

Interim Financial Statements

Centro de Imagem Diagnósticos S.A.

September 30, 2019

with Independent Auditor's Report on the Interim Information
Review



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A free translation from Portuguese into English of Independent Auditor's Review Report on Parent and Consolidated Quarterly Information prepared in Brazilian currency in accordance with CPC 21(R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB)

Independent auditor's review report on quarterly information

To the Shareholders, Board of Directors and Officers of
Centro de Imagem Diagnósticos S.A.
São Paulo - SP

Introduction

We have reviewed the parent and consolidated interim financial information of Centro de Imagem e Diagnósticos S.A. (the "Company"), contained in the Quarterly Information Form (ITR), for the quarter ended September 30, 2019, which comprises the statement of financial position as at September 30, 2019, and the related statements of profit or loss and of comprehensive income for the three- and nine-month periods then ended, of changes in equity and of cash flows for the nine-month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

Management is responsible for the preparation of the parent interim financial information in accordance with CPC 21(R1) – Interim Financial Reporting and the consolidated interim financial information in accordance with CPC 21(R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian SEC (CVM) applicable to the preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with the Brazilian and International Standards on Review Engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion on the parent interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the parent interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21(R1) applicable to the preparation of Quarterly Information (ITR), and presented consistently with the rules issued by the Brazilian SEC (CVM).

Conclusion on the consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34 applicable to the preparation of Quarterly Information (ITR), and presented consistently with the rules issued by the Brazilian SEC (CVM).

Other matters

Statement of value added

The quarterly information referred to above include the parent and consolidated statements of value added (SVA) for the nine-month period ended September 30, 2019, prepared under the responsibility of the Company management, and presented as supplementary information for IAS 34 purposes. These statements were subject to review procedures conducted in connection with the review of the quarterly information, for the purpose of concluding whether they are reconciled with the interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in CPC 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that the statements of value added were not prepared, in all material respects, in accordance with the criteria defined in said standard and consistently with the overall parent and consolidated interim financial information.

Belo Horizonte (MG), November 12, 2019

ERNST & YOUNG
Auditores Independentes S.S.
CRC 2SP015199/O-6

A handwritten signature in blue ink, reading 'Tomás Menezes', written in a cursive style.

Tomás L.A. Menezes
Accountant CRC-1MG090648/O-0

CENTRO DE IMAGEM DIAGNÓSTICOS S.A. AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2019 AND DECEMBER 31, 2018

(In thousands of reais - R\$)

ASSETS	Note	Parent Company		Consolidated		LIABILITIES AND EQUITY	Note	Parent Company		Consolidated	
		09/30/2019	12/31/2018	09/30/2019	12/31/2018			09/30/2019	12/31/2018	09/30/2019	12/31/2018
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and cash equivalents	3	35,376	11,346	97,428	73,165	Trade payables	13	6,673	9,047	55,350	60,803
Trade receivables	5	18,616	14,871	247,053	228,961	Payroll, social charges and social security obligation	14	11,692	12,780	49,733	43,471
Inventories		1,321	622	7,684	5,435	Loans, financing and debentures	15	148,036	127,384	267,260	232,561
Concession financial assets	8	-	-	31,400	31,094	Lease	16	5,037	-	30,957	-
Taxes recoverable	6	5,090	6,402	43,744	40,770	Tax obligations		1,889	2,146	23,471	21,012
Transactions with related parties	25	27,486	24,378	-	-	Taxes payable in installments	17	124	124	2,115	2,277
Derivative financial instruments	26	8,192	701	16,503	2,313	Accounts payable - business combination	18	3,723	13,175	4,194	13,418
Other receivables		5,512	6,205	21,552	17,998	Dividends payable	20	-	6,716	-	6,716
Total current assets		<u>101,593</u>	<u>64,525</u>	<u>465,364</u>	<u>399,736</u>	Other payables		<u>382</u>	<u>173</u>	<u>3,819</u>	<u>4,477</u>
						Total current liabilities		<u>177,556</u>	<u>171,545</u>	<u>436,899</u>	<u>384,735</u>
NONCURRENT ASSETS						NONCURRENT LIABILITIES					
Marketable securities	4	2,794	2,712	2,794	2,712	Loans, financing and debentures	15	345,264	326,595	375,048	372,950
Judicial deposits	19	842	845	26,441	26,107	Lease	16	15,137	-	196,830	-
Contingency reimbursement guarantee	7	4,447	22,795	28,237	50,576	Transactions with related parties	25	59,894	30,074	1,226	1,025
Transactions with related parties	25	99,216	115,421	20,685	23,496	Taxes payable in installments	17	-	-	7,284	8,418
Deferred income taxes and social contribution	24	122,809	113,897	137,571	128,061	Accounts payable - business combination	18	10,559	7,445	37,692	33,368
Concession financial assets	8	-	-	76,523	79,854	Deferred income taxes and social contribution	24	-	-	15,414	10,294
Investments	9	1,432,122	1,377,414	8,838	6,625	Deferred PIS/COFINS/ISS		-	-	6,935	6,754
Property and equipment	10	90,622	92,203	518,573	525,020	Provision for losses on subsidiaries	9	5,643	5,270	-	-
Intangible assets	11	39,370	38,369	966,136	967,239	Provisions for contingencies	19	8,199	27,594	64,962	89,429
Right-of-use	12	19,138	-	218,707	-	Other accounts payable		<u>2,794</u>	<u>2,712</u>	<u>2,823</u>	<u>2,741</u>
Total noncurrent assets		<u>1,811,360</u>	<u>1,763,656</u>	<u>2,004,505</u>	<u>1,809,690</u>	Total non-current liabilities		<u>447,490</u>	<u>399,690</u>	<u>708,214</u>	<u>524,979</u>
						EQUITY	20				
						Share Capital		612,412	612,412	612,412	612,412
						Capital reserves		623,191	622,280	623,191	622,280
						Treasury shares		(244)	(38)	(244)	(38)
						Income reserves		52,725	22,151	52,725	22,151
						Other comprehensive income		(177)	141	(177)	141
						Total equity of controlling shareholders		<u>1,287,907</u>	<u>1,256,946</u>	<u>1,287,907</u>	<u>1,256,946</u>
						Noncontrolling interests		-	-	36,849	42,766
						Total equity		<u>1,287,907</u>	<u>1,256,946</u>	<u>1,324,756</u>	<u>1,299,712</u>
TOTAL ASSETS		<u>1,912,953</u>	<u>1,828,181</u>	<u>2,469,869</u>	<u>2,209,426</u>	TOTAL LIABILITIES AND EQUITY		<u>1,912,953</u>	<u>1,828,181</u>	<u>2,469,869</u>	<u>2,209,426</u>

The notes are an integral part of the interim financial information.

CENTRO DE IMAGEM DIAGNÓSTICOS S.A. AND SUBSIDIARIES

STATEMENTS OF PROFIT OR LOSS FOR THE PERIODS ENDED SEPTEMBER 30, 2019 AND 2018

(In thousands of reais - R\$, except earnings per share)

	Note	Parent Company				Consolidated			
		09/30/2019	09/30/2019	09/30/2018	09/30/2018	09/30/2019	09/30/2019	09/30/2018	09/30/2018
		Quarter	Nine months	Quarter	Nine months	Quarter	Nine months	Quarter	Nine months
NET SERVICE REVENUE	21	27,455	80,159	23,629	69,718	276,146	810,709	279,462	818,168
Cost of services	22	(22,928)	(66,839)	(19,274)	(54,766)	(201,948)	(593,626)	(203,589)	(596,892)
GROSS PROFIT		4,527	13,320	4,355	14,952	74,198	217,083	75,873	221,276
OPERATING INCOME (EXPENSES)									
General and administrative expenses	22	(4,132)	(11,483)	(6,121)	(17,195)	(39,612)	(116,211)	(44,056)	(133,278)
Other income (expenses), net	22	(3,148)	(9,178)	(2,846)	(7,632)	1,271	(1,627)	194	(2,141)
Equity results from subsidiaries	9	23,043	60,517	20,858	52,552	4,473	12,916	3,772	10,812
OPERATING INCOME BEFORE FINANCE INCOME (COSTS)		20,290	53,176	16,246	42,677	40,330	112,161	35,783	96,669
FINANCE INCOME (COSTS)	23	(8,748)	(28,121)	(8,302)	(26,764)	(19,083)	(60,473)	(16,785)	(52,218)
OPERATING INCOME (LOSS) BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES		11,542	25,055	7,944	15,913	21,247	51,688	18,998	44,451
INCOME AND SOCIAL CONTRIBUTION TAXES CURRENT AND DEFERRED	24	2,834	8,803	3,278	7,681	(4,521)	(11,669)	(5,390)	(13,480)
NET INCOME FOR THE PERIOD		14,376	33,858	11,222	23,594	16,726	40,019	13,608	30,971
ATTRIBUTABLE TO CONTROLLING SHAREHOLDERS						14,376	33,858	11,222	23,594
ATTRIBUTABLE TO NONCONTROLLING SHAREHOLDERS						2,350	6,161	2,386	7,377
BASIC EARNINGS PER SHARE - R\$	20					0.122	0.287	0.095	0.199
DILUTED EARNINGS PER SHARE – R\$	20					0.121	0.286	0.095	0.199

The notes are an integral part of the interim financial information.

CENTRO DE IMAGEM DIAGNÓSTICOS S.A. AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED SEPTEMBER 30, 2019 AND 2018

(In thousands of reais - R\$)

	Parent Company				Consolidated			
	09/30/2019	09/30/2019	09/30/2018	09/30/2018	09/30/2019	09/30/2019	09/30/2018	09/30/2018
	Quarter	Nine months	Quarter	Nine months	Quarter	Nine months	Quarter	Nine months
NET INCOME FOR THE YEAR	14,376	33,858	11,222	23,594	16,726	40,019	13,608	30,971
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS OF SUBSEQUENT YEARS:								
Fair value of hedge accounting financial instrument, net of taxes	(130)	(318)	203	188	(110)	(284)	203	235
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>14,246</u>	<u>33,540</u>	<u>11,425</u>	<u>23,782</u>	<u>16,616</u>	<u>39,735</u>	<u>13,811</u>	<u>31,206</u>
ATTRIBUTABLE TO CONTROLLING SHAREHOLDERS					<u>14,246</u>	<u>33,540</u>	<u>11,425</u>	<u>23,782</u>
ATTRIBUTABLE TO NONCONTROLLING SHAREHOLDERS					<u>2,370</u>	<u>6,195</u>	<u>2,386</u>	<u>7,424</u>

The notes are an integral part of the interim financial information.

CENTRO DE IMAGEM DIAGNÓSTICOS S.A. AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED SEPTEMBER 30, 2019 AND 2018
(In thousands of reais - R\$)

	Note	Share Capital			Capital reserves					Income reserves					Total controlling shareholders	Noncontrolling interests	Total
		Subscribed	Unpaid	Share issue costs	Restricted shares	Equity instruments from business combinations	Other capital reserves	Goodwill - transactions with shareholders	Treasury shares	Legal reserve	Investment reserve	Additional dividends proposed	Retained earnings (accumulated losses)	Other comprehensive income			
BALANCES AT DECEMBER 31, 2017		635,373	(436)	(22,525)	4,793	616,673	(90)	(1,154)	(1,954)	-	-	-	(11,220)	-	1,219,460	50,796	1,270,256
Restricted shares	18	-	-	-	3,172	-	-	-	-	-	-	-	-	-	3,172	-	3,172
Hedge accounting	18	-	-	-	-	-	-	-	-	-	-	-	188	188	47	235	
Acquisition of noncontrolling interests	2	-	-	-	-	-	-	2,699	-	-	-	-	-	2,699	(15,839)	(13,140)	
Net income for the period		-	-	-	-	-	-	-	-	-	-	23,594	-	23,594	7,377	30,971	
Other changes in noncontrolling interests		-	-	-	-	-	-	-	-	-	-	-	-	-	(1,050)	(1,050)	
BALANCES AT SEPTEMBER 30, 2018		635,373	(436)	(22,525)	7,965	616,673	(90)	1,545	(1,954)	-	-	-	12,374	188	1,249,113	41,331	1,290,444
BALANCES AT DECEMBER 31, 2018		635,373	(436)	(22,525)	4,112	616,673	(50)	1,545	(38)	2,004	16,863	3,284	-	141	1,256,946	42,766	1,299,712
Restricted shares	20	-	-	-	1,984	-	-	-	-	-	-	-	-	-	1,984	-	1,984
Acquisition of treasury shares	20	-	-	-	-	-	-	(1,085)	-	-	-	-	-	-	(1,085)	-	(1,085)
Payment of restricted shares	20	-	-	-	(1,216)	-	11	879	-	-	-	-	-	-	(326)	-	(326)
Dividends distributed	20	-	-	-	-	-	-	-	-	-	(3,284)	-	-	(3,284)	(10,668)	(13,952)	
Net income for the period		-	-	-	-	-	-	-	-	-	-	33,858	-	33,858	6,161	40,019	
Hedge accounting	26	-	-	-	-	-	-	-	-	-	-	-	(318)	(318)	34	(284)	
Acquisition of noncontrolling interests	9	-	-	-	-	-	-	132	-	-	-	-	-	132	(382)	(250)	
Other changes in noncontrolling interests		-	-	-	-	-	-	-	-	-	-	-	-	-	(1,062)	(1,062)	
BALANCES AT SEPTEMBER 30, 2019		635,373	(436)	(22,525)	4,880	616,673	(39)	1,677	(244)	2,004	16,863	-	33,858	(177)	1,287,907	36,849	1,324,756

The notes are an integral part of the interim financial information.

CENTRO DE IMAGEM DIAGNÓSTICOS S.A. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED SEPTEMBER 30, 2019 AND 2018

(In thousands of reais - R\$)

	Parent Company		Consolidated	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period	33,858	23,594	40,019	30,971
Adjustments to reconcile net income for the period to net cash from operating activities:				
Depreciation and amortization	19,146	14,312	88,467	66,057
Restricted shares recognized	1,984	3,172	1,984	3,172
Residual value of fixed assets written off	366	-	597	69
Financial charges and exchange differences	36,063	29,918	65,779	47,885
Income (loss) from derivative financial instruments	(7,521)	(542)	(12,167)	(2,899)
Restatement of concession financial assets	-	-	(19,313)	(19,963)
Equity results from subsidiaries	(60,517)	(52,552)	(12,916)	(10,812)
Loss on disproportionate dividends	8,167	8,306	-	-
Allowance for doubtful accounts, net	763	234	6,351	9,220
Provisions for contingencies	(909)	791	(911)	142
Deferred PIS/COFINS/ISSQN	-	-	181	3
Deferred taxes	(8,803)	(7,681)	(4,241)	560
Decrease (increase) in operating assets:				
Trade receivables	(4,508)	(335)	(1,038)	(31,621)
Inventories	(699)	(106)	(2,249)	(295)
Other assets	2,008	(1,301)	(6,803)	(18,051)
Concession financial assets	-	-	(1,067)	(1,406)
Increase (decrease) in operating liabilities:				
Trade payables	(2,374)	(4,097)	(5,453)	(1,369)
Suppliers - reverse factoring	-	-	-	(11,652)
Payroll, social charges and social security obligations	(1,088)	(2,140)	6,262	(360)
Tax obligations and taxes in installments	(257)	(101)	12,797	15,688
Other liabilities	(281)	2,021	(3,181)	2,438
Income taxes and social contribution paid	-	-	(11,812)	(4,660)
Dividends and interest on invested equity received from subsidiaries	62,575	37,254	10,703	9,800
Net cash provided by operating activities	77,973	50,747	151,989	82,917
CASH FLOW FROM INVESTING ACTIVITIES				
Short-term investments	-	(58)	-	1,370
Acquisition of subsidiaries, net of cash received	(4,680)	(6,869)	(5,062)	(40,799)
Transactions with related parties	42,642	109,260	3,012	6,051
Additions to investments	(66,606)	(142,724)	-	-
Acquisition of property and equipment and intangible assets	(12,561)	(11,684)	(54,036)	(61,177)
Net cash used in investing activities	(41,205)	(52,075)	(56,086)	(94,555)
CASH FLOW FROM FINANCING ACTIVITIES				
Acquisition/disposal of treasury shares	(1,085)	-	(1,085)	-
Dividends paid	(10,000)	-	(20,668)	-
Loans and debentures raised, net	481,794	86,901	562,151	186,913
Interest paid	(23,039)	(31,536)	(43,755)	(47,456)
Repayment of loans, financing, derivatives and leases	(460,408)	(62,310)	(568,283)	(172,446)
Net cash used in financing activities	(12,738)	(6,945)	(71,640)	(32,989)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	24,030	(8,273)	24,263	(44,627)
CASH AND CASH EQUIVALENTS				
At beginning of period	11,346	8,389	73,165	91,597
At end of period	35,376	116	97,428	46,970
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	24,030	(8,273)	24,263	(44,627)

The notes are an integral part of the interim financial information.

