



DASA closes FY 2005 showing increases of 17% in gross operating revenue and 41% in EBITDA



São Paulo, February 14, 2006: Diagnósticos da América S.A. - DASA (BOVESPA: DASA3) today announced its results for the year 2005 and the fourth quarter of 2005 (4Q05). Except where otherwise indicated, the Company's operating and financial information presented in this release is based on consolidated figures and stated in Reais as per Brazilian Corporate Law. This information refers to DASA's performance in 2005 as compared to 2004 or to 4Q05 in comparison with 4Q04, except where otherwise indicated.

Highlights in 2005 and in 4Q05

Diagnósticos da América sees the year 2005 as a period of strategic consolidation and achievement of the targets assumed before its shareholders and the market as a whole. Despite the tremendous complexity involved in any expansion process, the Company was able to accomplish the goals for organic growth and acquisitions set in early 2005, thus earning the market's credibility and confidence through teamwork and an efficient use of capital.

Gross operating revenue totaled R\$ 576.9 million in 2005, up 17.4% from 2004. It amounted to R\$ 147.8 million in 4Q05, having grown 19.7% in relation to 4Q04. This improvement results from the expansion of Company operations throughout the year, coupled with the performance of each brand within their market segments.

Revenues from the clinical analysis segment totaled R\$ 365.5 million in 2005 (R\$ 92.1 million in 4Q05), pushed up 12.6% from 2005 (15.3% from 4Q04) by the acquisition of laboratories Pasteur, in Brasília, and Frischmann Aisengart, in Curitiba. Together, these transactions added approximately 161 thousand requisitions to the Company's operations.

The segment of diagnostic imaging services contributed with R\$ 211.4 million in 2005 (R\$ 55.7 million in 4Q05), an improvement of 26.8% in relation to 2004 (27.8% in comparison with 4Q04). The strategy of introducing diagnostic imaging equipment in the patient service centers and a higher level of occupation of the test agendas enabled DASA to maintain the pace of growth observed throughout the year. Furthermore, the acquisition of Image Memorial, a business concern located in Salvador, in October 2005, helped to enlarge the share of diagnostic imaging services to 36.6% of gross revenue in 2005.

EBITDA grew 40.7% to R\$ 119.0 million in 2005 (135.9% to R\$ 24.3 million in 4Q05), with margins expanding from 18.9% in 2004 to 22.5% in 2005 (from 9.0% in 4Q04 to 18.4% in 4Q05). When non-recurring expenses are deducted, the Adjusted EBITDA reached R\$ 135.9 million in 2005 (R\$ 30.2 million in 4Q05), up 10.4% from 2004 (down 1.6% from 4Q04). The Company was thus able to reverse a loss of R\$ 18.9 million in 2004 to a profit before income tax of R\$ 20.7 million and a net income of R\$ 10.2 million in 2005.

The year 2005 also represented a decisive step forward in DASA's efforts to push back the boundaries of its business operations where diagnostic services are concerned. The most important move happened in December 2005, when the Company acquired the operations of Laboratório Álvaro, a specialized provider of services that support the processing of tests in small and medium labs across the country. Equally added to DASA's range of business activities were services of environmental analysis and analysis of genetically modified organisms, which attests to its constant pursuit of innovation.

Diagnósticos da América steps into 2006 determined to provide medical diagnostic services of the highest quality to its clients. It continues in search of opportunities for growth, not only in the markets where it already does business, but also in new regions. It was within this context that the Company filed, in January 2006, an application with the Brazilian Securities and Exchange Commission (CVM) for the registration of a primary and secondary public offering of shares, along with a petition for the registration of a public distribution of debentures. DASA thus hopes to create favorable conditions that will help it to finance its own expansion plan, tapping into the Brazilian capital market for the resources needed to offer the population easier access to medical diagnostic services.



Financial Highlights

<i>R\$ million</i>	2005	2004	% Chg	4Q05	4Q04	% Chg
Gross Revenues	576.9	491.4	17.4%	147.8	123.5	19.7%
Clinical Analysis	365.5	324.7	12.6%	92.1	79.9	15.3%
Imaging Services	211.4	166.7	26.8%	55.7	43.6	27.8%
Net Revenues	528.3	448.0	17.9%	131.9	114.4	15.3%
Cost of Services Rendered	(362.4)	(306.5)	18.3%	(95.6)	(81.3)	17.6%
Gross Profit	165.9	141.5	17.2%	36.3	33.1	9.7%
Gross Margin (%)	31.4%	31.6%	-	27.5%	29.0%	-
Operating Expenses	(144.7)	(158.4)	-8.6%	(43.3)	(47.1)	-8.1%
EBITDA	119.0	84.6	40.7%	24.3	10.3	135.9%
EBITDA Margin (%)	22.5%	18.9%	-	18.4%	9.0%	-
Adjusted EBITDA	135.9	123.1	10.4%	30.7	31.2	-1.6%
Adjusted EBITDA Margin (%)	25.7%	27.5%	-	23.3%	27.3%	-
Net Profit (Loss)	10.2	(18.9)	NA	(7.6)	(12.6)	-39.7%
Net Margin (%)	1.9%	-4.2%	-	-5.7%	-11.0%	-
Shareholders' Equity	266.0	244.3	8.9%	266.0	244.3	8.9%
Net Debt	150.1	63.5	136.4%	150.1	63.5	136.4%

