



Diagnósticos da América



Centro Radiológico de Lagoa

DASA reports 27% growth in net operating revenues and 47% in Adjusted EBITDA for the fourth quarter of 2004.

São Paulo, March 2, 2005: Diagnósticos da América S.A. - DASA (BOVESPA: DASA3) today announced its results for the fourth quarter of 2004. (4Q04). Except where otherwise indicated, the Company's operating and financial information is presented based upon consolidated numbers and in Brazilian Reals according to Brazilian Corporate Law. **All of the comparisons in this report are with the fourth quarter of 2003 (4Q03) except where otherwise stated.**

Quarterly Performance Highlights

- Growth of 22% in the number of requisitions.
- Growth of 3% in average revenues per requisition.
- Net operating revenues of R\$ 114.4 million, a 27% growth over the 4Q03.
- Growth of 47% in adjusted EBITDA, reaching R\$ 31.2 million, compared to R\$ 21.2 million in 4Q03.

Comments by Marcelo Marques Moreira Filho, DASA's CFO and Investor Relations Director.

Without a doubt, 2004 was a year of major challenges and accomplishments for DASA. During the first half of the year, we concluded the acquisition of the laboratory Elkis & Furlanetto, in São Paulo, which was quickly integrated into our operations, as part of our Lavoisier brand, appreciated by the public that seeks practical and quality solutions in the medical diagnostic market. During the second half of 2004, the Company went public, launching its shares on the Bovespa Novo Mercado (New Market), having raised a total amount of R\$ 111 million, which will be invested in the Company's expansion plan.

DASA achieved very significant results during the last quarter of 2004. Net operating revenues increased by 27% and the Adjusted EBITDA rose 47%, representing a gain of 3.7 percentage points in our Adjusted EBITDA margin when compared with 4Q03. The increase in the number of requisitions processed and the expansion of the supply of diagnostic imaging services, on the revenue side, and gains from economies of scale on the cost of services provided contributed to this result.

The signs of a recovery of the Brazilian economy were more evident over the course of 2004. As a result and as part of our continuing organic expansion plan, we ended the year with 148 patient service centers, versus 131 units in December 2003. In 2004, R\$ 48.2 million was invested in refurbishing, expansion and the opening of new facilities, including the costs of construction and new equipment to increase the imaging test menu, from which R\$ 17.0 million was invested during the last quarter.

DASA3 – Closing price – 03/02/05
R\$ 32.00
Market capitalization: R\$ 1,715 million / US\$ 650 million



| <i>R\$ million</i> | 4Q04 | 4Q03 | % Chg | 2004 | 2003 | % Chg |
|-----------------------------------|--------|--------|--------|---------|---------|--------|
| Gross Revenues | 123.5 | 98.5 | 25.4% | 491.4 | 399.8 | 22.9% |
| Net Revenues | 114.4 | 90.2 | 26.8% | 448.0 | 363.6 | 23.2% |
| Cost of Services Rendered | (81.3) | (67.1) | 21.1% | (306.5) | (256.9) | 19.3% |
| Gross Profit | 33.1 | 23.1 | 43.4% | 141.5 | 106.7 | 32.6% |
| Operating Expenses | (47.1) | (32.9) | 42.9% | (158.4) | (112.4) | 40.9% |
| Adjusted EBITDA* | 31.2 | 21.2 | 46.8% | 123.1 | 99.4 | 23.9% |
| <i>Adjusted EBITDA Margin (%)</i> | 27.2% | 23.5% | - | 27.5% | 27.3% | - |
| Net Loss | (12.6) | (11.0) | 14.4% | (18.9) | (8.5) | 123.1% |
| <i>Net Margin (%)</i> | -11.0% | -12.2% | - | -4.2% | -2.3% | - |
| Shareholders' Equity | 244.3 | 134.6 | 81.5% | 244.3 | 134.6 | 81.5% |
| Net Debt | 63.5 | 115.1 | -44.8% | 63.5 | 115.1 | -44.8% |

