



**Diagnósticos da América S.A.**

**Financial statements  
December 31<sup>st</sup>, 2001 and 2000**

(A translation of the original report in Portuguese containing financial statements prepared in accordance with generally accepted accounting principles in Brazil)

# Diagnósticos da América S.A.

## Financial statements

**December 31<sup>st</sup>, 2001 and 2000**

### Contents

Independent auditors' report	3
Balance sheets	4
Statements of income	5
Statements of changes in shareholders' equity	6
Statements of changes in financial position	7
Notes to the financial statements	8 - 22

## Independent auditors' report

To  
The Board of Directors and Shareholders  
Diagnósticos da América S.A.  
Barueri - SP

We have examined the balance sheets of Diagnósticos da América S.A., as of December 31<sup>st</sup>, 2001 and 2000, and the related statements of income, changes in shareholders' equity and changes in financial position for the years then ended, which are the responsibility of its management. Our responsibility is to express an opinion on these financial statements.

Our examinations were conducted in accordance with auditing standards generally accepted in Brazil and included: (a) planning the audit work, considering the materiality of the balances, the volume of transactions and the accounting systems and internal auditing controls of the Company and its subsidiaries; (b) verification, on a test basis, of the evidence and records which support the amounts and accounting information disclosed; and (c) evaluation of the most significant accounting practices and estimates adopted by Company management, as well as the presentation of the financial statements taken as a whole.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Diagnósticos da América S.A. as of December 31<sup>st</sup>, 2001 and 2000, and the results of its operations, changes in its shareholders' equity and changes in its financial position for the years then ended, in conformity with accounting principles derived from the Brazilian Corporation Law.

March 7<sup>th</sup>, 2002

KPMG Auditores Independentes  
CRC 2SP014428/O-6

Lino Campion  
Accountant CRC 1SP097189/O-0

# Diagnósticos da América S.A.

## Balance sheets

December 31<sup>st</sup>, 2001 and 2000

(In thousands of Reais)

<b>Assets</b>	<b>2001</b>	<b>2000</b>	<b>Liabilities</b>	<b>2001</b>	<b>2000</b>
<b>Current assets</b>			<b>Current liabilities</b>		
Cash and banks	2.003	1.669	Suppliers	21.845	9.798
Interest bearing bank deposits	14.111	87	Loans and financing	13.220	27
Trade accounts receivable	41.006	16.755	Taxes payable	3.875	2.523
Inventories	13.456	2.605	Salaries, vacation and social charges payable	10.118	4.413
Recoverable taxes	6.103	5.684	Refinanced taxes payable	2.298	2.753
Other receivables	2.882	2.055	Accounts payable for acquisition of subsidiaries	5.657	483
Prepaid expenses	148	106	Other accounts payable	5.867	4.738
	<u>79.709</u>	<u>28.961</u>		<u>62.880</u>	<u>24.735</u>
<b>Noncurrent assets</b>			<b>Noncurrent liabilities</b>		
Court deposits	2.051	1.534	Suppliers	31.224	15.103
Interest bearing bank deposits	4.430	4.050	Refinanced taxes payable	6.331	3.963
	<u>6.481</u>	<u>5.584</u>	Provision for contingencies	13.223	9.652
			Accounts payable for acquisition of subsidiaries	18.429	7.040
<b>Permanent assets</b>				<u>69.207</u>	<u>35.758</u>
Investments	-	46.737	<b>Shareholders' equity</b>		
Property, plant and equipment	92.486	48.729	Capital	27.327	13.653
Deferred charges	84.754	28.031	Capital reserves	147.517	111.915
	<u>177.240</u>	<u>123.497</u>	Taxable inflation gain	-	149
			Accumulated losses	(43.501)	(28.168)
				<u>131.343</u>	<u>97.549</u>
	<u>263.430</u>	<u>158.042</u>		<u>263.430</u>	<u>158.042</u>

See the accompanying notes to the financial statements.

