



Diagnósticos da América S.A.

Unaudited consolidated interim
financial information for the
three-month period ended
March 31, 2008 and 2007
(With independent auditors' report on special review)



Diagnósticos da América S.A.

Unaudited consolidated interim financial information

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Management report

Dear Shareholder,

We finalize 2008 first quarter reporting another historical growth record, besides the expansion of the operational margins, facts that reflect the actions taken in the year of 2007 in all expansion levels: Record in revenue added by acquisition, in the opening of new PSCs and in the expansion of the imaging equipment unit. In this quarter, we have delivered results that, undoubtedly, are aligned with the trend of our business of strong sustainable growth.

From the acquisitions in 2007, we highlight the 81.1% growth of CientíficaLab, a private provider leader in the market of attendance to the public sector, which continues to show the potential of volume that this market can provide.

Besides this, other two acquisitions last year - Laboratório Exame and Med Imagem - have helped us to strengthen the presence in the Middle-West and Southeast regions, becoming an important part in the growth of the inpatient/outpatient segment, reaching synergies and incrementing our installed base of imaging services in their regions of action.

At the same time, starting the maturity process of the 34 units opened in 2007, the most intense expansion in the company's history, has influenced directly in the recovery of operational margins.

As a consequence, the total gross revenue of the quarter has surpassed in 35.8% the same period of 2007, with an increase of 29.6% in the lab-to-lab segment and 17.9% in inpatient/outpatient), totalizing R\$ 280.1 millions. Thus, DASA has registered a gross cash margin of 40.2%, 0.5 p.p. below the margin announced in the same period of 2007. The operational cash expenses have maintained the trend of dilution as part of the net revenue, benefited by the dilution of 2.6 p.p. in the expenses of the parent company, derived mainly from the efforts in obtaining post-acquisition synergies.

The margin recovery process is clear when we compare the results with last quarter's: our Adjusted EBITDA increased by 5.0 p.p (500 basis points) in one quarter alone. Consequently, our Adjusted EBITDA reached R\$ 67.6 millions in the 1Q08, with a margin of 26.3% and growth of 45% comparing to the same period of last year. The low level of non-recurring expenses increased even further the EBITDA growth: +50.8% versus 1Q07. The net profit of the quarter reached R\$ 8.3 million, less than the same period of 2007 due to goodwill amortization expenses of R\$ 18.0 million and booking of deferred taxes in 1Q07.

The high demand for our services reinforces the strategy to grow continuously and consolidate the Brazilian market. Our organic expansion guidance was slightly altered to accommodate more mega-units: we now foresee the opening of 5 mega and 15 standard units in 2008.

We are starting the second quarter pleased with the results obtained and more confident in the next quarters' results, in growth as well as in margins. Moreover, we are reinforcing the activity of the process of organic expansion and our search for opportunities for consolidation, steps of high importance for the success of our strategy.

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.

Economic Conjecture

Sources: Instituto Brasileiro de Geografia e Estatística - Brazilian Institute of Geography and Statistics (IBGE) and Banco Central do Brasil - Brazilian Central Bank (BACEN)

The first quarter was defined by the continuation of the turbulent external scenario due to the crisis in the American Real Estate market, which brought volatility to the investments on the Stock Exchange worldwide. As a reflex of this austere environment and excess of economic activity, the Brazilian government decided to extend the basic interest rates at the end of the quarter to stop any inflation threats and maintain the goal of sustainable growth. Notwithstanding, the Brazilian macro-economic fundamentals continues to be solid, pointing to a development of the economy and an expansion of the formal labor market.

The inflation measured by IPCA (Consumer Price Ample Index) has accumulated a 1.52% increase in the first quarter of 2008, higher than the 1.26% registered in 2007. The acceleration on the level of prices to consumer essentially reflects the trend of the free prices that, as in 2007, have risen more rapidly than the prices administrated and monitored by contracts, a dynamic inversion to the one observed in the last years. The recent trend of IPCA has been notably less favorable than in the last quarters, in a way that, since the end of 2007, the inflation is signaling that it could be diverging from the targets, having reached 2.97% in the last six months.

With the increase on the inflationary pressures, there was a rise in the SELIC (Special System for Settlement and Custody) fee, moving from 11.25% to 11.75% per year. During the last COPOM (Monetary Policy Committee) meeting, held in April 2008, the members of the committee consensually reached the conclusion that the immediate movement in the basic interest rates will contribute to the timely diminishing in the risk that is being configured to the inflationary scenario and, as a consequence, to reduce the magnitude of the total adjustment to be implemented.

The balance of the March trade balance reached US\$1 billion, accumulating surplus of US\$2.8 billion in the year and US\$34.1 billion in twelve months. In the first quarter, exports reached US\$38.7 billion and imports US\$35.9 billion, expanding respectively 13.8% and 41.8%, comparing to the same period in 2007. Imports are growing in a more accelerated pace than the exports, due mainly to the valorization of the Real in face of the American dollar and to the higher level of economic activity in the country. Even though, the trade balance surplus has not yet depreciated the Real exchange rate.

When comparing to February and to the two first months of 2007, the industrial activity increased 11.5% and 10.9%, respectively, and the hours in production 8.8% and 7.8% in the same order. The Level of Utilization of the Installed Capacity (Nuci) reached 83.2% in February, being practically stable in relation to January, considering unseasonable data and, according to the series observed, there was a rise of 1.5 p.p. in relation to February 2007.

In line with the development of the economic activity, the labor market continues showing a quite favorable performance. In relation to February 2007, the unemployment rate receded by 1.2 p.p., reflecting additional 3.6% in the number of employed workers, 732 thousand, and 2.3% in the economically active population.

Considering the contingent of working people by position in the function, the number of registered workers in the private sector has increased 8.4% in the same base of comparison, representing 722 thousand work positions, and the number of unregistered workers has diminished 3.4%, with a reduction of 96 thousand work positions. The number of self employed workers has risen 1.9% during the same period. According to the same survey, the actual average revenue of the working employees in February increased 1.1% in relation to January and 2.5% when compared to February 2007, reaching the highest value since December 2002.

The high level of economic activity in the country, even with the credit crisis in the United States, has been reflected in the improvement of employment and income indices, signaling an economic development larger than the ones seen in the last few years. Those indicators, added to a small increase in the basic interest rates, which should stop the announced advance of the inflation rate, have contributed to the development of the Medical Diagnostic market, enabling the enhancement of DASA's activities.

Comments about the private sector of health and diagnostic medicine in Brazil

Sources: National Agency of Health(ANS) and IBGE

According to the information provided by ANS, where updated data are reported until December 2007, the number of beneficiaries has maintained the trend of increase observed during the last years. In relation to 2006, the increase in registration of beneficiaries in health insurance plans was of 5.2%, superior to the increase in population, which has raised the rate of coverage of the Brazilian population to 20.6% (19.9% in December /06) and resulted in 1.9 million of lives added to the private health care market.

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 medical diagnostic market 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, with 19 thousand active labs, raises a series of opportunities for consolidation, organic expansion and rendering lab-to-lab services from 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.

According to ANS, the average frequency use of complementary tests by beneficiaries of supplementary health shows a permanent trend of growth, from 2002 to 2006, in all profiles of contracts of health insurance plans (individuals or collective with or without sponsorship) a fact that corroborates the importance of this kind of procedure for the diagnostic and prevention of illnesses.

Comments about the performance and investments

Gross Operational Revenue

The growth obtained in the 1Q08 reflects the actions taken during the year of 2007, which have provided growth rates well over the historical average of 23.7% during the years 2004 to 2007. The gross revenue showed an increase of 35.8% over the same period of 2007, the largest since the DASA's IPO, totalizing R\$ 280.1 million. The strong growth in the gross revenue is due to the organic expansion and the acquisitions in the inpatient/outpatient (+17.9%) occurred in 2007; of our entrance in the public sector with CientíficaLab and the growth of Alvaro's operations (+29.6%).

The revenue of the same units increased 4.8% in the 1Q08, above the growth seen in the last quarter of 2007 and in line with the historical growth rate shown in previous quarters.