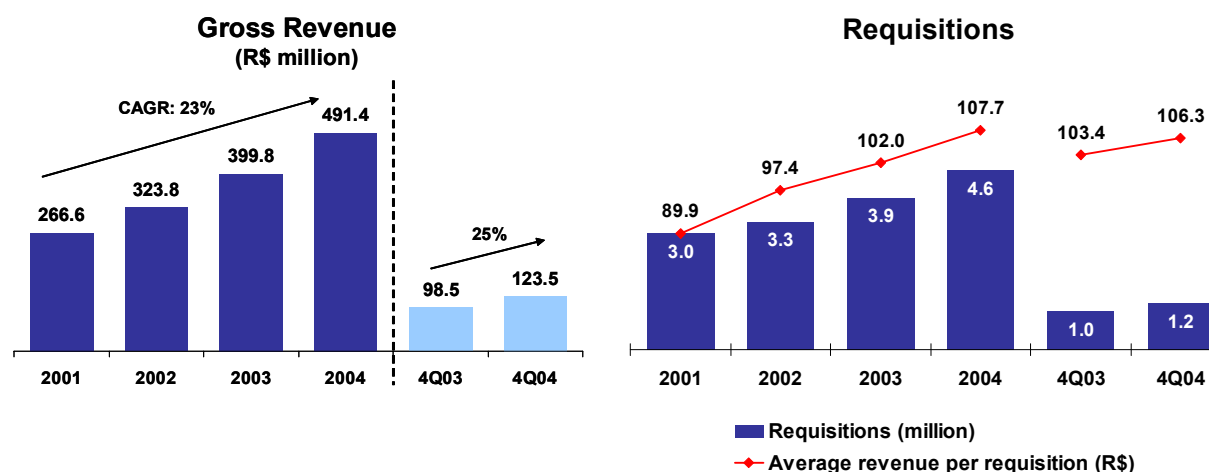
Economic-Financial Performance

Gross Operating Revenues

The behavior of DASA's gross operating revenues in the fourth quarter of 2004, compared to the fourth quarter of 2003, was notable for the expansion in the supply of diagnostic imaging services, by the volume growth of requisitions processed during the period and the increase in revenues of the Club DA premium brand.

Gross consolidated operating revenues totaling R\$ 123.5 million obtained in 4Q04 represented a 25% increase over the R\$ 98.5 million posted for the same period in 2003. This increase in revenues reflected, mainly, an increase of 22% in the number of requisitions for tests as well as a 3% rise in average revenue per requisition, compared to the same period of 2003.

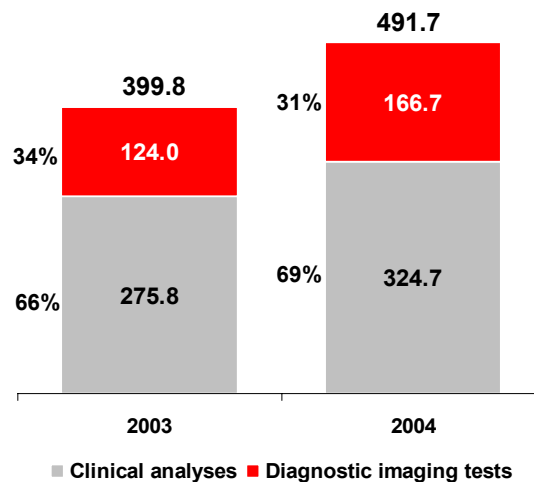
Operating Performance



The increase in the number of requisitions was due to the increase in the number of patient service centers, going from 131 at the end of 2003 to 148 at the end of 2004, and the growth in the average revenue per unit. Furthermore, the 13 units incorporated through the acquisition of Elkis & Furlanetto laboratory in May 2004 contributed with R\$ 5.5 million in incremental gross revenues during the quarter. The increase in average gross revenue per requisition was due to the increase in demand for diagnostic imaging tests, whose revenues rose 31% during the period under analysis, as well as the development of our Club DA premium brand.

Gross operating revenues for the year totaled R\$ 491.4 million, with an increase of R\$ 91.6 million, or 23% higher than the gross revenues for the previous year. A total of 4.6 million requisitions were processed in 2004, 16% higher than 2003. The higher average gross revenues per requisition in the period reflects both the expansion of the revenues of our Club DA premium brand as well as the increase in the share of our imaging services as a portion of our overall revenues. This year, diagnostic imaging services represented 34% of gross operating revenues versus 31% in 2003.

Gross Operating Revenues per Service



Taxes on Services Provided

The taxes on services provided as a percentage of net revenues decreased by 1.5 percentage points in the last quarter of 2004 compared to the same period the previous year, favored by the reduction of the COFINS tax (Contribution for the Financing of Social Security), based upon changes in tax law that occurred in 2004. This tax rate moved up from 3.0% to 7.6% in the February-April period. However, subsequent changes in the tax legislation brought the rates back to 2001 levels.

In addition, during 4Q04, based on the Company's legal opinion and the favorable court injunction that lifted the mandatory payment of PIS/COFINS by the cumulative system, DASA accounted a R\$ 1.8 million credit.

Discounts

In DASA's earnings statement, the "discounts" account consists of provisions for amounts related to tests that the end payer, generally a health plan, refuses to honor, meaning that no payment is received.

Such amounts under discussion between the Company and the health plans are called rejections. Rejections generally are related to: (i) operating questions, such as services provided to health plan patients without prior authorization; (ii) commercial questions, such as a new price list agreed to by DASA and the health plans that still had not been updated in both systems; and (iii) technical questions, such as the difference in interpretation of the requisitions for the tests.

