



Diagnósticos da América S.A.
(Publicly-held company)

Consolidated financial statements
December 31, 2009 and 2008
(With Independent Auditors' report)



Diagnósticos da América S.A.

Consolidated financial statements

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Management report

Dear Shareholder,

The year of 2009 represented a landmark in the Company's history. The election of a new Board, supported by a representative and pulverized group of minority shareholders, was one of the most important changes in the management of the business and in the search for corporative management enhancement in the recent history of the capital market of the Country.

The new Board was now integrated by a strong medical representation, as well as by professionals of the financial and corporate area. The Board implemented a new managerial model, based on the adoption of management information process, extinction of operations with related parts and improvement of internal controls, enlarging the Chief Executive Officer's field of activity, which has now the power to lead the financial and treasury operation restructuring and cost adjustments, but maintaining the focus in the quality of services rendered to our clients.

We have closed the year with a 21.9% growth in revenue when compared to the previous year, in a period when the Country showed GDP growth and the lowest opening of positions in the last five years. The year of 2009 was also highlighted by the consolidation of DASA leadership in the Brazilian market of diagnostic medicine, by focusing on quality, generation of scale through volume growth, business diversification, sustaining its distribution net and establishing a culture based on solid human and performance values.

Overview

DASA is the largest diagnostic medicine company in Latin America, positioned among the 5 largest public companies of the sector in the world¹. The Company operates in 12 Brazilian states and in the Federal District through 19 different brands. In December 2009, DASA accounted for 11,899 employees versus 11,771 in December 2008 and 321 PSCs², including 40 Mega PSCs with more than 1,500 m². In 2009, 25.6 million requisitions were processed, reaching 25.5% growth over 2008.

The services can be breakdown in three lines of business.

- **Outpatient & Inpatient:** The most traditional segment of the company, serving directly through 321 PSCs throughout the Brazilian territory. It offers the following services:
 - Clinical Analysis
 - Imaging Diagnostics;
 - Vaccines.
- **Lab-to-Lab Support:** Through Álvaro brand, DASA attends small and medium laboratories. It has 3,643 client laboratories distributed throughout the territory.

¹ Based on 2009 revenues.

² Units related to the Outpatient & Inpatient private business line

- **Public Sector:** It operates in the sector through CientificaLab brand, offering diagnostic services to the public sector. In December 2009, it attended 749 collection points in hospitals and ambulatories, in 37 public clients in the states of São Paulo, Rio de Janeiro, Espírito Santo, Minas Gerais and Tocantins.

Economical conjuncture

Sources: Instituto Brasileiro de Geografia e Estatística (IBGE) and Banco Central do Brasil

Due to the reminiscent effects of the global financial crisis, the Brazilian economical activity shall remain stable for 2009, with a projected GDP variation around 0.2%. We realized, at the end of the last quarter, that the perspectives are directed to an acceleration in growth, a movement associated to the balance of stocks, the continuity of employment and income growth and the difference in the effects of the flexibility of monetary, fiscal and credit policies.

About the labor market, data issued by the Ministry of Labor and Employment (MTE) indicate a recovery in the generation of openings in the formal sector during the second semester of 2009, despite the seasonal closing of positions in December. Thus, in 2009, 995 thousand new labor positions were created (1.452 million in 2008). According to IBGE statement, the inflation measured by the Ample Consumer Price Index (IPCA), continued slowing down and closed the year in 4.31%.

The trade balance showed stability in margin, reaching a 12-month accumulated balance of US\$ 25.3 billion. The larger dynamism of the domestic versus external demand has contributed to the narrowing of the trade surplus. Accordingly, foreign investments have reached US\$ 25.9 billion in 2009, equivalent to 1.7% of the GDP.

This scenario of recovery has contributed to the decrease in the American dollar exchange rate, which oscillated from R\$ 2.33/US\$ in December 2008 to R\$1.74/US\$ in December 2009.

The expectations are that 2010 shall be a year of strong growth in the Brazilian economy, consolidating the scenario of recovery, already shown in the employment and investment data, from the third quarter of 2009 on.

Comments about the sector of health and diagnostic medicine in Brazil

Sources: National Agency of Health (ANS) and IBGE

Brief description

The healthcare services in general and the diagnostic medicine, in particular, constitute a considerable and constantly growing market, in Brazil. In a larger concept, the point of view of products and service consumption, the healthcare market shows even stronger numbers. We estimate the final consumption expenses with health goods and services around 8.5% of the Brazilian GDP.

Demographic and economic factors explain the evolution of the market. Firstly, the Brazilian population is living longer, thanks to the advancement in Medicine and the improvement in life conditions, as shown in other IBGE studies. The life expectation at birth increased from 45.5 years in 1940 to 72.7 years in 2008. According to official projections, in 2050 it will reach 81.3 years, similar to Island, Hong Kong, China and Japan levels. Secondly, as an explanation to the larger use of medicine and diagnostic medicine services also, is the growth in the so called active population, between 15 and 64 years of age, a larger good and services consumption, including medicine and diagnostics. This group, which represented 57.8% of the total in 1980, has reached 67% of the total, in 2008.

As a determinant of the larger demand for healthcare services, we can add the increase in income, after the economy stabilization, from the middle 90s on, and, more recently, the social ascension of the lower income population. Another fundamental datum, is the recent increase in formal employment number, enabling the employee to access healthcare plans, the strong payer source of hospital, physicians and tests. According to IBGE data on Employment Monthly Survey, from 2003 to 2008 the employed population has increased 16.1% in average, the percentage of formal employees over the total increased from 49 to 53.4% and the average income increased 11.3% in real terms.

Diagnostic medicine

The market of Diagnostic Medicine includes clinical analysis tests as well as imaging diagnostics. We estimate the existence of 19 thousand laboratories in this segment, in Brazil.

Up to the beginning of the 90s, the clinical analysis tests in Brazil were held by physicians in a non-standard way, in their offices or in small and medium laboratories. The market was highly fragmented and dependent upon local brands. From the middle of the 90s on, the clinical analysis market has been under significant changes, as a result of the acceleration of technological development and the implementation of new techniques and services able to process diagnostic tests with high precision, efficiency and in larger volumes. The robotic and computing resources have been the differential in competitive strategies. The level of investment needed for the implementation of such technologies has increased the importance of reaching economy of scale, consequently reducing the movement of market consolidation.

Based on ANS, Ministry of Planning, DATASUS and premises and internal data, DASA estimates that the size of Brazilian diagnostic medicine market was of R\$ 17.4 billion in 2008. From this total, the private sector is estimated to be responsible for around 72% and the public sector for 26%.

Private sector

The number of beneficiaries of the healthcare plans, those which more intensively use the medicine services and products, according to information of the Health National Agency (ANS), has reached 41.9 million in September 2009, showing a 25.9% growth in the period from 2004 to 2009. Furthermore, according to ANS, 73.7% of the 41.9 million beneficiaries throughout the country were linked to collective plans.

As for the segmentation of the healthcare plans, a more expressive majority of beneficiaries was observed, 74.4% in September 2009, in plans with hospital and ambulatory coverage, a characteristic that has been steady for many years.

The distribution of beneficiaries still remains concentrated in the capital cities of the South and Southeastern regions, where the economy is more dynamic and the offer for formal employment is larger. Around 65.9% of the beneficiaries of healthcare plans live in the Southeast, 61.4% of those are living in the State of São Paulo.

Popular market

One of the targets of the company is to offer the diagnostic medicine services to class C and D, which in general do not have healthcare services and pay for the services at sight. The recent growth of this market is due, mainly, to the increase in the income of the poorer population and the lack of offer for good quality service at an accessible price.

Despite the increase of the purchasing power of the lower class, according to ANS and IBGE data, in September 2009 only 42 million people in Brazil had healthcare plans while 150 million did not have access to the plans. Furthermore, according to ANS and IBGE data, more than 80% of class C & D have less access to preventive healthcare and a worse quality and expectation of a healthy life.

Based on ANS, Ministry of Planning, DATASUS and premises and internal data, DASA estimates that in its market, the revenue of the popular segment is around R\$247million, breakdown into private, with R\$205 million, and popular health plan with R\$42 million.

Public sector:

The public health sector in Brazil is administrated by the Unified Health System (SUS), created in 1988 and responsible for the public health structure - hospital, clinics, research centers and attendance centers.

To supplement the lack of attendance of the sector, private providers can integrate this net through contracts established by public bids. In this context, the payment is determined by the service rendered: clinical analysis, surgeries or treatments.

In the last 10 years, as a consequence of the growth in the public demand for healthcare, the Brazilian government had to invest in the expansion of the SUS chain and start hiring private institutions to provide services that were not offered by the chain.

In the attempt of offering public healthcare services at a lower cost and higher efficiency, the government has increased the number and the types of services outsourced to private companies. DASA has realized this trend and has invested strongly in this segment through its subsidiary CientificaLab, which has shown 14.3% growth in its revenue when compared to 2008.

Our vision of the opportunities

The pulverization of the Brazilian market, where around 19 thousand laboratories are functioning, stimulates a series of opportunities for consolidation, organic expansion and rendering of support from the larger companies, which have better conditions to offer these new tests to smaller laboratories, due to its larger access to technology, lower operating costs and better capacity of generating medical knowledge.

Comments on performance and investments

Gross Operating Revenue

In 2009, DASA has strengthened its position in the diagnostic medicine market by consolidating the results on investment in recent periods, in organic expansion as well as in acquisitions. Thus, we have reached R\$1.508 million in gross revenue, representing 21.9% growth year-on-year.

In the outpatient & inpatient segment, the opening of new PSCs, the introduction of new imaging tests and the acquisition of Unimagem in Fortaleza have contributed for the 21.5% growth in this line of service, when compared to 2008.

In the lab-to-lab segment, the company showed 36.1% growth compared to 2008, reaching 9.5% of participation in DASA operating revenue (8.5% in 2008), confirming the strength of this market based on solid commercial, operational, technical and logistic basis.

In the public sector, the gross revenue of CientíficaLab has reached R\$171.7 million in 2009, representing 14.3% growth compared to 2008. The results obtained in the public sector reflect, mainly, the increase in services offered to current clients, addition of new PSCs of the existing contracts and maintenance of the current base of clients.

Costs and gross profit - Cash concept¹

In 2009 the costs of services totaled R\$ 863.4 million, equivalent to 62.2% of the net revenue. This percentage represents a dilution of 0.8 p.p. when compared to the 2008 costs.

In 2009, the Cash Gross Profit reached R\$524.9 million, 24.7% growth when compared to the previous year, and the gross margin of the period was 37.8%, 26.9% growth in relation to 2008.

Operating expenses - Cash concept

Operating expenses totaled R\$ 206.0 million in 2009, representing a dilution of 0.5 p.p. over last year, due to the dilution of 1.4p.p. in administrative and general expenses.

EBITDA

In 2009, the EBITDA² reached R\$298.1 million versus R\$ 247.1 million in 2008, representing 20.6% growth and 21.5% margin. The adjusted EBITDA, which excludes non-recurring expenses - basically related to expenditures involving dismissal of personnel, termination of contracts, restructuring of PSCs and management - has totaled R\$ 318.9 million this year, representing 29.1% growth over the previous year and a margin of 23.0% in relation to net revenue.

Net Profit

In 2009, the company net profit was of R\$83.8 million versus a reported loss of R\$ 13.0 million, in 2008.

Cash and financial investment

At the end of 2009, we have reached a high liquidity cash position and financial investment of R\$ 286.8 million, which shall be directed to: (i) take the opportunity to acquire new brands; (ii) continue organic expansion of existing brands; and (iii) overcome the challenge of next years, in face of a fierce competition and increasing needs for investment in the operation. We will continue committed to the integration of current and future acquisitions, optimization of production and administrative areas and the continued lowering of costs through a management focused on delivering solid results and creating sustainable value for the shareholders in the future.

¹ The cost and cash gross profit excludes depreciation and amortization and cash operating expenses exclude also R\$ 45.7 million provision for bad debt .

² Excludes R\$45.7 million provision for bad debt.

Investments

The investment in CAPEX in 2009 totaled R\$ 93.0 million, breakdown into R\$62.1 million in the Parent Company and R\$ 30.9 million in the Subsidiaries.

The investments in 2009 were mainly directed to: (i) refurbishing and enlarging the existing PSCs, (ii) purchasing of imaging equipment and (iii) implantation and development of production and operation system.

Indebtedness

DASA net debt totaled R\$ 474.9 million in 2009, from which R\$245.3 million in foreign currency. Around 79.8% of DASA's total gross indebtedness is long term and around 51.6% are denominated in foreign currency.

Information to shareholders - Capital Market

DASA shares closed the year at R\$ 56.99, accumulating an increase of 153.5% in this year, versus 82.7% increase of the Ibovespa. Between January and December 2009, DASA shares were transacted on 100% of BM&FBovespa's trading sessions, summing up to a financial volume of R\$ 2.9 billion (daily traded average of R\$ 11.6 million).

Splitting of shares

In order to reposition the price of the company's share in a level considered as optimal, after substantial valorization, enlarging our shareholder basis by enabling the access of small investor and reinforcing our expectations towards future valorization of shares, the Extraordinary General Meeting, in February 2010, approved by unanimity the splitting of ordinary shares of the Company, being each 1 (one) ordinary share thereafter represented by 4 (four) ordinary shares, and the shareholders receiving 3 (three) new ordinary shares for each 1 (one) ordinary share detained by the shareholder at this date.

Due to the split, the Company's subscribed and integral capital of R\$402.091 million, is split in 229,611,740 ordinary shares without nominal value, and the limit of the authorized capital is thereafter of 560,000,000 ordinary shares.

Remuneration to shareholders

On December 9, 2009, the Board has authorized the distribution of interests on equity capital to the shareholders in the gross amount of R\$23.5 million, referent to the period ended on December 31,2009.

Board of Directors

The members of the Board were elected during the shareholder meetings of April and September 2009, as follows:

Name	Position	Mandate	
		Starting	Duration
Luiz Terepins	President (independent)	9/1/2009	2 years

Name	Position	Mandate	
		Starting	Duration
José Lucas Ferreira de Melo	Vice-President (independent)	9/1/2009	2 years
Alvaro Largura	Counselor	9/1/2009	2 years
Giovanni Guido Cerri	Counselor (independent)	9/1/2009	2 years
Luiz Guilherme Ronchel Soares	Counselor (independent)	9/1/2009	2 years
Marcelo Marques Moreira Filho	Counselor	9/1/2009	2 years

Besides the Board of Directors, there are also the Fiscal Council and four committees (of Innovation, of People, Financial and Corporate Responsibility), integrated by members of the Board of Directors, DASA Management and invited professionals, where at least one counselor participates in each one of the committees.

Management

This is the list of the current officers:

Name	Position	Mandate	
		Start	End
Marcelo Noll Barboza	Chief Executive Officer	10/01/2008	4/30/2010
Antonio Carlos Gaeta	Business Unit Vice President	4/11/2007	4/30/2010
Carlos Alberto Bezerra de Moura	Corporate Vice President	11/5/2009	4/30/2010
Octavio Fernandes da Silva Filho	Operation Vice President	11/26/2009	4/30/2010
Luiz Gastão Mange Rosenfeld	Medical Officer	4/11/2007	4/30/2010
Ronaldo Azevedo de Carvalho	Diagnostic Procedure Officer	3/11/2009	4/30/2010
Rodrigo Perazzi Musiello	Private Market Officer	3/11/2009	4/30/2010
Felipe C. C. de Figueiredo Rodrigues	Investor Relation Officer	10/7/2009	4/30/2010
Renato Adam Mendonça	Officer	10/7/2009	4/30/2010
Marcelo Rucker	People Management Officer	12/9/2009	4/30/2010

Highlights

Acquisition of equity interest in the period

In December 2008, DASA has signed an agreement to acquire the total representative shares of Unidade Cearense de Imagem Ltda. (“Unimagem”), acting in imaging diagnostic services in the city of Fortaleza.

(“Unimagem”) is one of the largest diagnostic by imaging services of the city of Fortaleza. With this acquisition, DASA strengthens its position in the State of Ceará, where it already offers the services of clinical analysis through the brand LabPasteur, complementing its participation with diagnostic by imaging services.

Incorporation

In 2009, DASA incorporated the following subsidiaries: Laboratório Imuno Ltda., Clínica Médica Vita Ltda., Laboratório Louis Pasteur Patologia Clínica Ltda., Maxidiagnósticos Participações Ltda., Cedimax Diagnósticos Médicos Ltda., Clínica Radiológica Clira Ltda., Digirad Diagnósticos Médicos Ltda. and Clínica Radiológica Brafer Ltda. that jointly form the brands: MedLabor, Vita, LabPasteur and MaxImagem. Furthermore, there was the incorporation of Exame Laboratório de Patologia Clínica Ltda, Laboratório Alvaro Ltda., Laboratório Frischmann Aisengart Ltda., Laboratório Atalaia Ltda., Image Memorial Ltda., Med Imagem Ultra-Sonografia e Radiologia Ltda., CEDIC - Centro de Diagnósticos por Imagem de Cuiabá Ltda., Centro Médico de Diagnóstico Laboratorial Ltda., Ressonância Magnética Cuiabá Ltda., Centro Médico de Imagenologia Ltda., and Unidade Cearense de Imagem Ltda.

The incorporation shall bring administrative and economic benefits, enabling the rationalization and unification of activities currently being performed, resulting in the operational simplification, reduction of administrative cost and expenses, optimization of the current administrative structure, attending the interests of the Company, of the subsidiaries as well as of its partners. The union of efforts and assets will enable a better utilization of the resources of the Subsidiaries involved in the operation and a perspective of expansion for the social business.

Perspectives for 2010

We believe that 2010 will be a promising year for DASA. In this year we shall reinforce our principles that lead the generation of value to the shareholders and are based on:

- a. Better market cost-benefit relation, based on its segmentation of target-public, scale benefits, optimization of supplies and equipment purchasing, besides the increment of productivity in the Operational Technical Centers (NTOs);
- b. Diversification of revenue, balancing the risks inherent to our business and the exploitation of new segments of proven potential;
- c. Implementation of a performance culture, based on the enlargement of the variable remuneration with a larger support and involvement of the Board;
- d. More endurance of our distribution net, through the strengthening of our brands in a regional level and larger geographic coverage.
- e. Focus on quality, investing in local and international accreditations, improvement of patient's perception of our services (NPS - Net Promoting Score) and the establishment of Regional Medical Management.

Relation with the medical community

DASA continues improving the relationship with physicians in general and focusing on specific improvements of the internal staff.

The recently created Regional Medical Directories aim to position in each region a well known physician linked to the diagnostic activities. This model has the mission of creating a relationship with the local medical leadership of the private, hospital and management segment of the public system, working closely with each Regional Directory. It plays also the role of listener of those leaderships, detecting the opportunities to improve our services.

