



Diagnósticos da América S.A.

Unaudited consolidated quarterly
financial information for the
Six-month period ended
June 30, 2008
(With independent auditors' report on special review)



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Management report

Dear Shareholder,

We have reached the end of the 2008 second quarter reporting the results obtained reflecting the actions taken to enhance the DASA's 5 strategic pillars - multi-brand, multi-product, multi-region, multi-payer and multi-market;

Foreseeing a continuous growth of our market, in the outpatient and inpatient segment we opened 5 PSC's and continue to implement the imaging services, in the public sector we enhanced our services to 11 hospitals and 46 outpatient units, including the start-up of operations in the city of Vitória (ES) and, in the lab-to-lab segment we integrated 219 laboratories, aligned with the strategy of penetrating into new geographic regions;

Gross revenue of the quarter reached R\$ 301.1 million (+37.4%) supported by investments in the last 18 months, by the opening of new PSC's to absorb the demand for our services, by the acquisition of 3 laboratories for geographical expansion and market consolidation and by the introduction of new imaging services to attend all the exams demanded by our patients. In this way, we showed a growth in all our lines of service and markets where we are present - 45.0% in the public segment, 35.6% in the lab-to-lab segment and 18.9% in outpatient and inpatient - highlighting the increase in the share of imaging services by more than 42% of this segment revenue.

In this quarter, the cash gross profit totaled R\$ 108.6 million, an increase of 38.1% over 2Q07, and the gross margin of the period was of 39.0%, with earnings of 0.4 p.p.. The boost in our margins derived, mainly, from the increase in the volume of patients and tests, in the maintenance of our test prices, in obtaining the first synergies of our recent acquisitions, in the enhancement of the new PSC's maturity process.

Besides this, operating expenses continued representing a dilution in practically all lines (3.0 p.p. over the last quarter), mainly the parent company's expenses (-2.9 p.p.).

As a result, the adjusted EBITDA had an increase of 57.4% versus the same period in the last year, reaching R\$ 72.3 million in the quarter, with a margin of 26.0% - an expansion of 3.4 p.p. against the 2Q07. The EBITDA growth was more significant, of 63.0%, with a margin expansion of almost 4.0 p.p., due to a lower volume of non-recurring expenses;

To support this growth in the next quarters, we have invested R\$ 35.9 million (i) in construction, refurbishing and enlargement of the PSC's; (ii) in the call center and the regional lab expansion in Brasília and a new lab for genetic tests in São Paulo; (iii) purchase of imaging equipment; (iv) substitution of the information system in regional hospitals and laboratories in São Paulo, Brasília and Salvador. We have continued investing in Information Technology as an important differentiator of our company in face of our competitors, as a tool present in all our actions and essential for a safe and sustainable growth. Thus, the implantation and substitution of information system at the hospitals and regional laboratories in São Paulo, Brasília and Salvador were implemented.

After the success of the 10 year international notes offering in the amount of US\$ 250 million the company is capitalized, aiming to continue capturing the existing opportunities to consolidate the sector in Brazil.

We have entered the second half of the year searching for larger volumes of tests through the acquisition of leader brands in important markets, opening of new PSC's in the region where we are present, introduction of imaging services to offer all tests demanded by our patients, and supported by a warmed up demand for medical diagnostic services. We continue committed to the integration of recent acquisitions, with the consolidation of the technical and administrative areas and with the constant lowering of costs, through a management focused on delivering solid results and creating a sustainable value for the shareholders in the future.

More than anything else, we are confirming our commitment with the quality of the services rendered, always exceeding the expectations of our clients with initiative and creativity.

We are a company dedicated to attract and maintain our talents, enabling technology so as our talents can run efficient and safe processes, resulting in diagnostic tests that exceed the expectations of our clients, the source of our economic and financial success.

Economic Conjuncture

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

The second quarter of 2008 was defined by the improvement of Brazil's risk ranking, with two international agencies granting the "investment grade", considering Brazil as a safer country for the international investors. This improvement takes into consideration the maturity of the institutions and of the political scenario of the country, attested by (i) the reduction of the budget deficit and (ii) of the external debt, as well as (iii) better perspectives of growth.

The Gross Domestic Product (GDP) has shown a growth of 5.8% in the 1Q08, supported by the dynamism of the fixed capital formation that rose 15.2% compared to the 1Q07. On the side of the aggregate supply, the upturn of the industrial product (6.9%) can be point out, headed by the transformation industry (7.3% growth) and the civil construction (8.8% expansion).

The inflation, measured by IPCA (Consumer Price Ample Index), has reached 3.64% in the first semester of 2008 - the highest variation in six months since May 2005 - versus the 2.08% in the same period in 2007. The acceleration on the level of prices to consumer essentially reflects the trend of the free prices that have risen more rapidly than the prices administrated and monitored by contract. Furthermore, it is important to point out that, despite the exchange rate appreciation, the prices of trade goods have shown acceleration and have had a 7.78% variation in twelve months until June (3.14% in June 2007). On the side of the non traded goods, largely pushed by the behavior of the “in natura” products services prices, the 12 month accumulated inflation was even higher (8.16%), evidencing the influence of domestic factors over the inflationary dynamics. In the case of services, for example, the inflation, under this comparative criterion, has moved from 4.95% in June 2007 to 5.19% in December and to 5.75% in June 2008.

With the increase on the inflationary pressures, during the last COPOM (Monetary Policy Committee) meeting held in June, there was a rise in the SELIC (Special System for Settlement and Custody) fee, moving from 11.75% to 13.00% per year. A gradual 0.50% per month increase in the fee to reach 14.25% in December is foreseen by the specialists, as COPOM has signalized its disposition to persist in the fee upturn cycle, in order to maintain the inflation under control.

The labor market continues showing a quite favorable performance and is reflecting the level of activity in the Country. The unemployment rate in the six metropolitan regions covered by the Employment Monthly Research has receded from 8.5% in April to 7.9% in May. Thus, the unemployment rate has moved from 8.0% in April to 7.6% in May, the lowest percentage of an historical series started in 2002.

In the first five months of the year, the actual average income had an increase of 2.4%, while the employment increased 3.9%. Consequently, the expansion of the actual wage mass has reached 6.4% (an expansion of 6.2% in May, versus the same month in 2007) still constituting the key factor for the domestic demand growth.

The number of registered workers this year continues to increase, with 202.9 thousand new work positions opened in May and 309.4 thousand in June. The balance of June has shown an increase of 48.9% over the last record for the month, obtained in 2004 (207.9 thousand positions) and 2.5% over the historic record observed in April 2007 (301.9 thousand positions). In the first semester, the balance of employment reached the historic peak of 1,361.4 thousand hiring, evidencing the warm-up of the labor market. Besides this formalization process, those data highlight the strong dynamism in the search of labor - in fact, the formal employment level accumulates a yearly growth of 6.2%.

The level of economic activity for the next periods may be influenced by the higher SELIC and inflation rate, affecting directly the increase in the number of registered workers, what could impact the development of the Medical Diagnostic industry. Furthermore, since we are service company, we have some of our costs and expenses (personnel, rent, etc.) readjusted with inflation.

Comments about the sector of health and diagnostic medicine in Brazil

Sources: *National Agency of Health (ANS) and IBGE*

According to the information of the magazine of supplementary health of ANS published in June, where updated data are reported until March 2008, the market of private health plans showed 39.9 million registrations of beneficiaries (with or without dental care). These numbers represented a growth of 31.7% in the total of registrations to healthcare plans, in the period from March 2000 to March 2008, and 1.5% only in the 1Q08.

The revenue of private health plan providers is growing alongside the last seven years (51% growth rate). From 2001 to 2007, the total revenue of the private healthcare plan sector moved from around 23 billion to over 47 billion Reais, from which more than 97% are related to medical-hospital companies. In this period, the assistance expenditure has also grown, in a proportion similar to the growth of total revenue (51% growth rate), exceeding the 37 billion in 2007.

The distribution of beneficiaries, however, is still concentrated in the state capitals and in the South and Southeast regions, where the economy is more dynamic and the offer of formal employment is larger.

The market of medical diagnostics bears as its operational characteristic, the application of medical technology, and the large research centers are in charge of the research and development, which are dedicating their time to the improvement of new tests and equipment with higher processing capacity and higher precision in the results. The pulverization of the Brazilian market, where 19 thousand labs are in action, raises a series of opportunities for consolidation, organic expansion and rendering of lab-to-lab services from the side of the largest companies, which have better conditions to offer these new tests to smaller labs, as they have more access to high technology, less operational costs and better capacity to generate medical knowledge.

In this first semester of 2008, the most important news at the private healthcare and medical diagnostics market was the amplification of the Basic Procedures List, starting in April, which determines the minimum procedures to be covered by the healthcare companies. Several new procedures were incorporated to the list, among which several genetic tests and digital mammography were largely reported.

We are passing through a moment of great opportunities for the medical diagnostics market. During the last decades, medicine was focused in treatment of diseases and pain relief. With the growth and ageing of the population, the development of the economic situation and, mainly, with the easy dissemination of medical knowledge (by internet or other media), Medicine is moving the focus to the early detection, to the prevention and, more recently, to therapies adapted to the individual (customization of the use of drugs and medicines). This is a change that causes a substantial increase in the use of medical diagnostic, leading to an improvement in the quality of life of people and to an important reduction in the cost of medical attendance.

Comments about the performance and investments

Gross operating revenue

As a consequence of all investments in the last 18 months, gross revenue has reached R\$ 301.1 million in the 2Q08, representing 37.4% growth over the same period of the last year. In the outpatient and inpatient segment, the opening of PSC'S, the introduction of new imaging tests and the acquisition of Exame and Med Imagem laboratories have resulted in an increase of 18.9% of this line of services revenue over the same period of 2007. In the lab-to-lab segment, the achievement of new markets, new clients and the expansion of offer of the tests menu have led the growth in Alvaro's operations to reach 35.6%, when compared to 2Q07. Besides, in July 2007, we have started the services in the public sector through the acquisition of CientificaLab, which added R\$37.5 million to our revenue in this quarter, representing a (pro-forma) growth of 45.0% over the 2Q07.

The revenue of the same units increased 7.1%, aligned to our expectations, even with the opening of 38 new PSC's in the last 18 months.

In this quarter, we have opened 5 new PSC's, 3 Standard ones, where one of them represented the 70th PSC in the metropolitan region of Rio de Janeiro, 1 Mega unit that introduced the concept of diagnostic (clinical analysis + imaging) in the city of Florianópolis, and we have started to render services to the São Camilo chain of hospitals in São Paulo, in 1 of the 2 already contracted hospitals. Besides these, we are projecting the opening of 14 new PSC's until the end of 2008, which will enhance the presence of our services, generating convenience to our patients and responding to the demand of the segment.

Furthermore, we continue the competitiveness of our services offered in our B2B segment (lab-to-lab and public sector). In the public sector, we highlight the conclusion of the state hospital services implementation in the city of Rio de Janeiro, besides beginning the services in the city of Vitória.

The strategy of diversifying the payer's base is imminent in the results obtained in the quarter. The accelerated growth at the B2B segment has resulted in the dilution of the payer's base, and has increased its participation to over 20% of the total gross revenue. Besides, the increase in the hospital share is due to the opening of new inpatient units at the end of 2007: São Luiz Anália Franco and Villa Lobos. The private share was maintained due to the Popular Lab project growth. The dilution of insurance and HMOs has resulted exclusively from the diversification of the payers with the acquisitions.

Costs and Cash Gross Profit

The costs of services totaled R\$ 169.7 million in this quarter, i.e. 61.0% of the net revenue. This percentage represents a gain of 0.4 p.p. when compared to the 2Q07 costs. This result reflects the gains obtained in the B2C segment with the maturity of the PSCs opened and the early obtaining of synergies in the acquired labs, although reduced by the consolidation of CientíficaLab costs, which were not included in the same quarter of the previous year.

The B2C segment has been showing a consistent dilution of costs year-on-year, as the PSCs opened in 2007 are in a more advanced stage in their maturity curve and the results, yet partial, of the consolidation efforts of the operation of the labs acquired start to be perceived. By comparing this quarter results with the same period in 2007, we have obtained a dilution of 1.1 p.p. in the cash costs.

The B2B segment, which includes Alvaro and CientíficaLab laboratories in the 2Q08, this last one acquired in July 2007, has shown a cost expansion of 4.0 p.p. year-on-year. This variation encountered in the 2Q08 is influenced by a small difference existent in the cost structure of both laboratories and in the growth strategy of CientíficaLab which involves, in a first moment, the opening of new collection points and implantation of technical areas in hospitals. Some of these public hospitals (5) were recently opened and are in an early phase of occupation, therefore below their full capacity, which, in the first moment, causes an increase in fixed costs that will be diluted upon the progression of their occupation. Besides, we are looking forward to a larger dilution of the fixed costs when starting the services in the outpatient units of these hospitals.

In this quarter, the cash gross profit totaled R\$ 108.6 million, an increase of 38.1% over 2Q07, and the gross margin of the period was of 39.0%, with gains of 0.4 p.p..

Cash operating expenses

Operating expenses totaled R\$ 36.3 million in the 2Q08, representing a dilution of 3.0 p.p. over the last quarter, due to a dilution in practically all lines, mainly the parent company's expenses (-2.9 p.p.).

EBITDA

EBITDA totaled R\$ 69.1 million in 2Q08, versus R\$ 42.4 in 2Q07, with a margin of 24.8% moving up by 63.0%. Excluding non-recurring expenses, Adjusted EBITDA reached R\$ 72.3 million in this quarter, accompanied by a margin of 26.0% and an increase of 57.4% compared to the 2Q07.

Net profit

In 2Q08, the net profit totaled R\$ 10.5 million, registering an increase of 23.9% over the last year in the same period.

Investments

During the second quarter, the investments in CAPEX have totalized R\$ 35.9 million, of which R\$ 24.8 million were directed to the parent company and R\$ 11.1 million to the subsidiaries. Therefore, we have maintained our guidance of CAPEX of R\$ 110 million for 2008.

The investment breakdown is as follows: (i) construction of new units, enlargement and refurbishing of the existing PSCs; (ii) enlargement of call center and the Brasília's central lab; (iii) purchase of imaging equipment, (iv) substitution/implementation of the equipment and of the new information system in regional hospitals and laboratories in São Paulo, Brasília and Salvador.

Indebtedness

DASA net debt totaled R\$ 385.7 million in 2Q08. Around 80.4% of DASA's total indebtedness is long term and 54.9% is denominated in foreign currency.

At June 30, 2008, 20.6% of our U.S. dollar debt exposure was hedged by swap transactions in order to avoid exposure to exchange rate fluctuation.

