Index

Financial Statements
- Balance sheet - Assets 1
- Balance sheet – Liabilities and equity 2
- Statement of income 4
- Statement of cash flows – Indirect method 5
- Statement of changes in equity 6

Consolidated Financial Statements
- Consolidated balance sheet - Assets 7
- Consolidated balance sheet - Liabilities and equity 8
- Consolidated statement of income 10
- Consolidated statement of cash flows – Indirect method 11
- Consolidated statement of changes in equity 12

Management Report 13

Notes to the Financial Statements (Parent Company and Consolidated) 26

Independent Auditor’s Report 97

BALANCE SHEET - ASSETS

(R$ Thousand)

Code	Description	9.30.2010	6.30.2010
1	Total assets	948,782	735,818
1.01	Current assets	213,023	86,720
1.01.01	Cash and cash equivalents	162,442	54,100
1.01.01.01	Cash and banks	6,241	5,156
1.01.01.02	Financial investments at fair value	156,201	48,944
1.01.02	Receivables	50,336	32,217
1.01.02.01	Trade accounts receivable	22,507	10,693
1.01.02.01.01	Healthcare receivables	37,631	20,864
1.01.02.01.02	(-) Allowance for doubtful accounts	(15,124)	(10,171)
1.01.02.02	Sundry receivables	27,829	21,524
1.01.02.02.01	Current taxes recoverable	22,977	17,899
1.01.02.02.02	Advances to suppliers	798	316
1.01.02.02.03	Advances to employees	876	1,266
1.01.02.02.04	Other receivables	3,178	2,043
1.01.03	Inventories	-	-
1.01.04	Other	245	403
1.01.04.01	Prepaid expenses	245	403
1.02	Non-current assets	735,759	649,098
1.02.01	Long-term receivables	194,674	39,484
1.02.01.01	Sundry receivables	183,617	28,427
1.02.01.01.01	Deferred income tax and social contribuition	155,299	27,691
1.02.01.01.02	Judicial deposits	28,284	720
1.02.01.01.03	Notes receivable	34	16
1.02.01.02	Receivables from related parties	-	-
1.02.01.02.01	Associated and similar companies	-	-
1.02.01.02.02	Subsidiaries	-	-
1.02.01.02.03	Other related parties	-	-
1.02.01.03	Other	11,057	11,057
1.02.01.03.01	Other receivables	11,057	11,057
1.02.02	Permanent assets	541,085	609,614
1.02.02.01	Investments	23,295	98,660
1.02.02.01.01	Investments in associated and similar companies	-	-
1.02.02.01.02	Investments in associated and similar companies - goodwill	-	-
1.02.02.01.03	Investments in subsidiaries	22,555	97,920
1.02.02.01.04	Investments in subsidiaries – goodwill	-	-
1.02.02.01.05	Other investments	740	740
1.02.02.02	Property and equipment	7,811	6,884
1.02.02.02.01	Chattels	15,637	14,328
1.02.02.02.02	Other	3,183	2,945
1.02.02.02.03	(-) Accumulated depreciation	(11,009)	(10,389)
1.02.02.03	Intangible assets	509,979	504,070
1.02.02.03.01	Goodwill on acquisition of investiments	492,876	492,876
1.02.02.03.02	System development, software licenses and other	10,951	11,183
1.02.02.03.03	Deferred selling expenses	6,152	11
1.02.02.04	Deferred charges	-	-

(R$ Thousand)

Code	Description	9.30.2010	6.30.2009
2	Total liabilities and shareholders' equity	948,782	735,818
2.01	Current liabilities	112,952	74,431
2.01.01	Loans and financing	-	-
2.01.02	Debentures	-	-
2.01.03	Suppliers	15,950	12,919
2.01.04	Taxes, charges and contributions	30,712	20,154
2.01.04.01	Social charges	5,122	3,418
2.01.04.02	Tax liabilities	25,590	16,736
2.01.05	Dividends payable	-	-
2.01.05.01	Dividends payable	-	-
2.01.05.02	Minimum mandatory dividend payable	-	-
2.01.05.03	Interest on capital payable	-	-
2.01.05.04	Capital repayment	-	-
2.01.06	Provisions	29,791	15,245
2.01.06.01	Provision for unsettled claims/events	14,707	15,245
2.01.06.02	Provision for claims/events incurred but not reported	15,084	-
2.01.06.03	Provision for risks/unearned premiums	-	-
2.01.07	Payables to related parties	-	-
2.01.08	Other	36,499	26,113
2.01.08.01	Salaries, vacation pay and fees	5,045	4,102
2.01.08.03	Advances from customers	9,420	3,763
2.01.08.04	Other liabilities	22,034	18,248
2.02	Non-current liabilities	44,816	16,601
2.02.01	Long-term liabilities	44,816	16,601
2.02.01.01	Loans and financing	-	-
2.02.01.02	Debentures	-	-
2.02.01.03	Provisions	44,816	16,601
2.02.01.03.01	Deferred income tax and social contribuition	832	3,264
2.02.01.03.02	Provision for contingencies	32,927	2,280
2.02.01.03.03	Other liabilities	11,057	11,057
2.02.01.04	Payables to related parties	-	-
2.02.01.05	Advance for future capital increase	-	-
2.02.01.06	Other	-	-
2.03	Deferred income	-	-
2.05	Shareholders' equity	791,014	644,786
2.05.01	Paid-up capital	506,557	36,611
2.05.02	Capital reserves	50,537	524,378
2.05.02.01	Share premium	48,392	518,338
2.05.02.02	Granting of stock options	9,619	6,040
2.05.02.03	Granting of deferred stock options	(5,157)	-
2.05.02.04	Additional paid-up capital	(2,317)	-
2.05.03	Revaluation reserves	-	-
2.05.03.01	Own assets	-	-
2.05.03.02	Subsidiary, associated and similar companies	-	-
2.05.04	Revenue reserves	46,247	46,247
2.05.04.01	Legal	10,953	10,953