CENTRO DE IMAGEM DIAGNÓSTICOS S.A. AND SUBSIDIARIES

STATEMENTS OF VALUE ADDED FOR THE PERIODS ENDED SEPTEMBER 30, 2019 AND 2018
(In thousands of reais - R\$)

	Parent Company		Consolidated	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
REVENUE				
Revenue from services rendered	86,810	75,130	875,922	884,471
Other revenue	44,415	47,184	539	1,382
Revenue from construction of own assets	662	300	3,514	9,444
Reversal (set-up) of allowance for doubtful accounts	(763)	(234)	(6,351)	(9,220)
INPUTS ACQUIRED FROM THIRD PARTIES				
Cost of services	(31,169)	(29,314)	(303,626)	(309,167)
Materials, electricity, outsourced services, among others	(26,580)	(24,325)	(108,701)	(108,693)
GROSS VALUE ADDED				
	73,375	68,741	461,297	468,217
Depreciation and amortization	(19,146)	(14,312)	(88,467)	(66,057)
NET VALUE ADDED				
	54,229	54,429	372,830	402,160
VALUE ADDED RECEIVED IN TRANSFER				
Equity results from subsidiaries	60,517	52,552	12,916	10,812
Finance income	27,667	8,960	49,960	12,969
TOTAL VALUE ADDED TO BE DISTRIBUTED				
	142,413	115,941	435,706	425,941
VALUE ADDED DISTRIBUTED				
	142,413	115,941	435,706	425,941
Personnel				
Direct compensation	33,240	35,604	133,259	140,881
Benefits	7,910	7,292	29,041	27,578
Unemployment Compensation Fund (FGTS)	2,148	2,060	9,341	10,021
Taxes, charges and contributions				
Federal	4,534	3,428	81,646	82,019
Local	2,997	2,341	23,516	23,021
Debt remuneration				
Interest	47,322	34,559	89,930	60,861
Leases	2,385	5,898	9,078	46,344
Other	8,019	1,165	19,876	4,245
Equity remuneration				
Net income for the period	33,858	23,594	33,858	23,594
Noncontrolling interests	-	-	6,161	7,377

The notes are an integral part of the interim financial information.

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information

Period ended September 30, 2019

(In thousands of reais - R\$, unless otherwise stated)

1. Operations

Centro de Imagem Diagnósticos S.A. (the “Company” or the “Group”) is a publicly-held corporation established on August 5, 1992 in Belo Horizonte, state of Minas Gerais. The Company is currently headquartered in the city of São Paulo, at Rua Marselhesa, 500, Bairro Vila Mariana – SP.

The Company and its subsidiaries are engaged in the provision of diagnostic medicine services, including: (i) imaging diagnosis and chart-based diagnosis; (ii) nuclear medicine and cytology; (iii) pathological anatomy; and (iv) clinical tests, directly or outsourcing specialized medical companies and contracted laboratories, and other subsidiary diagnosis support services.

The Company and its subsidiaries are also engaged in the performance of activities related to: (i) the import, for own use, of medical and hospital equipment, diagnosis kits, and related goods in general; (ii) health consulting, advisory, courses and lectures, and the provision of services intended to promote health and the management of chronic diseases; (iii) scientific and technologic research and development related to diagnostic medicine; (iv) preparation, issue, publication and distribution of newspapers, books, magazines, periodicals and any other media for the dissemination of scientific knowledge or activities within the Company’s core business; and (v) grant and management of business franchises. The Company can also hold interests in other entities, either as a partner, member or shareholder.

The Company had 107 units in the period ended September 30, 2019, as follows:

Trademarks	State	Number of units
CDB	São Paulo	21
Axial	Minas Gerais	17
Grupo CO	Mato Grosso do Sul	13
RBD	Bahia	11
Delfin	Bahia, Rio Grande do Norte e Paraíba	7
Cedimagem	Minas Gerais e Rio de Janeiro	7
Grupo CSD	Pará	6
Plani	São Paulo	6
São Judas Tadeu	Minas Gerais	4
Nuclear Medcenter	Minas Gerais	4
CDI	Espirito Santo	4
Multiscan	Espirito Santo	3
Pro Imagem	São Paulo	2
Sabedotti	Paraná	2

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information

Period ended September 30, 2019

(In thousands of reais - R\$, unless otherwise stated)

2. Preparation and presentation of interim financial information, and summary of significant accounting practices

2.1. Presentation of interim financial information

a) Statement of compliance and basis of preparation

The interim financial information was prepared and is presented in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and accounting practices adopted in Brazil, which comprise those included in Brazilian corporation law and the pronouncements, guidance and interpretations issued by the Brazilian Accounting Pronouncements Committee ("CPC") and approved by the Brazilian Federal Accounting Council ("CFC"). Additionally, the management considered the guidance from OCPC 07 in preparing its interim financial statements. As such, relevant information from the financial statements is evidenced and corresponds to that used by management for management purposes.

The interim financial information was prepared based on historical cost, unless otherwise stated, as described in the accompanying notes. The historical cost is generally based on the fair value of the consideration paid in exchange for assets.

The Parent Company financial statements were prepared in accordance with the accounting practices adopted in Brazil. In the Company's case, considering the separate financial statements, these practices differ from the IFRS only with respect to the capitalization of interest incurred by the Parent Company with regard to the subsidiaries' assets under construction. For purposes of IFRS, such capitalization is only allowed in the consolidated financial information, and not in the Parent Company financial information.

The preparation of the interim financial information requires that management make judgments and adopt assumptions and estimates that affect the application of the policies and the disclosed amounts of assets and liabilities, revenues and expenses. These estimates and assumptions are based on historical experience and various other factors that are assumed to be reasonable by virtue of the circumstances. Actual results may differ from the amounts estimated.

Considering that no difference was recorded between Parent Company and consolidated equity and P&L attributed to the Company's shareholders, as indicated in the consolidated interim financial statements prepared under IFRS and accounting practices adopted in Brazil, and the Company's equity and P&L stated in the Parent Company interim financial statements prepared under IFRS and accounting practices adopted in Brazil, the Company decided to present such Parent Company and consolidated interim financial information in a single set, side by side.

b) Relationship between Notes disclosed in the Full Annual Financial Statements and the Interim Financial Information:

Except for the changes resulting from the first-time adoption of IFRS 16 in 2019, the interim financial information was prepared in accordance with the principles, practices and criteria consistent with those adopted in the preparation of the annual financial statements as at December 31, 2018. Accordingly, these interim financial statements should be read jointly with said financial statements, approved by management on March 19, 2019.

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information

Period ended September 30, 2019

(In thousands of reais - R\$, unless otherwise stated)

2.2. New standards, amendments to and interpretations of accounting standards issued by IASB and CPC

The standards below became effective as of January 1, 2019:

CPC 06 (R2)/IFRS 16 - Leases

Upon introduction of IFRS 16, the lessees have to recognize a right to use a leased item and a liability to make future payments for virtually all leases, including operating leases. The aforementioned accounting standard establishes the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. customers (lessees) and suppliers (lessors). IFRS 16 recognition exemptions can be applied to short-term or low-value leases.

Management has elected to apply IFRS 16 using a modified retrospective approach in relation to the definition of lease agreements at the date of transition. Therefore, the lease liability was measured at the present value of the remaining lease payments, discounted by the incremental borrowing rate at the date of initial application. The right of use asset at the date of initial application for leases previously classified as operating leases was recognized at an amount equivalent to the lease liability, adjusted for the amount of any advanced or accumulated lease payments relating to that lease that has been recognized in the statement of financial position immediately before the date of initial adoption.

When assessing lease agreements in effect at January 1, 2019, management elected to use the IFRS 16 recognition exemptions for short-term and/or low-value leases for the purpose of analyzing accounting information. Management also found that the balances related to finance lease agreements recorded in accordance with the previous accounting practice did not involve asset and liability balances. Accordingly, the Company applied the provisions of said accounting standard on the lease agreements of properties intended for business operations and for administrative services, the terms and conditions of which were negotiated individually.

The impact of the initial adoption of IFRS 16 on the Company's assets and liabilities were presented, respectively, in Notes 12 and 16. The financial expenses arising from the minimum payments to present value are recognized in the statement of profit or loss over the lease term. The right of use asset is depreciated according to the lease term under the straight-line method. Thus, the balances recognized in P&L before Company's income taxes as of September 30, 2019 were as follows:

	Parent Company		Consolidated	
	09/30/2019	09/30/2019	09/30/2019	09/30/2019
	Quarter	Nine months	Quarter	Nine months
Depreciation (Note 12)	(1,420)	(4,325)	(9,389)	(27,478)
Lease interest (Note 16)	(442)	(1,333)	(5,012)	(15,510)
	(1,862)	(5,658)	(14,401)	(42,988)

As a result of adoption of IFRS 16, pre-tax income in the nine-month period ended September 30, 2019 was lower by R\$495 in the Parent Company information and by R\$6,793 in the Consolidated information, since the recognition of lease expenses according to the previous standard would total R\$5,163 the Parent Company information and R\$36,195 in the Consolidated information.

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information
Period ended September 30, 2019
(In thousands of reais - R\$, unless otherwise stated)

ICPC 22 – Uncertainty over Income Tax Treatments

ICPC 22 describes how to determine an accounting and tax position when there is uncertainty over income tax treatments. The interpretation requires the Companies to:

- Determine whether uncertain tax positions are evaluated separately or together as a group; and
- Assess whether it is probable that the taxation authority will accept an uncertain tax treatment or proposal for its use, by an entity, in its income tax returns:
 - If given a positive response by the taxation authority, the Company should determine its tax and accounting position in line with the tax treatment used or to be used in its income tax returns.
 - If not, the Company should reflect the effect of the uncertainty in determining its accounting and tax position.

The Company analyzed the standard and did not identify any material impact resulting from its adoption.

In management's opinion, there are no other standards (CPC/IFRS) and interpretations (ICPC/IFRIC) issued and not yet adopted that may have significant impact on net income or equity disclosed by the Company.

3. Cash and cash equivalents

	Parent Company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Cash and banks	4,171	1,337	32,680	25,822
Short-term investments	31,205	10,009	64,748	47,343
Total	35,376	11,346	97,428	73,165

Short-term investments are readily convertible into a known amount of cash and are subject to an insignificant risk of change in value. These short-term investments refer to Bank Deposit Certificates (CDBs) and repurchase agreements. At September 30, 2019, short-term investments yield interest ranging from 78% to 98.7% of the Interbank Deposit Certificate (CDI) fluctuation.

4. Marketable securities

	Parent Company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Bank Deposit Certificate (CDB)	2,794	2,712	2,794	2,712
Total	2,794	2,712	2,794	2,712

Repurchase agreements yield at 98% of the Interbank Deposit Certificate (CDI) and can be redeemed after ninety days. These investments are considered Company's investing activities and related to contingency guarantees.

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information
 Period ended September 30, 2019
 (In thousands of reais - R\$, unless otherwise stated)

5. Trade receivables

	Parent Company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Billed trade receivables	4,987	4,479	98,317	97,231
Unbilled revenue (*)	15,322	11,322	179,013	155,656
	20,309	15,801	277,330	252,887
Provision for losses on disallowances and allowance for doubtful accounts	(1,693)	(930)	(30,277)	(23,926)
Total	18,616	14,871	247,053	228,961

(*) At the end of the reporting period, the services provided and not yet billed are recorded as unbilled revenue.

The aging list of Trade receivables, net of provision for losses on disallowances and allowance for doubtful accounts, is as follows:

	Parent Company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Falling due	17,032	12,941	223,614	195,186
Overdue:				
Within 30 days	887	515	5,374	9,001
From 31 to 60 days	336	364	3,756	4,589
From 61 to 90 days	16	578	3,739	4,795
From 91 to 180 days	198	411	5,879	7,925
Above 180 days	147	62	4,691	7,465
Total	18,616	14,871	247,053	228,961

The Company and its subsidiaries have a certain degree of concentration in their customer portfolios, since in the period ended September 30, 2019, 34.7% of the total revenue was concentrated in the five major customers and the remaining amount was dispersed among various customers. Upon revenue recognition, the Company records a percentage of the disallowance estimated based on expectation of non-recovery of Trade receivables. Additionally, the Company recognizes allowance for doubtful accounts considering additional credit risk factors of Trade receivables, such as: i) allowance for 50% of the balance outstanding between 180 and 360 days and for 85% of the balance outstanding for more than 360 days; ii) allowance for 100% of the trade receivables being collected in courts; and iii) allowance for Trade receivables with an Parent Company analysis of nonrecurring events that require some sort of special rating.

Changes in provision for estimated losses on disallowances and allowance for doubtful accounts:

	Parent Company		Consolidated	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
Balance at beginning of period	(930)	(1,423)	(23,926)	(20,656)
(Provisions) Reversals and write-offs, net	(763)	(234)	(6,351)	(9,220)
Balance at end of period	(1,693)	(1,657)	(30,277)	(29,876)

6. Taxes recoverable

The balances of R\$5,090 and R\$43,744, Parent Company and Consolidated, respectively, at September 30, 2019 (R\$6,402 and R\$40,770, at December 31, 2018) refer mainly to withholding taxes on marketable securities and service invoices. Management understands that these amounts will be fully used in the short term.

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information
 Period ended September 30, 2019
 (In thousands of reais - R\$, unless otherwise stated)

7. Contingency reimbursement guarantee

At September 30, 2019, contingency reimbursement guarantees amount to R\$4,447 and R\$28,237, Parent Company and Consolidated, respectively (R\$22,795 and R\$50,576 at December 31, 2018).

The legal risks to which the Company and its subsidiaries are exposed are guaranteed by liability clauses set forth in the investment agreement entered into by their shareholders, which provide for the pledge of shares and/or reimbursement of the contingencies paid or assumed by the Company for events that occurred and/or existed before the subsidiaries' acquisition date.

Changes in contingency reimbursement guarantee are as follows:

	Parent Company		Consolidated	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
Balance at beginning of period	22,795	72,973	50,576	104,389
Additions	14	-	2,368	5,208
Reversals	(14)	(49)	(7,957)	(5,650)
Expiration, net of restatement (a)	(18,348)	(32,754)	(16,750)	(33,881)
Offset	-	(3,617)	-	(3,617)
Balance at end of period	4,447	36,553	28,237	66,449

(a) This balance corresponds to the expiration of legal risks identified in the business combination, since the facts that gave rise to such risk occurred more than five years ago.

