	**2,356,243**

9. Property and equipment (Continued)

Changes in Consolidated

	12/31/2016	Additions	Write-offs	Business combinations	09/30/2017
Cost					
Hospital machinery and equipment	819,559	**117,037**	**(8)**	**8,845**	**945,433**
Surgical instruments	39,483	**4,797**	**-**	**-**	**44,280**
Machinery and equipment	249,915	**27,603**	**(649)**	**3,270**	**280,139**
Buildings	786,820	**32,984**	**-**	**41,203**	**861,007**
Improvements in own properties	97,780	**2,553**	**-**	**-**	**100,333**
Leasehold improvements	996,741	**18,612**	**-**	**-**	**1,015,353**
Furniture and fixtures	131,514	**17,645**	**(353)**	**974**	**149,780**
Vehicles	4,081	**351**	**-**	**-**	**4,432**
Installations	118,912	**11,056**	**-**	**429**	**130,397**
Land	391,074	**(8,940)**	**-**	**22,408**	**404,542**
Construction in progress	508,275	**240,052**	**-**	**388**	**748,715**
Other	17,012	**37,242**	**(8)**	**-**	**54,246**
	4,161,166	**500,992**	**(1,018)**	**77,517**	**4,738,657**
Depreciation					
Hospital machinery and equipment	(424,606)	**(71,481)**	**-**	**-**	**(496,087)**
Surgical instruments	(14,334)	**(5,318)**	**-**	**-**	**(19,652)**
Machinery and equipment	(150,724)	**(32,674)**	**-**	**-**	**(183,398)**
Buildings	(70,601)	**(14,805)**	**-**	**-**	**(85,406)**
Improvements in own properties	(16,920)	**(5,347)**	**-**	**-**	**(22,267)**
Leasehold improvements	(253,862)	**(51,301)**	**-**	**-**	**(305,163)**
Furniture and fixtures	(66,952)	**(10,479)**	**-**	**-**	**(77,431)**
Vehicles	(2,584)	**(357)**	**-**	**-**	**(2,941)**
Facilities	(42,190)	**(7,915)**	**-**	**-**	**(50,105)**
Other	(6,048)	**(6,512)**	**-**	**-**	**(12,560)**
	(1,048,821)	**(206,189)**	**-**	**-**	**(1,255,010)**
Property and equipment, net	3,112,345	**294,803**	**(1,018)**	**77,517**	**3,483,647**

The main additions in the nine-month period were related to purchases of hospital machinery and equipment, as part of the Company's operations, the construction of the hospitals Copa Star and São Caetano, and the renovation of Niteroi D'Or.

There was no indication of impairment of P&E in the nine-month period ended September 30, 2017.

10. Intangible assets

		Parent Company		Consolidated	
	Annual rate	**09/30/2017**	**12/31/2016**	**09/30/2017**	**12/31/2016**
Finite useful lives					
Software	20%	**86,465**	73,450	**91,651**	78,521
Exclusivity agreements	20%	**11,269**	12,011	**33,925**	13,302
Indefinite useful life					
Goodwill					
Acquisition of Copa D'Or		**80,058**	80,058	**80,058**	80,058
Acquisition of HMSL		**668,339**	668,339	**668,339**	668,339
Acquisition of Hospital Brasil		**121,398**	121,398	**121,398**	121,398
Acquisition of Hospital Prontolinda		**30,595**	30,595	**30,595**	30,595
Acquisition of Vivalle		**38,692**	38,692	**38,692**	38,692
Acquisition of São Marcos		**-**	-	**10,807**	10,807
Acquisition of Santa Luzia		**199,333**	199,333	**199,333**	199,333
Acquisition of Sinisgalli		**156,646**	156,646	**156,646**	156,646
Acquisition of Hospital Esperança		**-**	-	**108,408**	108,408
Acquisition of Norte D'Or		**-**	-	**28,450**	28,450
Acquisition of IFOR		**85,724**	85,724	**85,724**	85,724
Acquisition of Sino Brasileiro		**251,930**	251,930	**251,930**	251,930
Acquisition of Villa-Lobos		**136,074**	136,074	**136,074**	136,074
Acquisition of Bartira		**115,656**	115,656	**115,656**	115,656
Acquisition of Onco ABC		**-**	-	**52,174**	52,174
Acquisition of Oncoholding		**-**	-	**157,619**	157,619
Acquisition of Hospital Fluminense		**-**	-	**10,658**	10,658
Acquisition of Hospital Santa Helena		**-**	-	**125,802**	125,802
Acquisition of JTO		**-**	-	**12,567**	12,567
Acquisition of Acreditar		**-**	-	**155,720**	155,720
Acquisition of Memorial São Jose		**-**	-	**112,528**	112,528
Acquisition of Salus		**-**	-	**8,956**	8,956
Acquisition of Prontimagem		**-**	-	**6,220**	6,220
Acquisition of Alpha-MED		**-**	-	**43,815**	42,738
Acquisition of CEHON		**-**	-	**68,757**	68,757
Acquisition of Maximagem		**-**	-	**46,742**	45,539
Acquisition of Ribeirao Pires		**-**	-	**129,739**	129,739
Acquisition of NEOH		**-**	-	**33,422**	31,422
Acquisition of Sator (Note 3)		**-**	-	**163.089**	-
Other goodwill		**48,649**	48,649	**57,001**	57,001
Trademarks and patents (*)		**190,810**	190,810	**190,810**	190,810
		2,221,638	2,209,365	**3,533,305**	3,332,183

(*) This mainly refers to Hospital São Luiz trademark recorded upon its acquisition.

10. Intangible assets (Continued)

Impairment

Goodwill is allocated to the Cash-Generating Units (CGU) identified by management as being each of the hospitals, as set out in the table above. The projections are restated on an annual basis or in a shorter period when necessary. The recoverable amount of a CGU is based on value in use calculations.

There was no indication of impairment of intangible assets in the nine-month period.