(R$ Thousand)

Code	Description	9.30.2010	6.30.2009
2.05.04.02	Statutory	35,165	35,165
2.05.04.03	Contingencies	-	-
2.05.04.04	Unrealized profits	-	-
2.05.04.05	Retention of profits	-	-
2.05.04.06	Special for undistributed dividends	-	-
2.05.04.07	Other revenue reserves	129	129
2.05.04.07.01	Treasury stock	-	-
2.05.04.07.02	Tax incentive reserve	129	129
2.05.05	Carrying value adjustments	-	-
2.05.05.01	Adjustments of marketable securities	-	-
2.05.05.02	Cumulative translation adjustments	-	-
2.05.05.03	Business combination adjustments	-	-
2.05.06	Retained earnings/accumulated deficit	187,673	37,550
2.05.07	Advance for future capital increase	-	-

STATEMENT OF INCOME

(R$ Thousand)

Code	Description	7.1.2010 to 9.30.2010	7.1.2010 to 9.30.2010	7.1.2009 to 9.30.2009	7.1.2009 to 9.30.2009
3.01	Gross sales and/or services revenues	175,749	388,265	87,702	251,860
3.01.01	Net installments	175,734	371,746	88,537	253,332
3.01.02	Sales and services revenue	15	15	-	-
3.01.03	Changes in technical reserves	-	16,504	(835)	(1,472)
3.02	Deductions from gross revenues	(6,110)	(13,778)	(3,068)	(9,522)
3.02.01	Taxes on healthcare plan operations	(6,110)	(13,778)	(3,068)	(9,522)
3.02.02	Taxes on sales and services	-	-	-	-
3.03	Net sales and/or services revenues	169,639	374,487	84,634	242,338
3.04	Cost of sales and/or services	(83,593)	(173,545)	(36,881)	(106,636)
3.04.01	Indemnifiable claims, net	(74,156)	(144,956)	(31,915)	(93,254)
3.04.02	Social charges on services	(6,994)	(12,134)	(2,670)	(7,711)
3.04.03	Dental materials	(1,371)	(3,754)	(1,663)	(4,646)
3.04.04	Other operating expenses	(1,072)	(12,701)	(633)	(1,025)
3.05	Gross profit	86,046	200,942	47,753	135,702
3.06	Operating expenses	(48,193)	(109,074)	(39,830)	(85,751)
3.06.01	Selling	(16,419)	(38,449)	(10,624)	(30,064)
3.06.01.01	Selling expenses	(16,419)	(38,449)	(10,624)	(30,064)
3.06.02	Allowance for doubtful accounts	(30,154)	(86,370)	(20,857)	(55,556)
3.06.03	General and administrative	3,813	6,959	(9,090)	(6,374)
3.06.03.01	Financial	4,871	8,848	1,237	5,206
3.06.03.02	Financial income	(1,058)	(1,889)	(10,327)	(11,580)
3.06.04	Financial expenses	-	-	-	-
3.06.05	Other operating income	(5,830)	(16,983)	(2,711)	(4,726)
3.06.05.01	Other operating expenses	(1,195)	(3,181)	(502)	(1,612)
3.06.05.02	Stock option plan	(4,635)	(13,802)	(2,209)	(3,114)
3.06.06	Equity in the earnings of subsidiary and associated companies	397	25,769	3,452	10,969
3.07	Operating results	37,853	91,868	7,923	49,951
3.08	Non-operating results	-	-	-	-
3.08.01	Income	-	-	-	-
3.08.02	Expenses	-	-	-	-
3.09	Profit before taxation and profit sharing	37,853	91,868	7,923	49,951
3.10	Provision for income tax and social contribution	(5,276)	(17,021)	(1,137)	(13,108)
3.10.01	Income tax	(3,873)	(12,487)	(832)	(9,625)
3.10.02	Social contribution	(1,403)	(4,534)	(305)	(3,483)
3.11	Deferred income tax	118,292	115,963	-	14,200
3.11.01	Income tax	86,981	85,265	-	10,441
3.11.02	Social contribution	31,311	30,698	-	3,759
3.12	Statutory profit sharing/contributions	(746)	(3,154)	(387)	(1,634)
3.12.01	Profit sharing	(746)	(3,154)	(387)	(1,634)
3.12.01.01	Profit sharing	(746)	(3,154)	(387)	(1,634)
3.12.02	Contributions	-	-	-	-
3.13	Reversal of interest on capital	-	-	10,006	10,006
3.15	Net income for the period	150,123	187,656	16,405	59,415