8. Concession financial assets (Consolidated)

The financial assets consist basically of revenue from construction and infrastructure improvement services provided for in the concession agreement for the management and operation of imaging diagnosis support services entered into with the Bahia State Health Department (SESAB). These financial assets are recorded at fair value upon recognition based on the percentage-of-completion of the infrastructure implementation work. Financial assets are remunerated at the rate of 26.20% p.a.

The project has an imaging center and 11 hospital units, and started to operate on May 28, 2015. The agreement is effective for 11 years and 6 months, and can be amended, extended or reduced. After termination of the agreement, the improvements in the hospitals, as well as the machinery and equipment acquired during the concession term, will be owned by the State Government. Accordingly, these items were recorded as financial assets.

Changes in consolidated financial assets are as follows:

	09/30/2019	09/30/2018
Balance at beginning of period	110,948	113,840
Additions	1,067	1,406
Monetary restatement	19,313	19,963
Write-off (amounts received - construction)	(23,405)	(23,174)
Balance at end of period	107,923	112,035
Current assets	31,400	31,060
Noncurrent assets	76,523	80,975

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information
 Period ended September 30, 2019
 (In thousands of reais - R\$, unless otherwise stated)

9. Investments

Parent Company	09/30/2019	12/31/2018
Investments	668,414	613,706
Goodwill on investment acquisition	763,708	763,708
Total	1,432,122	1,377,414
Provision for losses on subsidiaries (*)	(5,643)	(5,270)

(*) This refers to investments with capital deficiency.

Composition of investments by interest

	09/30/2019	12/31/2018
Direct subsidiaries	Direct interest %	Direct interest %
Mastoclínica Participações Ltda (“Mastoclínica”)	100	100
Núcleo de Imagem Diagnósticos Ltda (“Axial Ouro Preto”)	99.92	99.92
Núcleo de Diagnóstico por Imagem Ltda (“Cedimagem Núcleo”)	100	100
Centro de Imagens Diagnósticas Ltda (“Cedimagem Centro”)	100	100
Veneza Diagnóstico por Imagem Ltda (“Cedimagem Veneza”)	100	100
Centro de Diagnóstico Cláudio Ramos Ltda (“Cedimagem Cláudio Ramos”)	100	100
DI Imagem Diagnóstico Integrado por Imagem Ltda (“DI Imagem Diagnóstico”)	100	100
DI Imagem Centro de Diagnóstico Integrado por Imagem Ltda (“DI Imagem Centro”)	100	100
DI Imagem I Unidade de Ultrassonografia Ltda (“DI Imagem I”)	100	100
DI Imagem II Unidade de Raio X S/S Ltda (“DI Imagem II”)	100	100
Unidade de Diagnósticos por Imagem de Dourados Ltda (“CO Dourados”)	100	100
Diagnósticos Conesul Ltda (“CO Conesul”)	100	100
Sonimed Nuclear S/S - EPP (“Sonimed Nuclear”)	100	100
Instituto Campo Grande Cintimed de Medicina Nuclear S/S (“Cintimed”)	100	100
SOM Diagnósticos Ltda (“Grupo Som”)	90	90
Nuclear Diagnóstico S/S Ltda (“Nuclear”)	84	84
RM Diagnóstico por Imagem Ltda (“RM Resende”)	100	100
RM Diagnóstico por Imagem Ltda (“RM Lafaiete”)	100	100
Sonimed Diagnósticos Ltda (“Sonimed”)	100	100
Unidade Campograndense de Diagnósticos Avançados (“Unic”)	45.29 (c)	45.29 (c)
Ideal Diagnósticos por Imagem (“Axial Ideal”)	90	90
Clínica Sabedotti Ltda (“Sabedotti”)	100	100
Alto São Francisco Diagnóstico por Imagem (“Axial Alto São Francisco”)	60	60
Instituto Mineiro de Radiodiagnósticos (“IMRAD”)	100	100
Pará de Minas Diagnóstico por Imagem Ltda (“Axial Pará de Minas”)	51	51
Sete Lagoas Diagnósticos por Imagem Ltda (“Axial Sete Lagoas”)	99	99
Serviços de Radiologia São Judas Tadeu Ltda (“São Judas Tadeu”)	100	100
Nuclear Medcenter Ltda EPP (“Nuclear Medcenter”)	100	100
Científica Tecnogama Ltda EPP (“Científica”)	100	100
Nucleminas Medicina Nuclear Ltda EPP (“Nucleminas”)	7.45 (c)	7.45 (c)
Centro de Diagnósticos por Imagem Ltda (“CDI Vitória”)	100	100
Centro de Diagnósticos por Imagem Ltda (“CDI Vila Velha”)	100	100
Três Rios Imagem Diagnóstico Ltda (“Cedimagem Três Rios”)	70	70
Rede Brasileira de Diagnósticos SPE S/A (“RBD”)	50	50
TKS Sistemas Hospitalares e Consultórios Médicos Ltda (“CDB”)	100	100
Clínica Delfin Gonzalez Miranda S/A (“Delfin”)	100	100
Radiologistas Associados Ltda (“Multiscan”)	6.54	6.54
Laboratório de Análises Clínicas São Lucas Ltda (“Laboratório São Lucas”)	100	100
RMTC Diagnósticos por Imagem LTDA (Teleradiologia)	100	100

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information

Period ended September 30, 2019

(In thousands of reais - R\$, unless otherwise stated)

	09/30/2019	12/31/2018
Indirect subsidiaries	Indirect interest %	Indirect interest %
Plani Diagnósticos Médicos Ltda (“Plani Diagnósticos”)	100	100
Imagem Centro de Diagnósticos Ltda (“Imagem Centro”)	100	100
Instituto de Diagnósticos Gold Imagem Ltda (“Instituto de Diagnósticos”)	100	100
Setra Prestação de Serviços Radiológicos Ltda (“Gold Setra”)	100	100
CDB Araras Medicina Diagnóstica por Imagem (“CDB Araras”)	68.85	68.85
Pró Imagem Ltda (“Pró Imagem”)	100	100
Pró Imagem Exames Complementares Ltda (“Pró Imagem Ex. Comp.”)	100	100
Unidade Mogiana de Diagnósticos por Imagem S/A (“UMDI”)	100	100
Rio Claro Medicina Diagnóstica Ltda (“CDB Rio Claro”)	100	100
Censo Imagem Diagnósticos Ltda (“Censo”)	51	51
Caraguatatuba Diagnósticos Médicos Ltda (“Caraguatatuba”)	- (b)	92.28
Plani Ressonância Ltda (“Plani Ressonância”)	100	100
Plani Jacareí Diagnósticos Médicos Ltda (“Plani Jacarei”)	100	100
Multilab Laboratório de Análises Clínicas Ltda (“Multilab”)	100	100
Radiologistas Associados Ltda (“Multiscan”)	93.46	93.46
Laboratório Biolab Ltda (“Biolab”)	99.99	99.99
Delfin Villas Diagnóstico Por Imagem Ltda (“Delfin Villas”)	99.99	99.99
Delfin Médicos Associados Ltda (“DMA”)	53.16	50.99
Delfin SAJ Médicos Associados Ltda (“Delfin SAJ”)	70.00	70.00
IDI – Instituto de Diagnóstico por Imagem Ltda (“Delfin IDI”)	56.00	56.00
Clin Clínica de Diagnostico por Imagem de Natal Ltda (“Delfin Natal”)	57.28	57.28
Delfin Bahia Diagnósticos por Imagem Ltda (“Delfin HBA”)	72.83	69.57
Ecoclínica Ltda (“Ecoclínica”)	99.47 (a)	99.47 (a)
Rede Brasileira de Diagnósticos SPE S/A (“RBD”)	30	30
Unidade Campograndense de Diagnósticos Avançados (“Unic”)	54.15	54.15
Nucleminas Medicina Nuclear Ltda EPP (“Nucleminas”)	92.55	92.55

Composition of goodwill on acquisition of investments

	09/30/2019	12/31/2018
CO Dourados	1,478	1,478
RM Diagnóstico-Resende	1,497	1,497
RM Diagnóstico-Lafaiete	1,081	1,081
Sonimed	3,748	3,748
Unic	1,386	1,386
SOM Diagnósticos	5,475	5,475
Sabedotti	2,536	2,536
Axial Ideal	283	283
Cintimed	232	232
Sonimed Nuclear	546	546
IMRAD	2,374	2,374
São Judas Tadeu	12,202	12,202
Grupo Gold	3,161	3,161
Ecoclínica	4,972	4,972
Imagem Centro de Diagnósticos	2,339	2,339
UMDI	37,035	37,035
Pro Imagem	13,460	13,460
Grupo Nuclear	3,591	3,591
Grupo CDI	11,210	11,210
Grupo CDB	476,636	476,636
Delfin	172,188	172,188
Multiscan	5,189	5,189
Laboratório São Lucas	1,089	1,089
	763,708	763,708

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information

Period ended September 30, 2019

(In thousands of reais - R\$, unless otherwise stated)

Changes in investments, appreciation and provision for losses on subsidiaries are as follows:

	09/30/2019	09/30/2018
Balance at beginning of period	608,436	544,640
Acquisition of investments (a)	-	368
Capital increase and future capital contribution	66,606	142,724
Dividends and interest on equity received	(62,575)	(37,254)
Share of profit (loss) on investments	60,517	52,552
Loss on disproportionate dividends	(8,167)	(8,306)
Amortization of appreciation	(1,451)	(1,629)
Hedge accounting - subsidiaries	(109)	188
Other	(486)	2,022
Balance at end of period	662,771	695,305

- (a) In January 2018, the Parent Company acquired the equity interest of noncontrolling shareholder Ecoclínica, and became the holder of 99.47% equity interest in the investee. This transaction added R\$368 to investments.
- (b) The investee Caraguatatuba Diagnósticos Médicos Ltda. was merged by Plani Jacarei Diagnósticos Médicos Ltda.
- (c) In the fourth quarter of 2018, the Parent Company made new transfers of direct investments to other subsidiaries for the purpose of strengthening the brands in other regions. The transfers were carried out at the book value of the companies as at November 30, 2018 at the amounts shown in the table below. These transactions had no economic and/or financial impact on the consolidated financial statements as at December 31, 2018.

Investees	12/31/2018
Unic	3,922
Nucleminas	2,744
Ecoclínica	5,788
Total	12,454

Consolidated	09/30/2019	12/31/2018
Investments (i)	8,838	6,625
Total	8,838	6,625

- (i) This balance refers to the investment of Delfin Bahia Diagnósticos por Imagem ("Delfin HBA"), a company of the Delfin group, which holds equity interest in a company through a Silent Partnership with Hospital da Bahia for the provision of imaging diagnosis services.

Changes in investments in Consolidated are as follows:

	09/30/2019	09/30/2018
Balance at beginning of period	6,625	5,364
Equity pickup	12,916	10,812
Dividends received	(10,703)	(9,800)
Balance at end of period	8,838	6,376

Acquisitions of equity interest

In 2019 Delfin acquired the equity interest of the noncontrolling shareholder of Delfin Bahia, thus increasing its equity interest in 3.26%. The amount of the obligation assumed as a result of the transaction was R\$250. Also, in the first quarter of 2019, a noncontrolling shareholder of DMA left the company, and thus CID increased its indirect interest by 2.17%.

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information

Period ended September 30, 2019

(In thousands of reais - R\$, unless otherwise stated)

On March 1, 2018, Clínica Delfin acquired 5,387,730 (five million, three hundred and eighty-seven thousand, seven hundred and thirty) common shares of Rede Brasileira de Diagnósticos S.A (RBD), representing 30% of its capital. The total amount of the acquisition was R\$12,500, of which R\$6,250 was paid in cash and the remaining amount was paid in 6 months, restated by reference to the Interbank Deposit Certificate (CDI) rate.

Prior to this acquisition, Alliar Group already had control over RBD, by holding direct interest in the Company, with 50.1% of the capital stock. Therefore, after the acquisition of noncontrolling interest by Delfin, Alliar Group now holds 80.1% interest in the capital of RBD.

In November 2018, Clínica Delfin acquired 99.47% interest in the capital of Ecoclínica, which had been acquired by Parent Company CID in January 2018.

Since these were acquisitions of noncontrolling interests in companies over which the Company had control, they were treated as transactions with shareholders, as established by ICPC 09.

Financial information of the Alliar Group

The main balances of the consolidated groups presented before the eliminations and reclassifications for consolidation purposes were:

	09/30/2019										
	Axial Group (a)	CO Group (b)	Cedimagem Group (c)	Sabedotti	CSD Group (d)	São Judas	Nuclear Group (e)	RBD	CDI Group (f)	CDB Group	Delfin Group
Assets											
Current	112,656	28,070	31,741	5,381	18,934	3,027	12,136	35,785	24,409	207,735	51,139
Noncurrent	1,825,783	53,385	40,989	13,969	20,635	7,980	7,225	109,501	162,602	603,199	166,121
Liabilities and equity											
Current	180,389	16,620	20,927	1,688	5,740	782	3,179	42,386	10,255	172,468	74,914
Noncurrent	445,860	14,192	9,466	3,064	5,603	3,047	2,698	33,977	52,167	240,541	49,985
Equity	1,312,190	50,643	42,337	14,598	28,226	7,178	13,484	68,923	124,589	397,925	92,361
Statement of profit or loss											
Net revenue	92,921	33,330	40,120	11,256	31,470	7,092	6,913	74,590	45,292	405,661	67,416
Income (loss) for the year	35,460	1,601	8,342	343	6,212	599	221	12,582	18,478	45,823	11,110
Net income (loss) *	(25,242)	2,010	8,342	343	5,176	599	354	12,582	8,735	22,624	4,496
Net income (loss) after equity pickup effect.											

	12/31/2018										
	Axial Group (a)	CO Group (b)	Cedimagem Group (c)	Sabedotti	CSD Group (d)	São Judas	Nuclear Group (e)	RBD	CDI Group (f)	CDB Group (g)	Delfin Group (h)
Assets											
Current	75,800	24,969	32,961	4,613	17,235	3,671	10,974	34,683	20,879	169,422	67,360
Noncurrent	1,780,061	44,638	28,770	10,964	17,159	5,255	3,936	112,599	144,945	446,998	135,321
Liabilities and equity											
Current	173,303	19,738	21,528	1,021	4,027	1,722	3,145	36,221	9,401	151,041	57,446
Noncurrent	400,151	5,763	2,273	382	3,010	512	310	49,498	44,679	121,139	38,132
Equity	1,282,407	44,106	37,930	14,174	27,357	6,692	11,455	61,563	111,744	344,240	107,103

	09/30/2018																
	Axial Group (i)	CO Group (j)	Plani Group (k)	Cedimag em (l)	Sabedotti	CSD Group (m)	IMRAD	São Judas	Gold Group (n)	Ecoclínica	UMDI	PRO Group (o)	Nuclear Group (p)	RBD	CDI Group (q)	CDB Group	Delfin Group (r)
Statement of profit or loss																	
Net revenue	81,256	35,985	40,177	39,607	11,459	31,336	1,761	9,017	14,322	2,987	20,877	14,950	7,311	73,702	48,187	296,775	92,234
Income (loss) for the period	27,965	3,310	14,226	8,793	559	4,816	(731)	1,447	3,303	(2,744)	(1,134)	2,896	254	10,022	13,272	11,869	18,159
Net income (loss) *	(24,750)	3,801	11,627	8,793	559	4,128	(731)	1,447	3,303	(2,744)	(1,134)	2,896	254	10,022	6,330	(4,335)	11,505
*Net income (loss) after equity pickup effect.																	