The provisions for rejections are established monthly, based upon an estimate by management regarding probable losses in view of the amount of the rejections under discussion. Control of the volume of the rejections is maintained and a periodic adjustment of the provisions is carried out in a manner that reflects recent history.

In 4Q04, discounts totaled R\$ 2.0 million, compared to R\$ 1.3 million in 4Q03. As a percentage of gross operating revenues, the discounts grew by 0.3 percentage point, as a consequence of the volume of rejections related to the Elkis & Furlanetto laboratory operation – which should be adjusted to the levels practiced by DASA within the next few months.

Net Operating Revenues

Consolidated net operating revenues totaling R\$ 114.4 million obtained in 4Q04 represented an increase of 27% over the R\$ 90.2 million registered during the same period in 2003. The increase in the net revenues was a direct consequence of the growth of the Company's gross operating revenues, and was also favored by changes to taxes on the supply of services.

For 2004, net operating revenues totaled R\$ 448.0 million, an increase of R\$ 84.4 million or 23% more than the net revenues from the previous year.

Cost of Services Rendered

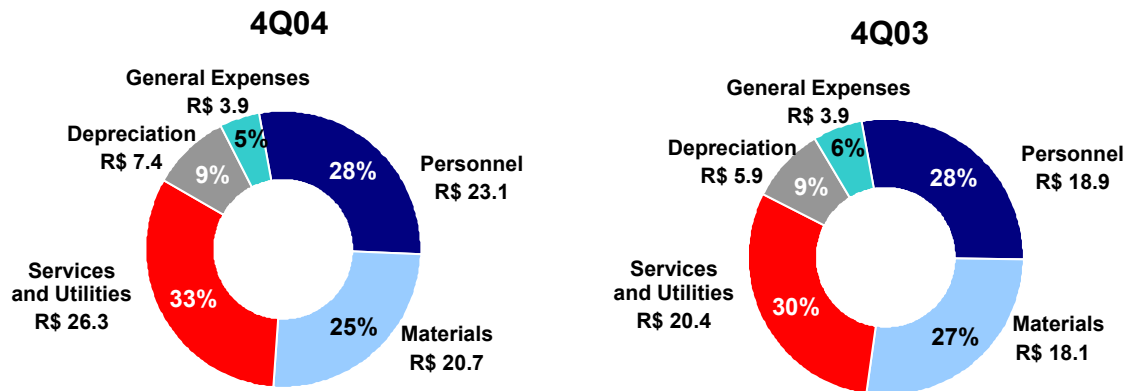
The cost of services rendered, which included costs relating to the operation of the patient service centers, the production cost of clinical analysis and diagnostic imaging tests as well as the costs of depreciation and amortization, totaled R\$ 81.3 million during the fourth quarter of 2004.

The cost of the patient service centers included fixed costs, such as payroll, utilities and general services, such as rents and building maintenance. These costs increased over the same period in 2003, due to the opening of new patient service centers and the acquisition of the Elkis & Furlanetto laboratory. In general, recently acquired units present lower margins than existing units. Through restructuring, standardizing and modernizing programs, these units should begin to present profitability gains, contributing to a dilution of the cost of services rendered. On the other hand, the variable costs of the units — which include expenditures on materials for conducting clinical analysis and diagnostic imaging tests — presented a reduction as a percentage of net operating revenues. This behavior was favored by several initiatives, including a series of price negotiations with suppliers and readjustment of the processes for carrying out the imaging tests, with the subsequent reduction in the cost of printing results and developing film from the tests.

For their part, production costs as a percentage of net operating revenues declined. In the diagnostic imaging area, changes to the compensation model for specialized clinics that provide services to the Company and the creation of medical opinion centers for some tests led to cost reductions. Regarding the production of clinical analyses, the reduction in the cost of test materials, based upon the development of a program for the direct import of reagents and the renegotiation of prices with suppliers, favored the performance of this area. However, when measured as a percentage over the operating revenues net of clinical analyses, costs were impacted by the expenses related to the operations of new hospital units.

Compared to the same period of 2003, these costs increased 21%, at a lower pace than the growth in net revenues. The following table shows the change to the components of the cost of services rendered for the fourth quarter of 2004 and 2003 as well as each one's share percentage.