STATEMENT OF CASH FLOWS – INDIRECT METHOD

(R$ Thousand)

Code	Description	7.1.2010 to 9.30.2010	7.1.2010 to 9.30.2010	7.1.2009 to 9.30.2009	7.1.2009 to 9.30.2009
4.01	Net cash provided by operating activities	(61,385)	12,617	12,618	65,101
4.01.01	Cash provided by operations	157,245	169,593	18,071	57,612
4.01.01.01	Net income for the period	150,123	187,656	16,405	59,415
4.01.01.02	Depreciation and amortization	1,314	3,745	1,643	2,972
4.01.01.03	Goodwill amortization	-	-	-	-
4.01.01.04	Monetary variations, net	-	-	-	(111)
4.01.01.05	Increase in technical reserves	-	(16,504)	835	1,472
4.01.01.06	Provision for contingencies	17	10,798	(66)	107
4.01.01.07	Disposal of property and equipment and investments	40	(45)	-	-
4.01.01.08	Equity in the losses of subsidiary and associated companies	(397)	(25,769)	(3,452)	(10,969)
4.01.01.09	Allowance for doubtful accounts	4,953	6,531	2,204	3,114
4.01.01.10	Stock option plan	1,195	3,181	502	1,612
4.01.02	Changes in assets and liabilities	(218,630)	(156,976)	(5,453)	7,489
4.01.02.01	Financial investments at fair value	(107,257)	(67,066)	(4,465)	21,037
4.01.02.02	Healthcare receivables	(16,767)	(11,083)	(4,969)	(6,408)
4.01.02.03	Notes receivable	(6,136)	(647)	(202)	3,735
4.01.02.04	Inventories	-	-	-	-
4.01.02.05	Long-term receivables	(151,237)	(152,163)	203	(14,010)
4.01.02.06	Provision for unsettled claims/events	14,546	17,065	(312)	1,626
4.01.02.07	Suppliers - Healthcare transactions	12,474	22,171	2,245	4,107
4.01.02.08	Salaries, vacation pay and fees	943	3,018	309	750
4.01.02.09	Taxes and contributions payable	10,558	4,255	1,726	(3,331)
4.01.02.10	Long-term liabilities	24,246	27,474	12	(17)
4.01.03	Other	-	-	-	-
4.02	Net cash used in investing activities	67,560	430,840	(295)	(32,518)
4.02.01	Reduction of investments due to merger	75,623	75,623	-	-
4.02.02	Acquisition of investments, including goodwill	-	(739)	-	(30,946)
4.02.03	Capital repayment of subsidiaries	-	317,388	-	-
4.02.04	Dividends received from subsidiaries	-	49,461	-	-
4.02.05	Purchase of property and equipment	(1,411)	(3,636)	(329)	(951)
4.02.06	System development, software licenses and other	(500)	(1,105)	29	(607)
4.02.07	Deferred selling expenses	(6,152)	(6,152)	5	(14)
4.03	Net cash used in financing activities	(5,090)	(439,990)	(10,006)	(28,983)
4.03.01	Dividends paid	-	(72,422)	-	(14,344)
4.03.02	Interest on capital paid	-	-	(10,006)	(11,164)
4.03.03	Capital repayments paid	-	(362,478)	-	-
4.03.04	Treasury shares	(10,451)	(10,451)	-	(3,475)
4.03.07	Reimbursement of subsidiaries capital	5,361	5,361	-	-
4.04	Exchange variation on cash and cash equivalents	-	-	-	-
4.05	Increase (decrease) in cash and cash equivalents	1,085	3,467	2,317	3,600
4.05.01	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5,156	2,774	1,901	618
4.05.02	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6,241	6,241	4,218	4,218

STATEMENT OF CHANGES IN EQUITY FROM 7/1/2010 TO 9/30/2010

(R$ Thousand)