The medical services of the imaging and graphic service area had their structure redesigned and will have the support of two pillars. The national technical coordinators were created and will be managed by well known professionals working in the definition of performance protocols and in the development of medical consensus. And the Medical operational coordinators were reinforced, working in the dissemination of the quality principles and ensuring DASA's capacity to grow in the market.

DASA renews its participation in Bovespa's Corporate Sustainability Index (ISE)

For the fifth consecutive year, DASA is part of the Corporate Sustainability Index 2009/2010, reinforcing our commitment to social responsibility allied to a long-term sustainability. DASA takes part in the Index since its launching, in November 2005.

Relation with the Independent Auditors

According to Instruction CVM nr. 381/2003, the Company contracted services not related to external auditing in the amount of R\$213.7 million (R\$174.1 million in 2008), representing 14.39% of the total external auditing fees contracted in 2009 (8.72% in 2008). Those short term services were executed during the year and refer, basically to (i) assistance in the description of position profile and selection of candidates for the final decision of the Management, and (ii) assistance in the implementation of International Financial Reporting Standards (IFRS). In discussions with the independent auditors, the company management has concluded that those services have not affected their independence and objectivity. The Company complies with the policy to attend the regulations that define the restrictions of independent auditor services. The financial information of the Company presented herein are in accordance to the accounting practices adopted in Brazil and are part of the audited financial information.

The non-financial information, as well as other operational information, were not examined by our independent auditors.

Commitment clause

The company is bound to the arbitration of the Market Arbitration Chamber, according to the commitment clause included in company Articles of Incorporation.

Statement of the board

According to the dispositions stated in the CVM instructions, the Board herein declares that has discussed, revised and agreed upon the opinion issued by our independent auditors as well as the financial information related to the year ended on December 31,2009, thus authorizing its issue.

Acknowledgements

We express our gratitude to our collaborators for their engagement and talent, which lead us toward consistent results, and to our clients and shareholders for their trust in our operations.



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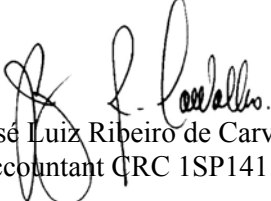
Independent auditors' report

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

1. We have audited the accompanying consolidated balance sheets of Diagnósticos da América S.A. (the "Company") and its subsidiaries as of December 31, 2009 and 2008 and the related consolidated statements of income, changes in shareholders' equity, cash flows and added value for the years then ended, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements.
2. We conducted our audits in accordance with auditing standards generally accepted in Brazil and included: (a) planning of the audit work, considering the materiality of the balances, the volume of transactions and the accounting systems and internal accounting 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 policies and estimates adopted by the management of the Company and its subsidiaries, as well as the presentation of the financial statements taken as a whole.
3. In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Diagnósticos da América S.A. and its subsidiaries as of December 31, 2009 and 2008, and the results of their operations, changes in shareholders' equity, cash flows and added values for the years then ended, in conformity with accounting practices adopted in Brazil.
4. Accounting practices adopted in Brazil vary in certain significant respects from accounting principles generally accepted in the United States of America. Information relating to the nature and effect of such differences is presented in Note 31 to the consolidated financial statements.

São Paulo, March 09, 2010

KPMG Auditores Independentes
CRC 2SP014428/O-6


José Luiz Ribeiro de Carvalho
Accountant CRC 1SP141128/O-2

Diagnósticos da América S.A.

(Publicly-held company)

Consolidated balance sheets

December 31, 2009 and 2008

(In thousand of Reais)

Assets	2009	2008	Liabilities and shareholders' equity	2009	2008
Current assets			Current liabilities		
Cash and Banks	17,611	15,842	Accounts payable to suppliers	50,240	58,897
Marketable securities	269,222	476,382	Loans and financing	82,529	114,956
Trade accounts receivable, net	268,837	263,704	Taxes and contributions payable	14,372	18,654
Inventories	46,812	38,916	Income tax and social contribution	349	1,282
Recoverable taxes	42,694	48,520	Deferred income taxes	3,066	858
Deferred taxes	58,569	20,445	Salaries, social security charges and vacation payable	47,132	47,111
Derivatives	4,481	2,372	Payment of taxes in installments	11,175	6,130
Prepaid expenses	1,365	1,274	Accounts payable from acquisition of subsidiaries	13,961	8,228
Other accounts receivable	15,335	13,066	Debentures	69,464	73,504
	<u>724,926</u>	<u>880,521</u>	Dividends and interest on own capital payable	21,238	5
			Derivatives	808	-
Noncurrent assets			Other accounts payable	<u>43,940</u>	<u>24,489</u>
Marketable securities	54,328	73,732		<u>358,274</u>	<u>354,114</u>
Deferred taxes	85,246	74,838	Noncurrent liabilities		
Prepaid expenses	38	68	Loans and financing	477,645	690,529
Judicial deposits	7,437	3,288	Payment of taxes in installments	13,066	16,179
Derivatives	-	27,428	Deferred income taxes	8,186	8,415
	<u>147,049</u>	<u>179,354</u>	Provision for contingencies	87,801	98,510
Investments	260	216	Accounts payable from acquisition of subsidiaries	60,202	67,764
Property and equipment, net	425,132	473,558	Debentures	67,181	133,722
Intangible assets, net	321,306	316,098	Derivatives	7,130	-
	<u>746,698</u>	<u>789,872</u>		<u>721,211</u>	<u>1,015,119</u>
	<u>893,747</u>	<u>969,226</u>	Non-controlling interests	-	1,612
			Shareholders' equity		
			Capital	402,091	402,091
			Capital reserves	65,427	65,427
			Profit reserves	71,670	11,384
				<u>539,188</u>	<u>478,902</u>
	<u>1,618,673</u>	<u>1,849,747</u>		<u>1,618,673</u>	<u>1,849,747</u>

See the accompanying notes to the financial statements0*****

Diagnósticos da América S.A.

(Publicly-held company)

Consolidated statements of income

Years ended December 31, 2009 and 2008

(In thousand of Reais)

	2009	2008
Gross revenue	1,507,963	1,237,008
Deductions from gross revenue		
Sales taxes	(90,430)	(73,257)
Discounts	(29,220)	(26,226)
	<u>(119,650)</u>	<u>(99,483)</u>
Net operating revenues	<u>1,388,313</u>	<u>1,137,525</u>
Cost of services provided	<u>(943,422)</u>	<u>(780,101)</u>
Gross profit	<u>444,891</u>	<u>357,424</u>
Other operating income (expenses)		
General and administratives	(302,287)	(211,474)
Financial expenses	(170,705)	(144,096)
Financial income	129,450	60,392
Goodwill amortization	-	(73,161)
Other net operating income (expenses)	5,041	6,380
	<u>(338,501)</u>	<u>(361,959)</u>
Income before income taxes	106,390	(4,535)
Income and social contribution expense	<u>(21,393)</u>	<u>(7,519)</u>
Net income before non-controlling interests	84,997	(12,054)
Non-controlling interests	<u>(1,183)</u>	<u>(926)</u>
Net income for the period	<u>83,814</u>	<u>(12,980)</u>
Net income per share - R\$	<u>1.46</u>	<u>(0.23)</u>
Number of shares at the end of the period	<u>57,402,935</u>	<u>57,402,935</u>

See the accompanying notes to the financial statements^{0"}

Diagnósticos da América S.A.

(Publicly-held company)

Statement of changes in shareholders' equity

Years ended on December 31, 2009 and 2008

(In thousand Reais)

	Capital	Capital reserve (a)	Profit reserves		Retained earnings	Total
			Legal reserve	Retained earnings reserve		
Balance at December 31, 2007	402,091	65,427	2,942	41,920	(20,498)	491,882
Net loss for the year	-	-	-	-	(12,980)	(12,980)
Distributions:						
Retained earnings reserve	-	-	-	(33,478)	33,478	-
Balance at December 31, 2008	402,091	65,427	2,942	8,442	-	478,902
Net income	-	-	-	-	83,814	83,814
Distributions:						
Legal reserve	-	-	4,192	-	(4,192)	-
Profit retention	-	-	-	56,094	(56,094)	-
Interest on own capital	-	-	-	-	(23,528)	(23,528)
Balance at December 31, 2009	<u>402,091</u>	<u>65,427</u>	<u>7,134</u>	<u>64,536</u>	<u>-</u>	<u>539,188</u>

(a) Goodwill on the shares issued

See the accompanying notes to the financial statements

Diagnósticos da América S.A.

(Publicly-held company)

Consolidated statements of cash flows - Indirect method

Years ended December 31, 2009 and 2008

(In thousand Reais)

	2009	2008
Cash flows from operating activities		
Net income for the year	83,814	(12,980)
Adjustments to		
Depreciation and amortization	105,123	93,028
Amortization of goodwill	-	73,161
Additions to provisions for contingencies	17,796	9,760
Deferred taxes	(20,693)	(19,499)
Interest and monetary variation on loans	(57,613)	255,852
Written-off of P&E	3,498	5,552
Non-controlling interests	(1,183)	926
Changes in assets and liabilities		
Increase in accounts receivable	(5,353)	(54,671)
Decrease (Increase) in inventories	(7,807)	(23,667)
Decrease (Increase) in other current assets	3,170	(4,969)
Decrease (Increase) other non-current assets	15,345	(9,805)
Decrease (Increase) in suppliers	(8,947)	3,037
Decrease in accounts payable and provisions	27,577	41,371
Interest paid on loans	(32,410)	(59,567)
Income tax and social contribution paid	(16,073)	(18,490)
Net cash provided by operating activities	<u>106,244</u>	<u>279,039</u>
Cash flows from investing activities		
Additions in property and equipment	(66,480)	(133,207)
Additions in intangible assets	(26,518)	(15,784)
Additions in investments	(44)	-
Acquisition of Maximagem, net of cash	-	(33,348)
Acquisition of Cedic, net of cash	-	(24,178)
Acquisition of Cedilab, net of cash	-	(7,834)
Acquisition of Unimagem, net of cash	(15,425)	-
Contingent payment from acquisitions	(3,939)	(17,447)
Net cash used in investment activities	<u>(112,406)</u>	<u>(231,798)</u>
Cash flows by financing activities		
Proceeds from loans	147,061	630,704
Payment of loans	(338,943)	(232,090)
Exame non-controlling interest acquisition	(7,347)	-
Net cash (used in) provided by financing activities	<u>(199,229)</u>	<u>398,614</u>
Increase (decrease) in cash and cash equivalent	<u>(205,391)</u>	<u>445,855</u>
Increase (decrease) in cash and cash equivalent		
At the beginning of the year	492,224	46,369
At the end of the year	<u>286,833</u>	<u>492,224</u>
	<u>(205,391)</u>	<u>445,855</u>

See the accompanying notes to the financial statements. ""

Diagnósticos da América S.A.

(Publicly-held company)

Consolidated statements of added value

Years ended in December 31, 2009 and 2008

(In thousand Reais)

	2009	2008
Revenues		
Sale of goods, products and services	1,507,963	1,237,008
Other revenues	4,671	6,380
Provision for doubtful accounts and disallowances	<u>(85,707)</u>	<u>(28,144)</u>
	1,426,927	1,215,244
Third party supplies (including ICMS and IPI)		
Cost of products, goods and services	(258,874)	(205,229)
Materials, energy, third party services and others	<u>(364,184)</u>	<u>(316,053)</u>
	(623,058)	(521,282)
Gross value added	<u>803,869</u>	<u>693,962</u>
Depreciation and amortization	(105,123)	(166,190)
Net added value produced by the Company	<u>698,746</u>	<u>527,772</u>
Added value received as a transfer		
Financial income	<u>129,450</u>	<u>60,392</u>
	129,450	60,392
Total added value to be distributed	<u>828,196</u>	<u>588,164</u>
Distribution of added value	<u>828,196</u>	<u>588,164</u>
Personnel		
Compensation, benefits and severance pay funds (FGTS)	<u>335,374</u>	<u>273,190</u>
Taxes		
Federal, state and municipal	<u>174,361</u>	<u>134,749</u>
Return on managed assets		
Interests and rents	<u>233,464</u>	<u>192,279</u>
Return on own assets		
Interest on own capital	23,528	-
Retained earnings (loss) for the year	60,286	(12,980)
Non-controlling interests in retained earnings	1,183	926

See the accompanying notes to the financial statements.

Diagnósticos da América S.A.

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Notes to the consolidated financial statements

Years ended December 31, 2009 and 2008

(In thousands of Reais)

1 Operations

The Company is a publicly-held corporation with its registration granted by the Brazilian Securities and Exchange Commission (CVM) on November 5, 2004, and has been listed on the Bovespa Novo Mercado Segment since November 19, 2004.

The Company's corporate purpose is to render services directly to individuals or through health insure plans, insurance companies, entities of medical-hospital assistance entities, other entities for healthcare financing, in the following areas : (i) clinical analysis, directly or through contracted laboratories; and (ii) other auxiliary services of diagnostic support (SAD), exclusively through specialized clinics, as, for instance, in the following areas : a) cytology and pathologic anatomy; b) diagnostic by imaging and graphic methods; and c) nuclear medicine. In addition, it explores activities related to: (i) tests in food and substances to evaluate risks for the human being; (ii) importation, for its own use, of medical-hospital equipment, sets for diagnostics and related material in general; (iii) elaboration, editing, publishing and distribution of newspapers, books, magazines, periodicals and other written media designated for scientific publication or other activities within the segment of the Company activities; (iv) granting and administration of business franchising including advertising and publishing fund, training and selection of labor, supplying of equipment and research material suppliers, among others. The acquisition of Laboratório Alvaro Ltda. in December, 2005 enabled the Company to enter the lab-to-lab business (support laboratories), and the acquisition of CientíficaLab Produtos Laboratoriais e Sistemas Ltda. in July, 2007 enabled the Company to begin offering services in the public health sector. The Company also invests in other entities.

As of December 31, 2009, the Company has 321 operational units (*):

Brands	Locality	12/31/2009	12/31/2008
Delboni Auriemo	São Paulo	37	38
Lavoisier	São Paulo	62	61
Bronstein	Rio de Janeiro	46	45
Lâmina	Rio de Janeiro	15	17
Santa Casa	Paraná	8	8
Pasteur	Brasília	28	26

Diagnósticos da América S.A.

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Notes to the consolidated financial statements

(In thousands of Reais)

Brands	Locality	12/31/2009	12/31/2008
Frischmann	Paraná	28	29
Image	Bahia	4	2
Laboratório Alvaro	Paraná	17	17
LabPasteur	Ceará	20	18
MedLabor	Brasília, Tocantins e Goiás	3	3
Vita-Lâmina	Santa Catarina	2	2
Atalaia	Goiás	16	16
Exame	Brasília	19	19
MedImagem	Rio de Janeiro	7	8
Hospital Mãe de Deus	Porto Alegre	1	1
Maximagem (a)	São Paulo	-	7
Cedic/Cedilab	Mato Grosso	7	7
Unimagem	Ceará	<u>1</u>	<u>-</u>
		<u>321</u>	<u>324</u>

(a) The operational units under Maximagem trade mark were transferred to Lavoisier trade mark.

On December 31, 2009, the Club DA brand had 26 units, with 22 units linked to the Delboni Auriemo brand and 4 units linked to Lâmina brand (*).

CientíficaLab operates in the public healthcare segment, and its major source of revenue is the contracts entered into with clients in the public healthcare sector. This operation is analyzed by management in terms of the number of customers assisted instead of the number of operating units.

CientíficaLab, the leading privately-held service provider in the public healthcare sector, served 36 clients when it was acquired and now has 37 clients (*).

The type and range of the services provided vary according to the needs and interest of the public entity requiring the service, and they may comprise three different models:

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(In thousands of Reais)

- **Lab to lab (support):** Includes the transport of samples and central processing. In this case, CientificaLab provides collection materials, training given to civil servants and sometimes refurbishment in PSCs to ensure the service quality;
- **Outpatient:** In addition to the support service, it comprises patient service and sample collection; and
- **Inpatient:** Refers to patient service, test collection, local collection for emergency tests, transport and central processing for the other exams.

(*) Non-financial data has not been subject to audit of independent auditors and thus is not part of the auditors' opinion.

2 Presentation of financial statements

The authorization for the conclusion of the accompanying financial statements was provided by the Board of Directors on March 11, 2010.

The consolidated financial statements were prepared in accordance with accounting practices adopted in Brazil, which comprise the Brazilian Corporate Law, the Pronouncement, Guidelines and Interpretations issued by the Committee for Accounting Standards(CPC) and the rules of the Brazilian Securities and Exchange Commission (CVM).

For the elaboration of the 2009 consolidated financial statements, the Company followed the amendments to the Corporation Law introduced by Law number 11638, enacted on December 28, 2007 and the amendments introduced by the Law 11941 dated May 7, 2009.

Laws 11638 and 11941 have altered Law 6404/76 in aspects related to the preparation of and disclosures to the financial statements. In addition to the annual financial statements as of December 31, 2009, these changes have also impacted the quarterly financial statements as of March 31, 2009, June 30, 2009 and September 30, 2009.

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Notes to the consolidated financial statements

(In thousands of Reais)

Recently issued accounting pronouncements (not yet adopted)

Within the scope of the convergence process of accounting principles generally accepted in Brazil to International Financial Reporting Standard (IFRS), new guidance, pronouncements and interpretations have been introduced by the authorities during the year of 2009 which are meant to be mandatory for the financial statements as of December 31, 2010 and December 31, 2009, for comparison purposes.

The company is assessing potential impacts derived from these new rules, which may have a significant impact on the above mentioned financial statements, as well as the ones related to the following fiscal years.

The consolidated financial statements as of December 31, 2010 shall be prepared in compliance with CPC 37 - IFRS first-time adoption, according to CVM instruction 457 dated July 13, 2007.

The accompanying consolidated financial statements derive from those originally published in Brazil, based on accounting practices adopted in Brazil. Certain reclassifications and changes in terminology have been made and certain notes have been expanded, in order to conform more closely to reporting practices prevailing pursuant to accounting principles generally accepted in the United States ("U.S. GAAP").

3 Description of significant accounting policies

a. Statement of income

Income and expenses are recognized on an accrual basis.

Revenue from services is recognized in the statement of income when the service is rendered. Revenue is not recognized if there are significant uncertainties as to its realization.

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Notes to the consolidated financial statements

(In thousands of Reais)

b. Accounting estimates

The preparation of the consolidated financial statements, in accordance with accounting practices adopted in Brazil, requires that Management uses its judgment in determining and recording accounting estimates. Significant assets and liabilities subject to these estimates and assumptions include the provision for doubtful accounts, provision for losses on returned checks, provision for disallowances, provision for losses on inventories, provision for contingencies and valuation of derivative instruments, among others. The settlement of transactions involving these estimates may result in different amounts due to the lack of precision inherent to the process of their determination. The Company reviews the estimates and assumptions on at least a quarterly basis.

c. Non-derivative financial instruments

Non-derivative financial instruments include cash and cash equivalents, marketable securities, account receivables and other receivables, loans and financing, as well as payables and other debts.