# Diagnósticos da América S.A.

## Statements of income

Years ended December 31<sup>st</sup>, 2001 and 2000

(In thousands of Reais)

	<b>2001</b>	<b>2000</b>
<b>Revenues</b>		
Services rendered	220.578	112.824
<b>Deductions</b>		
Sales taxes	(12.443)	(5.728)
Discounts	(3.517)	(2.996)
	<u>(15.960)</u>	<u>(8.724)</u>
<b>Net revenues</b>	204.618	104.100
<b>Cost of services rendered</b>	<u>(130.794)</u>	<u>(72.701)</u>
<b>Gross profit</b>	73.824	31.399
<b>Operating (expense) income</b>		
General and administrative expenses	(44.410)	(28.150)
Financial expense - Net	(13.651)	(2.509)
Equity in income of subsidiaries	(2.832)	(2.412)
Amortization of goodwill	(27.247)	(14.008)
Other operating income	720	586
	<u>(13.596)</u>	<u>(15.094)</u>
<b>Operating loss</b>	(13.596)	(15.094)
Nonoperating income	<u>64</u>	<u>89</u>
<b>Loss for the year</b>	<u>(13.532)</u>	<u>(15.005)</u>
<b>Loss per lot of a thousand shares - R\$</b>	<u>(2,86)</u>	<u>(3,53)</u>
<b>Number of shares at year-end</b>	<u>4.730.112</u>	<u>4.250.246</u>

See the accompanying notes to the financial statements.

## Diagnósticos da América S.A.

### Statements of changes in shareholders' equity

Years ended December 31<sup>st</sup>, 2001 and 2000

(In thousands of Reais)

	Capital	Capital reserves	Taxable inflation gain	Accumulated losses	Total
<b>Balances at January 1<sup>st</sup>, 2000</b>	3.428	50.370	449	(13.163)	41.084
Capital increase in cash - Platypus Holdings	10.225	-	-	-	10.225
Premium on capital stock - Platypus Holdings	-	49.775	-	-	49.775
Amortization of goodwill	-	11.770	-	-	11.770
Realized inflation gain	-	-	(300)	-	(300)
Loss for the year	-	-	-	(15.005)	(15.005)
<b>Balances at December 31<sup>st</sup>, 2000</b>	13.653	111.915	149	(28.168)	97.549
Prior year adjustment	-	-	-	(1.801)	(1.801)
Capital increase in cash - Platypus Holdings	13.674	-	-	-	13.674
Premium on capital stock - Platypus Holdings	-	21.327	-	-	21.327
Goodwill on incorporation of parent company - Platyplus Holding	-	50.023	-	-	50.023
Goodwill to be amortized for incorporation of parent company - Platypus Holding	-	(50.023)	-	-	(50.023)
Amortization of goodwill	-	14.275	-	-	14.275
Realized inflation gain	-	-	(149)	-	(149)
Loss for the year	-	-	-	(13.532)	(13.532)
<b>Balances at December 31<sup>st</sup>, 2001</b>	<u>27.327</u>	<u>147.517</u>	<u>-</u>	<u>(43.501)</u>	<u>131.343</u>

See the accompanying notes to the financial statements

# Diagnósticos da América S.A.

## Statements of changes in financial position

Years ended December 31<sup>st</sup>, 2001 and 2000

(In thousands of Reais)