Code	Description	Capital	Capital reserves, stock options and treasury stock	Revenue reserves	Retained earnings (accumulated deficit)	Carrying value adjustments	Total equity
5.01	Opening balance	36,611	524,378	-	46,247	37,550	644,786
5.02	Prior-year adjustments	-	-	-	-	-	-
5.03	Adjusted balance	36,611	524,378	-	46,247	37,550	644,786
5.04	Net income for the period	-	-	-	-	150,123	150,123
5.05	Appropriations	-	-	-	-	-	-
5.05.01	Dividends	-	-	-	-	-	-
5.05.02	Interest on capital	-	-	-	-	-	-
5.05.03	Other appropriations	-	-	-	-	-	-
5.05.03.01	Legal reserve	-	-	-	-	-	-
5.05.03.02	Proposed dividends	-	-	-	-	-	-
5.05.03.03	Statutory reserve	-	-	-	-	-	-
5.06	Realization of revenue reserves	-	-	-	-	-	-
5.07	Carrying value adjustments	-	-	-	-	-	-
5.07.01	Adjustments of marketable securities	-	-	-	-	-	-
5.07.02	Cumulative translation adjustments	-	-	-	-	-	-
5.07.03	Business combination adjustments	-	-	-	-	-	-
5.08	Capital increase (decrease)	469,946	(469,946)	-	-	-	-
5.08.01	Through subscription	-	-	-	-	-	-
5.08.02	Redemption of shares	-	-	-	-	-	-
5.08.03	Capital repayment	-	-	-	-	-	-
5.08.04	Merger – Bradesco Dental shares	-	-	-	-	-	-
5.08.05	Incorporation of reserve	469,946	(469,946)	-	-	-	-
5.09	Recording / realization of capital reserves	-	-	-	-	-	-
5.10	Treasury stock	-	-	-	(10,451)	-	(10,451)
5.11	Other capital transactions	-	-	-	-	-	-
5.12	Other	-	(3,895)	-	10,451	-	6,556
5.12.01	Stock option plan	-	1,195	-	-	-	1,195
5.12.02	Adjustment from merger – Sepao	-	-	-	-	-	-
5.12.03	Adjustment of goodwill on acquisition – Prontodente	-	-	-	-	-	-
5.12.04	Exercise of 1º grant - write-off	-	(5,090)	-	5,090	-	-
5.12.05	Exercise of 1º grant - settlement	-	-	-	5,361	-	5,361
5.13	Closing balance	506,557	50,537	-	46,247	187,673	791,014

CONSOLIDATED BALANCE SHEET - ASSETS

(R$ Thousand)

Code	Description	9.30.2010	6.30.2009
1	Total assets	961,153	822,671
1.01	Current assets	239,826	224,200
1.01.01	Cash and cash equivalents	176,605	161,144
1.01.01.01	Cash and banks	9,187	6,221
1.01.01.02	Financial investments at fair value	167,418	154,923
1.01.02	Receivables	62,604	62,353
1.01.02.01	Trade accounts receivable	23,947	19,428
1.01.02.01.01	Healthcare receivables	39,591	33,857
1.01.02.01.02	(-) Allowance for doubtful accounts	(15,644)	(14,429)
1.01.02.02	Sundry receivables	38,657	42,925
1.01.02.02.01	Current taxes recoverable	31,793	36,400
1.01.02.02.02	Advances to suppliers	1,049	507
1.01.02.02.03	Advances to employees	1,127	1,695
1.01.02.02.04	Other receivables	4,688	4,323
1.01.03	Inventories	372	311
1.01.04	Other	245	392
1.01.04.01	Prepaid expenses	245	392
1.02	Non-current assets	721,327	598,471
1.02.01	Long-term receivables	197,846	77,270
1.02.01.01	Sundry receivables	186,789	66,213
1.02.01.01.01	Deferred income tax and social contribuition	155,931	37,123
1.02.01.01.02	Judicial deposits	30,749	28,997
1.02.01.01.03	Notes receivable	109	93
1.02.01.02	Receivables from related parties	-	-
1.02.01.02.01	Associated and similar companies	-	-
1.02.01.02.02	Subsidiaries	-	-
1.02.01.02.03	Other related parties	-	-
1.02.01.03	Other	11,057	11,057
1.02.01.03.01	Other receivables	11,057	11,057
1.02.02	Permanent assets	523,481	521,201
1.02.02.01	Investments	757	757
1.02.02.01.01	Investments in associated and similar companies	-	-
1.02.02.01.02	Investments in subsidiaries	-	-
1.02.02.01.03	Other investments	757	757
1.02.02.02	Property and equipment	10,366	9,532
1.02.02.02.01	Chattels	20,532	19,198
1.02.02.02.02	Other	4,281	4,147
1.02.02.02.03	(-) Accumulated depreciation	(14,447)	(13,813)
1.02.02.03	Intangible assets	512,358	510,912
1.02.02.03.01	Goodwill on acquisition of investiments	495,255	495,255
1.02.02.03.02	System development, software licenses and other	10,951	11,183
1.02.02.03.03	Deferred selling expenses	6,152	4,474
1.02.02.04	Deferred charges	-	-
1.02.02.03.03	Deferred selling expenses	13	24
1.02.02.04	Deferred charges	-	-

CONSOLIDATED BALANCE SHEET – LIABILITIES AND EQUITY

(R$ Thousand)