Source: DASA

Economic and Financial Performance

Gross Operating Revenue

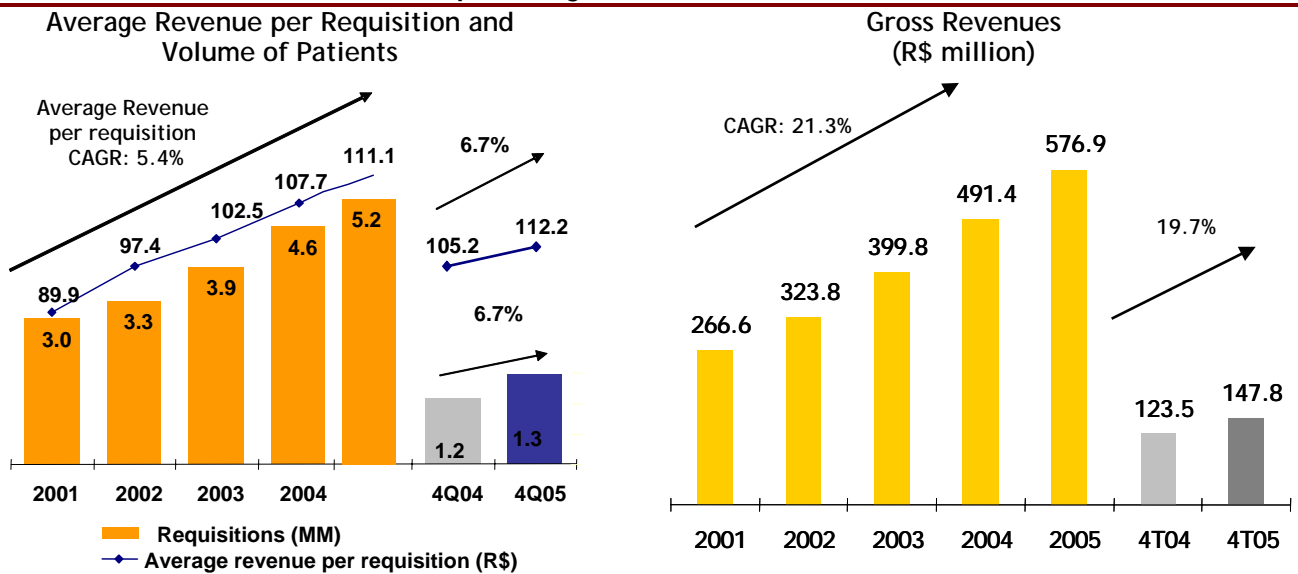
Gross operating revenue amounted to R\$ 576.9 in 2005 and R\$ 147.8 million in 4Q05, up 17.4% and 19.7% from the respective periods in the previous year.

This improvement results from an increase of 13.8% in 2005 (12.3% in 4Q05) in the number of requisitions processed, reflecting the addition of 44 new units to DASA's operations on account of acquisitions and organic growth that augmented the number of patients attended to. The 12 units added from the acquisition of Alvaro will be consolidated with DASA as of January 2006. Thus, the Company ended the year 2005 with 192 patient service units versus 148 in December 2004.

With diagnostic imaging services contributing more to DASA's total billings, the average revenue per requisition improved by 3.1% to R\$ 111.1 in 2005, and by 6.7% to R\$ 112.2 in 4Q05. If revenue per requisition is excluded and considering only the performance of the operating units at the end of 2004, the growth in revenue was 10.7% in 2005 and in 6.2% in 4Q05.



Operating Performance



Source: DASA

Clinical Analysis Segment

Revenues from clinical analyses amounted to R\$ 365.5 million in 2005 and R\$ 92.1 million in 4Q05, up 12.6% and 15.3%, respectively. This segment accounted for 63.4% of DASA's total gross revenue in 2005 (versus 66.1% in 2004) and 62.3% of total gross revenue in 4Q05 (versus 64.7% in 4Q04).

The performance observed in this segment is basically due to the addition of approximately 161,000 requisitions to Company operations, brought about by the acquisition of Pasteur and Frischmann Aisengart, two laboratories whose core business is the performance of clinical analysis. Organic growth, achieved through the opening of eight new units throughout the year, also contributed to enhance the flow of patients.

Despite an interruption of services to Unimed patients in Rio de Janeiro, which affected the Bronstein units in that state, there was no reported loss of revenue. If we exclude the revenues generated by the acquisitions and consider only the performance of units in operation as at the end of 2004, revenues from the clinical analysis segment grew by 4.0% in 2005 and 0.6% in 4Q05.

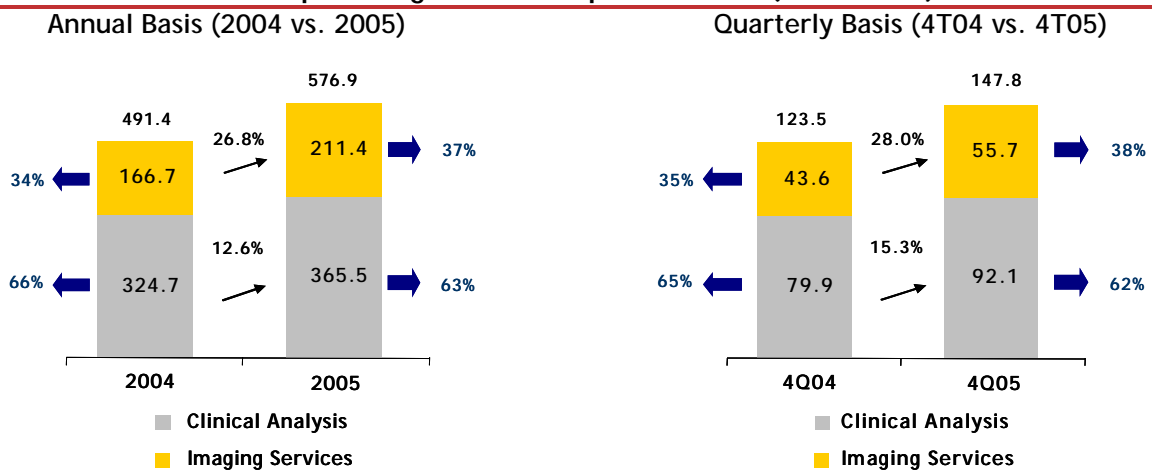
Diagnostic Imaging Segment

DASA continued to implement its expansion strategy for this segment in 2005, causing it to grow by 26.8% year-on-year and by 27.8% in 4Q05 as compared to the same period in 2004. This improvement can be partly attributed to the revenues from Laboratório Image Memorial, a business based in Salvador (Bahia State) and acquired by DASA in October 2005.

While the segment of clinical analysis has grown basically on account of the opening of new markets through acquisitions, the segment of diagnostic imaging services has expanded thanks to the introduction of new procedures in units already in operation and to the opening of Mega Units, where a full range of medical diagnostic tests is made available to the patients. Activities in this segment contributed with 36.6% of total billings in 2005 (versus 33.9% in 2004) and 37.7% in 4Q05 (versus 35.3% in 4Q04). Considering the performance of the same units already in operation in 2004 - i.e. excluding the revenues from acquisitions and units opened some time in 2005 - revenues from the sale of diagnostic imaging services improved by 23.8%.



Gross Operating Revenues per Service (R\$ Million)



DASA's brand segmentation strategy continued to yield results, as expected. Revenues from the premium and executive segments rose 23.0% in 2005 (28.6% in 4Q05), favored by the acquisition of *Frischmann Aisengart* and *Image Memorial* executive brands, and by the performance of *Club DA*, a brand that generated 66.6% more sales in 2005 (63.6% in 4Q05), thus contributing to raise the average revenue per requisition. In the Basic segment, gross operating revenue improved by 9.1% in 2005 (6.0% in 4Q05) as a result of the introduction of new payers to the segment brands and the acquisition of *Pasteur*.