	2001	2000
<b>Sources of funds</b>		
<b>Operations</b>		
Loss for the year	(13.532)	(15.005)
<b>Items not affecting working capital</b>		
Depreciation and amortization	10.387	5.147
Equity in net income of subsidiaries	-	2.412
Amortization of goodwill on investments	18.903	2.238
Amortization of goodwill on shareholders' equity	14.275	11.770
Price-level restatement on noncurrent items	5.399	1.115
Realized inflation gain	(149)	(300)
Prior year adjustment	(1.801)	-
<b>Resources from operations</b>	33.482	7.377
<b>From shareholders</b>		
Capital increase	13.674	10.225
Capital reserves	21.327	49.775
	68.483	67.377
<b>From third parties</b>		
Increase in noncurrent liabilities	27.418	28.320
	95.901	95.697
<b>Applications of funds</b>		
Additions to investments	-	30.543
Acquisition of property, plant and equipment	46.563	26.881
Acquisition of fixed assets from mergers	6.559	4.123
Deferred charges increase	13.959	2.330
Increase in deferred charges from mergers	15.952	27.968
Increase in noncurrent liabilities	265	5.344
	83.298	97.189
<b>Increase (decrease) in working capital</b>	12.603	(1.492)
<b>Changes in working capital</b>		
Current assets	50.748	9.404
Current liabilities	38.145	10.896
<b>Increase (decrease) in working capital</b>	12.603	(1.492)

See the accompanying notes to the financial statements.

# Diagnósticos da América S.A.

## Notes to the financial statements

### Years ended December 31<sup>st</sup>, 2001 and 2000

*(In thousands of Reais)*

#### **1 Operations**

The main purpose of the Company is the performance of medical tests in the areas of clinical pathology, cytology and anatomical pathology, imaging - related exams, graphic methods and medical research, as well as the importation of medical and hospital equipment, kits for diagnosis and related products.

#### **2 Corporate aspects**

- a. On June 21<sup>st</sup>, 2001, at the General Shareholders Meeting, a capital increase in local currency was approved in the amount of R\$ 35,000, through the issue of 479,866 preferred nominative shares with no par value, at a unitary issue price of R\$ 72.94, and from the issue price, R\$ 28.49 per share will be destined for capital increase, in a total of R\$ 13.674, and R\$ 44.44 will be destined for the constitution of a goodwill reserve, in the total of R\$ 21,327, fully subscribed and paid up by Platypus Holdings Ltda.
- b. On July 2<sup>nd</sup>, 2001, through the protocol and justification of merger signed by Diagnósticos da América S.A. and Atacama Ltda., the merger of the latter company was decided, extinguishing in this act the 57,681,814 quotas representing the capital of the merged subsidiary. The goodwill and corresponding accumulated amortization recorded in this subsidiary, originated in the acquisition of the investees Laboratório Bronstein S.A., Bronstein Administradora Laboratorial S.A., and Lâmina - Laboratório de Análises Médicas e Investigações Anátomo-Patológicas S.A., were presented in the financial statements of Diagnósticos da América S.A. as deferred assets.
- c. On July 2<sup>nd</sup>, 2001, through the protocol and justification of merger signed by Diagnósticos da América S.A. and Laboratório Bronstein S.A., the merger of the latter company was decided, extinguishing in this act the 60,000 common nominal shares with no par value representing the capital of the merged Company.
- d. On July 2<sup>nd</sup>, 2001, through the protocol and justification of merger signed by Diagnósticos da América S.A. and Bronstein Administradora Laboratorial S.A., the merger of the latter company was decided, extinguishing in this act the 100 common nominal shares with no par value representing the capital of the merged Company.

# Diagnósticos da América S.A.

## Notes to the financial statements

*(In thousands of Reais)*

- e. On July 2<sup>nd</sup>, 2001, through the protocol and justification of merger signed by Diagnósticos da América S.A. and Lâmina - Laboratório de Análises Médicas e Investigações Anátomo-Patológicas S.A., the merger of the latter company was decided, extinguishing in this act the 1,340,672 common nominal shares with no par value representing the capital of the merged Company.
- f. On December 18<sup>th</sup>, 2001, through the protocol and justification of merger signed by Diagnósticos da América S.A. and Platypus Holdings Ltda., the merger with the company Platypus Holdings Ltda. was decided. Platypus S.A., which holds a majority interest in Platypus Holdings Ltda., received in the merger the 1,302,484 preferred shares with no par value that Platypus Holdings Ltda. held in the capital of Diagnósticos da América S.A.

### **3 Presentation of the financial statements**

The financial statements were prepared in accordance with the accounting practices derived from the Brazilian Corporation Law.

