Interim Consolidated Financial Report

31 March 2016

LUZ SAÚDE

Consolidated Management Report

HIGHLIGHTS

In the first quarter of 2016, our business continued to grow organically and through geographic expansion of our network:

- Consolidated operating revenues increased by 8.5% vis-à-vis 2015 first quarter, reaching €116.1 million, mainly influenced by the growth of the private segment (10.7%);
- Consolidated EBITDA of €15.5 million, with an EBITDA margin of 13.3% versus 14.4% in 2015, which was affected by the entry of Hospital da Misericórdia de Évora (lower margin due to the type of partnership) in the consolidation perimeter, by the acquisition of Hospital da Luz – Guimarães and Hospital do Mar – Gaia (both under turnaround process) and by the performance of Hospital Beatriz Ângelo (negative margin);
- Net Income attributable to shareholders was €6.2 million, representing a 16% growth versus 2015 (€5.3 million);
- Total CAPEX of €27.4 million, of which €26.2 million corresponded to expansion CAPEX, whether in geographic expansion, through the acquisition of Hospital da Luz – Guimarães and Hospital do Mar – Gaia, or in capacity increase in the current units, through the ongoing investment in Clínica de Oeiras expansion;
- With these investments, Luz Saúde net debt increased €31.6 million to €218.9.6 million (17% growth versus 2015 EOY), reaching a net debt to EBITDA ratio of 3.5x (versus 3.1x in 2015 EOY);
- In relation to the acknowledgment of the right of Hospital Beatriz Ângelo to receive payment for additional healthcare services rendered in outpatient context to HIV/AIDS patients, the manager entity of the Hospital has triggered the mechanisms of dispute resolution set out in the Management Contract, in order to initiate a mediation procedure with the Contracting Public Entity for the resolution of this issue.

OVERALL PERFORMANCE

Consolidated Income Statement

(Million Euro)	2015 Q1[1]	2016 Q1[1]	Var.
Operating revenues	**107.1**	**116.1**	**8.5%**
Operating costs	(91.6)	(100.7)	9.9%
EBITDA	**15.4**	**15.5**	**0.5%**
EBITDA margin	14.4%	13.3%	-1.1 p.p.
Depreciation	(6.1)	(5.7)	-5.7%
EBIT	**9.3**	**9.8**	**4.5%**
EBIT margin	8.7%	8.4%	-0.3 p.p.
Financial results	(2.2)	(1.6)	-27.7%
EBT	**7.1**	**8.1**	**14.6%**
Taxes	(1.8)	(2.0)	12.4%
Net Income	**5.3**	**6.1**	**15.3%**
Non-controlling interests	0.02	(0.02)	N.A.
Net Income attributable to Shareholders	**5.3**	**6.2**	**16.1%**
EPS (Euro)	0.055	0.065	18.2%

[1]Non audited values

In the first quarter of 2016, Luz Saúde consolidated operating revenues increased by 8.5% vis-à-vis 2015 Q1, reaching €116.1 million, mainly driven by activity growth on the private healthcare segment (+10.7%).

EBITDA reached €15.5 million in 2016 Q1 and EBITDA margin reached 13.3%, a 1.1 p.p. decrease vis-à-vis 2015 Q1. This performance was justified by the entry of Hospital da Misericórdia de Évora (lower margin due to the type of partnership) in the consolidation perimeter, by the acquisition of Hospital da Luz – Guimarães and Hospital do Mar – Gaia (both under turnaround process) and by the performance of Hospital Beatriz Ângelo, which had a negative EBITDA margin in this quarter mainly due to the increase of the weight of consumables and drugs costs.

Despite the EBITDA margin reduction, the decrease of depreciation and improvement of financial results led to a net income attributable to shareholders of €6.2 million, representing a 16.1% growth versus 2015 Q1.

Consolidated Balance Sheet

(Million Euro)	2015 Dec	2016 Mar[1]
Fixed assets	348.3	370.0
Working capital	41.0	54.1
Shareholders' funds	202.0	205.1
Net debt	187.3	218.9
Net debt / EBITDA	3.1	3.5

[1]Non audited values

In 2016 Q1, Luz Saúde consolidated CAPEX was €27.5 million, of which €26.2 million corresponded to expansion CAPEX, whether in geographic expansion, through the acquisition of Hospital da Luz –Guimarães and Hospital do Mar – Gaia, or in capacity increase in the current units, through the ongoing investment in Clínica de Oeiras expansion. The remainder €1.2 million corresponded to replacement and technological upgrade CAPEX, distributed across the Group's facilities, representing 1.0% of consolidated operating revenues.

At the end of the first three months of 2016, Luz Saúde consolidated net debt totaled €218.9 million, representing a €31.6 million increase from 2015 EOY, mainly driven by investments in expansion during the first quarter and by an increase in working capital levels. Net debt / EBITDA reached 3.5, comparing to 3.1 in 2015 EOY.

OPERATING REVENUES PERFORMANCE

Operating revenues by segment

(Million Euro)	2015 Q1[1]	2016 Q1[1]	Var.
Consolidated operating revenues	**107.1**	**116.1**	**8.5%**
Private Healthcare	82.2	91.0	10.7%
Public Healthcare	24.2	24.1	-0.1%
Other businesses	0.9	2.2	N.A.
Corporate center	3.6	3.4	-6.3%
Eliminations	(3.8)	(3.5)	-8.3%

[1] Non audited values

In the first quarter of 2016, Luz Saúde operating revenues reached €116.1 million, a growth of 8.5% compared to 2015 Q1.

The private healthcare segment operating revenues totaled €91.0 million, 10.7% above 2015 Q1. This growth was mainly fueled by a generalized increase in activity, both in ambulatory and inpatient services, by the entry of Hospital da Misericórdia de Évora in the consolidation perimeter and by the acquisition of Hospital da Luz – Guimarães and Hospital do Mar – Gaia.

Since the production contracting process for the year 2016 is not yet finalized, the operating revenues of the public healthcare segment were estimated based on the assumptions employed in 2015. This implies that the operating income of the public healthcare segment (Hospital Beatriz Ângelo) remained at €24.1 million.

The other businesses segment obtained €2.2 million operating revenues, an increase due to growth in the senior residences business and the beginning of activity of GLSMED Trade, a Group company dedicated to the distribution of medical devices.

RESULTS PERFORMANCE

Consolidated EBITDA and EBITDA margin

	2015 Q1[1]		2016 Q1[1]		
	€ million	Margin	€ million	Margin	Var.
Consolidated results	**15.4**	**14.4%**	**15.5**	**13.3%**	**0.5%**
Private Healthcare	15.8	19.2%	16.7	18.4%	6.0%
Public Healthcare	0.3	1.3%	(0.4)	-1.8%	N.A.
Other businesses	(0.0)	-3.6%	0.1	6.6%	N.A.
Corporate center	(0.6)	N.A.	(0.9)	N.A.	N.A.