Taxes on Services Rendered

In 2005, DASA paid R\$ 33.1 million in taxes on services rendered against R\$ 34.2 million in the previous year. The reduction of this item as a percentage of gross revenue, namely from 7.0% in 2004 to 5.7% in 2005, is due to the reversal of allowances for PIS (Social Integration Program) and Cofins (Social Security Contribution), whose credits used to be deducted from the Cost of Services Rendered. This procedure was changed as of the third quarter of 2004 on account of changes in the tax system.

Taxes on services rendered amounted to R\$ 8.6 million in 4Q05 versus R\$ 7.1 million in 4Q04, which corresponded to 5.8% and 5.7% of gross revenue in 2005 and 2004, respectively.

Discounts

DASA's income statement includes an account named "Discounts", which consists basically of allowances for amounts owed for tests that the end payer - usually a health plan provider - refuses to settle. Because such amounts (*glosas*) are under dispute between the Company and the health plan providers, provisions are made every month and posted to the balance sheet as accounts receivable, based on estimates by Company Management as to the likely losses.

In 2005, discounts totaled R\$ 15.6 million versus R\$ 9.2 million in 2004, representing respectively 2.7% and 1.9% of the gross revenue reported in these two periods. In 4Q05, this account shows a complement of R\$ 4.4 million aimed at covering some accounts receivable under dispute from periods prior to December 2004. Thus, discounts granted in 4Q05 reached R\$ 7.4 million versus R\$ 2.0 million in 4Q04, or 5.0% and 1.6% of gross revenue, respectively.



Net Operating Revenue

Net operating revenue reached R\$ 528.3 million in 2005, up 17.9% from the R\$ 448.0 million reported in 2004. When the fourth quarters of 2004 and 2005 are compared, net operating revenue grew 15.3% from R\$ 114.4 million in 4Q04 to R\$ 131.9 million in 4Q05.

Cost of Services Rendered

The cost of services rendered includes outlays related to the operation of patient service units, the cost of producing clinical analyses and diagnostic images, as well as depreciation and amortization.

The costs incurred by the patient service units are divided into fixed items - e.g. payroll, general services, public utilities, rent, and building maintenance - and variable items, such as materials used in clinical analyses and diagnostic imaging, which vary according to the volume of requisitions processed.

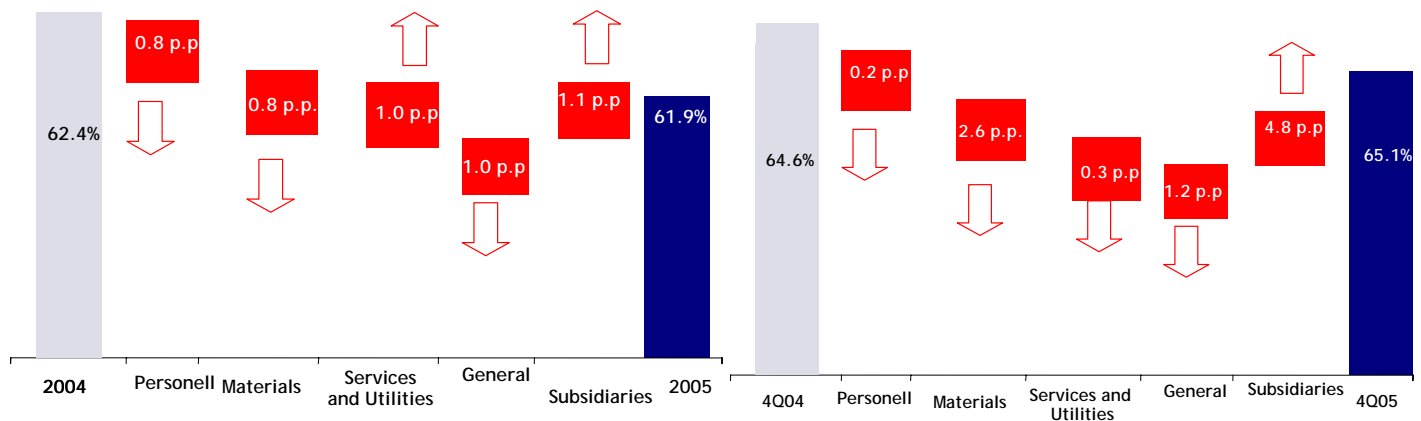
The costs of processing clinical analyses include reagents, payroll and the operating expenses of central laboratories. The costs of processing diagnostic images, on the other hand, refer to equipment maintenance and expenses with specialized medical clinics that are paid to issue reports for the diagnostic tests.

The cost of services rendered totaled R\$ 362.4 million in 2005, up 18.3% from the R\$ 306.5 million registered in 2004. This amount corresponded to 68.6% of net operating revenue against 68.4% in 2004. In 4Q05, costs amounted to R\$ 95.6 million, up 17.6% from 4Q04, and corresponded to 72.5% of net operating revenue versus 71.1% in 4Q04.

Cost of Services Rendered - "Cash COGs"

2005 vs. 2004

4Q05 vs. 4Q04



The 18.3% increase in the cost of services rendered, greater than the increase in net revenue in 2005 (+17.9%), may be attributed to the 32.3% growth in the costs with depreciation and amortization. The dilution in costs, when we analyze it according to the cash-COGS concept (excluding depreciation and amortization), shows a 0.5 percentage point gain, resulting from gains in scale and productivity. However, the gain in margin in 4Q05 was affected by the impact from the additional provision for discounts.