#### *Description of significant accounting practices*

##### *a. Foreign currency*

Monetary assets and liabilities denominated in foreign currencies were translated into reais at the foreign exchange rate ruling at the balance sheet date. Foreign exchange differences arising on translation are recognized in the income statement.

##### *b. Derivative financial instruments*

The Company uses derivative financial instruments, interest rate swaps, purchase and sale of options and future contracts to hedge its exposure to foreign exchange and price risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes.

##### *c. Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Overdrafts are presented as liabilities as “Loans and financing”.

# Diagnósticos da América S.A.

## Notes to the financial statements

*(In thousands of Reais)*

*d. Interest bearing bank deposits*

Interest bearing bank deposits are recorded at cost plus interest accrued up to the balance sheet date, which does not exceed market value.

*e. Provision for doubtful accounts*

The provision for doubtful accounts is calculated at an amount considered adequate to cover any losses arising on collection of accounts receivable.

*f. Inventories*

Inventories are stated at the lower of average cost or market value. Inventories are used entirely in the performance of clinical and specialized exams.

*g. Investments*

Investments in subsidiaries were valued using the equity method until July 2<sup>nd</sup>, 2001 when the subsidiaries were merged by Diagnósticos da América S.A.

*h. Property, plant and equipment*

Property, plant and equipment is recorded at acquisition, formation or construction cost. Depreciation is calculated using the straight-line method at rates which take into account the estimated useful life of the assets. Leasehold improvements are amortized over the lesser of the remaining lease term or the life of the improvement.

*i. Deferred charges*

The pre-operating expenses are related to expenses for expansion of the patient service center and are amortized over periods which take into account the lesser of either the validity of the rental contract of the building or useful life of the assets.

# Diagnósticos da América S.A.

## Notes to the financial statements

*(In thousands of Reais)*

*j. Rights and obligations*

Rights and obligations are restated according to the exchange rate or interest rates specified in the existing contracts, to reflect values accrued up to the balance sheet date.

*k. Interest on loans and financing*

Interest on loans and financing are recorded in accordance with the term of the contracts utilizing the effective interest rate.

*l. Provisions*

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recorded considering the best estimates of the risk related to the liability.

*m. Goodwill from incorporation of the parent company*

The goodwill recorded previously by the controlling company Platypus Holdings Ltda. was classified after its merger, in the capital reserve account in the net equity of the Diagnósticos da América S.A. Later, the amortization of the goodwill, for the maximum of five years, will be credited in this capital reserve account, having as balancing item the income of the year. This procedure was supported by the tax legislation, article 11 of Law 9718 of November 27<sup>th</sup>, 1998, since the corporation law does not deal with this matter.

*n. Recognition of effects of inflation*

The fixed assets and shareholders' equity accounts were restated to reflect inflation up to December 31<sup>st</sup>, 1995, when the Law 9249/95 revoked the monetary correction of the balance sheet from Brazilian Corporation Law.

*o. Revenue*

Revenue from services rendered is recognized in the income statement in proportion to the stage of completion of the service. Revenue is not recognized if there are significant uncertainties on its realization.

*p. Expenses*

# Diagnósticos da América S.A.

## Notes to the financial statements

*(In thousands of Reais)*

### **i. Lease payments**

Payments made under leases are recognized in the income statement in accordance with the installments due and paid over the length of the contract.

### **ii. Net financing costs**

Net financing costs comprise interest on loans net of interest from financial applications, dividends received, exchange variation income or loss, and gains or losses from financial instruments which are recorded in the income statement.

Interest income is recognized in the income statement as it accrues, taking into account the effective yield on the asset.

# Diagnósticos da América S.A.

## Notes to the financial statements

*(In thousands of Reais)*

### 4 Consolidated income statement of subsidiaries

For the purpose of providing additional information, we present the statement of income for 2001, assuming the merged Companies, as mentioned in Note 2, including the consolidated operations since the acquisition date.