During the quarter we opened 1 new unit and we have reached 100 units in the metropolitan area of São Paulo. Besides these units, we are still aiming at the opening of other 19 new units until the end of 2008. These new units contributed to enlarge the potential of revenue deriving from the units opened in 2007, which are still undergoing a process of maturing, reinforcing our commitment to strengthen the relationship and to get closer to our patients and payers. Besides, we have signed a service agreement to provide clinical analysis to hospital Mãe de Deus, the largest private hospital of Rio Grande do Sul, which accounts for approximately 400 accommodations and indicates the entrance of DASA in the POA. The diversification of regions is part of the strategy of the company to pursue greater scale gains.

The entrance of the public segment resulted in a dilution in the base of payers, with a participation of 12.5% in the gross revenue of the company. Even so, we have seen the participation of lab-to-lab services being minimally diluted, due to an increase more accelerated than the other segments. The growth in the share of individuals (+0.7 p.p.) is due to the good results of the Laboratório Popular. It is important to highlight that the dilution of insurance companies and HMOs results exclusively from the diversification of payers with the acquisitions.

Cash Gross Costs and Profit

The costs of services rendered totalized R\$ 153.3 million in this quarter, i.e. 59.7% of the net revenue. This percentage represents a gain of 1.6 p.p. when compared to the full year of 2007 consolidated gross margin. Compared to the 1Q07 these costs increased in 0.6 p.p.. This result reflects the consolidation of Científicalab costs, which were not included in the same quarter of the previous year.

As foreseen, the B2C segment is showing a recovery of the margins, if compared to the former quarters, as the PSC opened in 2007 are in a more advanced stage in their maturity curve and the results of the consolidation efforts of the operation of the labs acquired start to be perceived. By comparing this quarter results with the full year of 2007, we have obtained a raise of 1.7 p.p. in the gross margin. If compared to the 1Q07 this percentage remains practically stable. This result corroborates the solid recovery trend of the margins for the next periods due to the dilution of fixed costs caused, primarily, by the most aggressive organic expansion ever seen in the history of the company.

The B2B segment includes in the 1Q08 Alvaro and CientíficaLab laboratories, though this last one was added to our structure in July 2007 after its acquisition. Therefore, the variation (+1.9 p.p. in cost) encountered between the 1Q07 and the 1Q08 is influenced by a small difference existent in the cost structure of both laboratories. When compared to the full year of 2007, where we have the presence of Científicalab for 6 months, the dilution of cost reached 2.6 p.p.. Moreover, considering only the variations of Alvaro laboratory in 1Q08 versus 1Q07, one can note the dilution of costs of 0.2 p.p..

In the quarter, the cash Gross profit summed up to R\$ 103.3 million, a growth of 34.1% in relation to 1Q07, and the gross margin of the period was 40.2%.

Operational Expenses “Cash”

Operational expenses totaled R\$ 35.7 million in the 1Q08, a dilution of 2.2 p.p. over the last quarter, due mainly to a dilution of the holder's expenses (-2.6 p.p.). This gain was in part compensated by the increase in the expenses of the subsidiaries (+0.7 p.p.) credited to acquisitions occurred after 1Q07.

EBITDA

EBITDA amounted to R\$ 65.5 million in 1Q08, versus R\$ 43.4 in 1Q07, accounting for a margin of 25.5% and a growth of 50.8%. Excluding non-recurring expenses, the Adjusted EBITDA reached R\$ 67.6 million in this quarter, with a margin of 26.3% and a growth of 45.0% in relation to the 1Q07.

Net Profit

In 1Q08, the net profit totaled R\$ 8.3 million, registering a decrease of 83.2% over the same period of last year. The observed decline is due to the recognition of differed income and social contribution taxes in 1Q07 in the amount of R\$ 47.5 million and higher goodwill amortization expenses.

Investments

In the quarter, investments totaled R\$ 47.2 million, of which R\$ 38.3 million went to the parent company and R\$ 8.9 million to the subsidiaries.

The investment of were allocated mainly to: (i) investment in and refurbishing of units; (ii) the purchase of MRI equipment for 3 existing Bronstein units; (iii) construction of the new Advanced Technical Nucleus, and (iv) the purchase of imaging equipments for the units opened at the end of 2007.

Our organic expansion guidance was slightly altered to accommodate more mega-units: we now foresee the opening of 5 mega and 15 standard units in 2008. The richer mix of mega-units, the purchase of new imaging equipments and expenses related to the units opened in the end of 2007, resulted in a new CAPEX estimate for 2008 of R\$ 110 million.

Liability

DASA Net Debt totaled R\$ 373.2 million in 1Q08. From DASA's total gross debt, 76.5% were long-term debts and almost 19.3% accounted for debts in foreign currencies, from which 23.9% have financial hedge (swap) contracted to avoid expositions to floating exchange rate. Most of these funds are financing of equipment, while debts in local currency are, mainly, related to operations with debentures.

Information to shareholders

DASA's shares ended the quarter traded at R\$ 34.90, accumulating a decrease of 5.1% in this quarter, when compared to the 2.4% increase in Ibovespa. From January to March 2008, DASA's shares were traded on 100% of Bovespa's trading sessions, totaling a financial volume of R\$ 631.5 million (daily traded average of R\$ 8.4 million).

Highlights

Opening of the 100th unit in São Paulo

Diagnósticos da América (DASA) has opened its 100th unit in the metropolitan region of São Paulo.

The opening of this unit took almost 18 months of work, not only to acquire the ultimate available in the market, but to offer comfort and refinement to the patients, such as planed gardens, plasma TV showing live flashes of the Central Laboratory in Alphaville. Moreover, the unit accounts for the 1st. Club DA to attend the regions of Jardins and Itaim.

This 100th unit celebrates the effort of the company to enhance the offer of Diagnostic Medicine services with its famous brands: Delboni Auriemo, Lavoisier and Club DA to the population of the metropolitan region of São Paulo.



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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 financial information contained in the Quarterly Information (ITR) of Diagnósticos da América S.A. and of the consolidated quarterly information of this Company and its subsidiaries related to the quarter ended March 31, 2008, which comprises the related balance sheets, the statements of income, value added and cash flows and performance report prepared under the responsibility of its management.
2. Our review was conducted in accordance with the specific standards established by IBRACON - Brazilian Institute of Independent Auditors, in conjunction with the Federal Accounting Council (CFC), and consisted, mainly, of: (a) inquiries and discussions with management responsible for the accounting, financial and operating areas of the Company and its subsidiaries, with respect to the main criteria adopted in the preparation of the consolidated quarterly financial information; and (b) review of the information and the subsequent events that have, or might have, significant effects on the financial condition and the operations of the Company and its subsidiaries.
3. Based on our special review we have not become aware of any relevant modification that should be made to the consolidated quarterly information aforementioned for it to be in compliance with the rules issued by the Securities and Exchange Commission (CVM), applicable to the preparation of the Quarterly Information, including the Instruction no. 469 of May 2, 2008.
4. As described in Note 27, Law nr. 11,638, which becomes effective as from January 1, 2008, was enacted on December 28, 2007. This Law modified, revoked and introduced new dispositions in Law nr. 6,404/76 (Corporate Law) and will cause changes in the accounting practices adopted in Brazil. Although the aforementioned Law has already become in force, the main modifications introduced by it are pending regulation by regulatory agencies to be fully applied by companies. Therefore, in this transition phase, CVM, through Instruction nr. 469 of May 2, 2008, established the disclosure of the effects arising from the new dispositions of Law nr 11,638/07 in the preparation of the Quarterly Information (ITR) in the notes to the financial statements as well as concerning the application of new dispositions,. Thus, the accounting information contained in the Quarterly Information (ITR) of the quarter ended March 31, 2008, was prepared in accordance with CVM's specific rules, and do not comprise all the changes in the accounting practices introduced by Law nr. 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 the nature and effect of such differences is presented in Note 29 to the consolidated quarterly financial information.

May 6, 2008

KPMG Auditores Independentes
CRC 2SP014428/O-6

A handwritten signature in blue ink, appearing to read 'José Luiz Ribeiro de Carvalho', written in a cursive style.

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

Diagnósticos da América S.A.