Cost of Services Rendered - 2005 vs. 2004

	<i>In R\$ Million</i>		<i>As a % of Net Sales</i>		<i>2005 vs. 2004</i>	
	2005	2004	2005	2004	Δ %	Dilution (p.p)
Personnel	98.2	86.9	18.6%	19.4%	13.0%	-0.8
Materials	88.7	78.9	16.8%	17.6%	12.4%	-0.8
Services and Utilities	116.5	94.1	22.0%	21.0%	23.8%	1.0
General	13.7	16.2	2.6%	3.6%	-15.5%	-1.0
Subsidiaries	9.8	3.6	1.9%	0.8%	172.2%	1.1
Depreciation and Amortization	35.5	26.8	6.7%	6.0%	32.3%	0.7
Cost of Services Rendered	362.4	306.5	68.6%	68.4%	18.3%	0.2

Source: DASA

Cost of Services Rendered - 4Q05 vs. 4Q04

	<i>In R\$ Million</i>		<i>As a % of Net sales</i>		<i>4Q05 vs 4Q04</i>	
	4T05	4T04	4T05	4T04	Δ %	Diluição (p.p)
Personnel	26.3	23.1	19.9%	20.2%	14.0%	-0.2
Materials	20.4	20.7	15.5%	18.1%	-1.5%	-2.6
Services and Utilities	29.9	26.3	22.7%	23.0%	13.7%	-0.3
General	2.9	3.9	2.2%	3.4%	-24.9%	-1.2
Subsidiaries	6.3	-	4.8%	0.0%	-	4.8
Depreciation and Amortization	9.8	7.4	7.4%	6.4%	33.0%	1.0
Cost of Services Rendered	95.6	81.3	72.5%	71.1%	17.5%	1.4

Source: DASA

The variation observed in the cost of services rendered is due to the following factors:

1) Payroll costs rose by 13.0% to R\$ 98.2 million in 2005 when compared to 2004, and by 14.0% to R\$ 26.3 million in 4Q05 (R\$ 23.1 million in 4Q04). This variation is due to an increase in the number of employees, as 1,558 new members joined Company staff in 2005. Approximately 70% of them were allocated to both the patient service units and in the production areas;

However, as a percentage of net operating revenue, payroll costs shrank by 0.8 p.p. (percentage points) year-on-year. When the fourth quarters of 2004 and 2005 are compared, they fell by 0.2 p.p. thanks to the gains in productivity.

2) The cost of materials grew by 12.4% from R\$ 78.9 million in 2004 to R\$ 88.7 million in 2005. When the fourth quarters of 2004 and 2005 are compared, they fell by 1.5%, from R\$ 20.7 million in 4Q04 to R\$ 20.4 million in 4Q05.

By purchasing a larger volume of materials and concentrating its orders among large suppliers, the Company was able to bargain for better prices. As a result, these costs were diluted and, as a percentage of net operating revenue, they were diluted by 0.8 p.p. from 2004 to 2005 and 2.6 p.p. from 4Q04 to 4Q05.

3) The cost of services and utilities - which include the remuneration of specialized medical clinics and the expenditure needed to keep patient service units and central laboratories running - grew by 23.8% from R\$ 94.1 million in 2004 to R\$ 116.5 million in 2005. On a quarter-over-quarter basis, such costs grew 13.7%, from R\$ 26.3 million in 4Q04 to R\$ 29.9 million in 4Q05.

The variation observed in this cost line is due to the higher fees paid to service providers for the issue of reports on diagnostic imaging tests, as a result of a larger volume of diagnostic images processed. Furthermore, an increase in



the number of patient service units also contributed to raise the cost of renting and maintaining such units. As a percentage of net revenue, the cost of services and utilities rose by 1.0 p.p. from 21.0% in 2004 to 22.0% at the end of 2005, and fell by 0.3 p.p. from 23.0% in 4Q04 to 22.7% in 4Q05.

4) General costs reached R\$ 13.7 million in 2005, down 15.5% from the R\$ 16.2 million mark attained in 2004. When the last quarters of these two years are compared, there was a reduction of 24.9%, from R\$ 3.9 million in 4Q04 to R\$ 2.9 million in 4Q05.

This decline results from a reduction in commissions paid to franchisees, as the Company repurchased the licenses for franchises located in areas of strategic value for the operation of its own units. Slashing such costs, however, had a counter-effect, namely an increase in expenses with payroll and general services, rent and public utilities, which were previously defrayed by the franchisees.

5) Costs with subsidiaries totaled R\$ 9.8 million in 2005, up 172.2% from 2004, and can be explained by the companies acquired during the course of 2005, particularly *Frischmann Aisengart* and *Image Memorial*, which have not yet been merged into DASA. In the quarter-over-quarter comparison, such costs reached R\$ 6.3 million in 4Q05, while in 4Q04 the costs of the subsidiaries Elkis e Furlanetto and CRL had already been absorbed by Lavoisier and Bronstein.

6) Depreciation and amortization expenses jumped 32.3% from R\$ 26.8 million in 2004 to R\$ 35.5 million in 2005, and 33.0% from R\$ 7.4 million in 4Q04 to R\$ 9.8 million in 4Q05. The reason for this growth was an increase in the Company's fixed assets, which came in tandem with the purchase of equipment and the construction of new patient service centers.

Gross Profit

Gross profit improved 17.2%, reaching R\$ 165.9 million in 2005 versus R\$ 141.5 million in 2004. When quarterly figures are compared, gross profit grew 9.7% from R\$ 33.1 million in 4Q04 to R\$ 36.3 million in 4Q05. Consequently, gross margins shrank by 0.2 p.p. from 31.6% in 2004 to 31.4% in 2005, and by 1.4 p.p. from 28.9% in 4Q04 to 27.5% in 4Q05. In fact, gross margins continued to expand in 2005, as observed in the "cash" costs analysis, which were diluted by 0.5 p.p. between 2004 and 2005 (increase by 0.4 p.p. quarter-over-quarter).

Operating Expenses

Operating expenses fell 8.8% from R\$ 158.4 million in 2004 to R\$ 144.4 million in 2005, having shrunk by 8.1% from R\$ 47.1 million in 4Q04 to R\$ 43.3 million in 4Q05. The factors that most contributed to this reduction in operating expenses were as follows:

1) General and administrative expenses remained virtually flat, with a slight increase of 0.6% year-on-year. When the last quarters of 2004 and 2005 are compared, they fell 24.1%.

Within the general and administrative expenses, there may be observed a significant reduction in the expenses related to general services, rents and public services, which in FY 2004 included the amount of R\$ 13.5 million related to DASA's initial public offering, concluded in November 2004. On the other hand, general and administrative expenses began to be impacted by the expenses incurred by the companies acquired in the course of 2005, as shown in the table below:



**General and Administrative Expenses
Parent Company, Subsidiaries and Consolidated - 2005**

	<i>As of December 31, 2005</i>		
	Parent Company	Subsidiaries	Consolidated
Gross Operating Revenue	504.6	23.7	528.3
General and Administrative Expenses	(78.1)	(10.6)	(88.7)
% of Net Revenues	-15.5%	-44.7%	-16.8%

Source: DASA

2) Net financial expenses shrank by 24.6% in 2005 as compared to 2004, and by 21.1% between 4Q04 and 4Q05. This decline can be attributed to higher financial income from the investment of proceeds raised from the Company's initial public offering in late 2004.