[1]Non audited values

In consolidated terms, Luz Saúde's EBITDA was €15.5 million and EBITDA margin decreased from 14.4% in 2015 Q1 to 13.3% in 2016 Q1.

On the private healthcare segment, the EBITDA margin decreased from 19.2% in 2015 Q1 to 18.4% in 2016 Q1. This evolution was due to the mentioned effect of the entry of Hospital da Misericórdia de Évora (lower margin due to the type of partnership) in the consolidation perimeter and of the acquisition of Hospital da Luz – Guimarães and Hospital do Mar – Gaia (both under turnaround process).

On the public healthcare segment, EBITDA margin decreased from 1.3% to -1.8%, as a result of the operating revenues estimate mentioned earlier and of the increase of the weight of consumables and drugs costs, due to the significant growth of Oncology activity and of costs from anti-retroviral therapy for HIV patients.

BALANCE SHEET PERFORMANCE

(Million Euro)	2015 Dec	2016 Mar[1]
Property, Plant and Equipment	251.3	257.5
Intangible assets	95.7	111.3
Others	1.2	1.2
Fixed assets	**348.3**	**370.0**
Inventories	8.1	9.0
Clients	136.6	156.0
Suppliers	(93.0)	(97.6)
Others	(10.6)	(13.2)
Working capital	**41.0**	**54.1**
Fixed assets + Working capital	**389.3**	**424.0**

	2015 Dec	2016 Mar[1]
Share Capital and Premiums	156.0	156.7
Reserves and Retained Earnings	45.9	48.5
Shareholder funds	**202.0**	**205.1**
Non-Current Bank Loans	176.4	188.7
Current Bank Loans	19.0	33.0
Non-Current Financial Leases	15.6	17.1
Current Financial Leases	5.8	5.1
Cash and Cash Equivalents	(29.4)	(25.0)
Net Debt	**187.3**	**218.9**
Shareholder funds + Net debt	**389.3**	**424.0**

[1]Non audited values

During 2016 Q1, Luz Saúde consolidated CAPEX reached €27.4 million, driving fixed assets to €370 million by the end of March 2016, explained by the company's strategy of owning the majority of its assets, with a significant real estate portfolio, which integrates the healthcare facilities as well as the land plots where they are located.

Working capital increased to €13.1 million, reaching €54.1 million by the end of 2016 first quarter.

By the end of 2016 first three months, Luz Saúde consolidated financial debt totaled €243.9 million, with €221.7 million in bank loans and €22.2 million in financial leases. Bank loans were split across short and medium-long term commercial paper programs (€199 million), medium-long term loans (€22 million) and short term facilities (€1 million), with an overall average maturity of 4 years. Net debt reached €218.9 million, representing a €31.6 million increase from 2015 EOY value, mainly driven by investments in expansion during the first quarter and by an increase in working capital levels. Net debt / EBITDA reached 3.5, comparing to 3.1 in 2015 EOY.

OUTLOOK FOR 2016

In 2016, the Portuguese economy is expected to maintain 2015 GDP growth levels (1.5% according to the Portuguese Central Bank). However, there are still several factors that can and may offset the economical turnaround, being the most relevant the high level of unemployment and the considerable tax burden on individuals and companies.

The health insurance market in Portugal has maintained its historical growth trajectory, with an increase in premiums volume of 5% in the first quarter of 2016, reaching approximately €218 million, despite the economical environment.

Regarding health subsystems, it should be noted that the transfer of ADSE to the Ministry of Health might have future implications in its relationship with private healthcare providers, considering the eventual compromise of this subsystem's independence against the NHS, which has a role of payer and provider for healthcare services.

In 2016, Luz Saúde will maintain its focus on leveraging the high demand verified for its services on the private healthcare segment, in order to continue improving capacity utilization, assets turnover and overall profitability. Simultaneously, the company will proceed with its capacity expansion plans, namely in Hospital da Luz, in Hospital da Arrábida and in Hospital da Luz – Clínica de Oeiras. Additionally, Luz Saúde will continue to analyze consolidation opportunities in the national market, focusing on small to mid size players, which would allow complementing Luz Saúde offer and increase its caption areas.

In relation to Hospital da Luz Guimarães, Luz Saúde focus will be on operational activity growth on the two units belonging to the company, as well as implementing the Group's functional standards to them.

On the public healthcare segment, the Group will be focused on maintaining high levels of activity growth and on efficiency enhancement initiatives, in order to improve Hospital Beatriz Ângelo's profitability levels.

In relation to the acknowledgment of the right of Hospital Beatriz Ângelo to receive payment for additional healthcare services rendered in outpatient context to HIV/AIDS patients, the manager entity of the Hospital has triggered the mechanisms of dispute resolution set out in the Management Contract, in order to initiate a mediation procedure with the Contracting Public Entity for the resolution of this issue. This corresponds to a measure with significant impact in the hospitals' financial performance. In particular, for Hospital Beatriz Ângelo, the recognition of this right would represent an estimated impact of € 0.6 million for 2015 Q1 and € 0.9 million for 2016 Q1. Additionally, the arbitration proceeding that opposes the company that manages Hospital Beatriz Ângelo and the Portuguese State regarding the funding of costs incurred with medical interns working in the Hospital, placed there by the ARS Lisboa e Vale do Tejo, was initiated.

Regarding the international expansion of Luz Saúde, the Group continues with the analysis of the project for a new private facility in Luanda. At the same time, the analysis of the

expansion to other geographies has been developing, under the new shareholder Fidelidade / Fosun context.

AUTHORISATIONS GRANTED FOR TRANSACTIONS BETWEEN THE COMPANY AND ITS DIRECTORS

No authorisations have been granted for transactions between the company and its directors under Article 397 of the Portuguese Companies Code.

Annex to the Consolidated Financial Report

INFORMATION ON SHAREHOLDINGS OF MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES IN THE COMPANY'S SHARE CAPITAL AS OF 31 MARCH 2016

Luz Saúde, SA hereby discloses, pursuant to article 447(5) of the Portuguese Companies Code, the detail about shareholdings in the company held by members of the management and supervisory bodies, as at 31 March 2016.

Members of the management and supervisory bodies	Shareholdings as at 31 December 2015	Additions during the period	Decreases during the period	Shareholdings as at 31 March 2016
Isabel Maria Pereira Aníbal Vaz	50,000	50,000	-	100,000
João Paulo da Cunha Leite de Abreu Novais	40,000	40,000	-	80,000
Tomás Leitão Branquinho da Fonseca	40,000	40,000	-	80,000
Ivo Joaquim Antão	40,000	40,000	-	80,000

STATUTORY AUDITORS

The Statutory Auditors, Ernst & Young Audit & Associados - SROC, S.A., have no shareholding as at 31 March 2016, having made no transactions with any Luz Saúde, SA securities.

LIST OF TRANSACTIONS OF SENIOR OFFICERS AND CLOSELY RELATED PERSONS THEREWITH

Luz Saúde, SA hereby discloses, in accordance with Article 14(7) of CMVM Regulation 5/2008, all transactions made by company managers during the period between 31 December 2015 and 31 March 2016.