Consolidated balance sheets

March 31, 2008 and December 31, 2007

(In thousand of Reais)

Assets	03/31/2008	12/31/2007	Liabilities and shareholders' equity	03/31/2008	12/31/2007
	(Unaudited)			(Unaudited)	
Current assets			Current liabilities		
Cash and cash equivalents	16,181	26,196	Accounts payable to suppliers	41,421	52,790
Marketable securities	32,718	20,173	Loans and financing	102,233	97,968
Trade accounts receivable, net	221,678	205,275	Taxes and contributions payable	12,606	9,899
Inventories	31,708	33,475	Income tax and social contribution	13,760	6,587
Recoverable and deferred taxes	44,832	37,843	Salaries, social security charges and vacation payable	40,657	35,549
Other accounts receivable	8,398	11,132	Payment of taxes in installments	5,807	6,778
Prepaid expenses	4,369	1,678	Accounts payable from acquisition of subsidiaries	10,788	9,688
	<u>359,884</u>	<u>335,772</u>	Debentures	-	5,511
			Dividends payable	13,447	13,447
Noncurrent assets			Other accounts payable	<u>21,372</u>	<u>17,231</u>
Noncurrent assets				<u>262,091</u>	<u>255,448</u>
Marketable securities	82,645	80,720	Noncurrent liabilities		
Deferred taxes	55,211	48,529	Noncurrent liabilities		
Prepaid expenses	2,009	2,249	Loans and financing	117,564	100,310
Judicial deposits	7,514	7,243	Payment of taxes in installments	14,159	15,083
	<u>147,379</u>	<u>138,741</u>	Provision for contingencies	86,367	81,417
			Accounts payable from acquisition of subsidiaries	51,651	50,630
Permanent assets			Debentures	<u>202,500</u>	<u>202,500</u>
Investments	231,432	247,442		<u>472,241</u>	<u>449,940</u>
Property, plant, equipment and intangible assets, net	454,168	426,637	Minority interests	<u>1,049</u>	<u>688</u>
Deferred charges	63,151	69,864			
	<u>748,751</u>	<u>743,943</u>	Shareholders' equity		
			Capital	402,091	402,091
			Capital reserves	65,427	65,427
			Profit reserve	2,942	2,942
			Retained earnings	<u>50,173</u>	<u>41,920</u>
				<u>520,633</u>	<u>512,380</u>
	<u><u>1,256,014</u></u>	<u><u>1,218,456</u></u>		<u><u>1,256,014</u></u>	<u><u>1,218,456</u></u>

See accompanying notes to quarterly financial information.

Diagnósticos da América S.A.

Consolidated statements of income

Three-month period ended March 31, 2008 and 2007

(In thousand of Reais)

	03/31/2008	03/31/2007
Gross revenue	<u>280,055</u>	<u>206,201</u>
Deductions from gross revenue		
Sales taxes	(16,889)	(11,553)
Discounts	<u>(6,418)</u>	<u>(5,750)</u>
	<u>(23,307)</u>	<u>(17,303)</u>
Net operating revenues	<u>256,748</u>	<u>188,898</u>
Cost of services provided	<u>(170,859)</u>	<u>(124,368)</u>
Gross profit	<u>85,889</u>	<u>64,530</u>
Other operating income (expenses)		
General and administratives	(43,407)	(36,918)
Financial expenses	(16,656)	(15,008)
Financial income	5,590	12,595
Goodwill amortization	(18,012)	(9,408)
Other operating income	<u>697</u>	<u>293</u>
	<u>(71,788)</u>	<u>(48,446)</u>
Operating income	14,101	16,084
Non-operating loss	<u>(1,756)</u>	<u>(535)</u>
Income before income taxes	12,345	15,549
Income and social contribution expense	<u>(3,731)</u>	<u>33,439</u>
Net income before minority interests	8,614	48,988
Minority interest	<u>(361)</u>	<u>-</u>
Net income for the period	<u>8,253</u>	<u>48,988</u>
Net income per share - R\$	<u>0.14</u>	<u>0.85</u>
Number of shares at the end of the period	<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

Three-month period ended March 31, 2008 and 2007

(In thousand of Reais)

	03/31/2008	03/31/2007
	(Unaudited)	(Unaudited)
Cash flows from operating activities:		
Net income for the period	8,253	48,988
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation and amortization	22,293	15,525
Amortization of goodwill	18,012	9,408
Loss on disposal of permanent assets	2,081	1,568
Interest and unrealized exchange rates	3,793	1,300
Interest on debentures	5,557	6,559
Deferred income taxes	(5,671)	(47,530)
Minority interest	361	-
Decrease (increase) in operating assets		
Trade accounts receivable	(16,403)	(14,489)
Inventories	1,767	(279)
Other current assets	(7,957)	(7,851)
Other noncurrent assets	(1,955)	(2,074)
Increase (decrease) in operating liabilities		
Account payable to suppliers	(11,369)	(6,560)
Accounts payable and provisions	12,085	2,258
Income tax and social contribution	7,173	5,800
Others noncurrent liabilities	5,046	12,862
Net cash provided by operating activities	<u>43,066</u>	<u>25,485</u>
Cash flows from investing activities:		
Acquisition to property, plant, equipment and intangible assets	(40,357)	(30,914)
Additions in Investments	(2)	-
Additions in deferred charges	(6,835)	(3,512)
Net cash used in investing activities	<u>(47,194)</u>	<u>(34,426)</u>
Cash flow from financing activities		
Interest paid on loans - debentures	(11,068)	(13,115)
Proceeds from loans and financing	76,440	33,029
Principal payments on loans	(55,552)	(44,285)
Interest paid on loans	(3,162)	(2,376)
Net Cash provided from (used in) financing activities	<u>6,658</u>	<u>(26,747)</u>
Net increase (decrease) in cash and cash equivalents		
Cash and cash equivalents at beginning of period	46,369	332,662
Cash and cash equivalents at end of period	<u>48,899</u>	<u>296,974</u>
Net increase (decrease) in cash and cash equivalents	<u>2,530</u>	<u>(35,688)</u>

See the accompanying notes to the consolidated financial statements.

Diagnósticos da América S.A.

Consolidated statements of added value

Three-month period ended March 31, 2008 and 2007

(In thousand of Reais)

	03/31/2008	03/31/2007
	(Unaudited)	(Unaudited)
Revenue		
Sales of services	280,054	206,201
Disallowances and provision for doubtful accounts	(6,418)	(5,749)
Non-operating income	<u>(1,756)</u>	<u>(535)</u>
	271,880	199,917
Inputs acquired by third parties (include ICMS and IPI)		
Raw materials used	46,353	31,585
Cost of goods sold and services rendered	45,164	37,190
Materials, energy, outsourced services and other operating expenses	17,853	16,200
Loss/recovery of asset values	<u>162</u>	<u>273</u>
	<u>109,532</u>	<u>85,248</u>
	162,348	114,669
Retentions		
Depreciation and amortization	<u>40,305</u>	<u>24,933</u>
Net added value generated by the Company	<u>122,043</u>	<u>89,736</u>
Net added value received as transfer		
Financial income	<u>5,590</u>	<u>12,594</u>
	<u>5,590</u>	<u>12,594</u>
Total added value payable	<u><u>127,633</u></u>	<u><u>102,330</u></u>
Distribution of added value		
Personnel and charges	59,340	43,040
Taxes, duties and contributions	32,558	(13,365)
Interests and rentals	27,121	23,667
Minority interest in retained earnings	361	-
Retained earnings for the period	<u>8,253</u>	<u>48,988</u>
	<u><u>127,633</u></u>	<u><u>102,330</u></u>

See the accompanying notes to the consolidated financial statements.

Diagnósticos da América S.A.

Notes to the unaudited consolidated interim financial information

Three-month periods ended March 31, 2008 and 2007

(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 S.A. 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 297 operational units(*):

Brands	Locality	03/31/08	12/31/07	03/31/07
Delboni Auriemo	São Paulo	36	35	32
Lavoisier	São Paulo	64	64	60
Bronstein	Rio de Janeiro	44	44	40
Lâmina	Rio de Janeiro	17	17	16
Santa Casa	Paraná	8	8	8
Pasteur	Brasília	23	23	16
Frischmann	Paraná	28	28	25
Image	Bahia	2	2	2
Laboratório Álvaro	Paraná	15	15	14
LabPasteur	Ceará	18	18	17
MedLabor	Brasília, Tocantins e Goiás	2	2	9
Vita	Santa Catarina	1	1	2
Atalaia	Goiás	14	14	12
Exame	Brasília	17	17	-
MedImagem	Rio de Janeiro	8	8	-
		<u>297</u>	<u>296</u>	<u>253</u>

Diagnósticos da América S.A.

Notes to the unaudited consolidated interim financial information

(In thousands of Reais)

On March 31, 2008, the Club DA brand had 21 units, with 18 units annexed to the Delboni Auriemo brand and 3 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 47 clients, 39 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).