Code	Description	9.30.2010	6.30.2009
2	Total liabilities and shareholders' equity	961,153	822,671
2.01	Current liabilities	122,284	130,161
2.01.01	Loans and financing	-	-
2.01.02	Debentures	-	-
2.01.03	Suppliers	15,549	18,748
2.01.04	Taxes, charges and contributions	35,026	43,499
2.01.04.01	Social charges	6,358	4,840
2.01.04.02	Tax liabilities	28,668	38,659
2.01.05	Dividends payable	52	406
2.01.05.01	Dividends payable	52	406
2.01.05.02	Minimum mandatory dividend payable	-	-
2.01.05.03	Interest on capital payable	-	-
2.01.05.04	Capital repayment	-	-
2.01.06	Provisions	30,981	31,496
2.01.06.01	Provision for unsettled claims/events	15,897	16,207
2.01.06.02	Provision for claims/events incurred but not reported	15,084	15,289
2.01.06.03	Provision for risks/unearned premiums	-	-
2.01.07	Payables to related parties	-	-
2.01.08	Other	40,676	36,012
2.01.08.01	Salaries, vacation pay and fees	7,937	5,737
2.01.08.02	Advances from customers	9,536	8,560
2.01.08.04	Other liabilities	23,203	21,715
2.02	Non-current liabilities	46,874	46,800
2.02.01	Long-term liabilities	46,874	46,800
2.02.01.01	Loans and financing	-	-
2.02.01.02	Debentures	-	-
2.02.01.03	Provisions	46,874	46,800
2.02.01.03.01	Deferred income tax and social contribuition	854	4,096
2.02.01.03.02	Provision for contingencies	34,963	31,647
2.02.01.03.03	Other liabilities	11,057	11,057
2.02.01.04	Payables to related parties	-	-
2.02.01.05	Advance for future capital increase	-	-
2.02.01.06	Other	-	-
2.03	Deferred income	-	-
2.04	#N/A	981	924
2.05	Shareholders' equity	791,014	644,786
2.05.01	Paid-up capital	506,557	36,611
2.05.02	Capital reserves	50,537	524,378
2.05.02.01	Share premium	48,392	518,338
2.05.02.02	Granting of stock options	9,619	6,040
2.05.02.03	Granting of deferred stock options	(5,157)	-
2.05.02.04	Additional paid-up capital	(2,317)	-
2.05.03	Revaluation reserves	-	-
2.05.03.01	Own assets	-	-
2.05.03.02	Subsidiary, associated and similar companies	-	-
2.05.04	Revenue reserves	46,247	46,247

CONSOLIDATED BALANCE SHEET – LIABILITIES AND EQUITY

(R$ Thousand)

Code	Description	9.30.2010	6.30.2009
2.05.04.01	Legal	10,953	10,953
2.05.04.02	Statutory	35,165	35,165
2.05.04.03	Contingencies	-	-
2.05.04.04	Unrealized profits	-	-
2.05.04.05	Retention of profits	-	-
2.05.04.06	Special for undistributed dividends	-	-
2.05.04.07	Other revenue reserves	129	129
2.05.04.07.01	Treasury stock	-	-
2.05.04.07.02	Tax incentive reserve	129	129
2.05.05	Carrying value adjustments	-	-
2.05.05.01	Adjustments of marketable securities	-	-
2.05.05.02	Cumulative translation adjustments	-	-
2.05.05.03	Business combination adjustments	-	-
2.05.06	Retained earnings/accumulated deficit	187,673	37,550
2.05.07	Advance for future capital increase	-	-

CONSOLIDATED STATEMENT OF INCOME

(R$ Thousand)

Code	Description	7.1.2010 to 9.30.2010	7.1.2010 to 9.30.2010	7.1.2009 to 9.30.2009	7.1.2009 to 9.30.2009
3.01	Gross sales and/or services revenues	182,526	530,773	103,817	293,874
3.01.01	Net installments	181,392	492,991	103,688	292,189
3.01.02	Sales and services revenue	1,134	3,881	991	3,214
3.01.03	Changes in technical reserves	-	33,901	(862)	(1,529)
3.02	Deductions from gross revenues	(7,632)	(19,794)	(4,384)	(12,559)
3.02.01	Taxes on healthcare plan operations	(6,386)	(17,371)	(3,948)	(11,809)
3.02.02	Taxes on sales and services	(1,246)	(2,423)	(436)	(750)
3.03	Net sales and/or services revenues	174,894	510,979	99,433	281,315
3.04	Cost of sales and/or services	(86,005)	(252,288)	(43,555)	(124,486)
3.04.01	Indemnifiable claims, net	(75,737)	(219,195)	(37,392)	(106,344)
3.04.02	Social charges on services	(7,083)	(12,377)	(2,992)	(8,595)
3.04.03	Dental materials	(722)	(2,295)	(1,299)	(4,294)
3.04.04	Other operating expenses	(2,463)	(18,421)	(1,872)	(5,253)
3.05	Gross profit	88,889	258,691	55,878	156,829
3.06	Operating expenses	(49,586)	(148,320)	(46,383)	(101,705)
3.06.01	Selling	(16,663)	(47,058)	(11,677)	(32,188)
3.06.01.01	Selling expenses	(16,663)	(47,058)	(11,677)	(32,188)
3.06.01.02	Allowance for doubtful accounts	(31,190)	(104,280)	(25,301)	(67,232)
3.06.02	General and administrative	4,096	21,114	(6,341)	2,788
3.06.03	Financial	5,286	25,181	4,250	15,206
3.06.03.01	Financial income	(1,190)	(4,067)	(10,591)	(12,418)
3.06.03.02	Financial expenses	-	-	-	-
3.06.04	Other operating income	(5,829)	(18,420)	(3,113)	(5,145)
3.06.05	Other operating expenses	(1,195)	(3,181)	(502)	(1,612)
3.06.05.01	Stock option plan	(4,634)	(15,239)	(2,611)	(3,533)
3.06.06	Equity in the earnings of subsidiary and associated companies	-	324	49	72
3.07	Operating results	39,303	110,371	9,495	55,124
3.08	Non-operating results	-	-	-	-
3.08.01	Income	-	-	-	-
3.08.02	Expenses	-	-	-	-
3.09	Profit before taxation and profit sharing	39,303	110,371	9,495	55,124
3.10	Provision for income tax and social contribution	(5,650)	(36,683)	(2,620)	(17,943)
3.10.01	Income tax	(4,143)	(24,914)	(1,908)	(13,142)
3.10.02	Social contribution	(1,507)	(11,769)	(712)	(4,801)
3.11	Deferred income tax	118,232	119,472	-	14,200
3.11.01	Income tax	86,940	87,511	-	10,441
3.11.02	Social contribution	31,292	31,961	-	3,759
3.12	Statutory profit sharing/contributions	(1,705)	(5,186)	(425)	(1,853)
3.12.01	Profit sharing	(1,705)	(5,186)	(425)	(1,853)
3.12.01.01	Profit sharing	(1,705)	(5,186)	(425)	(1,853)
3.12.02	Contributions	-	-	-	-
3.13	Reversal of interest on capital	-	-	10,006	10,006
3.14	Non-controlling interests	(57)	(318)	(51)	(119)
3.15	Net income for the period	150,123	187,656	16,405	59,415