Non-derivative financial instruments are recognized initially at fair value added by, for instruments that are not recognized at fair value through profit and loss, any transaction cost directly attributed. After the initial recognition, the non-derivative financial instruments are measured as follows:

Financial instruments at fair value through profit and loss

An instrument is classified at fair value through profit and loss if held for trading, i.e., designated as such at the initial recognition. The financial instruments were designated at the fair value through profit and loss if the Company manages those investments and makes purchase and sale decisions based on their fair value according to the investment strategy. After the initial recognition, attributable transaction costs are recognized in profit and loss when incurred. Financial instruments at fair value through profit and loss are measured by their fair value and their changes are recognized in profit and loss.

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Notes to the consolidated financial statements

(In thousands of Reais)

Other financial instruments

Other non-derivative financial instruments are measured at amortized cost using the effective interest rate method, considering possible reductions in their recoverable value.

d. Derivative financial instruments

The Company holds derivatives in order to protect itself from risks related to foreign currency and interest rates.

Derivatives are initially recognized at fair value. Attributable transaction costs are recognized in profit and loss when incurred. Subsequently to the initial recognition, derivatives are measured at fair value and the changes are recorded in profit and loss.

e. Foreign currency

The Company's management has defined the Real as its functional currency, in accordance with the rules established in CPC 02 - Effects of the Changes on Exchange Rates and Translation of Accounting Statements, approved by CVM Resolution 534, updated by CVM deliberation 624.

Transactions in foreign currency, i.e., all those transactions that are not held in the functional currency, are translated at the exchange rate on the dates of each transaction. Monetary assets and liabilities in foreign currency are translated into the functional currency by the exchange rate on the closing date. The gains and losses from the exchange rate variations on the monetary assets and liabilities are recognized in profit and loss. Non monetary assets and liabilities acquired or contracted in foreign currency are translated based on the exchange rate on the dates of the transactions or on the dates of valuation at fair value when this is used.

The financial statements of affiliated companies overseas are already in compliance with accounting principles generally accepted in Brazil.

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Notes to the consolidated financial statements

(In thousands of Reais)

f. Current and noncurrent assets

- *Cash and Banks and Marketable securities*

It includes cash, bank deposits, short term investments with immediate liquidity, registered by the values of cost added by the yield gained up to the date of the financial information, which do not exceed the market value or realization.

The high liquidity short term investments are promptly convertible into a known amount of cash and are subject to an insignificant change in value risk.

- *Trade accounts receivable*

Trade accounts receivable are recorded at the amounts invoiced, net of the respective taxes.

Management has adopted a new policy for bad debt provision. The rule defined by Management establishes a percentage to be applied in accordance with the aging of overdue invoices, considering the ranges as stated in Note 6, except for some health care entities that are analyzed separately. Regarding provision for disallowances, there were no amendments in the policy defined by Management, which is considered sufficient to cover eventual losses in the realization of credits.

- *Inventories*

Inventories are valued based on the historic cost, not exceeding the market value. Inventories are used in the performance of clinical and imaging exams and for diagnostics by imaging. A provision for obsolescence was recorded for items with no movement for more than 120 days.

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Notes to the consolidated financial statements

(In thousands of Reais)

- *Property and equipment*

Recorded at cost of acquisition, formation or construction. Depreciation is calculated using the straight-line method at the rates described in Note 9 and takes into account the estimated useful lives of the assets. Improvements in third party real estate are amortized based on the shortest of the term of the real estate lease agreement or on the useful lives of the assets.

Other costs are capitalized when there is an increase in the economic benefits of the item.

- *Financial leases*

Certain lease contracts transfer to the Company the risks and rewards inherent to the ownership of an asset. These contracts are presented as financial lease contracts and the assets are recognized at fair value or at present value of the minimum lease payments established in contract. The items recognized as assets are depreciated at rates applicable to each group of assets in accordance with Note 9. The financial charges related to the financial lease contracts are appropriated to profit and loss during the term of the contract, based on the amortized cost method and the effective interest rate.

- *Operating leases*

Payments made during the operating lease contract are recognized as expenses in the statement of income for the term of the lease contract on a straight-line basis.

- *Intangible assets*

Intangible assets are comprised of assets acquired from third parties, booked at the cost of acquisition. The disclosed intangible assets have a defined useful life and their amortization notes are stated in Note 10.

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Notes to the consolidated financial statements

(In thousands of Reais)

Goodwill resulting from future profitability expectations are no longer amortized from January 1, 2009 on, and have their recoverable value tested annually for impairment.

- *Present value adjustment*

The Company and its subsidiaries analyzed the long term assets and liabilities, and their short term amounts whenever relevant, and have not identified the applicability of present value adjustment in these operations.

g. Impairment

Long-lived assets such as property and equipment and intangible are tested for impairment at least once a year. The goodwill and intangible assets whose useful lives have not been defined are tested for impairment annually, irrespective of the existence of impairment indicators.

h. Current and noncurrent liabilities

Stated at the known or estimated amounts, plus, when applicable, the corresponding charges and monetary and exchange variations incurred up to the financial statements issuance date.

i. Provisions for contingencies

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 involved.

j. Income tax and social contribution

Income and social contribution taxes for the current year are calculated by the Company and its subsidiaries at the rate of 15% on taxable income plus a surcharge of 10% on taxable income in excess of R\$ 240 for income tax and 9% on the taxable income for social contribution on net income, and consider the offsetting of tax loss carryforwards and negative basis of social contribution tax, limited to 30% of the taxable income, with the exception of DASA Real Estate Empreendimentos Imobiliários Ltda. and DA Participações Ltda. which opted for paying income taxes based on presumed profits.

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(In thousands of Reais)

The Company opted to use the Transitory Tax Regime (RTT) to determine the Income and Social Contribution Taxes related to the period ended on December 31, 2009 and for the year ended December 31, 2008.

Deferred tax assets and liabilities resulting from tax loss carryforwards, negative basis of social contribution and temporary differences were recorded in accordance with CVM Instruction 371 of June 27, 2002, and consider past profitability and expectations of future taxable income, based on a technical viability study, approved by local management.

4 Consolidated financial statements

The Consolidated financial Statements include the financial information of the Company and following subsidiaries:

	<u>Ownership interest %</u>	
	2009	2008
Laboratório Frischmann Aisengart Ltda. (c)	-	99.99%
Image Memorial Ltda. (c)	-	99.99%
Laboratório Álvaro Ltda. (c)	-	99.99%
Laboratório Louis Pasteur Patologia Clínica Ltda. - LabPasteur (b)	-	99.99%
DASA Real Estate Empreendimentos Imobiliários Ltda.	100.00%	99.99%
Laboratório Imuno Ltda. - MedLabor (b)	-	99.99%
Clínica Médica Vita Ltda. (b)	-	99.99%
Laboratório Atalaia Ltda. (c)	-	99.99%
Exame Laboratórios de Patologia Clínica Ltda. (e)	-	85.71%
CientíficaLab Produtos Laboratoriais e Sistemas Ltda. (a)	99.99%	99.99%
Med Imagem Ultra-Sonografia e Radiologia Ltda. (c)	-	99.99%
Clínica Radiológica Brafer Ltda. (b)	-	100.00%
Cedimax Diagnósticos Médicos Ltda. (b)	-	100.00%
Clínica Radiológica Clira Ltda. (b)	-	100.00%
Digirad Diagnósticos Médicos Ltda. (b)	-	100.00%
Maxidiagnósticos Participações Ltda. (b)	-	100.00%
Centro de Diagnósticos por Imagem de Cuiabá Ltda. (c)	-	100.00%

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Notes to the consolidated financial statements

(In thousands of Reais)

	<u>Ownership interest %</u>	
	2009	2008
Centro Médico de Diagnóstico Laboratorial Ltda. (c)	-	100.00%
Centro Médico de Imagenologia Ltda. (a)	-	100.00%
Ressonância Magnética Cuiabá Ltda. (a)	-	100.00%
Unidade Cearense de Imagem Ltda. (c)	-	-
DASA Finance Corporation (f)	100.00%	100.00%
DA Participações Ltda. (d)	99.00%	-

The subsidiaries accounting policies are consistent with those applied by the company and in accordance with the accounting practices adopted in Brazil, considering the effects of Law 11638/07 and Law 11941/09.

(a) Merger of subsidiaries approved by the Board of Directors on August 11, 2009

During the Board of Directors meeting that took place on August 11, 2009 it was approved the proposal of exchanging the total quantity of quotas held by the Company and issued by its subsidiaries Cientificalab Produtos Laboratoriais e Sistemas Ltda. and Ressonância Magnética Cuiabá Ltda., as well as the approval of Centro Médico de Imagenologia Ltda.'s capital stock, also a company's subsidiary.

On December 1, 2009 the indirect subsidiary Cientificalab Produtos Laboratoriais e Sistemas Ltda. (Cientificalab) acquired and merged with its parent Company Centro Médico de Imagenologia Ltda. (CMI). After obtaining CMI ownership, Cientificalab became parent company of Ressonância Magnética Cuiabá Ltda., merged with Cientificalab on December 01, 2009. Due to the statutory reorganization on this date, Cientificalab became direct subsidiary of the Company. Carrying amounts of this merger were done in compliance with CVM instructions 319 and 349, respectively.

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(In thousands of Reais)

The appraisal reports were elaborated by specialized company based on book values recorded at the subsidiary financial statements on September 30, 2009 listed as follows:

	CMI	RMC
Asset:		
Cash and cash equivalents	215	201
Trade receivables	384	328
Property and equipment	1,789	1,194
Other credits	<u>112,750</u>	<u>521</u>
	<u>115,138</u>	<u>2,244</u>
Liability	<u>951</u>	<u>584</u>
Net assets	<u>114,187</u>	<u>1,660</u>

(b) Merger of subsidiaries approved by the Board on September 1, 2009 in Extraordinary Meeting General

The appraisal reports were elaborated by specialized company based on carrying amounts recorded at the subsidiary financial statements on June 30, 2009 and listed as follows:

	Lab Pasteur	Med Labor	Vita	Brafer	Cedimax	Clira	Digirad	Maxidiag
Asset:								
Cash and cash equivalents	2,263	161	266	9	559	133	128	-
Trade receivables	4,880	450	1,653	286	2,439	329	375	-
Property and equipment	2,062	746	9,146	455	3,317	1,392	498	-
Other credits	<u>2,780</u>	<u>435</u>	<u>943</u>	<u>141</u>	<u>376</u>	<u>473</u>	<u>598</u>	<u>1,923</u>
	<u>11,985</u>	<u>1,792</u>	<u>12,008</u>	<u>891</u>	<u>6,691</u>	<u>2,327</u>	<u>1,599</u>	<u>1,923</u>
Liabilities	<u>3,600</u>	<u>1,515</u>	<u>16,371</u>	<u>185</u>	<u>4,375</u>	<u>1,362</u>	<u>119</u>	<u>-</u>
Net assets (Liabilities)	<u>8,385</u>	<u>277</u>	<u>(4,363)</u>	<u>706</u>	<u>2,316</u>	<u>965</u>	<u>1,480</u>	<u>1,923</u>

Diagnósticos da América S.A.

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Notes to the consolidated financial statements

(In thousands of Reais)

(c) Merger of subsidiaries approved by the Board on December 1, 2009 in Extraordinary Meeting General

The appraisal reports were elaborated by specialized company based on carrying amounts recorded at the subsidiary financial statements on September 30, 2009 and listed as follows:

	Frischmann	Image	Alvaro	Atalaia	Med Imagem	Cedic	CediLab	Unimagem
Asset:								
Cash and cash equivalents	394	450	1,718	833	459	1,119	515	1,326
Trade Receivables	7,760	8,485	28,105	4,333	7,064	1,542	545	2,110
Property and equipment	13,733	23,853	9,166	4,074	4,883	3,828	337	5,212
Other credits	<u>11,214</u>	<u>2,135</u>	<u>28,150</u>	<u>4,653</u>	<u>6,644</u>	<u>864</u>	<u>1,075</u>	<u>1,549</u>
	<u>33,101</u>	<u>34,923</u>	<u>67,139</u>	<u>13,893</u>	<u>19,050</u>	<u>7,353</u>	<u>2,472</u>	<u>10,197</u>
Liabilities	<u>16,133</u>	<u>33,968</u>	<u>35,886</u>	<u>4,026</u>	<u>2,838</u>	<u>2,999</u>	<u>1,106</u>	<u>2,653</u>
Net assets	<u>16,968</u>	<u>955</u>	<u>31,253</u>	<u>9,867</u>	<u>16,212</u>	<u>4,354</u>	<u>1,366</u>	<u>4,544</u>

(d) New entity incorporation

During the Board of Directors general meeting on December 9, 2009, was approved the incorporation of DA Participações Ltda., whose corporate purpose is to invest shareholding in other entities, whether profit or non-profit, as partner, quotaholder or stockholder, in Brazil or overseas, as well as its own or third parties asset management.

(e) Merger of subsidiaries approved by the Board on December 31, 2009 in Extraordinary Meeting General

The appraisal report was elaborated by specialized company based on carrying amounts recorded at the subsidiary financial statements on September 30, 2009 and listed as follows:

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Notes to the consolidated financial statements

(In thousands of Reais)

	Exame
Asset:	
Cash and cash equivalents	233
Trade receivables	8,399
Property and equipment	14,289
Other credits	<u>2,126</u>
	<u>25,047</u>
Liabilities	<u>6,646</u>
Net assets	<u>18,401</u>

The subsidiaries' accounting policies have been consistently applied in compliance with the Company accounting policies and in accordance with the accounting practices adopted in Brazil, considering the effects of Law 11638/07 and Law 11941/09.

Description of the main consolidation procedures

- a.** Elimination of intercompany asset and liability account balances;
- b.** Elimination of investments in the capital, reserves and retained earnings of the subsidiaries; and
- c.** Identification of non-controlling interests in the consolidated quarterly financial information.

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(In thousands of Reais)

5 Marketable securities

	2009	2008
Marketable securities	323,550	550,114
Classified as current assets	<u>(269,222)</u>	<u>(476,382)</u>
Classified as noncurrent assets	<u>54,328</u>	<u>73,732</u>

Marketable securities classified as current assets are listed as follows:

		2009		
Type of Security	Currency	US\$ amount	R\$ amount	Annual interest rate
Time deposits - overseas	US\$	29,985	52,209	97.0 % of CDI
Fixed income fund	R\$	-	11,213	101.46 % of CDI
Brazilian Debt security (a)	R\$	17,620	30,681	9.65%
Brazilian Debt security (a)	US\$	46,186	80,419	4.78%
Brazilian Debt security (a)	US\$	49,574	86,319	4.98%
US treasury bills (a)	US\$	<u>4,813</u>	<u>8,381</u>	3.68%
		<u>148,178</u>	<u>269,222</u>	
		2008		
Type of Security	Currency	US\$ amount	R\$ amount	Annual interest rate
Fixed income funds	US\$	-	13,486	88.8% of CDI
US treasury bills (a)	US\$	<u>198,073</u>	<u>462,896</u>	0.20%
		<u>198,073</u>	<u>476,382</u>	

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(a) Under the custody of Unibanco Luxemburg.

Marketable securities classified as non current amount to R\$ 54,328 (R\$ 73,732 on December 31, 2008) bearing average interest rate of 100.4% of CDI (105.4% of CDI on December 31, 2008), R\$ 53,909 out of which (R\$ 63,240 on December 31, 2008) serve as collateral for payments of obligations assumed in connection with the acquisition of a number of laboratories (Note 16).

6 Trade accounts receivable

	2009	2008
Current assets		
Trade notes receivable:		
Due	143,160	136,108
Overdue	<u>140,707</u>	<u>106,299</u>
	<u>283,867</u>	<u>242,407</u>
Other accounts receivable:		
Checks in collection	3,208	3,926
Credit cards	5,669	5,305
Returned checks	4,833	2,953
Receivables - Health insurance	<u>43,075</u>	<u>30,477</u>
	<u>56,785</u>	<u>42,661</u>
Less:		
Provision for disallowances and for doubtful accounts	(66,982)	(18,411)
Provision for losses on returned checks	<u>(4,833)</u>	<u>(2,953)</u>
	<u>268,837</u>	<u>263,704</u>

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(a) The overdue invoices have the following composition:

	2009	2008
0 - 30	21,992	18,025
31 - 60	11,133	12,492
61 - 90	12,948	7,710
91 - 120	10,759	8,244
121 - 180	14,056	9,863
181 - 360	24,432	19,964
Over 360	<u>45,387</u>	<u>30,001</u>
	<u>140,707</u>	<u>106,299</u>

The collection process for diagnostic medicine services provided by the Company is complex as a result of a variety of factors, including the large number of health plans used, different coverage offered, the information requested by these plans for approval of payment and questioning by the health plans as to the adequacy of the supporting documentation. All of these factors, historically, contribute to the average recovery period for payments being different from the periods defined in the contracts.

Provisions for disallowances are established monthly based on estimated probable losses as a result of the amounts of the disallowances under discussion. These discussions refer mainly to: (i) operational issues, such as services provided to clients of health plans without previous authorization; (ii) sales issues, such as new price lists agreed on which have not been updated in both systems; and (iii) technical issues, such as different interpretations of examination requisitions.

The company recognized expenses in the amount of R\$ 25,679 (R\$ 23,147 on December 31, 2008) related to provisions for disallowances.

Since the second quarter of 2009, Management has adopted, a new policy for bad debt provision. The rule establishes a percentage of provision at (i) 25% of the invoice amount overdue in the period between 91 and 120 days, (ii) 50% between 121 and 180 days, (iii) 75% between 181 and 360 days and, (iii) 100% above 360 days. As an exception to this rule, the receivables of important health care entities are analyzed separately.

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The movement in the period related to provision for disallowances and bad debts are as follows:

Balance on December 31, 2008	(18,411)
Additions to provision for disallowances	(25,679)
Additions to bad debt provision	(56,487)
Write-off (utilization) of disallowances/bad debt provision	<u>33,595</u>
Balance on December 31, 2009	(<u>66,982</u>)

7 Inventories

	2009	2008
Domestic clinical analysis and diagnostic imaging materials	21,062	22,878
Imported clinical analysis and diagnostic imaging materials	12,385	7,365
Domestic secondary clinical analysis and diagnostic imaging materials	8,227	6,258
Sundry materials	4,051	2,697
Inventories held by third parties	2,649	1,125
Provision for obsolescence	(<u>1,562</u>)	(<u>1,407</u>)
	<u>46,812</u>	<u>38,916</u>

8 Recoverable and deferred taxes

a. Recoverable taxes - Current

	2009	2008
Withholding income tax (IRRF)	1,531	8,258
Income tax recoverable	3,541	10,133

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	2009	2008
Social contribution recoverable	4,440	11,283
COFINS (Tax for social security financing) and PIS (Social integration program) tax withheld	14,474	9,722
Others	<u>18,708</u>	<u>9,124</u>
	<u>42,694</u>	<u>48,520</u>

b. Deferred taxes

The deferred income and social contribution taxes are recognized to reflect future tax effects attributable to temporary differences between the tax bases of assets and liabilities and their respective book values.