11. Deferred gain on property disposal

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

Part of the gain referring to the excess of sales proceeds and fair value was deferred, as required by CPC 06/IAS 17 - Leases, and has been amortized over the lease term. At September 30, 2017, deferred gains were recorded as follows:

	Parent Company and Consolidated	
	09/30/2017	**12/31/2016**
Caxias D'Or	**36,550**	37,840
Hospital Brasil	**44,550**	46,200
	81,100	84,040
Current	**3,920**	3,920
Noncurrent	**77,180**	80,120

12. Loans and financing

Bank	Indexes	Spread	Currency	Principal (R$)	Start date	Due date	Intermediary amortization	Number of installments	Guarantees	Parent Company 09/30/2017	Parent Company 12/31/2016	Consolidated 09/30/2017	Consolidated 12/31/2016
BNDES/FINEP	TJLP	1.20%	R$	274,879	n/a	n/a	n/a	n/a	None	**265,893**	138,252	**273,164**	142,312
IFC-I (*)	LIBOR	3.30%	US$	93,790	Sept. 2011	Apr. 2020	Half-yearly	17 installments	Shares and receivables	**56,155**	73,802	**56,155**	73,802
IFC-II-A Loan (*)	LIBOR	3.00%	US$	135,349	Dec. 2014	Nov. 2024	Half-yearly	15 installments	Shares and receivables	**115,827**	111,353	**115,827**	111,353
IFC-II-B1 Loan (*)	LIBOR	3.00%	US$	386,712	Dec. 2014	Nov. 2024	Half-yearly	15 installments	Shares and receivables	**330,896**	326,200	**330,896**	326,200
IFC II B2 Loan (*)	LIBOR	2.70%	US$	58,007	Dec. 2014	Nov. 2022	Half-yearly	13 installments	Shares and receivables	**41,379**	45,191	**41,379**	45,191
IFC II C Loan (*)	LIBOR	6.00%	US$	57,863	Dec. 2014	Nov. 2027	Half-yearly	13 installments	Shares and receivables	**46,567**	45,804	**46,567**	45,804
IFC II MCPP Loan (*)	LIBOR	3.00%	US$	101,512	Dec. 2014	Nov. 2024	Half-yearly	15 installments	Shares and receivables	**86,860**	82,432	**86,860**	82,432
IFC III A1 Loan (*)	LIBOR	3.30%	US$	157,685	May 2017	Apr. 2025	Half-yearly	13 installments	None	**157,893**	-	**157,893**	-
IFC III A2 Loan (*)	LIBOR	3.30%	US$	157,685	May 2017	Apr. 2026	Half-yearly	13 installments	Shares and receivables	**157,133**	-	**157,133**	-
IFC III B Loan (*)	LIBOR	3.00%	US$	252,296	May 2017	Apr. 2024	Half-yearly	11 installments	None	**252,161**	-	**252,161**	-
IFC III C Loan (*)	LIBOR	5.50%	US$	94,611	May 2017	Apr. 2026	n/a	1 installment	None	**86,133**	-	**86,133**	-
Proparco Loan (*)	EURIBOR	3.00%	EUR	212,221	Dec. 2014	Nov. 2024	Half-yearly	15 installments	Shares and receivables	**195,344**	180,678	**195,344**	180,678
JP Morgan (*)	PRE	3.35%	US$	300,000	Apr. 2016	Apr. 2020	Quarterly	5 installments	None	**277,020**	282,730	**277,020**	282,730
Citibank (*)	LIBOR	0.99%	US$	203,190	Aug. 2017	Aug. 2022	n/a	1 installments	None	**208,208**	-	**208,208**	-
CCB	Pre	11.10%	R$	17,813	n/a	n/a	n/a	n/a	None	**393**	1,053	**8,673**	4,300
										2,277,862	1,287,496	**2,293,413**	1,294,803
									Current	**183,729**	91,982	**188,959**	95,683
									Noncurrent	**2,094,133**	1,195,514	**2,104,454**	1,199,120

(*) As stated in Note 27, the Company contracts derivative financial instruments to hedge the foreign exchange rate variations and adopted hedge accounting as its accounting practice; therefore, these debts are recorded at fair value through profit or loss.

Financing was obtained for general corporate purposes, acquisitions and expansions of hospitals.

Based on the economic valuation prepared by independent appraisers in December 2016, the shares the Company offered as guarantees represent 7.6% of the Company's capital.

In addition to the guarantees, the agreements with International Finance Corporation ("IFC"), Citibank and JP Morgan Chase Bank establish certain covenants determined based on net debt, EBITDA and financial income (expenses). To date, the Company is in compliance with the covenants.

12. Loans and financing (Continued)

At September 30, 2017, the long-term maturity schedule is as follows:

Parent Company		Consolidated	
Year	**Amount**	**Year**	**Amount**
2018	**70,825**	2018	**72,141**
2019	**396,155**	2019	**402,208**
2020	**355,745**	2020	**357,670**
2021	**238,799**	2021	**239,782**
2022 to 2027	**1,032,609**	2022 to 2027	**1,032,653**
	2,094,133		**2,104,454**

13. Debentures payable

	Parent Company		Consolidated	
	09/30/2017	**12/31/2016**	**09/30/2017**	**12/31/2016**
Rede D'Or São Luiz				
1st issue (a)	**-**	662,362	**-**	662,362
2nd issue (b)	**-**	73,558	**-**	73,558
3rd issue (c)	**420,204**	516,370	**420,204**	516,370
4th issue (d)	**-**	741,497	**-**	741,497
5th issue (e)	**109,180**	99,696	**109,180**	99,696
6th issue (f)	**-**	149,281	**-**	149,281
7th issue (g)	**1,213,378**	1,275,740	**1,213,378**	1,275,740
8th issue (h)	**-**	152,758	**-**	152,758
9th issue (i)	**1,402,864**	-	**1,402,864**	-
Medise				
1st issue (j)	**27,594**	45,222	**27,594**	45,222
Hospital Esperança				
1st issue (k)	**-**	-	**159,711**	188,757
2nd issue (l)	**-**	-	**45,247**	72,482
3nd issue (m)	**-**	-	**998,742**	-
	3,173,220	3,716,484	**4,376,920**	3,977,723
Current	**250,839**	787,028	**335,567**	863,620
Noncurrent	**2,922,381**	2,929,456	**4,041,353**	3,114,103

(a) On April 20, 2011, the Company issued nonconvertible debentures for public distribution, totaling R$1,000,000, maturing on April 20, 2020 (as per the amendment of December 2013), and monthly principal repayment beginning January 20, 2016. The debentures were remunerated on a *pro rata temporis* basis bearing interest equivalent to 100% of DI (Interbank Deposits) plus 2.3% p.a., to be paid on a quarterly basis for four years and eight months, and on a monthly basis thereafter. As a guarantee, shares representing 4.8% of Company's capital and receivables were offered. In August 2017, we fully repaid the outstanding amount under these debentures.