Breakdown of the Cost of Services Rendered



The increase in the cost of services may be explained by the following factors:

- The costs of services and utilities that include the payment for the specialized medical clinics, rent and expenses with water, electric energy, gas, telephones and other payments related to the functioning of the patient service centers and central laboratories, rose 29%, reaching R\$ 26.3 million during the fourth quarter of the year. This increase was the result of the addition of 17 new units to the service network, affecting fixed costs, as well as of the accelerating growth in diagnostic imaging tests.
- Personnel costs increased 22% to R\$ 23.1 million, mainly due to the opening of new patient service centers, which required an increase in the number of employees working for the Company. As a percentage of the total cost of services rendered, personnel costs remained stable.
- The cost of materials increased 14% to R\$ 20.7 million during the quarter. However, when analyzed as a percentage of net operating revenues, these costs fell 2 percentage points. The gain was obtained through a program for the direct import of reagents and also the renegotiation of prices with suppliers.
- The costs related to depreciation and amortization increased 25% to R\$ 7.4 million, as a result of the acquisition of equipment and property for the new patient service centers.
- General costs remained stable at R\$ 3.9 million in the quarter-on-quarter analysis, having been diluted as a percentage of net operating revenues.

Overall for the year, the cost of services rendered rose 19%, going from R\$ 256.9 million in 2003 to R\$ 306.5 in 2004.

Gross Profit

Gross profit was R\$ 33.1 million during the fourth quarter of 2004, increasing 43% over the same period in 2003. This growth was made possible mainly due to the following:

1. a reduction in the costs of materials at the patient services unit level;
2. a dilution in expenses with the payment of specialized clinics and maintenance of imaging equipment;

3. a reduction in the costs of reagents, through a direct import program and also through the renegotiation of prices with suppliers;
4. and a reduction in the amount of the COFINS tax withheld compared to the previous year.

Consequently, the gross operating margin reached 29% as a percentage of net revenues, 3.4 percentage points higher than the margin recorded in the fourth quarter of 2003.

Overall for the year, the gross profit was R\$ 141.5 million, vis-à-vis R\$ 106.7 million in 2003. As a percentage of net revenues, the gross profit was 32% in 2004, compared to 29% previous year.

Operating Expenses

Operating expenses totaled R\$ 47.1 million during the fourth quarter of 2004 compared to R\$ 32.9 million reported during the same period in 2003. This growth basically reflected the increase in general and administrative expenses. The total of R\$ 31.3 million in administrative and general expenses includes R\$ 13.5 million in expenses linked to the process to take the Company public, concluded on November 19, 2004.

Net financial expenses declined 20% during the period under analysis, totaling R\$ 7.5 million and reflecting a reduction in the net debt, following the IPO process.

In 4Q04, the goodwill amortization declined to R\$ 8.4 million, from R\$ 11.1 million in 4Q03. This reduction was a result of the finalization of the period of amortization of acquisitions carried out in 1999.

Other operating income included the royalties that the company received from franchises as well as the recovery of various types of credits. In 2004, only R\$ 100,000 was accounted as other operating expenses, since there was no registration in the "credits of various natures" account.

Overall for the year, operating expenses totaled R\$ 158.4 million, compared to R\$ 112.4 million in 2003. This behavior basically reflected the increase in general and administrative expenses — which include expenses related to the IPO and the acquisition of the Elkis & Furlanetto laboratory, as previously mentioned.

Breakdown of Operating Expenses

| R\$ million | 4Q04 | (%) | 4Q03 | (%) | Chg (%) |
|--|-------------|---------------|-------------|---------------|--------------|
| Administrative and general expenses | 31.3 | 66.4% | 13.9 | 42.3% | 124.1% |
| Net financial expenses | 7.6 | 16.0% | 9.3 | 28.4% | (19.1)% |
| Goodwill amortization | 8.4 | 17.8% | 11.1 | 33.7% | (24.6)% |
| Other operating revenues | (0.1) | (0.2)% | (1.4) | (4.3)% | (93.1)% |
| Other operating (expenses) revenues | 47.1 | 100.0% | 32.9 | 100.0% | 42.9% |

* Includes expenses related to going public concluded on November 19, 2004

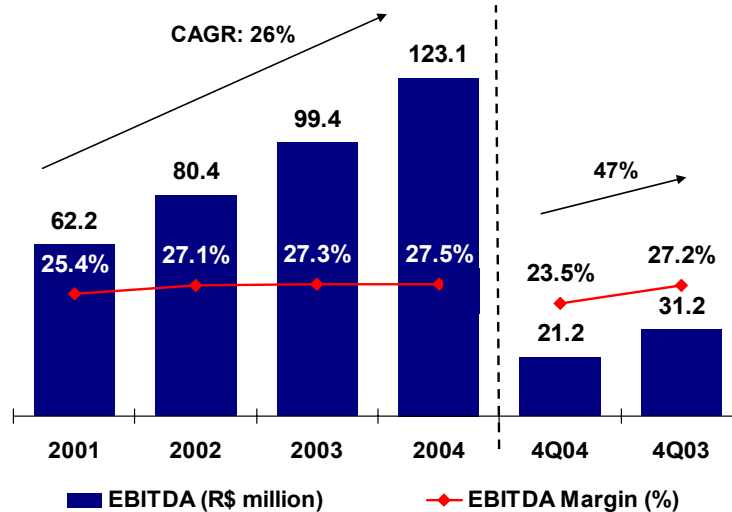
** Consists mainly of royalties received from our franchises.