Manager	Date	Type	ISIN Code	Volume	Price (Euros)	Place
Isabel Maria Pereira Aníbal Vaz	19.01.2016	Purchase	PTEPT0AM0005	50,000	N.A.*	Off-market*
João Paulo da Cunha Leite de Abreu Novais	19.01.2016	Purchase	PTEPT0AM0005	40,000	N.A.*	Off-market*
Tomás Leitão Branquinho da Fonseca	19.01.2016	Purchase	PTEPT0AM0005	40,000	N.A.*	Off-market*
Ivo Joaquim Antão	19.01.2016	Purchase	PTEPT0AM0005	40,000	N.A.*	Off-market*

* These transactions were done free of charge, as part of the share-based payment program approved at Shareholders' Annual Meeting.

LIST OF QUALIFIED SHAREHOLDERS AS AT 31 MARCH 2016

The Company's share capital and voting rights as at 31 March 2016 included the following qualified shareholdings of at least 2% of Luz Saúde's share capital, calculated according to article 20 of the Portuguese Securities Code:

List of qualified shareholders (as at 31.03.2016)	Number of Shares	Capital (%)	Voting rights (%)
Fidelidade – Companhia de Seguros, S.A.	94,041,217	98.43	98.43

INFORMATION ABOUT OWN SHARES

No âmbito do programa de pagamentos com base em ações, foram realizadas as seguintes operações com ações da Luz Saúde:

	Number of shares	Value
Balance on 1 January 2016	340,000	1.309,000
Acquisition of own shares	-	-
Distribution of own shares according to the governing bodies' remuneration plan	(170,000)	(654,500)
Balance on 31 March 2016	170,000	654,500

On 31 March 2016, there were 170,000 own shares, representing 0.178% of Luz Saúde, S.A. share capital.

STATEMENT UNDER THE TERMS OF ARTICLE 246, PARAGRAPH 1, C), OF THE SECURITIES CODE

In accordance with Article 246, paragraph 1, c) of the Securities Code, the Board of Directors of Luz Saúde, SA, whose name is listed below, declare that, to their knowledge:

a) The first three months of 2016 accounts, were elaborated in compliance with the applicable accounting standards, accurately and truthfully portraying the assets and

liabilities, financial position and results, as well as those of the companies included in its consolidation perimeter;

b) The management report faithfully portrays the important events occurred in first three months of 2016 and its impact on the accounts and, when applicable, contains a description of the main risks and uncertainties for the following six months.

(Jorge Manuel Batista Magalhães Correia)

(Isabel Maria Pereira Aníbal Vaz)

(Changzeng Ma)

(José Manuel Alvarez Quintero)

(Lingjiang Xu)

(Rogério Miguel Antunes Campos Henriques)

(Wei Song)

(Ivo Joaquim Antão)

(João Paulo da Cunha Leite de Abreu Novais)

(Tomás Leitão Branquinho da Fonseca)

Consolidated Financial Statements

Consolidated comprehensive income statement for the periods ended 31 March 2016 and 2015

In euros

(FREE TRANSLATION FROM THE ORIGINAL VERSION IN PORTUGUESE)

	Notes	31-mar-16	31-mar-15
Income and gains			
Revenue from services rendered	5	115,868,025	106,837,375
Other operating income		280,854	213,234
Finance income		7,008	124,751
Total income and gains		**116,155,887**	**107,175,360**
Expenses and losses			
Inventories consumed and sold		(17,264,703)	(15,614,349)
Costs of services and materials	6	(52,029,703)	(46,816,623)
Personnel expenses	7	(30,781,402)	(28,889,237)
Depreciation and amortisation	8	(5,741,339)	(6,085,948)
Other operating expenses		(160,897)	(357,154)
Provisions, net of reversals		(137,500)	321,394
Impairment of receivables, net of reversals		(279,578)	(271,735)
Finance costs		(1,621,878)	(2,358,147)
Total expenses and losses		**(108,017,000)**	**(100,071,799)**
Profit before income tax		8,138,887	7,103,561
Income tax expense		(2,005,176)	(1,784,196)
Profit for the period		**6,133,711**	**5,319,365**
Other comprehensive income:			
Items that maybe reclassified to results:			
Cash flow hedges	15	(3,026,631)	-
Other comprehensive income for the period		**(3,026,631)**	**-**
Comprehensive income for the period		**3,107,080**	**5,319,365**
Profit attributable to:			
Equity holders of the parent		6,150,321	5,296,007
Non-controlling interests		(16,610)	23,358
Comprehensive income attributable to:			
Equity holders of the parent		3,123,690	5,296,007
Non-controlling interests		(16,610)	23,358
Basic earnings per share	12	0.065	0.055
Diluted earnings per share	12	0.065	0.055

Notes are an integral part of these Interim consolidated financial statements

Consolidated statement of financial position as at 31 March 2016 and 31 December 2015

In euros

(FREE TRANSLATION FROM THE ORIGINAL VERSION IN PORTUGUESE)

	Notes	31-mar-16	31-dec-15
Assets			
Non-current assets			
Property, plant and equipment	8	257,501,711	251,343,638
Intangible assets	8	111,262,112	95,720,527
Investments in associates		1,200,459	1,200,459
Other receivables	9	1,165,563	1,122,394
Total non-current assets		**371,129,845**	**349,387,018**
Current assets			
Inventories		8,969,113	8,145,428
Trade receivables	9	104,537,708	87,749,052
Other receivables	9	51,448,317	48,835,016
Cash and cash equivalents	10	24,975,399	29,407,691
Total current assets		**189,930,537**	**174,137,187**
Total assets		**561,060,382**	**523,524,205**
Shareholders' Equity			
Equity And reserves			
Share capital		95,542,254	95,542,254
Treasury shares		(656,388)	(1,312,777)
Share premium		61,795,793	61,795,793
Reserves and retained earnings		48,462,014	45,949,380
Total equity attributable to equity holders of the parent	11	**205,143,673**	**201,974,650**
Shareholders' equity attributable to non-controlling interests		2,965,050	1,731,660
Total shareholders' equity		**208,108,723**	**203,706,310**
Liabilities			
Non-current liabilities			
Provisions		7,031,517	6,894,017
Borrowings	14	184,370,284	176,373,117
Derivative financial instruments	15	4,298,817	233,355
Finance lease liabilities		17,109,917	15,609,877
Deferred tax liabilities		153,294	503,723
Total non-current liabilities		**212,963,829**	**199,614,089**
Current liabilities			
Trade payables	13	30,203,080	31,569,678
Other payables	13	67,445,701	61,478,365
Borrowings and bank overdrafts	14	33,009,718	18,988,357
Current income tax payable	13	4,218,291	2,393,249
Finance lease liabilities		5,111,040	5,774,157
Total current liabilities		**139,987,830**	**120,203,806**
Total liabilities		**352,951,659**	**319,817,895**
Total shareholders' equity and liabilities		**561,060,382**	**523,524,205**