13. Debentures payable (Continued)

(b) On October 28, 2011, the Company carried out the second issue of nonconvertible debentures for public distribution, totaling R$100,000, maturing on January 15, 2017, and monthly principal repayment beginning July 15, 2012. The debentures were remunerated on a *pro rata temporis* basis bearing interest equivalent to 100% of DI (Interbank Deposits) plus 2.0% p.a. We did not provide any collateral as guarantee for these debentures. The Company fully paid these debentures in January 2017.

(c) On December 10, 2011, the Company carried out the third issue of nonconvertible debentures for public distribution, totaling R$650,000, maturing on December 10, 2020 (as per the amendment of December 2013) and monthly principal repayment beginning January 10, 2016. The debentures are remunerated on a *pro rata temporis* basis bearing interest equivalent to 100% of DI (Interbank Deposits) plus 2.3% p.a. There are no guarantees for the debentures. We did not provide any collateral as guarantee for these debentures. Upon a 10-day notice, the Company is entitled to repay the debentures in advance.

(d) On September 5, 2012, the Company carried out the fourth issue of nonconvertible debentures for public distribution, totaling R$800,000, maturing on August 10, 2021 (as per the amendment of December 2013), and monthly principal repayment beginning September 10, 2016. The debentures are remunerated on a *pro rata temporis* basis bearing interest equivalent to 100% of DI (Interbank Deposits) plus 2.4% p.a. As a guarantee, shares representing 5.2% of Company's capital and receivables were offered. In August 2017, we fully repaid the outstanding amount under these debentures.

(e) On December 10, 2013, the Company carried out the fifth issue of nonconvertible debentures for public distribution, totaling R$100,000, maturing on December 10, 2018, and annual principal repayment beginning December 10, 2017. The debentures are remunerated on a pro rata temporis basis bearing interest equivalent to 100% of DI (Interbank Deposits) plus 2.0% p.a. We did not provide any collateral as guarantee for these debentures.

(f) On December 15, 2014, the Company carried out the sixth issue of nonconvertible debentures for public distribution, totaling R$200,000, maturing on December 15, 2019, and annual principal repayment beginning December 15, 2016. The debentures were remunerated on a pro rata temporis basis bearing interest equivalent to 100% of DI (Interbank Deposits) plus 2.0% p.a. We did not provide any collateral as guarantee for these debentures. In August 2017, we fully repaid the outstanding amount under these debentures.

(g) On July 12, 2016, Rede D'Or issued of R$1,200,000 in three, four and five year debentures. The first series amounted to R$600,000, maturing on July 12, 2019, and bears interest of 100% of interbank rate (CDI) plus 1.9% per year. The second series amounted to R$300,000, maturing on July 12, 2020 with remuneration of 100% of CDI plus 2% p.a. The third series amounted to R$300,000, maturing on July 12, 2021, with remuneration of 100% of CDI plus 2.1% p.a. Principal will be repaid in a single installment on the respective maturity dates. Receivables were given in guarantee.

(h) On July 21, 2016, the Company issued nonconvertible debentures for public distribution, totaling R$150,000, maturing on July 21, 2021 and quarterly principal repayment beginning January 21, 2018. The debentures were remunerated on a pro rata temporis basis bearing interest equivalent to 100% of DI (Interbank Deposits) plus 2.6% p.a. We did not provide any collateral as guarantee for these debentures. In August 2017, we fully repaid the outstanding amount under these debentures.

(i) On August 7, 2017, Rede D'Or issued of R$1,400,000 in three and seven years debentures. The first series amounted to R$800,000, maturing on August 07, 2020, with remuneration corresponding to 110% of DI (Interbank Deposits). The second series amounted to R$600,000, maturing on August 07, 2024 with remuneration at 100% of the DI (Interbank Deposits) plus 1.75% p.a. We did not provide any collateral as guarantee for these debentures.

(j) On December 12, 2011, subsidiary Medise carried out the first issue of nonconvertible debentures for public distribution, totaling R$100,000, maturing on December 12, 2018, and quarterly principal repayment beginning June 10, 2016. The debentures are remunerated on a pro rata temporis basis bearing interest equivalent to 100% of DI (Interbank Deposits) plus 2.2% p.a. Interest has been paid on a monthly basis from January 12, 2013. As a guarantee, receivables were offered. Upon a 10-day notice, the Company is entitled to repay the debentures in advance. In July 2014, as a result of a capital reduction of this investee, Rede D'Or assumed the status of Issuer (it was previously a collateral) of Medise's debts.

(k) On October 15, 2012, the subsidiary LE Participações Societárias S.A. (later merged into the Hospital Esperança S.A.) issued nonconvertible debentures for public distribution, totaling R$200,000, maturing on October 15, 2021. The debentures are remunerated on a pro rata temporis basis bearing interest equivalent to 100% of DI (Interbank Deposits) plus 2.4% p.a. We did not provide any collateral as guarantee for these debentures.

(l) On December 9, 2013, the subsidiary Hospital Esperança S.A. issued nonconvertible debentures for public distribution, totaling R$100,000, maturing on December 10, 2018, and quarterly principal repayment beginning June 10, 2016. The debentures are remunerated on a *pro rata temporis* basis bearing interest equivalent to 100% of DI (Interbank Deposits) plus 1.9% p.a. Receivables were given as guarantee.

13. Debentures payable (Continued)

(m) On August 28, 2017, the subsidiary Hospital Esperança S.A. carried out the third issue of nonconvertible debentures for public distribution, totaling R$1,000,000, maturing on August 28, 2024, and semi-annual principal repayment beginning February 28, 2021. The debentures are remunerated on a pro rata temporis basis bearing interest equivalent to 100% of DI (Interbank Deposits) plus 1.55% p.a. We did not provide any collateral as guarantee for these debentures.