Description of significant accounting policies

a. Statement of income

Income and expenses are recognized on an accrual basis.

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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\$ 1,7491 in the closeout date and the differences resulting from the currency conversion were recognized in the balance sheet date.

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 n° 12).

- **Marketable securities**

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

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- **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.

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(In thousands of Reais)

- **Property, plant, equipment and intangible assets**

Property, plant, equipment and intangible 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. Leasehold improvements are amortized over the lower of the remaining lease term or the useful life of the improvement. Plant and equipment held under capital leases are amortized on a straight-line basis over the shorter of the lease term or estimated useful life of the asset.

- **Deferred charges**

Pre-operating expenses 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. 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.

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(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\$ 60 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.

3 Consolidated quarterly financial information

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

	% of interest	
	(Unaudited) 03/31/08	12/31/07
Laboratório Frischmann Aisengart S.A.	100.00%	100.00%
Image Memorial S.A.	100.00%	100.00%
Laboratório Alvaro S.A.	100.00%	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 S.A.	100.00%	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%	-

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(In thousands of Reais)

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

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

	03/31/08 (Unaudited)	12/31/07
Marketable securities	115,363	104,118
Classified as current assets	<u>(32,718)</u>	<u>(23,398)</u>
Classified as noncurrent assets	<u>82,645</u>	<u>80,720</u>

The marketable securities classified as current assets as of March 31, 2008 are fixed income funds bearing average interest rates of 100.6% of CDI (inter-bank) (99.9% of CDI on December 31, 2007).

Long-term marketable securities in the amount of R\$ 82,645 (R\$ 80,720 on December 31, 2007) in the consolidated figures, earn interest at an average rate of 100.8% of the CDI rate on March 31, 2008 (100,8% of CDI on December 31, 2007) of which R\$ 49,855 (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 16), and R\$ R\$ 32,299 (R\$ 31,470 on December 31, 2007) guarantee the payments of the 2nd to the 8th installments of the acquisition price of CientificaLab (Note nº 8a).

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An amount of R\$ 491 on March 31, 2008 (R\$ 479 on December 31, 2007) relates to investment funds in the form of CDBs (Certificate of Banking Deposit) in Banco do Nordeste do Brasil S.A., this amount is from the subsidiary Image Memorial S.A. and bears interest at a rate of 100% of CDI to guarantee a commercial bank note classified under Bank loans and financing (Note nº12).

5 Trade accounts receivable

	03/31/08 (Unaudited)	12/31/07
Current assets		
Trade notes receivable:		
Not due	138,064	115,474
Overdue	<u>97,493</u>	<u>104,992</u>
	235,557	220,466
Other accounts receivable:		
Checks in collection	2,857	1,722
Credit cards	4,523	3,853
Returned checks	<u>3,711</u>	<u>3,806</u>
	11,091	9,381
Less:		
Provision for disallowances and for doubtful accounts	(21,259)	(20,883)
Provision for losses from returned checks	<u>(3,711)</u>	<u>(3,689)</u>
	<u>221,678</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.

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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.

On March 31, 2008 the balances for more 360 days in arrears, net of an allowance for doubtful accounts, approximate to R\$ 13,000 (R\$ 14,000 in 2007), of which R\$ 9,300 (R\$ 5,000 on December 31, 2007) refer to an important health insurance entity, R\$ 2,400 are in the process of undersigning an agreement, and the remaining cases 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

	03/31/08 (Unaudited)	12/31/07
National clinical analysis and diagnostic imaging materials	16,360	19,385
Imported clinical analysis and diagnostic imaging materials	8,148	7,241
National secondary clinical analysis and diagnostic imaging materials	4,001	3,227
Consumption material	2,606	2,471
Inventories held by third parties	1,634	1,914
Provision for obsolescence	<u>(1,041)</u>	<u>(763)</u>
	<u>31,708</u>	<u>33,475</u>

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Notes to the unaudited consolidated interim financial information

(In thousands of Reais)

7 Recoverable and deferred taxes

a. Recoverable taxes

	03/31/08 (Unaudited)	12/31/07
Withholding income tax (IRRF)	2,149	5,473
Income tax recoverable	14,423	7,523
Social contribution recoverable	8,683	6,167
COFINS (Tax for social security financing) and PIS (Social integration program) tax withheld	7,884	7,377
Others	<u>3,382</u>	<u>1,982</u>
Classified as current assets	<u>36,521</u>	<u>28,522</u>

b. Deferred taxes

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

In March 31, 2008 and December 31, 2007, the Company and its subsidiaries had tax losses carry-forwards, negative basis of social contributions differences in the balance sheet date. In March 31, 2008 and December 31, 2007 its subsidiaries did not meet the conditions included in CVM instructions 371 to record deferred tax assets, including presentation of taxable income in three of the last five years.

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

	03/31/08 (Unaudited)	12/31/07
Tax loss carryforward and negative basis	3,898	4,803
Provision for disallowances and for doubtful accounts	6,446	6,500
Obsolete items - Inventories	239	220
Goodwill amortization	34,456	29,351
Provision for specialized medical services	974	444
Other provisions	1,525	1,443
Provision for contingencies	<u>15,984</u>	<u>15,089</u>
	<u>63,522</u>	<u>57,850</u>
Classified as current assets	(8,311)	(9,321)
Classified as noncurrent assets	<u>55,211</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.

2008	8,310
2009	5,651
2010	3,909
2011	7,105
2012 a 2014	20,415
2015 a 2016	<u>18,132</u>
	<u>63,522</u>

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8 Investments

	03/31/08 (Unaudited)	12/31/07
Goodwill from acquired shares		
Laboratório Frischmann Aisengart S.A.	31,843	31,843
Image Memorial S.A.	31,638	31,638
Laboratório Alvaro S.A.	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 S.A.	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 S.A.	(16,562)	(14,970)
Image Memorial S.A.	(15,530)	(13,948)
Laboratório Alvaro S.A.	(12,952)	(11,139)
Laboratório Louis Pasteur Patologia Clínica Ltda. - LabPasteur	(4,878)	(4,181)
Laboratório Imuno Ltda. - MedLabor	(1,989)	(1,690)
Clínica Médica Vita S.A.	(1,430)	(1,192)
Laboratório Atalaia Ltda.	(8,026)	(6,610)
Exame Laboratórios de Patologia Clínica Ltda.	(8,548)	(6,216)
CientíficaLab Produtos Laboratoriais e Sistemas Ltda.	(10,681)	(6,676)
Med Imagem Ultra-Sonografia e Radiologia Ltda.	<u>(4,755)</u>	<u>(2,717)</u>
	<u>(85,351)</u>	<u>(69,339)</u>
Others	<u>119</u>	<u>117</u>
	<u>231,432</u>	<u>247,442</u>

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Establishment of a subsidiary company in the period

In a meeting held on February 20, 2008 by the Board of Directors, it was approved the establishment of a wholly owned subsidiary abroad named DASA Finance Corporation. The corporate purpose of this company will be the performance of any activities allowed by Cayman Islands' rules, including financial operations.

9 Property, plant, equipment and intangible assets

	Average depreciation rate % p.a.	03/31/08 (Unaudited)		12/31/07	
		Cost	Accumulated depreciation	Net	Net
Property, plant and equipment					
Buildings	4	12,879	(1,287)	11,592	11,719
Leasehold improvements	12	210,722	(104,084)	106,638	93,688
Machinery and equipment	10	333,043	(119,428)	213,615	209,661
Furniture and Fixture	10	35,376	(15,180)	20,196	19,210
Facilities	10	5,209	(3,313)	1,896	2,067
IT equipment	20	48,997	(26,653)	22,344	22,630
Vehicles	20	5,799	(2,118)	3,681	3,588
Library	10	121	(64)	57	56
Land		1,685	-	1,685	1,685
Construction in process		<u>49,490</u>	<u>-</u>	<u>49,490</u>	<u>39,777</u>
		703,321	(272,127)	431,194	404,081
Intangible assets					
Software	20	41,552	(18,781)	22,771	22,349
Commercial rights of use	20	137	(25)	112	119
Trademarks and patents		<u>91</u>	<u>-</u>	<u>91</u>	<u>88</u>
		<u>41,780</u>	<u>(18,806)</u>	<u>22,974</u>	<u>22,556</u>
		<u>745,101</u>	<u>(290,933)</u>	<u>454,168</u>	<u>426,637</u>