Notes are an integral part of these Interim consolidated financial statements

Consolidated statement of changes in shareholders' equity for the periods ended 31 March 2016 and 2015

In euros

(FREE TRANSLATION FROM THE ORIGINAL VERSION IN PORTUGUESE)

	Notes	Share capital	Treasury shares	Share premium	Reserves and retained earnings	Total equity attributable to equity holders of the parent	Non-controlling interests	Total
Balance as at 1 January 2015		95,542,254	(205,804)	61,795,793	24,554,227	181,686,470	1,525,104	183,211,574
Fair value of the services of the period		-	-	-	113,334	113,334	-	113,334
Total direct change in shareholders' equity		-	-	-	113,334	113,334	-	113,334
Profit for the period		-	-	-	5,296,007	5,296,007	23,358	5,319,365
Other comprehensive income for the period		-	-	-	-	-	-	-
Balance as at 31 March 2015	11	**95,542,254**	**(205,804)**	**61,795,793**	**29,963,568**	**187,095,811**	**1,548,462**	**188,644,273**
Balance as at 1 January 2016		95,542,254	(1,312,777)	61,795,793	45,949,380	201,974,650	1,731,660	203,706,310
Share-based payments								
Vesting of shares granted		-	656,389	-	(656,389)	-	-	-
Fair value of the services of the period		-	-	-	45,333	45,333	-	45,333
Share capital increase in subsidiaries		-	-	-	-	-	1,250,000	1,250,000
Total direct change in shareholders' equity		-	656,389	-	(611,056)	45,333	1,250,000	1,295,333
Profit for the period		-	-	-	6,150,321	6,150,321	(16,610)	6,133,711
Other comprehensive income for the period		-	-	-	(3,026,631)	(3,026,631)	-	(3,026,631)
Balance as at 31 March 2016	11	**95,542,254**	**(656,388)**	**61,795,793**	**48,462,014**	**205,143,673**	**2,965,050**	**208,108,723**

Notes are an integral part of these Interim consolidated financial statements

Consolidated statement of cash flows for the periods ended of three months ended 31 March 2016 and 2015

In euros

(FREE TRANSLATION FROM THE ORIGINAL VERSION IN PORTUGUESE)

	Notes	31-mar-16	31-mar-15
Operating activities			
Receipts from customers		95,919,890	110,783,323
Payments to suppliers		(68,356,014)	(60,766,861)
Payments to employees		(14,215,401)	(13,173,020)
Cash flow generated from operations		13,348,475	36,843,442
Income tax paid		(33,076)	(274,533)
Other receipts/(payments) related with operating activities		(13,149,982)	(11,575,137)
Net cash flow generated from operating activities		**165,417**	**24,993,772**
Investing activities			
Proceeds from:			
Sale of property, plant and equipment	8	-	364,917
Interest received		418	38,627
Payments related with:			
Purchase of property, plant and equipment	8	(9,232,707)	(2,505,899)
Purchase of intangible assets	8	(15,444,496)	(46,144)
Other assets		-	(530,000)
Net cash flow used in investing activities		**(24,676,785)**	**(2,678,499)**
Financing activities			
Proceeds from:			
Proceeds from borrowings		106,890,949	170,240,802
Subsidiary share capital increase pais by non-controling interests		374,731	-
Payments related with:			
Repayment of borrowings		(85,056,346)	(182,313,640)
Repayment of financial lease liabilities		(1,711,585)	(2,399,479)
Interest and other similar expenses paid		(418,673)	(1,079,406)
Net cash flow used in financing activities		**20,079,076**	**(15,551,723)**
Change in cash and cash equivalents		**(4,432,292)**	**6,763,550**
Cash and cash equivalents at the beginning of the period	10	29,407,691	20,680,684
Cash and cash equivalents at the end of the period	10	**24,975,399**	**27,444,234**

Notes are an integral part of these Interim consolidated financial statements

Notes to the interim consolidated financial statements for the period of three months ended 31 March 2016

(Amounts expressed in Euros)

(FREE TRANSLATION FROM THE ORIGINAL VERSION IN PORTUGUESE)

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1. GENERAL INFORMATION ON THE ACTIVITIES OF THE GROUP AND REPORTING ENTITY

Luz Saúde, SA (hereinafter LUZ SAÚDE, previously known as Espírito Santo Saúde – SGPS, SA) is a limited liability company, with registered office in Lisbon, being the parent company of LUZ SAÚDE Group, a Group made-up of companies that operate exclusively in the provision of healthcare, including the management of acute hospitals, outpatient clinics, residential hospitals, senior residences with services and NHS hospitals under Public Private Partnership (PPP).

LUS SAÚDE's shares were admitted to trading on the Lisbon Stock Exchange on 11 February 2014.

Espírito Santo Control, SA, with registered office in Luxembourg, was the ultimate beneficial owner of the LUZ SAÚDE Group until 15 October 2014. On that date, Fidelidade – Companhia de Seguros, SA acquired control of LUZ SAÚDE through a tender offer it had launched.

In a General Shareholders Meeting held on 9 February 2015, the company amended its name from Espírito Santo Saúde – SGPS, SA to Luz Saúde, SA, and has abandoned the legal form of "Sociedade de Participações Sociais" (holding company) pursuant to Decree-Law 495/88 of 30 December.

These interim financial statements, for the period of three months ending on 31 March 2016 were approved and authorised by the Board of Directors on 17 May 2016.

In 2015 and in the first quarter of 2016, the composition of the Group changed as follows:

i. Incorporation of new companies and business combinations

On May 25, 2015, was incorporated the subsidiary Hospital da Luz - Guimarães, SA (HLG), a company that in 2015 concentrated the activity of analysis and negotiation of the investment in the operation of two health units, previously operated by Casa de Saúde de Guimarães (Hospital Privado in Guimarães and Clihotel in Gaia). In 19 January 2016, HLG completed the operation related with the acquisition of the business and the assets previously operated by Casa de Saúde Guimarães (note 17)

On May 27, 2015, was incorporated the subsidiary GLSMED TRADE, SA (GLSMED), a company in which LUZ SAÚDE has a financial interest of 100%, having a corporate purpose of rendering specialized distribution and transport services of medical devices and pharmaceutical products.

On September 9, 2015, was incorporated the subsidiary GLSMED LEARNING HEALTH, SA (GLSMED LEARNING), a company in which LUZ SAÚDE has a financial interest of 100%, having a corporate purpose of rendering services related to coaching, development and innovation in the healthcare industry.

ii. Acquisition of an associate

On July 24, 2015, LUZ SAUDE increased its interest by 50%, reaching 100% in the associate company HME – Gestão Hospitalar, SA. With this transaction the Group gain control of the associate company, and began to fully consolidate the operations, assets and liabilities of the associate since the referred date.