3) Goodwill amortization expenses fell 16.5% in 2005 versus 2004 (after increasing by 25.0% in 4Q05 against 4Q04). The reduction above is due to the final amortization of acquisitions made in 1999, as reflected in the higher amortization expenses incurred in 4Q05 in comparison with 4Q04. However, it also bears witness to the beginning of the amortization of goodwill from the acquisitions made in 2005 and concentrated in the second half of this year.

Goodwill Amortization

Goodwill Amortization Schedule	
Due Date	Due Amount (R\$ thousand)
December 2005	1.043.0
February 2006	963.0
January de 2008	46.0
November 2008	148.0
May 2009	365.0
April 2010	131.0
July 2010	448.0
October 2010	488.0
Dezembro de 2010	419.0
Source: DASA	

4) Other operating revenues/expenses declined 30.8% year-on-year and remained flat quarter-over-quarter. This variation reflects expenses relative to the shutdown of certain franchises as well as royalties received from the respective franchisees.



Operating Expenses - 2005 vs. 2004

	In R\$ Million		% of Net Revenues		2005 vs. 2004	
	2005	2004	2005	2004	Δ %	Dilution (p.p)
General and Administrative	(88.7)	(88.8)	-16.6%	-19.8%	-0.1%	3.2
Net Financial	(21.0)	(27.9)	-3.9%	-6.2%	-24.7%	2.3
Goodwill Amortization	(35.7)	(42.8)	-6.7%	-9.6%	-16.6%	2.9
Other Operating Revenues/Expenses	0.8	1.1	0.2%	0.2%	-27.3%	-0.1
Operating Expenses	(144.7)	(158.4)	-27.2%	-35.4%	-8.6%	8.2

Source: DASA

Operating Expenses - 4Q05 vs. 4Q04

	In R\$ Million		% of Net Revenues		2005 vs. 2004	
	4Q05	4Q04	2005	2004	Δ %	Dilution (p.p)
General and Administrative	(23.7)	(31.3)	-16.0%	-27.3%	-24.1%	11.3
Net Financial	(9.2)	(7.6)	-6.2%	-6.6%	21.8%	0.4
Goodwill Amortization	(10.5)	(8.4)	-7.1%	-7.3%	25.3%	0.2
Other Operating Revenues/Expenses	0.1	0.1	0.1%	0.1%	0.0%	0.0
Operating Expenses	(43.3)	(47.1)	-29.3%	-41.2%	-8.0%	11.9

Source: DASA

Operating Result

In 2005, DASA reported an operating profit of R\$ 21.2 million, reverting a loss of R\$ 16.9 million in 2004. This figure also improved on a quarter-over-quarter basis, going from a loss of R\$ 14.0 million in 4Q04 to a loss of R\$ 7.1 million in 4Q05.

Non-Operating Result

Non-operating expenses declined 54.5% from R\$ 1.1 million in 2004 to R\$ 0.5 million in 2005, resulting from losses in the sale of fixed assets.

Income Tax and Social Contribution

In the course of 2005, DASA provisioned R\$ 10.5 million for income tax and social contribution, versus R\$ 0.5 million in 4Q05.

Net Income/Loss

As a result of the factors above, DASA reported a net income of R\$ 10.2 million in 2005 versus a net loss of R\$ 18.9 million in 2004. The net result for 4Q05 was a loss of R\$ 7.6 million versus R\$ 12.6 million in 4Q04.

EBITDA

Cash generation as measured by EBITDA totaled R\$ 119.0 million in 2005, up 40.7% from R\$ 84.6 million in 2004. EBITDA for 4Q05 jumped 135.9% to R\$ 24.3 million versus R\$ 10.3 million in 4Q04. EBITDA margins expanded by 3.6 p.p., going from 18.9% in 2004 to 22.5% in 2005, while the margins determined for 4Q05 amounted to 18.4%, an expansion of 9.4 p.p. in comparison with 9.0% in 4Q04. This evolution was favored by the growth in gross operating revenue, coupled with the stability of costs of the services provided in relation to revenues.



With regard to Adjusted EBITDA, there was an improvement of 10.4% to R\$ 135.9 million in 2005, and a reduction of 1.6% to R\$ 30.7 million in 4Q05. This behavior was primarily due to the impact from the companies acquired, as they operate with higher general and administrative expenses, although the latter should decline as the acquisitions made in 2005 are fully integrated into DASA's operations.

EBITDA and Adjusted EBITDA

	In R\$ Million			In R\$ Million		
	2005	2004	Δ %	4Q05	4Q04	Δ %
Net Loss/Earnings	10.2	(18.9)	NA	(7.6)	(12.6)	-39.9%
Net Financial Expenses	(21.0)	(27.9)		(9.2)	(7.6)	
Depreciation and Amortization	(41.1)	(30.8)		(11.7)	(8.3)	
Goodwill Amortization	(35.7)	(42.8)		(10.5)	(8.4)	
Non Operating Result	(0.5)	(1.1)		(0.0)	(0.4)	
Income Tax and Social Contribution	(10.5)	(0.9)		(0.5)	1.8	
EBITDA	119.0	84.6	40.7%	24.3	10.3	135.9%
Non Recurring Expenses	(16.9)	(38.5)	56.1%	(6.4)	(20.9)	-69.4%
Adjusted EBITDA	135.9	123.1	10.4%	30.7	31.2	-1.6%