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Cost movement

	Movement in the period (Unaudited)					03/31/08
	12/31/07	Additions	Write-offs	Transfers	Other (a)	
Property, plant and equipment						
Buildings	12,879	-	-	-	-	12,879
Leasehold improvements	190,511	5,696	-	6,120	8,395	210,722
Machinery and equipment	324,395	11,082	(4,457)	1,844	179	333,043
Furniture and fixture	33,622	674	(7)	1,022	65	35,376
Facilities	5,294	140	-	(225)	-	5,209
IT equipment	48,089	1,086	(670)	492	-	48,997
Vehicles	5,495	397	(93)	-	-	5,799
Library	118	3	-	-	-	121
Land	1,685	-	-	-	-	1,685
Construction in process	<u>39,777</u>	<u>19,420</u>	<u>(15)</u>	<u>(9,685)</u>	<u>(7)</u>	<u>49,490</u>
	<u>661,865</u>	<u>38,498</u>	<u>(5,242)</u>	<u>(432)</u>	<u>8,632</u>	<u>703,321</u>
Intangible						
Software	39,550	1,856	(286)	432	-	41,552
Commercial rights of use	137	-	-	-	-	137
Trademarks and patents	<u>88</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91</u>
	<u>39,775</u>	<u>1,859</u>	<u>(286)</u>	<u>432</u>	<u>-</u>	<u>41,780</u>
	<u>701,640</u>	<u>40,357</u>	<u>(5,528)</u>	<u>-</u>	<u>8,632</u>	<u>745,101</u>

(a) Other - Relates to transfers of deferred pre-operating expenses.

10 Deferred charges

	End of amortization	Amortization rate % p.a.	03/31/08 (Unaudited)			12/31/07
			Cost	Accumulated amortization	Net	Net
Pre-operating expenses:						
Implementation of new units		20	65,725	(29,418)	36,307	40,934
Acquisition of participation		20	19,802	(7,255)	12,547	12,182
Project Deployment System	Dec/10	20	9,043	(4,066)	4,977	5,428
Goodwill on merger of subsidiary:						
Lab. de Patologia Clínica Curitiba S/C	Jan/08	20	2,785	(2,785)	-	46
Centro Radiológico da Lagoa Ltda.	Nov/08	20	9,280	(8,043)	1,237	1,701
Elkis e Furlanetto C.D.A.C. Ltda.	May/09	20	21,130	(16,393)	4,737	5,794
Elkis e Furlanetto L.M. S/C Ltda.	May/09	20	778	(603)	175	214
Lab. Pasteur Patologia Clínica S/S Ltda.	Apr/10	20	<u>7,883</u>	<u>(4,712)</u>	<u>3,171</u>	<u>3,565</u>
			<u>136,426</u>	<u>(73,275)</u>	<u>63,151</u>	<u>69,864</u>

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Cost movement

	Movement in the period (Unaudited)				03/31/08
	12/31/07	Additions	Write-offs	Other (a)	
Pre-operating expenses:					
Implementation of new units	68,856	5,501	-	(8,632)	65,725
Acquisition of participation	18,469	1,333	-	-	19,802
Project Deployment System	9,043	-	-	-	9,043
Goodwill on merger of subsidiary:					
Lab.de Patologia Clínica Curitiba S/C	2,785	-	-	-	2,785
Centro Radiológico da Lagoa Ltda.	9,280	-	-	-	9,280
Elkis e Furlanetto C.D.A.C. Ltda.	21,130	-	-	-	21,130
Elkis e Furlanetto L.M. S/C Ltda.	778	-	-	-	778
Lab. Pasteur Patologia Clínica S/S Ltda.	<u>7,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,883</u>
	<u>138,224</u>	<u>6,834</u>	<u>-</u>	<u>(8,632)</u>	<u>136,426</u>

(a) Other - Relates to transfers of tangible and intangible fixed assets.

11 Accounts payable to suppliers

	03/31/08 (Unaudited)	12/31/07
Domestic suppliers	37,499	47,370
Foreign suppliers	<u>3,922</u>	<u>5,420</u>
	<u>41,421</u>	<u>52,790</u>

The balance of foreign suppliers of US\$ 2,242 thousand (US\$ 3,060 thousand on December 31, 2007) refers to the purchase of imported materials used in clinical exams.

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12 Loans and financing

	03/31/08 (Unaudited)	12/31/07
Local currency		
Loans guaranteed accounts	34,935	22,684
Bank loans	71,559	65,756
Leasing under local currency agreements	16,003	12,764
Foreign currency		
Bank loans	8,945	8,708
Financing of equipment	17,482	20,344
Leasing of imported equipment	<u>70,873</u>	<u>68,022</u>
	<u>219,797</u>	<u>198,278</u>
Portion to amortize in the short term classified in current liabilities	<u>(102,233)</u>	<u>(97,968)</u>
Noncurrent liabilities	<u>117,564</u>	<u>100,310</u>

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

03/31/08 (Unaudited)					
Description	Banks	Value in Reais	Final	Average interest rate	Guarantors
Local currency					
Guaranteed accounts	Other	34,935	-	105.0% do CDI	(2)
Bank loans	Banco Votorantin S.A.	7,858	2009	110.9% do CDI	(3)
Bank loans	Banco Safra S.A.	11,647	2008	105.0% do CDI	(3)
Bank loans	Banco do Brasil S.A.	36,134	2010	105.0% do CDI	(2)
Bank loans	HSBC Bank Brasil S.A.	15,294	2010	105.6% do CDI	(3)
Bank loans	Diversos	<u>626</u>	2010	1.6% a.m.	(2)
		<u>71,559</u>			
Leasing	Other	<u>16,003</u>	2011	CDI + 1.5% a.a.	-

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03/31/08 (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	2,228	3,897	5,048	8,945	2009	VC+13.06% a.a.	(3)
Equipment suppliers	G.E.	5,196	9,089	8,393	17,482	2011	VC+7.5% a 8.5% a.a.	(1)
Leasing	G.E, Siemens, Philips e Oni Medical	40,520	70,873	-	70,873	2014	VC+7.20% a 9% a.a.	(3)

(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.

(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	45,263
2010	34,055
2011	11,968
2012	9,567
2013	7,883
2014	4,169
2015	358
	<u>113,263</u>
“Swap” (a)	<u>4,301</u>
	<u>117,564</u>

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- (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 March 31, 2008, these derivative transactions provided cover for the R\$ 11,426 nominal value and resulted in accrued losses in the amount of R\$ 4,301.

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

Laboratório Frischmann Aisengart S.A.	Banco Alfa S.A.	3,245
	Banco Bradesco S.A.	1,500
	Banco HSBC Bank Brasil	4,367
Image Memorial S.A.	Banco Alfa S.A.	2,810
	Banco Bradesco S.A.	1,000
	Banco do Brasil S.A.	2,067
	Banco Itaú S.A.	2,000
Laboratório Alvaro S.A.	Banco Alfa S.A.	1,334
	Banco do Brasil S.A.	350
	Banco Itaú S.A.	2,300
	Unibanco S.A.	682
Laboratório Louis Pasteur Patologia Clínica Ltda. - LabPasteur	Banco Alfa S.A.	311
	Banco Bradesco S.A.	500
Laboratório Imuno Ltda. - MedLabor	Banco Bradesco S.A.	1,500
Clínica Médica Vita S.A.	Banco Alfa S.A.	3,618
	Banco Bradesco S.A.	1,500
	Banco Itaú S.A.	1,500
Laboratório Atalaia Ltda.	Unibanco S.A.	360
Exame Laboratórios de Patologia Clínica Ltda.	Banco do Brasil S.A.	51
CientíficaLab Produtos Lab. e Sistemas Ltda.	Banco Alfa S.A.	7,235
	Banco Bradesco S.A.	8,000
	Banco Itaú S.A.	3,000
	Unibanco S.A.	15
Med Imagem Ultra-Sonografia e Radiologia Ltda.	Unibanco S.A.	<u>291</u>
		<u>49,536</u>

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(In thousands of Reais)

13 Debentures

	03/31/08 (Unaudited)	12/31/07
Non-convertible debentures	202,500	202,500
Compensation interest	_____ -	<u>5,511</u>
	<u>202,500</u>	<u>208,011</u>
Portion to amortize in the short term classified in current liabilities	_____ -	(<u>5,511</u>)
Noncurrent liabilities	<u>202,500</u>	<u>202,500</u>

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, totaling 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 portions classified in noncurrent liabilities have the following payment schedule:

Maturity date:	Amount (R\$)
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.