The increase in liabilities and indebtedness in foreign currency reflects the issuance of 10 year international notes in the amount of US\$ 250 million in this quarter, where the resources are currently invested in foreign funds. The issuance aimed to capture resources to be used in financing the expansion of DASA's activities. In order to avoid a possible exposition to exchange rate fluctuation in the period that there is no possibility of pre-payment of the debt, DASA has hired a hedge operation of the total amount of interests for the first five years of 103,6% of CDI, with Banco Merrill Lynch de Investimentos S.A. and Credit Suisse Próprio Fundo de Investimento Multimercado, institutions connected to the banks which coordinate the Issue.

The debt in foreign currency is also related to equipment financing, while the debt in local currency comes largely from debentures.

Information to Shareholders

DASA shares closed the quarter at R\$ 41.30, accumulating a growth of 11.0% in this quarter, versus 3.6% growth of the Ibovespa Index. Between April and June 2008, DASA shares were transacted on 100% of Bovespa's trading sessions, summing up to a financial volume of R\$ 681.3 million (daily traded average of R\$ 11.0 million).

Highlights

Offering of Senior Notes

Diagnósticos da América S.A. announced to its shareholders and the public in general that its subsidiary DASA Finance Corporation ("DASA Finance") has contracted on May 22, 2007 the issuance of notes due in 2018, with a 8,75% interest rate per year, summing up to a principal of US\$ 250 million. The Notes were offered exclusively abroad. The Notes were listed at the Official List of the Luxembourg Stock Exchange and admitted to be traded at the Euro MTF Market of the Luxembourg Stock Exchange. The issue aims to capture resources and use them preponderantly to finance the expansion of the company's activities, which has been prioritized through organic growth and acquisitions.

Fitch Granted IDR 'BB' to Diagnósticos da América S.A.

On May 12, 2008 Fitch Ratings granted the Long Term Issuer Default Ratings (IDR - Issuer Probability of Default) in Foreign and Local Currency 'BB' and the National Long Term Rating 'A+(bra)' (A plus (bra)) to Diagnósticos da América S.A. (Dasa). At the same time, Fitch granted the Preliminary International Long Term Rating 'BB' to the US\$ 250 million offer of Senior Notes of Dasa Finance Corporation, due in 2018. The Notes are irrevocable and unconditionally secured by DASA. The Perspective of Corporate ratings is Stable.

Standard & Poor's granted 'BB-' ratings to Diagnósticos da América S.A. and to its Notes; perspective stable

On May 12, 2008 Standard & Poor's Ratings Services granted ratings 'BB-' of long term corporate credit to Diagnósticos da América S.A. (DASA) and its unsecured senior notes, in the amount of US\$ 250 million and ten year term. DASA Finance Corporation, a DASA integral subsidiary, has offered the notes unconditionally secured by DASA. At the same time, we reconfirm the 'brA' ratings granted at the National Scale to DASA and to its simple not convertible debentures, in the total of R\$ 202.5 million and a five year term. The perspective of corporate credit ratings in both scales is stable.

DASA opens its 70th PSC in Rio de Janeiro

Located on Rua Voluntários da Pátria, in Botafogo, a district considered as an important commercial and cultural point of the city of Rio de Janeiro, the 70th Diagnósticos da América PSC in Rio de Janeiro is established in a XIXth Century large house, preserved as historic site that was completely refurbished to host the new Lâmina brand.

In 2007, DASA invested R\$ 24 million in Rio de Janeiro. This amount was aimed to the opening and enlarging of the PSCs and to the acquisition and technologic updating of the equipment. In the state, DASA is represented by four well known brands: Lâmina Medicina Diagnóstica, Bronstein, Med Imagem and Club DA.



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Independent auditors' report

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

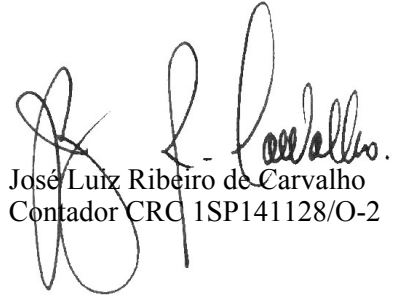
1. We reviewed the Quarterly Financial Information of Diagnósticos da América S.A (the Company) and the consolidated Quarterly Financial Information of the Company and its subsidiaries for the quarter ended June 30, 2008, comprising the balance sheets, the statements of income, of added value, of cash flows and the management report, which are the responsibility of its management.
2. Our review was conducted in accordance with the specific standards set forth by the IBRACON – The Brazilian Institute of Independent Auditors, in conjunction with the Federal Accounting Council – CFC, and consisted mainly of the following: (a) inquiries and discussions with the persons responsible for the Accounting, Finance and Operational areas of the company and its subsidiaries as to the main criteria adopted in the preparation of the Quarterly Financial Information; and (b) reviewing information and subsequent events that have or may have relevant effects on the financial position and operations of the Company and its subsidiaries.
3. Based on our review, we are not aware of any material modifications that should be made to the Quarterly Financial Information referred to in the first paragraph for it to be in accordance with the rules issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Financial Information, including CVM Instruction N°469/08.
4. As mentioned in note 2.2, on December 28, 2007 Law N° 11,638 was enacted, with its effective date on January 1, 2008. This Law modified, amended and introduced new rules to the existing Corporate Law (Law N° 6,404/76) and resulted in changes to certain accounting practices currently adopted in Brazil. Despite the fact that the new Law is already in force, some changes required depend on the issuance of further normatization by local regulators, in order for them to be fully adopted by the companies. Therefore, in this transition phase, the Brazilian Securities Commission (CVM), through its Instruction N°469/08, allowed the non-application of all rules of Law N° 11,638/07 in the preparation of Quarterly Financial Information. As a consequence, the accounting information included in the Quarterly Financial Information of the Company and its subsidiaries for the quarter ended June 30, 2008, were prepared in accordance with the specific rules set forth by the CVM and does not contemplate all changes to the accounting practices introduced by Law N° 11,638/07.



5. Accounting practices adopted in Brazil vary in certain significant respects from accounting principles generally accepted in the United States of America. Information relating to nature and effect of such differences is presented in Note 29 to the consolidated quarterly financial information.

August 5, 2008

KPMG Auditores Independentes
CRC 2SP014428/O-6

A handwritten signature in black ink, appearing to read 'José Luiz Ribeiro de Carvalho'. The signature is written in a cursive style with large, sweeping loops.

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

Diagnósticos da América S.A.

Consolidated balance sheets

June 30, 2008 and December 31, 2007

(In thousand of Reais)

Assets	(Unaudited) 06/30/2008	12/31/2007	Liabilities and shareholders' equity	(Unaudited) 06/30/2008	12/31/2007
Current assets			Current liabilities		
Cash and cash equivalents	10,037	26,196	Accounts payable to suppliers	45,179	52,790
Marketable securities	411,234	20,173	Loans and financing	89,813	97,968
Trade accounts receivable, net	236,999	205,275	Taxes and contributions payable	14,015	9,899
Inventories	30,561	33,475	Income tax and social contribution	20,893	6,587
Recoverable and deferred taxes	52,063	37,843	Salaries, social security charges and vacation payable	45,848	35,549
Other accounts receivable	7,632	11,132	Payment of taxes in installments	5,500	6,778
Prepaid expenses	4,855	1,678	Accounts payable from acquisition of subsidiaries	6,149	9,688
	<u>753,381</u>	<u>335,772</u>	Debentures	73,255	5,511
Noncurrent assets			Dividends payable	5	13,447
Noncurrent assets			Other accounts payable	<u>20,145</u>	<u>17,231</u>
Marketable securities	83,631	80,720		<u>320,802</u>	<u>255,448</u>
Deferred taxes	61,537	48,529	Noncurrent liabilities		
Prepaid expenses	16,425	2,249	Noncurrent liabilities		
Judicial deposits	2,883	7,243	Loans and financing	515,555	100,310
	<u>164,476</u>	<u>138,741</u>	Payment of taxes in installments	13,254	15,083
Permanent assets			Provision for contingencies	88,425	81,417
Investments	215,513	247,442	Accounts payable from acquisition of subsidiaries	52,096	50,630
Property, plant, equipment	438,602	404,081	Debentures	<u>135,000</u>	<u>202,500</u>
Intangible assets	30,258	33,876		<u>804,330</u>	<u>449,940</u>
Deferred charges	55,318	58,544	Minority interests	<u>1,270</u>	<u>688</u>
	<u>739,691</u>	<u>743,943</u>	Shareholders' equity		
	<u>1,657,548</u>	<u>1,218,456</u>	Capital	402,091	402,091
			Capital reserves	65,427	65,427
			Profit reserve	2,942	2,942
			Retained earnings	<u>60,686</u>	<u>41,920</u>
				<u>531,146</u>	<u>512,380</u>
				<u>1,657,548</u>	<u>1,218,456</u>

See accompanying notes to quarterly financial information.

Diagnósticos da América S.A.

Consolidated statements of income

Six-month period ended June 30, 2008 and 2007

(In thousand of Reais)

	Three-month period ended		Six-month period ended	
	(Unaudited)		(Unaudited)	
	06/30/2008	06/30/2007	06/30/2008	06/30/2007
Gross revenue	<u>301,120</u>	<u>219,136</u>	<u>581,175</u>	<u>425,337</u>
Deductions from gross revenue				
Sales taxes	(17,803)	(11,827)	(34,692)	(23,380)
Discounts	(5,100)	(4,063)	(11,518)	(9,813)
	<u>(22,903)</u>	<u>(15,890)</u>	<u>(46,210)</u>	<u>(33,193)</u>
Net operating revenues	<u>278,217</u>	<u>203,246</u>	<u>534,965</u>	<u>392,144</u>
Cost of services provided	<u>(189,034)</u>	<u>(138,795)</u>	<u>(359,893)</u>	<u>(263,163)</u>
Gross profit	<u>89,183</u>	<u>64,451</u>	<u>175,072</u>	<u>128,981</u>
Other operating income (expenses)				
General and administratives	(49,080)	(41,724)	(92,487)	(78,642)
Financial expenses	(21,071)	(15,497)	(37,727)	(30,505)
Financial income	11,009	13,430	16,599	26,025
Goodwill amortization	(17,965)	(10,982)	(35,977)	(20,390)
Other operating income	3,795	2,042	4,492	2,335
	<u>(73,312)</u>	<u>(52,731)</u>	<u>(145,100)</u>	<u>(101,177)</u>
Operating income	<u>15,871</u>	<u>11,720</u>	<u>29,972</u>	<u>27,804</u>
Non-operating loss	<u>701</u>	<u>28</u>	<u>(1,055)</u>	<u>(507)</u>
Income before income taxes	<u>16,572</u>	<u>11,748</u>	<u>28,917</u>	<u>27,297</u>
Income and social contribution expense	<u>(5,837)</u>	<u>(3,032)</u>	<u>(9,568)</u>	<u>30,407</u>
Net income before minority interests	<u>10,735</u>	<u>8,716</u>	<u>19,349</u>	<u>57,704</u>
Minority interest	<u>(221)</u>	<u>(227)</u>	<u>(582)</u>	<u>(227)</u>
Net income for the period	<u>10,514</u>	<u>8,489</u>	<u>18,767</u>	<u>57,477</u>
Net income per share - R\$	0,18	0,15	0,33	1,00
Number of shares at the end of the period	<u>57,402,935</u>	<u>57,402,935</u>	<u>57,402,935</u>	<u>57,402,935</u>

See accompanying notes to quarterly financial information.

Diagnósticos da América S.A.

Consolidated statements of cash flows

Six-month period ended June 30, 2008 and 2007

(In thousand of Reais)

	(Unaudited) 06/30/2008	(Unaudited) 06/30/2007
Cash flows operating activities		
Net Income for the period	18,767	57,477
Adjustments to reconcile net income to cash provide by operating activities		
Depreciation and amortization	83,441	53,481
Loss and disposals of permanent assets	4,020	1,843
Interest and unrealized exchange rates	17,968	14,158
Deffered income taxes	(10,346)	(45,561)
Minority interest	582	408
Decrease (increase) in operating assets		
Trade accounts receivable	(31,724)	(24,488)
Inventories	2,914	(2,617)
Other current assets	(16,558)	(13,145)
Other noncurrent assets	(12,725)	(6,219)
Increase (decrease) in operating liabilities		
Suppliers	(7,611)	(1,590)
Accounts payable and provisions	12,497	(2,783)
Income tax and social contribution	14,321	4,996
Others noncurrent liabilities	6,644	16,139
Net cash provided by operating activities	<u>82,190</u>	<u>52,099</u>
Cash flows from investing activities		
Additions to goodwill	-	(47,196)
Additions to property, plant and equipment	(68,057)	(77,446)
Additions to investments	(95)	(90)
Additions to intangivel	(3,437)	-
Additions to deferred charges	(11,622)	(12,493)
Net cash used in investing activities	<u>(83,211)</u>	<u>(137,225)</u>
Cash flows from financing activities		
Dividends	(13,443)	-
Proceeds from loans and financing	536,040	77,534
Principal payments on loans	(130,188)	(82,360)
Interest paid on loans	(16,486)	(18,171)
Net cash provided from (used in) financing activities	<u>375,923</u>	<u>(22,997)</u>
Cash and cash equivalents at the beginning of period	46,369	332,662
Cash and cash equivalents at end of period	<u>421,271</u>	<u>224,539</u>
Net increase (decrease) in cash and cash equivalents	<u><u>374,902</u></u>	<u><u>(108,123)</u></u>

See the accompanying notes to the consolidated financial statements.

Diagnósticos da América S.A.

Consolidated statements of added value

Six-month period ended June 30, 2008 and 2007

(In thousand of Reais)

	(Unaudited) 06/30/2008	(Unaudited) 06/30/2007
Revenue		
Sales of services	581,175	425,337
Disallowances and provision for doubtful accounts	(11,518)	(9,813)
Non-operating income	(1,055)	(507)
	<u>568,602</u>	<u>415,017</u>
Inputs acquired by third parties (include ICMS and IPI)		
Raw materials used	96,800	67,490
Cost of goods sold and services rendered	95,274	77,659
Materials, energy, outsourced services and other operating expenses	38,939	34,554
Loss/recovery of asset values	(3,139)	(374)
	<u>227,874</u>	<u>179,329</u>
	340,728	235,688
Retentions		
Depreciation and amortization	83,441	53,481
	<u>257,287</u>	<u>182,207</u>
Net added value generated by the Company		
Net added value received as transfer		
Financial income	16,599	26,025
	<u>16,599</u>	<u>26,025</u>
Total added value payable	<u>273,886</u>	<u>208,232</u>
Distribution of added value		
Personnel and charges	125,534	91,825
Taxes, duties and contributions	69,385	10,972
Interests and rentals	59,618	47,731
Minority interest in retained earnings	582	227
Retained earnings for the period	18,767	57,477
	<u>273,886</u>	<u>208,232</u>

See the accompanying notes to the consolidated financial statements.