Source: DASA

Non-Recurrent Expenses and Adjustments

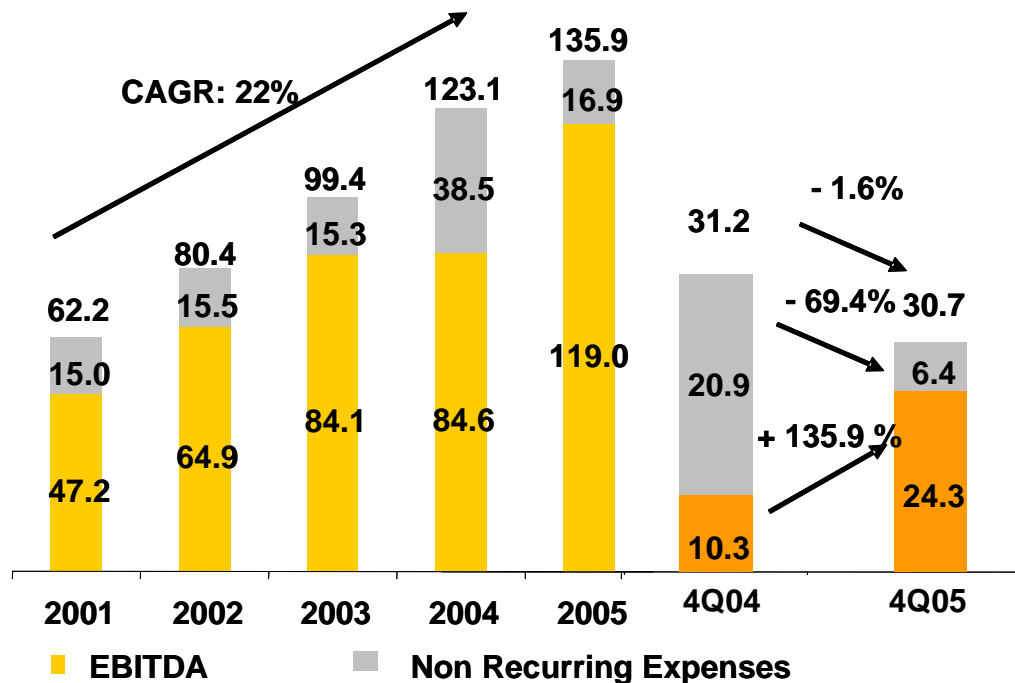
"Non-recurrent expenses" is not a term recognized under Brazil GAAP or USGAAP. As it is used in this release, the terms includes, above all, expenses related to acquisitions, such as: (i) expenses related to DASA's initial public offering; (ii) service fees paid to professionals such as lawyers, auditors and financial consultants, in connection with the companies acquired; (iii) expenses related to fines incurred in the termination of labor contracts at the companies acquired; (iv) expenses related to fines incurred in the termination of contracts resulting from the acquisitions; (v) adjustments in the opening financial statements of the companies acquired; and (vi) allowances for potential losses due to lawsuits, including contingent liabilities associated with ICMS (VAT) payments.

DASA recorded non recurring expenses in the amount of R\$ 16.9 million in 2005, down 56.1% from the R\$ 38.5 million considered in 2004. In 4Q05, the Company registered non-recurrent expenses of R\$ 6.4 million, which is 69.4% less than the R\$ 20.9 million reported in 4Q04. Expenses classified as non-recurrent in FY 2005 consist of R\$ 5.2 million related to the efforts in connection with the acquisitions (R\$ 0.9 million in 4Q05), R\$ 4.0 million of allowance for ICMS (R\$ 1.1 million in 4Q05), R\$ 3.3 million in bonuses related to FY 2004, and R\$ 4.4 million in expenses related to a provision for doubtful debts recorded prior to FY 2005 (R\$ 4.4 million in 4Q05).

Adjusted EBITDA totaled R\$ 135.9 million in 2005, up 10.4% from R\$ 123.1 million in 2004, and R\$ 30.7 million in 4Q05, down 1.6% from R\$ 31.2 million in 4Q04. Considering the Adjusted EBITDA margin determined for 2005, namely 25.7%, there was a 1.8 p.p. reduction in comparison with the margin obtained in 2004 (27.5%). As for 4Q05, it amounted to 23.3%, down 4.0 p.p. from 27.3 % in 4Q04.



EBITDA, Adjusted EBITDA (R\$ Million) and Margins



	2001	2002	2003	2004	2005	4Q04	4Q05
EBITDA Margin	19.3%	21.8%	23.1%	18.9%	22.5%	9.0%	18.4%
Adjusted EBITDA Margin	25.4%	27.1%	27.3%	27.5%	25.7%	27.3%	23.3%

Source: DASA

Indebtedness

DASA's gross financial debt totaled R\$ 219.0 million at the end of 2005, 59.1% of which referred to long-term contracts, mainly bank loans and financing arrangements for the purchase of equipment. The Company also contracts derivative instruments (swaps) to avoid exposure to currency fluctuations. Of its total gross debt, approximately 23.9% consist of loans and financing agreements denominated in foreign currency, of which 85.2% is covered by hedge contracts (swaps).

Net Debt Breakdown

R\$ Million	2005	%	2004	%
Short Term	89.6	40.9%	54.2	27.4%
Long Term	129.4	59.1%	143.3	72.6%
Total ST+ LT	219.0	100.0%	197.5	100.0%
Cash and Cash Equivalents	(52.6)		(126.2)	
(+) Escrow	(16.3)		(7.8)	
Net Debt	150.1		63.5	
Net debt to equity	56.4%		26.0%	
Net Debt to EBITDA	1.3		0.8	
Net Debt to Adjusted EBITDA	1.1		0.5	

Source: DASA

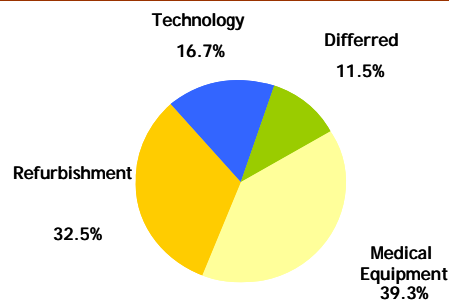


Considering the balance of cash & cash equivalents plus short and long-term cash investments, net debt reached R\$ 150.1 million as at December 31st, 2005. Although gross debt rose by 10.9% between 2004 and 2005, cash & cash equivalents shrank by approximately 48.6% on account of disbursements made throughout the year to acquire new companies. Thus, net debt jumped 136.4%.

Capital Expenditure

DASA invested R\$ 71.2 million in the course of 2005, including: (i) R\$ 28.0 million in the purchase of medical equipment to enlarge the menu of diagnostic imaging services; (ii) R\$ 23.2 million spent on improvements, installations and construction of new patient service units; (iii) R\$ 11.9 million, which went into the development of information systems, hardware and software user licenses; in addition to (iv) R\$ 8.1 million to cover expenses related to the acquisition of business concerns, such as financial, accounting and legal consulting services, pre-operating expenses for the opening of new units, and other capital investments.

2005 Capex (as a % of total Investment)







Source: DASA

Note: Deferred expenses refer to outlays related to the acquisition of companies, including financial, accounting and legal consulting services, pre-operating expenses for the opening of new units, and other capital investments.