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

At September 30, 2017, the long-term maturity schedule is as follows:

Parent Company		Consolidated	
Year	**Amount**	**Year**	**Amount**
2018	**86,942**	2018	**105,679**
2019	**720,908**	2019	**759,860**
2020	**1,225,958**	2020	**1,264,910**
2021	**355,410**	2021	**635,341**
2022 a 2024	**533,163**	2022 a 2024	**1,275,563**
	2,922,381		**4,041,353**

14. Tax liabilities and refinanced taxes obligation

a) Taxes liabilities

	Parent Company		Consolidated	
	09/30/2017	**12/31/2016**	**09/30/2017**	**12/31/2016**
Contribution Tax on Gross Revenue for Social Integration Program (PIS)	**3,746**	2,330	**5,858**	1,822
Contribution Tax on Gross Revenue for Social Security Financing (COFINS)	**19,663**	25,211	**35,842**	37,267
Services Tax (ISS)	**33,557**	21,099	**41,319**	57,166
Withholding Income Tax (IRRF)	**12,445**	12,813	**14,898**	17,599
Income tax	**47,772**	-	**101,947**	54,712
Social contribution	**18,883**	-	**39,836**	20,981
Other	**22,272**	-	**54,930**	1,108
	158,338	61,453	**294,630**	190,655

14. Tax liabilities and refinanced taxes obligation (Continued)

b) Refinanced taxes obligation

	Parent Company		Consolidated	
	09/30/2017	**12/31/2016**	**09/30/2017**	**12/31/2016**
Service tax (ISS)	**21,235**	22,259	**54,602**	23,482
Installment payment - Law No. 11941/09	**64,638**	68,135	**85,112**	79,009
Installment payment - social security contributions (a)	**71,711**	78,749	**161,768**	98,217
Other	**288**	405	**11,547**	4,103
	157,872	169,548	**313,029**	204,811
Current	**24,223**	21,407	**42,430**	26,384
Noncurrent	**133,649**	148,141	**270,599**	178,427

(a) Amount added to consolidated arising from the acquisition of Hospital São Vicente.

At September 30, 2017, the noncurrent maturity schedule is as follows:

Parent Company		Consolidated	
Year	**Amount**	**Year**	**Amount**
2018	10,633	2018	22,856
2019	20,192	2019	43,803
2020	19,097	2020	40,678
2021	16,713	2021	35,176
2022 to 2030	67,014	2022 to 2030	128,086
	133,649		270,599

15. Accounts payable from acquisitions

		Parent Company		Consolidated	
Acquisitions	**Monetary correction**	**09/30/2017**	**12/31/2016**	**09/30/2017**	**12/31/2016**
Ribeirão Pires	CDI	**19,232**	69,810	**19,232**	69,810
Bartira	CDI	**-**	36,256	**-**	36,256
Acreditar	CDI	**13,584**	12,575	**13,584**	12,575
IFOR	CDI	**11,428**	10,577	**11,428**	10,577
Norte D'Or	CDI	**-**	7,477	**-**	7,477
São Marcos	CDI	**7,425**	6,872	**7,425**	6,872
Alphamed	CDI	**6,641**	6,146	**6,641**	6,146
Vivalle	CDI	**5,829**	5,395	**5,829**	5,395
Oncologia RJ	CDI	**-**	-	**38,682**	35,801
CEHON	CDI	**-**	-	**-**	9,526
Salus	IPCA	**-**	-	**6,810**	6,589
Maximagem	CDI	**15,199**	14,067	**15,199**	14,067
Sator	CDI	**15,647**	-	**15,647**	-
Other	CDI	**10,894**	24,502	**10,894**	29,227
		105,879	193,677	**151,371**	250,318
Current		**53,368**	122,067	**60,177**	143,619
Noncurrent		**52,511**	71,610	**91,194**	106,699

15. Accounts payable from acquisitions (Continued)

Accounts payable from acquisitions refer to the remaining balance of the considerations for acquisitions made.

At September 30, 2017, the noncurrent maturity schedule is as follows:

Parent Company		Consolidated	
Year	**Amount**	**Year**	**Amount**
2018	**69**	2018	**69**
2019	**18,249**	2019	**18,249**
2020	**11,427**	2020	**50,123**
2021	**6,651**	2021	**6,651**
2022 to 2023	**16,115**	2022 to 2023	**16,102**
	52,511		**91,194**

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 case of final favorable decisions to Company. Based on the opinion of its internal and outside legal advisors, management recognizes a provision for losses considered sufficient to cover probable losses, as follows:

	Parent Company				Consolidated			
	09/30/2017		12/31/2016		09/30/2017		12/31/2016	
	Provision for contingencies	**Judicial deposits**	**Provision for contingencies**	**Judicial deposits**	**Provision for contingencies**	**Judicial deposits**	**Provision for contingencies**	**Judicial deposits**
Tax	**55,707**	**59,816**	58,944	44,235	**98,178**	**80,175**	79,811	54,794
Labor claims	**37,041**	**5,212**	50,170	5,212	**38,674**	**7,689**	60,014	7,702
Civil	**31,965**	**25,148**	26,311	22,668	**43,566**	**28,684**	50,284	27,263
	124,713	**90,176**	135,425	72,115	**180,418**	**116,548**	190,109	89,759

Changes in the provisions for contingencies for the nine-month period ended September 30, 2017 were as follows:

	Parent Company				
	09/30/2017				12/31/2016
	Tax	**Labor claims**	**Civil**	**Total**	**Total**
Balance at beginning of the period	**58,944**	**50,170**	**26,311**	**135,425**	103,480
Additions, net of reversals	**(3,237)**	**(4,463)**	**10,222**	**2,522**	-
Monetary correction	**-**	**-**	**-**	**-**	4,997
Payments	**-**	**(8,666)**	**(4,568)**	**(13,234)**	(22,364)
Additions from mergers	**-**	**-**	**-**	**-**	49,312
Balance at the end of the period	**55,707**	**37,041**	**31,965**	**124,713**	135,425

16. Provision for contingencies and judicial deposits (Continued)

	Consolidated				
	09/30/2017				12/31/2016
	Tax	Labor claims	Civil	Total	Total
Balance at beginning of the period	**79,811**	**60,014**	**50,284**	**190,109**	179,569
Additions, net of reversals	**9,397**	**(7,354)**	**663**	**2,706**	(4,040)
Monetary correction	**-**	**-**	**-**	**-**	11,631
Payments	**-**	**(13,986)**	**(7,381)**	**(21,367)**	(23,632)
Additions from acquisitions (a)	**8,970**	**-**	**-**	**8,970**	26,581
Balance at the end of the period	**98,178**	**38,674**	**43,566**	**180,418**	190,109

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

17. Commitments

At September 30, 2017, Rede D'Or has operating leases referring substantially to buildings from third and related parties for an average period of twelve years. The non-cancelable minimum amounts and the related expected timeframe of payments are as follows:

	Parent Company	Consolidated
Year	(Gross nominal amounts)	
2017	**72,522**	**90,770**
2018	**270,343**	**343,336**
2019	**260,221**	**333,372**
2020	**252,990**	**325,882**
2021 to 2051	**2,784,775**	**3,746,760**
	3,640,851	**4,840,120**

Expenses with leases recognized in the nine-month period ended September 30, 2017 amounted to R$216,883 (R$196,542 at September 30, 2016) in Parent Company, and R$262,889 (R$225,541 at September 30, 2016) in Consolidated.