Diagnósticos da América S.A.

Notes to the unaudited consolidated interim financial information

Six-month period ended June 30, 2008

(In thousands of Reais)

1 Operational

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

The Company provides health assistance services to company employees covered by health insurance plans, insurance companies, medical-hospital assistance companies, other corporate entities and individuals in the following areas: (i) clinical analysis, directly, and through contracted laboratories; (ii) diagnostic medicine, through specialized clinics, including in the following areas: a) clinical pathology; b) cytology and pathological anatomy; c) diagnosis by images and graphic methods; d) immunization, rehabilitation and ophthalmology; e) nuclear medicine, and f) clinical trials; and (iii) environmental analysis, genetically modified organisms and toxicological analysis. The acquisition of Laboratório Alvaro Ltda. in December, 2005 allowed the Company to enter the lab to lab business (support laboratories), and the acquisition of CientíficaLab Produtos Laboratoriais e Sistemas Ltda. in July of 2007 allowed the Company to begin to offer services in the public health sector. The Company may also invest in other entities. The Company ended the year with 299 operational units(*):

Brands	Locality	06/30/08	12/31/07	06/30/07
Delboni Auriemo	São Paulo	37	35	32
Lavoisier	São Paulo	61	64	60
Bronstein	Rio de Janeiro	45	44	41
Lâmina	Rio de Janeiro	17	17	16
Santa Casa	Paraná	8	8	8
Pasteur	Brasília	20	23	14
Frischmann	Paraná	29	28	26
Image	Bahia	2	2	2
Laboratório Alvaro	Paraná	15	15	14
LabPasteur	Ceará	18	18	18
MedLabor	Brasília, Tocantins e Goiás	4	2	8
Vita	Santa Catarina	2	1	2
Atalaia	Goiás	15	14	12
Exame	Brasília	18	17	18
MedImagem	Rio de Janeiro	<u>8</u>	<u>8</u>	<u>-</u>
		<u>299</u>	<u>296</u>	<u>271</u>

Diagnósticos da América S.A.

Notes to the unaudited consolidated interim financial information

(In thousands of Reais)

On June 30, 2008, the Club DA brand had 22 units, with 18 units annexed to the Delboni Auriemo brand and 4 units under the Lâmina brand(*).

CientificaLab operates in the public healthcare segment, its major source of revenue being customer contracts 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.

CientificaLab, the leading privately-owned service provider in the public healthcare sector, served 36 clients when it was acquired and now has 50 clients, 42 of which are medium sized (up to 150,000 tests processed per month) and 8 of which are large (over 150,000 tests processed per month) (*).

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

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

(*). All non-financial data are not part of the auditors' review of the quarterly information.

2 Presentation of unaudited quarterly financial information

The consolidated quarterly financial information were prepared in accordance with accounting practices derived from the Brazilian Corporation Law and the rules of the Brazilian Securities Commission (CVM).

2.1 Description of significant accounting policies

a. Statement of income

Income and expenses are recognized on an accrual basis.

Diagnósticos da América S.A.

Notes to the unaudited consolidated interim financial information

(In thousands of Reais)

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.

b. Accounting estimates

The preparation of unaudited quarterly financial information 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 estimated periods for recovery and consequent amortization of the goodwill originated from the acquisition of investments and other deferred charges, provision for doubtful accounts, 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 in the process of their determination. The Company reviews the estimates and assumptions at least on a quarterly basis.

c. Foreign currency

Monetary liabilities denominated in foreign currencies (U.S. Dollar) were translated into Brazilian Reais at the foreign exchange rate of R\$ 1,5919 in the closeout date and the differences resulting from the currency conversion were recognized in the balance sheet date. For the subsidiary located abroad, the assets and liabilities were converted to the real exchange rate at close of the quarterly information

d. Current and noncurrent assets

- **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and bank deposits. Overdrafts are presented within liabilities as loans and financing (note nº 13).

- **Marketable securities**

Marketable securities are recorded at cost plus income accrued up to the balance sheet date.

Diagnósticos da América S.A.

Notes to the unaudited consolidated interim financial information

(In thousands of Reais)

- **Trade accounts receivable**

Trade accounts receivable are recorded based on the invoiced amount net of sales taxes.

Provisions for doubtful accounts and disallowances have been recorded at amounts considered sufficient by management to cover eventual losses from the realization of credits and take into consideration the economic scenario, past experience and the specific risks in the accounts receivable portfolio.

- **Inventories**

Inventories are stated at average cost, not exceeding the market value. Inventories are used in the performance of clinical and imaging exams and for diagnostics by imaging. An obsolescence reserve was recorded for items without movement for more than one hundred twenty days.

- **Other current and noncurrent assets**

Presented at the net realizable amount.

e. Permanent

- **Investments**

The investments in subsidiaries are evaluated by the patrimonial equivalence method. The goodwill accounted for in the acquisitions is based on future profitability from operations undertaken by the subsidiary companies, in accordance with profitability forecasts prepared by management projected over 5 years. Amortization of goodwill is being recorded using the straight-line method at rates calculated based on the projections over a period which does not exceed ten years and which is reviewed annually.

Diagnósticos da América S.A.

Notes to the unaudited consolidated interim financial information

(In thousands of Reais)

- **Property, plant and equipment assets**

Property, plant, equipment assets are stated at acquisition, formation or construction cost. Depreciation is calculated using the straight-line method at rates described in Note 9 which take into account the estimated useful life of the assets. Plant and equipment held under capital leases are stated at the present value of minimum lease payments upon inception of the corresponding lease agreement and are amortized on a straight-line method which take into account the estimated useful life of the assets. The leasehold improvements are amortized based on the lease term or estimated useful life of the asset, the lesser of the two.

- **Deferred charges**

Refer to expenditures relating to the establishment of new facilities and the acquisition of businesses, with the amortization period varying between five and ten years.

- **Intangible assets**

Stated at the acquisition cost.

The goodwill calculated from the mergers of acquired companies is supported by future profitability of operations undertaken by the subsidiaries acquired in accordance with profitability forecasts prepared by Management projected over 5 years

f. Current and noncurrent liabilities

Stated at the actual or estimated amounts, plus, when applicable, the corresponding charges and monetary and exchange variations incurred up to the balance sheet date.

g. Provision 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 specific to the liability.

Diagnósticos da América S.A.

Notes to the unaudited consolidated interim financial information

(In thousands of Reais)

h. Deferred 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% over taxable income plus a surcharge of 10% on taxable income in excess of R\$ 120 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 the DASA Real Estate Empreendimentos Imobiliários Ltda., which opted for collecting income taxes based on presumed profits.

The deferred tax assets resulting from carryforward tax losses, 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.

2.2 Changes in the Brazilian corporate law 6.404/76

On December 28, 2007, Law 11638 was enacted modifying Law 6404/76 in the chapter related to the disclosure and preparation of Financial Statements, which modifies, among other aspects, the recognition and valuation criteria of assets and liabilities. These changes in the accounting practices become effective as from the year begun January 1, 2008 and, considering the normal operations and businesses of the Company and its subsidiaries and CVM's instruction no. 469 of May 2, 2008, the main changes with material effects on the Quarterly Information can be briefly summarized as follows:

- i.** Long-term and pre-indexed assets and liabilities have not been adjusted to their present value given the fact the impacts would not be material;
- ii.** Financial instruments, including derivatives, are disclosed in Note 24 at market value, following CVM Instruction No 469/08. If they were registered at their market value, it would reduce the shareholders' equity by R\$ 62,841;
- iii.** Assets acquired in business combination, on a arm-length condition, start being valued at their fair value in the acquiring company. No business combination occurred qualifying into this new rule. Future acquisitions will be recorded in accordance with this new criteria;

Diagnósticos da América S.A.

Notes to the unaudited consolidated interim financial information

(In thousands of Reais)

- iv. The equity method calculation of subsidiaries and associated companies will start being recorded according to the significant influence and in companies that are part of the same group or that are under the same parent company. None of the investments fits in this modification;
- v. Financial leasing agreements should be registered in the balance sheet. The Company records its financial leasing agreements in accordance with the international rules.

The effects of the application of the new Law on the Quarterly Information of the Company and its subsidiaries were appraised based on the prevailing regulatory law and rules on this date, and may be modified due to regulation to be issued by the competent agencies. The Company will reevaluate the possible arising impacts as a new regulation disciplines the application of these new accounting practices.

3 Consolidated quarterly financial information

The unaudited consolidated quarterly information include the financial information of the Company and following subsidiaries:

	% of interest	
	06/30/08 (Unaudited)	12/31/07
Laboratório Frischmann Aisengart Ltda.	99.99%	100.00%
Image Memorial Ltda.	99.99%	100.00%
Laboratório Alvaro Ltda.	99.99%	100.00%
Laboratório Louis Pasteur Patologia Clínica Ltda. - LabPasteur	99.99%	99.99%
DASA Real Estate Empreendimentos Imobiliários Ltda.	99.99%	99.99%
Laboratório Imuno Ltda. - MedLabor	99.99%	99.99%
Clínica Médica Vita Ltda.	99.99%	100.00%
Laboratório Atalaia Ltda.	99.99%	99.99%
Exame Laboratórios de Patologia Clínica Ltda.	85.71%	85.71%
CientíficaLab Produtos Laboratoriais e Sistemas Ltda.	99.99%	100.00%
Med Imagem Ultra-Sonografia e Radiologia Ltda.	99.99%	100.00%
DASA Finance Corporation	100.00%	-

The accounting policies have been consistently applied in all the consolidated companies and are consistent with those used in the previous year.

Diagnósticos da América S.A.

Notes to the unaudited consolidated interim financial information

(In thousands of Reais)

Description of 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 minority interests in the consolidated quarterly financial information.

4 Marketable securities

	06/30/08 (Unaudited)	12/31/07
Marketable securities	494,865	104,118
Classified as current assets	<u>(411,234)</u>	<u>(23,398)</u>
Classified as noncurrent assets	<u>83,631</u>	<u>80,720</u>

The marketable securities classified as current assets consolidated in the amount of R\$ 28,278 (R\$ 23,398 as of December 31, 2007) related to fixed income funds bearing average interest rates of 97.9% of CDI (inter-bank) (99.9% of CDI as of December 31, 2007) and R\$ 382,956 related to fixed income funds “Time Deposit” in the Citibank of New York, bearing interest rates of 2% p.a..

Long-term marketable securities in the amount of R\$ 83,631 (R\$ 80,720 on December 31, 2007) in the consolidated figures, earn interest at an average rate of 100.2% of the CDI rate on June 30, 2008 (100.8% of CDI on December 31, 2007) of which R\$ 50,434 (R\$ 48,771 on December 31, 2007) serve as collateral for payments of obligations assumed in connection with the acquisition of a number of laboratories (Note nº 17), and R\$ R\$ 33,189 (R\$ 31,470 on December 31, 2007) guarantee the payments of the 2nd to the 8th installments of the acquisition price of CientificaLab.

Diagnósticos da América S.A.

Notes to the unaudited consolidated interim financial information

(In thousands of Reais)

5 Trade accounts receivable

	06/30/08 (Unaudited)	12/31/07
Current assets		
Trade notes receivable:		
Not due	152,077	115,474
Overdue	<u>96,604</u>	<u>104,992</u>
	248,681	220,466
Other accounts receivable:		
Checks in collection	2,567	1,722
Credit cards	4,939	3,853
Returned checks	<u>3,711</u>	<u>3,806</u>
	11,217	9,381
Less:		
Provision for disallowances and for doubtful accounts	(19,188)	(20,883)
Provision for losses from returned checks	<u>(3,711)</u>	<u>(3,689)</u>
	<u>236,999</u>	<u>205,275</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 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 from the unaccepted amounts being discussed. These discussions refer mainly to: (i) operational questions, such as services provided to clients from health plans without previous authorization; (ii) sales questions, such as new price lists agreed which have not been updated in both systems; and (iii) technical questions, such as different interpretations of examination requisitions.

All overdue receivables up to 360 days are in collection proceedings or under negotiation, Management does not expect significant losses, and consequently a provision for bad debts has not been recorded. The allowance for doubtful accounts has been recorded solely for the balances receivable with no likelihood of being collected, or under litigious process of collection.

Diagnósticos da América S.A.

Notes to the unaudited consolidated interim financial information

(In thousands of Reais)

On June 30, 2008 the balances for more 360 days in arrears, net of an allowance for doubtful accounts, approximate to R\$ 13,000 (R\$ 14,000 as of December 31, 2007), of which R\$ 9,000 (R\$ 5,000 as of December 31, 2007) refer to an important health insurance entity, R\$ 3,500 refer to agreements and R\$ 500 are still in the collection stage. As is the practice in this business, overdue receivables are subject to a procedure with the insured parties and health insurance entities in order to evidence that the services were provided to the patients and were duly authorized. Based on the background of negotiations, the Company's management expects no significant risks of loss in addition to those sums already provided for.

6 Inventories

	06/30/08 (Unaudited)	12/31/07
National clinical analysis and diagnostic imaging materials	17,603	19,385
Imported clinical analysis and diagnostic imaging materials	6,015	7,241
National secondary clinical analysis and diagnostic imaging materials	4,154	3,227
Consumption material	2,534	2,471
Inventories held by third parties	1,210	1,914
Provision for obsolescence	<u>(955)</u>	<u>(763)</u>
	<u>30,561</u>	<u>33,475</u>

7 Recoverable and deferred taxes

a. Recoverable taxes

	06/30/08 (Unaudited)	12/31/07
Withholding income tax (IRRF)	3,018	5,473
Income tax recoverable	17,498	7,523
Social contribution recoverable	11,898	6,167
COFINS (Tax for social security financing) and PIS (Social integration program) tax withheld	8,248	7,377
Others	<u>4,741</u>	<u>1,982</u>
Classified as current assets	<u>45,403</u>	<u>28,522</u>

Diagnósticos da América S.A.

Notes to the unaudited consolidated interim financial information

(In thousands of Reais)

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 book values.