2. BASIS OF PRESENTATION OF THE INTERIM FINANCIAL STATEMENTS

The interim financial statements have been prepared on a going concern basis from the books and accounting registers of the companies included in the consolidation and based on historical cost, in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU) as at 1 January 2016. These standards include both the IFRS issued by the International Accounting Standards Board (IASB) and the International Accounting Standards (IAS) issued by the International Accounting Standards Committee (IASC) and their respective interpretations – IFRIC and SIC, respectively issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC). These standards and interpretations are together known as IFRS.

These interim financial statements are presented in accordance with IAS 34 – Interim financial reporting (IAS 34). Consequently, these financial statements do not include all the disclosures required by IFRS, and should be read together with the consolidated financial statements for the year ended on 31 December 2015.

The financial statements are expressed in Euros.

During the first three months ended at 31 March 2016, accounting standards and interpretations were approved and published in the Official Journal of the European Union (OJ). These apply to subsequent financial years, although early adoption is permitted.

2.1. New standards, amendments or interpretations applicable to financial years beginning on or after 1 January 2016

Following endorsement by the European Union, the Group adopted the following standards, revisions, amendments and improvements to the Standards and Interpretations as of 1 January 2016:

Issued (IASB)	IASB Standard or IFRIC Interpretation	Mandatory application in the financial years beginning on or after
November 2013	IAS 19 – Defined Benefit Plans: Employee Contributions (amendment)	1 February 2015
December 2013	IFRS 2 – Share-based Payment (improvements to the 2010–2012 cycle)	1 February 2015
December 2013	IFRS 3 – Business Combinations (improvements to the 2010–2012 cycle)	1 February 2015
December 2013	IFRS 8 – Operating Segments (improvements to the 2010–2012 cycle)	1 February 2015
December 2013	IAS 16 – Property, Plant and Equipment (improvements to the 2010–2012 cycle)	1 February 2015
December 2013	IAS 24 – Related Party Disclosures (improvements to the 2010–2012 cycle)	1 February 2015
December 2013	IAS 38 – Intangible Assets (improvements to the 2010–2012 cycle)	1 February 2015
June 2014	IAS 16 and IAS 41 – Agriculture: Bearer Plants (amendment)	1 January 2016
November 2013	IAS 19 – Defined Benefit Plans: Employee Contributions (amendment)	1 February 2015
December 2013	IFRS 2 – Share-based Payment (improvements to the 2010–2012 cycle)	1 February 2015
August 2014	IAS 27 – Equity Method in Separate Financial Statements (amendment)	1 January 2016
September 2014	IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations (improvements to the 2012–2014 cycle)	1 January 2016
September 2014	IFRS 7 – Financial Instruments: Disclosures (improvements to the 2012–2014 cycle)	1 January 2016
September 2014	IAS 19 – Employee Benefits (improvements to the 2012–2014 cycle)	1 January 2016
September 2014	IAS 34 – Interim Financial Reporting (improvements to the 2012–2014 cycle)	1 January 2016
December 2014	IAS 1 – Clarifications on financial reporting disclosure (amendment)	1 January 2016

The adoption of these standards, interpretations and amendments to standard did not have a material impact on the consolidated financial statements.

2.2. New standards, amendments and interpretations issued by the IASB and not endorsed by the European Union (EU) until 31 March 2016

On 31 March 2016, the following standards, revisions, amendments and improvements to the Standards and Interpretations, issued by the IASB were still pending approval by the EU:

Issued (IASB)	IASB Standard or IFRIC Interpretation	Mandatory application in the financial years beginning on or after
May 2014 / September 2015	IFRS 15 – Revenue from Contracts with Customers (new)	1 January 2018
December 2014	IFRS 10, IFRS 12 and to IAS 28 – Investment Entities: Applying the Consolidation Exception (amendment)	1 January 2016
July 2014	IFRS 9 – Financial Instruments	1 January 2018
January 2016	IFRS 16 – Leases	1 January 2019
January 2016	IAS 12 – Income tax: Recognition of deferred tax assets for unrealised losses	1 January 2017
January 2016	IAS 7 – Statement of Cash Flows (amendment)	1 January 2017
April 2016	IFRS 15 – Revenue from Contracts with Customers (amendment)	1 January 2018

The adoption of these standards or amendments should not have a material impact on the consolidated financial statements.

2.3. Estimates and judgments

Preparing the financial statements according to IFRS requires that the Board of Directors performs judgments, estimates and assumptions that impact the accounting policies applied and the amounts presented as income, expenses, assets and liabilities. Changes to these assumptions or differences they may have with respect to the actual events occurred may have an impact on current estimates and judgments.

The principal estimates and judgments used on the preparation of these interim consolidated financial statements were similar with those disclosed in the consolidated financial statements of the year ended on 31 December 2015, with exception of determining the provision for income tax, which was performed based on the expected tax rate for the year of 2016.

3. MAIN ACCOUNTING POLICIES

The interim consolidated financial statements presented herein reflect the assets, liabilities, equity, results and cash flows of LUZ SAÚDE and its subsidiaries (together the Group), and the results attributable to the Group from investments in associate companies. The accounting policies have been applied consistently by all Group companies for all periods covered by these interim consolidated financial statements.

The accounting policies applied in these interim consolidated financial statements are consistent with those used on the preparation of consolidated financial statements of the year ended on 31 December 2015 and disclosed in the respective notes.

4. SEGMENT REPORTING

The Group's main activities are grouped into the following business segments:

- Private healthcare;
- Public healthcare;
- Other activities;
- Holding company and shared services.

The private healthcare segment includes the following units:

- Eight hospitals focused on differentiated acute care, namely surgery, inpatient treatments and specialised diagnostics, which complement each other. They also have strong credentials in primary non-acute healthcare on an outpatient basis. Further activities entail the promotion and protection of health, through check-up exams and other preventive measures.

- Six outpatient units focused on non-acute primary care, including external consultations for a wide array of medical and surgical specialities, complementary diagnostic and therapeutic procedures (namely for imaging and laboratory testing) and 24-hour medical assistance. One of these units is able to perform all types of surgical procedures on an outpatient basis.

- Two residential hospitals, specialised in healthcare services that involve rehabilitation, medical or post-operative convalescence, neuro-stimulation, general support for dementia (in particular for Alzheimer's disease), continued care, palliative and geriatric care on a Day-Centre or Inpatient basis.

- A radiotherapy unit.

The Public healthcare segment includes Hospital Beatriz Ângelo (HBA) in Loures, managed by the subsidiary SGHL under a Partnership with the State. It is a part of the National Health Service. The partnership agreement has a 10-year duration as of the date in which the hospital opens for business (February 2012). This unit caters to the population of the counties of Loures, Odivelas, Mafra and Sobral de Monte Agraço.