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information

Period ended September 30, 2019

(In thousands of reais - R\$, unless otherwise stated)

At September 30, 2019 and December 31, 2018, the groups comprised the following companies:

- (a) Parent Company, Axial Ouro Preto, Mastoclinica, Axial Alto São Francisco, Axial Ideal, Axial Pará de Minas, IMRAD, and Laboratório São Lucas.
- (b) DI Imagem Diagnóstico, DI Imagem Centro, DI Imagem I, DI Imagem II, CO Dourados, CO Conesul, Sonimed, UNIC, Sonimed Nuclear, Cintimed, and Multilab.
- (c) Cedimagem Cláudio Ramos, Cedimagem Centro, Cedimagem Núcleo, Cedimagem Veneza, RM Lafaiete, RM Resende, and Cedimagem Três Rios.
- (d) Som Group, Nuclear, and Censo.
- (e) Nuclear Medcenter, Científica, and Nucleminas.
- (f) Multiscan and Multiscan Campo Grande, CDI Vitória, CDI Vila Velha, and Biolab.
- (g) CDB, Rio Claro Medicina Diagnóstica, Araras Medicina Diagnóstica, UMDI, Imagem Centro e Gold Setra, Instituto de Diagnósticos, Plani Diagnósticos, Caraguatatuba, Plani Ressonância e Plani Jacareí, Pró Imagem Ex. Comp., and Pró Imagem.
- (h) Delfin, Delfin Villas, DMA, Delfin IDI, Delfin SAJ, Delfin HBA, Delfin Natal, and Ecoclínica.

At September 30, 2018, the groups comprised the following companies:

- (i) Parent Company, Mastoclinica, Nucleo de Imagem, Ideal Diagnósticos, Alto São Francisco, Pará de Minas, and Laboratório São Lucas.
- (j) DI Imagem Centro, DI Imagem Diagnóstico, DI Imagem Raio X, DI Imagem Ultrassonografia, Conesul, Dourados, Unic, Sonimed, Sonimed Nuclear, Cintimed, and Multilab.
- (k) Plani Diagnóstico, Plani Ressonância, Plani Jacareí, CDB Araras, and Caraguatatuba.
- (l) Centro Cláudio Ramos, Núcleo de Diagnóstico, Núcleo de Imagem, Veneza Diagnóstico, RM Diagnóstico - Lafaiete and RM Diagnóstico - Resende.
- (m) SOM Diagnósticos, Nuclear, and Censo.
- (n) Imagem Centro, Instituto de Diagnóstico, Setra, and Gold Imagem Diagnósticos.
- (o) Pró Imagem and Pró Exames.
- (p) Nuclear Medcenter, Científica, and Nucleminas.
- (q) Multiscan and Multiscan Campo Grande, CDI Vitória, CDI Vila Velha, and Biolab.
- (r) Delfin, Delfin Villas, DMA, Delfin IDI, Delfin SAJ, Delfin HBA, and Delfin Natal.

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information

Period ended September 30, 2019

(In thousands of reais - R\$, unless otherwise stated)

10. Property and equipment

Property and equipment are broken down as follows:

Parent Company	09/30/2019			12/31/2018
	Average annual depreciation rate %	Cost	Accumulated depreciation	Net amount
Property and equipment:				
Leasehold improvements	4	33,800	(7,852)	25,948
Machinery and equipment	9	118,989	(65,906)	53,083
Furniture and fixtures	10	2,487	(984)	1,503
IT equipment	20	6,126	(4,563)	1,563
Facilities	10	570	(524)	46
Vehicles		139	(83)	56
Advances to suppliers		8,423	-	8,423
Total		170,534	(79,912)	90,622

Consolidated	09/30/2019			12/31/2018
	Average annual depreciation rate %	Cost	Accumulated depreciation	Net amount
Property and equipment:				
Leasehold improvements	4	197,422	(37,621)	159,801
Machinery and equipment	9	658,501	(335,503)	322,998
Furniture and fixtures	10	33,692	(22,164)	11,528
IT equipment	20	39,457	(27,507)	11,950
Facilities	10	8,380	(5,124)	3,256
Vehicles		686	(585)	101
Advances to suppliers		8,939	-	8,939
Total		947,077	(428,504)	518,573

Changes in Property and equipment for the periods ended September 2019 and 2018:

Parent Company	Balance at 12/31/2018	Additions	Write-offs	Depreciation	Balance at 09/30/2019
Leasehold improvements	26,228	662	-	(942)	25,948
Machinery and equipment	54,146	6,928	(333)	(7,658)	53,083
Furniture and fixtures	1,563	118	-	(178)	1,503
IT equipment	1,724	399	(32)	(528)	1,563
Facilities	51	1	-	(6)	46
Vehicles	68	-	(1)	(11)	56
Advances to suppliers	8,423	-	-	-	8,423
Total	92,203	8,108	(366)	(9,323)	90,622

Parent Company	Balance at 12/31/2017	Additions	Write-offs	Depreciation	Balance at 09/30/2018
Leasehold improvements	27,071	376	-	(927)	26,520
Machinery and equipment	54,966	7,258	-	(8,390)	53,834
Furniture and fixtures	1,731	26	-	(173)	1,584
IT equipment	1,810	309	-	(517)	1,602
Facilities	73	-	-	(20)	53
Advances to suppliers	8,418	5	-	-	8,423
Total	94,069	7,974	-	(10,027)	92,016

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information

Period ended September 30, 2019

(In thousands of reais - R\$, unless otherwise stated)

Consolidated	Balance at 12/31/2018	Additions	Write-offs	Depreciation	Balance at 09/30/2019
Leasehold improvements	160,567	5,576	(172)	(6,170)	159,801
Machinery and equipment	325,159	40,303	(362)	(42,102)	322,998
Furniture and fixtures	12,805	510	(18)	(1,769)	11,528
IT equipment	13,636	2,477	(44)	(4,119)	11,950
Facilities	3,775	1	-	(520)	3,256
Vehicles	139	-	(1)	(37)	101
Advances to suppliers	8,939	-	-	-	8,939
Total	525,020	48,867	(597)	(54,717)	518,573

Consolidated	Balance at 12/31/2017	Additions	Transfers	Depreciation	Balance at 09/30/2018
Leasehold improvements	158,825	10,271	(2,112)	(6,226)	160,758
Machinery and equipment	328,824	43,599	1,363	(47,095)	326,691
Furniture and fixtures	11,685	598	2,487	(1,762)	13,008
IT equipment	19,573	1,199	(1,653)	(4,618)	14,501
Facilities	4,411	-	32	(509)	3,934
Vehicles	220	-	(117)	(28)	75
Advances to suppliers	8,985	-	-	-	8,985
Total	532,523	55,667	-	(60,238)	527,952

11. Intangible assets

The breakdown of intangible assets is as follows:

Parent Company	09/30/2019			12/31/2018
	Annual amortization rate %	Cost	Accumulate d amortization	Net amount
Right-of-use - software	20	41,933	(11,177)	30,756
Intangible assets in progress		8,614	-	8,614
Total		50,547	(11,177)	39,370

Consolidated	09/30/2019			12/31/2018
	Annual amortization rate %	Cost	Accumulated amortization	Net amount
Goodwill on business combination		844,768	-	844,768
Right-of-use - software	20	73,865	(32,759)	41,106
Intangible assets in progress		13,767	-	13,767
Other		11,182	-	11,182
Trademarks		55,313	-	55,313
Total		998,895	(32,759)	966,136

Changes in intangible assets for the periods ended September 2019 and 2018 are as follows:

Parent Company	Balance at 12/31/2018	Additions	Amortization	Transfers	Balance at 09/30/2019
Right-of-use - software	32,711	1,497	(3,452)	-	30,756
Intangible assets in progress	5,658	2,956	-	-	8,614
Total	38,369	4,453	(3,452)	-	39,370

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information

Period ended September 30, 2019

(In thousands of reais - R\$, unless otherwise stated)

Parent Company	Balance at 12/31/2017	Additions	Amortization	Transfers	Balance at 09/30/2018
Right-of-use - software	19,382	3,183	(2,656)	12,235	32,144
Intangible assets in progress	16,554	527	-	(12,235)	4,846
Other	352	-	-	-	352
Total	36,288	3,710	(2,656)	-	37,342

Consolidated	Balance at 12/31/2018	Additions	Amortization	Transfers	Write-offs	Balance at 09/30/2019
Goodwill on business combination	844,768	-	-	-	-	844,768
Right-of-use - software	45,706	1,672	(6,272)	-	-	41,106
Intangible assets in progress	10,270	3,497	-	-	-	13,767
Other	11,182	-	-	-	-	11,182
Trademarks	55,313	-	-	-	-	55,313
Total	967,239	5,169	(6,272)	-	-	966,136

Consolidated	Balance at 12/31/2017	Additions	Amortization	Transfers	Write-offs	Balance at 09/30/2018
Goodwill on business combination	844,768	-	-	-	-	844,768
Right-of-use - software	28,333	3,837	(5,819)	19,836	(69)	46,118
Intangible assets in progress	27,353	1,672	-	(19,836)	-	9,189
Other	11,182	-	-	-	-	11,182
Trademarks	55,313	-	-	-	-	55,313
Total	966,949	5,509	(5,819)	-	(69)	966,570

12. Right-of-use

Changes in the right-of-use relating to lease agreements are as follows:

	Parent Company	Consolidated
Balance at beginning of period	-	-
First-time adoption of IFRS 16 / CPC 06 (R2)	23,952	237,975
Additions	550	1,279
Remeasurement	(1,039)	9,432
Depreciation	(4,325)	(27,478)
Write-offs	-	(2,501)
Balance at end of period	19,138	218,707

According to the term of the property lease agreements, the average annual depreciation rate is 15% p.a.

13. Trade payables

These mainly comprise suppliers of IT materials, services, medical examination materials, machinery and equipment and infrastructure works. At September 30, 2019, the balances total R\$6,673 and R\$55,350, Parent Company and Consolidated, respectively (R\$9,047 and R\$60,803 at December 31, 2018).

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information

Period ended September 30, 2019

(In thousands of reais - R\$, unless otherwise stated)

14. Payroll, social charges and social security obligations

	Parent Company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Payroll, social charges and social security obligations	11,668	9,460	49,338	39,528
Provision for bonuses	24	3,320	395	3,943
Total	11,692	12,780	49,733	43,471

15. Loans, financing and debentures

	Parent Company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
<u>Domestic currency</u>				
Working capital	-	89,289	8,439	171,488
Equipment lease and financing	165	54,398	20,355	81,452
Promissory notes	-	14,664	-	14,667
Debentures	364,395	276,275	364,395	276,275
Bank guarantees	-	26	-	59
(-) Funding costs	(7,465)	(7,377)	(7,947)	(8,148)
Subtotal	357,095	427,275	385,242	535,793
<u>Foreign currency</u>				
Working capital	135,625	25,958	252,641	62,382
Equipment lease and financing	562	747	4,404	7,343
Bank guarantees	21	4	35	25
(-) Funding costs	(3)	(5)	(14)	(32)
Subtotal	136,205	26,704	257,066	69,718
Total	493,300	453,979	642,308	605,511
Current	148,036	127,384	267,260	232,561
Noncurrent	345,264	326,595	375,048	372,950

Changes in loans, financing and debentures are as follows:

	Parent Company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Balance at beginning of period	453,979	425,024	605,511	599,252
Borrowings, net	479,296	135,048	559,348	235,049
Payment of principal	(456,796)	(113,301)	(545,564)	(237,249)
Payment of finance charges (*)	(19,088)	(30,732)	(27,415)	(47,808)
Finance charges	23,430	34,080	29,779	47,912
Amortization of funding cost	2,498	2,198	2,803	2,905
Amortization of negative goodwill	23	-	23	-
Bank guarantees	58	52	138	143
Exchange differences	9,900	1,610	17,685	5,307
Balance at end of period	493,300	453,979	642,308	605,511

(*) As set forth in paragraph 33 of CPC 03 (R2), the Company disclosed the interest paid as financing activity.

For more information on the Company's exposure to interest rate and liquidity risks, see Note 26.

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information

Period ended September 30, 2019

(In thousands of reais - R\$, unless otherwise stated)

Summary of main agreements

The main characteristics of loans, financing and debentures are as follows:

Type	Maturity	Index	Contractual rate
Equipment financing	Monthly January/17 to November/21	Fixed	16.24% p.a.
Working capital	Semiannual April/17 to April/20	CDI	2.55% p.a.
Equipment financing	Monthly March/17 to February/22	Fixed	10.59% p.a.
Equipment financing	Monthly March/16 to June/22	Selic/Fixed	3.2% p.a./9.5% p.a.
Equipment financing	Monthly November/15 to July/22	Selic/Fixed	3.2% p.a./9.5% p.a.
Working capital	Monthly November/14 to November/19	CDI	4.78% p.a.
Equipment financing	Quarterly October/12 to October/19	USD	5.38% p.a.
Working capital	Semiannual June/19 to June/21	USD	4.61% p.a.
Debentures	Single installment September/20	CDI	116% CDI
Debentures	Annual September/21 to September/22	CDI	118% CDI
Working capital	Single installment July/19	CDI	1.60% p.a.
Working capital	Single installment November/19	USD	4.31% p.a.
Working capital (i)	Single installment March/20	USD	3.78% p.a.
Working capital (ii)	Single installment March/20	EUR	0.14% p.a.
Working capital (iii)	Single installment March/20	EUR	0.15% p.a.
Working capital (iv)	Single installment October/19	EUR	0.10% p.a.
Working capital (v)	Single installment November/19	USD	3.57% p.a.
Working capital (vii)	Single installment January/20	USD	3.03% p.a.
Debentures (viii)	Annual July/22 to July/25	CDI	1.10% p.a.

Main transactions occurred in the period ended September 30, 2019:

- (i) Loan granted by Banco Santander on March 15, 2019 to TKS Sistemas Hospitalares (CDB), amounting to USD9,180, which at the date of the transaction was equivalent to R\$35,000. The transaction is a foreign “4131 facility” raised in Luxembourg, with an interest rate of 3.78% p.a. and is hedged against the exchange variation in US dollars through derivative financial instruments (Swaps), which were designated for hedge accounting. The swap is indexed to the CDI plus 1.25% p.a. The repayment period is one year, in a single installment and bearing semiannual interest.
- (ii) Loan granted by Itaú Unibanco on March 11, 2019 to Clínica Delfin Gonzalez, amounting to EUR4,597, which at the date of the transaction was equivalent to R\$20,000. The transaction is a foreign “4131 facility” bearing interest rate of 0.1425% p.a. and is hedged against the exchange variation in Euro through derivative financial instruments (Swaps), which were designated for hedge accounting. The swap is indexed to the CDI plus 1.30% p.a. The repayment period is one year, in a single installment and bearing semiannual interest.
- (iii) Loan granted by Itaú Unibanco on March 15, 2019 to Clínica Delfin Gonzalez, amounting to EUR5,779, which at the date of the transaction was equivalent to R\$25,000. The transaction is a foreign “4131 facility” bearing interest rate of 0.15% p.a. and is hedged against the exchange variation in Euro through derivative financial instruments (Swaps), which were designated for hedge accounting. The swap is indexed to the CDI plus 1.30% p.a. The repayment period is one year, in a single installment and bearing semiannual interest.
- (iv) Loan granted by Itaú Unibanco on April 3, 2019 to the Parent Company, amounting to EUR8,061, which at the date of the transaction was equivalent to R\$35,000. The transaction is a foreign “4131 facility” bearing interest rate of 0.10% p.a. and is hedged against the exchange variation in Euro through derivative financial instruments (Swaps), which were designated for hedge accounting. The swap is indexed to the CDI plus 1.15% p.a. The repayment period with interest is 6 months, and settlement in a single installment.