In accordance with CVM Instruction 371, the Company based on its profitability history and in the expectation of generating future taxable income based on a technical viability study approved by management, recognized tax credits on income tax loss carry-forwards and the accumulated negative basis of social contribution tax, with no statutory limitation period and that can be offset against a maximum of 30% of taxable income. The carrying amount of deferred tax assets is reviewed quarterly and projections are reviewed annually. If there are relevant factors that modify the projections, these are reviewed during the year by the Company.

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

	06/30/08 (Unaudited)	12/31/07
Tax loss carryforward and negative basis	2,581	4,803
Provision for disallowances and for doubtful accounts	6,195	6,500
Obsolete items - Inventories	239	220
Goodwill amortization	39,560	29,351
Provision for specialized medical services	1,177	444
Other provisions	1,511	1,443
Provision for contingencies	<u>16,934</u>	<u>15,089</u>
	<u>68,197</u>	<u>57,850</u>
Classified as current assets	<u>(6,660)</u>	<u>(9,321)</u>
Classified as noncurrent assets	<u>61,537</u>	<u>48,529</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 bookkeeping 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.

Diagnósticos da América S.A.

Notes to the unaudited consolidated interim financial information

(In thousands of Reais)

2008	6,660
2009	5,996
2010	3,871
2011	7,392
2012 a 2014	23,686
2015 a 2016	<u>20,592</u>
	<u>68,197</u>

8 Investments

	06/30/08 (Unaudited)	12/31/07
Goodwill from acquired shares:		
Laboratório Frischmann Aisengart Ltda.	31,843	31,843
Image Memorial Ltda.	31,638	31,638
Laboratório Alvaro Ltda.	32,694	32,694
Laboratório Louis Pasteur Patologia Clínica Ltda. - LabPasteur	13,936	13,936
Laboratório Imuno Ltda. - MedLabor	5,966	5,966
Clínica Médica Vita Ltda.	4,768	4,768
Laboratório Atalaia Ltda.	28,329	28,329
Exame Laboratórios de Patologia Clínica Ltda.	46,623	46,623
CientíficaLab Produtos Laboratoriais e Sistemas Ltda.	80,107	80,107
Med Imagem Ultra-Sonografia e Radiologia Ltda.	<u>40,760</u>	<u>40,760</u>
	<u>316,664</u>	<u>316,664</u>
Accumulated amortization		
Laboratório Frischmann Aisengart Ltda.	(18,154)	(14,970)
Image Memorial Ltda.	(17,112)	(13,948)
Laboratório Alvaro Ltda.	(14,765)	(11,139)
Laboratório Louis Pasteur Patologia Clínica Ltda. - LabPasteur	(5,574)	(4,181)
Laboratório Imuno Ltda. - MedLabor	(2,287)	(1,690)
Clínica Médica Vita Ltda.	(1,669)	(1,192)
Laboratório Atalaia Ltda.	(9,443)	(6,610)
Exame Laboratórios de Patologia Clínica Ltda.	(10,879)	(6,216)
CientíficaLab Produtos Laboratoriais e Sistemas Ltda.	(14,686)	(6,676)
Med Imagem Ultra-Sonografia e Radiologia Ltda.	<u>(6,793)</u>	<u>(2,717)</u>
	<u>(101,362)</u>	<u>(69,339)</u>
Others	<u>211</u>	<u>117</u>
	<u>215,513</u>	<u>247,442</u>

Diagnósticos da América S.A.

Notes to the unaudited consolidated interim financial information

(In thousands of Reais)

9 Property, plant, equipment

	Average depreciation rate % p.a.	06/30/08 (Unaudited)			12/31/07
		Cost	Accumulated depreciation	Net	Net
Buildings	4	12,879	(1,414)	11,465	11,719
Leasehold improvements	12	244,143	(112,692)	131,451	93,688
Machinery and equipment	10	356,541	(126,732)	229,809	209,661
Furniture and Fixture	10	38,443	(15,922)	22,521	19,210
Facilities	10	5,518	(3,335)	2,183	2,067
IT equipment	20	53,498	(28,544)	24,954	22,630
Vehicles	20	6,377	(2,119)	4,258	3,588
Library	10	135	(67)	68	56
Land		1,685	-	1,685	1,685
Construction in process		<u>10,208</u>	<u>-</u>	<u>10,208</u>	<u>39,777</u>
		<u>729,427</u>	<u>(290,825)</u>	<u>438,602</u>	<u>404,081</u>

Cost movement

	Movement in the period (Unaudited)					06/30/08
	12/31/07	Additions	Write-offs	Transfers	Other (a)	
Buildings	12,879	-	-	-	-	12,879
Leasehold improvements	190,511	13,531	(124)	31,637	8,588	244,143
Machinery and equipment	324,395	22,911	(7,028)	15,983	280	356,541
Furniture and fixture	33,622	1,825	(120)	3,038	78	38,443
Facilities	5,294	205	-	19	-	5,518
IT equipment	48,089	3,721	(705)	2,393	-	53,498
Vehicles	5,495	1,475	(593)	-	-	6,377
Library	118	7	-	-	10	135
Land	1,685	-	-	-	-	1,685
Construction in process	<u>39,777</u>	<u>24,382</u>	<u>(48)</u>	<u>(53,070)</u>	<u>(833)</u>	<u>10,208</u>
	<u>661,865</u>	<u>68,057</u>	<u>(8,618)</u>	<u>-</u>	<u>8,123</u>	<u>729,427</u>

(a) Other - relates to transfers of intangible and deferred.

Diagnósticos da América S.A.

Notes to the unaudited consolidated interim financial information

(In thousands of Reais)

10 Intangible assets

	Average depreciation rate % p.a.	06/30/08 (Unaudited)			12/31/07
		Cost	Accumulated depreciation	Net	Net
Software	20	43,103	(20,407)	22,696	22,349
Commercial rights of use	20	137	(32)	105	119
Goodwill on merger of subsidiary	20	125,791	(118,425)	7,366	11,320
Trademarks and patents		<u>91</u>	<u>-</u>	<u>91</u>	<u>88</u>
		<u>169,122</u>	<u>(138,864)</u>	<u>30,258</u>	<u>33,876</u>

Cost movement

	12/31/07	Movement in the period (Unaudited)				06/30/08
		Additions	Write-offs	Transfers	Other (a)	
Software	39,550	3,434	(286)	-	405	43,103
Commercial rights of use	137	-	-	-	-	137
Goodwill on merger of subsidiary	125,791	-	-	-	-	125,791
Trademarks and patents	<u>88</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91</u>
	<u>165,566</u>	<u>3,437</u>	<u>(286)</u>	<u>-</u>	<u>405</u>	<u>169,122</u>

(b) Other - relates to transfers of property, plant, equipment and deferred.

11 Deferred charges

	End of amortization	Amortization rate % p.a.	06/30/08 (Unaudited)			12/31/07
			Cost	Accumulated amortization	Net	Net
Pre-operating expenses						
Implementation of new units		20	70,250	(31,365)	38,885	40,934
Acquisition of participation		20	20,161	(8,254)	11,907	12,182
Project Deployment System	Dec/10	20	<u>9,043</u>	<u>(4,517)</u>	<u>4,526</u>	<u>5,428</u>
			<u>99,454</u>	<u>(44,136)</u>	<u>55,318</u>	<u>58,544</u>

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Cost movement

	Movement in the period (Unaudited)				06/30/08
	12/31/07	Additions	Write-offs	Other (a)	
Pre-operating expenses:					
Implementation of new units	68,856	9,929	(7)	(8,528)	70,250
Acquisition of participation	18,469	1,692	-	-	20,161
Project Deployment System	<u>9,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,043</u>
	<u>96,368</u>	<u>11,621</u>	<u>(7)</u>	<u>(8,528)</u>	<u>99,454</u>

(a) Other - relates to transfers of property, plant, equipment and intangible.

12 Accounts payable to suppliers

	06/30/08 (Unaudited)	12/31/07
Domestic suppliers	39,535	47,370
Foreign suppliers	<u>5,644</u>	<u>5,420</u>
	<u>45,179</u>	<u>52,790</u>

The balance of foreign suppliers of US\$ 3,545 thousand (US\$ 3,060 thousand on December 31, 2007) refers to the purchase of imported materials used in clinical exams.

13 Loans and financing

	06/30/08 (Unaudited)	12/31/07
Local currency		
Loans guaranteed accounts	19,633	22,684
Bank loans	77,890	65,756
Leasing under local currency agreements	18,594	12,764
Foreign currency		
Bank loans	5,808	8,708
Financing of equipment	14,706	20,344
Leasing of imported equipment	67,137	68,022
Notes (Senior Notes) (a)	<u>401,600</u>	<u>-</u>
	<u>605,368</u>	<u>198,278</u>

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	06/30/08 (Unaudited)	12/31/07
Portion to amortize in the short term classified in current liabilities	<u>(89,813)</u>	<u>(97,968)</u>
Noncurrent liabilities	<u>515,555</u>	<u>100,310</u>

- (a) In a meeting held on May 21, 2008 by the Board of Directors, the issuance of notes (Senior notes) was approved by a subsidiary, DASA Finance Corporation, with the purpose of raising cash resources that shall primarily be used to finance the expansion of company's activities. The issuance of notes was completed on May 29, 2008 in the amount of US\$ 250 millions, with a maturity date in May 2018, remunerated with interests of 8.75% 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 set forth in the agreement, the advance redemption option of such debt is exclusive of DASA Finance Corporation and begins on the 5th year. The agreement establishes that the Company and its subsidiaries comply with certain levels of indebtedness when making significant business decision with respect to certain actions, such as contracting debts, payment of dividends, repurchase of shares, consolidations, mergers, sale of subsidiaries and investments. Additionally, the agreement presents clauses with limitations / restrictions to the following transactions:

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

In order to avoid the exposure to the exchange rate fluctuation of the interests throughout the period of 5 years, the Company entered into swap transactions at 103.6% of CDI , on the same date of the confirmation of the operation (Senior notes), with Banco Merrill Lynch de Investimentos S.A. and Credit Suisse Próprio Fundo de Investimento Multimercado.

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The loan and financing agreements do not have any restrictive covenants.

06/30/08 (Unaudited)					
Description	Banks	Value in Reais	Final	Average interest rate	Guarantors
Local currency					
Guaranteed accounts	Other	19,633	-	107.0% do CDI	(2)
Bank loans	Banco Votorantin S.A.	7,649	2009	110.9% do CDI	(3)
Bank loans	Banco do Brasil S.A.	35,983	2010	105.0% do CDI	(2)
Bank loans	HSBC Bank Brasil S.A.	15,737	2010	105.6% do CDI	(3)
Bank loans	Banco Itaú S.A.	15,073	2011	115% do CDI	(4)
Bank loans	BNDES	3,012	2013	TJLP e UMBNDES	(2) e (4)
Bank loans	Diversos	<u>436</u>	2010	1.6% a.m.	(2)
		<u>77,890</u>			
Leasing	Other	18,594	2011	CDI + 1.5% a.a.	-

06/30/08 (Unaudited)								
Description	Financial institutions/Suppliers	Value in US\$	Value in Reais	Swap	Total in Reais	Final	Average interest rate	Guarantors
Foreign currency								
Bank loans	Banco Itaú - BBA	1,437	2,288	3,520	5,808	2009	VC+13.06% a.a.	(3)
Equipment suppliers	G.E.	4,448	7,080	7,626	14,706	2011	VC+7.5% a 8.5% a.a.	(1)
Leasing	G.E, Siemens, Philips e Oni Medical	42.174	67.137	-	67.137	2014	VC+7.20% a 9% a.a.	(3)
Notas (Senior Notes)		251.902	401.003	597	401.600	2018	8,75% a.a.	(4)

(1) Platypus S.A. and Balu 460 Participações S.A.

Following the merger of the subsidiaries Platypus S.A., Balu 460 Participações S.A. and DASA Participações S.A., approved in a meeting of shareholders held on July 6th, 2007, which provided fidejussory guarantees in financial transactions involving the Company (bonds and surety), especially in agreements to acquire diagnostic imaging equipment, banking financing and real estate leases, the company is seeking to replace the guarantees that were provided by the merged subsidiaries with guarantees from the Company's subsidiary DASA Real Estate Empreendimentos Imobiliários Ltda.

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(2) DASA Real Estate Empreendimentos Imobiliários Ltda.

(3) Promissory Note of 125% of the contractual amount in the Company's name.

Loans and financing classified as noncurrent liabilities will mature as follows:

Year of Maturity	Amount
2009	32,734
2010	42,040
2011	16,795
2012	10,928
2013	7,834
2014	4,090
2015	786
2018	397,975
	<u>513,182</u>
“Swap” (a)	<u>2,373</u>
	<u>515,555</u>

(a) In order to protect its exposure to liabilities indexed in foreign currencies, the Company has contracted “swap” transactions in Reais, for the same amounts and maturities. On June 30, 2008, these derivative transactions provided cover for the R\$ 18,395 nominal value and resulted in accrued losses in the amount of R\$ 2,373.

The company granted guarantees on behalf of its subsidiaries as follows:

Laboratório Frischmann Aisengart Ltda.	Banco Alfa S.A.	1,263
	Banco Bradesco S.A.	1,500
	Banco HSBC Bank Brasil	4,367
Image Memorial Ltda.	Banco Alfa S.A.	3,099
	Banco Bradesco S.A.	3,000
	Banco do Brasil S.A.	1,908
	Banco Itaú S.A.	2,000

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Laboratório Alvaro S.A.	Banco Alfa S.A.	1,768
	Banco do Brasil S.A.	350
	Banco Itaú S.A.	877
	Unibanco S.A.	686
Laboratório Louis Pasteur Patologia Clínica Ltda. - LabPasteur	Banco Alfa S.A.	277
	Banco Bradesco S.A.	500
Laboratório Imuno Ltda. - MedLabor	Banco Bradesco S.A.	1,500
Clínica Médica Vita Ltda.	Banco Alfa S.A.	4,723
	Banco Bradesco S.A.	3,000
	Banco Itaú S.A.	1,500
Laboratório Atalaia Ltda.	Unibanco S.A.	360
CientíficaLab Produtos Lab. e Sistemas Ltda.	Banco Alfa S.A.	10,600
	Banco Bradesco S.A.	8,000
	Banco Itaú S.A.	18,000
	Unibanco S.A.	15
Med Imagem Ultra-Sonografia e Radiologia Ltda.	Unibanco S.A.	<u>291</u>
		<u>69,584</u>

14 Debentures

	06/30/08 (Unaudited)	12/31/07
Non-convertible debentures	202,500	202,500
Compensation interest	<u>5,755</u>	<u>5,511</u>
	<u>208,255</u>	<u>208,011</u>
Portion to amortize in the short term classified in current liabilities	<u>(73,255)</u>	<u>(5,511)</u>
Noncurrent liabilities	<u>135,000</u>	<u>202,500</u>

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In a Board of Directors' Meeting held on April 7, 2006, the Board approved the public issuance of 20,250 (twenty thousand two hundred and fifty) non-convertible debentures, of its first issuance, of single series, without guarantee nor preference, with unit face value of R\$ 10, totalizing R\$ 202,500, was approved with the date of issuance on April 1, 2006. The maturity of the debentures is five years, from the date of issuance, with compensation interest of 103.6% per year of the DI rate. The payment of compensation interest is semi-annual, to be held always on the first day of April and October, and the debit from the bank account of the Company occurs one day prior to the due date.