In accordance with CVM Instruction 371, the Company, based on its profitability history and on the expectation of generating future taxable income considering the technical viability study approved by management, recognized tax credits on income tax loss carryforwards and the accumulated negative basis of social contribution tax, with no expiration date and that can be offset against a maximum of 30% of annual taxable income. The carrying amount of the deferred tax assets and liabilities is reviewed on a quarterly basis and projections are reviewed annually. If there are material factors that may modify the projections, these will be reviewed during the year by the Company.

The origin of deferred income and social contribution taxes is presented below:

	2009	2008
Tax loss carryforward and negative basis	15,159	7,465
Provision for doubtful accounts and disallowances	23,450	4,952
Provision for obsolescence - Inventories	520	407
Goodwill amortization	64,598	50,246
Provision for specialized medical services	1,897	1,247
Sundry provisions	4,431	1,841

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	2009	2008
Provision for contingencies	25,215	18,687
Amortization pre-operating expenses	<u>8,545</u>	<u>10,438</u>
	<u>143,815</u>	<u>95,283</u>
Classified as current assets	(58,569)	(20,445)
Classified as noncurrent assets	<u>85,246</u>	<u>74,838</u>

The following is a description of the estimated terms for realizing deferred tax credits in connection with income tax and social contribution on net profits, the origins of which are based on the temporary differences between the accounting profit figures under the accrual system and the taxable profit figures, as well as on the tax losses and the negative social contribution base. Realization terms are based on future taxable profit projections, created as of the fiscal years in which the temporary differences become expenses deductible for tax purposes.

2010	58,569
2011	36,722
2012	15,388
2013	6,554
2014	5,087
2015 - 2017	<u>21,495</u>
	<u>143,815</u>

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9 Property and equipment, net

	Average depreciation rate % p.a.	2009			2008
		Cost	Accumulated depreciation	Net	Net
Buildings	4	11,637	(1,797)	9,840	11,280
Leasehold improvements	12	293,914	(168,183)	125,731	133,324
Machinery and equipment	10	414,011	(199,021)	214,990	244,528
Furniture and fixture	10	48,635	(22,453)	26,182	24,547
Facilities	10	13,381	(5,097)	8,284	4,130
IT equipment	20	65,081	(40,524)	24,557	25,724
Vehicles	20	5,609	(2,746)	2,863	4,451
Library	10	165	(86)	79	63
Land		1,689	-	1,689	1,839
Construction in process		<u>10,917</u>	<u>-</u>	<u>10,917</u>	<u>23,672</u>
		<u>865,039</u>	<u>(439,907)</u>	<u>425,132</u>	<u>473,558</u>

Changes in cost

	Changes in the year						2009
	2008	Subsidiary acquisition	Additions	Write off	Transfers	Other (a)	
Buildings	13,081	-	-	-	(1,444)	-	11,637
Leasehold improvements	264,465	173	19,871	(4,382)	13,873	(86)	293,914
Machinery and equipment	408,357	9,418	20,267	(30,900) (b)	7,646	(777)	414,011
Furniture and fixture	42,520	388	3,969	(61)	1,819	-	48,635
Facilities	7,985	494	2,601	(70)	2,371	-	13,381
IT equipment	58,432	174	6,820	(661)	379	(63)	65,081
Vehicles	7,273	6	695	(2,119)	(246)	-	5,609
Library	155	-	15	-	(5)	-	165
Land	1,839	-	-	-	(150)	-	1,689
Construction in progress	<u>23,672</u>	<u>-</u>	<u>12,242</u>	<u>(1)</u>	<u>(24,243)</u>	<u>(753)</u>	<u>10,917</u>
	<u>827,779</u>	<u>10,653</u>	<u>66,480</u>	<u>(38,194)</u>	<u>-</u>	<u>(1,679)</u>	<u>865,039</u>

(a) Other - relates to transfers to intangible assets.

(b) As reported in Note 19.

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(In thousands of Reais)

10 Intangible assets, net

	Average Amortization rate % p.a.	2009		
		Cost	Accumulated depreciation	Net
Business acquisitions - Goodwill				
Goodwill (a)		<u>414,920</u>	<u>(149,548)</u>	<u>265,372</u>
Others intangibles				
Software	20	67,935	(33,721)	34,214
Rights of use of commercial area	20	673	(98)	575
Acquisition costs	20	27,774	(16,081)	11,693
System Deployment Project	20	9,043	(7,237)	1,806
Project development	33	<u>7,646</u>	<u>-</u>	<u>7,646</u>
		<u>113,071</u>	<u>(57,137)</u>	<u>55,934</u>
		<u>527,991</u>	<u>(206,685)</u>	<u>321,306</u>
		2008		
	Average Amortization rate % p.a.	Cost	Accumulated depreciation	Net
Business acquisitions - Goodwill				
Goodwill (a)		<u>442,124</u>	<u>(173,037)</u>	<u>269,087</u>
Others intangibles				
Software	20	50,563	(24,038)	26,525
Rights of use of commercial area	20	219	(59)	160
Acquisition costs	20	27,738	(11,135)	16,603
System Deployment Project	20	9,043	(5,429)	3,614
Project development	33	<u>109</u>	<u>-</u>	<u>109</u>
		<u>87,672</u>	<u>(40,661)</u>	<u>47,011</u>
		<u>529,796</u>	<u>(213,698)</u>	<u>316,098</u>

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(a) Net Value of Goodwill (negative goodwill) in business combination:

	2009	2008
Elkis e Furlanetto - Centro de Diag. e Análises Clínicas Ltda.	1,568	1,568
Elkis e Furlanetto- Laboratório Médico S/C Ltda.	58	58
Laboratório Pasteur Patologia Clínica S/S Ltda.	1,988	1,988
Laboratório Frischmann Aisengart Ltda.	10,503	10,503
Image Memorial Ltda.	11,362	11,362
Laboratório Alvaro Ltda.	18,386	18,386
Lab. Louis Pasteur Patologia Clínica Ltda. - LabPasteur	6,968	6,968
Laboratório Imuno Ltda. – MedLabor	3,306	3,083
Clínica Médica Vita Ltda.	2,623	2,623
Laboratório Atalaia Ltda.	16,054	16,054
Exame Laboratórios de Patologia Clínica Ltda.	31,082	31,082
CientíficaLab Produtos Laboratoriais e Sistemas Ltda.	-	74,091
Med Imagem Ultra-Sonografia e Radiologia Ltda.	29,891	29,891
Clínica Radiológica Brafer Ltda.	7,694	7,748
Cedimax Diagnósticos Médicos Ltda.	8,318	10,826
Clínica Radiológica Clira Ltda.	7,303	7,358
Digirad Diagnósticos Médicos Ltda.	7,959	8,013
Maxidiagnósticos Participações Ltda.	-	(1,923)
Centro de Diagnósticos por Imagem de Cuiabá Ltda.	19,061	17,796
Centro Médico de Diagnóstico Laboratorial Ltda.	9,443	8,204
Centro Médico de Imagenologia Ltda.	-	1,553
Ressonância Magnética Cuiabá Ltda.	1,855	1,855
Unidade Cearense de Imagem Ltda.	12,403	-
Exame - Minoritário	7,347	-
Ágio - ICVM 349/01	<u>50,200</u>	<u>-</u>
	<u>265,372</u>	<u>269,087</u>

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Changes in cost

	<u>Movement in the year</u>						2009
	2008	Business acquisition	Additions	Write-offs	Transferees	Other	
Business acquisitions -							
Goodwill							
Goodwill	442,124	12,403	-	360	(49,337)	9,370	414,920
Others intangibles							
Software	50,563	-	15,693	(13)	17	1,675	67,935
Commercial rights of use	219	-	454	-	-	-	673
Acquisition costs	27,738	-	2,817	(2,785)	-	4	27,774
System deployment project	9,043	-	-	-	-	-	9,043
Project development	15	-	-	-	(15)	-	-
Software	94	-	7,554	-	(2)	-	7,646
	<u>87,672</u>	<u>-</u>	<u>26,518</u>	<u>(2,798)</u>	<u>-</u>	<u>1,679</u>	<u>113,071</u>
	<u>529,796</u>	<u>12,403</u>	<u>26,518</u>	<u>(2,438)</u>	<u>(49,337)</u>	<u>11,049</u>	<u>527,991</u>

Changes in accumulated amortization

	<u>Movement in the year</u>				
	12/31/08	Additions	Write-offs	Other	09/30/09
Business acquisitions - Goodwill					
Goodwill	(173,037)	-	12	23,477	(149,548)
Others intangibles					
Software	(24,038)	(9,408)	1	(276)	(33,721)
Rights of use of commercial area	(59)	(39)	-	-	(98)
Acquisition costs	(11,135)	(5,497)	551	-	(16,081)
System deployment project	(5,429)	(1,808)	-	-	(7,237)
	<u>(40,661)</u>	<u>(16,752)</u>	<u>552</u>	<u>(276)</u>	<u>(57,137)</u>
	<u>(213,698)</u>	<u>(16,752)</u>	<u>564</u>	<u>23,201</u>	<u>(206,685)</u>

The additions to amortization during the nine-month period ended December 31, 2009 were recognized within general and administrative expenses and cost of services rendered.

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11 Accounts payable to suppliers

	2009	2008
Domestic suppliers	39,753	51,647
Foreign suppliers	<u>10,487</u>	<u>7,250</u>
	<u>50,240</u>	<u>58,897</u>

12 Loans and financing

	2009	2008
Local currency		
Loan secured accounts	13,007	26,321
Bank loans	47,245	79,103
Leases agreements under local currency	15,380	21,514
Equipment financing	867	775
Foreign currency		
Bank loans	-	2,863
Equipment financing	2,233	15,454
Leases of import equipment	59,117	95,192
Notes (Senior Notes) (a)	<u>438,457</u>	<u>588,486</u>
	576,306	829,708
Transaction costs (Senior Notes) (b)	(16,132)	(24,223)
	<u>560,174</u>	<u>805,485</u>
Short term portion in current liabilities	(82,529)	(114,956)
Noncurrent liabilities	<u>477,645</u>	<u>690,529</u>

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- (a) In a Board of Directors meeting held on May 21, 2008 the issuance of notes (Senior notes) was approved for the subsidiary abroad, DASA Finance Corporation, with the purpose of raising cash funds that shall primarily be used to finance the expansion of the Company's activities. The issuance of notes was completed on May 29, 2008 in the amount of US\$ 250 million, with a maturity date in May 2018, remunerated at interests of 9.45% p.a. The payment of interests is semi-annual, occurring on May 29 and November 29 of each year. Both the principal amount and the interest are guaranteed unconditionally and irrevocably by the Company. The notes were placed exclusively abroad.

Pursuant to the conditions established in the agreement, the early redemption option of such debt is exclusive of DASA Finance Corporation and begins as from the 5th year. The agreement establishes that the Company and its subsidiaries should comply with certain levels of indebtedness at the time of decision-making by the Company with respect to certain actions, such as the contracting of debts, payment of dividends, repurchase of quotas, consolidations, mergers, sale of subsidiaries and investments. Additionally, the agreement presents clauses with limitations/restrictions for the following transactions:

- Grant of guarantees, pledge or other guarantee over on assets;
- Sale of assets;
- Transactions with related parties; and
- Lease (sale and lease-back).

In order to avoid exposure to a possible exchange rate fluctuation over the amount of interest for a 5-year period, the Company entered into swap transactions with interest at 103.1% of CDI with Banco Merrill Lynch de Investimentos S.A. and Credit Suisse Próprio Fundo de Investimento Multimercado, institutions related to the banks responsible for the coordination of the issuance, on the same date of the confirmation of the Senior Notes.

- (b) Transaction costs will be amortized.

2010	(1,917)
2011	(1,917)
2012	(1,917)
2013	(1,917)
2014 to 2018	(8,464)
	<u>(16,132)</u>

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The bank loan and financing agreements do not have any restrictive clauses (“covenants”) relating to the noncompliance of ratios.

12/31/2009					
Type	Banks	Amount in Reais	Maturity	Average interest rate	Guarantors
Local currency					
Contas garantidas	miscellaneous	<u>13,007</u>	-	121,5% do CDI	(2)
Empréstimos bancários	miscellaneous	<u>47,245</u>	2010 a 2013	TJLP a 115% do CDI	(1) (2) (3)
Leases	miscellaneous	<u>15,380</u>	2013	CDI + 1.17 % a.a. a CDI + 8.80 % a.a.	-
Equipment financing	miscellaneous	<u>867</u>	2013	5,0 % a.a.	-

12/31/2009								
Type	Financial institutions/ Suppliers	Amount in US\$	Amount in Reais	Transaction costs	Total in Reais	Maturity	Average interest rate	Guarantors
Foreign currency								
Equipment suppliers	G.E.	1,282	2,233	-	<u>2,233</u>	2012	VC+7.5% a 8.3% a.a.	-
Leases	G.E, Siemens, Philips e Oni Medical	33,952	59,117	-	<u>59,117</u>	2016	VC+7.20% a 9% a.a.	(2)
Notes (Senior Notes)		251,813	438,457	(16,132)	<u>422,325</u>	2018	8.75% a.a.	(3)

(1) DASA Real Estate Empreendimentos Imobiliários Ltda.

(2) Promissory Note of 125% of the contractual amount in the Company’s name.

(3) Diagnósticos da América S.A.

Loans and financing classified as noncurrent liabilities will be paid as follows:

2011	26,151
2012	14,212
2013	10,001
2014 a 2018	<u>441,496</u>
Transaction cost long term	(14,215)
	<u>477,645</u>

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The company granted sureties on behalf of its subsidiaries CientíficaLab Produtos Lab. e Sistemas Ltda., amounting to R\$ 27,754 and DASA Finance Corporation, amounting to R\$ 435,300.

13 Debentures

	2009	2008
Non-convertible debentures	135,000	202,500
Compensation interest	<u>2,922</u>	<u>6,962</u>
	<u>137,922</u>	<u>209,462</u>
Transaction cost	(1,277)	(2,236)
Current portion	(69,464)	(73,504)
Noncurrent liabilities	<u>67,181</u>	<u>133,722</u>

At a Board of Directors' Meeting held on April 7, 2006, the Board approved the public issuance of 20,250 (twenty thousand, two hundred fifty) non-convertible debentures, of its first issuance, in one single series, without guarantee nor right of first refusal, at a unit par value of R\$ 10, totaling R\$ 202,500, and the date for its issuance was on April 7, 2006. The debentures are subject to scheduled amortization, the unit nominal value are amortized in three equal installments, the first installment due in the 36° (thirty sixth) month, the second in the 48° (forty eighth) and the third in the 60° (sixty) months, from the date of their issuance, with compensation interest of 103.6% p.a. of the DI rate. The payment of compensation interest is semi-annual, fact which occurs always on the first day of April and October, and the debit from the checking account of the Company occurs one day prior to the maturity date.

The transaction cost will be recognized in expenses in the statement of income on a monthly basis until April 2011 in a fixed amount of R\$ 79.

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The principal amount has the following payment schedule:

	Amount (R\$)
Maturity date:	
April 01, 2010	67,500
April 01, 2011	<u>67,500</u>
Total	<u>135,000</u>

The debentures have covenants establishing maximum levels of indebtedness and leverage, based on quarterly consolidated information. At the end of the quarter, the Company was in compliance with these covenants.

14 Salaries, social security charges and provision for vacation pay

	2009	2008
Salaries payable	9,062	8,440
Social Security charges payable	9,167	7,290
Provision for vacation pay and 13 th -month salary and social security charges	27,200	24,595
Provision for the profit sharing	-	6,231
Others	<u>1,703</u>	<u>555</u>
	<u>47,132</u>	<u>47,111</u>

15 Taxes payable in installments

	End of amortization	2009	2008
PPI - REFIS Municipal (a)	2011	1,940	2,784
Programa PAES (b)	2013	5,879	7,190
IRPJ e CSLL - CientificaLab (c)	2013	4,692	5,360

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	End of amortization	2009	2008
ISS - Pref.Municipal de Barueri (d)	2011	6,032	-
Outros		5,698	<u>6,975</u>
		24,241	<u>22,309</u>
Current portion		<u>(11,175)</u>	<u>(6,130)</u>
Noncurrent liabilities		<u>13,066</u>	<u>16,179</u>

- (a)** On August 29, 2006, the Company joined the PPI - Installment Incentive Program, created by the government of the city of São Paulo with the enactment of Law 14129 dated January 11, 2006, regulated by Decree 47165 dated April 6, 2006. The tax debts which were part of the Tax Recovery Program (REFIS), created by Law 13092 dated December 7, 2000, to which the Company adhered on January 26, 2001, were included in the PPI program. The debt amount included in the PPI program shall be amortized in 60 monthly installments, plus interest at the SELIC rate. The amortizations shall take place up to August 2011, and the Company shall not collect based on the gross revenue, nor use, as it has not, tax credits for the amortization of fines and interest.
- (b)** On July 29, 2003, the Company adhered to the PAES program (Law 10684), declaring tax debts related to PIS and COFINS which were being discussed judicially. The consolidated amount of the debt is divided into 120 monthly installments and updated using the long-term interest rate (TJLP). The payment of these installments extends to June 2013, considering that the Company does not make any payment based on gross revenue nor has utilized such tax credits to amortize fines and interest. The tax debts included by the Federal Revenue Department (SRF) on the validation date for the application by the Company for installment payments, was composed of debt included by the Company and also liabilities in connection with PIS and Cofins which were under discussion in the administrative and legal spheres, and withholding tax of which there was no proof of payment, all of these additional liabilities arising from the acquired companies. The sum of these additional liabilities rose to R\$ 1,291 on July 29, 2003, and by means of a management decision they were recorded at December 2007, plus accrued interest based on TJLP (long-term interest rate), in addition to interest and fine on the portions in arrears of the liabilities included.

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- (c) On September 29, 2008, CientificaLab, wholly owned subsidiary, paid Income Tax and CSLL (Social Contribution over Net Profit) debts in installments with the Brazilian Internal Revenue Service, which resulted in the administrative process 113896.003764/2008-27, to be paid in 60 monthly installments, plus interest equivalent to the SELIC, totaling R\$ 4,692 on December 31, 2009. The amortizations will take place until August 2013.
- (d) On September 25, 2009 the company adhered to a tax installment program created by Barueri's cityhall. The Company opted to pay the ISSQN tax debt related to period from September 2007 to December 2008, included in the ordinary installment enrolled on January 29, 2009, in 18 monthly installments, plus interest equivalent to the SELIC, totaling R\$ 6,032 on December 31, 2009, whose amortizations shall be made until February 2011.