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information

Period ended September 30, 2019

(In thousands of reais - R\$, unless otherwise stated)

- (v) Loan granted by Santander on May 6, 2019 to the Parent Company, amounting to USD2,522, which at the date of the transaction was equivalent to R\$10,000. The transaction is a foreign “4131 facility” bearing interest rate of 3.57% p.a. and is hedged against the exchange variation in US dollar through derivative financial instruments (Swaps), which were designated for hedge accounting. The swap is indexed to the CDI plus 1.15% p.a. The repayment period with interest is 6 months, and settlement in a single installment.
- (vi) On April 3, 2019, the Company settled the loan with IFC Banco International Finance Corporation amounting to R\$37,450.
- (vii) Loan granted by Santander on July 17, 2019 to the Parent Company, amounting to USD14,358, which at the date of the transaction was equivalent to R\$54,000. The transaction is a foreign “4131 facility” bearing interest rate of 3.03% p.a. and is hedged against the exchange variation in US dollar through derivative financial instruments (Swaps), which were designated for hedge accounting. The swap is indexed to the CDI plus 1.19% p.a. The repayment period with interest is 6 months, and settlement in a single installment.

In August, the Company fully settled loans and financing granted by BNDES, in the total amount of R\$54,943, with funds from debentures issued.

Debentures

1st issue

In August 2019, the Company partially settled the debentures with funds from the 2nd issue:

	Issue value (R\$)	Quantity issued	Quantity settled	Quantity outstanding	Final maturity	Amount at 09/30/19
1 st series	10,334	16,850	15,743	1,107	September/20	11,130
2 nd series	10,337	10,150	10,003	147	September/22	1,478

2nd issue

In August 2019, the Company completed the funding of R\$350,000 through the 2nd issue of simple non-convertible debentures, publicly distributed with restricted placement efforts, pursuant to CVM Ruling No. 476, of January 16, 2009, as amended (CVM Ruling No. 476), under firm guarantee of placement.

The debentures were issued in three series, maturing in four annual instalments beginning July 2022 and ending July 2025.

	Issue value (R\$)	Quantity	Final maturity	Semiannual interest	Issued value	Amount at 09/30/19
1 st series	10,000	15,743	July/25	CDI + 1.10 %	157,430	158,115
2 nd series	10,000	10,003	July/25	CDI + 1.10 %	100,030	100,340
3 rd series	10,000	9,254	July/25	CDI + 1.10 %	92,540	93,332

The 1st and 2nd series were issued exclusively to settle the 1st and 2nd series of the 1st issue, through acquisition and optional transfer of 1st issue debenture holders.

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information

Period ended September 30, 2019

(In thousands of reais - R\$, unless otherwise stated)

Guarantees

The Company and its subsidiaries pledge part of their noncurrent assets as collateral for financing in the carrying amount of approximately R\$41,468 (R\$50,696 at December 31, 2018).

At September 30, 2019, total intra-group guarantees taken out corresponded to R\$174,000, offered as collateral for certain loan agreements. These guarantees have an average financial cost of 0.4744% p.a.

Covenants

Certain loans have covenants, including maintenance of financial and liquidity ratios measured quarterly. At September 30, 2019, all covenants had been met.

16. Lease

Below is information on the lease liability referring to lease agreements in effect.

Minimum lease payments made in the period are as follows:

	Parent Company	Consolidated
Within 1 year	6,083	44,692
More than one year and less than five years	16,761	155,729
More than five years	1,893	116,417
	24,737	316,838
(-) Less future finance charges	(4,563)	(89,051)
Present value of minimum payments	20,174	227,787
Current	5,037	30,957
Noncurrent	15,137	196,830

The maturities of installments at September 30, 2019 are as follows:

	Parent Company	Consolidated
2019	887	4,971
2020	4,939	30,206
2021	3,982	28,474
2022	3,388	25,922
Above 2023	6,978	138,214
	20,174	227,787

Lease changes are as follows:

	Parent Company	Consolidated
Balance at beginning of period	-	-
First-time adoption of IFRS 16 / CPC 06 (R2)	23,952	237,975
Additions	550	1,279
Remeasurement	(1,039)	9,432
Accrued interest	1,333	15,510
Amortization of principal	(3,323)	(20,263)
Amortization of interest	(1,299)	(13,620)
Write-offs	-	(2,526)
Balance at end of period	20,174	227,787

The Company's weighted average incremental borrowing rate applied to lease liabilities at January 1, 2019 is approximately CDI + 3% p.a.

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information

Period ended September 30, 2019

(In thousands of reais - R\$, unless otherwise stated)

17. Taxes payable in installments (Consolidated)

The Company has tax installment programs, as shown in the table below:

	Consolidated	
	09/30/2019	12/31/2018
Payment of Service Tax (ISS) in installments	1,832	1,959
Brazilian IRS tax installment plans	745	1,042
Payment of INSS in installments	821	984
Payment of State VAT (ICMS) in installments	162	283
Installment payments of refundable taxes	5,839	6,427
Total	9,399	10,695
Current	2,115	2,277
Noncurrent	7,284	8,418

Changes in tax installments for the periods ended September 2019 and 2018 are as follows:

	Consolidated	
	09/30/2019	09/30/2018
Balance at beginning of period	10,695	9,172
Additions	-	758
Payments	(1,474)	(1,717)
Accrued interest (P&L)	119	373
Interest (payable – with guarantee of reimbursement)	59	33
Balance at end of period	9,399	8,619

18. Accounts payable - business combination

	Parent Company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Acquired subsidiaries:				
Som	211	201	211	201
Sonimed	94	89	94	89
Unic	1,485	1,419	1,485	1,419
Sabedotti	310	281	310	281
IMRAD	230	220	230	220
São Judas Tadeu	-	2,705	-	2,498
Nuclear Medcenter	-	408	-	408
UMDI (a)	4,842	5,856	4,842	5,856
Pro Imagem	-	2,666	-	2,666
Laboratório São Lucas	33	32	33	32
Delfin	7,077	6,743	7,077	6,743
Multilab	-	-	2,047	1,956
Multiscan	-	-	25,557	24,417
Total	14,282	20,620	41,886	46,786
Current	3,723	13,175	4,194	13,418
Noncurrent	10,559	7,445	37,692	33,368

Accounts payable for business combination refer to the considerations to be transferred for acquisition of equity interest of companies, in accordance with the respective agreements.

Payables for business combination are subject to finance charges calculated using either the CDI or the SELIC rate.

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information

Period ended September 30, 2019

(In thousands of reais - R\$, unless otherwise stated)

- (a) The Company retained the amount of R\$4,753 referring to payment of the last installment as set forth in the sales agreement, which guarantees the reimbursement of contingencies paid or assumed by the Company regarding facts occurring and/or existing before the subsidiary's acquisition date. The payment settlement date occurs upon extinction of the contingencies.

Changes in accounts payable for acquisition of companies in the periods as of September 30, 2019 and 2018 are as follows:

	Parent Company		Consolidated	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
Balance at beginning of period	20,620	36,994	46,786	85,278
Additions	-	368	250	12,868
Payment of principal	(4,812)	(6,869)	(5,062)	(40,800)
Payment of finance charges	(2,652)	(4,210)	(2,720)	(6,261)
Finance charges	1,401	1,559	2,632	3,287
Balance offset	(275)	(3,617)	-	(3,617)
Balance at end of period	14,282	24,225	41,886	50,755

19. Provision for contingencies

In the ordinary course of their business, the Company and its subsidiaries are parties to tax, labor and civil lawsuits at different court levels, for which management has recognized provision based on the assessment of its legal advisors regarding ongoing lawsuits.

The balance of Provision for contingencies, considered sufficient by management to cover probable cash disbursement to settle ongoing lawsuits, is broken down as follows:

	Parent Company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Labor and social security (a)	6,809	22,562	13,614	33,926
Tax (b)	1,390	4,237	50,709	53,604
Civil	-	795	639	1,899
Total	8,199	27,594	64,962	89,429

The legal risks to which the Company and its subsidiaries are exposed are guaranteed by liability clauses set forth in the investment agreement entered into by their shareholders, which provide for the reimbursement of the contingencies paid or assumed by the Company for events that occurred and/or existed before the subsidiaries' acquisition date. For further information see Note 7.

- (a) The provision for labor contingencies relates substantially to subsidiary CDB, measured upon business combination, whose estimated amount totals R\$5,222 at September 30, 2019 (R\$22,500 at December 31, 2018).

A substantial part of the provision for tax contingencies in liabilities is matched against the Tax Contingency Reimbursement Guarantee, recorded in assets. Certain subsidiaries of the Company discuss administratively and judicially the application of a fixed Federal VAT (ISS) regime, i.e., calculated on the number of professionals in relation to the application of the rate levied on the Company's revenues. A provision was set up for cases whose likelihood of loss was considered probable, in the amount of R\$17,131 (R\$15,377 at December 31, 2018) with judicial deposits totaling R\$16,263 (R\$16,263 at December 31, 2018).

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information

Period ended September 30, 2019

(In thousands of reais - R\$, unless otherwise stated)

Changes in the provision for contingencies for the period are as follows:

	Parent Company		Consolidated	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
Balance at beginning of period	27,594	73,358	89,429	140,045
Additions	300	881	2,889	6,638
Reversals (i)	(1,209)	(49)	(9,389)	(6,738)
Payments	(138)	(38)	(1,217)	(305)
Expiration, net of restatement (ii)	(18,348)	(32,844)	(16,750)	(34,080)
Balance at end of period	8,199	41,308	64,962	105,560

(i) The reversals presented correspond mostly to tax and labor contingencies with guarantee of reimbursement. At September 30, 2019, the contingency reimbursement guarantee balances total R\$4,447 and R\$28,237, Parent Company and Consolidated, respectively (R\$22,795 and R\$50,576 at December 31, 2018).

(ii) This balance corresponds to the expiration of legal contingencies identified in the business combination, since the facts that gave rise to such contingencies occurred more than five years ago.

At September 30, 2019, judicial deposits to cover ongoing proceedings total R\$842 and R\$26,441, Parent Company and Consolidated, respectively (R\$845 and R\$26,107 at December 31, 2018).

The Company and its subsidiaries are parties to legal and administrative proceedings whose likelihood of loss is assessed as possible, as follows:

Tax

According to analysis of legal advisors, possible loss on tax proceedings at September 30, 2019 totaled R\$123,363, for which the Company has guarantee amounting to R\$117,934 (tax proceedings of R\$109,118 and guarantee of R\$105,433 at December 31, 2018).

Civil

According to analysis of legal advisors, possible loss on proceedings related to property damage and pain and suffering at September 30, 2019 totaled R\$9,703, for which the Company has guarantee amounting to R\$1,877 (civil proceedings of R\$9,766 and guarantee of R\$2,815 at December 31, 2018).

Labor

The labor proceedings to which the Company and its subsidiaries are parties mainly refer suits filed administratively and judicially, by employees, former employees and service providers claiming the payment of overtime, salary equalization, salary decrease, social charges and interpretation of labor law as to the recognition of employment relationship. The contingency at September 30, 2019 was assessed at R\$8,044, for which the Company has guarantee of R\$6,244 (labor claims of R\$36,126 and guarantee of R\$20,479 at December 31, 2018).

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information
Period ended September 30, 2019
(In thousands of reais - R\$, unless otherwise stated)

20. Equity

Share Capital

At September 30, 2019, subscribed capital amounts to R\$635,373 (R\$635,373 at December 31, 2018), divided into 118,292,816 shares (118,292,816 at December 31, 2018).

	<u>09/30/2019</u>	<u>12/31/2018</u>
Common shares	118,292,816	118,292,816
	<u>118,292,816</u>	<u>118,292,816</u>

Capital reserve

	<u>09/30/2019</u>	<u>12/31/2018</u>
Equity instruments arising from business combination (i)	616,673	616,673
Restricted shares	4,880	4,112
Goodwill – transactions with shareholders (ii)	1,677	1,545
Other capital reserves (iii)	(39)	(50)
	<u>623,191</u>	<u>622,280</u>

- (i) Balance related to the total shares of the shareholders of subsidiaries CDB and Delfin, which are considered wholly-owned subsidiaries.
- (ii) This account represents the goodwill or negative goodwill paid on the acquisition of noncontrolling interest in subsidiaries. In 2019 Delfin acquired the equity interest of a noncontrolling shareholder of Delfin Bahia, thus increasing its equity interest by 3.26%. This transaction generated negative goodwill of R\$132.
- (iii) The difference between the average price of treasury shares that were delivered to the beneficiaries of the Company's restricted stock plan and the fair value of shares calculated in the restricted stock plan is recorded as capital reserve.

Treasury shares

In the 4th quarter of 2017, the Company renewed the share buyback program, and up to 1,000,000 (one million) registered, book-entry common shares with no par value issued thereby may be acquired.

The objective of the share buyback program is to acquire Company shares to be held in treasury for future sale. The shares were acquired within 18 months, beginning November 23, 2017 and ending May 22, 2019, and the Executive Board will decide the best moment to purchase the shares. The shares under the Share Buyback Program will be acquired using the funds available in the Capital reserve account. Until September 2019, the Company had acquired 70,000 own shares, totaling R\$1,085 (R\$1,496 at December 31, 2018).

Changes in the period are as follows:

	<u>Treasury shares</u>
Balance at beginning of period	38
Purchase of treasury shares	1,085
Payment of restricted shares	<u>(879)</u>
Balance at end of period	<u>244</u>

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information
Period ended September 30, 2019
(In thousands of reais - R\$, unless otherwise stated)

Restricted stock option plan

1st Restricted stock award plan

The long-term incentive plan with restricted shares intended for officers, managers and senior employees of the Company and its subsidiaries was approved at the Special Shareholders' Meeting held on August 26, 2016, pursuant to the terms established by the Board of Directors. A total of 1,008,488 registered, book-entry common shares, without par value, less turnover, were granted, subject to the restrictions set forth in the Plan and respective Grant Agreement amounting to R\$15,224. Payment is annual, divided into 3 (three) tranches. The 1st tranche was paid in November 2017, when 289,747 shares were transferred, and the 2nd tranche was paid in November 2018, with 228,601 shares made available. The actual transfer of treasury shares occurred in the first quarter of 2019. In the 4th quarter of 2019, 228,166 shares may be exercised. Expense in 2019 referring to this plan totaled R\$895 up to the reporting date.

2nd Restricted stock award plan

At the Special and Annual General Meeting held on April 24, 2019, the long-term incentive plan with restricted shares was approved for senior officers of the Company or of any of its subsidiaries ("Participants"), selected by the Company's Board of Directors. The termination of the long-term incentive plan with restricted shares to the Company's executives was also approved. Such plan had been approved at the SGM held on August 26, 2016. The effectiveness of the restricted shares already granted was maintained based on such plan and on the first program approved at the Board of Directors' Meeting held on November 9, 2016.

On July 25, 2019, the Board of Directors approved the new Restricted Stock Award Program, conditioning the long-term incentive of its key executives to the Company's future performance. This Program will grant up to 2,154,402 shares, representing approximately 1.82% of the capital, conditional upon (i) the Beneficiary remaining continuously bound as an employee of the Company or its subsidiaries, over the period defined in the contract with each Beneficiary and (ii) achievement of the Performance Indicator defined by the Company's Board of Directors, to be determined after the end of fiscal year 2021.

The term "Performance Indicator" means performance of the Company's adjusted net income based on P&L for 2021, considering:

(i) Maximum achievement: if the performance of the Company's adjusted net income as determined in 2021 is R\$200,000, the Beneficiary will be entitled to 100% of the number of Restricted Shares;

(ii) Minimum achievement: if the performance of the Company's adjusted net income as determined in 2021 is R\$100,000, the Beneficiary will be entitled to 50% of the number of Restricted Shares;

(iii) Should the Minimum achievement not be reached, the Beneficiary will not be entitled to the Restricted Shares;

(iv) If performance of the Company's adjusted net income remains between Minimum and Maximum achievement, the number of Restricted Shares will be adjusted proportionally.