The principal amount has the following payment schedule:

	Amount (R\$)
Maturity date:	
April 01, 2009	67,500
April 01, 2010	67,500
April 01, 2011	<u>67,500</u>
Total	<u>202,500</u>

The debentures have covenants setting forth 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.

15 Salaries, social securities charges and provision for vacation payable

	06/30/08	12/31/07
	(Unaudited)	
Salaries payable	6,542	5,844
Social Security charges payable	5,870	5,846
Provisions for vacation, 13th salary and social security charges	28,091	18,834
Provision for the profit sharing and equity income	4,283	4,176
Others	<u>1,062</u>	<u>849</u>
	<u>45,848</u>	<u>35,549</u>

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16 Payment of taxes in installments

	End of amortization	06/30/08 (Unaudited)	12/31/07
PPI - REFIS Municipal (a)	2011	3,185	3,484
PAES Program (b)	2013	7,792	8,983
COFINS - tax for social security financing (c)	2010	852	1,122
PIS (social integration program) (c)	2008	212	286
INSS (Brazilian National Institute of Social Security) (e)	2009	1,137	1,901
ISS (c)	2007	11	11
INSS - (Brazilian National Institute of Social Security) Vita (d)	2018	1,039	1,072
PIS (Social Integration Program)/COFINS (Tax for Social Security Financing)- Vita (d)	2018	1,136	1,210
ISS - Vita (d)	2009	92	147
ISS - Atalaia (e)	2018	1,332	1,405
PAES Program - INSS (Brazilian National Institute of Social Security) - Exame (f)	2013	1,685	1,799
Others		<u>281</u>	<u>441</u>
		18,754	21,861
Short-term unamortized installment classified in current liabilities		(5,500)	(6,778)
Noncurrent liabilities		<u>13,254</u>	<u>15,083</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 n° 14,129 dated on January 11, 2006, regulated by Decree n° 47,165 dated on April 6, 2006. The tax debts which were part of the Tax Recovery Program (REFIS), created by Law n° 13,092 dated on December 7, 2000, adhered to the Company 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, and accrues 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.

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- (b) On July 29, 2003, the Company adhered to the PAES program (Law 10,684), 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). Payment of these installments extends to June 2013, considering that the Company does not make any payment based on gross revenue neither has utilized such tax credits to amortize fines and interest. The tax debt included by the federal revenue service 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 fully on 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.
- (c) Installments from subsidiary companies, incorporated at August 1, 2005, which have been formalized with the competent government agencies.
- (d) **INSS** - Installment program created by Provisional Measure (MP) 303: In September 2006, the subsidiary Vita adhered to the installment program created by Provisional Measure no. 303 of June 29, 2003, stating the debts to the Brazilian Social Security system (Instituto Nacional do Seguro Social - INSS) due up to February 28, 2003, dealt with in article 1 of the MP, with the schedule of 130 monthly installments and updated by TJLP, totaling R\$ 311 on June 30, 2008 and the debts due between March 01, 2003 and December 31, 2005, dealt with in article 8 of the MP, with the schedule of 120 monthly installments and updated by TJLP, totaling R\$ 728 on June 30, 2008.

PIS/COFINS Installment program created by Provisional Measure (MP) 303:

In September 2006, the subsidiary Vita adhered to the installment program created by Provisional Measure no. 303 of June 29, 2006, declaring debts administered by the Federal Revenue Office (Secretaria da Receita Federal - SRF) due up to February 28, 2003, dealt with in article 1 of the MP, with the schedule of 130 monthly installments and updated by TJLP, totaling R\$ 568 on June 30, 2008 and the debts due between March 1, 2003 and December 31, 2005, dealt with in article 8 of the MP, with the schedule of 120 monthly installments and updated using the TJLP rate, totaling R\$ 568 on June 30, 2008.

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ISS - In 2006, the subsidiary Vita scheduled ISS debits with the Municipality of Florianópolis, resulting in proceeding n° 009476/06 of August 24, 2006, to be paid according to a schedule of 36 monthly installments with interest at 1% per month, totaling R\$ 92 as of June 30, 2008

- (e) The subsidiary Atalaia scheduled ISS debt with the Municipality of Aparecida de Goiânia, corresponding to the years of 1993, 1994, 1996, 1998, 1999 and 2001, resulting in 7 installment proceedings to be paid in 180 monthly installments updated using the TJLP rate, totaling R\$ 1,332 on June 30, 2008, the amortizations shall be made until 2018.
- (f) In May, 2003, the subsidiary Exame adhered to the PAES program (Law n° 10684), declaring tax debts related to INSS. The consolidated amount of the debt is divided into 120 monthly installments and updated using the long-term interest rate (TJLP). Amortizations will occur until June 2013, and the Company does not make the payment based on gross revenue, and neither used nor uses tax credits for the amortization of fines and interest.

17 Accounts payable from acquisition of subsidiaries

	06/30/08 (Unaudited)	12/31/07
Bio-Ciência Lavoisier de Análises Clínicas S.A. (a)	1,851	1,787
Laboratório Bronstein S.A (b)	1,872	1,758
Laboratório de Patologia Clínica Curitiba S/C Ltda. (c)	485	456
Centro Radiológico da Lagoa (CRL) e Presmedi Rio Serviços Médicos Ltda. (d)	69	64
Elkis e Furlanetto C.D.A.C. Ltda. (e)	7,844	7,822
Laboratório Pasteur Patologia Clínica S/S Ltda. (f)	470	453
Laboratório Frischmann Aisengart Ltda. (g)	3,075	2,986
Image Memorial Ltda. (h)	9,679	9,227
Laboratório Alvaro Ltda. (i)	1,555	5,454
Laboratório Frischmann Aisengart Ltda. (Minority) (j)	1,984	2,108
Laboratório Louis Pasteur Patologia Clínica Ltda - LabPasteur (k)	4,099	3,925
Laboratório Imuno Ltda. - MedLabor (l)	803	769
Clínica Médica Vita Ltda. (m)	691	662
Laboratório Atalaia Ltda. (n)	2,909	2,801
Exame Laboratórios de Patologia Clínica Ltda. (o)	2,017	2,039
CientíficaLab Produtos Laboratoriais e Sistemas Ltda. (p)	3,319	3,147

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	06/30/08 (Unaudited)	12/31/07
Med Imagem Ultra-Sonografia e Radiologia Ltda. (q)	<u>15,523</u>	<u>14,860</u>
	<u>58,245</u>	<u>60,318</u>
Installments to amortize in the short term classified under the current liabilities	(<u>6,149</u>)	(<u>9,688</u>)
Noncurrent liabilities	<u>52,096</u>	<u>50,630</u>

Accounts payable from the acquisitions of subsidiaries refer to amounts due to the previous owners for the acquisition of shares or quotas representing the capital of these companies. The debts are updated, and fall due as follows:

- (a) **Lavoisier** - Updated at the same rates as those for the funds placed in investment funds managed by the financial institution, as reported in Note no. 4, with the purpose of securing the payment of contingencies which are still under litigation since the former management.
- (b) **Bronstein** - Updated at the same rates as those for the funds placed in investment funds managed by the financial institution, as reported in Note no. 4, with the purpose of securing the payment of contingencies which are still under litigation since the former management.
- (c) **Curitiba** - In connection with tax credits which arose during the period prior to the acquisition, and which were used by the Company, and have been retained with the purpose of securing the payment of contingencies which are still under litigation since the pre-acquisition period.
- (d) **CRL and Presmedi** - Updated by the variation in the IGP-M (inflation index) retained with the purpose of securing the payment of contingencies which are still under litigation since the pre-acquisition period.
- (e) **Elkis** - Updated at the same rates as those for the funds placed in investment funds managed by the financial institution, as reported in Note no. 4, and will be settled in May 2011.

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- (f) **Pasteur (DF)** - Updated by the variation in the IPCA (inflation index), and has been retained with the purpose of securing the payment of contingencies which are still under litigation since the pre-acquisition period.
- (g) **Frischmann** - Updated using the same of the investment funds, managed by financial institution, as reported in Note 4 and will be liquidated in July 2011.
- (h) **Image** - Updated using the same rates of investment funds, managed by a financial institution, as reported in Note 4, and will be settled in October 2011.
- (i) **Alvaro** - Updated using the same rates of investment funds, managed by financial institutions, as reported in Note 4 and will be liquidated in December 2011. The variable portion of the purchase price by the performance of 2007 was paid in May 2008
- (j) **Frischmann Aisengart (Minority interests)** - Relates to the acquisition of the totality of equity of the remaining shareholder of Laboratório Frischmann Aisengart Ltda., which is being annually updated monetarily by the IGP-M variation. Amortizations of the debt will be made until May 2016.
- (k) **LabPasteur (CE)** - Updated using the same of the investment funds, managed by financial institutions, as reported in Note 4 and will be liquidated in September 2012.
- (l) **MedLabor** - Updated using the same rates of the investment funds, managed by financial institutions, as reported in Note 4 and will be liquidated in July 2012.
- (m) **Vita** - Updated using the same rates of the investment funds, managed by financial institutions, as reported in Note 4 and will be liquidated in October 2012.
- (n) **Atalaia** Updated using the same rates of the investment funds, managed by financial institutions, as reported in Note 4 and will be liquidated in October 2012.
- (o) **Exame** - Updated using the same rates of the investment funds, managed by financial institutions, as reported in Note 4 and will be liquidated in December 2012.
- (p) **CientificaLab** - Updated using the same rates of the investment funds, managed by financial institutions, as reported in Note 4 and will be liquidated in July 2013.

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(q) MedImagem - The total amount of debt is R\$15,523, part of which corresponds to the withheld portion of the price in R\$10,641, restated applying the same rates as those used to amounts invested on investment funds, managed by financial institutions, as stated in Note 4, which shall be settled by August 2013, and R\$4,882 corresponds to the second installment of the purchase price, restated at the same rates as the withheld portion and payment thereof is subject to duration of the agreement to render services entered into with Medical Diagnósticos for a period of one year, from the acquisition date

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

Maturity

With no maturity date - See Note 17 (a) and (b)	3,723
2009	125
2010	251
2011	22,412
2012	10,770
2013 to 2016	<u>14,815</u>
Total	<u>52,096</u>

18 Other accounts payable

	06/30/08	12/31/07
	(Unaudited)	
Rentals	3,628	3,070
Third -party services	5,676	5,686
Provision for specialized medical services	4,725	2,498
Franchisee commission payable	583	434
Other accounts payable	<u>5,533</u>	<u>5,543</u>
	<u>20,145</u>	<u>17,231</u>

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19 Provision for contingencies

	<u>06/30/08 (Unaudited)</u>			<u>12/31/07</u>
	Provisio n	Judicial Deposit	Net	Net
(a) ICMS on imports	66,373	(1,889)	64,484	57,485
(b) Provision for labor contingencies	4,847	(271)	4,576	4,974
(c) Provision for civil contingencies	4,254	(27)	4,227	4,169
(d) Provision for tax contingencies	<u>32,122</u>	<u>(16,984)</u>	<u>15,138</u>	<u>14,789</u>
	<u>107,596</u>	<u>(19,171)</u>	<u>88,425</u>	<u>81,417</u>

(a) ICMS on imports

The Company, based on the opinion of its legal advisors, has not paid ICMS on the imports of goods inputs and equipment for use in the rendering of its services since February 2000, as discussions are in process regarding whether the Company is an ICMS taxpayer in these transactions. For ICMS amounts to be paid on imports arising after the issuance of Complementary Law nº 114, effective on December 16, 2002, external legal advisors believe that the chances of success are probable. At June 30, 2008, amounts recorded regarding imports from January 1, 2003 onwards is R\$ 66,373 (R\$ 59,374 on December 31, 2007), with related judicial deposits in the amount of R\$ 1,889. The amount of R\$ 25,406 (R\$ 22,458 on December 31, 2007) is included in the accrued amount, plus interest at the SELIC rate relating to the nationalization of equipment coming from abroad in the international leasing category. The legal advisors of the Company consider the chance of loss as a result of an eventual judicial dispute as possible. Nevertheless, as the matter does not yet have a definite jurisprudential position, provision was maintained.

(b) Provision for labor contingencies

At June 30, 2008, the Company is party of 289 labor lawsuits (266 on December 31, 2007). Based on information provided by its legal advisors, the Company has recorded an amount of R\$ 4,847 in the consolidated (R\$ 5,157 on December 31, 2007), and the Company does not expect any losses from lawsuits beyond amounts already recorded.

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(c) Provision for civil contingencies

At June 30, 2008, the Company is part of 181 civil administrative and judicial lawsuits (273 on December 31, 2007). Based on information provided by its legal advisors, the Company has recorded an amount of R\$ 4,254 (R\$ 4,196 on December 31, 2007), and the Company does not expect any losses from lawsuits beyond amounts already recorded.

(d) Provision for tax contingencies

Provisions for tax contingencies relate to (i) challenges for increases in rates, (ii) basis for calculation of taxes and (iii) collection alleged to be unconstitutional of the law. Such challenges relate basically to PIS, COFINS, INSS and FGTS contributions. Of the total amount of R\$ 32,122, R\$ 12,498 relate to taxes and contributions challenged by the acquired companies. Management, based on legal advisors opinion, has recorded provisions in the amount of R\$ 32,122 (R\$ 31,223 on December 31, 2007), and does not expect any losses beyond amounts already recorded.

Movement in provisions (unaudited)

	<u>12/31/07</u>	<u>Movement in the period</u>			<u>06/30/08</u>
	Opening balance	Addition to provision	Utilization	Monetary Restatement	Closing balance
ICMS on imports	59,374	4,684	(183)	2,498	66,373
Provision for labor contingencies	5,157	5	(510)	195	4,847
Provision for civil contingencies	4,196	-	(50)	108	4,254
Provision for tax contingencies	<u>31,223</u>	<u>673</u>	<u>(1,071)</u>	<u>1,297</u>	<u>32,122</u>
	<u>99,950</u>	<u>5,362</u>	<u>(1,814)</u>	<u>4,098</u>	<u>107,596</u>

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20 Shareholders' equity

a. Capital

The Company's capital of R\$ 402,091 is represented by 57,402,935 (Fifty-Seven Million, Four Hundred and Two Thousand, Nine Hundred and Thirty-Five) common shares, all nominative, without certificate and with no par value, with the exclusion of rights of preference of the current shareholders of the Company of its subscription, pursuant to the provision in Article 172 of Law no. 6,404, dated December 15, 1976, and pursuant to Article 9 of the Company's Bylaws.