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

18. Equity

a) Capital stock

Subscribed and paid-in capital at September 30, 2017 amounts to R$867,776, divided into 459,912,417 registered common shares and 2,734,600 registered class A preferred shares, with no par value.

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

b) Dividends and interest on equity

During the nine-month period ended on September 30, 2017, the Company had dividends and interest on equity activity as demonstrated below:

Balance payable at December 31, 2016	427,259
Allocation of dividends and interest on equity	**973,075**
Payment of dividends and interest on equity	**(976,276)**
Reinvested dividends	**(184,960)**
Withholding income tax	**(24,474)**
Balance payable at September 30, 2017	**214,624**

The allocation, payments and reinvestment of dividends and interest on capital were approved by the Company's General Meeting.

c) Treasury shares

At September 30, 2017, the Company had 19,222,619 registered common shares with no par value of Rede D'Or, in the amount of R$ 339,468, recorded as treasury shares in equity.

Changes in treasury shares are as follows:

	Number of shares	Share value (in Reais)	Total
Balance at December 31, 2016	19,734,399	16.80	331,525
Acquisitions	**1,482,639**	**33.20**	**49,225**
Sales	**(1,994,419)**	**20.70**	**(41,282)**
Balance at September 30, 2017	**19,222,619**	**17.66**	**339,468**

18. Equity (Continued)

c) Treasury shares (Continued)

Shares purchased and sold in the nine-month period ended September 30, 2017 substantially refer to the share-based payment option plans.

d) Acquisition of noncontrolling interest

On July 31, 2017, Rede D'Or acquired an additional participation of 42% interest in JTO Holding. The consideration given for the additional 42% interest totaled R$ 77,702. As the Company already had the control of this investee, the excess amount paid over the equity, in the amount of R$ 72,022, was recorded as a capital transaction directly in the shareholders' equity.

e) Share-based payment (stock options)

There were no new grants or changes in new plans for the nine-month period.

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

	Fair value of options per year	Effects on profit or loss for the year	Cumulative effect on equity
2011	**1,457**	**1,457**	**1,457**
2012	**16,234**	**16,234**	**17,691**
2013	**20,656**	**20,656**	**38,347**
2014	**26,637**	**27,363**	**65,710**
2015	**52,570**	**51,949**	**117,659**
2016	**30,864**	**30,864**	**148,523**
2017	**26,405**	**24,449**	**172,972**
2018	**5,713**		
2019	**3,614**		
2020	**2,977**		
2021	**1,216**		
2022	**257**		
2023	**64**		
	188,664		

19. Income taxes

Income tax and social contribution expenses for the nine-month periods ended September 30, 2017 and 2016 are as follows:

	Parent Company		Consolidated	
	09/30/2017	**09/30/2016**	**09/30/2017**	**09/30/2016**
Deferred				
Income tax	**(5,556)**	1,943	**2,482**	24,063
Social contribution	**(2,000)**	699	**866**	8,660
	(7,556)	2,642	**3,348**	32,723
Current				
Income tax	**(130,400)**	(148,780)	**(239,859)**	(248,262)
Social contribution	**(48,742)**	(55,012)	**(89,554)**	(91,091)
	(179,142)	(203,792)	**(329,413)**	(339,353)
Income tax and social contribution expenses	**(186,698)**	(201,150)	**(326,065)**	(306,630)

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

	Parent Company			Consolidated			
	12/31/2016	**Additional benefits (expenses) recorded**	**09/30/2017**	**12/31/2016**	**Additional benefits (expenses) recorded**	**Additions from business combinations**	**09/30/2017**
Assets							
Tax losses	2,383	-	**2,383**	3,731	(2,984)	9,962	**10,709**
Negative basis of social contribution	857	-	**857**	1,341	(1,074)	3,586	**3,853**
Provision for doubtful accounts	103,945	7,433	**111,378**	139,203	7,755	2,682	**149,640**
Provision for disallowances	65,791	34,615	**100,406**	133,528	56,742	2,773	**193,043**
Contingencies	50,633	(3,642)	**46,991**	79,830	(6,345)	3,081	**76,566**
Provision for inventories	1,159	-	**1,159**	1,159	-	-	**1,159**
Provision for bonus	15,510	(1,608)	**13,902**	15,941	(835)	-	**15,106**
Provision for losses	16,529	-	**16,529**	15,287	-	-	**15,287**
Deferred gain on property disposals	30,976	(1,000)	**29,976**	30,976	(1,000)	-	**29,976**
Suspended tax payments	6,380	1,481	**7,861**	7,786	1,633	-	**9,419**
Provision for overtime	3,856	(2,685)	**1,171**	5,925	(5,317)	-	**608**
Swap variation	54,211	8,698	**62,909**	54,211	8,698	-	**62,909**
Total deferred tax assets	352,230	43,292	**395,522**	488,918	57,273	22,084	**568,275**
Liabilities							
Differences between accounting and tax bases of goodwill	(425,689)	(49,021)	**(474,710)**	(475,843)	(52,098)	-	**(527,941)**
Gain on step acquisitions	(48,873)	-	**(48,873)**	(69,499)	-	-	**(69,499)**
Foreign exchange differences	-	(1,827)	**(1,827)**	-	(1,827)	-	**(1,827)**
Deferred income	-	-	**-**	(23,423)	-	-	**(23,423)**
Total deferred tax liabilities	(474,562)	(50,848)	**(525,410)**	(568,765)	(53,925)	-	**(622,690)**
Net effect - asset (liability)	(122,332)	(7,556)	**(129,888)**	(79,847)	3,348	22,084	**(54,415)**
Assets as per balance sheets	-	-	**-**	70,668	-	-	**91,557**
Liabilities as per balance sheets	(122,332)	-	**(129,888)**	(150,515)	-	-	**(145,972)**