Once the conditions established are met, in accordance with the provisions of the First Program, and provided that the applicable legal and regulatory requirements are observed, the Company will transfer to the Beneficiary the shares to which he/she is eligible and, as defined by the Plan, treasury shares will be transferred with observance of procedures with the underwriter, at no cost (exercise price), to the Beneficiary, up to 30 (thirty) days after disclosure of P&L for 2021.

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information

Period ended September 30, 2019

(In thousands of reais - R\$, unless otherwise stated)

Management used the grant date and market prices available as basis to determine the fair value of shares granted. Accordingly, the fair value of the shares granted was R\$15.02. The expense for the period of R\$544 corresponds to the expense considering the expected turnover and expectation of reaching the indicator, according to the last budget approved by the Board of Directors.

Dividends

Distribution of dividends totaling R\$3,284, corresponding to the portion in excess of mandatory dividends, was approved at the Annual and Special General Meeting held on April 24, 2019. Dividends were fully paid out.

Earnings per share

As required by CPC 41 - Earnings per Share, the following tables reconcile net income and weighted average number of outstanding shares with the amounts used to calculate the basic and diluted earnings per share.

	Consolidated			
	09/30/2019	09/30/2019	09/30/2018	09/30/2018
	Quarter	Nine months	Quarter	Nine months
Basic				
Net income for the period	14,376	33,858	11,222	23,594
Average number of outstanding shares (shares in thousands)	118,063	118,063	118,292	118,292
Basic earnings per share (in R\$)	0.122	0.287	0.095	0.199
Diluted				
Net income for the period	14,376	33,858	11,222	23,594
(=) Adjusted net income	14,376	33,858	11,222	23,594
Average number of outstanding shares (shares in thousands)	118,063	118,063	118,292	118,292
Dilution effect of outstanding options (shares in thousands)	336	336	336	336
Average number of shares during plans - diluted	118,399	118,399	118,628	118,628
Diluted earnings per share (in R\$)	0.121	0.286	0.095	0.199

21. Net service revenue

	Parent Company			
	09/30/2019	09/30/2019	09/30/2018	09/30/2018
	Quarter	Nine months	Quarter	Nine months
Gross service revenue	29,729	86,810	25,474	75,130
(-) Taxes, contributions and other	(2,274)	(6,651)	(1,845)	(5,412)
Net service revenue	27,455	80,159	23,629	69,718
	Consolidated			
	09/30/2019	09/30/2019	09/30/2018	09/30/2018
	Quarter	Nine months	Quarter	Nine months
Gross service revenue	297,916	874,855	300,950	883,065
Gross construction revenue	460	1,067	154	1,406
Total revenue	298,376	875,922	301,104	884,471
(-) Taxes, contributions and other	(22,230)	(65,213)	(21,642)	(66,303)
Net service revenue	276,146	810,709	279,462	818,168

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information

Period ended September 30, 2019

(In thousands of reais - R\$, unless otherwise stated)

22. Information on the nature of costs and expenses recognized in the statement of profit or loss

	Parent Company			
	09/30/2019	09/30/2019	09/30/2018	09/30/2018
	Quarter	Nine months	Quarter	Nine months
Personnel	(9,134)	(21,496)	(5,990)	(17,056)
Medical and hospital supplies and services	(1,869)	(6,188)	(1,715)	(5,239)
Third-party services and other	(2,536)	(10,276)	(3,643)	(9,774)
Medical fees	(4,059)	(13,275)	(3,912)	(11,448)
Maintenance	(443)	(803)	(397)	(1,571)
Depreciation and amortization	(6,659)	(19,146)	(5,141)	(14,312)
Occupancy	(1,453)	(6,165)	(3,627)	(8,715)
Long-term incentive program	(1,276)	(1,984)	(1,059)	(3,172)
Loss on payment of disproportionate dividends	(2,779)	(8,167)	(2,757)	(8,306)
	(30,208)	(87,500)	(28,241)	(79,593)
Cost of services rendered	(22,928)	(66,839)	(19,274)	(54,766)
General and administrative expenses	(4,132)	(11,483)	(6,121)	(17,195)
Other expenses, net	(3,148)	(9,178)	(2,846)	(7,632)
Total	(30,208)	(87,500)	(28,241)	(79,593)

	Consolidated			
	09/30/2019	09/30/2019	09/30/2018	09/30/2018
	Quarter	Nine months	Quarter	Nine months
Personnel	(71,732)	(215,011)	(74,937)	(221,829)
Medical and hospital supplies and services	(32,501)	(98,965)	(34,207)	(98,817)
Third-party services and other	(30,065)	(87,746)	(27,744)	(85,189)
Medical fees	(53,424)	(156,671)	(52,958)	(156,370)
Maintenance	(8,608)	(23,837)	(7,606)	(24,144)
Construction cost	(433)	(1,007)	(145)	(1,326)
Depreciation and amortization	(30,317)	(88,467)	(23,508)	(66,057)
Occupancy	(11,933)	(37,776)	(25,288)	(75,407)
Long-term incentive program	(1,276)	(1,984)	(1,058)	(3,172)
	(240,289)	(711,464)	(247,451)	(732,311)
Cost of services rendered	(201,948)	(593,626)	(203,589)	(596,892)
General and administrative expenses	(39,612)	(116,211)	(44,056)	(133,278)
Other expenses, net	1,271	(1,627)	194	(2,141)
Total	(240,289)	(711,464)	(247,451)	(732,311)

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information
 Period ended September 30, 2019
 (In thousands of reais - R\$, unless otherwise stated)

23. Finance income (costs)

	Parent Company			
	09/30/2019	09/30/2019	09/30/2018	09/30/2018
	Quarter	Nine months	Quarter	Nine months
Finance income				
Gains from short-term investment	237	247	11	78
Other finance income	2,008	6,378	2,621	7,994
	2,245	6,625	2,632	8,072
Finance costs				
Interest on loans	(7,198)	(23,430)	(8,786)	(25,679)
Interest on lease	(442)	(1,333)	-	-
Borrowing costs and negative goodwill	(429)	(2,521)	(553)	(1,659)
Interest on accounts payable for business combination	(142)	(1,401)	(344)	(1,559)
Other finance costs	(1,344)	(3,648)	(1,243)	(5,036)
	(9,555)	(32,333)	(10,926)	(33,933)
Net derivative financial instrument	8,760	7,521	(13)	542
Exchange differences, net	(10,198)	(9,934)	5	(1,445)
	(8,748)	(28,121)	(8,302)	(26,764)

	Consolidated			
	09/30/2019	09/30/2019	09/30/2018	09/30/2018
	Quarter	Nine months	Quarter	Nine months
Finance income				
Gains from short-term investment	740	1,642	360	1,052
Other finance income	513	1,630	983	3,513
	1,253	3,272	1,343	4,565
Finance costs				
Interest on loans	(8,705)	(29,779)	(12,241)	(36,627)
Interest on lease	(5,012)	(15,510)	-	-
Borrowing costs and negative goodwill	(521)	(2,826)	(733)	(2,249)
Interest on accounts payable for business combination	(562)	(2,632)	(834)	(3,287)
Interest on installment payments	(6)	(119)	(276)	(373)
Other finance costs	(2,609)	(7,361)	(3,388)	(10,811)
	(17,415)	(58,227)	(17,472)	(53,347)
Net derivative financial instrument	14,439	12,167	1,165	2,899
Exchange differences, net	(17,360)	(17,685)	(1,821)	(6,335)
	(19,083)	(60,473)	(16,785)	(52,218)

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information

Period ended September 30, 2019

(In thousands of reais - R\$, unless otherwise stated)

24. Income taxes and social contribution

	Parent Company			
	09/30/2019	09/30/2019	09/30/2018	09/30/2018
	Quarter	Nine months	Quarter	Nine months
Income before IRPJ and CSLL	11,542	25,055	7,944	15,913
Combined IRPJ and CSLL rate	34%	34%	34%	34%
Expected IRPJ and CSLL credit (expense)	(3,924)	(8,519)	(2,701)	(5,410)
Permanent differences:				
Share of profit (loss) on investments	7,835	20,576	7,092	17,868
Loss on disproportionate dividends	(945)	(2,777)	(937)	(2,824)
Executive Board compensation	(128)	(383)	-	(938)
Finance lease interest	-	-	-	(4)
Interest on equity received and paid	(153)	(493)	-	(484)
Other	149	399	(176)	(527)
Total IRPJ and CSLL in profit or loss for the period	2,834	8,803	3,278	7,681
Current income and social contribution taxes	-	-	-	-
Deferred income and social contribution taxes	2,834	8,803	3,278	7,681
	Consolidated			
	09/30/2019	09/30/2019	09/30/2018	09/30/2018
	Quarter	Nine months	Quarter	Nine months
Income before IRPJ and CSLL	21,247	51,688	18,998	44,451
Combined IRPJ and CSLL rate	34%	34%	34%	34%
Expected IRPJ and CSLL credit (expense)	(7,224)	(17,574)	(6,459)	(15,113)
Permanent differences:				
Share of profit (loss) on investments	1,521	4,391	1,283	3,676
Executive Board compensation	(128)	(383)	-	(1,026)
Finance lease interest	-	-	-	(127)
Interest on equity received and paid	61	196	-	-
Tax credit not recognized on loss for the period	(563)	(2,092)	(1,461)	(3,133)
Other	(240)	(241)	(284)	(2,246)
Effect from companies under the regime whereby taxable profit is computed as a percentage of gross revenue (<i>lucro presumido</i>)	2,052	4,034	1,531	4,489
Total IRPJ and CSLL in profit or loss for the period	(4,521)	(11,669)	(5,390)	(13,480)
Current income and social contribution taxes	(5,016)	(15,910)	(2,525)	(12,917)
Deferred income and social contribution taxes	495	4,241	(2,865)	(563)

Composition of asset and liability balances of deferred income and social contribution taxes

Deferred assets

	Parent Company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Goodwill from business combination	-	-	-	85
Tax loss	345,590	313,313	360,487	334,008
Other temporary differences	4,653	12,489	32,999	33,692
Appreciation of assets	10,634	9,183	10,634	9,183
Deferred hedge accounting	367	5	783	5
Tax base	361,244	334,990	404,903	376,973
Combined IRPJ and CSLL rate	34%	34%	34%	34%
Deferred income and social contribution tax assets	122,823	113,897	137,667	128,171

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information

Period ended September 30, 2019

(In thousands of reais - R\$, unless otherwise stated)

Deferred liabilities

	Parent Company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Deferred profit – cash basis	-	-	45,000	30,321
Deferred hedge accounting	43	-	617	273
	43	-	45,617	30,594
	34%	34%	34%	34%
	15	-	15,510	10,402
Classified as:				
Deferred tax assets	122,823	113,897	137,667	128,171
Deferred tax liabilities	(14)	-	(96)	(110)
Deferred tax assets, net stated under noncurrent assets	122,809	113,897	137,571	128,061
Deferred tax liabilities stated under noncurrent liabilities	-	-	15,414	10,294

Changes in deferred income and social contribution taxes at September 30, 2019 are as follows:

	Parent Company		Consolidated	
	Assets	Liabilities	Assets	Liabilities
Balance of deferred taxes at beginning of period	113,897	-	128,061	10,294
Deferred taxes recognized in P&L	8,803	-	9,232	4,991
Deferred taxes recognized in other comprehensive income	123	14	264	115
Reclassification of deferred taxes	(14)	(14)	14	14
Balance of deferred taxes at end of period	122,809	-	137,571	15,414

Management estimates that tax credits will be recovered within ten years, as follows:

	Parent Company	Consolidated
2019	11,207	12,561
2020	13,922	15,605
2021	14,966	16,808
2022 - 2027	82,698	92,693
Total	122,823	137,667

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information

Period ended September 30, 2019

(In thousands of reais - R\$, unless otherwise stated)

25. Transactions with related parties

Parent Company

		09/30/2019								
		P&L		Assets			Liabilities			
Classification of related party	Apportionment	Expenses	Intercompany loans	Debit notes	Other assets	Total	Intercompany loans	Other liabilities	Total	
Ideal Diagnósticos por Imagem Ltda	Subsidiary	9	-	2	17	-	19	-	-	-
Núcleo de Imagem Diagnósticos	Subsidiary	64	-	-	19	-	19	454	-	454
Mastoclínica Clínica Diagnóstico Imagem	Subsidiary	-	-	-	-	-	-	1,717	-	1,717
Plani Diagnósticos Médicos	Indirect subsidiary	1,078	-	-	142	-	142	-	-	-
Alto São Francisco Diag. Imagem	Subsidiary	32	-	15	6	-	21	-	-	-
DI Imagem Unidade Ultrassonografia	Subsidiary	22	-	-	(9)	-	(9)	4,428	-	4,428
DI Imagem Unidade de Raios X	Subsidiary	-	-	-	-	-	-	-	-	-
Unidade Diag. Imagem de Dourados	Subsidiary	166	-	-	86	-	86	1,238	-	1,238
Diagnósticos Conesul	Subsidiary	-	-	-	-	-	-	2,266	-	2,266
Sonimed Diagnósticos	Subsidiary	244	-	-	247	-	247	2,142	-	2,142
DI Imagem Diag. Integrado por Imagem	Subsidiary	-	-	-	33	-	33	-	-	-
DI Imagem Centro Diag. Integ. Imagem	Subsidiary	335	-	-	1,028	-	1,028	450	-	450
Nuclear Diag. Sociedade Simples	Subsidiary	84	-	6,770	974	-	7,744	-	-	-
Som Diagnósticos Ltda	Subsidiary	1,750	-	-	1,078	-	1,078	-	-	-
Clínica Sabedotti Ltda	Subsidiary	302	-	-	60	-	60	1,370	-	1,370
Plani Ressonância	Indirect subsidiary	-	-	-	804	-	804	80	-	80
Plani Jacarei Diagnósticos Médicos	Indirect subsidiary	78	-	-	4	-	4	462	-	462
Araras Medicina Diagnóstica	Indirect subsidiary	101	-	-	21	-	21	-	-	-
Centro Diagnóstico Cláudio Ramos	Subsidiary	514	-	-	52	-	52	3,340	-	3,340
Veneza Diagnóstico por Imagem	Subsidiary	382	-	-	196	-	196	1,240	-	1,240
Unic Unid. Campograndense Diag.	Subsidiary	165	-	-	42	-	42	1,869	-	1,869
RM Diagnóstico por Imagem/Resende	Subsidiary	13	-	-	3	-	3	1,280	-	1,280
IMRAD	Subsidiary	24	-	-	34	-	34	1,050	-	1,050
RM Diagnóstico por Imagem/Lafaiete	Subsidiary	-	-	97	-	-	97	-	-	-
Centro Imagens Diag. (Cedimagem)	Subsidiary	66	-	-	14	-	14	710	-	710
Núcleo Diag. Imagem (Cedimagem)	Subsidiary	166	-	-	5	-	5	1,940	-	1,940
Censo Imagem Diagnóstico	Indirect subsidiary	16	-	-	4	-	4	-	-	-
Serviços de Radiologia São Judas Tadeu	Subsidiary	329	-	-	88	-	88	170	-	170
Pará de Minas Diag. Por imagem	Subsidiary	24	-	13	4	-	17	-	-	-
Cintimed	Subsidiary	-	-	-	-	-	-	330	-	330
Imagem Centro Diagnósticos Grupo Gold	Indirect subsidiary	97	-	-	51	-	51	-	-	-
Instituto de Diagnósticos Gold Imagem	Indirect subsidiary	172	-	-	140	-	140	-	-	-
Setra Prestação de Serviços Radiológicos	Indirect subsidiary	211	-	-	85	-	85	56	-	56
Pro Imagem Ltda	Subsidiary	142	-	-	69	-	69	-	-	-
Ecoclínica	Indirect subsidiary	135	-	776	705	-	1,481	-	-	-
Nucleminas Medicina Nuclear	Subsidiary	11	-	-	3	-	3	600	-	600
CDI Vitória	Subsidiary	462	-	-	270	-	270	3,371	-	3,371
Sonimed Nuclear	Subsidiary	24	-	-	17	-	17	557	-	557
UMDI	Indirect subsidiary	1,155	-	-	423	-	423	-	-	-
Nuclear Medcenter	Subsidiary	31	-	-	112	-	112	450	-	450
Rio Claro Medicina Diagnóstica	Indirect subsidiary	11	-	-	0	-	-	-	-	-
CDI Vila Vella	Subsidiary	191	-	-	658	-	658	350	-	350
Montes Claros Medicina Diagnóstica	Other related parties	-	-	1,064	1	1,238 (a)	2,303	-	-	-
Três Rios Imagem Diagnóstico	Subsidiary	22	-	469	(21)	-	448	-	-	-
Pro Imagem Exames Compl.	Subsidiary	535	-	-	220	-	220	-	-	-
Científica Tecnogama	Subsidiary	5	-	-	-	-	-	370	-	370
CDB	Subsidiary	29,896	-	38	18,599	-	18,637	15,421	-	15,421
Clínica Delfin Gonzalez	Subsidiary	1,592	-	-	564	-	564	11,350	472	11,822
Clínica Delfin Villas	Indirect subsidiary	489	-	-	952	-	952	-	-	-
Delfin Médicos Associados	Indirect subsidiary	47	-	-	-	-	-	-	-	-
Delfin SAJ Médicos	Indirect subsidiary	75	-	-	257	-	257	-	-	-
Delfin CLIN Natal	Indirect subsidiary	149	-	-	451	-	451	-	-	-
Delfin IDI	Indirect subsidiary	77	-	-	276	-	276	-	-	-
Delfin Bahia	Indirect subsidiary	360	-	-	945	-	945	-	115	115
Multiscan	Indirect subsidiary	1,024	-	-	342	-	342	246	-	246
Lab. de Análises Clínicas São Lucas	Subsidiary	366	-	-	342	-	342	-	-	-
Laboratório Biolab	Subsidiary	55	-	-	32	-	32	-	-	-
Multilab	Subsidiary	1,348	-	-	980	-	980	-	-	-
Disposal of investments	Subsidiary	-	-	-	-	78,390 (b)	78,390	-	-	-
Shareholder – share buyback	Controlling shareholders	-	-	-	-	2,940 (c)	2,940	-	-	-
Dividends receivable	Subsidiaries	-	-	-	-	10	10	-	-	-
Associação Fundo de Incentivo a Pesquisa (AFIP)	Other related parties	-	475	-	-	-	-	-	-	-
Other	Other related parties	-	-	-	-	3,455 (a)	3,455	-	-	-
Total		44,646	475	9,244	31,425	86,033	126,702	59,307	587	59,894
Current							27,486			-
Noncurrent							99,216			59,894