Federal debts special installments program - Law 11.941/09

A new Installments program (REFIS IV) for federal Debts was created in connection with the enactment of Law 11941 comprising all debts under Brazilian Federal Tax Authorities' (SRF, Procuradoria-Geral da Fazenda Nacional- PGFN e Instituto Nacional da Seguridade Social - INSS), declared or not, included or not among the debts recognized by the Brazilian IRS, whether executed or not, including those which were the object of a prior program. Given the favorable conditions related to new Program, the company has applied on November 27, 2009 by paying the first installment under the conditions expressed by the legislation. The inclusion in the program has already been confirmed by the Brazilian IRS and, while the debt consolidation is not finalized, the company will keep paying the minimum installments required by the authorities to maintain the inclusion in the program.

16 Accounts payable from the acquisition of subsidiaries

Accounts payable from the acquisition of subsidiaries refer to the amounts due to the previous owners for the acquisition of share or quotas representing the capital of these entities. The debts are updated in accordance with contract terms, and following payment schedule:

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	Interest rate	Maturity date	2009	2008
Laboratório de Patologia Clínica				
Curitiba S/C Ltda.	n/a	(b)	511	499
Laboratório Pasteur Patologia Clínica S/S Ltda.	IPCA	(b)	502	481
Laboratório Alvaro S.A.	IPCA	05/2009	-	5,567
Laboratório Frischmann Aisengart Ltda. (Minoritários)	IGPM	05/2016	1,871	2,086
Clinica Radiológica Brafer Ltda., Cedimax Diagnósticos Médicos Ltda., Clínica Radiológica Clira Ltda. e Digirad Diagnósticos Médicos Ltda.	IGPM	10/2014	2,712	4,119
Centro de Diagnósticos por Imagem de Cuiabá Ltda.	n/a	03/2011	1,107	-
Centro Médico de Diagnóstico Laboratorial Ltda.	n/a	03/2011	1,081	-
Unidade Cearense de Imagem Ltda. – Unimagem	SELIC	01/2012	3,558	-
			<u>11,342</u>	<u>12,752</u>
	Updated - Interest rate	Maturity Date	2009	2008
Marketable securities guarantee:				
Bio-Ciência Lavoisier de Análises Clínicas S.A.	(a)	(b)	1,372	1,953
Laboratório Bronstein S.A.	(a)	03/2009	-	1,866
Elkis e Furlanetto C.D.A.C. Ltda.	(a)	05/2010	8,913	8,151
Laboratório Frischmann Aisengart Ltda.	(a)	07/2011	3,167	3,186
Image Memorial Ltda.	(a)	10/2011	11,251	10,303
Laboratório Alvaro Ltda	(a)	12/2011	1,332	1,650
Laboratório Louis Pasteur Patologia Clínica Ltda – LabPasteur	(a)	09/2012	3,230	4,326
Laboratório Imuno Ltda. – MedLabor	(a)	07/2012	913	840
Clínica Médica Vita Ltda.	(a)	10/2012	698	677
Laboratório Atalaia Ltda.	(a)	10/2012	3,295	3,032
Exame Laboratórios de Patologia Clínica Ltda.	(a)	12/2012	2,011	2,007
CientíficaLab Produtos Laboratoriais e Sistemas Ltda.	(a)	07/2013	3,554	3,278
Med Imagem Ultra-Sonografia e Radiologia Ltda.	(a)	08/2013	12,140	11,221
Clínica Radiológica Brafer Ltda., Cedimax Diagnósticos Médicos Ltda., Clínica Radiológica Clira Ltda. e Digirad Diagnósticos Médicos Ltda.	(a)	10/2014	6,474	6,052
Centro de Diagnósticos por Imagem de Cuiabá Ltda., Centro Médico de Imagenologia Ltda. e Ressonância Magnética Cuiabá Ltda.	(a)	11/2014	3,816	4,095
Centro Médico de Diagnóstico Laboratorial Ltda.	(a)	11/2014	655	603
			62,821	63,240
			<u>74,163</u>	<u>75,992</u>
Short-term portion in current liabilities			(13,961)	(8,228)
Noncurrent liabilities			<u>60,202</u>	<u>67,764</u>

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(a) Updated at the same rates as those used for the funds placed in investment funds managed by the financial institution, as reported in Note 5, with the purpose of securing the payment of contingencies which have been under litigation since the former management.

(b) No term for payment, are retained with the purpose of securing the payment of contingencies which have been under litigation since the pre-acquisition period.

The installments classified in noncurrent liabilities have the following payment schedule:

2011	17,199
2012	13,997
2013 - 2015	<u>29,006</u>
Total	<u>60,202</u>

17 Other accounts payable

	2009	2008
Rentals	4,887	3,572
Third - Party services	9,814	9,229
Provision for specialized medical services	6,493	5,239
Franchisee commission payable	1,312	449
Other accounts payable	<u>21,434</u>	<u>6,000</u>
	<u>43,940</u>	<u>24,489</u>

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18 Provision for contingencies

	<u>2009</u>			<u>2008</u>
	Provision	Judicial deposit	Net	Net
(a) ICMS on imports	66,762	(2,101)	64,661	76,833
(b) Provision for labor contingencies	5,110	(249)	4,861	4,284
(c) Provision for civil contingencies	3,289	(27)	3,262	4,103
(d) Provision for tax contingencies	<u>36,591</u>	<u>(21,574)</u>	<u>15,017</u>	<u>13,290</u>
	<u>111,752</u>	<u>(23,951)</u>	<u>87,801</u>	<u>98,510</u>

(a) ICMS on imports

The Company, based on the opinion of its legal advisors, has not been paying ICMS on the imports of inputs and equipment for use in the rendering of its services since February 2000, as there are still discussions whether the Company is an ICMS taxpayer in these transactions. For the ICMS amounts to be paid on imports of inputs and equipment performed after the issue of Supplementary Law 114 of December 16, 2002, external legal advisors believe that the chances of loss are probable. At December 31, 2009, the amount recorded for imports performed as from January 1, 2003 is R\$ 66,762 (R\$ 78,723 on December 31, 2008), with judicial deposits in the amount of R\$ 2,101.

(b) Provision for labor contingencies

At December 31, 2009, the Company is party to 361 labor actions (315 on December 31, 2008).

(c) Provision for civil contingencies

At December 31, 2009, the Company is party to 449 civil administrative and judicial actions (369 on December 31, 2008).

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(d) Provision for tax contingencies

Provisions for tax contingencies relate to (i) questionings for raises in rates, (ii) calculation basis and (iii) unconstitutionality of collection. Such questionings comprise basically the contributions to PIS, COFINS, INSS and FGTS contributions.

Changes in provisions

	2008	Movement in the year			2009
	Opening balance	Additions	Utilization and/or reversal	Monetary Restatement	Closing balance
ICMS on imports	78,723	11,050	(38,598) (e)	15,587	66,762
Provision for labor contingencies	4,582	2,099	(1,814)	243	5,110
Provision for civil contingencies	4,130	1,210	(2,249)	198	3,289
Provision for tax contingencies	<u>33,089</u>	<u>2,511</u>	<u>(777)</u>	<u>1,768</u>	<u>36,591</u>
	<u>120,524</u>	<u>16,870</u>	<u>(43,438)</u>	<u>17,796</u>	<u>111,752</u>

(e) ICMS on imports

The amount related to ICMS on the imports of inputs and equipment under lease contracts (international lease) was fully reverted during the year. The decision taken by management is based on the opinion of Company's external legal advisors, which assessed the chance of success as possible. The Company reverted R\$ 29,620 as historical ICMS on import with corresponding contra entry against Machinery and Equipment (see Note 9).

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19 Shareholders' equity

a. Capital

The Company's capital of R\$ 402,091 is represented by 57,402,935 (fifty-seven million, four hundred two thousand, nine hundred thirty-five) common shares, all nominative, without certificate and with no par value, with exclusion of rights of first refusal of the current shareholders of the Company in its subscription, in accordance with the stated in Article 172 of Law 6404, dated December 15, 1976, and in accordance with Article 9 of the Company's By-laws.

The authorized limit for the capital increase, irrespective of statutory reform, through the issuance of new shares, is 140,000,000 (one hundred forty million) common shares.

Through a resolution of the Board of Directors, within the limits authorized in the By-laws, the Company will be able to increase the capital irrespective of statutory reform. The Board of Directors will fix the terms for the share issuance, including price and time frame for payment.

The issuance of shares and debentures that are convertible into shares or a subscription bonus may be performed, at the Board of Directors' discretion, without right of first refusal or a reduction in the time frame addressed to by §4 of Article 171 of Law 6404/76, the placement of which is carried out through sale on stock exchange or by public offering, or even through barter for shares in a takeover bid, in the terms established in law, within the limits of the authorized capital.

Within the limits of the authorized capital and in accordance with the Plan approved at the General Meeting, the Board of Directors may authorize the Company to grant a share purchase option to its management and employees, as well as to management and employees of the other companies that are directly or indirectly controlled by the Company, without right of first refusal for the shareholders.

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b. Shareholding structure (information not audited by the independent auditors)

Shareholders	Situation at December 31st, 2009			
	Shares ON (Unit.)	%	Total of Shares (Unit.)	%
Board of Directors	71,787	0.13%	71,787	0.13%
Executive Board	-	0.00%	-	0.00%
Fiscal Board	-	0.00%	-	0.00%
Other shareholders	57,331,148	99.87%	57,331,148	99.87%
Total Shares	57,402,935	100.00%	57,402,935	100.00%
Outstanding Shares	57,331,148	99.87%	57,331,148	99.87%

Shareholders	Situation at December 31st, 2008			
	Shares ON (Unit.)	%	Total of Shares (Unit.)	%
Board of Directors	3,642,234	6.35%	3,642,234	6.35%
Executive Board	1,547	0.00%	1,547	0.00%
Fiscal Board	1,500	0.00%	1,500	0.00%
Other shareholders	53,757,654	93.65%	53,757,654	93.65%
Total Shares	57,402,935	100.00%	57,402,935	100.00%
Outstanding Shares	53,759,154	93.65%	53,759,154	93.65%

At an extraordinary shareholder's meeting held on March 25, 2008, was formed, the non permanent, Company's Fiscal Board. They took over on May 08th, 2009.

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Commitment clause

The company is committed to the arbitration at the Market Arbitration Chamber, in accordance with the commitment clause included in the Company's bylaws.

c. Dividends and interest on own capital

In accordance with the Company's By-laws, the net profit for the year shall have the following distributions: (i) 5% allocated to a legal reserve, until it reaches 20% of the subscribed capital; and (ii) 25% of the remaining balance adjusted in accordance with Art. 202 of Law 6404/76, for the payment of mandatory dividends.

Regarding the 2009 fiscal year, on December 09, 2009, the Board of Directors authorized the payment of interest on own capital in the of R \$ 23,529 (U.S. \$ 0.409899106 per share), charged in minimum mandatory dividend, net of income tax for the year ended December 31, 2009.

Net income for the period	83,814
Legal reserve constitution	(4,191)
Distribution of dividends basis	<u>79,623</u>
Distribution dividends condition	
Mandatory minimum dividend – 25%	19,906
Interest on own capital (income tax net)	21,233
Payment form	
Retained profit reserve destination	23,529
(-) Withholding income tax on interest on own capital	(2,296)
	<u>21,233</u>
Total shares on December 31, 2009	5,7402,935
Interest on own capital per share (income tax net)	0.369894550

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d. Capital budget and retained profit reserve destination

Management shall submit to the stockholders, at the next Ordinary General Meeting, the proposal for the destination of the retained earnings related to the fiscal year ended December 31, 2009, as well as the capital budget for the 2010 fiscal year, in compliance with current corporate legislation and according to the company's by laws, as follows:

Application:

Organic expansion and reform of operational units	64,000
Technological change	19,000
Software development	10,000
Other	<u>7,000</u>
Total application	<u>100,000</u>

Source:

Retained profits from previous periods	8,443
Profit retention reserve from 2009 fiscal year	56,094
Estimated net cash provided by operating activities during 2010 (unaudited)	<u>35,463</u>
Total source	<u>100,000</u>

20 Income tax and social contribution

The reconciliation between the expense calculated through the use of combined tax rates and the income and social contribution tax expense charged to income is shown as follows:

	2009	2008
Profit before income and social contribution taxes	<u>106,390</u>	<u>(4,535)</u>
Combined tax rate	34%	34%

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	2009	2008
Income tax and social contribution:		
Through the combined tax rate	(36,173)	1,542
Permanent additions		
Other additions	(5,454)	(831)
Permanent exclusion	-	-
Interest on own capital	8,000	-
Other adjustments		
Net temporary exclusions (additions)	-	1,069
Deferred Income Tax initial recognition from merged subsidiaries	12,197	-
Income taxes and social contribution from subsidiaries taxed by the deemed profit system	8,243	534
Losses with subsidiaries	(5,071)	(9,436)
Others	<u>(3,135)</u>	<u>(397)</u>
	<u>(21,393)</u>	<u>(7,519)</u>
Income and social contribution taxes	(42,086)	(27,017)
Deferred taxes	20,693	19,498
Effective tax rate	<u>-20%</u>	<u>166%</u>

21 General and administrative expenses

	2009	2008
Personnel expenses	112,190	90,892
Services and utilities	63,977	57,529
Depreciation	25,142	22,442
Taxes	948	2,160

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	2009	2008
Sundry provisions	10,941	7,060
Provision for doubtful accounts	56,487	1,918
General expenses	<u>32,602</u>	<u>29,473</u>
	<u>302,287</u>	<u>211,474</u>

22 Tax loss carryforwards

At December 31, 2009, the Company had tax loss carryforwards on the following base values:

Tax losses carryforwards	43,703
Negative basis of social contribution	47,038

The offsetting of the tax loss carryforwards of income tax and the negative basis of social contribution is limited to 30% of annual taxable income, with no statute of limitations.

23 Financial instruments

Classification of financial instruments

The financial instruments are classified as described below.

The Financial assets are classified in the following categories: (i) loans and receivables, (ii) measured at fair value through profit and loss, (iii) held to maturity and, (iv) available for sale. The classification made is based on the following criteria:

a. Loans and receivables

Financial assets with fixed or determined payment maturity dates, not marked to market. Such financial assets are recorded at their historical costs through the amortized cost method.

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The Company has the following financial assets in this category: (i) accounts receivable from customers (Note 6).

b. Measured at fair value through profit and loss

The financial assets that are: (i) trading securities for a short-term period, (ii) assigned at the fair value with the objective of matching income and expense acknowledged effects in order to get a more consistent and relevant accounting information or, (iii) derivatives. These assets are recorded at their respective fair values and for any change in the subsequent fair value measurement the counter-entry is in profit and loss.

The main financial assets that the Company has in this category are: (i) Cash and cash equivalents and financial investments (Note 5) and, (ii) derivatives.

c. Held to maturity

The non-derivatives financial assets with fixed or determined payment maturity dates, which the Company intends keeping to the maturity date. The financial assets related to this classification are recorded at the historical cost through the amortized cost method.

The Company does not have financial assets classified under this category.

d. Available for sale

Financial assets that do not fit in any of the aforementioned classification or the financial assets that are being assigned as available for sale. These financial assets are recorded at their respective fair values and for any change in the subsequent fair value measurement, the counter-entry is in net equity.

The company does not have financial assets classified in this category.

Financial liabilities in the following categories: (a) measured at fair value through profit and loss and, (b) measured at the amortized cost method. The classification is made in accordance with the following criteria:

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e. Measured at fair values through profit and loss

The financial liabilities that: (i) are kept for short term negotiation, (ii) assigned at a fair value with the objective of matching income and expense acknowledged effects in order to get a more consistent and relevant accounting information or, (iii) derivatives. These liabilities are recorded at their respective fair values and for any change in the subsequent fair value measurement, the counter-entry is in profit and loss.

The Company and its subsidiaries classified in this category the following financial liabilities: (i) derivatives.

f. Not stated at fair value through profit and loss

The other financial liabilities that do not fit in the above classification. The financial liabilities related to this classification are recognized and amortized applying essentially the amortized cost method.

The main financial liabilities classified in this category are: (i) accounts payable to suppliers (Note 11) (ii) loans and financing (Note 12), (iii) debentures (Note 13) and, (iv) other accounts payable (Note 17).

The table below identifies the company financial instruments. The assets classified as “not measured at fair value through profit and loss” did not show significant adjustments between the book value and the fair value.

Description	2009		2008	
	Fair value through profit and loss	Amortized cost	Fair value through profit and loss	Amortized cost
Cash and cash equivalents	17,611	-	15,842	-
Marketable securities	323,550	-	550,114	-

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Description	2009		2008	
	Fair value through profit and loss	Amortized cost	Fair value through profit and loss	Amortized cost
Accounts receivable from clients	-	268,837	-	263,704
Derivatives	<u>4,481</u>	<u>-</u>	<u>29,800</u>	<u>-</u>
Assets	<u>345,642</u>	<u>268,837</u>	<u>595,756</u>	<u>263,704</u>
Accounts payable to suppliers	-	50,240	-	58,897
Bank loans and financing	-	560,174	-	805,485
Debentures	-	136,645	-	207,226
Derivatives	7,938	-	-	-
Other accounts	<u>-</u>	<u>43,940</u>	<u>-</u>	<u>24,489</u>
Liabilities	<u>7,938</u>	<u>790,999</u>	<u>-</u>	<u>1,096,097</u>

Risks

The operations of the company and its subsidiaries are subject to the risk factors described below:

a. Credit risk

The Company and its subsidiaries are subordinated to the credit policies determined by the Management, aiming to minimize possible problems deriving from non-compliance with the Covenant on default. The company has a provision for disallowance and for doubtful accounts to face the credit risk in the amount of R\$ 66,982 (R\$ 18,411 as of December 31, 2008), accounting for 20.49% (6.75% as of December 31, 2008) of the balance of receivable accounts due.

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b. Exchange rate risk

This risk derives from possible variations in exchange rates for the currencies used by the Company for the acquisition of equipment and for contracting loans, which may incur in losses and cash restrictions due to the exchange rate volatility, increasing therefore the liabilities balance in foreign currency. The Company's exposure in financial transactions in foreign currency is substantially covered, since a great part of the funding is still in foreign currency, the US Dollar, and the interests are covered by swap, which enable the Company to swap the original risks of the operation for the risk related to CDI variation.

c. Interest rate risk

This risk arises from the possibility of the Company incurring in losses due to interest rates fluctuations that increase the loans, financing and debentures financial expenses.

- **Risk management**

The Company maintains internal control procedures to monitor transactions and the balance of financial instruments, for tracking purposes of the risks and the rates in force in relation to market rates, aiming at its assets liquidity, security and profitability.

Management is responsible for monitoring the internal control procedures, following the directions established by the Board of Directors, presenting the required approvals and in compliance with the Company's Articles of Incorporation. The financial instruments contracted by the Company and supported by these tools have historically showed adequate results for risk mitigation. Additionally, the Company does not make any transactions involving exotic or speculative derivatives.

d. Estimated market value

The estimates for the market value of the financial instruments were made through pricing standards, individually applied to each transaction, taking into consideration future payments, based on the contracted terms and discounted at present value through rates obtained through market interest rate curves, which are based on information obtained at the Futures and Commodities Exchange (BM&F) and National Association of Open Market Institutions (Andima) sites.