19. Income taxes (Continued)

The reconciliation of income tax and social contribution and the amount determined at the statutory rate at September 30, 2017 and 2016 are as follows:

	Parent Company		Consolidated	
	09/30/2017	**09/30/2016**	**09/30/2017**	**09/30/2016**
Income before income tax and social contribution	**978,396**	902,430	**1,138,556**	1,021,960
Income tax and social contribution expenses at statutory rates	**332,655**	306,826	**387,109**	347,466
Adjustments to determine the effective rate				
Equity pickup	**(79,720)**	(61,134)	**(4,812)**	(5,263)
Stock option expenses	**8,313**	7,676	**8,313**	7,676
Interest on equity	**(78,273)**	(48,463)	**(78,273)**	(48,463)
Other	**3,723**	(3,755)	**13,728**	5,214
Expenses recorded in the income statement	**186,698**	201,150	**326,065**	306,630

The tax loss carryforwards and the negative basis of social contribution have no expiration period, however, it can only be used up to 30% of the taxable income each year.

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

20. Net revenue

	Parent Company		Consolidated	
	09/30/2017	**09/30/2016**	**09/30/2017**	**09/30/2016**
Gross revenue	**5,326,630**	4,684,337	**7,784,397**	6,580,436
Deductions from revenue				
Cancellations and rebates	**(217,202)**	(172,249)	**(357,182)**	(286,514)
Taxes on revenues	**(278,283)**	(270,846)	**(427,931)**	(387,467)
	4,831,145	4,241,242	**6,999,284**	5,906,455

The Company has no revenues arising from customers outside Brazil.

21. Cost of services rendered

	Parent Company		Consolidated	
	09/30/2017	**09/30/2016**	**09/30/2017**	**09/30/2016**
Personnel	**(1,427,001)**	(1,255,040)	**(2,042,660)**	(1,718,795)
Materials and medicines	**(848,510)**	(795,401)	**(1,308,272)**	(1,124,397)
Third-party services	**(585,524)**	(542,390)	**(1,114,357)**	(985,647)
Utilities and services	**(82,391)**	(74,196)	**(118,440)**	(102,816)
Leases	**(216,890)**	(196,541)	**(262,896)**	(225,542)
Depreciation and amortization	**(150,303)**	(107,721)	**(201,820)**	(136,977)
	(3,310,619)	(2,971,289)	**(5,048,445)**	(4,294,174)

22. General and administrative expenses

	Parent Company		Consolidated	
	09/30/2017	**09/30/2016**	**09/30/2017**	**09/30/2016**
Personnel	**(163,824)**	(133,645)	**(163,824)**	(133,645)
Third-party services	**(38,642)**	(25,864)	**(38,642)**	(25,864)
Trips and lodging	**(11,996)**	(10,962)	**(16,351)**	(13,737)
Depreciation and amortization	**(16,120)**	(12,900)	**(16,120)**	(12,900)
Contingencies	**(2,522)**	-	**(2,706)**	(3,555)
	(233,104)	(183,371)	**(237,643)**	(189,701)

23. Sales expenses

	Parent Company		Consolidated	
	09/30/2017	**09/30/2016**	**09/30/2017**	**09/30/2016**
Provision for doubtful accounts	**(21,861)**	(15,468)	**(22,810)**	(30,297)
Marketing	**(9,217)**	(9,241)	**(12,155)**	(11,093)
	(31,078)	(24,709)	**(34,965)**	(41,390)

24. Other operating income (expenses), net

	Parent Company		Consolidated	
	09/30/2017	**09/30/2016**	**09/30/2017**	**09/30/2016**
Taxes, fees and penalties	**(21,473)**	(17,998)	**(45,958)**	(25,036)
Gain on disposal of properties	**2,940**	2,940	**2,940**	2,940
Gain on step acquisition	**-**	74,830	**-**	74,830
Lease of machinery and equipment	**(9,072)**	(8,394)	**(12,948)**	(10,970)
Freight expenses	**(11,993)**	(4,550)	**(13,534)**	(5,528)
Notary office fees and judicial	**(3,025)**	(3,556)	**(5,933)**	(4,518)
Other expenses and revenues	**(10,791)**	(25,349)	**(23,841)**	(28,776)
	(53,414)	17,923	**(99,274)**	2,942

25. Financial income (expenses), net

	Parent Company		Consolidated	
	09/30/2017	**09/30/2016**	**09/30/2017**	**09/30/2016**
Short-term investments yield	**67,230**	129,873	**117,477**	159,288
Income from monetary restatement	**8,960**	9,254	**12,043**	11,080
Foreign exchange variation, net from financing	**7,020**	199,017	**6,981**	199,521
Fair value of debt	**(11,898)**	(23,324)	**(11,898)**	(23,324)
Fair value of derivatives (swaps)	**(14,061)**	(195,799)	**(14,061)**	(195,799)
Swap settlement	**(68,353)**	(57,513)	**(68,353)**	(57,513)
Interest and monetary variation from financing	**(67,055)**	(11,565)	**(74,485)**	(56,213)
Interest from debentures	**(322,524)**	(382,380)	**(354,066)**	(382,380)
Taxes on financial income (expenses)	**(10,264)**	(10,578)	**(12,995)**	(12,855)
Other financial income	**6,665**	5,872	**7,400**	8,154
Other financial expenses	**(54,725)**	(20,028)	**(62,598)**	(27,609)
	(459,005)	(357,171)	**(454,555)**	(377,650)
Total financial income	**89,875**	344,016	**143,901**	378,043
Total financial expenses	**(548,880)**	(701,187)	**(598,456)**	(755,693)
	(459,005)	(357,171)	**(454,555)**	(377,650)

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

	09/30/2017	**09/30/2016**
Income attributable to the Company's controlling shareholders	**791,698**	701,280
Weighted average number of common shares issued (thousands)	**440,157**	440,221
Basic earnings per share (in R$)	**1.7986**	1.5930

26. Earnings per share (Continued)

b) Diluted earnings per share

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

	09/30/2017	09/30/2016
Income attributable to the Company's controlling shareholders	**791,698**	701,280
Weighted average number of common shares issued, including dilutive factors (thousands)	**443,232**	443,686
Diluted earnings per share (in R$)	**1.7861**	1.5806

27. Financial instruments and financial risk management

27.1. Financial instruments by category

The Company and its subsidiaries assesses the market value of financial assets and liabilities based on available market information and appropriate valuation methodologies. However, both the interpretation of market information and the selection of valuation methodologies require considerable judgment and reasonable estimates in order to produce adequate realizable values. Accordingly, the estimates presented do not necessarily reflect the current market values. The use of different assumptions and/or methodologies would have a significant effect on the estimated realizable values. At September 30, 2017, the Company and its subsidiaries did not identify significant or extended reductions in the recoverable value of its financial instruments.