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information

Period ended September 30, 2019

(In thousands of reais - R\$, unless otherwise stated)

Parent Company

	Classification of related party	09/30/2018		12/31/2018				12/31/2018		
		P&L		Assets				Liabilities		
		Apportionment	Expenses	Intercompany loans	Debit notes	Other assets	Total	Intercompany loans	Other liabilities	Total
Ideal Diagnósticos por Imagem Ltda	Subsidiary	11	-	2	20	-	22	-	-	-
Núcleo de Imagem Diagnósticos	Subsidiary	-	-	16	7	-	23	-	-	-
Mastoclínica Clínica Diagnóstico Imagem	Subsidiary	-	-	-	-	-	-	1,717	-	1,717
Plani Diagnósticos Médicos	Indirect subsidiary	1,142	-	-	804	-	804	-	-	-
Alto São Francisco Diag. Imagem	Subsidiary	29	-	15	21	-	36	-	-	-
DI Imagem Unidade Ultrassonografia	Subsidiary	18	-	-	16	-	16	3,778	-	3,778
DI Imagem Unidade de Raios X	Subsidiary	-	-	-	-	-	-	-	-	-
Unidade Diag. Imagem de Dourados	Subsidiary	185	-	-	141	-	141	998	-	998
Diagnósticos Conesul	Subsidiary	-	-	-	-	-	-	2,266	-	2,266
Sonimed Diagnósticos	Subsidiary	169	-	-	268	-	268	1,942	-	1,942
DI Imagem Diag. Integrado por Imagem	Subsidiary	-	-	-	33	-	33	-	-	-
DI Imagem Centro Diag. Integrado Imagem	Subsidiary	542	-	-	790	-	790	200	-	200
Nuclear Diag. Sociedade Simples	Subsidiary	140	-	6,357	924	-	7,281	-	-	-
Som Diagnósticos Ltda	Subsidiary	2,029	-	-	1,703	-	1,703	-	-	-
Clínica Sabedotti Ltda	Subsidiary	378	-	-	297	-	297	600	-	600
Plani Ressonância	Indirect subsidiary	-	-	20	804	-	824	-	-	-
Plani Jacarei Diagnósticos Médicos	Indirect subsidiary	67	-	-	45	-	45	300	-	300
Araras Medicina Diagnóstica	Indirect subsidiary	97	-	-	64	-	64	-	-	-
Centro Diagnóstico Cláudio Ramos	Subsidiary	691	-	-	479	-	479	1,350	-	1,350
Veneza Diagnóstico por Imagem	Subsidiary	447	-	-	343	-	343	450	-	450
Unic Unid. Campograndense Diag.	Subsidiary	154	-	-	142	-	142	1,188	-	1,188
RM Diagnóstico por Imagem/Resende	Subsidiary	13	-	-	2	-	2	280	-	280
IMRAD	Subsidiary	71	-	-	19	-	19	1,000	-	1,000
RM Diagnóstico por Imagem/Lafaiete	Subsidiary	-	-	97	-	-	97	-	-	-
Centro Imagens Diag. (Cedimagem)	Subsidiary	78	-	-	68	-	68	380	-	380
Núcleo Diag. Imagem (Cedimagem)	Subsidiary	247	-	-	51	-	51	550	-	550
Censo Imagem Diagnóstico	Indirect subsidiary	15	-	-	6	-	6	-	-	-
Serviços de Radiologia São Judas Tadeu	Subsidiary	359	-	-	240	-	240	50	-	50
Pará de Minas Diag. Por imagem	Subsidiary	27	-	13	9	-	22	-	-	-
Cintimed	Subsidiary	-	-	-	-	-	-	330	-	330
Caraguatatuba Diagnósticos Médicos	Indirect subsidiary	-	-	38	22	-	60	-	-	-
Imagem Centro Diagnósticos Grupo Gold	Indirect subsidiary	187	-	-	4	-	4	-	-	-
Instituto de Diagnósticos Gold Imagem	Indirect subsidiary	200	-	108	90	-	198	-	-	-
Setra Prestação de Serviços Radiológicos	Indirect subsidiary	235	-	-	40	-	40	56	-	56
Pro Imagem Ltda	Subsidiary	176	-	-	181	-	181	-	-	-
Ecoclínica	Indirect subsidiary	200	-	629	767	-	1,396	-	-	-
Nucleminas Medicina Nuclear	Indirect subsidiary	9	-	-	1	-	1	-	-	-
CDI Vitória	Subsidiary	588	-	-	555	-	555	287	-	287
Sonimed Nuclear	Subsidiary	29	-	-	36	-	36	557	-	557
UMDI	Indirect subsidiary	1,221	-	-	878	-	878	-	-	-
Nuclear Medcenter	Subsidiary	33	-	-	97	-	97	450	-	450
Rio Claro Medicina Diagnóstica	Indirect subsidiary	11	-	-	-	-	-	-	-	-
CDI Vila Vella	Subsidiary	217	-	-	615	-	615	150	-	150
Montes Claros Medicina Diagnóstica	Other related parties	-	-	829	1	1,238 (a)	2,068	-	-	-
Três Rios Imagem Diagnóstico	Subsidiary	20	-	259	26	-	285	-	-	-
Pro Imagem Exames Compl.	Subsidiary	583	-	-	105	-	105	-	-	-
Científica Tecnogama	Subsidiary	7	-	-	-	-	-	80	-	80
CDB	Subsidiary	31,611	-	-	8,737	-	8,737	8,998	-	8,998
Clínica Delfin Gonzalez	Subsidiary	2,210	-	-	-	-	-	-	1,728	1,728
Clínica Delfin Villas	Indirect subsidiary	598	-	-	700	-	700	-	-	-
Delfin Médicos Associados	Indirect subsidiary	404	-	-	928	-	928	-	-	-
Delfin SAJ Médicos	Indirect subsidiary	97	-	-	182	-	182	-	-	-
Delfin CLIN Natal	Indirect subsidiary	168	-	-	302	-	302	-	-	-
Delfin IDI	Indirect subsidiary	136	-	-	199	-	199	-	-	-
Delfin Bahia	Indirect subsidiary	269	-	-	585	-	585	-	-	-
Multiscan	Indirect subsidiary	1,073	-	-	188	-	188	13	-	13
Lab. de Análises Clínicas São Lucas	Subsidiary	148	-	-	255	-	255	-	-	-
Laboratório Biolab	Subsidiary	-	-	-	17	-	17	-	-	-
Multilab	Subsidiary	-	-	-	340	-	340	-	-	-
Disposal of investments	Subsidiary	-	-	-	-	91,902 (b)	91,902	-	-	-
Shareholder – share buyback	Controlling shareholders	-	-	-	-	5,608 (c)	5,608	-	-	-
Dividends receivable	Subsidiaries	-	-	-	-	10	10	-	-	-
Shareholders - lease	Controlling shareholders	-	-	-	-	-	-	-	-	-
Other	Other related parties	-	-	-	-	9,511 (a)	9,511	-	376	376
Total		47,339	-	8,383	23,147	108,269	139,799	27,970	2,105	30,074
Current							24,378			-
Noncurrent							115,421			30,074

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information

Period ended September 30, 2019

(In thousands of reais - R\$, unless otherwise stated)

Consolidated

	09/30/2019						
	P&L	Assets		Current liabilities		Noncurrent liabilities	
	Operating expenses	Transactions with related parties	Financial assets	Trade payables	Lease	Transactions with related parties	Lease
Montes Claros Medicina Diagnóstica	-	2,304 (a)	-	-	-	-	-
Shareholders – share buyback	-	2,940 (c)	-	-	-	-	-
Other trade receivables from/payable to shareholders	-	15,441 (f)	-	-	-	1,226	-
Philips	3,025	-	320	1,229	-	-	-
Associação Fundo de Incentivo a Pesquisa (AFIP)	49,359 (d)	-	-	73 (d)	-	-	-
Shareholders - lease (e)	18,093	-	-	-	6,834	-	103,128 (e)
Total	70,477	20,685	320	1,302	6,834	1,226	103,128

	09/30/2018			12/31/2018			
	P&L	Assets		Current liabilities		Noncurrent liabilities	
	Operating expenses	Transactions with related parties	Financial assets	Trade payables	Transactions with related parties	Other accounts payable	
Montes Claros Medicina Diagnóstica	-	2,069 (a)	-	-	-	-	
Shareholders – share buyback	-	5,608 (c)	-	-	-	-	
Other trade receivables from/payable to shareholders	-	15,819 (f)	-	-	1,025	-	
Philips	2,127	-	320	695	-	-	
Associação Fundo de Incentivo a Pesquisa (AFIP)	50,991 (d)	-	-	6,231 (d)	-	-	
Shareholders - lease (e)	13,369	-	-	-	-	-	
Total	59,361	23,496	320	6,926	1,025	-	

In the course of the Company's business, the controlling shareholders and the subsidiaries carry out intercompany financial transactions. These transactions refer mainly to interest-free intercompany loans.

At September 30, 2019, the Company presented the following balances and conducted the following transactions with related parties:

(a) As a result of the transfer of fixed assets, the Parent Company and its subsidiaries have balances receivable of, respectively, R\$1,238 (R\$1,238 as at December 31, 2018) and R\$2,304 (R\$2,069 as at December 31, 2018) from affiliate Axial Montes Claros. The Company also has an amount receivable of R\$3,455 (R\$ 9,511 as at December 31, 2018) related to the withdrawal of shareholders from Axial and R\$0 (R\$ 5,678 as at December 31, 2018) related to assignment of credit from tax losses.

(b) The subsidiary records Trade receivables referring to sale of investees to the subsidiaries CDB and Delfin (Note 9), in the amount of R\$78,390 (R\$ 91,902 at December 31, 2018).

(c) The Company records Trade receivables from shareholders related to share buyback of R\$2,940 (R\$5,608 as at December 31, 2018).

(d) Services taken - The Company entered into an agreement for provision of professional services in the clinical test area, including tests listed in the AMB92 table, pathological anatomy and cytology, including collection of organic material, at home or in external units indicated by the company. The agreements are charged according to the tests performed, based on the AMB92 table, for the tests included therein, and based on a contracted table for other medical tests not included in such table. The monthly minimum consideration is R\$4,500, which is charged regardless of the number of medical tests conducted by the service provider in the month. The

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information

Period ended September 30, 2019

(In thousands of reais - R\$, unless otherwise stated)

amounts are annually adjusted based on the IPCA/IBGE rate accumulated in the past 12 months, subject to the adjustment index applied by the healthcare plan operators.

Through September 30, 2019, the Associação Fundo de Incentivo a Pesquisa (AFIP) provided clinical analysis services amounting to R\$49,359 (R\$50,991 at September 30, 2018) to the Company and liabilities balance of R\$73 at September 30, 2019 (R\$6,231 at December 31, 2018).

(e) Lease agreements – these refer to lease of properties of the Alliar Group operating units from shareholders and other related parties.

(f) Subsidiaries Plani Resonance, Plani Diagnósticos, Delfin Natal, SOM Diagnósticos and Sabedotti record balance receivable of R\$8,340 (R\$ 8,349 as of December 31, 2018) from shareholders due to the enrollment with installment programs for settlement of taxes, whose triggering event occurred before the companies were acquired by the Company.

The Company's balance receivable of R\$3,444 refers to reimbursement of payment of contingencies. The subsidiaries CDB, Plani Diagnósticos, Sabedotti, Clínica Delfin Gonzalez, Delfin Villas, Delfin Médicos Associados, Clínica de Natal, Instituto De Diagnóstico por Imagem, UMDI, Gold, Pro Imagem, and Nuclear record balances receivable totaling R\$2,582 on the reporting date.

At September 30, 2019, subsidiaries Plani Diagnósticos, SOM Diagnósticos, Clínica São Judas Tadeu, CDB, Delfin Gonzáles, Delfin Villas, Delfin Médicos, Montes Claros, Setra, UMDI, RM Lafaiete, and Multiscan record receivables of R\$1,064 (R\$1,722 at December 31, 2018) from shareholders. In addition, there is a balance of R\$11 receivable from affiliates.

Key management personnel compensation

Key management personnel include Company's officers. We point out that the members of the Board of Directors and committees do not receive compensation for the exercise of their duties.

	<u>09/30/2019</u>	<u>09/30/2018</u>
Management fees	3,625	4,034
INSS on management fees	725	807
Bonus	834	1,819
INSS on bonus	162	363
Fringe benefits (*)	181	230
Share-based compensation	1,984	3,172
Total	<u>7,511</u>	<u>10,425</u>

(*) These benefits refer to healthcare plan and meal allowance.

The compensation of management and key officers is set based on both Parent performance and market trends.