Capital spending on the acquisition of new businesses totaled R\$ 105.6 million in 2005, when four new operations were added to DASA's activities, namely: (i) in April, Laboratório Pasteur, located Brasília (FD), for the amount of R\$ 6.0 million; (ii) in July, Laboratório Frischmann Aisengart, located in Curitiba (Parana State), for the amount of R\$ 30 million; (iii) in October, Laboratório Image Memorial, located in Salvador (Bahia State), for R\$ 40.4 million; and finally, (iv) in December, Laboratório Álvaro, located in Cascavel (Parana State), for the amount of R\$ 27.6 million.



Acquisitions in 2005

Acquired Company	Segment and Market	Gross Revenues in 2004	EBITDA (Margin)	Ebitda Multiple
	Clinical Analysis April, 2005 Brasília	R\$ 8.4 Million	R\$ 1.0 Million (12.5%)	5.8x
	Clinical Analysis July, 2005 Curitiba	R\$ 28.4 Million	R\$ 4.8 Million (12.3%)	6.1x
	Imaging October, 2005 Salvador	R\$ 14.8 Million	R\$ 7.1 Million (36.4%)	5.5x
	Reference December, 2005 National	R\$ 40.8 Million	R\$ 6.9 Million (16.9%)	4.0x

Source: DASA and Subsidiaries

Disbursement schedules have been drawn up for each operation for the next five years as a means to protect the Company's present cash flow from potential tax or labor contingencies that may arise during the post-acquisition process.

In order to finance its expansion plan, DASA resorted to the proceeds from the IPO, its own cash flows, as well as financing arrangements with manufacturers of equipment for diagnostic medicine, and bank loans.

Capital Market

DASA's shares ended the year quoted at R\$ 43.50, a year-on-year appreciation of 82.0% against Ibovespa's 27.7%. Its market capitalization jumped from R\$ 1,281.2 million at the end of 2004 to R\$ 2,331.9 million in December 2005. In 2005, DASA's shares were negotiated in 100% of the trading sessions held at Bovespa, with 22,449 transactions involving a financial volume of R\$ 1.2 billion and an average daily traded volume of R\$ 4.8 million. Due to the existence of accumulated losses, 100% of the Company's net income will be used to cover them. As such, no dividends or interest on equity relative to FY 2005 will be distributed.



Stock Performance (DASA ON vs. Bovespa Index)

11/18/2004 = 100

Bovespa 2005 - DASA ON	
Closing (12/31/2005)	43.50
High (R\$ per Share)	49.50
Low (R\$ per Share)	25.10
Appreciation in 2005	73.3%
Average Traded Volume (R\$ th.)	4,856.10
Market Cap. (R\$ MM)	2,331.95
Market Cap. (US\$MM)	996.26
Free Float	40.7%
Total Shares (th.)	53,608



Source: Economática



Material Facts

Appointment of new Chief Executive Officer

On November 3, 2005, Mr. Marcelo Marques Moreira Filho, former Chief Operations and Investor Relations Officer, was appointed Chief Executive Officer.

The appointment of different professionals for the posts of Chairman of the Board of Directors and Chief Executive Officer is in tune with the best corporate governance practices, to the extent that the current Chairman of the Board of Directors, namely Mr. Caio Auriemo, will no longer serve as Chief Executive Officer as well, being now free to devote himself entirely to his activities within the Company's highest body of business management, where he will see to the definition of new directions for DASA and monitor, even more independently, the actions taken by the Board of Executive Officers, thus preserving the quality of the implementation of pre-defined strategies.

Acquisition of Laboratório Pasteur

On April 4, 2005, Diagnósticos da América S.A. acquired 100% of the capital stock of Laboratório Pasteur. Active in the area of Brasília (FD) for more than 29 years, Pasteur is renowned for its competence and the quality of its services among clients and the medical community. This transaction marked DASA's entry into the Federal District, a market with a high level of purchasing power and a great demand for medical diagnostic services. The expansion plan for Pasteur contemplates the upgrading of its operational and technical center, along with the opening of new units and the availability of diagnostic imaging services and graphic diagnoses.

CADE - Conselho Administrativo de Defesa Econômica, the Brazilian Antitrust Commission, sanctioned the acquisition of Laboratório Pasteur by Diagnósticos da América S.A., pursuant to a decision published in *Diário Oficial da União - DOU* (the federal government's official gazette) on July 14, 2005. According to the statement of opinion issued by CADE, the Court was unanimous in approving the proposed operation in full, except for the restriction on geographic limits contained in the non-competition clause for the Federal District and the city of Formosa (Goiás State), where Laboratório Pasteur does business.

Acquisition of Laboratório Frischmann Aisengart

On July 6, 2005, Diagnósticos da América S.A. acquired 92.92% of the common shares issued by Laboratório Frischmann Aisengart S.A. Located in Curitiba (Paraná State), this laboratory offers a variety of services, from diagnostic imaging to clinical and environmental analyses, as well as analyses of genetically modified organisms and toxic substances. Therefore, this transaction represented a port of entry into new market segments for DASA, whose strategic plan for Frischmann Aisengart envisages an operational expansion into other cities of Paraná for the purpose of obtaining synergy gains and economies of scale, coupled with a continuous development of medical diagnostic solutions.

The acquisition of Frischmann Aisengart is still subject to approval by the Brazilian Antitrust Agency (CADE), but it has already received favorable statements of opinion from SDE - Secretaria de Direito Econômico, a state department of the antitrust commission, and SEAE - Secretaria de Acompanhamento Econômico, also a state department that monitors business deals.

Acquisition of Laboratório Image Memorial

On October 17, 2005, Diagnósticos da América S.A. acquired 100% of the capital stock of Image Memorial S.A., a provider of diagnostic imaging services. Founded in 1997 to offer this kind of service in the city of Salvador (Bahia State), Image Memorial operates through two patient service units located in the districts of Itaipara and Ondina. Considering the popularity of Image Memorial as a brand name in Salvador, DASA's business plan for the acquiree



assumes that the services now offered by the two existing units will be expanded, and that a range of clinical analyses will be introduced.

The Brazilian Antitrust Agency (CADE) has sanctioned the acquisition of Laboratório Image Memorial S.A. by DASA with no restrictions, pursuant to a decision published in *DOU* on January 27, 2006.

Acquisition of Laboratório Álvaro

On December 21st, 2005, DASA acquired 100% of the capital stock of Laboratório Álvaro, a provider of clinical analyses in the city of Cascavel (Paraná State). Founded in 1971 to offer this kind of service in Cascavel, Álvaro stepped into the market of support services to laboratories in 1997 by processing samples collected in clinical analysis labs scattered across the country. With regard to this specific business segment, Álvaro operates in 27 Brazilian capitals through sales agents and regional offices in charge of marketing its services and coordinating the collection of samples throughout the national territory. This transaction represents DASA's entry into the market for support services to laboratories, which has grown significantly over the last five years. According to its business plan, the Company intends to optimize the processing structure of Álvaro's central laboratories, expand the base of labs served and extend the services offered by DASA to the 1,600 or more labs now catered to by Álvaro.