Revenues:	
Services rendered	266,632
Deductions:	
Sales taxes	( 16,232)
Discounts	( 5,946)
	<u>( 22,178)</u>
Net revenues	244,454
Cost of services rendered	<u>(155,366)</u>
Gross profit	<u>89,088</u>
Operating (expense) income:	
General and administrative expenses	( 53,312)
Financial expense - Net	( 14,695)
Amortization of goodwill	( 33,178)
Other operation income	<u>1,003</u>
Operating loss	( 11,094)
Nonoperating loss	( 30)
Net loss before income and social contribution taxes	<u>( 11,124)</u>
Income and social contribution taxes	<u>( 2,408)</u>
Net loss for the year	<u>( 13,532)</u>

# Diagnósticos da América S.A.

## Notes to the financial statements

(In thousands of Reais)

### 5 Trade accounts receivable

	<b>2001</b>	<b>2000</b>
Current:		
Trade notes receivable - Service agreements with health plans	42,507	17,031
Trade notes receivable - Individuals	425	274
Rejections to clarify	<u>4,260</u>	<u>615</u>
	47,192	17,920
Less:		
Provision for rejections to clarify	( 4,260)	( 615)
Provision for doubtful accounts	<u>( 1,926)</u>	<u>( 550)</u>
	<u>41,006</u>	<u>16,755</u>

### 6 Inventories

	<b>2001</b>	<b>2000</b>
Direct material	9,568	1,717
Secondary material	3,165	367
Other materials	723	270
Imports in transit	<u>-</u>	<u>251</u>
	<u>13,456</u>	<u>2,605</u>

# Diagnósticos da América S.A.

## Notes to the financial statements

*(In thousands of Reais)*

### 7 Recoverable taxes

	<b>2001</b>	<b>2000</b>
Recoverable IRRF (withholding income tax) on revenue	-	1,443
Recoverable IRRF on interest bearing bank deposits	321	95
Income tax paid in advance	4,282	3,548
Social contribution paid in advance	417	543
ISS paid in advance	876	-
Other recoverable taxes	<u>207</u>	<u>55</u>
	<u>6,103</u>	<u>5,684</u>

### 8 Long term interest bearing bank deposits (escrow account)

	<b>2001</b>	<b>2000</b>
	<u>4,430</u>	<u>4,050</u>

Interest bearing bank deposits securities are comprised of fixed income contracts that guarantee the payment of obligations assumed by the wholly owned subsidiary Atacama Ltda. with the previous shareholders of Laboratório Bronstein S.A. and Bronstein Administradora Laboratorial S.A. at the time it purchased all of the shares in these companies. According to the contracts dated December 12<sup>th</sup>, 2000, between the parties involved and a financial institution, it was agreed that the amounts deposited would be invested until December 12<sup>th</sup>, 2006, in fixed income securities, with immediate liquidity.

# Diagnósticos da América S.A.

## Notes to the financial statements

(In thousands of Reais)

### 9 Investments

	<b>2001</b>	<b>2000</b>
Investments in subsidiaries - Atacama Ltda.	<u>          -</u>	<u>46,737</u>

On July 2<sup>nd</sup>, 2001, Diagnósticos da America S.A. decided to merge all its investees, and as from this date no longer had investments in other companies.

### 10 Property, plant and equipment

	<b>Depreciation rate (% p.a.)</b>	<b>2001</b>	<b>2000</b>
Buildings	4	241	-
Leasehold improvements	4 to 20	41,726	28,172
Machinery and equipment	10	61,628	34,113
Furniture and fixtures	10	7,286	4,002
Facilities	10	1,147	249
Vehicles	20	337	212
Computer systems	20	<u>10,960</u>	<u>4,110</u>
		123,325	70,858
Accumulated depreciation		( 37,519)	(23,214)
Land		170	-
Trademarks and patents		69	37
Right of use of telephone lines		454	379
Construction in process		<u>6,259</u>	<u>941</u>
		92,758	49,001
Provision for adjustment to fair market value of telephone lines		( 272)	( 272)
		<u>92,486</u>	<u>48,729</u>