Operating Cash Generation - EBITDA

The increased sales volume, coupled with the benefits from the reduction of operating costs during the period plus the synergy gains obtained through the acquisition and integration of the Elkis & Furlanetto laboratory propelled the growth of the Company's Adjusted EBITDA. The Adjusted EBITDA was R\$ 31.2 million for the last quarter of the year, presenting an increase of 47% compared to the same period of 2003. The Adjusted EBITDA margin rose 3.7 percentage points during the period, reaching 27% of net operating revenues.

Overall for the year, the Adjusted EBITDA totaled R\$ 123.1 million, an increase of 24% over the R\$ 99.4 million posted in 2003. In 2004, the Adjusted EBITDA margin was 27%, similar to that of 2003, despite the opening of new patient service centers and acquisitions carried out during the period.

Adjusted EBITDA



Breakdown of Adjusted EBITDA

| R\$ million | 2001 | 2002 | 2003 | 2004 | 4Q03 | 4Q04 |
|-------------------------------|--------|--------|--------|--------|--------|--------|
| Net Loss | (13.5) | (34.9) | (8.5) | (18.9) | (11.0) | (12.6) |
| Net Financial Expenses | (14.7) | (40.5) | (21.9) | (27.9) | (9.4) | (7.6) |
| Depreciation and Amortization | (10.4) | (15.9) | (24.7) | (30.8) | (7.1) | (8.3) |
| Goodwill Amortization | (33.2) | (42.6) | (43.2) | (42.8) | (11.1) | (8.4) |
| Non-Operating Result | (0.0) | (0.9) | (2.8) | (1.1) | (2.7) | (0.4) |
| Income Tax | (2.4) | 0.0 | 0.0 | (0.9) | 1.5 | 1.8 |
| EBITDA | 47.2 | 64.9 | 84.1 | 84.6 | 17.7 | 10.3 |
| Non-Recurring Expenses* | (15.0) | (15.5) | (15.3) | (38.5) | (3.5) | (20.9) |
| Adjusted EBITDA | 62.2 | 80.4 | 99.4 | 123.1 | 21.2 | 31.2 |

* Non-recurring expense is not a term found in Brazilian or U.S. GAAP. As used here, the term includes, principally, expenses related to acquisitions, such as: (i) fees related to professional services such as legal, financial and auditing advisory; (ii) expenses arising from the termination of employment agreements of certain employees of the acquired companies; (iii) termination payments made in connection with agreements terminated in connection with such acquisitions; (iv) adjustments to the balance sheets of the acquired companies; (v) provisions for potential losses in litigation, mainly including contingencies related to the collection of the ICMS tax; and (vi) expenses involving the IPO process, concluded on November 19, 2004.

Expenses of R\$ 38.5 million accounted as non-recurrent in FY 2004 include R\$ 13.5 million of expenses related to DASA's IPO process, R\$ 2.3 million related to the supplementary provision for losses from Interclínicas, R\$ 2.1 million related to upfront payment of renewal of leasing contracts for an additional period of 10 years; R\$ 1.7 million related to acquisition costs accounted as results and R\$ 3.5 million related to expenses from restructuring client services in the last 4-month period of the year, including compensation for lifting of yearly and 5-year charges. The remaining R\$ 15.4 million comply with the same classification as the previous years.

Net Income

As a result of the above factors, DASA reported a net loss of R\$ 12.6 million for 4Q04, compared to a net loss of R\$ 11.0 million in 4Q03. Mostly, this result was negatively impacted by goodwill amortization during the period. To a great extent, this result was largely affected by the goodwill amortization carried out during the period.

Overall for the year, the net loss was R\$ 18.8 million, compared to the R\$ 8.5 million net loss in the previous year. 2004's result includes R\$ 42.8 million in goodwill amortization. Applying the same calculation presented above, we would achieve a pro forma net profit of R\$ 16.4 million in 2004.