The Other activities segment is where LUZ SAÚDE's other business areas are found. In this segment, the Group has two senior residence units for individuals of 65 years and older that seek a complete package of services in terms of accommodations, leisure and health. The logic behind these senior residences is to integrate and complement the residential hospitals and acute residences. This segment also includes the logistics business which started its activity in the first quarter of 2016, and the training business which operations are still in an early stage.

The Holding company and shared services segment provides management, consulting, operating, legal support, maintenance, negotiation, procurement and marketing services, among others, to the units of the Private Healthcare and Other Activities segments.

The main information on the results for the financial quarters ended on 31 March 2016 and 2015 of the different business segments is as follows:

March 2016

	Private healthcare	Public healthcare	Other activities	Holding and shared services	Eliminations and adjustments	Consolidated
Operating Income						
External clients	90,683,813	24,089,819	1,051,725	4,456	38,212	115,868,025
Intersegment	73,188	-	1,096,602	3,315,775	(4,485,565)	-
Other operating income and gains	253,684	56,383	31,766	44,163	(105,142)	280,854
Total operating income	**91,010,685**	**24,146,202**	**2,180,093**	**3,364,394**	**(4,552,495)**	**116,148,879**
Inventories consumed and sold	(11,621,433)	(5,723,898)	(1,015,974)	-	1,096,602	(17,264,703)
Cost of services and materials	(45,646,289)	(7,678,171)	(687,963)	(1,473,239)	3,455,959	(52,029,703)
Personnel expenses	(16,758,303)	(10,892,743)	(326,546)	(2,803,810)	-	(30,781,402)
Depreciation and amortisation	(4,454,923)	(898,736)	(253,754)	(133,926)	-	(5,741,339)
Provisions and impairment losses	(134,684)	(282,394)	-	-	-	(417,078)
Other operating expenses	(127,466)	(2,903)	(6,394)	(24,068)	(66)	(160,897)
Operating result by segment	**12,267,587**	**(1,332,643)**	**(110,538)**	**(1,070,649)**	**-**	**9,753,757**
Finance costs						(1,621,878)
Finance income						7,008
Financial results						**(1,614,870)**
Profit before income tax						**8,138,887**
Income tax expense						(2,005,176)
Profit/(loss) attributable to non-controlling interests	(15,689)	(921)	-	-	-	(16,610)
Profit attributable to equity holders of the parent						**6,150,321**

March 2015

	Private healthcare	Public healthcare	Other activities	Holding and shared services	Eliminations and adjustments	Consolidated
Operating Income						
External clients	81,839,041	24,139,594	857,067	1,673	-	106,837,375
Intersegment	165,424	-	-	3,537,477	(3,702,901)	-
Other operating income and gains	177,122	33,258	16,419	53,288	(66,853)	213,234
Total operating income	**82,181,587**	**24,172,852**	**873,486**	**3,592,438**	**(3,769,754)**	**107,050,609**
Inventories consumed and sold	(10,350,050)	(5,264,239)	(60)	-	-	(15,614,349)
Cost of services and materials	(41,160,537)	(7,586,152)	(579,921)	(1,259,767)	3,769,754	(46,816,623)
Personnel expenses	(14,587,983)	(10,684,590)	(307,431)	(3,309,233)	-	(28,889,237)
Depreciation and amortisation	(4,517,799)	(1,188,894)	(249,961)	(129,294)	-	(6,085,948)
Provisions and impairment losses	(120,944)	(178,606)	-	349,209	-	49,659
Other operating expenses	(186,357)	(140,338)	(17,121)	(13,338)	-	(357,154)
Operating result by segment	**11,257,917**	**(869,967)**	**(281,008)**	**(769,985)**	**-**	**9,336,957**
Finance costs						(2,358,147)
Finance income						124,751
Financial results						**(2,233,396)**
Profit before income tax						**7,103,561**
Income tax expense						(1,784,196)
Profit/(loss) attributable to non-controlling interests	22,692	666	-	-	-	23,358
Profit attributable to equity holders of the parent						**5,296,007**

As regards the size of the Group's main clients, only three represent more than 10% of the operating income of the respective segment. In the private healthcare segment, ADSE and Multicare, represent approximately 42% of the segment's operating income. This figure includes co-payments made directly by clients. In the public healthcare segment, the Contracting Public Entity represents 99% of the segment's operating income. Intersegment transactions are carried out at arm's length under similar terms and conditions as transactions with third parties.

The break down of assets and liabilities by business segment and respective reconciliation with the consolidated figures as at 31 March 2016 and 31 de December of 2015 is as follows:

March 2016

	Private healthcare	Public healthcare	Other activities	Holding and shared services	Eliminations and adjustments	Consolidated
Assets						
Property, plant and equipment	208,369,829	10,104,219	38,283,591	744,088	(16)	257,501,711
Intangible assets	108,593,475	4,882	72,750	2,591,005	-	111,262,112
Inventories, trade and other receivables	142,066,218	33,710,075	2,721,327	17,170,730	(29,547,649)	166,120,701
Other assets	20,823,313	(46,832)	(58,545)	376,996,506	(372,739,043)	24,975,399
Investments in associates and joint-ventures	-	-	-	1,200,459	-	1,200,459
Total consolidated assets						**561,060,382**
Liabilities						
Trade and other payables	82,845,820	15,983,334	6,335,378	1,586,501	(9,102,252)	97,648,781
Other liabilities	202,806,470	32,940,088	4,010,519	177,756,606	(162,210,805)	255,302,878
Total consolidated liabilities						**352,951,659**

December 2015

	Private healthcare	Public healthcare	Other activities	Holding and shared services	Eliminations and adjustments	Consolidated
Assets						
Property, plant and equipment	197,255,740	10,916,735	38,493,056	821,071	3,857,036	251,343,638
Intangible assets	93,004,815	5,898	72,750	2,651,199	(14,135)	95,720,527
Inventories, trade and other receivables	124,830,924	34,645,397	828,557	12,786,827	(27,239,815)	145,851,890
Other assets	35,683,589	978,398	65,395	345,615,162	(352,934,853)	29,407,691
Investments in associates and joint-ventures	-	-	-	1,200,459	-	1,200,459
Total consolidated assets						**523,524,205**
Liabilities						
Trade and other payables	82,852,914	26,506,143	5,450,931	7,923,951	(29,685,896)	93,048,043
Other liabilities	183,980,591	24,167,777	3,189,185	149,578,590	(134,146,291)	226,769,852
Total consolidated liabilities						**319,817,895**

5. REVENUE FROM SERVICES RENDERED

	31-mar-16	31-mar-15
Hospitals and outpatient clinics	87,901,320	79,828,219
NHS hospitals	24,089,819	24,139,594
Residential hospitals	2,592,828	1,769,757
Senior residences with services	1,000,389	888,271
Other services	283,670	211,534
	115,868,025	**106,837,375**

6. COSTS OF SERVICES AND MATERIALS

	31-mar-16	31-mar-15
Subcontracts	24,516,543	22,626,810
Professional fees	16,066,190	14,538,959
Maintenance and repair	2,424,902	1,905,346
Specialised work	2,910,476	2,251,443
Rent and leases	1,727,448	1,515,952
Electricity	1,192,778	1,174,764
Security services	573,104	524,208
Advertising	351,637	316,381
Communication	402,841	385,374
Fuel and other fluids	468,728	471,803
Travel and accommodation	300,156	151,867
Insurance	313,000	258,046
Water	271,452	191,833
Materials	201,137	177,222
Other materials and services consumed	309,311	326,615
	52,029,703	**46,816,623**

Professional fees and subcontracts record mainly the amounts paid to health professionals in the Group's units. The increase on these two captions is due to the increase of activity compared to 2015.