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14 Salaries, social securities charges and provision for vacation payable

	03/31/08 (Unaudited)	12/31/07
Salaries payable	6,982	5,844
Social Security charges payable	5,725	5,846
Provisions for vacation, 13th salary and social security charges	22,102	18,834
Provision for the profit sharing and equity income	4,344	4,176
Others	<u>1,504</u>	<u>849</u>
	<u>40,657</u>	<u>35,549</u>

15 Payment of taxes in installments

	End of	(Unaudited)	
	amortization	03/31/08	12/31/07
PPI - REFIS Municipal (a)	2011	3,259	3,484
PAES Program (b)	2013	8,167	8,983
COFINS - tax for social security financing (c)	2010	990	1,122
PIS (social integration program) (c)	2008	250	286
INSS (Brazilian National Institute of Social Security) (c)	2009	1,525	1,901
ISS (c)	2007	11	11
INSS - (Brazilian National Institute of Social Security) Vita (d)	2018	1,043	1,072
PIS (Social Integration Program) /COFINS (Tax for Social Security Financing)- Vita (d)	2018	1,169	1,210
ISS - Vita (d)	2009	120	147
ISS - Atalaia (e)	2018	1,368	1,405
PAES Program - INSS (Brazilian National Institute of Social Security) - Exame (f)	2013	1,743	1,799
Others		<u>321</u>	<u>441</u>
		19,966	21,861
Short-term unamortized installment classified in current liabilities		<u>(5,807)</u>	<u>(6,778)</u>
Noncurrent liabilities		<u>14,159</u>	<u>15,083</u>

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(In thousands of Reais)

- (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.
- (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 in taxes and levies (Note 21), 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\$ 314 on March 31, 2008 and the debits 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\$ 729 on March 31, 2008.

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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\$ 584 on March 31, 2008 and the debits 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\$ 585 on March 31, 2008.

ISS - In 2006, the subsidiary Vita scheduled ISS debits with the Municipality of Florianópolis, resulting in 3 (three) proceedings, stated as follows: (i) Proceeding no.005407/06 of July 7, 2006, to be paid according to a schedule of 24 monthly installments with interest at 1% per month, totaling R\$ 4 on March 31, 2008; (ii) Proceeding no. 005408/06 of July 7, 2006, to be paid according to a schedule of 24 monthly installments with interest at 1% per month, totaling R\$ 3 on March 31, 2008; and (iii) 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\$ 113 on March 31, 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\$ 1,368 on March 31, 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.

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16 Accounts payable from acquisition of subsidiaries

	03/31/08 (Unaudited)	12/31/07
Bio-Ciência Lavoisier de Análises Clínicas S.A. (a)	1,817	1,787
Laboratório Bronstein S.A (b)	1,814	1,758
Laboratório de Patologia Clínica Curitiba S/C Ltda. (c)	466	456
Centro Radiológico da Lagoa (CRL) e Presmedi Rio Serviços Médicos Ltda. (d)	66	64
Elkis e Furlanetto C.D.A.C. Ltda. (e)	8,023	7,822
Laboratório Pasteur Patologia Clínica S/S Ltda. (f)	460	453
Laboratório Frischmann Aisengart S.A. (g)	3,049	2,986
Image Memorial S.A. (h)	9,421	9,227
Laboratório Alvaro S.A. (i)	6,351	5,454
Laboratório Frischmann Aisengart S.A. (Minority) (j)	2,047	2,108
Laboratório Louis Pasteur Patologia Clínica Ltda - LabPasteur (k)	4,027	3,925
Laboratório Imuno Ltda. - MedLabor (l)	789	769
Clínica Médica Vita S.A. (m)	679	662
Laboratório Atalaia Ltda. (n)	2,864	2,801
Exame Laboratórios de Patologia Clínica Ltda. (o)	2,092	2,039
CientíficaLab Produtos Laboratoriais e Sistemas Ltda. (p)	3,230	3,147
Med Imagem Ultra-Sonografia e Radiologia Ltda. (q)	<u>15,244</u>	<u>14,860</u>
	<u>62,439</u>	<u>60,318</u>
Installments to amortize in the short term classified under the current liabilities	(10,788)	(9,688)
Noncurrent liabilities	<u>51,651</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.

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(In thousands of Reais)

- (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.
- (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 of the investment funds, managed by financial institutions, as reported in Note 4 and will be liquidated in December 2011. In December 2007 the Company calculated and recorded the contingent payment of the purchase price as mentioned in Note 8 (a). This portion will be settled 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 S.A., which is being annually updated monetarily by the IGP-M variation. Amortizations of the debt will be made until May 2016.

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- (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.
- (q) MedImagem** - The total amount of debt is R\$14,860, part of which corresponds to the withheld portion of the price in R\$10,229, 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\$4,631 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 16 (a) and (b)	3,631
2009	251
2010	251
2011	22,301
2012	10,702
2013 to 2016	<u>14,515</u>
Total	<u>51,651</u>

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(In thousands of Reais)

17 Other accounts payable

	03/31/08 (Unaudited)	12/31/07
Rentals	3,698	3,070
Third - Party services	5,880	5,686
Provision for specialized medical services	3,991	2,498
Franchisee commission payable	565	434
Other accounts payable	<u>7,238</u>	<u>5,543</u>
	<u>21,372</u>	<u>17,231</u>

18 Provision for contingencies

	<u>03/31/08 (Unaudited)</u>			<u>12/31/07</u>
	Provision	Judicial deposit	Net	Net
(a) ICMS on imports	63,630	(1,889)	61,741	57,485
(b) Provision for labor contingencies	4,979	(183)	4,796	4,974
(c) Provision for civil contingencies	4,245	(27)	4,218	4,169
(d) Provision for tax contingencies	<u>32,401</u>	<u>(16,789)</u>	<u>15,612</u>	<u>14,789</u>
	<u>105,255</u>	<u>(18,888)</u>	<u>86,367</u>	<u>81,417</u>

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(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 March 31, 2008, amounts recorded regarding imports from January 1, 2003 onwards is R\$ 63,630 (R\$ 59,374 on December 31, 2007), with related judicial deposits in the amount of R\$ 1,889. The amount of R\$ 24,817 (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 March 31, 2008, the Company is party of 265 labor lawsuits (266 on December 31, 2007). Based on information provided by its legal advisors, the Company has recorded an amount of R\$ 4,979 in the consolidated (R\$ 5,157 on December 31, 2007), and the Company does not expect any losses from lawsuits beyond amounts already recorded.

(c) Provision for civil contingencies

At March 31, 2008, the Company is part of 278 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\$ 4,245 (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\$ 32,401, R\$ 12,359 relate to taxes and contributions challenged by the acquired companies. Management, based on legal advisors opinion, has recorded provisions in the amount of R\$ 32,401 (R\$ 31,223 on December 31, 2007), and does not expect any losses beyond amounts already recorded.

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Movement in provisions (unaudited)

	12/31/07	Movement in the period			03/31/08
	Opening balance	Addition to provision	Utilization	Monetary Restatement	Closing balance
ICMS on imports	59,374	3,249	(183)	1,190	63,630
Provision for labor contingencies	5,157	-	(258)	80	4,979
Provision for civil contingencies	4,196	-	(3)	52	4,245
Provision for tax contingencies	<u>31,223</u>	<u>464</u>	<u>(9)</u>	<u>723</u>	<u>32,401</u>
	<u>99,950</u>	<u>3,713</u>	<u>(453)</u>	<u>2,045</u>	<u>105,255</u>

19 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.

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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.

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, the destination of the result of the fiscal year 2007 in the amount of R\$ 13,447 was approved by unanimity. Therefore, the payment of dividends (in the amount of R\$ 0,2342668101 for each common share issued by the Company) shall be made on May 20, 2008.

c. Management remuneration

The management remuneration in the period was R\$ 2,428 (R\$ 1,332 in the 1st quarterly, 2007).