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Therefore, the market value of a security corresponds to its due date value (redemption value) brought to present value through the discount factor (related to the due date of the security) obtained from the market interest rate curve in Reais.

e. Derivative instruments

As aforementioned, the contract for operations of swap derivative financial instruments has the objective of minimizing the risks of loans and financing in US dollar. According to the Company financial strategy, the operations involving instruments are contracted with the purpose of protecting (hedging) the risks arising from exchange rate variation and interest rate fluctuation, not having thus speculative objectives in the use of these derivatives.

The protection instruments contracted by the Company are interest rate or currency *swaps* with any leverage component, margin call clause, daily adjustments or periodical adjustments. The premises used in the calculation of the Purchased and Sold Swap position are stated below:

- As of December 31, 2009 the Company had the following swap operations:

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Financial instruments - Derivatives receivable

Market values (accounting)												
Company strategy	Index rate asset	Asset	Index rate liability	Liability	Market value net	Values cost	Gain (loss) in mark -to-market	Currency/ index rate	Range of maturity date	Ncional	Trading market	Counter part
Derivatives for debts protection, not assigned at fair values												
Swap - Hedge foreign exchange variation	Dólar + 8.75% a.a.	24,576	106% do CDI	(21,734)	2,842	772	2,070	Dólar	05/2008 to 05/2013 **	249,450	Balcão	Credit Suisse
Swap - Hedge foreign exchange variation	Dólar + 8.75% a.a.	<u>16,383</u>	106% do CDI	<u>(14,744)</u>	<u>1,639</u>	<u>35</u>	<u>1,604</u>	Dólar	05/2008 to 05/2013 **	166,300	Balcão	Merril Lynch
		<u>40,959</u>		<u>(36,478)</u>	<u>4,481</u>	<u>807</u>	<u>3,674</u>					
Short term portion in current liabilities					<u>4,481</u>							
Noncurrent liabilities					<u>---</u>							

**Quarterly Maturity Date

Financial Instruments - Derivatives payable

Market values (accounting)												
Company strategy	Index rate asset	Asset	Index rate liability	Liability	Market value net	Values cost	Gain (loss) in mark -to-market	Currency/ index rate	Range of maturity date	Ncional	Trading market	Counter part
Derivatives for debts protection, not assigned at fair values												
Swap - Hedge Foreign Exchange Variation	Dólar + 8.50% a.a.	531	CDI menos 0,7%	(1,339)	(808)	824	(1,632)	Dólar	05/2003 to 12/2010 *	2,960	Balcão	Banco Votorantim
Swap - Hedge Foreign Exchange Variation	Dólar + 8.75% a.a.	53,939	106% do CDI	(56,939)	(3,000)	-	(3,000)	Dólar	05/2008 to 05/2013 **	249,450	Balcão	Credit Suisse
Swap - Hedge Foreign Exchange Variation	Dólar + 8.75% a.a.	<u>35,960</u>	106% do CDI	<u>(40,090)</u>	<u>(4,130)</u>	<u>---</u>	<u>(4,130)</u>	Dólar	05/2008 to 05/2013 **	166,300	Balcão	Merril Lynch
Short term portion in current liabilities		<u>90,430</u>		<u>(98,368)</u>	<u>(7,938)</u>	<u>824</u>	<u>(8,762)</u>					
Noncurrent liabilities					<u>(808)</u>							

* Monthly Maturity Date

**Quarterly Maturity Date

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The company recognized gains and losses with its derivative instruments. However, since they are protection derivatives, such gains minimized the impacts arising from exchange rate variation and from the interest rate variation incurred in the respective protected indebtedness. In the years ended December 31, 2009 and 2008, the derivative instruments generated the following impacts on the consolidated result:

Derivatives	Risk	Account	Income (expenses)	
			2009	2008
Banco Votorantim	Exchange variation/Interests fair value adjustment	Financial expenses	(750)	(1,161)
Merril Lynch	Exchange variation/Interests fair value adjustment	Financial expenses	(13,584)	-
Credit Suisse	Exchange variation/Interests fair value adjustment	Financial expenses	(20,599)	-
			<u>(34,933)</u>	<u>(1,161)</u>

f. Sensitivity analysis

In accordance with Instruction CVM 475/08, the Company carried out the sensitivity analysis for the main risks, to which its financial instruments (including derivatives) are exposed and which are represented by the risks related to exchange and interest rate variation, shown as follows:

Exchange rate variation

Considering the maintenance of the exposure (notional) and the dollar exchange rate quotation at December 31, 2009, the simulation for the effects of the dollar devaluation on the consolidated financial statements by type of financial instrument in two different scenarios would be the following:

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Contract	Risk	Exposure	Market value at 12/31/2009	Depreciation 25%	Depreciation 50%
Swap contract - Banco Votorantim Asset Position - Exchange Variation	Dollar's fall US\$	2,960	531	(133)	(265)
Swap contract - Merrill Lynch Asset Position - Exchange Variation	Dollar's fall US\$	166,300	52,343	(12,672)	(25,614)
Swap contract - Credit Suisse Asset Position - Exchange Variation	Dollar's fall US\$	<u>249,450</u>	<u>78,514</u>	<u>(19,008)</u>	<u>(38,422)</u>
		<u>418,710</u>	<u>131,388</u>	<u>(31,813)</u>	<u>(64,301)</u>

Interest rate variation

Considering that the exposure scenario for the financial instruments indexed to the variable interest rates at December 31, 2009 will remain the same in future, the effects of the Interbank Deposit Certificate (CDI) increase on the consolidated financial statements information by type of financial instrument, for two different scenarios, would be the following:

Contract	Risk	Exposure	Market Value at 12/31/2009	Increase 25%	Increase 50%
Swap contract - Banco Votorantim Asset Position - Exchange Variation	CDI increase	2,960	(1,339)	(113)	(160)
Swap contract - Merrill Lynch Asset Position - Exchange Variation	CDI increase	166,300	(54,834)	(20,066)	(39,879)
Swap contract - Credit Suisse Asset Position - Exchange Variation	CDI increase	<u>249,450</u>	<u>(78,673)</u>	<u>(13,429)</u>	<u>(26,690)</u>
		<u>418,710</u>	<u>(134,846)</u>	<u>(33,608)</u>	<u>(66,729)</u>

24 Insurance coverage

The Company has a policy of contracting insurance coverage for assets subject to risks in amounts considered to be sufficient to cover possible casualties, considering the nature of its activity.

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The Company has insurance policies taken out with the main insurance companies in Brazil, which were determined in accordance with the guidance of experts, and take into account the nature and the level of risk involved. The main insurance coverage are those against fire (R\$ 100,000), unearned profits (R\$ 9,500), civil liability (R\$ 1,000), civil liability of Officers and Administrators (R\$ 50,000), windstorm and smoke (R\$ 1,500), and electrical damages (R\$ 1,500), for amounts considered sufficient to cover possible losses.

The risk assumptions adopted, given their nature, are not part of the scope of the audit of the consolidated financial statements and, accordingly, were not audited by our independent auditors.

25 Related party transactions

Our By-laws require that related party transactions must be performed on an arm's length basis. Additionally, any transaction or set of transactions with related parties in Brazilian Reais above the equivalent to US\$ 500 thousands must be approved by the Board of Directors, by at least 75% of the members attending the Meeting.

a.1 Total amount of services rendered during the fiscal year of 2009 involving the Company and its subsidiaries

Bad debt provision is not recorded for the existing amounts, and, hence, there aren't guarantees given or received involving these transactions.

	December 31, 2009						
	Revenue						
	Company DASA (²)	Cientific a Lab (²)	DASA RE (¹)	DASA FC (³)	Medlabor (²)	CMI (¹)	Total
Cost of services provided							
Company - DASA	-	10,481	1,637	14,194	-	-	26,312

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	December 31, 2009						
	Revenue						
Company	DASA (²)	Científica Lab (²)	DASA RE (¹)	DASA FC (³)	Medlabor (²)	CMI (¹)	Total
Exame	2,437	-	-	-	62	-	2,499
Cedic/Cedilab	-	-	-	-	-	615	615
	<u>2,437</u>	<u>10,481</u>	<u>1,637</u>	<u>14,194</u>	<u>62</u>	<u>615</u>	<u>29,426</u>

	December 31, 2008				
	Revenue				
Company	DASA (²)	Alvaro (²)	DASA RE (¹)	Científica (²)	Total
Cost of services provided					
Company – DASA	-	1,649	1,450	1,242	4,341
Frischmann	-	467	-	-	467
LabPasteur	-	274	-	-	274
MedLabor	386	712	-	-	1,098
Atalaia	-	231	-	-	231
Exame	-	330	-	-	330
MedImagem	-	12	-	-	12
	<u>386</u>	<u>3,675</u>	<u>1,450</u>	<u>1,242</u>	<u>6,753</u>

(¹) amount related to property leases.

(²) amount related to clinical analysis services rendered

(³) amount related to financial operations

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a.2 Amounts related to inventory loan receivables on December 31, 2009 involving the company and respective subsidiaries

Bad Debt Provision is not recorded for the existing amounts, and, hence, there aren't guarantees given or received involving these transactions.

	December 31, 2009		
	Suppliers		
	Company DASA	DASA RE	Total
Trade accounts receivable			
Company - DASA	-	165	165
CientíficaLab	<u>7,149</u>	<u>-</u>	<u>7,149</u>
	7,149	165	7,314
Inventories - loans of materials			
CientíficaLab	<u>665</u>	<u>-</u>	<u>665</u>
	<u>7,814</u>	<u>165</u>	<u>7,979</u>

	December 31, 2008			
	Suppliers			
	Company DASA	Alvaro	DASA RE	Total
Trade accounts receivable				
Company - DASA	-	306	122	428
Frischmann	-	83	-	83
LabPasteur	-	20	-	20

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	December 31, 2008			
	Suppliers			
	Company DASA	Alvaro	DASA RE	Total
MedLabor	17	-	-	17
Atalaia	-	50	-	50
Exame	-	31	-	31
Científica Lab	-	119	-	119
Med Imagem	<u>-</u>	<u>50</u>	<u>-</u>	<u>50</u>
	17	659	122	798
Inventories - loans of materials				
Frischmann	242	-	-	242
LabPasteur	21	-	-	21
MedLabor	189	-	-	189
Atalaia	37	-	-	37
Exame	16	-	-	16
Científica Lab	<u>105</u>	<u>-</u>	<u>-</u>	<u>105</u>
	<u>610</u>	<u>-</u>	<u>-</u>	<u>610</u>
	<u>627</u>	<u>659</u>	<u>122</u>	<u>1,408</u>

Remuneration of key-personnel in local management

key-personnel in management's remuneration, including fixed and variable portion during the year of 2009 amounted to R\$ 1,768 (R\$ 1,893 in 2008) to Board of Directors' members and R\$ 11,467 (R\$ 8,784 in 2008) to statutory and common members of executive board.

The remuneration based in stocks is disclosed in Note 27. There are no additional benefits to key-personnel in the company's general management.

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26 Leases

Local currency lease

The Company has entered into same capital lease contracts, totalizing a payable balance until 2013 in the amount of R\$ 15,380, being R\$ 9,203 of this amount classified in the current liability and R\$ 6,177 in the noncurrent liability. The average term of the contracts is 36 months and they are bound to interest rates varying from CDI + 1.17 % p.a. to CDI + 8.80 % p.a.

Minimum future leases payments are segregated as follows:

	2009			2008		
	Present value of minimum leases payments	Interest	Future minimum leases payments	Present value of minimum leases payments	Interest	Future minimum leases payments
Up to one year	9,203	1,168	10,371	9,988	1,607	11,595
One and up to five years	<u>6,177</u>	<u>783</u>	<u>6,960</u>	<u>11,526</u>	<u>1,904</u>	<u>13,430</u>
	<u>15,380</u>	<u>1,951</u>	<u>17,331</u>	<u>21,514</u>	<u>3,511</u>	<u>25,025</u>

The assets stated below are included in the fixed assets of the Company and its subsidiaries.

Net book value of the assets obtained by contracts of local financial lease:

	2009	2008
Machinery and equipment	12,827	13,800
Furniture and fixture	695	776
Vehicles	1,641	2,869
IT equipment	5,486	6,179
Construction in process	44	120
IT system	<u>277</u>	<u>319</u>
	<u>20,970</u>	<u>24,063</u>

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Foreign lease

The Company is a leaseholder of equipment used in the rendering of the services, in accordance with lease agreements with purchase option. The payment term is 84 months, and for the first installment it was established a grace period of six months for its payment, and for the others it was established that they will be made on a quarterly and semi-annual basis. The quarterly and semi-annual installments fixed in U.S. Dollars are translated into Reais at the dollar market exchange rate quotation ruling on the payment date, plus interest which varies from 7.20% per annum to 9.00% per annum, which up to 2016 total a payable balance in the amount of R\$ 59,117, R\$ 17,689 out of which is classified under the current liabilities and R\$ 41,428 under noncurrent liabilities.

Minimum future leases payments are segregated as follows:

	2009			2008		
	Present value of minimum leases payments	Interest	Future minimum leases payments	Present value of minimum leases payments	Interest	Future minimum leases Payments
Up to one year	17,689	1,159	18,848	21,822	1,429	23,251
One and up to five years	41,373	2,710	44,083	71,892	4,709	76,601
Over five years	<u>55</u>	<u>4</u>	<u>59</u>	<u>1,478</u>	<u>98</u>	<u>1,576</u>
	<u>59,117</u>	<u>3,873</u>	<u>62,990</u>	<u>95,192</u>	<u>6,236</u>	<u>101,428</u>

The international financial lease contracts are included in the fixed asset under machinery and equipment R\$ 92,709 (R\$ 99,842 on December 31, 2008).

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27 Stock option plan

On March 25, 2008 in the General Meeting the shareholders approved the implementation of the Stock option plan for officers and employees of the Company, subject to conditions previously disposed to shareholder, with effective term of five years from the date of its approval. The Plan shall be managed by the Board of Directors of the Company, which may empower its duties, observing the restrictions provided for by Law, to the People Management and Compensation Committee of the Company. The stock options may grant acquisition rights over a total number of Shares not exceeding zero point two per cent (0.2%) of the Company's capital stock per year and one per cent (1.0%) of the total Company's capital stock. The Board of Directors shall be responsible for defining the strike price of options granted pursuant to the Plan, observing the minimum price corresponding to the average value of Company's shares in the past five (5) trading sessions of São Paulo Stock Exchange (BOVESPA) immediately preceding the option granting date. The options granted pursuant to the Plan may be exercised, fully or partially, observing the determinations of the Board of Directors and the terms and conditions provided for in the respective Option Agreements, the exercise shall occur as follows: (i) up to thirty-three per cent (33%) of the options granted may be exercised after two (2) years of the date of respective granting; and (ii) up to sixty-seven per cent (67%) of options granted plus eventual unsubscribed shares not exercised during the preceding exercise period may be exercised after three (3) years of the respective granting date; observing the maximum limit of five (5) years as of the granting date for the exercise of options. There were no contracts granting option executed in 2008. The content of the plan was disclosed to the market on 03/25/08, through the CVM - Securities and Exchange Commission information system (www.cvm.gov.br). The management has decided to postpone the beginning of the concession that was expected for the year of 2010 in order to revise the conditions established in the plan approved by the shareholders. Any proposal change in the approved plan must be submitted to shareholders' appreciation and approval.

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28 Statement of cash flows

Cash and cash equivalents are constituted as follows:

	2009	2008
Cash and cash equivalents	17,611	15,842
Marketable securities	<u>269,222</u>	<u>476,382</u>
	<u>286,833</u>	<u>492,224</u>

Business acquisitions

In January 2009, the Company acquired the subsidiary Unidade Cearense de Imagem Ltda. - Unimagem. The values of the acquired asset and of the assumed liabilities are shown below:

	Unimagem
Cash	457
Trade accounts receivable, net	96
Inventories	89
Recoverable taxes	251
Judicial deposits	45
Marketable securities	386
Other accounts receivable	19
Investments	89
Property, equipment and intangible assets, net	5,655
Suppliers	(290)
Loans and financing	(2,068)
Other accounts payable	(1,250)
	<u>3,479</u>
Total price of acquisition	<u>15,882</u>

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	Unimagem
Cash	(457)
Acquisition net of cash acquired	<u>15,425</u>

29 Financial income (expense)

	2009	2008
Financial expenses		
Interests	(83,753)	(79,615)
Monetary and exchange variations	(75,001)	(58,150)
Other	<u>(11,951)</u>	<u>(6,331)</u>
	<u>(170,705)</u>	<u>(144,096)</u>
Financial revenues		
Interests	21,096	12,575
Monetary and exchange variations	107,564	46,956
Other	<u>790</u>	<u>861</u>
	<u>129,450</u>	<u>60,392</u>
	<u>(41,255)</u>	<u>(83,704)</u>

For year ended December 31, 2009 the financial expenses totaled R\$ 170,705, a 18.5% increase when compared to the same period in 2008, mainly due to the Senior Notes interests. Financial revenues totaled R\$ 129,450, an increase of 114.3% when compared to the same period in 2008, reflecting the exchange variation on foreign financing and loan contracts.

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30 Subsequent events

Split off

In a General meeting of Shareholders (AGE) that took place on February 1, 2010 it was approved unanimously, on the terms of article 12, paragraph IV of the company by laws, the management's proposal towards the split off of Company's common shares. Each share will become 4 new common shares, with shareholders receiving 3 new common shares per each former common share held by them at the date of the meeting, being certain that shares derived from the split off will be equal in terms of benefits, including dividends and any other capital remuneration that may be granted by the company from December 28, 2009 on, inclusive. Shareholders who held shares on February 1, 2010 exclusively will have rights to receive new common shares derived from the split off. After this date, all stocks will be negotiated as "post-split off". The credits derived from the shares arisen from the split off will be done on February 5, 2010. As a consequence of the split off, the paid-in underwritten capital of R\$ 402,091 is divided by 229,611,740 common shares without nominal value, and the limit of authorized capital becomes 560,000,000 common shares.

31 Summary of principal differences between Brazilian GAAP and U.S. GAAP

I - Description of GAAP differences

The consolidated financial statements of the Company and its subsidiaries is prepared in accordance with accounting practices adopted in Brazil (Brazilian GAAP), which comprises those prescribed by Brazilian Corporate Law, the Pronouncement, Guidelines and Interpretations issued by the Committee for Accounting Statements (CPC) and the rules of the Brazilian Securities and Exchange Commission (CVM). Note 3 to the consolidated financial statements summarizes the accounting policies adopted by the Company, which differ significantly from U.S.GAAP, as summarized below.

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a. Capitalization of interest related to construction in progress

Under BRGAAP, the Company is required to capitalize interest costs and other financial charges on borrowed funds as part of the cost of the related asset under construction only if the borrowed funds are directly related to the asset under construction.