Specialised work refers mainly to costs with IT systems, while maintenance and repair costs refer to the main maintenance agreements.

The increase in the caption of specialized services is mainly due to the costs incurred due to the acquisition of the Hospital de Guimarães.

7. PERSONNEL EXPENSES

	31-mar-16	31-mar-15
Corporate body remunerations	1,009,739	1,319,035
Personnel wages and salaries	23,760,019	21,837,362
Payroll related expenses	5,150,855	4,686,538
Indemnities	115,235	314,483
Insurance	505,794	492,505
Other personnel expenses	239,760	239,314
	30,781,402	**28,889,237**

The average number of Group employees at the end of the three months ended at 31 March 2016 was 5.262 (first quarter of 2015: 4.777).

8. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Property, plant and equipment					Intangible assets		
	Land and buildings	Basic and transport equipment	Other assets	In progress	Total	Goodwill	Other assets	Total
Net book value								
Balance as at 1 January 2016	195,637,653	25,988,442	2,229,976	27,487,567	251,343,638	94,481,384	1,239,143	95,720,527
Additions	68,151	3,345,001	157,479	8,242,546	11,813,177	15,594,989	39,667	15,634,656
Disposals and write-offs	-	-	-	-	-	-	(6,836)	(6,836)
Transfer and adjustments	616,135	15,977	71,780	(704,305)	(413)	-	413	413
Depreciation/amortisation for the financial quarter	(2,857,948)	(2,550,453)	(246,290)	-	(5,654,691)	-	(86,648)	(86,648)
Balance as at 31 March 2016	**193,463,991**	**26,798,967**	**2,212,945**	**35,025,808**	**257,501,711**	**110,076,373**	**1,185,739**	**111,262,112**

The Group's investment in the first three months of 2016 amounted to approximately €27.4 million (march 2014: €4 million), of which some €25.2 million related with the acquisition of the business and assets previously owned by Casa de Saúde Guimarães, the remaining amounts refer to the expansion projects of Luz Hospital and Oeiras outpatient unit, as well as investment related with the replacement and technological upgrade of the equipment in the several units of the Group.

As at 31 March 2016, there were no contractual commitments for the acquisition of property, plant and equipment. Some of the Group's real estate has been given as guarantee to financial institutions to secure bank loans.

9. TRADE AND OTHER RECEIVABLES

	31-mar-16	31-dec-15
Trade receivables	106,449,387	89,334,571
Doubtful trade receivables	6,787,744	6,772,821
Impairment of trade receivables	(8,699,423)	(8,358,340)
	104,537,708	**87,749,052**
Advances to suppliers	491,487	256,146
State and other public entities	2,444,882	2,636,931
Other debtors	2,743,304	1,869,940
Impairment of other receivables	(1,120,341)	(1,085,340)
Accrued income	43,228,501	42,354,642
Deferred expenses	3,660,484	2,802,697
	51,448,317	**48,835,016**
Deferred expenses - non current	1,165,563	1,122,394
	157,151,588	**137,706,462**

The increase of the Trade receivables heading is a consequence of difficulties faced in the implementation of changes in the invoicing procedures in respect of one public healthcare sub-system. This matter is expected to be normalized during 2016.

Accrued income includes mainly the clinical procedures to be invoiced, and the amount not yet invoiced in respect of Hospital Beatriz Ângelo management contract, given by the difference between the annual production and the amounts invoiced on monthly basis (1/12 of 90% of the annual amount agreed).

Amounts to be received from the State and other public entities consist primarily of recoverable VAT and down payments of corporate income tax.

10. CASH AND CASH EQUIVALENTS

The cash composition and cash equivalents to preparation of the statement of cash flows are the following:

	31-mar-16	31-dec-15
Cash	508,485	448,056
Bank deposits	23,922,555	28,374,419
Cash equivalents	544,359	585,216
	24,975,399	**29,407,691**

11. SHARE CAPITAL, RESERVES AND RETAINED EARNINGS

Share capital

The company's share capital is comprised of 95.542.254 ordinary registered shares with a nominal value of €1.

Treasury shares

In the period of three months ended in 31 March 2016, were performed the following transactions with LUZ SAÚDE's treasury shares.

	Amount	
	31-mar-16	**31-dec-15**
Balance at the beginning of the period	340,000	54,385
Acquired shares	-	455,615
Shares delivered as bonus payments	(170,000)	(170,000)
Balance at the end of the period	**170,000**	**340,000**

Reserves and retained earnings

As at 31 March 2016 and 31 December 2015 the amount in reserves and retained earnings (which include also the comprehensive income for the period/year) can be presented as follows:

	31-mar-16	**31-dec-15**
Non-distributable reserves		
Legal reserve	1,908,804	1,908,804
Treasury shares reserve	656,388	1,312,777
Share-based payment plan reserve	408,002	906,669
Other reserves	33,725,579	33,181,579
Retained earnings	8,639,551	(12,954,474)
Other comprehensive income attributable to equity holders of the parent	3,123,690	21,594,025
	48,462,014	**45,949,380**

12. EARNINGS PER SHARE

	31-mar-16	**31-mar-15**
Income attributable to equity holders of the parent	6,150,321	5,296,007
Average number of shares	95,058,298	95,487,869
Basic earnings per share	**0.065**	**0.055**

As at 31 March 2016 and 2015, the company had no financial instruments with a diluting effect. The basic earnings per share are therefore equal to the diluted earnings per share.

13. TRADE AND OTHER PAYABLES

	31-mar-16	31-dec-15
Trade payable	28,418,308	29,596,323
Fixed asset suppliers	1,784,772	1,973,355
	30,203,080	**31,569,678**
Advances from clients	4,073,000	5,842,097
State and other public entities	3,982,509	4,035,363
Other creditors	2,653,463	2,005,338
Professional fees payable	15,069,506	14,118,429
Deferred income ROUs	4,097,940	4,282,711
Accrued expenses ROUs	1,154,689	1,197,392
Remunerations payable	25,426,397	19,900,472
Interest payable	124,465	82,005
Other accrued expenses	10,853,007	9,997,207
Derivative financial instruments	10,725	17,351
	67,445,701	**61,478,365**
Income tax payable	4,218,291	2,393,249
Total trade and other payables	**101,867,072**	**95,441,292**

The balance of Advances from clients, comes mainly from the down payments performed by the Portuguese State in respect of the production of Hospital Beatriz Ângelo.