CONSOLIDATED STATEMENT OF CASH FLOWS – INDIRECT METHOD

(R$ Thousand)

Code	Description	7.1.2010 to 9.30.2010	7.1.2010 to 9.30.2010	7.1.2009 to 9.30.2009	7.1.2009 to 9.30.2009
4.01	Net cash provided by operating activities	12,151	454,349	12,243	63,715
4.01.01	Cash provided by operations	138,705	162,921	21,828	69,279
4.01.01.01	Net income for the period	150,123	187,656	16,405	59,415
4.01.01.02	Non-controling interest in subisidiary	57	318	51	119
4.01.01.03	Depreciation and amortization	1,408	4,034	1,771	3,377
4.01.01.04	Goodwill amortization	-	-	-	-
4.01.01.05	Monetary variations, net	-	-	1	(28)
4.01.01.06	Increase in technical reserves	(15,274)	(47,603)	862	1,529
4.01.01.07	Provision for contingencies	17	11,441	(77)	96
4.01.01.08	Disposal of property and equipment and investments	40	(45)	(178)	(164)
4.01.01.09	Equity in the losses of subsidiary and associated companies	-	(324)	(49)	(72)
4.01.01.10	Allowance for doubtful accounts	1,139	4,263	2,540	3,395
4.01.01.11	Stock option plan	1,195	3,181	502	1,612
4.01.02	Changes in assets and liabilities	(126,554)	291,428	(9,585)	(5,564)
4.01.02.01	Financial investments at fair value	(12,495)	367,339	(8,884)	7,599
4.01.02.02	Healthcare receivables	(5,614)	15,324	(4,990)	(5,752)
4.01.02.03	Notes receivable	16,175	18,351	(1,656)	(1,705)
4.01.02.04	Inventories	(61)	370	(164)	(292)
4.01.02.05	Long-term receivables	(116,570)	(126,063)	192	(13,511)
4.01.02.06	Provision for unsettled claims/events	14,759	17,289	(282)	1,487
4.01.02.07	Suppliers - Healthcare transactions	(735)	13,475	2,886	4,903
4.01.02.08	Salaries, vacation pay and fees	2,200	4,849	503	1,107
4.01.02.09	Taxes and contributions payable	(20,243)	(26,648)	2,808	660
4.01.02.10	Long-term liabilities	(3,970)	7,142	2	(60)
4.01.03	Other	-	-	-	-
4.02	Net cash used in investing activities	(4,095)	(8,874)	(383)	(30,297)
4.02.01	Reduction of investments due to merger	(353)	(353)	-	-
4.02.02	Acquisition of investments, including goodwill	-	(739)	-	(28,513)
4.02.03	Capital repayment of subsidiaries	-	-	-	-
4.02.04	Dividends received from subsidiaries	-	-	-	-
4.02.05	Purchase of property and equipment	(1,553)	(4,100)	(417)	(1,162)
4.02.06	System development, software licenses and other	(500)	(1,105)	28	(608)
4.02.07	Deferred selling expenses	(1,689)	(2,577)	6	(14)
4.03	Net cash used in financing activities	(5,090)	(440,234)	(10,006)	(28,983)
4.03.01	Dividends paid	-	(72,666)	-	(14,344)
4.03.02	Interest on capital paid	-	-	(10,006)	(11,164)
4.03.03	Capital repayments paid	-	(362,478)	-	-
4.03.04	Treasury shares	(10,451)	(10,451)	-	(3,475)
4.03.07	Reimbursement of subsidiaries capital	5,361	5,361	-	-
4.04	Exchange variation on cash and cash equivalents	-	-	-	-
4.05	Increase (decrease) in cash and cash equivalents	2,966	5,241	1,854	4,435
4.05.01	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6,221	3,946	4,023	1,442
4.05.02	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	9,187	9,187	5,877	5,877