Financial Debt

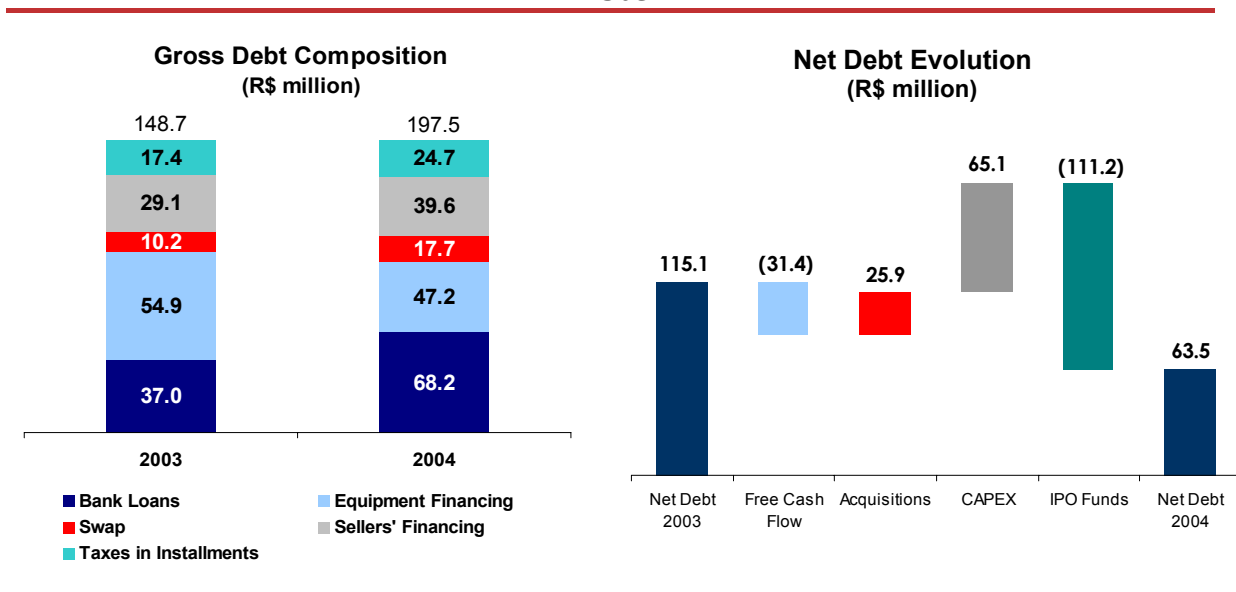
On December 31, 2004, the company's gross financial debt was R\$ 197.5 million, of which R\$ 54.2 million was short-term and R\$ 143.3 million was long-term. This amount mainly consisted of bank loans and financing for the acquisition of equipment. Furthermore, and in a manner to avoid assuming positions exposed to exchange rate fluctuations, the Company contracted swap derivative instruments, whose net result reached the amount of R\$ 17.7 million in December 31, 2004.

Of DASA's total gross debt, 44% is relative to loans and financing in foreign currencies and 27% has short-term maturities. During the last quarter of 2004, management made efforts to renegotiate the short-term debts, seeking more favorable rates of interest and extension of amortization terms.

Compared to December 31, 2003, gross debt increased by R\$ 48.8 million, mainly as a consequence of the acquisition of the Elkis & Furlanetto laboratory in the amount of R\$ 25.9 million (including debts that were assumed), and capital expenditures totaling R\$ 65.1 million that were higher than our annual cash generation of R\$ 51.6 million.

Taking into account cash and equivalents, including R\$ 111.2 million in liquid resources from new shares issued, net debt totaled R\$ 63.5 million on December 31, 2004.

Debt

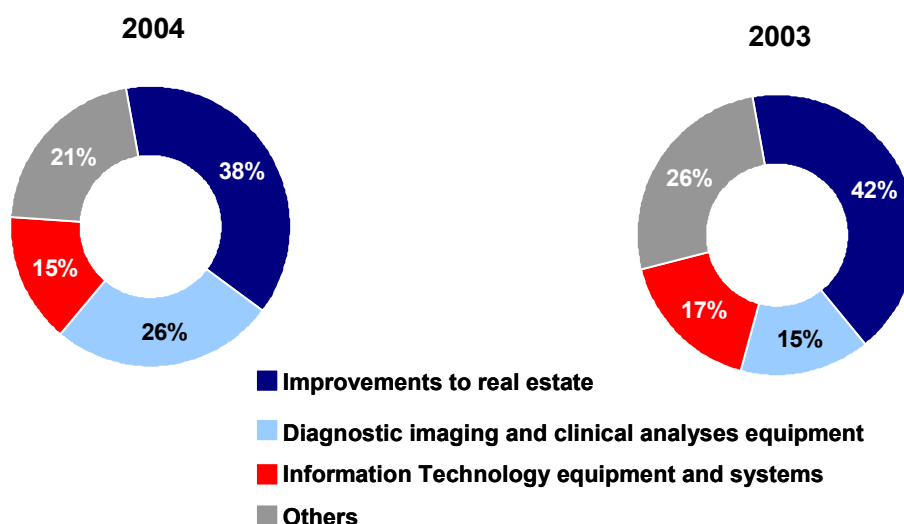


Capital Expenditures - CAPEX

In 2004, capital expenditures totaled R\$ 65.1 million, excluding the amount invested in the acquisition of the Elkis & Furlanetto laboratory. Of this total, (i) R\$ 24.6 million went for construction of new patient service centers and for the refurbishing and expansion of existing units - including the duplication of the Tatuapé unit (expanded to 8,000 m²), our first mega-unit inaugurated in 1996, which had reached its occupation limit; (ii) R\$ 17.0 million was invested to acquire new imaging equipment; (iii) R\$ 9.7 million was spent for the development of information systems, hardware and licenses for the use of software; (iv) R\$ 3.8 million went for pre-operating costs of new patient service centers opened during 2004; besides (v) R\$ 2.8 million in furniture and accessories; (vi) R\$ 2.3 million in acquisitions; and (vii) R\$ 4.8 million in other investments.