# Diagnósticos da América S.A.

## Notes to the financial statements

(In thousands of Reais)

### 11 Deferred charges

	2001	2000
Goodwill on incorporation of the subsidiary - Cantalon S.A. (1)	33,562	33,562
Goodwill on incorporation of the subsidiary - Atacama Ltda (2)	62,597	-
Pre-operating expenses	16,960	2,909
Accumulated amortization of goodwill	(27,434)	( 7,831)
Accumulated amortization of pre-operating expenses	<u>( 931)</u>	<u>( 609)</u>
	<u>84,754</u>	<u>28,031</u>

The goodwill from the merger with the subsidiary represents:

- (1) The goodwill recorded in the wholly-owned subsidiary Cantalon S.A. arose when this company acquired all the shares of Bio-Ciência Lavoisier Análises Clínicas S.A. On August 22<sup>nd</sup>, 2000, Cantalon S.A. was merged by Diagnósticos da América S.A., which recognized this goodwill in its deferred assets. The amortization is being made over 5 years, in line with the estimated period of return on the investment.
- (2) The goodwill recorded in Atacama Ltda., was generated when this company acquired all the shares of Laboratório Bronstein S.A., Bronstein Administradora Laboratorial S.A. and Lâmina - Laboratório de Análises Médicas e Investigações Anátoma Patológicas S.A. On July 2<sup>nd</sup>, 2001, Diagnósticos da América S.A. merged its investees, recognizing this goodwill as a deferred asset. The amortization is being made over 5 years, the estimated period of return on the investments.

The pre-operating expenses are related to the expenses for expansion of the patient service centers and are amortized over periods which take into account the lesser of either the validity of the rental contract of the building or useful life of the assets.

# Diagnósticos da América S.A.

## Notes to the financial statements

(In thousands of Reais)

### 12 Suppliers

	2001	2000
Domestic suppliers	14,654	5,040
Foreign suppliers	<u>38,415</u>	<u>19,861</u>
	53,069	24,901
Amortization in the short term classified as current liability <u>9,798</u> )	( <u>21,845</u> )	(
Noncurrent liabilities	<u>31,224</u>	<u>15,103</u>

The balance for foreign suppliers of US\$ 16,555 (US\$ 9,289 in 2000) refers to the import of machinery and equipment. Interest is charged at the rate of 8.5% per annum, and the balance will be amortized until 2008.

### 13 Loans and financing

	2001	2000
Local currency:		
Bank loans - Interest of 13% to 15% p.a. (in 2001 and 2000)	<u>13,220</u>	<u>27</u>

The financings in local currency are related to bank overdraft's whose resources are used for maintenance of the company's cash flows.

# Diagnósticos da América S.A.

## Notes to the financial statements

(In thousands of Reais)

### 14 Salaries, vacation and social security charges payable

	2001	2000
Salaries payable	1,744	877
Social charges	1,706	825
Accrued vacation pay	4,795	2,645
Bonus accrual	1,758	-
Other benefits	<u>115</u>	<u>66</u>
	<u>10,118</u>	<u>4,413</u>

### 15 Refinanced taxes payable

	2001	2000
Refis (Service Tax)	6,257	-
Refis (PIS/PASEP)	2,372	1,261
INSS (Social Security)	-	1,824
COFINS (Tax for Social Security Financing)	-	170
ISS (Service Tax)	<u>-</u>	<u>3,461</u>
	8,629	6,716
Installments due in the short term classified as current liability	<u>(2,298)</u>	<u>(2,753)</u>
Noncurrent liabilities	<u>6,331</u>	<u>3,963</u>

# Diagnósticos da América S.A.

## Notes to the financial statements

*(In thousands of Reais)*

The Tax Recovery Program (REFIS), introduced under Law 9964, of April 10, 2000, aims to regulate Federal Government credits, from taxes and contributions due from corporate entities, administered by the Federal Tax Office - SRF and the National Institute for Social Security (INSS), independent of whether or not they are constituted, registered as federal debts, filed or to be filed, with liability suspended, and includes those debts that have been withheld but not paid. On December 12, 2000, it was submitted for approval under SRF control 14.33.03.25.24. The amounts due are being updated by the variation of the Long-Term Interest Rate (TJLP), and in 2001 R\$ 876 in municipal liabilities and R\$ 1,325 in federal liabilities were paid.