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 or liabilities.

27. Financial instruments and financial risk management (Continued)

27.1. Financial instruments by category (Continued)

Fair value hierarchy (Continued)

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

The classification of financial assets and liabilities as of September 30, 2017 and December 31, 2016 is as follows:

Parent Company				
			Account balance	
Financial assets	**Classification by category**	**Fair value hierarchy**	**09/30/2017**	**12/31/2016**
Cash and cash equivalents	Fair value measurement	Level 2	**25,382**	20,306
Marketable securities	Fair value measurement	Level 2	**1,424,704**	1,968,899
Trade accounts receivable	Loans and receivables	-	**1,828,593**	1,446,998
Judicial deposits	Loans and receivables	-	**90,176**	72,115
Derivatives	Fair value measurement	Level 2	**24,056**	30,275
			3,392,911	3,538,593

			Account balance	
Financial liabilities	**Classification by category**	**Fair value hierarchy**	**09/30/2017**	**12/31/2016**
Trade accounts payable	Loans and receivables	-	**252,874**	265,787
Loans and financing	Loans and receivables and fair value through P&L (a)	Level 2	**2,277,862**	1,287,496
Debentures	Loans and receivables	-	**3,173,220**	3,716,484
Salaries, provisions and social charges	Loans and receivables	-	**352,083**	282,584
Accounts payable from acquisitions	Loans and receivables		**105,879**	193,677
Derivatives	Fair value through P&L	Level 2	**175,925**	168,083
			6,337,843	5,914,111

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

27. Financial instruments and financial risk management (Continued)

27.1. Financial instruments by category (Continued)

Fair value hierarchy (Continued)

Consolidated				
			Account balance	
Financial assets	**Classification by category**	**Fair value hierarchy**	**09/30/2017**	**12/31/2016**
Cash and cash equivalents	Fair value measurement	Level 2	**158,087**	121,016
Marketable securities	Fair value measurement	Level 2	**2,747,338**	2,620,387
Trade accounts receivable	Loans and receivables		**2,770,452**	2,142,744
Judicial deposits	Loans and receivables		**116,548**	89,759
Derivatives	Fair value measurement	Level 2	**24,056**	30,275
			5,816,481	5,004,181

			Account balance	
Financial liabilities	**Classification by category**	**Fair value hierarchy**	**09/30/2017**	**12/31/2016**
Trade accounts payable	Loans and receivables	Level 2	**441,669**	423,941
Loans and financing	Loans and receivables and fair value through P&L (a)		**2,293,413**	1,294,803
Debentures	Loans and receivables		**4,376,920**	3,977,723
Salaries, provisions and social charges	Loans and receivables		**479,861**	385,023
Accounts payable for acquisitions	Loans and receivables	Level 2	**151,371**	250,318
Derivatives	Fair value measurement	Level 2	**175,925**	168,083
			7,919,159	6,499,891

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

27.2. Risk management

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

a) Capital management

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

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 manages its capital structure and makes adjustments considering changes in economic conditions. At September 30, the Company's capital structure is as follows:

	Parent Company		Consolidated	
	09/30/2017	**12/31/2016**	**09/30/2017**	**12/31/2016**
Cash and cash equivalents	**25,382**	20,306	**158,087**	121,016
Marketable securities	**1,424,704**	1,968,899	**2,747,338**	2,620,387
	1,450,086	1,989,205	**2,905,425**	2,741,403
Loans and financing	**(2,277,862)**	(1,287,496)	**(2,293,413)**	(1,294,803)
Debentures	**(3,173,220)**	(3,716,484)	**(4,376,920)**	(3,977,723)
Net debt	**(4,000,996)**	(3,014,775)	**(3,764,908)**	(2,531,123)
Total equity	**4,243,715**	4,286,279	**4,425,015**	4,466,732
Financial leverage ratio (%)	**0.94**	0.70	**0.85**	0.57

b) Interest rate risk

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

The sensitivity analysis about interest on loans, financing and debentures considered as probable scenario (Scenario I) the referential rates obtained with BM&FBOVESPA at September 30, 2017, 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.)	**8.14%**	**10.18%**	**12.21%**
Projected interest expenses (*)	**1,935**	**2,419**	**2,903**

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

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, resulting 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. At September 30, 2017, the Company held cash, cash equivalents and marketable securities in the total amount of R$1,450,086 and R$2.905.425, in Parent Company and Consolidated, respectively. The amounts disclosed below are projected considering inflation and interest through to maturity.

	Parent Company - 09/30/2017					
	Up to 6 months	**From 6 months to 1 year**	**From 1 to 2 years**	**From 2 to 5 years**	**Over 5 years**	**Total financial liabilities**
Trade accounts payable	**252,874**	**-**	**-**	**-**	**-**	**252,874**
Loans and financing	**102,949**	**84,415**	**327,274**	**1,271,532**	**869,567**	**2,655,737**
Debentures	**186,782**	**78,645**	**828,653**	**2,007,403**	**516,770**	**3,618,253**
Salaries, provisions and social charges	**352,083**	**-**	**-**	**-**	**-**	**352,083**
Accounts payable from acquisitions	**47,847**	**12,199**	**74**	**39,417**	**15,577**	**115,114**
Total	**942,535**	**175,259**	**1,156,001**	**3,318,352**	**1,401,914**	**6,994,061**

	Consolidated - 09/30/2017					
	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	**441,669**	**-**	**-**	**-**	**-**	**441,669**
Loans and financing	**105,550**	**87,162**	**334,401**	**1,275,791**	**869,566**	**2,672,470**
Debentures	**234,033**	**117,808**	**879,878**	**2,679,443**	**1,133,547**	**5,044,709**
Salaries, provisions and social charges	**479,861**	**-**	**-**	**-**	**-**	**479,861**
Accounts payable from acquisitions	**58,202**	**19,135**	**74**	**72,664**	**15,577**	**165,652**
Total	**1,319,315**	**224,105**	**1,214,353**	**4,027,898**	**2,018,690**	**8,804,361**