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

Through a resolution of the Board of Directors, within the limits authorized in the Articles of Association, the Company will be able to increase the capital independently of statutory reform. The Board of Directors will fix the conditions for the share issue, including price and time frame for payment.

At the criteria of the Board of Directors, the share issue may be made, without right of preference or with a reduction of the time frame addressed by §4 of article 171 of Law 6404/76, of shares and debentures that are convertible into shares or a subscription bonus, the flotation of which is made through a sale on the stock exchange or by public subscription, or even through an exchange 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 by the General Meeting, the Board of Directors will be able to authorize the Company to grant a share purchase option to the administrators and employees of other companies that are directly or indirectly controlled by the Company, without right of preference for the shareholders.

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Notes to the unaudited consolidated interim financial information

(In thousands of Reais)

b. Dividends

In accordance with the Company's By-laws, net income has the following destination: (i) 5% for the legal reserve up to the limit of 20% of share capital; and (ii) 25% of the remaining balance adjusted in accordance with Art. 202 of Law 6,404/76, for the payment of the minimum compulsory dividends

At the Special and Annual General Meeting held on March 25, 2008, was assessed and approved, by unanimity, the proposal of the Administration for the destination of the result of the fiscal year 2007 in the amount of R\$ 13,447, thus, guaranteed the payment of dividends amounting to R\$ 0,2342668101 for each share issued by the Company, the payment was made on May 20, 2008.

c. Management remuneration

The management remuneration in the period was R\$ 3,797 (R\$ 2,472 in 2007).

21 Income tax and social contribution expense

The reconciliation between the tax expense as calculated under the combined statutory rates and the income and social contribution tax expense charged to net income is presented below:

	06/30/08 (Unaudited)	06/30/07 (Unaudited)
Income before income and social contribution taxes	<u>28,917</u>	<u>27,297</u>
Combined statutory rates	34%	34%
Income and social contribution taxes calculated at the statutory rates	(9,832)	(9,281)
Permanent (additions), net	(613)	(195)
Temporary exclusions, net	1,653	-
Deferred Income tax initially recognized	-	38,250
Adjustment for tax calculated base on presumed profit	96	938
Other adjustments	<u>(872)</u>	<u>695</u>
Income and social contribution taxes	<u>(9,568)</u>	<u>30,407</u>
Effective rate	33%	-72%

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22 General and administrative

	(Unaudited) 06/30/08	(Unaudited) 06/30/07
Personnel expenses	41,898	33,834
Services and utilities	24,982	23,039
Depreciation	10,659	6,495
Taxes	1,201	611
Sundry provisions	1,351	2,028
Expenses with issuance of debentures	479	479
General Expenses	<u>11,917</u>	<u>12,156</u>
	<u>92,487</u>	<u>78,642</u>

23 Tax loss carryforward

At June 30, 2008, the Company had tax loss carryforwards on the following base values:

Tax Losses Carryforwards	6,661
Negative social contribution base	10,177

The offsetting of the tax losses carryforward for income tax and the negative social contribution base is limited to 30% of annual taxable profits, with no expiration date.

24 Financial instruments

The Company has a policy of reducing market risks, avoiding positions which may be exposed to fluctuations in market values and operating only with derivative financial instruments that permit control over risks. Most contracts involving derivatives are “*swap*” transactions involving pre-fixed rates. The Company does not expect to have losses from these operations, besides those already disclosed in the quarterly information.

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The market values were estimated at the date of closing of quarterly information, based on “relevant market information”. Changes in the assumptions may significantly affect the estimates presented.

The management of these instruments is undertaken through operating strategies, aimed at liquidity, profitability and security. The control policy includes monitoring the rates contracted versus those in force in the market. The Company does not invest in derivatives or any other risk assets on a speculative basis.

a. Composition of balances

In compliance with CVM Instruction 235/95, the accounting balances and the market values of the financial instruments included in the quarterly information at June 30, 2008 are shown below:

Description	Book value	Market value
Cash and cash equivalent	10,037	10,037
Marketable securities	411,234	411,234
Recoverable taxes	52,063	52,063
Investments	<u>215,302</u>	<u>215,302</u>
Assets	<u>688,636</u>	<u>688,636</u>
Loans and financing:		
Local currency	116,117	116,117
Foreign currency	477,508	479,099
Derivatives (Swap)	<u>11,743</u>	<u>74,584</u>
Liabilities	<u>605,368</u>	<u>669,800</u>

b. Criteria, premises and limitations used in the calculation of market value

Cash, banks and marketable securities

Current accounts held in banks have market values similar to the book values.

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For short-term marketable securities, the market value was calculated based on the market quotations of these securities.

Recoverable taxes

Recoverable and deferred taxes are presented at book value, since there is no information to determine their market value.

Investments

The market values for interests in companies were calculated based on the book value, since they have no market quotation.

Loans and financing

The market values of loans and financing were calculated based on their present value calculated based on the future cash flows and using interest rates applicable to instruments of a similar nature, with similar terms and risks, or based on the market quotations of these securities.

Derivatives (swap)

The Company uses derivative instruments aimed at protecting against foreign exchange variations only, and does not use for speculative purposes.

Limitations

The market values were estimated at the date of closing of the quarterly information, based on “relevant market information”. Any changes in the assumptions could significantly affect the presented estimates.

c. Exchange rate risk

The Company's income is subject to significant variations, as liability is linked to exchange rate fluctuations, especially the US dollar.

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As a strategy for prevention and reduction of the effects of fluctuation in the exchange rate, the indebtedness on bank loans, denominated in foreign currency, are fully protected by means of operations of swaps with financial institutions, and the issue of Notes (Senior Notes), denominated in foreign currency, is completely protected the value corresponding to interest. The difference between the value of the principal debt (Senior Notes) and the balance applied in DASA Finance Corporation in the net amount of R\$ 14,256 on June 30, 2008, is not protected from the effects of fluctuation in the exchange rate. The debt to suppliers of equipment denominated in foreign currency is protected by 65%, also by means of operations swap in financial institutions. For indebtedness related to leases of foreign equipment denominated in foreign currency for equipment and foreign suppliers, the Company does not have instruments in effect that protect against related exchange rate risks.

	06/30/08 (Unaudited)	12/31/07
Liabilities		
Bank loans	5,808	8,708
Notes (Senior Notes)	17,284	-
Equipment suppliers	14,706	20,344
Leasing of imported equipment	67,137	68,022
Foreign suppliers	<u>5,644</u>	<u>5,420</u>
	<u>110,579</u>	<u>102,494</u>

25 Insurance coverage

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

The Company has insurance policies taken out with the main insurance companies in Brazil, which were determined in accordance with the orientation of experts, and take into consideration the nature and the level of risk involved. The main insurance coverage are those against fires (R\$ 58,300), loss of earnings (R\$ 9,500), torts (R\$ 1,000), torts of Officers and Administrators (R\$ 20,000), windstorm and smoke (R\$ 1,500), and electrical damages (R\$ 1,500), for amounts considered sufficient to cover any losses.

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The risk assumptions, due to their nature, are out of the scope of the auditors' review information, and therefore were not reviewed by our independent auditors.

26 Related party transactions

Our By-laws require related party transactions to be performed in arms-length basis. Additionally, any transaction or transactions in aggregate with related parties in Brazilian Reais over US\$ 500 thousand must be approved by the Board of Directors, by at least 75% of the members attending the Meeting.

During the periods ended at June 30, 2008, 2007, the Company maintained transactions in the context of its regular business with related parties, as follows (Unaudited):

	<u>06/30/2008</u>	
	Expenses	Permanent assets
Terra Molhada Participações Ltda. (a)	1,869	-
Parkbem Multiserviços S/C Ltda. (b)	2,915	49
Patrimônio Investimentos e Participações Ltda. (c)	-	-
RMA Construtora Ltda. (d)	1,879	3,820
Touch Tecnologia e Informática Ltda. (e)	768	1,808
Refazenda Participações Ltda. (f)	316	-
DA Produções Artísticas Ltda. (g)	51	-
Pátria Assessoria Financeira Ltda. (h)	460	-
Família Chimenti Auriemo (i)	<u>70</u>	<u>-</u>
	<u>8,328</u>	<u>5,677</u>

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	<u>06/30/2007</u>	
	Expenses	Permanent assets
Terra Molhada Participações Ltda. (a)	1,750	-
Parkbem Multiserviços S/C Ltda. (b)	3,344	99
Patrimônio Investimentos e Participações Ltda. (c)	132	-
RMA Construtora Ltda. (d)	914	5,171
Touch Tecnologia e Informática Ltda. (e)	341	1,543
Refazenda Participações Ltda. (f)	-	-
DA Produções Artísticas Ltda. (g)	-	-
Pátria - Banco de Negócios Assessoria, Gestão e Participação Ltda (h)	286	1,679
Família Chimenti Auriemo (i)	<u>-</u>	<u>-</u>
	<u>6,767</u>	<u>8,492</u>

(a) Terra Molhada Participações Ltda.

The Company leases four real estate properties (central laboratory and headquarters of the Company in Barueri, service units at Av. Brasil 762 and Rua Cardoso de Melo, 214 in São Paulo and offices at Rua Cardoso de Melo, 221 in São Paulo) from Terra Molhada Participações Ltda., controlled by Renato Magnanini Auriemo, Ricardo Magnanini Auriemo, Adriana Auriemo Miglorancia and Guilherme Magnanini Auriemo, sons and daughter of Dr. Caio Roberto Chimenti Auriemo, Chairman of the Board of Directors of the Company.

(b) Companhia de Serviços e Participações (sucessora de Parkbem Multiserviços S/C Ltda.)

Company controlled by José Auriemo Neto, nephew of Dr. Caio Auriemo, providing cleaning, security and parking services to the service units. On May 29, 2008, as per the contract amendment, part of the cleaning services were terminated and the services of reception and parking were completed terminated.

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(c) Patrimônio Investimentos e Participações Ltda.

Company connected to Pátria - Banco de Negócios Assessoria. Gestão e Participações Ltda., manager of certain funds, indirect shareholders of Company, provides services related to financial consulting in order to assist the Company in mergers and acquisitions.

(d) RMA Construtora Ltda.

Construction company owned by Renato Magnanini Auriemo, Dr. Caio Auriemo's son, provides civil engineering services for the construction or remodeling of the service units.

(e) Touch Tecnologia e Informática Ltda.

Software development and web design company owned by Ricardo Magnanini Auriemo, Dr. Caio Auriemo's son, provides software development services.

(f) Refazenda Participações Ltda.

Company that manages its own assets and business, controlled by Dr. Caio Auriemo (and, prior to the Company's 2007 corporate restructuring, controlled by Balu 460 Participações S.A., which controlled DASA Participações S.A., which in 2006 was the holder of general control of the Company).

The Company leases four properties (service units in Chácara Flora and Mooca in São Paulo, and Ipanema and downtown Rio de Janeiro), from Refazenda. The rental agreements with regard to the properties located in São Paulo were executed in November 2005 for a 10-year period, and the rental agreements with regard to the properties located in Rio de Janeiro were executed in April 2004 for a 5-year period.

(g) DA Produções Artísticas Ltda.

Company owned by Dulce Magnanini Auriemo, wife of Dr. Caio Auriemo, provides license to the Company for marks, names and images used rights related to infantile recreation.

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(h) Pátria Assessoria Financeira Ltda. (“Pátria”)

Fund management Company, indirect shareholders of the Company, connected to Patrimônio Investimentos e Participações Ltda., which provides financial consulting services for the assistance of the Company in mergers and acquisitions.

(i) Família Chimenti Auriemo.

The Company leases a property of Auriemo’s family, including 5% of the property of Dr. Caio Auriemo, located at Avenida Brigadeiro Luiz Antônio, 3717, in São Paulo city.

27 Leases

Local currency lease

The Company is a lessee of data processing equipment (hardware), machinery and equipment, vehicles, furniture and utensils, and software with a purchase option, totaling a payable balance until 2012 and an outstanding amount of R\$ 18,594, of which R\$ 8,261 is classified under current liabilities and R\$ 10,333 in the noncurrent liabilities. The average term of the agreements is 36 months and interest rates bearing from CDI rate plus 1.59 % per annum to CDI rate plus 3.20 % per annum.

The accounts payable related to leasing contracts matures as follows:

	Amount
2008	4,793
2009	7,454
2010, 2011 and 2012	<u>6,347</u>
	<u>18,594</u>

The property and the rights of these contracts are recorded in Property, Plant and Equipment assets and intangible assets, R\$ 21,792 of cost and R\$ 2,887 in accumulated depreciation.

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Foreign currency lease

The Company is a lessee of equipment used in the services rendered, in accordance with leasing agreements with purchase option. The payment term is 84 months, and the first installment must be paid six months after the date of the agreement, with the other installments payments to be paid on a quarterly and semi-annual basis. Quarterly and semi-annual installments set in U.S. Dollars are converted into Reais at the market price on the payment date, plus interest which varies from 7.20% per year to 8.35% per year, with a total payable balance through 2014 in the amount of R\$ 67,137, of which R\$ 14,562 is classified under the current liabilities and R\$ 52,575 under noncurrent liabilities.

The accounts payable related to leasing matures as follows:

	Amount
2008	7,596
2009	13,347
2010	12,887
2011	11,066
2012	9,589
2013	7,776
2014	4,090
2015	<u>786</u>
	<u>67,137</u>

The equipment related to these contracts is recorded as property, plant and equipment, as machinery and equipment of which R\$118,882 is cost and R\$ 19,284 is accumulated depreciation.

28 Stock option plan

In Extraordinary General Meeting held on March 25, the shareholders approved the Stock Option Plan to Diagnósticos da América management's and employees' the effectiveness term of the plan is five (5) years as of its approval, as prior conditions announced to the shareholders. The granting date of options is in 2009. This information about the plan was announced to the market on 03/25/08 at the CVM website (www.cvm.gov.br).