DASA used its own cash flow and also, financing from medical diagnostic equipment manufacturers and bank loans to finance this expansion. The following table shows the capital expenditures for the periods indicated:

CAPEX (Percentage of Total Expenditure)



Capital Markets

DASA's shares ended the year trading at a price of R\$ 23.90 per share (price quote at the end of the day on December 30, 2004), an appreciation of 19.5% as of the date they were listed on the stock exchange (November 19, 2004). In comparison, the IBOVESPA index rose 8.5% for the same period.

A total of 4,511 transactions were recorded during the period involving approximately 9.5 million common shares. The daily average trading volume on the Bovespa was R\$ 7.2 million. DASA's shares were traded during 100% of Bovespa's trading sessions.

Ownership Aspects and Subsequent Events

Following (i) a stock split at the rate of 1 to 10, increasing the number of shares from 4,730,112 to 47,301,120 on August 24, 2004; (ii) the capital increase of 5,484,187 shares, approved by a meeting of the Board of Directors held on October 19, 2004; and (iii) the capital increase of 822,628 shares, in view of the exercising of Additional Shares Option, approved by a meeting of the Board of Directors held on December 2, 2004, our capital stock is represented by 53,607,935 nominal subscribed common shares without face value, of which the remaining balance of authorized capital is 16,392,065 nominal subscribed common shares without face value.

No proposal for payment of dividends related to the fiscal year ending December 31, 2004 is being made in view of the results obtained and our strategy to actively seek to acquire laboratories.

Information to shareholders – details on the aforementioned initial public offering is presented on explanatory note No. 2 (Shareholding Aspects).

Diagnósticos da América S.A. (DASA) is the largest clinical analysis and imaging services company in the private sector in Latin America in terms of gross operating revenues and number of requisitions. DASA has 148 patient service centers that offer over 3,000 different clinical analysis and diagnostic imaging tests. In 2004, the Company posted gross revenues of R\$ 491.4 million.

Statements contained in this document about business prospects, projections of operating and financial results and references to the Company's growth potential constitute mere forecasts and are based on management's expectations regarding future performance. These expectations are highly dependent upon the performance of the market, the economic situation of Brazil, of the industry and of the international markets and, thus, are subject to change.

Exhibit I

Regarding the Breakdown of Revenues, Costs and Operating Expenses

Gross Operating Revenues: Our gross operating revenues consist of revenues from our activities and payments received from our clients, which include private health insurance companies, group medical organizations (HMOs) and medical cooperatives as well as individuals, hospitals and direct contractors. The revenues are recognized on an accrual basis.

Cost of Services Rendered: The cost of services rendered includes both fixed and variable costs relating to the operation of the patient service centers, the fixed and variable costs relating to the production costs incurred for clinical analysis and diagnostic imaging as well as costs related to depreciation and amortization.

- *Cost of patient service centers:* The cost of the patient service centers consists of both fixed and variable costs. The fixed costs include payroll, utilities and general services such as rent and building maintenance. Variable costs include material used in the performance of clinical analysis and diagnostic imaging tests, which depend upon the volume of requisitions processed. Commissions paid to the patient service centers franchised also are variable, since they depend upon the revenues from these units. Other costs incurred in the patient service centers, including personnel expenses, lease payments, water, gas and electric energy, are considered as fixed costs and are subject to readjustment in accordance with inflation and are also increased with the opening of new patient service centers.
- *Production costs:* Our clinical production costs include reagents, laboratory personnel and the operating expenses of our laboratories. The costs of diagnostic imaging consist of equipment maintenance costs and the cost of contracted medical clinics. Clinical analysis is centrally processed exclusively in our three central laboratories and 12 hospitals, and therefore may benefit from economies of scale and dilution of expenses incurred in connection with personnel, rent, expenses with utilities and contracted services. On the other hand, the cost of reagents is directly related to the volume of tests performed.
- *Diagnostic imaging tests are performed in a decentralized manner.* The equipment and physicians required for the performance of the tests are located in the patient service centers, which does not favor economies of scale. As a result, a major portion of our cost is related to the volume of exams performed, since specialized medical clinics that analyze these exams are paid for services rendered. The maintenance costs increase as we increase the capacity of our patient service centers.

Operating expenses: Operating expenses consist of administrative and general expenses, net financial expenses, goodwill amortization and other operational expenses.