27. Financial instruments and financial risk management (Continued)

27.2. Risk management (Continued)

e) Foreign currency

The Company has loans and financing and trade accounts payable in foreign currency (mainly the US dollar). The risk related to those assets and liabilities arise from the possibility of fluctuations in exchange rates. Liabilities in foreign currency represent 21.7% of total consolidated liabilities at September 30, 2017. The Company has derivative financial instruments to hedge its foreign exchange rate exposure (see topic below). Management believes that this risk is not significant in relation to its financial position.

f) Derivatives

At September 30, 2017, the Company has swaps recorded based on hedge accounting of fair value hedge, acquired to hedge the Company against its foreign currency exposure. The swaps exchange the flow of interest and principal in foreign currency for CDI+ or a percentage of CDI in Reais. In addition, the Company also has other swaps that were acquired in order to cover exposure to indebtedness and variable interest, however they were not designated for the hedge accounting strategy.

27. Financial instruments and financial risk management (Continued)

27.2. Risk management (Continued)

f) Derivatives (Continued)

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

				09/30/2017
Description	Maturity ranges month/year	Reference value/ Notional value		Reference value/ fair value
Swap (CDI x TJLP)	10/12/2018			
Long position	CDI + 2.30%	US$		
Short position	TJLP + 7.46%	R$	18,750	**(597)**
Swap (Currency)	15/04/2020			
Long position	USD/BRL + 3.30%	US$	17,647	
Short position	CDI + 1.00%	R$	55,906	**24,056**
Swap (Currency)	18/11/2024			
Long position	USD/BRL + 3.00%	US$	28,000	
Short position	CDI + 1.47%	R$	88,704	**(17,916)**
Swap (Currency)	18/11/2024			
Long position	USD/BRL + 3.00%	US$	32,250	
Short position	CDI + 1.62%	R$	102,168	**(23,620)**
Swap (Currency)	18/11/2024			
Long position	USD/BRL + 3.00%	US$	80,000	
Short position	CDI + 1.47%	R$	253,440	**(51,352)**
Swap (Currency)	16/11/2022			
Long position	USD/BRL + 2.70%	US$	12,000	
Short position	CDI + 1.00%	R$	38,016	**(6,854)**
Swap (Currency)	16/11/2022			
Long position	USD/BRL + 3.00%	US$	3,000	
Short position	CDI + 1.23%	R$	9,504	**(1,964)**
Swap (Currency)	11/16/2027			
Long position	USD/BRL + 6.00%	US$	15,000	
Short position	CDI – 1.71%	R$	47,520	**(2,074)**
Swap (Currency)	11/18/2024			
Long position	USD/BRL + 3.00%	US$	21,000	
Short position	CDI + 1.47%	R$	66,528	**(13,480)**
Swap (Currency)	11/18/2024			
Long position	EUR/BRL + 3.00%	EUR	40,000	
Short position	CDI + 2.30%	R$	149,720	**(19,542)**
Swap (Currency)	18/11/2024			
Long position	EUR/BRL + 3.00%	EUR	10,000	
Short position	CDI + 2.46%	R$	37,430	**(4,824)**
Swap (Currency)	11/18/2024			
Long position	3.35% + Tax	US$	84,998	
Short position	115% CDI	R$	269,274	**(28,898)**

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		09/30/2017 Reference value/ fair value
Swap (Currency)	09/08/2022			
Long position	USD/BRL + 0,99%	US$	65,000	
Short position	CDI + 1,00%	R$	205,920	**1,932**
Swap (Currency)	15/04/2025			
Long position	USD/BRL + 3,30%	US$	50,000	
Short position	CDI + 2,084%	R$	158,400	**746**
Swap (Currency)	15/04/2024			
Long position	USD/BRL + 3,00%	US$	80,000	
Short position	CDI + 1,68%	R$	253,440	**862**
Swap (Currency)	15/04/2026			
Long position	USD/BRL + 5,50%	US$	30,000	
Short position	CDI + 0,25%	R$	95,040	**(8,344)**
Long (short) position				**(151,869)**
Effect on P& for the year				**(82,414)**

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

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

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

Situation	Scenario I	Scenario II	Scenario III	Scenario IV	Scenario V
Exchange rate variation	**5%**	**(25%)**	**(50%)**	**25%**	**50%**
Depreciation of US$ (rate in R$)	**-**	**2,4948**	**1,6632**	**-**	**-**
Appreciation of US$ (rate in R$)	**3,3264**	**-**	**-**	**4,1580**	**4,9896**
	Scenario I (loss)/gain	**Scenario II (loss)/gain**	**Scenario III (loss)/gain**	**Scenario IV (loss)/gain**	**Scenario V (loss)/gain**
Effect on liabilities in US$ Loan 4131	**24,261**	**(121,307)**	**(242,614)**	**121,307**	**242,614**
Effect on derivatives SWAP Loan 4131	**(24,261)**	**121,307**	**242,614**	**(121,307)**	**(242,614)**
Net effect	**-**	**-**	**-**	**-**	**-**

27. Financial instruments and financial risk management (Continued)

27.2. Risk management (Continued)

f) Derivatives (Continued)

Situation	Scenario I	Scenario II	Scenario III	Scenario IV	Scenario V
Exchange rate variation	5%	(25%)	(50%)	25%	50%
Depreciation of US$ (rate in R$)	-	2,4948	1,6632	-	-
Appreciation of US$ (rate in R$)	3,3264	-	-	4,1580	4,9896

	Scenario I (loss)/gain	Scenario II (loss)/gain	Scenario III (loss)/gain	Scenario IV (loss)/gain	Scenario V (loss)/gain
Effect on liabilities in US$ IFC	6,757	(33,786)	(67,573)	33,786	67,573
Effect on derivatives SWAP - IFC	(521)	2,605	5,210	(2,605)	(5,210)
Net effect	6,236	(31,181)	(62,363)	31,181	(62,363)

28. Insurance

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

Insurance line	Amount insured
Property risk	1,860,569
Civil Liability (D&O)	60,000
Engineering risks	204,467
General civil liability	2,250