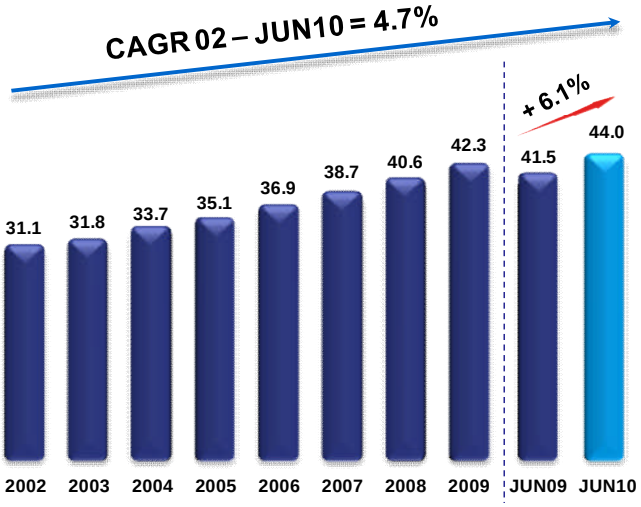
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM 7/1/2010 TO 9/30/2010

(R$ Thousand)

Code	Description	Capital	Capital reserves, stock options and treasury stock	Revenue reserves	Retained earnings (accumulated deficit)	Carrying value adjustments	Total equity
5.01	Opening balance	36,611	524,378	-	46,247	37,550	644,786
5.02	Prior-year adjustments	-	-	-	-	-	-
5.03	Adjusted balance	36,611	524,378	-	46,247	37,550	644,786
5.04	Net income for the period	-	-	-	-	150,123	150,123
5.05	Appropriations	-	-	-	-	-	-
5.05.01	Dividends	-	-	-	-	-	-
5.05.02	Interest on capital	-	-	-	-	-	-
5.05.03	Other appropriations	-	-	-	-	-	-
5.05.03.01	Legal reserve	-	-	-	-	-	-
5.05.03.02	Proposed dividends	-	-	-	-	-	-
5.05.03.03	Statutory reserve	-	-	-	-	-	-
5.06	Realization of revenue reserves	-	-	-	-	-	-
5.07	Carrying value adjustments	-	-	-	-	-	-
5.07.01	Adjustments of marketable securities	-	-	-	-	-	-
5.07.02	Cumulative translation adjustments	-	-	-	-	-	-
5.07.03	Business combination adjustments	-	-	-	-	-	-
5.08	Capital increase (decrease)	469,946	(469,946)	-	-	-	-
5.08.01	Through subscription	-	-	-	-	-	-
5.08.02	Redemption of shares	-	-	-	-	-	-
5.08.03	Capital repayment	-	-	-	-	-	-
5.08.04	Merger – Bradesco Dental shares	-	-	-	-	-	-
5.08.05	Incorporation of reserve	469,946	(469,946)	-	-	-	-
5.09	Recording / realization of capital reserves	-	-	-	-	-	-
5.10	Treasury stock	-	-	-	(10,451)	-	(10,451)
5.11	Other capital transactions	-	-	-	-	-	-
5.12	Other	-	(3,895)	-	10,451	-	6,556
5.12.01	Stock option plan	-	1,195	-	-	-	1,195
5.12.02	Adjustment from merger – Sepao	-	-	-	-	-	-
5.12.03	Adjustment of goodwill on acquisition – Prontodente	-	-	-	-	-	-
5.12.04	Exercise of 1º grant - write-off	-	(5,090)	-	5,090	-	-
5.12.05	Exercise of 1º grant - settlement	-	-	-	5,361	-	5,361
5.13	Closing balance	506,557	50,537	-	46,247	187,673	791,014

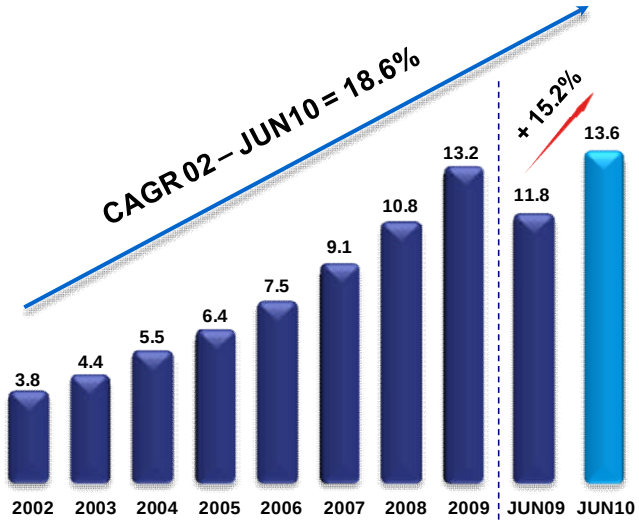
The brazilian dental plan market and operational performance