- *Administrative and general expenses.* Include (1) marketing and commercial expenses, (2) administrative expenses, including depreciation and amortization of property, plant and equipment not directly related to costs of production, and (3) expenses related to acquisitions, including advisory fees.

Exhibit II – Income Statement for the Period

| <i>R\$ million</i> | 4Q04 | 4Q03 | Var (%) | 2004 | 2003 | Var (%) |
|--|---------------|---------------|--------------|---------------|--------------|---------------|
| Gross Operating Revenues | 123.5 | 98.5 | 25.4% | 491.4 | 399.8 | 22.9% |
| Deductions | (9.1) | (8.3) | 10.3% | (43.4) | (36.2) | 19.9% |
| Sales Taxes | (7.1) | (7.0) | 2.0% | (34.2) | (28.2) | 21.3% |
| Discounts | (2.0) | (1.3) | 55.2% | (9.2) | (8.0) | 15.0% |
| Net Operating Revenues | 114.4 | 90.2 | 26.8% | 448.0 | 363.6 | 23.2% |
| Cost of Services Rendered | (81.3) | (67.1) | 21.1% | (306.5) | (256.9) | 19.3% |
| Gross Profit | 33.1 | 23.1 | 43.4% | 141.5 | 106.7 | 32.6% |
| (Despesas) outras receitas operacionais | (47.1) | (32.9) | 42.9% | (158.4) | (112.4) | 40.9% |
| Selling, General and Administrative Expenses | (31.3) | (13.9) | 124.4% | (88.8) | (50.7) | 75.2% |
| Net Financial Expenses | (7.6) | (9.4) | -19.6% | (27.9) | (21.9) | 27.4% |
| Goodwill Amortization | (8.4) | (11.1) | -24.6% | (42.8) | (43.2) | -1.0% |
| Other Operating Expenses | 0.1 | 1.4 | -93.1% | 1.1 | 3.4 | -67.2% |
| Operating Earnings | (14.0) | (9.8) | 41.9% | (16.9) | (5.7) | 197.7% |
| Non-Operating Results | (0.4) | (2.7) | -83.9% | (1.1) | (2.8) | -60.2% |
| Net Loss Before Income Tax and Social Contribution | (14.4) | (12.5) | 15.1% | (18.0) | (8.5) | 112.6% |
| Income Tax and Social Contribution | 1.8 | 1.5 | 20.3% | (0.9) | - | 0.0% |
| Net Income (Loss) | (12.6) | (11.0) | 14.4% | (18.9) | (8.5) | 123.1% |

Exhibit III – Balance Sheet

| ASSETS | 2003 | 2004 | LIABILITIES | 2003 | 2004 |
|-------------------------------|--------------|--------------|---|--------------|--------------|
| CURRENT | 126.6 | 274.4 | CURRENT | 88.0 | 111.4 |
| Cash and cash equivalents | 3.5 | 2.9 | Accounts payable to suppliers | 18.3 | 20.8 |
| Marketable securities | 25.2 | 123.3 | Loans and financing | 31.9 | 28.0 |
| Trade accounts receivable | 72.8 | 104.1 | Taxes and contributions payable | 3.3 | 7.2 |
| Inventories | 14.4 | 15.1 | Salaries, social charges and vacation pay | 12.1 | 14.0 |
| Recoverable taxes | 7.7 | 18.2 | Payment of tax in installments | 4.2 | 6.2 |
| Advances to suppliers | - | 0.5 | Accounts payable from acquisition of subsidiaries | 8.9 | 20.0 |
| Other receivables | 2.7 | 9.4 | Other accounts payable | 9.3 | 15.2 |
| Prepaid expenses | 0.3 | 0.9 | | | |
| NONCURRENT | 10.8 | 13.0 | NONCURRENT | 132.1 | 176.0 |
| Marketable securities | 5.0 | 7.8 | Loans and financing | 70.3 | 105.2 |
| Judicial deposits | 3.5 | 3.7 | Payment of tax in installments | 13.2 | 18.4 |
| Current account | 2.3 | 1.5 | Provision for contingencies | 28.4 | 32.7 |
| | | | Accounts payable from acquisition of subsidiaries | 20.2 | 19.7 |
| PERMANENT | 217.3 | 244.2 | SHAREHOLDERS' EQUITY | 134.6 | 244.3 |
| Investments | 8.7 | 26.3 | Capital | 27.3 | 216.1 |
| Propertt, plant and equipment | 144.1 | 174.9 | Capital reserves | 115.8 | 52.6 |
| Deferred charges | 64.5 | 43.0 | Realized inflation gain to be taxed | - | - |
| | | | Accumulated net income (losses) | (8.5) | (24.5) |
| TOTAL ASSETS | 354.7 | 531.6 | TOTAL LIABILITIES | 354.7 | 531.6 |