20 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:

	03/31/08 (Unaudited)	03/31/07
Income before income and social contribution taxes	<u>12,345</u>	<u>15,549</u>
Combined statutory rates	34%	34%
Income and social contribution taxes calculated at the statutory rates	(4,197)	(5,287)
Equivalent Net Worth	-	-
Permanent (additions), net	(195)	(87)

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Temporary exclusions, net	542	-
Tax loss carryforward	86	-
Deferred Income tax initially recognized	-	38,603
Adjustment for tax calculated base on presumed profit	47	419
Other adjustments	(14)	(209)
Income and social contribution taxes	(3,731)	33,439
Effective rate	30%	-215%

21 General and administrative

	03/31/08 (Unaudited)	03/31/07
Personnel expenses	20,228	16,143
Services and utilities	10,798	11,381
Depreciation	4,893	3,041
Taxes	496	328
Sundry provisions	860	563
Expenses with issuance of debentures	240	240
General Expenses	<u>5,892</u>	<u>5,222</u>
	<u>43,407</u>	<u>36,918</u>

22 Tax loss carryforward

At March 31, 2008, the Company had tax loss carryforwards on the following base values:

Tax losses carryforwards	10,535
Negative social contribution base	14,051

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.

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23 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.

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 March 31, 2008 are shown below:

Description	Book value	Market value
Cash and cash equivalent	16,181	16,181
Marketable securities	32,718	32,718
Recoverable taxes	44,832	44,832
Investments	<u>231,313</u>	<u>231,313</u>
Assets	<u>325,044</u>	<u>325,044</u>
Loans and financing:		
Local currency	122,497	122,497
Foreign currency	83,859	89,149
Derivatives (Swap)	<u>13,441</u>	<u>13,006</u>
Liabilities	<u>219,797</u>	<u>224,652</u>

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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.

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. The market values for other investments are similar to the book values, 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 only derivative instruments aimed at protecting against foreign exchange variations and does not use derivatives 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.

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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.

As a strategy for the prevention and reduction of the effects of fluctuations in the exchange rate of the Brazilian Real, the indebtedness in foreign currency is subject to “swap” transactions with financial institutions, and indebtedness with suppliers of equipment denominated in foreign currency is protected by swaps up to 66.3% of the aggregated principal amount outstanding. 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.

	03/31/08 (Unaudited)	03/31/07
Liabilities		
Bank loans	8,945	8,708
Equipment suppliers	17,482	20,344
Leasing of imported equipment	70,873	68,022
Foreign suppliers	<u>3,922</u>	<u>5,420</u>
	<u>101,222</u>	<u>102,494</u>

24 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 (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.

25 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 March 31, 2008, 2007, the Company maintained transactions in the context of its regular business with related parties, as follows (Unaudited):

	<u>03/31/2008</u>	
	Expenses	Permanent assets
Terra Molhada Participações Ltda. (a)	935	-
Parkbem Multiserviços S/C Ltda. (b)	1,614	29
RMA Construtora Ltda. (c)	903	2,055
Touch Tecnologia e Informática Ltda. (d)	235	645
Refazenda Participações Ltda. (f)	155	-
DA Produções Artísticas Ltda. (g)	51	-
Pátria Assessoria Financeira Ltda. (e)	127	-
Família Chimenti Auriemo (h)	<u>34</u>	<u>-</u>
	<u>4,054</u>	<u>2,729</u>

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	<u>03/31/2007</u>	
	Expenses	Permanent assets
Terra Molhada Participações Ltda. (a)	875	-
Parkbem Multiserviços S/C Ltda. (b)	1,649	25
RMA Construtora Ltda. (c)	339	1,932
Touch Tecnologia e Informática Ltda (d)	341	637
Pátria - Banco de Negócios Assessoria, Gestão e Participação Ltda (e)	194	-
Refazenda Participações Ltda. (f)	132	-
DA Produções Artísticas Ltda. (g)	36	-
Família Chimenti Auriemo (h)	<u>32</u>	<u>-</u>
	<u>3,598</u>	<u>2,594</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) 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.

(c) 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.

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(d) 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.

(e) Pátria - Banco de Negócios Assessoria, Gestão e Participação Ltda.

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

(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.

(h) 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.

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26 Leases

Local currency lease

The Company is a lessee of data processing equipment (*hardware*) machinery and equipment with a purchase option, totaling a payable balance until 2011 and an outstanding amount of R\$ 16,003, of which R\$ 7,209 is classified under current liabilities and R\$ 8,794 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	5,740
2009	6,389
2010 and 2011	<u>3,874</u>
	<u>16,003</u>

The equipment related to these contracts is recorded as property, plant and equipment as machinery and equipment, of which R\$ 16,951 is cost and R\$ 2,392 is accumulated depreciation.

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\$ 70,873, of which R\$ 14,889 is classified under the current liabilities and R\$ 55,984 under noncurrent liabilities.

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The accounts payable related to leasing matures as follows:

	Amount
2008	12,242
2009	12,261
2010	13,235
2011	11,222
2012	9,503
2013	7,883
2014	4,169
2015	<u>358</u>
	<u>70,873</u>

The equipment related to these contracts is recorded as property, plant and equipment, as machinery and equipment of which R\$112,118 is cost and R\$ 16,395 is accumulated depreciation.

27 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 criteria and valuation of assets and liabilities. These changes in the accounting practices become effective as from the year begun January 1, 2008 and, taking into account the normal operations and businesses of the Company and its subsidiaries and CVM's instruction no. 469 of May 2, 2008, the ones we consider may have more effect on the Quarterly Information can be briefly summarized as follows:

- (i) long-term Prefixed financial assets and liabilities can be adjusted at present value when these effects are significant. No significant effect is expected, though;
- (ii) assets acquired in the processes of acquisition of companies' share control, between independent parties, start being valued at their fair value in the acquiring company. No operation was performed that fits this change. Future acquisitions will have to be recorded in accordance with this new criterion from now on;

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- (iii) the equity in income 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;
- (iv) operations with financial leasing will have to be recorded in the balance sheet. The Company records its operations with financial leasing 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 analyzed 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. Thus, as a new regulation disciplines the application of these new accounting practices the Company will reevaluate the possible arising impacts.

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. The information about the plan was announced to the market on 03/25/08 at the CVM website (www.cvm.gov.br).

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.

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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 n° 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.

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.

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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:

March 31, 2008 (unaudited)				
Number of contracts outstanding	Type of derivative instruments	Book value under accounting practices adopted in Brazil	Fair value	U.S. GAAP adjustment
36	Cross-currency interest swap	(13,441)	(13,005)	436

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.

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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.

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.

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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. The acquisition of Exame was submitted to the approval of Conselho Administrativo de Defesa Econômica (CADE).

CientíficaLab - On June 19, 2007 the Company acquired 11 million shares representing 100% of the capital stock of CientíficaLab - 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. CientíficaLab was founded in 2001 in Barueri, São Paulo, and is the leading private held provider to the public health sector. Since 2003 CientíficaLab 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. The acquisition of CientíficaLab was submitted to the approval of Conselho Administrativo de Defesa Econômica (CADE).

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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 Sao Gonçalo, and one in Copacabana (RJ). The transaction was approved at a Company Board of Directors meeting held on August 29, 2007.

The acquisition of Med Imagem was submitted to the approval of Conselho Administrativo de Defesa Econômica (CADE). 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>

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 three 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 March 31, 2008 and December 31, 2007, the consolidated balance of cash and cash equivalents under U.S. GAAP is R\$ 16,181 and R\$ 26,196, respectively.

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g. Operating income

Non-operating losses in the amount of R\$ 1,756 and R\$ 535 presented for the three month periods ended March 31, 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.

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.