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

I Description of GAAP differences

The unaudited consolidated interim financial information of the Company and subsidiaries is prepared in accordance with accounting practices adopted in Brazil, which comply with those prescribed by Brazilian Corporate Law and specific standards established by the Brazilian Securities Commission (CVM). Note 2 to the consolidated interim financial information summarize the accounting policies adopted by the Company. Accounting policies, which differ significantly from U.S.GAAP, are summarized below.

a. Deferred charges

Under accounting practices adopted in Brazil, the Company defers pre-operating costs incurred in the construction or expansion of new service units until the service units begin its operations. Deferred charges are amortized on a straight-line basis over a period of five to ten years.

Under U.S. GAAP, pre-operating costs are expensed as incurred. Consequently, the U.S. GAAP adjustment represents the reversal of (i) pre-operating costs capitalized and (ii) the related amortization recorded under accounting practices adopted in Brazil.

b. Capitalization of interest related to construction in progress

Under accounting practices adopted in Brazil, the Company is allowed to capitalize interest costs and other financial charges of borrowed funds as part of the cost of the related asset being constructed only if the borrowed funds are directly related to the asset under construction.

In accordance with U.S. GAAP, SFAS nº 34, "Capitalization of Interest Costs", interest incurred on borrowings is capitalized to the extent that 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.

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c. Accounting for derivative financial instruments

The Company enters into cross currency swap agreements to effectively convert a portion of its U.S. dollar denominated variable-rate debt to Brazilian Reais accruing interest at the CDI rate (Inter-bank deposit rate). Under accounting practices adopted in Brazil, any differential to be paid or received under these contracts is recorded as an asset or liability with a corresponding adjustment to interest expense in the income statement. The fair value of these contracts is not recognized in the interim financial information.

Under U.S. GAAP, the Company accounts for its derivative contracts in accordance with SFAS n° 133, "Accounting for Derivative Instruments and Hedging Activities". SFAS n° 133, as amended, establishes accounting and reporting standards requiring that all derivative instruments be recorded on the balance sheet as either an asset or liability and measured at fair value. SFAS n° 133 requires that changes in the derivative fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company must formally document, designate, and assess the effectiveness of transactions that receive hedge accounting. SFAS n° 133 must be applied to (a) derivative instruments and (b) certain derivative instruments embedded in hybrid contracts.

Since the Company's derivative contracts do not qualify for hedge accounting, under U.S. GAAP, changes in fair value of these contracts are recognized in earnings in the current period.

The following table provides a detail of the derivative financial instruments outstanding at the end of each period:

June 30, 2008 (unaudited)				
Number of contracts outstanding	Type of derivative instruments	Book value under accounting practices adopted in Brazil	Fair value	U.S. GAAP adjustment
33	Cross-currency interest swap	(11,743)	(74,584)	(62,841)

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December 31, 2007				
Number of contracts outstanding	Type of derivative instruments	Book value under accounting practices adopted in Brazil	Fair value	U.S. GAAP adjustment
39	Cross-currency interest swap	(14,477)	(14,095)	382

d. Leasing transactions

Under accounting practices adopted in Brazil, leases were recorded as an expense in the income statement over the lease term on a straight-line basis. As from January 1, 2005, the Company records leasing in the same manner as it accounts for U.S. GAAP capital lease accounting. Operating leases are recorded in the income statement.

Under U.S. GAAP, pursuant to SFAS No. 13, "Accounting for Leases," leasing is classified as a capital lease if it transfers substantially all the benefits and risks incident to ownership. All other leases are classified as operating leases. In a lease that transfers substantially all of the benefits and risks of ownership, the economic effect on the parties is similar, in many respects, to that of a financed purchase.

Under U.S. GAAP, capital leases are recorded as an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments and depreciated consistently with the Company's own assets. If there is no reasonable certainty that the Company will obtain ownership at the end of the lease - the asset is depreciated over the shorter of the lease term or the life of the asset.

Under U.S. GAAP, operating leases are recorded as an expense in the income statement over the lease term on a straight-line basis.

The disclosures of leasing transactions required by SFAS No. 13 are included in Note III.d).

e. Acquisitions and business combinations

Under accounting practices adopted in Brazil, assets and liabilities of acquired entities are reflected at book values. Goodwill is represented by the excess of purchase price paid over the book value of net assets and is amortized on a straight-line basis over the periods estimated to be benefited.

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Under U.S. GAAP, pursuant to SFAS n° 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 n° 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 n° 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.

Acquisitions

The Company acquired the following companies in 2007:

Exame - On May 24, 2007, Diagnósticos da América S.A. acquired 6,370,374 quotas totaling 100% of the capital stock of Laboratório Exame Ltda., which provides clinical analysis services in Brasília, Distrito Federal. The acquisition price for all the quotas is of R\$ 56,000, of which R\$ 46,286 paid in full to the former partners in cash with company funds, R\$ 2,000 will be retained in an escrow account for six years, and the balance with regard to an installment of the Exame quotas, equal to 14.29% of capital stock, was disposed of by the estate of a former Exame shareholder, and the transfer of these quotas to the Company depends on a court order. The transaction was approved at a Company Board of Directors meeting held on May 24, 2007.

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CientificaLab - On June 19, 2007 the Company acquired 11 million shares representing 100% of the capital stock of CientificaLab - which provides clinical analysis services to the public health network (SUS - Sistema Único de Saúde) in São Paulo, Rio de Janeiro, and Minas Gerais. The acquisition price for the entire amount of shares was of R\$ 86,373, of which R\$ 83,373 were paid in full using own resources, and the remaining R\$ 3,000 were withheld in an escrow account for six years. In addition, the selling shareholders will be entitled to a sum in the guise of a variable amount based on future revenues (earn-out), equal to 85% of gross revenues in excess of R\$ 97,000, considering the period from July 1, 2007 to June 30, 2008. Between 2008 and 2012 the program will make annual payments equivalent to 10% of the additional revenues calculated over the previous year. As security for payment of the 2nd to the 8th installments payments for the acquisition price, the Company deposited R\$ 30,000 in a deposit account at Banco Alfa S.A. CientificaLab was founded in 2001 in Barueri, São Paulo, and is the leading private held provider to the public health sector. Since 2003 CientificaLab gathers and processes clinical analyses specimens for hospitals and health centers in the SUS system in São Paulo, Minas Gerais and, more recently, in Rio de Janeiro. The transaction was approved at a Company Board of Directors meeting held on July 19, 2007.

Med Imagem - On August 29, 2007 the Company acquired 1,109,203 quotas totaling 100% of the equity capital of Med Imagem Ultra-Sonografia e Radiologia Ltda. ("Med Imagem"), a company which provides image services to the local governments of Niterói (RJ), São Gonçalo (RJ), and Rio de Janeiro (RJ). The acquisition price for the entire amount of quotas was of R\$ 44,731, of which R\$ 30,258 were paid in full and in cash with the company's own funds, R\$ 4,473 will be paid in August 2008, and R\$ 10,000 were withheld in an escrow account for six years. Med Imagem is the largest image company in Niterói (RJ), founded in 1992 and with eight units, of which six in Niterói, one in São Gonçalo, and one in Copacabana (RJ). The transaction was approved at a Company Board of Directors meeting held on August 29, 2007. The results of Med Imagem have been included in the consolidated financial statements since September 2007.

The intangible assets recorded by the Company are as follows:

Description	Period of amortization	Amount assigned		
		Exame	CientificaLab	Med Imagem
Brand	360 months	19,563	30,427	22,055
Government contracts	6 to 60 months	-	46,531	-
Non compete agreement	120 months	-	2,711	-
		<u>19,563</u>	<u>79,669</u>	<u>22,055</u>

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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.

f. Cash and cash equivalents

Under accounting practices adopted in Brazil, highly liquid investments with original maturities of six months or less are recorded as short-term marketable investments. Under U.S. GAAP, these investments are recorded together with cash and banks under the caption "Cash and cash equivalents". At June 30, 2008 and December 31, 2007, the consolidated balance of cash and cash equivalents under U.S. GAAP is R\$ 421,271 and R\$ 26,196, respectively.

g. Operating income

Non-operating losses in the amount of R\$ 1,055 and R\$ 507 presented for the Six month periods ended June 30, 2008 and 2007 under accounting practices adopted in Brazil, relate mainly to losses on disposal of property plant and equipment which should be classified within operating income for U.S. GAAP purposes.

h. Financial income (expense)

Under accounting practices adopted in Brazil, financial income and financial 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.

i. Earnings per share

Under accounting practices adopted in Brazil, the Company determines earnings per share based upon the number of shares outstanding at the end of each year that earnings are reported. Subsequent changes in the Company's share capital are not retroactively reflected in the disclosure of number of shares outstanding and in the calculation of earnings per share under accounting practices adopted in Brazil.

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Under U.S. GAAP, 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 III.h).

j. Deferred income taxes

Under accounting practices adopted in Brazil, 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 losses carry-forwarded is based on future taxable earnings brought to their present value. Realization estimate period cannot 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 losses carried-forward of an acquired entity are recognized directly in the statement of operations in the period when all conditions for recognition are met. Pursuant to US GAAP, these assets must be assessed at the date of acquisition and, if recorded, affect the value assigned to goodwill.

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k. Recently issued accounting pronouncements

In September 2006, the Financial Accounting Standards Board (“FASB”) issued Statement No. 157, Fair Value Measurements (“SFAS 157”). SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The Statement applies under other accounting pronouncements that require or permit fair value measurements. Accordingly, this Statement does not require any new fair value measurements. In February 2008, the FASB released FASB Staff Position (“FSP”) FAS 157-2 - Effective Date of FASB Statement No. 157, which defers the effective date of SFAS 157 to fiscal years beginning after November 15, 2008 for all nonfinancial assets and liabilities, except those items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The effective date of the statement related to those items not covered by the deferral (all financial assets and liabilities or nonfinancial assets and liabilities recorded at fair value on a recurring basis) is for fiscal years beginning after November 15, 2007. The adoption of this statement did not have and is not anticipated to have a material impact on the Company’s results of operations or financial position. See Note III.I.

In February 2007, the FASB issued SFAS no. 159, “The Fair Value Option for Financial Assets and Financial Liabilities”. SFAS 159 includes an amendment of FASB Statement n° 115, “Accounting for Certain Investments in Debt and Equity Securities”. The Statement permits companies to choose to measure many financial instruments and certain other items at fair value in order to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. SFAS No. 159 is effective for the Company’s fiscal year ending January 31, 2009. The Company is currently assessing the impact of this statement on its consolidated financial statements.

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In December 2007, the FASB issued SFAS 141 (revised 2007), "Business Combination", which replaces SFAS 141, Business Combinations. SFAS 141(R) 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. SFAS 141(R) 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. SFAS 141(R) did not define the acquirer, although it included guidance on identifying the acquirer. SFAS 141(R)'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, SFAS 141(R) 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. SFAS 141(R) 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 will apply such pronouncement on a prospective basis for each new business combination.

In December 2007, the FASB issued SFAS 160, Noncontrolling Interest in Consolidated Financial Statements - amendment of Accounting Research Bulletin No. 51, which clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. SFAS 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. SFAS 160 shall be applied prospectively as of the beginning of the fiscal year in which this Statement is initially applied, except for the presentation and disclosure requirements.

The presentation and disclosure requirements shall be applied retrospectively for all periods presented. The Company is currently evaluating the impact of such new pronouncement in its consolidated financial statements but believes that it will not generate a material impact on the Company's consolidated results of operations or financial position.

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In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities— an amendment of FASB Statement No. 133* (“SFAS No. 161”). SFAS No. 161 requires enhanced disclosures about an entity’s derivative and hedging activities, and is effective for financial statements issued for fiscal years beginning after November 15, 2008, with early application encouraged. The Company will adopt SFAS No. 161 in the first quarter of 2009. Since SFAS No. 161 requires only additional disclosures concerning derivatives and hedging activities, adoption of SFAS No. 161 is not expected to affect the Company’s financial condition, results of operations or cash flows.

In April 2008, the FASB issued FASB Staff Position (FSP) FAS 142-3, *Determination of the Useful Life of Intangible Assets*. FSP FAS 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FASB Statement No. 142, *Goodwill and Other Intangible Assets*. The intent of this FSP is to improve the consistency between the useful life of a recognized intangible asset under SFAS No. 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS No. 141 (Revised 2007), *Business Combinations*. FSP FAS 142-3 is effective for fiscal years beginning after December 15, 2008 and early adoption is prohibited. The Company will evaluate the impact the provisions of FSP FAS 142-3 and will adopt this standard on January 1, 2009.

l. Classification of cash flow items

Under Brazilian GAAP, in addition to the issues noted above, the classifications of certain line items between cash flows activities are presented differently from U.S. GAAP. The reclassifications are summarized as follows:

- (i) Under Brazilian GAAP, cash and cash equivalents consist principally of highly liquid cash deposits and marketable securities, with no requirement that there is insignificant potential changes in value because of interest rate change nor is there a maximum 90 days original period to maturity. Under US GAAP Company’s marketable securities have original maturities lower than 90 days, so these securities are not subject to potential risk of change in value due to changes in interest rates. Therefore, under US GAAP such securities are classified as cash and cash equivalents. For more details see note (f);

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- (ii) Under Brazilian GAAP, restricted cash are recorded under operating activities. Under U.S. GAAP those items are recorded as investing activities;
- (iii) Under Brazilian GAAP, additions to deferred charges are recorded under investing activities. Under U.S. GAAP such costs are recorded under operating activities;
- (iv) Under Brazilian GAAP, interest paid are recorded under financing activities. Under U.S. GAAP such payments are recorded under operating activities.