Lifetime rights of use (ROUs) are related to the business of Senior Residences with services. The proceeds of sale of those rights to clients are initially recorded under deferred income and are regularly recognised as income during the expected lifetime of each client. Accrued expenses related to ROUs result from the recognition of losses associated with lifetime rights of use agreements.

14. BORROWINGS

As at 31 March 2016 and 31 December 2015, the balance of the caption borrowings presents the following maturities:

	Up to 6 months	6-12 months	12-24 months	24-36 months	36-48 months	More than 48 months	Total March 2016	Total December 2015	Average rate
Commercial paper	23,190,460	2,750,000	28,481,286	11,500,000	8,750,000	119,963,617	194,635,363	176,010,263	1.6%
Bank loan	2,996,622	3,033,624	10,116,329	1,064,891	128,829	4,365,332	21,705,627	18,403,611	3.7%
Current account	700,000	-	-	-	-	-	700,000	935,000	3.7%
Other loans	339,012	-	-	-	-	-	339,012	12,600	-
	27,226,094	**5,783,624**	**38,597,615**	**12,564,891**	**8,878,829**	**124,328,949**	**217,380,002**	**195,361,474**	

The credit lines made available to the Group are subject to market rates (Euribor), with periodic rate updates from 1 to 6 months after the reporting date. There is therefore no relevant difference between the book value and the fair value of the lines in use as at the reporting date.

On 31 March 2016, the contracted credit line (included commercial paper programs) unused is approximately €14.5 million (December 2015: €20.8 million).

15. DERIVATIVE FINANCIAL INSTRUMENTS

The Group started in 2015 the use of derivative financial instruments to hedge interest rate risks affecting the value of the expected future cash flows. The hedged risk is the change in the index that the floating rate incorporates, being applicable to all the Group's credit lines.

The derivative financial instruments contracted for hedging purposes of interest rate changes in respect of credit lines are considered effective in terms of cash flow hedge.

The fair value of derivate financial instruments can be presented as follows:

	31-mar-16	31-dec-15
Interest rate swap contracts - cash flow hedges	4,298,817	233,355
Interest rate swap contracts - held for trading	10,725	17,351
Total	**4,309,542**	**250,706**
Non-current		
Interest rate swap contracts - cash flow hedges	(4,298,817)	(233,355)
Interest rate swap contracts - held for trading	-	-
Current	**10,725**	**17,351**

The fair value of these derivatives was determined by banking entities based on models and valuation techniques generally accepted based on observable inputs in the market.

Trading derivatives are classified in current assets or current liabilities according to their fair value at the reporting date. The fair value of the hedging derivative is classified in non-current assets or non-current liabilities when the maturity of the hedge target operation is more than 12 months of the reporting date and as current assets or current liabilities if the maturity of the hedge target operation is less than 12 months of the reporting date.

The notional of the interest rate swap contracts outstanding at March 31, 2016 amounted to €181 million (of these €180 million are considered as cash flow hedge), which have originated the recognition of a change in fair value in Other comprehensive income of the Group on the period of three months ended March 31, 2016, in respect of the effective part of the hedging derivatives, of some €3,929 thousand (March 2015:€0). The portion

considered as inefficient in term of hedging was recognized in the income statement in the amount of €119 thousand (March 2015: €0).

The impact recognized in reserves is net of deferred income tax.

16. RELATED PARTIES

On 17 October 2014, and following the takeover bid for LUZ SAÚDE's share capital, Fidelidade – Companhia de Seguros S.A. has taken control over LUZ SAÚDE.

Fidelidade – Companhia de Seguros, SA is owned in 84.986% by Longrun Portugal, SGPS, SA which is fully owned by Millennium Gain Limited headquartered in Hong Kong. This company is held in 100% by Fosun Financial Holdings Limited (Hong Kong), which is owned by Fosun International Limited, a company listed on the Hong Kong Stock Exchange (00656.HK). This company is owned in 71.37% by Fosun Holdings Limited, which is owned by Fosun International Holdings, Ltd. whose ultimate beneficial owner is Mr. Guo Guangchang, with an interest of 64.45% of the share capital.

The following tables present a summary of the balances and transactions with related entities:

Fosun Group

	31-mar-16		31-dec-15	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Fosun Group				
Shareholders				
Companhia de Seguros Fidelidade	1,652,331	-	760,081	-
Other related parties				
Multicare	4,925,327	-	4,636,219	-
Via Direta – Companhia de Seguros, SA	3,759	-	2,159	-
Cares – Companhia de Seguros, SA	(621)	-	(531)	-
	6,580,796	**-**	**5,397,928**	**-**

	31-mar-16		31-mar-15	
	Income	Expenses	Income	Expenses
Fosun Group				
Shareholders				
Companhia de Seguros Fidelidade	651,584	1,321,486	210,544	1,198,298
Other related parties				
Multicare	8,412,405	-	7,866,065	-
Via Direta – Companhia de Seguros, SA	1,600	-	-	-
EPS – Gestão de Sistemas de Saúde, SA	-	-	3,272	-
	9,065,589	**1,321,486**	**8,079,881**	**1,198,298**

The amounts reported as income are primarily related to healthcare services provided by LUZ SAÚDE units, namely to insurance companies, at normal market rates.

The amounts reported as expenses are related to the normal business of the respective entities and are related to bank financing, finance leases, insurance and other services used by LUZ SAÚDE and its subsidiaries, which are acquired at normal market prices and conditions.

17. ACQUISITION OF THE BUSINESS OF CASA DE SAÚDE DE GUIMARÃES (CSG)

Following the resolution of Guimarães Court on January 19, 2016, Luz Saúde completed the operation related with the acquisition of the business of Casa de Saúde de Guimarães. With this operation, on one hand, Luz Saúde begin to explore the two healthcare units previously operated by CSG, which were until this date under control management by a professional manager appointed by the Court where the insolvency process has been filed, and additionally acquired some assets used by CSG on lease financial and operational.

In the following table and preliminarily presents a summary of the operation performed:

Real estate property	6,438,000
Medical equipment	3,130,712
Other assets	38,582
Identifiable assets	**9,607,294**
Acquisition cost	**25,202,283**
Goodwill	**15,594,989**

18. SUBSEQUENT EVENTS

Since the closing date of the period that these financial statements refer, until the present there were no significant events or with potential impacts in these financial statements.

The Chartered Accountant	The Board of Directors
(Sónia Amoedo Matos)	(Jorge Manuel Batista Magalhães Correia)
	(Isabel Maria Pereira Aníbal Vaz)
	(Changzeng Ma)
	(José Manuel Alvarez Quintero)
	(Lingjiang Xu)
	(Rogério Miguel Antunes Campos Henriques)
	(Wei Song)
	(Ivo Joaquim Antão)
	(João Paulo da Cunha Leite de Abreu Novais)
	(Tomás Leitão Branquinho da Fonseca)