### 16 Other accounts payable

	2001	2000
Rentals	659	484
Third-party services	2,856	2,528
Advances from customers	1,404	1,404
Royalties payable	585	-
Other accounts payable	<u>363</u>	<u>322</u>
	<u>5,867</u>	<u>4,738</u>

### 17 Accounts payable for acquisition of subsidiaries

	2001	2000
Bio-Ciência Lavoisier Quotaholder.	6,396	3,461
Bronstein Quotaholder	4,442	4,062
Lâmina Quotaholder	<u>13,248</u>	<u>-</u>
	24,086	7,523
Installments due in the short term classified as current liability	( <u>5,657</u> )	( <u>483</u> )
Noncurrent liabilities	<u>18,429</u>	<u>7,040</u>

# Diagnósticos da América S.A.

## Notes to the financial statements

*(In thousands of Reais)*

The accounts payable for acquisition of subsidiaries are related to the liabilities assumed with the former owners Bio-Ciência Lavoisier Análises Clínicas S.A., Laboratório Bronstein S.A., Bronstein Administradora Laboratorial S.A. and Lâmina - Laboratório de Análises Médicas e Investigações Anátomo-Patológicas S.A. at the time of acquisition of 100% of the capital of these companies made through intermediation of the companies Solimões S.A. and Javari S.A. in the case of Lavoisier, by the company Pads do Brasil Ltda. in the case of Bronstein and Stantibus and Sinalagma in the case of Lâmina.

### 18 Provision for contingencies

The Company has filed lawsuits challenging the legality of certain taxes and civil and labor claims. On the advice of its legal counsel, the parent and consolidated companies have provided for the amount of R\$ 13,233 (R\$ 9,652 in 2000) and do not expect additional losses upon conclusion of these cases to be greater than the amounts provided.

### 19 Capital

The authorized, fully subscribed and paid-in capital is comprised of 3,427,618 nominal ordinary shares and 1,302,494 nominal preferred shares with no par value, distributed as follows:

	<b>Ordinary</b>	<b>Preferred</b>	<b>Total</b>
Balu 460 Participações Ltda.	1,748,081	-	1,748,080
Platypus S.A.	1,679,529	1,302,494	2,982,023
Minority stockholders	<u>9</u>	<u>-</u>	<u>9</u>
	<u>3,427,618</u>	<u>1,302,494</u>	<u>4,730,112</u>

### 20 Insurance coverage

On December 31<sup>st</sup>, 2001, the Company had insurance coverage against fire, robbery and various risks on its fixed assets and inventories, for amounts deemed sufficient to cover possible losses.

# Diagnósticos da América S.A.

## Notes to the financial statements

*(In thousands of Reais)*

### 21 Tax loss carry-forwards

On December 31<sup>st</sup>, 2001, the Company had the following tax loss carry forwards:

	<b>R\$</b>
<b>a.</b> Income tax losses calculated up to 2001	3,816
<b>b.</b> Negative basis for social contribution tax	4,824

As of 1995, the offset of income tax loss carry forwards and the negative basis for the social contribution tax is limited to an amount equal to 30% of annual income. There is no legal time limit for the use of these credits.

### 22 Leasing

The Company leases various machines and equipment, vehicles and data processing equipment with the option to purchase them, through operating lease agreements. At December 31<sup>st</sup>, 2001, the position on these lease contracts represented a total liability of R\$ 4,423, to be paid until September 2004.