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

Description	Note I	Three months ended on	
		06/30/2008 Unaudited	06/30/2007 Unaudited
Net income as reported under accounting practices adopted in Brazil		10,514	8,479
Deferred charges	a)	(1,937)	(4,747)
Capitalization of interest:	b)		
Cost		340	511
Amortization expenses		(427)	(357)
Fair value adjustments relating to accounting for derivative instruments	c)	(63,278)	(596)
Deferred tax effects on adjustments above	j)	22,203	1,764
Reversal of deferred tax previously recognized under U.S. GAAP	j)	-	-
Business combinations:	e)		
Reversal of amortization of goodwill under BR GAAP		17,965	11,476
Tax benefit applied as a reduction of goodwill		(77)	(115)
Deferred income taxes on goodwill basis difference	j)	(731)	(598)
Amortization of intangible assets recognized under U.S. GAAP		(4,716)	(1,222)
Deferred income tax effect on intangible assets	j)	<u>1,603</u>	<u>402</u>
Net income under U.S. GAAP		<u>(18,541)</u>	<u>14,997</u>
Comprehensive income		<u>(18,541)</u>	<u>14,997</u>
Basic and diluted earnings per common share under U.S. GAAP (*)		<u>-0.32</u>	<u>0.26</u>

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

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(In thousands of Reais)

Description	Note I	Six months ended on	
		06/30/2008 Unaudited	06/30/2007 Unaudited
Net income as reported under accounting practices adopted in Brazil		18,767	57,477
Deferred charges	a)	2,324	(6,610)
Capitalization of interest:	b)		
Cost		1,090	873
Amortization expenses		(833)	(710)
Fair value adjustments relating to accounting for derivative instruments	c)	(63,224)	(797)
Deferred tax effects on adjustments above	j)	20,618	2,463
Reversal of deferred tax previously recognized under U.S. GAAP	j)	-	(30,131)
Business combinations:	e)		
Reversal of amortization of goodwill under BR GAAP		35,977	20,390
Tax benefit applied as a reduction of goodwill		(165)	(227)
Deferred income taxes on goodwill basis difference	j)	(1,145)	(1,197)
Amortization of intangible assets recognized under U.S. GAAP		(9,432)	(2,322)
Deferred income tax effect on intangible assets	j)	<u>3,209</u>	<u>789</u>
Net income under U.S. GAAP		<u>7,186</u>	<u>39,998</u>
Comprehensive income		<u>7,186</u>	<u>39,998</u>
Basic and diluted earnings per common share under U.S. GAAP (*)		<u>0.13</u>	<u>0.70</u>

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

Description	Note I	Unaudited	
		06/30/2008	12/31/2007
Shareholders' equity as reported under accounting practices adopted in Brazil		<u>531,146</u>	<u>512,380</u>
Deferred charges	a)	(33,191)	(35,515)
Capitalization of interest:	b)		
Cost		10,782	9,692
Accumulated amortization		(4,785)	(3,952)
Fair value adjustments relating to accounting for derivative instruments	c)	(62,842)	382
Deferred tax effects on adjustments above	j)	30,612	9,994
Business combinations:	e)		
Goodwill difference		(164,484)	(164,484)
Accumulated amortization of goodwill under U.S. GAAP		(3,217)	(3,217)
Accumulated amortization of goodwill under BR GAAP		236,238	200,261
Tax benefit applied as a reduction of goodwill		(19,608)	(19,443)
Deferred income taxes on goodwill basis difference	j)	(26,560)	(25,415)

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Description	Note I	Unaudited 06/30/2008	12/31/2007
Intangible assets recognized under U.S. GAAP		238,768	238,768
Accumulated amortization of intangible assets recognized under U.S.GAAP		(41,185)	(31,753)
Deferred income tax effect on intangible assets	j)	(67,174)	(70,384)
Shareholders' equity under U.S. GAAP		<u>624,500</u>	<u>617,314</u>

III Additional disclosures required by U.S. GAAP

a. Marketable investments

The Company classifies its marketable investments as trading investments, as the investments are bought and held principally for the purpose of selling them in the near term. These investments are recorded at fair value. Unrealized holding gains and losses are included in earnings.

b. 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 our unaudited consolidated statements of income for June 30, 2008 and 2007, is as follows:

	<u>Three months ended on</u>		<u>Six months ended on</u>	
	06/30/08 Unaudited	06/30/07 Unaudited	06/30/08 Unaudited	06/30/07 Unaudited
Interest cost capitalized	340	511	1,090	873
Interest cost charged to income	<u>20,731</u>	<u>14,986</u>	<u>36,637</u>	<u>29,632</u>
Total interest expense	<u>21,071</u>	<u>15,497</u>	<u>37,727</u>	<u>30,505</u>

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c. Long-lived assets

In accordance with FASB Statement No. 144 (Statement 144), Accounting for the Impairment or Disposal of Long-Lived Assets, long-lived assets, such as property, plant, 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.

d. Leasing transactions

Capital leases

The Company entered into certain capital lease transaction as a form to finance its acquisition of property, plant and equipment.

The Company has capital leasing arrangements for machines and equipment, data processing equipment (hardware) and vehicles, based on 99 local currency leasing and 37 foreign leasing contracts in force as of June 30, 2008.

The following table summarizes the assets recorded under capital leases:

	Depreciation rate - % p.a.	06/30/08 (Unaudited)		
		Cost	Depreciation	Net
Machinery and equipment	10	130,161	20,520	109,641
Furniture and fixtures	10	859	46	813
Hardware	20	7,148	1,158	5,990
Vehicles	20	2,005	423	1,582
Software	20	<u>286</u>	<u>24</u>	<u>262</u>
		<u>140,459</u>	<u>22,171</u>	<u>118,288</u>

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	Depreciation rate - % p.a.	12/31/07		
		Cost	Depreciation	Net
Machinery and equipment	10	111,179	14,732	96,447
Furniture and fixtures	10	509	7	502
Hardware	20	912	152	760
Vehicles	20	<u>5,978</u>	<u>620</u>	<u>5,358</u>
		<u>118,578</u>	<u>15,511</u>	<u>103,067</u>

Future minimum lease payments under non cancelable operating leases (with initial or remaining lease terms in excess of one year) and future minimum capital lease payments of are:

Period ending	Capital leases	Operating Leases
2008	12,389	1,693
2009	20,801	5,421
2010	17,475	5,193
2011	12,239	6,288
2012	10,175	7,496
Later periods	<u>12,652</u>	<u>14,228</u>
Total minimum payments	<u>85,731</u>	<u>40,319</u>

Minimum rent payments under operating leases are recognized on a straight-line basis over the term of the lease including any periods of free rent. Rental expenses for operating leases for six months ended June 30, 2008 and 2007 including contingent rentals, amount to R\$ 21,867 and R\$ 15,655, respectively.

e. 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.

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f. 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.

g. 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, 2006 through June 30, 2008	<u>57,402,935</u>

h. Earnings per share

The following table provides a reconciliation of the numerators and denominators used in computing earnings per share as required by SFAS n° 128. 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	Three months ended on		Six months ended on	
	06/30/08	06/30/07	06/30/08	06/30/07
Net income under U.S. GAAP	(18,541)	14,997	7,186	39,998
Weighted average shares outstanding - Basic and diluted	57,402,935	57,402,935	57,402,935	57,402,935
Basic and diluted earnings per share - R\$	-0.32	0.26	0.13	0.70

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i. 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 implied fair value of reporting unit goodwill is lower than the carrying amount of such goodwill, an impairment loss is recognized.

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

Goodwill description	Unaudited 06/30/08	12/31/07
Lavoisier acquisition	20,846	20,846
Broenstein acquisition	22,499	22,499
Lamina acquisition	1,208	1,208
Santa Casa acquisition	619	631
CRL acquisition	9,452	9,480
Elkis acquisition	20,479	20,545
Pasteur acquisition	6,339	6,398
Frischmann acquisition	28,861	28,861
Image acquisition	29,271	29,271
Álvaro acquisition	14,890	14,890
LabPasteur acquisition	7,961	7,961
MedLabor acquisition	4,213	4,213
Vita acquisition	2,382	2,382
Atalaia acquisition	23,525	23,525
Exame acquisition	35,579	35,579
CientificaLab acquisition	33,183	33,183
MedImagem acquisition	<u>26,401</u>	<u>26,401</u>
	<u>287,708</u>	<u>287,873</u>

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.

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

The carrying amount of goodwill by company for the six month period ended June 30, 2008 and for the year ended December 31, 2007 are as follows:

Movement of the period	Goodwill
Balance as of December 31, 2007	<u>287,873</u>
Tax benefit applied to reduce goodwill	(165)
Balance as of June 30, 2008	<u>287,708</u>

j. Intangible assets subject to amortization

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

	<u>06/30/08 (Unaudited)</u>			Total
	Brands	Government contracts	Non-compete agreements	
Gross	178,989	49,242	10,537	238,768
Accumulated amortization	(21,174)	(12,587)	(7,425)	(41,186)
Net	<u>157,815</u>	<u>36,655</u>	<u>3,112</u>	<u>197,582</u>
Weighted- average amortization period (years)	22.4	2.8	3.8	-
	<u>12/31/07</u>			Total
	Brands	Government contracts	Non-compete agreements	
Gross	178,989	49,242	10,537	238,768
Accumulated amortization	(18,230)	(6,507)	(7,017)	(31,754)
Net	<u>160,759</u>	<u>42,735</u>	<u>3,520</u>	<u>207,014</u>
Weighted- average amortization period (years)	22.8	3.3	4.3	-

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Under U.S. GAAP the aggregate amortization expense for the above intangible assets amounted to R\$ 9,432 and R\$ 2,322 for the six month period ended June 30, 2008 and 2007, 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 succeeding year:

	Estimated amortization expenses
2008	12,657
2009	18,863
2010	18,779
2011	10,938
2012	6,466
Thereafter	<u>129,879</u>
Total	<u>197,582</u>

k. Income tax

On January 1, 2007, the Company adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - An Interpretation of FASB Statement No. 109", (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, "Accounting for Income Taxes". FIN 48 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, FIN 48 provides guidance on de-recognition, statement of operations classification of interest and penalties, accounting in interim periods, disclosure, and transition. The implementation of FIN 48 had no significant impact in the unaudited consolidated interim financial information.

The Company recognizes interest and penalties related to uncertain tax positions in interest expense.

The Company is subject to Brazilian income tax and social contribution. The calendar years 2003 through 2007 remain open to examination. As of June 30, 2008, the Company does not expect any material changes to unrecognized tax positions within the next twelve months.

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The following table summarizes the activity related to our gross unrecognized tax benefits from January 1, 2008 to June 30, 2008:

Balance as of January 1, 2008	11,544
Increases related to prior year tax position	677
Balance as of June 30, 2008	12,221

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

Interest expense recognized in the statement of income related to liabilities for unrecognized tax benefits for the year ended June 30, 2008 was 677.

l. Fair value measurements

At June 30, 2008, the Company had certain financial liabilities that were required to be measured and reported at fair value on a recurring basis. These liabilities are listed in the table below and classified based on how their values were determined under the fair value hierarchy:

(in thousands of Reais)	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Liabilities:				
Interest rate swaps		<u>62,842</u>		<u>62,842</u>
Total liabilities		<u>62,842</u>		<u>62,842</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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m. Concentration of credit risk

Financial instruments which potentially subject the Company to credit risk are cash and cash equivalents and marketable investments. 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.

n. Aggregate foreign currency transaction losses (gains)

Total aggregate foreign currency transaction losses (gains) included in financial expense, net amounted to R\$ (2,318) and R\$ (3,862) for the six month periods ended June 30, 2008 and 2007, respectively.

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 29.

a. Consolidated balance sheets as of June 30, 2008 and December 31, 2007 under U.S. GAAP

Assets	06/30/08	12/31/07	Liabilities	06/30/08	12/31/07
Current assets			Current liabilities		
Cash and cash equivalents	421,271	26,196	Suppliers	45,179	52,790
Marketable securities	-	20,173	Loans and financing	163,069	103,479
Trade accounts receivable	236,999	205,275	Taxes and contributions payable	34,908	16,485
Inventories	30,561	33,475	Salaries, social security		
Taxes recoverable	45,403	28,522	charges and vacation payable	41,565	31,373
Deferred income taxes	11,703	13,279	Installments taxes	5,500	6,778
Other accounts receivable	7,584	11,132	Accounts payable from		

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Assets	06/30/08	12/31/07	Liabilities	06/30/08	12/31/07
Fair value of derivatives	-	382	acquisition of subsidiaries	6,149	9,688
Prepaid expenses	<u>4,857</u>	<u>1,680</u>	Fair value of derivatives	62,842	-
			Other accounts payable	<u>24,432</u>	<u>34,554</u>
	<u>758,378</u>	<u>340,114</u>		<u>383,644</u>	<u>255,147</u>
Noncurrent assets			Long-term liabilities		
Restricted cash	83,631	80,720	Loans and financing	650,555	303,111
Deposits in court	2,883	7,243	Installment taxes	13,254	15,083
Other accounts receivable	16,425	2,201	Accounts payable from		
Investments	211	117	acquisition of subsidiaries	50,596	49,089
Goodwill	287,708	287,873	Provision for contingencies	88,424	81,417
Intangible assets, net	197,582	207,014	Deferred income taxes	<u>6,593</u>	<u>41,239</u>
Property, plant and equipment	<u>472,018</u>	<u>437,806</u>		<u>809,422</u>	<u>489,939</u>
	<u>1,060,458</u>	<u>1,022,974</u>	Minority interest	<u>1,270</u>	<u>688</u>
			Shareholders' equity		
			Capital	377,206	377,206
			Capital reserves	68,369	68,369
			Retained earnings	<u>178,925</u>	<u>171,739</u>
				<u>624,500</u>	<u>617,314</u>
Total	<u>1,818,836</u>	<u>1,363,088</u>	Total	<u>1,818,836</u>	<u>1,363,088</u>

b. Unaudited consolidated statement of income for the periods ended June 30, 2008 and 2007 under U.S. GAAP

Description	Three months ended on		Six months ended on	
	06/30/08	06/30/07	06/30/08	06/30/07
Net service revenues	278,217	203,246	534,965	392,144
Cost of services provided	<u>(189,299)</u>	<u>(138,990)</u>	<u>(360,401)</u>	<u>(263,549)</u>
Gross profit	88,918	64,256	174,564	128,595
Operating income (expense):				
Administrative and general	(50,468)	(46,633)	(91,542)	(85,577)
Amortization of intangible assets	(4,716)	(751)	(9,432)	(2,322)
Other, net	<u>3,830</u>	<u>2,042</u>	<u>4,527</u>	<u>2,335</u>
Subtotal	<u>(51,354)</u>	<u>(45,342)</u>	<u>(96,447)</u>	<u>(85,564)</u>
Operating income	37,564	18,914	78,117	43,031
Financial expenses, net	<u>(73,000)</u>	<u>(2,125)</u>	<u>(83,261)</u>	<u>(4,911)</u>
Income before taxes	(35,436)	16,789	(5,144)	38,120

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Notes to the unaudited consolidated interim financial information

(In thousands of Reais)

Description	Three months ended on		Six months ended on	
Income tax and social contribution:				
Current	(20,417)	(1,064)	(29,819)	(15,155)
Deferred	<u>37,533</u>	<u>(501)</u>	<u>42,731</u>	<u>17,260</u>
Income before minority interest	(18,320)	15,224	7,768	40,225
Minority interest	<u>(221)</u>	<u>(227)</u>	<u>(582)</u>	<u>(227)</u>
Net income	<u>(18,541)</u>	<u>14,997</u>	<u>7,186</u>	<u>39,998</u>
Earnings per share	-0.32	0.26	0.13	0.70