DASA is now part of Bovespa's Business Sustainability Index (ISE)

DASA was one of the 28 companies selected to become part of the Business Sustainability Index (ISE), launched at the São Paulo Stock Exchange (Bovespa) on December 1st, 2005. Created by Bovespa in partnership with entities associated with the capital market, and developed with Fundação Getúlio Vargas, Instituto Ethos and the Ministry of the Environment, this new index is intended to offer investors an optional portfolio comprising the stocks of companies renowned for their firm commitment to corporate social responsibility and sustainability.

Subsequent Events

Application to CVM for registration of a public stock offering

In January 2006, DASA submitted an application to the Brazilian Securities and Exchange Commission (CVM) for the registration of a primary and secondary public distribution. The offering price will be fixed after the bookbuilding procedure and the funds raised to capitalize the Company will be used to finance its growth.

Through this new operation, DASA intends to attract more investors, enhance its liquidity and reduce the price volatility of its own shares. Control of the Company will also be dispersed in the market. The controlling shareholder - DASA Participações S.A. - will continue to hold at least 1/3 of the capital stock of Diagnósticos da América S.A., thus reaffirming its commitment to the Company, without any changes to the business strategy adopted by current management.

Application to CVM for registration of a debenture offering program

Also in January 2006, DASA submitted an application to CVM for the registration of a public offer of debentures in Brazil. The total amount of debentures to be distributed under this program is R\$ 400.0 million, starting with a first offering of R\$ 150 million as soon as the application has been approved by CVM.

The proceeds of this operation will be mostly used to lengthen the Company's debt profile and to finance part of its expansion program, thus reducing its debt service.



Diagnósticos da América S.A. (DASA) is the largest private provider of clinical analyses and diagnostic imaging services in Latin America in terms of gross operating revenue and number of requisitions processed. In the end of 2005, DASA had 192 patient service units that perform more than 3,000 different clinical analyses and diagnostic imaging tests. In 2005, the Company reported a gross revenue of R\$ 576.9 million and a net income of R\$ 10.2 million.

The statements contained in this release about DASA's business prospects, projected operating and financial results, and growth potential constitute mere forecasts based on the expectations of its management regarding future performance. These expectations are highly dependent upon local and international market and industry conditions, as well as the economic situation of Brazil, and they are therefore subject to change.

Consolidated Income Statement

<i>R\$ million</i>	4Q04	4Q03	Chg. (%)	2004	2003	Chg. (%)
Gross Operating Revenues	147.8	123.5	19.7%	576.9	491.4	17.4%
Deductions	(15.9)	(9.1)	75.0%	(48.7)	(43.4)	12.1%
Sales Taxes	(8.6)	(7.1)	20.6%	(33.1)	(34.2)	-3.2%
Discounts	(7.4)	(2.0)	268.5%	(15.6)	(9.2)	69.1%
Net Operating Revenues	131.9	114.4	15.3%	528.3	448.0	17.9%
Cost of Services Rendered	(95.6)	(81.3)	17.6%	(362.4)	(306.5)	18.3%
Gross Profit	36.3	33.1	9.5%	165.9	141.5	17.2%
Operating Expenses	(43.3)	(47.1)	-7.9%	(144.7)	(158.4)	-8.6%
Selling, General and Administrative Expenses	(23.7)	(31.3)	-24.1%	(88.7)	(88.8)	-0.1%
Net Financial Expenses	(9.2)	(7.6)	21.8%	(21.0)	(27.9)	-24.6%
Goodwill Amortization	(10.5)	(8.4)	25.3%	(35.7)	(42.8)	-16.5%
Other Operating Expenses	0.1	0.1	-38.7%	0.8	1.1	-30.8%
Operating Earnings	(7.1)	(14.0)	-49.4%	21.2	(16.9)	-225.4%
Non-Operating Results	(0.0)	(0.4)	-96.7%	(0.5)	(1.1)	-56.1%
Net Loss Before Income Tax and Social Contribution	(7.1)	(14.4)	-50.8%	20.7	(18.0)	-215.0%
Income Tax and Social Contribution	(0.5)	1.8	-125.4%	(10.4)	(0.9)	1076.9%
Minoritary Shareholders	(0.0)	-	-	(0.1)	-	-
Net Income (Loss)	(7.6)	(12.6)	-39.9%	10.2	(18.9)	NA

Consolidated Balance Sheet

ASSETS		2005	2004	LIABILITIES		2003	2004
CURRENT ASSETS		210.8	274.4	CURRENT LIABILITIES		156.3	111.4
Cash and Cash Equivalents		4.5	2.9	Suppliers		27.0	20.8
Marketable Securities		48.2	123.3	Loans and Financing		75.4	28.0
Accounts Receivables		116.4	104.1	Taxes and Contributions Payable		5.0	7.2
Inventories		18.2	15.1	Salaries, Social Charges and Vacation		18.7	14.0
Recoverable Taxes		16.3	18.2	Tax in Installments		5.6	6.2
Advances to Suppliers		1.9	0.5	Accounts Payable from Acquisition of Subsidiaries		8.7	20.0
Other Receivables		4.6	9.4	Other Accounts Payable		15.9	15.2
Prepaied Expenses		0.8	0.9			-	-
LONG TERM ASSETS		27.6	13.0	EXIGÍVEL A LONGO PRAZO		170.8	176.0
Marketable Securities		16.3	7.8	Marketable Securities		78.3	105.2
Judicial Deposits		11.3	3.7	Tax in Installments		16.4	18.4
Other Credits		0.0	1.5	Provisions for Contingencies		41.4	32.7
				Accounts Payable from Acquisition of Subsidiaries		34.7	19.7
				MINORITY SHAREHOLDERS		0.4	-
PERMANENTE		355.0	244.2	SHAREHOLDER 'S EQUITY		266.0	244.3
Investments		78.9	26.3	Capital		216.1	216.1
Property, Plant and Equipment		213.8	174.9	Capital Reserves		64.1	52.6
Deffered Charges		62.2	43.0	Accumulated Earnings/Losses		(14.3)	(24.5)
TOTAL ASSETS		593.4	531.6	TOTAL LIABILITIES		593.0	531.6