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information
 Period ended September 30, 2019
 (In thousands of reais - R\$, unless otherwise stated)

26. Financial instruments and risk management

(i) Financial instruments

The carrying amounts of financial assets and liabilities classified per category are as follows:

	Parent Company	
	09/30/2019	12/31/2018
Financial assets		
Measured at amortized cost:		
Trade receivables	18,616	14,871
Judicial deposits	842	845
Related parties	126,702	139,799
Financial liabilities		
Other liabilities measured at amortized cost:		
Trade payables	6,673	9,047
Loans, financing and debentures	493,300	453,979
Taxes payable in installments	124	124
Related parties	59,894	30,074
Accounts payable - business combination	14,282	20,620
Fair value through profit or loss		
Derivative financial instrument (Level 2) - Asset	8,192	701
Cash and cash equivalents (Level 2)	35,376	11,346
Marketable securities (Level 2)	2,794	2,712
	Consolidated	
	09/30/2019	12/31/2018
Financial assets		
Measured at amortized cost:		
Trade receivables	247,053	228,961
Concession financial assets	107,923	110,948
Related parties	20,685	23,496
Judicial deposits	26,441	26,107
Financial liabilities		
Other liabilities measured at amortized cost:		
Trade payables	55,350	60,803
Loans, financing and debentures	642,308	605,511
Taxes payable in installments	9,399	10,695
Related parties	1,226	1,025
Accounts payable - business combination	41,886	46,786
Fair value through profit or loss		
Derivative financial instrument (Level 2) - Asset	16,503	2,313
Cash and cash equivalents (Level 2)	97,428	73,165
Marketable securities (Level 2)	2,794	2,712

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information
Period ended September 30, 2019
(In thousands of reais - R\$, unless otherwise stated)

Fair value estimate

The Company adopts the measurement at fair value of its financial assets and financial liabilities. Fair value is measured at market value based on the assumptions with which the market players are able to measure an asset or liability. For purposes of consistency and comparison, the fair value hierarchy prioritizes the inputs adopted in the measurement of the three significant levels, as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 - Other inputs available, other than those included in Level 1, where prices are quoted (unadjusted) for similar assets and liabilities in non-active markets, or other input that is available or may be corroborated by market inputs for substantially the full term of the asset or liability.
- Level 3 - Unobservable inputs, as a result of small or no market activity, that are significant for determining the fair value of assets and liabilities.

The carrying amount and fair value of the Company's and its subsidiaries' liability financial instruments disclosed in the interim financial information are compared below by class, according to Level 2. The remaining financial instruments do not present significant differences between their carrying amounts and fair value.

	Parent Company			
	09/30/2019		12/31/2018	
	Book value	Fair value	Book value	Fair value
Financial liabilities				
Loans, financing and debentures	493,300	494,102	453,979	459,115

	Consolidated			
	09/30/2019		12/31/2018	
	Book value	Fair value	Book value	Fair value
Financial liabilities				
Loans, financing and debentures	642,308	642,316	605,511	611,576

(ii) Risk management

Objectives of financial risk management

Management coordinates access to domestic and foreign financial markets and monitors and manages the financial risks related to the Company's operations by means of internal risk reports that analyze exposures by degree and materiality of risks. These risks include market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments. The Company does not contract or trade financial instruments, including derivative financial instruments for speculative purposes.

(a) Capital risk

The Company manages capital to ensure that its subsidiaries can continue as going concerns and at the same time maximizes the return to all stakeholders or parties involved in the operations by optimizing the debt and equity balance.

The Company's capital structure consists of net debt (borrowings detailed in Note 15 less cash and banks) and equity (which includes issued capital, reserves, retained earnings and noncontrolling interests, as stated in Note 20).

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information

Period ended September 30, 2019

(In thousands of reais - R\$, unless otherwise stated)

The Company is not subject to any external capital requirement.

Management reviews the Company's and its subsidiaries' capital structure on a regular basis. As part of this review, management considers the capital cost, asset liquidity, the risks associated to each class of capital and debt-to-equity ratio.

Debt-to-equity ratio

The debt-to-equity ratios in the period ended September 2019 and year ended December 2018 are as follows:

	Parent Company	
	09/30/2019	12/31/2018
Loans, financing and debentures	493,300	453,979
Net derivative financial instrument	(8,192)	(701)
Taxes payable in installments	124	124
Accounts payable - business combination	14,282	20,620
Cash and cash equivalents and marketable securities	(38,170)	(14,058)
Net debt	461,344	459,964
Equity	1,287,907	1,256,946
Financial leverage ratio	35.82%	36.59%

	Consolidated	
	09/30/2019	12/31/2018
Loans, financing and debentures	642,308	605,511
Net derivative financial instrument	(16,503)	(2,313)
Taxes payable in installments	9,399	10,695
Accounts payable - business combination	41,886	46,786
Cash and cash equivalents and marketable securities	(100,222)	(75,877)
Net debt	576,868	584,802
Equity	1,324,756	1,299,712
Financial leverage ratio	43.55%	44.99%

(b) Market risk

Market risk management is carried out for the purpose of ensuring that the Company is only exposed to levels of risk considered acceptable in the context of its operations.

The Company's financial instruments that are not affected by market risk include: (i) cash and cash equivalents; (ii) short-term investments; (iii) Trade receivables; (iv) loans, financing and debentures and (v) derivative financial instruments.

Interest rate risk

Interest rate risk is the risk that fair value of future cash flow of a certain financial instrument float due to market interest rate variations. This risk is managed by the Company through the maintenance of an appropriate mix of loans at fixed and floating interest rates. To supplement its cash requirements, the Company obtains loans and financing and issues debt securities (debentures and promissory notes), which are substantially indexed to the CDI variation. The inherent risk arises from the possibility of significant increases in the CDI, because the increase in interest rates could impact both the borrowing cost of the Company and the cost of debt, leading to an increase in finance costs.

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information

Period ended September 30, 2019

(In thousands of reais - R\$, unless otherwise stated)

Interest rate sensitivity analysis

Below is the sensitivity analysis of loans subject to variable finance charges, such as CDI, TJLP and Libor, among others, which describes the risks that may give rise to material losses to the Company and its subsidiaries, according to the most probable scenario (base scenario), based on management's analysis.

In conducting the sensitivity analysis shown below, management used as assumption for estimates for the base scenario the macroeconomic indicators prevailing at the date closest to the disclosure of this interim financial information October 21, 2019, for loans and financing subject to floating rates, considered for this sensitivity analysis as the risk variable. Accordingly, the Company estimates, in the base scenario, the following annual rates: TJLP rate of 6.56%, CDI rate of 5.40%, and Libor rate of 1.82%. The "Possible scenario" considers an increase of 25% in such rates and the "Remote scenario", an increase of 50%.

	Parent Company			
	Carrying amount	Base scenario	Possible scenario 25%	Remote scenario 50%
Loans per index				
CDI + 1.10% to 4.68%	365,493	365,493	370,427	375,361
Libor + 3.59%	562	562	565	567
TJLP + 5.30% to 5.70%	165	165	168	170
Derivative financial instruments (short position)				
Index				
CDI + 1.15% to 1.7%	127,433	127,433	129,153	130,874
	493,653	493,653	500,313	506,972
Short-term investments and marketable securities				
Index:				
98.7% CDI	(33,999)	(33,999)	(34,458)	(34,917)
Net exposure	459,654	459,654	465,855	472,055
Increase (decrease) in finance costs in relation to the base scenario	-	-	6,201	12,401
	Consolidated			
	Carrying amount	Base scenario	Possible scenario 25%	Remote scenario 50%
Loans per index				
CDI + 1.10% to 4.68%	373,932	373,932	378,980	384,028
Libor + 3.59%	3,931	3,931	3,949	3,967
TJLP + 5% to 5.7%	716	715	728	739
Derivative financial instruments (short position)				
Index				
CDI + 1.15% to 1.7%	236,137	236,137	239,325	242,513
	614,716	614,715	622,982	631,247
Short-term investments and marketable securities				
Index				
98.7% CDI	(67,542)	(67,542)	(68,454)	(69,366)
Net exposure	547,174	547,173	554,528	561,881
Increase (decrease) in finance costs in relation to the base scenario	-	(1)	7,355	14,708

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information

Period ended September 30, 2019

(In thousands of reais - R\$, unless otherwise stated)

Currency risk

The Company conducts transactions in foreign currency and is, therefore, exposed to exchange rate differences. The exposures to currency risks are managed in accordance with the parameters set by Company management by using currency futures contracts. The Company maintains derivative hedging instruments to *hedge* its exposure to currency and interest rate risks.

The carrying amounts of monetary liabilities in foreign currency at the end of the period ended September 30, 2019 and the year ended December 31, 2018 are as follows:

	Parent Company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Foreign currency				
Working capital	135,625	25,958	252,641	62,382
Equipment lease and financing	562	747	4,404	7,343
Bank guarantees	21	4	35	25
(-) Funding costs	(3)	(5)	(14)	(32)
Total	136,205	26,704	257,066	69,718

Hedge accounting

The Company maintains derivative hedging instruments to reduce its exposure to currency and interest rate risks.

Cash flow hedges

The Company adopts the cash flow hedge for its 4131 transactions. Hedging instruments are accounted for at fair value and the hedged item at curve value. The variation between the hedging instrument's curve value and the fair value is considered in Company's equity, so that both the hedging instruments and the hedged items impact profit or loss by the curve value.

The cash flow of these transactions is informed in the liquidity and interest rate risk tables.

If the hedging instrument no longer meets the hedge accounting criteria, expires or is sold, closed, exercised, or if its designation is revoked, then hedge accounting is discontinued prospectively and hedge accounting adjustment in Equity is recognized in profit or loss for the period.

The Company entered into derivative financial instruments to hedge against the currency risk of loans granted by Banco Santander and Banco Itaú, through foreign "4131 facility". Details on this transaction can be found in Note 15.

See below the accounting transactions and effects arising from this adoption:

	Transaction	Index	Type of hedge	Balance receivable / (payable)	Gain (loss) - comprehensive income (equity)
Parent Company	Loans - 4131	USD/EUR + Spread	Cash flow	(135,625)	-
	Swap Bank - 4131	Spread + CDI	Cash flow	(127,433)	(324)
			Net position	8,192	
Consolidated	Loans - 4131	USD/EUR + Spread	Cash flow	(252,641)	-
	Swap Bank - 4131	Spread + CDI	Cash flow	(236,138)	(166)
			Net position	16,503	

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information

Period ended September 30, 2019

(In thousands of reais - R\$, unless otherwise stated)

Derivative financial instruments

	Parent Company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Assets				
Swap contracts	8,192	701	16,503	2,313
Total	8,192	701	16,503	2,313

Changes in derivative financial instruments:

	Parent Company	Consolidated
	09/30/2019	09/30/2019
Balance at beginning of period	701	2,313
Loss (other comprehensive income)	(318)	(433)
Loss (P&L for the period)	(7,997)	(19,854)
Gain (P&L for the period)	15,518	32,021
Settlement	288	2,456
Balance at end of period	8,192	16,503

Foreign currency sensitivity analysis

The sensitivity analysis of currency risk was based on the US Dollar exchange rate available in the financial market, with a base scenario of R\$4.00 for December 31, 2019, according to market understanding, published through Focus Bulletin of October 18, 2019, while the euro rate prevailing on October 18 of R\$4.62 was used, according to the Central Bank of Brazil. The possible and remote scenarios were calculated with 25% and 50% deteriorations in the risk variable over the base scenario, which in the case is the future dollar quotation. The sensitivity analysis considered the net asset or liability exposure in the Consolidated and Parent Company information. In cases of asset exposure, the risk variable deterioration refers to the decrease in the US dollar rate, while, in the liability exposure, the deterioration refers to the increase in the US dollar rate. At September 30, 2019, the dollar rate was R\$4.16 and the euro rate, R\$4.54.

	09/30/2019			
	Carrying amount	Base scenario	Possible scenario 25%	Remote scenario 50%
Foreign currency financing				
Dollar	99,574	95,643	119,554	143,465
Euro	36,634	37,229	46,536	55,844
	136,208	132,872	166,090	199,309
Derivative financial instruments – SWAP (long position)				
Dollar	(98,991)	(95,083)	(118,854)	(142,625)
Euro	(36,634)	(37,229)	(46,536)	(55,844)
	(135,625)	(132,312)	(165,390)	(198,469)
Net liability exposure after derivatives	583	560	700	840
Net effect of currency differences - (gain)/loss	-	(23)	117	257

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information

Period ended September 30, 2019

(In thousands of reais - R\$, unless otherwise stated)

	09/30/2019			
	Consolidated			
	Carrying amount	Base scenario	Possible scenario 25%	Remote scenario 50%
Foreign currency financing				
Dollar	173,306	166,464	208,080	249,696
Euro	83,774	85,135	106,419	127,703
	257,080	251,599	314,499	377,399
Derivative financial instruments – SWAP (long position)				
Dollar	(168,867)	(162,201)	(202,751)	(243,302)
Euro	(83,774)	(85,135)	(106,419)	(127,703)
	(252,641)	(247,336)	(309,170)	(371,005)
Net liability exposure after derivatives	4,439	4,263	5,329	6,394
Net effect of currency differences - (gain)/loss	-	(176)	890	1,955

(c) Credit risk

This risk is assessed by Company management at historical rates, subject to domestic and local market and economy changes. The allowance for doubtful accounts is recognized in an amount considered sufficient by management to cover potential losses on the realization of receivables. See Note 5.

(d) Liquidity risk

The Company manages the liquidity risk by maintaining proper reserves, bank and other credit facilities to raise new loans that it considers appropriate, based on the ongoing monitoring of forecasted and actual cash flows, and the combination of the maturity profiles of financial assets and financial liabilities.

The table below shows in detail the remaining contractual maturity of the Company's nonderivative financial assets and liabilities and contractual repayment terms. The tables were prepared according to undiscounted cash flows of financial assets and liabilities based on the closest date in which the Company should settle obligations and realize assets. The tables include interest and principal cash flows. As interest flows are based on floating rates, the undiscounted amount was based on the interest curves at the end of the period.

	Parent Company			Total
	Within 1 year	From 1 to 2 years	Above 2 years	
Assets				
Trade receivables	18,616	-	-	18,616
Transactions with related parties	27,486	99,216	-	126,702
Derivative financial instrument	8,192	-	-	8,192
Liabilities				
Trade payables	6,673	-	-	6,673
Loans and financing	177,817	21,526	402,887	602,230
Lease	6,178	5,997	13,073	25,248
Taxes payable in installments	139	-	-	139
Accounts payable - business combination	4,148	8,947	2,268	15,363
Transactions with related parties	-	59,894	-	59,894

Centro de Imagem Diagnósticos S.A.

Notes to interim financial information

Period ended September 30, 2019

(In thousands of reais - R\$, unless otherwise stated)

	Consolidated			Total
	Within 1 year	From 1 to 2 years	Above 2 years	
Assets				
Trade receivable	247,053	-	-	247,053
Concession financial assets	31,400	31,400	159,633	222,433
Transactions with related parties	-	20,685	-	20,685
Derivative financial instrument	16,503	-	-	16,503
Liabilities				
Trade payables	55,350	-	-	55,350
Loans and financing	300,447	46,044	409,473	755,964
Lease	45,571	51,560	233,788	330,919
Taxes payable in installments	2,356	1,869	5,941	10,166
Accounts payable - business combination	4,673	36,528	3,450	44,651
Transactions with related parties	-	1,226	-	1,226

27. Noncash transactions

The Company conducted transactions that did not affect cash and, therefore, are not recognized in the statement of cash flows:

	Parent Company		Consolidated	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
Contingency reimbursement guarantee changes	18,348	36,420	22,339	36,420
First-time adoption of IFRS 16	23,952	-	237,975	-
Remeasurement of lease agreements – IFRS 16	1,039	-	9,432	-
Additions and write-offs of lease agreements - IFRS 16	550	-	1,279	-
Offset of accounts payable for business combination	275	3,617	-	3,617

28. Authorization for completion of the interim financial information

The interim financial information was approved and authorized for publication by the Board of Directors on November 12, 2019.