In accordance with U.S. GAAP, ASC 835, “Capitalization of Interest Costs”, interest incurred on borrowings is capitalized to the extent that the borrowings do not exceed construction in progress. Under U.S. GAAP, the amount of interest capitalized should not include foreign exchange gains and losses on foreign currency borrowings.

b. Deferred income taxes

Under BRGAAP, deferred tax assets must be recorded when certain criteria defined by the CVM are met and to the extent that realization is probable (a valuation allowance is not recorded), while deferred tax liabilities must be recorded in full. Recognition of deferred tax assets from tax loss carryforwards is based on future taxable income brought at its present value. The Realization estimated period can not exceed ten years.

Under U.S. GAAP, deferred taxes are recorded on all temporary differences, except for differences arising from re-measurement of non-monetary assets and liabilities from Brazilian Reais into US dollar at historical exchange rates. Valuation allowances are established when it is more likely than not that deferred tax assets will not be realized. Deferred tax assets and liabilities are classified as current or long-term based on the classification of the asset or liability underlying the temporary difference. Deferred income tax assets and liabilities in the same tax jurisdiction are netted rather than presented gross. Discounting is not permitted.

Deferred tax assets arising from tax loss carryforwards of an acquired entity are recognized directly in the statement of operations in the year when all conditions for recognition are met. Pursuant to US GAAP, these assets must be assessed at the date of acquisition and, if recorded, should have their effects on the amount assigned to goodwill.

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The types of temporary differences that give rise to significant portions of the Company's deferred tax as of December 31 are set forth below:

	2009	2008
Deferred tax assets		
Tax loss carryforwards	15,159	7,465
Provision for disallowance and doubtful accounts	23,452	4,952
Obsolete items – inventories	520	407
Goodwill amortization	38,737	50,246
Provision for specialized medical services	1,897	1,247
Provision for contingencies	25,214	18,687
Deferred taxes	1,285	-
Preoperating expenses	8,545	10,438
Other provisions	<u>4,431</u>	<u>1,841</u>
Total gross deferred tax assets	<u>119,240</u>	<u>95,283</u>
Net deferred tax assets	<u>119,240</u>	<u>95,283</u>
Deferred tax liabilities		
Capitalization of interest	(1,519)	(1,853)
Fair value adjustments relating to derivatives	(11,251)	(9,273)
Differences in goodwill recognized under US GAAP	(30,180)	(27,109)
Intangible assets recorded under US GAAP	(64,968)	(70,283)
Other	<u>(3,331)</u>	<u>(1,340)</u>
Total gross deferred tax liabilities	<u>(111,249)</u>	<u>(109,858)</u>
Net deferred tax assets (liabilities)	<u>7,991</u>	<u>(14,575)</u>
Current portion	51,087	15,054
Noncurrent portion	(43,096)	(29,629)

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c. Acquisitions and business combinations

Prior to the Law 11638/07 the treatment under BR GAAP on the acquisition of subsidiaries, considered that the difference between the purchase price paid and the book value was recorded as goodwill, when such goodwill was supported by future profitability of operations undertaken by the subsidiaries acquired, and it was amortized over the period estimated to be benefited. If the fair value of the property and equipment of the acquired company exceeds the book value, the goodwill relating to this excess was amortized over the remaining useful lives of the related assets. If the goodwill did not fall into one of the above categories, it was written off.

The enactment of Law 11638/07 and the publication of accounting pronouncements such as “CPC 04 - Intangible Assets” and “CPC 13 - Initial Compliance with Law 11638/07 and Provisional Measure 449/08”, modified BR GAAP regarding this matter basically through the recognition of a new subgroup under Noncurrent Assets called “Intangibles” which comprises (i) intangibles assets with finite useful lives subject to amortization, and (ii) intangible assets with indefinite useful lives subject annually to an impairment test (i.e. goodwill).

Pursuant to the new law, the goodwill that was related to the acquisitions were reclassified to “intangibles” and were amortized until December 31, 2008. As of January 1st, 2009, goodwill will no longer be amortized and will be tested for impairment annually, or more frequently if events or changes in circumstances indicate that the goodwill or the intangible asset might be impaired.

Under U.S. GAAP, pursuant to SFAS 141, “Business Combinations” the cost of an acquired entity is allocated to assets acquired, including identifiable intangible assets, and liabilities assumed based on their estimated fair values at the date of acquisition. The excess of the cost of an acquired entity over the amounts assigned to assets acquired and liabilities assumed is recognized as goodwill. SFAS 141 requires disclosure of the primary reasons for a business combination and the allocation of the purchase price paid to the assets acquired and liabilities assumed by major balance sheet captions. SFAS 141 also requires that when the amounts of goodwill and intangible assets acquired are significant to the purchase price paid, disclosure of other information about those assets is required, such as the amount of goodwill by reportable segment and the amount of the purchase price assigned to each major intangible asset class.

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In December 2007, FASB issued ASC 805, “Business Combination” (SFAS 141 R), which replaces SFAS 141, Business Combinations. ASC 805 retains the fundamental requirements in SFAS 141 that the acquisition method of accounting (which SFAS 141 called the purchase method) be used for all business combinations and for an acquirer to be identified for each business combination. ASC 805 defines the acquirer as the entity that obtains control of one or more businesses in the business combination and establishes the acquisition date as the date that the acquirer achieves control. ASC 805 did not define the acquirer, although it included guidance on identifying the acquirer. ASC 805’s scope is broader than that of SFAS 141, which applied only to business combinations in which control was obtained by transferring consideration. The result of applying SFAS 141’s guidance on recognizing and measuring assets and liabilities in a step acquisition was to measure them at a blend of historical costs and fair values. In addition, ASC 805 requires to measure the noncontrolling interest in the acquirer at fair value which results in recognizing the goodwill attributable to the noncontrolling interest in addition to that attributable to the acquirer. ASC 805 applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. An entity may not apply it before that date. The Company applied such pronouncement on a prospective basis.

Acquisitions

The following acquisitions occurred in 2009 and 2008:

Maximagem

On November 19th, 2008, the Company completed its acquisition of the companies (i) Maxidiagnósticos Participações Ltda., (ii) Digirad Diagnósticos Médicos Ltda., (iii) Clínica Radiológica Clira Ltda., (iv) Cedimax Diagnósticos Médicos Ltda. and (v) Clínica Radiológica Brafer Ltda., which make up the group Maximagem (“Maximagem”). Maximagem renders imaging diagnostic services in the cities of São Paulo and Santo André. The acquisition will reinforce Company presence in the State of São Paulo and increases its participation in the imaging diagnostics services.

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Maximagem became a wholly owned subsidiary of the Company in a transaction accounted for using the purchase method. The Company acquired 100% of the outstanding quotas of Maximagem for an initial purchase price of R\$ 35,655, from which R\$ 1,555 is related to acquisition costs, R\$ 25,381 were paid cash, R\$ 2,719 will be paid on November 19th, 2010 and R\$ 6,000 were placed in an escrow account to secure Maximagem's obligations under certain representation and warranty provisions. The escrow funds will be released six years from the closing date of the acquisition. The results of operations of Maximagem are included in the Company's Consolidated Statements of Operations beginning November 19, 2008, the closing date of the acquisition.

Under the purchase method of accounting, the initial purchase price as shown above is allocated to Maximagem's net tangible and intangible assets based on their estimated fair values as of the date of the completion of the acquisition. In addition, adjustments may be made to the allocation of the initial purchase price to reflect adjustments to the fair value of fixed assets, as well as the related deferred taxes.

The allocation of the purchase price as of the acquisition date is as follows:

Cash	752
Accounts receivable	3,193
Other accounts receivable	1,672
Property and equipment	6,185
Identifiable intangible assets	8,921
Goodwill	28,114
Suppliers	(1,052)
Loans and financing	(5,174)
Deferred taxes	(3,033)
Other accounts payable	(3,923)
Total initial purchase price	<u>35,655</u>

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Identifiable intangible assets

Identifiable intangible assets, which consist non-contractual customer relationships and are amortized on a straight-line basis over their estimated useful lives of 30 years.

Goodwill

R\$ 28,114 of the initial purchase price has been allocated to goodwill. Goodwill represents the excess of the purchase price over the fair value of the underlying net tangible and intangible assets. The goodwill was attributed to the premium paid to based on the expectation of future profitability. The total amount of goodwill recorded was assigned to the Company as there are no reporting segments or reporting units. The goodwill generated under accounting practices adopted in Brazil is normally deductible for tax purposes, upon incorporation of the acquired entities.

In accordance with ASC 350, goodwill will not be amortized but instead will be tested for impairment at least annually (more frequently if certain indicators are present). In the event that management determines that the value of goodwill has become impaired, the Company would incur an accounting charge for the amount of impairment during the period in which the determination is made.

Deferred tax liability

Deferred tax liability of R\$3,033 related to tax effects of fair value adjustments related to intangible assets.

Cedic

On December 05, 2008 the Company completed its acquisition of the companies (i) Cedic - Centro de Diagnósticos por Imagem de Cuiabá Ltda.; (ii) Centro Médico de Imagenologia Ltda.; (iii) Ressonância Magnética Cuiabá Ltda., which make up the group Cedic (“Cedic”). Cedic renders imaging diagnostic services in the cities of Cuiabá e Várzea Grande. The acquisition is the starting point for the entrance in the city of Cuiabá, by offering imaging services.

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Cedic became a wholly owned subsidiary of the Company in a transaction accounted for using the purchase method. The Company acquired 100% of the outstanding quotas of Cedic for an initial purchase price of R\$26,920, from which R\$1,239 is related to acquisition costs, R\$21,604 were paid cash, R\$577 will be paid two days upon the presentation of certain tax documentation and R\$ 3,500 were placed in an escrow account to secure Cedic's obligations under certain representation and warranty provisions. The escrow funds will be released six years from the closing date of the acquisition. The results of operations of Cedic are included in the Company's Consolidated Statements of Operations beginning December 05, 2008, the closing date of the acquisition.

Under the purchase method of accounting, the initial purchase price as shown above is allocated to Cedic net tangible and intangible assets based on their estimated fair values as of the date of the completion of the acquisition. In addition, adjustments may be made to the allocation of the initial purchase price to reflect adjustments to the fair value of fixed assets, as well as the related deferred taxes.

The allocation of the purchase price as of the acquisition date is as follows:

Cash	1,503
Accounts receivable	395
Other accounts receivable	9
Property and equipment	8,071
Identifiable intangible assets	7,321
Goodwill	17,773
Suppliers	(1,217)
Loans and financing	(3,332)
Deferred taxes	(2,489)
Other accounts payable	(1,114)
Total initial purchase price	<u>26,920</u>

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Identifiable intangible assets

Identifiable intangible assets, which consist of brand and are amortized on a straight-line basis over their estimated useful lives of 30 years.

Goodwill

R\$17,773 of the initial purchase price has been allocated to goodwill. Goodwill represents the excess of the purchase price over the fair value of the underlying net tangible and intangible assets. The goodwill was attributed to the premium paid based on the expectation of future profitability. The total amount of goodwill recorded was assigned to the Company as there are no reporting segments or reporting units. The goodwill generated under accounting practices adopted in Brazil is normally deductible for tax purposes, upon incorporation of the acquired entities.

In accordance with ASC 350, goodwill will not be amortized but instead will be tested for impairment at least annually (more frequently if certain indicators are present). In the event that management determines that the value of goodwill has become impaired, the Company would incur an accounting charge for the amount of impairment during the period in which the determination is made.

Deferred tax liability

Deferred tax liability of R\$2,489 related to tax effects of fair value adjustments related to intangible assets.

Cedilab

On December 05, 2008 the Company completed its acquisition of Centro Médico de Diagnóstico Laboratorial Ltda. (“Cedilab”). Cedilab renders clinical analysis services in the cities of Cuiabá e Várzea Grande. The acquisition is the starting point for the entrance in the city of Cuiabá, by offering clinical analysis.

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Cedilab became a wholly owned subsidiary of the Company in a transaction accounted for using the purchase method. The Company acquired 100% of the outstanding quotas of Cedilab for an initial purchase price of R\$8,713, from which R\$151 is related to acquisition costs, R\$7,963 were paid in cash and R\$600 were placed in an escrow account to secure Cedilab's obligations under certain representation and warranty provisions. The escrow funds will be released six years from the closing date of the acquisition. The results of operations of Cedilab are included in the Company's Consolidated Statements of Operations beginning December 05, 2008, the closing date of the acquisition.

Under the purchase method of accounting, the initial purchase price as shown above is allocated to Cedilab net tangible and intangible assets based on their estimated fair values as of the date of the completion of the acquisition. In addition, adjustments may be made to the allocation of the initial purchase price to reflect adjustments to the fair value of fixed assets, as well as the related deferred taxes.

The allocation of the purchase price as of the acquisition date is as follows:

Cash	728
Accounts receivable	170
Other accounts receivable	182
Property and equipment	361
Identifiable intangible assets	2,399
Goodwill	6,830
Suppliers	(801)
Loans and financing	(59)
Deferred taxes	(816)
Other accounts payable	(281)
Total initial purchase price	<u>8,713</u>

Identifiable intangible assets

Identifiable intangible assets, which consist of brand and are amortized on a straight-line basis over their estimated useful lives of 30 years.

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Goodwill

R\$6,830 of the initial purchase price has been allocated to goodwill. Goodwill represents the excess of the purchase price over the fair value of the underlying net tangible and intangible assets. The goodwill was attributed to the premium paid to based on the expectation of future profitability. The total amount of goodwill recorded was assigned to the Company as there are no reporting segments or reporting units. The goodwill generated under accounting practices adopted in Brazil is normally deductible for tax purposes, upon incorporation of the acquired entities.

In accordance with ASC 350, goodwill will not be amortized but instead will be tested for impairment at least annually (more frequently if certain indicators are present). In the event that management determines that the value of goodwill has become impaired, the Company would incur an accounting charge for the amount of impairment during the period in which the determination is made.

Deferred tax liability

Deferred tax liability of R\$816 related to tax effects of fair value adjustments related to intangible assets.

Unimagem

On January 20, 2009 the Company completed the acquisition of all representative quotas of the capital of the company Unidade Cearense de Imagem Ltda. - Unimagem that renders services of diagnosis by image in the city of Fortaleza (Ceará State). Unimagem became a wholly owned subsidiary of the Company in a transaction accounted for using the purchase method. The Company acquired 100% of the outstanding quotas of Unimagem for an initial purchase price of R\$15,882 from which R\$12,682 of which were paid in cash, R\$ 1,700 will be paid in 2012 and R\$1,500 were placed in an escrow account to secure Unimagem obligations under certain representations and warranty provisions. The results of operation of Unimagem are included in the Company's Consolidated Statements of operations beginning January 20, 2009, the closing date of the acquisition.

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With this acquisition, the company strengthens its presence in the State of Ceará, where it already offers services of clinical analysis through the trademark LabPasteur, as a supplement to its market share in diagnostic services through imaging. The acquisition was approved at a Company's Board of Directors' meeting held on December 23, 2008, which was submitted to the approval of the Administrative Council for Economic Defense (CADE).

Under the acquisition method of accounting, the initial purchase price as shown above is allocated to Unimagem's net tangible and intangible assets based on their estimated fair values as of the date of the completion of the acquisition. In addition, adjustments may be made to the allocation of the initial purchase price to reflect adjustments to the fair value of assets including intangible assets, and liabilities as well as the related deferred taxes.

The preliminary allocation of the initial purchase price as of the acquisition date is as follows:

Cash	457
Accounts receivable	96
Inventories	89
Recoverable and deferred taxes	251
Marketable securities	386
Other accounts receivable	64
Investments	89
Property, plant, equipment	5,655
Identifiable intangible assets	3,987
Goodwill	9,772
Suppliers	(290)
Loans and financing	(2,068)
Deferred taxes	(1,356)
Other accounts payable	(1,250)
Total initial purchase price	<u>15,882</u>

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Identifiable intangible assets

Identifiable intangible assets, which consist of brand and are amortized on a straight-line basis over their estimated useful lives of 30 years.

Goodwill

R\$ 9,772 of the initial purchase price has been allocated to goodwill. Goodwill represents the excess of the purchase price over the fair value of the underlying net tangible and intangible assets. The goodwill was attributed to the premium paid to based on the expectation of future profitability. The total amount of goodwill recorded was assigned to the Company as there are no reporting segments or reporting units. The goodwill generated under accounting practices adopted in Brazil is normally deductible for tax purposes, upon incorporation of the acquired entities.

In accordance with ASC 350, goodwill will not be amortized but instead will be tested for impairment at least annually (more frequently if certain indicators are present). In the event that management determines that the value of goodwill has become impaired, the Company would incur an accounting charge for the amount of impairment during the period in which the determination is made.

Deferred tax liability

Deferred tax liability of R\$1,356 related to tax effects of fair value adjustments related to intangible assets.

The following summary presents the Company's unaudited pro forma consolidated results of operations for the years ended December 31, 2009 and 2008, in accordance with accounting practices adopted in Brazil, as if Unimagem acquisitions has been completed at the beginning of each period. The unaudited pro forma information is only presented for comparative purposes and does not purport to be indicative of what would have occurred had the acquisition actually been made at such date, nor is it necessarily indicative of future operation results:

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Amounts under accounting practices adopted in Brazil	12/31/2009	12/31/2008
Net operating revenues	1.388,687	1,194,683
Operating income	106,113	28,904
Net income	83,520	32,248
Net income per share	0.36	0.14

d. Transaction costs - Senior notes

All expenses incurred with the issue of *Senior Notes* have been amortized on a straight line basis during the term of the notes. According to the Technical Pronouncement - CPC 08, which defines the transaction costs and premiums in the issue of securities, the Company has reclassified the expenses incurred with the issue of notes, not amortized, to the line of Bank Loans and Financings, showing the net liability of its transaction costs in its consolidated financial statements prepared in accordance with BR GAAP.

Under US GAAP, transaction costs, not amortized, are presented as prepaid expenses.

e. Noncontrolling interest

Under BR GAAP noncontrolling interest is reported as an independent line item in the consolidated financial statements between liabilities and Equity.

Under US GAAP ASC 810 Noncontrolling Interests in Consolidated Financial Statements, determines that the noncontrolling interest should be reported as equity in the consolidated financial statements.

f. Financial income (expenses)

Under BR GAAP, financial income and expense, including foreign exchange and monetary variations, are required to be shown as part of operating income.

Under U.S. GAAP, such financial income and financial expense should be shown after operating income.

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g. Earnings per share

Under BR GAAP, the Company determines earnings per share based on the number of shares outstanding at the end of each period in which earnings are reported. Subsequent changes in the Company's share capital are not retroactively reflected in the disclosure of the number of shares outstanding and in the calculation of earnings per share under BR GAAP.