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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.

k. Recently issued accounting pronouncements

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

Description	Note I	03/31/2008 Unaudited	03/31/2007 Unaudited
Net income as reported under accounting practices adopted in Brazil		8,253	48,998
Deferred charges	a)	4,263	(1,863)
Capitalization of interest:	b)		
Cost		750	362
Amortization expenses		(406)	(353)
Fair value adjustments relating to accounting for derivative instruments	c)	54	(201)
Deferred tax effects on adjustments above	j)	(1,585)	699
Reversal of deferred tax previously recognized under U.S. GAAP	j)	-	(30,131)
Business combinations:	e)		
Reversal of amortization of goodwill under BR GAAP		18,012	8,914
Tax benefit applied as a reduction of goodwill		(88)	(112)
Deferred income taxes on goodwill basis difference	j)	(413)	(599)
Amortization of intangible assets recognized under U.S. GAAP		(4,716)	(1,100)
Deferred income tax effect on intangible assets	j)	<u>1,603</u>	<u>387</u>
Net income under U.S. GAAP		<u>25,727</u>	<u>25,001</u>
Comprehensive income		<u>25,727</u>	<u>25,001</u>
Basic and diluted earnings per common share under U.S. GAAP (*)		<u>0.45</u>	<u>0.44</u>

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

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Description	Note I	03/31/2008 Unaudited	12/31/2007
Shareholders' equity as reported under accounting practices adopted in Brazil		<u>520,633</u>	<u>512,380</u>
Deferred charges	a)	(31,253)	(35,515)
Capitalization of interest:	b)		
Cost		10,442	9,692
Accumulated amortization		(4,358)	(3,952)
Fair value adjustments relating to accounting for derivative instruments	c)	436	382
Deferred tax effects on adjustments above	j)	8,409	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		218,273	200,261
Tax benefit applied as a reduction of goodwill		(19,531)	(19,443)
Deferred income taxes on goodwill basis difference		(25,826)	(25,415)
Intangible assets recognized under U.S. GAAP		238,768	238,768
Accumulated amortization of intangible assets recognized under U.S. GAAP		(36,470)	(31,753)
Deferred income tax effect on intangible assets		<u>(68,781)</u>	<u>(70,384)</u>
Shareholders' equity under U.S. GAAP		<u>643,041</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 March 31, 2008 and 2007, is as follows:

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	Unaudited 03/31/08	Unaudited 03/31/07
Interest cost capitalized	750	362
Interest cost charged to income	<u>15,906</u>	<u>14,646</u>
Total interest expense	<u>16,656</u>	<u>15,008</u>

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 86 local currency leasing and 33 foreign leasing contracts in force as of March 31, 2008.

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The following table summarizes the assets recorded under capital leases:

	Depreciation rate - % p.a.	03/31/08 (Unaudited)		
		Cost	Depreciation	Net
Machinery and equipment	10	122,181	17,547	104,634
Furniture and fixtures	10	611	31	580
Hardware	20	6,486	904	5,582
Vehicles	20	<u>1,377</u>	<u>305</u>	<u>1,072</u>
		<u>130,655</u>	<u>18,787</u>	<u>111,868</u>
		12/31/07		
	Depreciation rate - % p.a.	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	17,982	1,903
2009	18,650	5,576
2010	16,942	5,311
2011	11,389	6,065
2012	9,503	7,409
Later periods	<u>12,410</u>	<u>14,356</u>
Total minimum payments	<u>86,876</u>	<u>40,620</u>

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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 three months ended March 31, 2008 and 2007 including contingent rentals, amount to R\$ 11,029 and R\$ 7,786, 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.

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 March 31, 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.

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(In thousands of Reais)

Description	03/31/08	03/31/07
Net income under U.S. GAAP	25,727	25,001
Weighted average shares outstanding - Basic and diluted	57,402,935	57,402,935
Basic and diluted earnings per share - R\$	0.45	0.44

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	03/31/08 (Unaudited)	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	9,466	9,480
Elkis acquisition	20,512	20,545
Pasteur acquisition	6,369	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

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(In thousands of Reais)

Goodwill description	03/31/08 (Unaudited)	12/31/07
Exame acquisition	35,579	35,579
CientificaLab acquisition	33,183	33,183
MedImagem acquisition	<u>26,401</u>	<u>26,401</u>
	<u>287,785</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.

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 three month period ended March 31, 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	(<u>88</u>)
Balance as of March 31, 2008	<u>287,785</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.

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(In thousands of Reais)

	03/31/08 (Unaudited)			
	Brands	Government contracts	Non-compete agreements	Total
Gross	178,989	49,242	10,537	238,768
Accumulated amortization	<u>(19,702)</u>	<u>(9,547)</u>	<u>(7,221)</u>	<u>(36,470)</u>
Net	<u>159,287</u>	<u>39,695</u>	<u>3,316</u>	<u>202,298</u>
Weighted- average amortization period (years)	22.6	3.0	4.1	-
	12/31/07			
	Brands	Government contracts	Non-compete agreements	Total
Gross	178,989	49,242	10,537	238,768
Accumulated amortization	<u>(18,230)</u>	<u>(6,507)</u>	<u>(7,017)</u>	<u>(31,754)</u>
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	-

Under U.S. GAAP the aggregate amortization expense for the above intangible assets amounted to R\$ 4,716 and R\$ 1,099 for the three month period ended March 31, 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:

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	Estimated amortization expenses
2008	18,863
2009	18,863
2010	16,925
2011	9,821
2012	6,466
Thereafter	<u>131,360</u>
Total	<u>202,298</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 March 31, 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 March 31, 2008:

Balance as of January 1, 2008	11,544
Increases related to prior year tax position	324
Increases related to current year tax position	-
Balance as of March 31, 2008	11,868

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 period ended March 31, 2008 was 324.

l. 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.

m. Aggregate foreign currency transaction losses (gains)

Total aggregate foreign currency transaction losses (gains) included in financial expense, net amounted to R\$ 668 and R\$ (631) for the three month periods ended March 31, 2008 and 2007, respectively.

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IV - Supplemental information

The following information is presented as supplemental information to the reconciliation of the differences between U.S. GAAP and accounting practices adopted in Brazil in shareholders' equity and net income (loss) presented in Note 28.

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

Assets	03/31/08	12/31/07	Liabilities	03/31/08	12/31/07
Current assets			Current liabilities		
Cash and cash equivalents	16,181	26,196	Suppliers	41,421	52,790
Marketable securities	32,718	20,173	Loans and financing	102,233	103,479
Trade accounts receivable	221,678	205,275	Taxes and contributions payable	26,366	16,485
Inventories	31,708	33,475	Salaries, social security charges and vacation payable	36,313	31,373
Taxes recoverable	36,521	28,522	Installments taxes	5,807	6,778
Deferred income taxes	12,934	13,279	Accounts payable from acquisition of subsidiaries	10,788	9,688
Other accounts receivable	8,349	11,132	Other accounts payable	<u>39,198</u>	<u>34,554</u>
Fair value of derivatives	436	382			
Prepaid expenses	<u>4,371</u>	<u>1,680</u>			
	<u>364,896</u>	<u>340,114</u>		<u>262,126</u>	<u>255,147</u>
Noncurrent assets			Long-term liabilities		
Restricted cash	82,645	80,720	Loans and financing	320,064	303,111
Deposits in court	7,514	7,243	Installment taxes	14,159	15,083
Other accounts receivable	2,009	2,201	Accounts payable from acquisition of subsidiaries	50,151	49,089
Investments	119	117	Provision for contingencies	86,367	81,417
Goodwill	287,785	287,873	Deferred income taxes	<u>35,538</u>	<u>41,239</u>
Intangible assets, net	202,298	207,014		<u>506,279</u>	<u>489,939</u>
Property, plant and equipment	<u>465,229</u>	<u>437,806</u>	Minority interest	<u>1,049</u>	<u>688</u>
	<u>1,047,599</u>	<u>1,022,974</u>	Shareholders' equity		
			Capital	377,206	377,206
			Capital reserves	68,369	68,369
			Retained earnings	<u>197,466</u>	<u>171,739</u>
				<u>643,041</u>	<u>617,314</u>
Total	<u>1,412,495</u>	<u>1,363,088</u>	Total	<u>1,412,495</u>	<u>1,363,088</u>

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b. Unaudited consolidated statement of income for the periods ended March 31, 2008 and 2007 under U.S. GAAP

Description	03/31/08	03/31/07
Net service revenues	256,748	188,898
Cost of services provided	<u>(171,102)</u>	<u>(124,559)</u>
Gross profit	85,646	64,339
Operating income (expense):		
Administrative and general	(41,074)	(38,944)
Amortization of intangible assets	(4,716)	(1,571)
Other, net	<u>697</u>	<u>293</u>
Subtotal	<u>(45,093)</u>	<u>(40,222)</u>
Operating income	40,553	24,117
Financial expenses, net	<u>(10,261)</u>	<u>(2,786)</u>
Income before taxes	30,292	21,331
Income tax and social contribution:		
Current	(9,402)	(14,091)
Deferred	<u>5,198</u>	<u>17,761</u>
Income before minority interest	26,088	25,001
Minority interest	<u>(361)</u>	<u>-</u>
Net income	<u>25,727</u>	<u>25,001</u>
Earnings per share	0.45	0.44