Under U.S. GAAP in accordance with ASC 260, earnings per share are determined based upon the weighted average number of shares outstanding during the period, giving retroactive effect to stock dividends and stock splits. The calculation of earnings per share under U.S. GAAP is shown in Note 31 III.(f).

h. Recently issued in accounting pronouncements

In September 2009, the Accounting Standards Codification ("ASC") became the source of authoritative U.S. GAAP recognized by the Financial Accounting Standards Board ("FASB") for nongovernmental entities, except for certain FASB Statements not yet incorporated into ASC. Rules and interpretive releases of the SEC under federal securities laws are also sources of authoritative U.S. GAAP for registrants. The authoritative guidance mentioned in these financial statements includes the applicable ASC reference.

We adopted ASC 855, Subsequent Events, which established general accounting standards and disclosure for subsequent events, during the year ended December 31, 2009. In accordance with ASC 855, the Company has evaluated subsequent events through March 09, 2010, the date the financial statements were issued.

Effective April 1, 2009, the Company adopted new accounting guidance ASC 810, which changed the accounting for and the reporting of an entity's minority ownership. Such minority ownership, previously referred to as minority interest, is now referred to as noncontrolling interests. The adoption of this guidance resulted in the reclassification of amounts previously attributable to minority interest and classified in the mezzanine outside of shareholders' equity, to a separate component of stockholders' equity titled "Noncontrolling Interests" in the accompanying condensed consolidated balance sheets.

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Additionally, net income and comprehensive income attributable to noncontrolling interests are shown separately from consolidated net income and comprehensive income in the accompanying condensed consolidated statements of operations and statements of changes in equity. Prior period financial statements have been reclassified to conform to the current year presentation as required by the authoritative guidance.

In December 2008, the FASB issued Staff Position No. (“FSP”) FAS 132(R)-1, Employers’ Disclosures about Postretirement Benefit Plan Assets. The FSP will require additional disclosures about the major categories of plan assets and concentrations of risk, as well as disclosure of fair value levels, similar to the disclosure requirements of ASC 820. The adoption of the provisions of ASC will not have an impact on our Consolidated Financial Statements.

In June 2009, the FASB issued SFAS 168, The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles. SFAS 168 identifies the source of accounting principles and the framework for selecting the principles used in the preparation of financial statements. SFAS 168 is effective for interim and annual periods ending after September 15, 2009. The adoption of the provisions of SFAS will not have an impact on our Consolidated Financial Statements.

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II - Reconciliation of the differences between US GAAP and accounting practices adopted in Brazil

Description	Note I	2009	2008
Net income as reported under accounting practices adopted in Brazil		83,814	(12,980)
Reversal of prior acquisition costs under BR GAAP		5,856	(946)
Capitalization of interest:			
Cost	a)	864	1,441
Amortization expenses		(1,848)	(1,735)
Deferred tax effects on adjustments above	b)	(1,656)	422
Business combinations:	c)		
Reversal of amortization of goodwill under BR GAAP		-	73,161
Tax benefit applied as a reduction of goodwill		(1,930)	(313)
Deferred income taxes on goodwill basis difference		(3,071)	(1,730)
Goodwill difference related to contingent cost		-	(4,084)
Amortization of intangible assets recognized under U.S. GAAP		(19,619)	(18,942)
Deferred income tax effect on intangible assets		<u>6,670</u>	<u>6,440</u>
Net income under U.S. GAAP		<u>69,080</u>	<u>40,734</u>
Net income attributable to noncontrolling interest under US GAAP	e)	<u>1,183</u>	<u>926</u>
Consolidated net income before noncontrolling interest		<u>70,263</u>	<u>41,660</u>
Consolidated comprehensive income		<u>70,263</u>	<u>41,660</u>
Basic and diluted earnings per common share under U.S. GAAP (*)		<u>0.30</u>	<u>0.18</u>

(*) The calculation of earnings per share is summarized in Note 31 III.g).

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Description	Note I	2009	2008
Shareholders' equity as reported under accounting practices adopted in Brazil		<u>539,188</u>	<u>478,902</u>
Reversal of prior acquisition costs under BR GAAP		9,796	3,940
Capitalization of interest:	a)		
Cost		11,997	11,133
Accumulated amortization		(7,535)	(5,687)
Deferred tax effects on adjustments above	b)	(4,847)	(3,191)
Paid-in capital	n)	(7.347)	-
Business combinations:	c)		
Different criteria in the determination of goodwill		(182,213)	(180,869)
Accumulated amortization of goodwill under U.S. GAAP		(3,217)	(3,217)
Accumulated amortization of goodwill under BR GAAP		273,422	273,422
Tax benefit applied as a reduction of goodwill		(22,976)	(19,756)
Deferred income taxes on goodwill basis difference		(30,216)	(27,145)
Intangible assets recognized under U.S. GAAP		261,397	257,409
Accumulated amortization of intangible assets recognized under U.S.GAAP		(70,314)	(50,695)
Deferred income tax effect on intangible assets		<u>(64,968)</u>	<u>(70,283)</u>
Shareholders' equity under U.S. GAAP		<u>702,167</u>	<u>663,963</u>
Noncontrolling interesting under US GAAP		-	<u>1,612</u>
Total Shareholders' equity under U.S. GAAP		<u>702,167</u>	<u>665,575</u>

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III - Additional disclosures required by U.S. GAAP

a. Capitalized interest

The Company's policy is to capitalize interest cost incurred on debt during the construction of major projects exceeding one year. A reconciliation of total interest cost to "Interest Expense" as reported on in consolidated financial statements of income for December 31, 2009 and 2008, is as follows:

	2009	2008
Interest cost capitalized	864	1,441
Interest cost charged to income	<u>169,841</u>	<u>142,655</u>
Total interest expense	<u>170,705</u>	<u>144,096</u>

b. Long-lived assets

In accordance with ASC 360, Accounting for the Impairment or Disposal of Long-Lived Assets, long-lived assets, such as property and equipment, and purchased intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary.

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Law 11638/07 provided additional requirements, similar to U.S. GAAP, regarding the recoverability of long lived assets, which are subject to impairment test at least annually. As of December 31, 2009, the recoverable value of these assets exceeds their book value recognized under Brazilian Accounting Principles and under U.S. GAAP. Therefore, no losses due to devaluation was recorded under any of these accounting principles.

c. Segment information

The Company has concluded that it operates in one segment and accordingly has provided only the required enterprise-wide disclosures. The Company operates in Brazil and derives its revenue from health assistance services rendered.

d. Revenue recognition

The Company recognizes revenue when the services are provided to its customers, collection of relevant receivables is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable.

e. Changes in number of shares

The following table presents changes in number of shares issued and outstanding at each period ended:

Amount of the period	Common
Shares at December 31, 2007 through December 31, 2009 (*)	229,611,740

(*) Included the retroactive effective of the Split off of Company's common share that place on February 1, 2010, see Note 30.

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f. Earnings per share

The following table provides a reconciliation of the numerators and denominators used in computing earnings per share as required by ASC 260. Basic earnings per share are equal to diluted earnings per share for all periods presented since the Company did not have any potentially dilutive securities.

Description	2009	2008
Net income under U.S. GAAP	69,080	40,734
Weighted average shares outstanding - Basic and diluted (*)	229,611,740	229,611,740
Basic and diluted earnings per share - R\$	0.30	0.18

(*) Included the retroactive effective of the Split off of Company's common share that place on February 1, 2010, see Note 30.

g. Impairment of goodwill

Under U.S. GAAP, goodwill is not amortized and is tested for impairment annually or more frequently if events or changes in circumstances indicate that the goodwill might be impaired. Such impairment test is performed utilizing a two-step method. The first step compares the fair value of a reporting unit with its carrying amount, including goodwill. If the carrying amount of a reporting unit exceeds its fair value, the second step is performed to measure the amount of impairment loss, if any. The second step compares the implied fair value of reporting unit goodwill with the carrying amount of that goodwill. If the resulting fair value of the reporting unit's goodwill is lower than the carrying amount of such goodwill, an impairment loss is recognized.

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The Company has recorded the following amounts of goodwill under the U.S. GAAP financial statements:

Goodwill description	12/31/09	12/31/08
Lavoisier acquisition	20,846	20,846
Broenstein acquisition	22,499	22,499
Lamina acquisition	1,208	1,208
Santa Casa acquisition	619	619
CRL acquisition	9,428	9,428
Elkis acquisition	20,365	20,414
Pasteur acquisition	6,159	6,279
Frischmann acquisition	28,861	28,861
Image acquisition	29,271	29,271
Álvaro acquisition	14,557	14,890
LabPasteur acquisition	7,679	7,961
MedLabor acquisition	4,140	4,213
Vita acquisition	2,263	2,382
Atalaia acquisition	23,467	23,525
Exame acquisition	35,579	35,579
CientificaLab acquisition (a)	52,081	50,630
MedImagem acquisition	26,245	26,401
Maximagem acquisition	28,014	28,114
CEDIC acquisition (a)	17,793	17,773
CEDILAB acquisition (a)	6,971	6,830
Unimagem acquisition	<u>8,416</u>	<u>-</u>
	<u>366,461</u>	<u>357,723</u>

(a) Increase of the purchase price acquisition (goodwill) of Cientificalab Produtos Laboratoriais e Sistemas Ltda, Centro Médico de Diagnóstico Laboratorial Ltda. (CEDILAB) and Centro de Diagnósticos por Imagem de Cuiabá Ltda. (CEDIC).

It refers mainly to the third installment of the Cientificalab acquisition price and the second installment of the CEDILAB and CEDIC..

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Since the Company has no reportable segments or reporting units, the aggregate amount of goodwill was tested at the Company level under U.S. GAAP. No impairment loss was recognized during all periods presented.

The Company estimates the entire goodwill balance relating to these acquisitions will be deductible for tax purposes.

The detail of the movement in goodwill is as follows:

Movement of the period	Goodwill
Balance as of December 31, 2008	<u>357,723</u>
Additions	11,957
Tax benefit applied to reduce goodwill	(3,220)
Balance as of December 31, 2009	<u>366,461</u>

h. Intangible assets subject to amortization

The Company's intangible assets subject to amortization, under U.S. GAAP, are mainly comprised of brands, government contracts, noncompetition agreements and client relationship acquired through business combinations.

	12/31/2009				
	Brands	Government contracts	Non-competition agreements	Client relationship	Total
Gross	192,696	49,242	10,537	8,921	261,396
Accumulated amortization	(30,489)	(30,826)	(8,651)	(347)	(70,313)
Net	<u>162,207</u>	<u>18,416</u>	<u>1,886</u>	<u>8,574</u>	<u>191,083</u>
Weighted- average amortization period (years)	21.6	1.4	2.3	28.9	-

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	12/31/2008				
	Brands	Government contracts	Non-competition agreements	Client relationship	Total
Gross	188,709	49,242	10,537	8,921	257,409
Accumulated amortization	(24,144)	(18,667)	(7,834)	(50)	(50,695)
Net	<u>164,565</u>	<u>30,575</u>	<u>2,703</u>	<u>8,871</u>	<u>206,714</u>
Weighted- average amortization period (years)	22.4	2.3	3.3	29.9	-

Under U.S. GAAP the aggregate amortization expense for the above intangible assets amounted to R\$ 19,619 and R\$ 18,942 for the years ended December 31, 2009 and 2008, respectively.

No significant residual value is estimated for these intangible assets. The following table represents the total estimated amortization of intangible assets for the next five consecutive years:

	Estimated amortization expenses
2010	19,660
2011	11,692
2012	7,220
2013	7,220
Thereafter	<u>144,291</u>
Total	<u>191,083</u>

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Income tax

On January 1, 2007, the Company adopted ASC 740, “Accounting for Uncertainty in Income Taxes” (FIN 48). ASC 740 clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements in accordance with ASC 740, “Accounting for Income Taxes”. ASC 740 also prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return that results in a tax benefit. Additionally, ASC 740 provides guidance on de-recognition, statement of operations classification of interest and fines, accounting in interim periods, disclosure, and transition. The implementation of ASC 740 had no significant impact on the consolidated financial statements.

A reconciliation of the beginning and ending amount of unrecognized tax benefits classified as non-current liabilities related to the gross amount plus interest and penalties, which were recorded as part of the provision for contingencies, is as follows

Balance as of January 1, 2009	8,174
Increases related to prior year tax position	907
Balance as of December 31, 2009	9,081

The Company recognized interest and penalties related to uncertain tax positions in interest expense in the amount of R\$ 907 for the year ended December 31, 2009.

The Company is subject to Brazilian income and social contribution taxes. The calendar years 2005 through 2009 remain open to examination. As of December 31, 2009, the Company does not expect any material changes to unrecognized tax positions within the next twelve months.

All unrecognized tax benefits, if recognized, would affect the effective tax rate.

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i. Fair value measurements

As of December 31, 2009, the Company had certain financial assets and liabilities that were required to be measured and reported at fair value on a recurring basis. These assets and liabilities are listed in the table below and classified based on how their values were determined under the fair value hierarchy:

Financial itens	Level 1	Level 2	Level 3	Total
Assets:				
Interest rate swaps	-	4,481	-	4,481
Liabilities:				
Interest rate swaps	<u>-</u>	<u>(7,938)</u>	<u>-</u>	<u>(7,938)</u>
Net	<u>-</u>	<u>(3,457)</u>	<u>-</u>	<u>(3,457)</u>
Non Financial itens				
	Level 1	Level 2	Level 3	Total
Assets:				
Intangible (Brand of Unimagem)	<u>-</u>	<u>3,987</u>	<u>-</u>	<u>3,987</u>
Net	<u>-</u>	<u>3,987</u>	<u>-</u>	<u>3,987</u>

Interest rate swaps

The fair values of interest rate swap contracts are determined based on dealer quotes using a discounted cash flow model matched to the contractual terms of each instrument. Since inputs to the model are observable and significant judgment is not required in determining the fair values, interest rate swaps are classified within Level 2 of the fair value hierarchy.

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j. Concentration of credit risk

Cash and cash equivalents and marketable investments are financial instruments which potentially subject the Company to credit risk. Based on the factors described below, the Company considers the risk of counterparty default to be minimal.

The Company manages its credit risk with respect to cash equivalents and marketable investments by investing only in liquid instruments with highly-rated financial institutions. In addition, investments are diversified in several financial institutions, and credit limits are established for each individual institution. Additionally, the Company has entered into swaps contracts, managing its exchange rate risk.

The Company has a concentration of revenues and credit risk exceeding 10% of total revenues and accounts receivable, respectively, for Sul America Serviços Médicos and Bradesco Seguros.

k. Aggregate foreign currency transaction losses (gains)

Total aggregate foreign currency transaction losses (gains) included in financial expense, net amounted to R\$ (25,269) and R\$ 11,194 for the years ended December 31, 2009 and 2008, respectively.

l. Noncontrolling interests

On December 14, 2009 the company acquired 910,052 quotas related to 14,2857% of subsidiary Exame Laboratório de Patologia Clínica Ltda. shares from noncontrolling interest, thus obtaining total ownership of the company. The effect of this transaction under the USGAAP is shown below:

	2009
Net Income (loss) attributable to Dasa	69,080
Decrease in Dasa's paid-in capital for purchase of Exame's Noncontrolling interest Shares	(7,347)
Change from net income attributable to Dasa and Transfers (to) from controlling interest	61,733

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IV - Supplemental information

The following information is presented as supplemental information to the reconciliation of the differences between U.S. GAAP and accounting practices adopted in Brazil in shareholders' equity and net income (loss) presented in Note 31.

a. Consolidated balance sheets as of December 31, 2009 and December 31, 2008 under U.S. GAAP

Assets	12/31/09	12/31/08	Liabilities and equity	12/31/09	12/31/08
Current assets			Current liabilities		
Cash and banks	17,611	29,328	Accounts payable to Suppliers	50,240	58,897
Marketable securities	269,222	462,896	Loans and financing	154,868	188,437
Trade accounts receivable	268,837	263,704	Taxes and contributions payable	14,721	19,934
Inventories	46,812	38,916	Salaries, social security charges and vacation payable	47,132	47,111
Taxes recoverable	42,694	48,520	Installments taxes	11,175	6,130
Deferred income taxes	51,087	15,054	Accounts payable from acquisition of subsidiaries	13,961	8,228
Derivatives	4,481	2,372	Derivatives	808	3,553
Prepaid expenses	4,240	4,804	Other accounts payable	<u>65,180</u>	<u>24,494</u>
Other accounts receivable	<u>15,285</u>	<u>13,017</u>			
	<u>720,269</u>	<u>878,611</u>		<u>358,085</u>	<u>356,784</u>
Noncurrent assets			Long-term liabilities		
Restricted cash	53,909	73,732	Loans and financing	559,359	846,631
Deposits in court	7,438	3,288	Installment taxes	13,066	16,179
Other accounts receivable	14,991	22,996	Accounts payable from acquisition of subsidiaries	57,545	66,264
Derivatives	-	27,428	Provision for contingencies	87,801	98,510
Investments	260	216	Derivatives	7,130	549
Goodwill	366,461	357,723	Deferred income taxes	<u>43,096</u>	<u>29,629</u>
Intangible assets, net	191,083	206,714		<u>767,997</u>	<u>1,057,762</u>
Property and equipment, net	<u>473,838</u>	<u>509,413</u>	Shareholders' equity		
	<u>1,107,980</u>	<u>1,201,510</u>	Capital	377,206	377,206
			Paid-in capital	(7,347)	-
			Capital reserves	65,427	65,427
			Retained earnings	<u>266,881</u>	<u>221,330</u>
			Shareholders' equity	<u>702,167</u>	<u>663,963</u>
			Noncontrolling interest	-	1,612
			Total Shareholders' equity	<u>702,167</u>	<u>665,575</u>
Total	<u>1,828,249</u>	<u>2,080,121</u>	Total	<u>1,828,249</u>	<u>2,080,121</u>

Diagnósticos da América S.A.

(Publicly-held company)

Notes to the consolidated financial statements

(In thousands of Reais)

b. Consolidated statement of income for the years ended December 31, 2009 and 2008 under U.S. GAAP

	2009	2008
Net revenues	1,388,313	1,137,524
Cost of services rendered	(944,620)	(781,186)
Gross profit	443,693	356,338
Operating income (expense):		
Administrative and general	(297,081)	(217,151)
Amortization of intangible assets	(19,249)	(18,941)
Other, net	<u>4,672</u>	<u>6,379</u>
	(311,658)	(229,713)
Operating income	132,035	126,625
Financial expenses, net	(40,391)	(82,262)
Income before taxes	91,644	44,363
Income and social contribution taxes:		
Current	(42,086)	(27,017)
Deferred	<u>20,705</u>	<u>24,314</u>
Net income before noncontrolling interest	70,263	41,660
Less net income attributable to noncontrolling interest	<u>1,183</u>	<u>926</u>
Net income	<u>69,080</u>	<u>40,734</u>
Earnings per share- basic and diluted (*)	0.30	0.18

(*) Included the retroactive effective of the Split off of Company's common share that place on February 1, 2010, see Note 30.