Brazil: Medical Plans Market (million members)



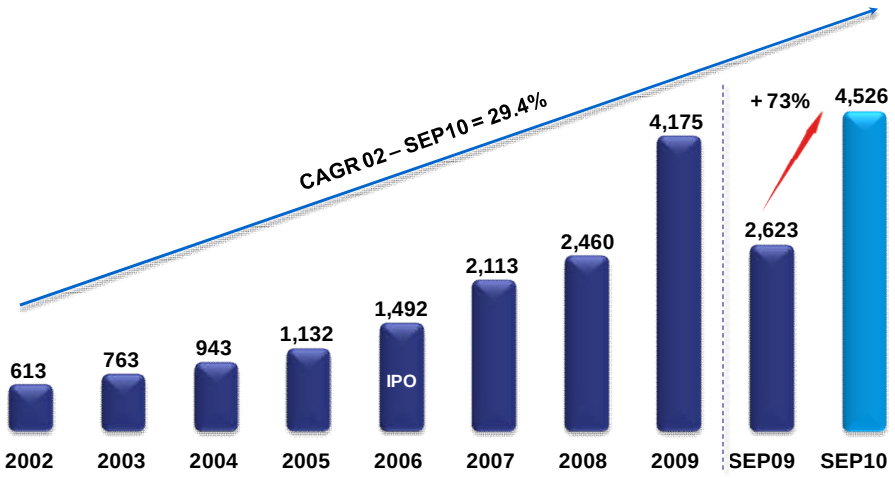
According to the latest figures released by ANS, the medical plans market reached a total of 44.0 million members in 2Q10, 6.1% over 2Q09. From 2002 to June 2010, the average annual growth rate **(CAGR) of medical plan members was of 4.7%.**

Brazil: Dental Plans Market (million members)



For its part, the dental plans sector posted a growth of 15.2% from 2Q09 to 2Q10, reaching 13.6 million members. From 2002 to June 2010, the average growth rate (**CAGR) of dental plan members was 18.6%.**

OdontoPrev: number of members (thousand)



In September 2010, OdontoPrev reached 4,525,662 members 72.6% over September 2009. From 2002 to September 2010, **the average growth rate (CAGR) of OdontoPrev was of 29.4%.**

Financial performance

OdontoPrev performs a regulated activity, and as such must present financial statements based on the Accounting Rules of the ANS, including accounting lines with names differing from those commonly used by companies from other sectors. Hence, in order to facilitate the understanding by investors who are not used to the ANS terminology, we provide a reconciliation between the terms used under Brazilian Corporate Law and those adopted by the Accounting Rules of the ANS in ***Attachment I. OdontoPrev's consolidated data on 3Q10 include Rede Dental; DentalCorp and Care Plus (incorporated in 2008); Sepao; Prontodente and Odonto Serv (incorporated in 2009); Easy Software; Adcon and Dental Partner; and in the 3Q09 and 9M09 do not include Bradesco Dental.***

Income Statement

R$000	3Q10	3Q09	9M10	9M09
(+) Payments net	181,392	103,688	492,991	292,189
(+) Sales of services and products	1,134	991	3,881	3,214
(-) Change in technical reserves	-	862	(33901)	1,529
Gross operating revenue	**182,526**	**103,817**	**530,773**	**293,874**
(-) Direct taxes on dental care operations	6,386	3,948	17,371	11,809
(-) Taxes on sales of services and products	1,246	436	2,423	750
Net operating revenue	**174,894**	**99,433**	**510,979**	**281,315**
(-) Cost of services	**86,005**	**43,555**	**252,288**	**124,486**
Indemnifiable claims, net	75,737	37,392	219,195	106,344
Payroll charges on services	7,083	2,992	12,377	8,595
Dental materials	722	1,299	2,295	4,294
Other operating expenses	2,463	1,872	18,421	5,253
Gross profit	**88,889**	**55,878**	**258,691**	**156,829**
(-) Selling expenses	**16,663**	**11,677**	**47,058**	**32,188**
(-) Administrative expenses (G&A)	**31,190**	**25,301**	**104,280**	**67,232**
G&A (included adjusted EBITDA base)	**29,512**	**23,060**	**81,790**	**61,828**
Personnel	13,358	10,766	38,756	30,876
Third parties services	7,217	2,746	14,279	6,773
Rentals and occupancy	3,917	4,664	13,166	11,921
Taxes and fees	883	832	2,191	1,921
Publicity and advertising	1,641	2,275	4,774	4,634
Travelling, printing and subscriptions	1,874	809	4,056	2,626
Others	622	968	4,568	3,077
G&A (not included adjusted EBITDA base)	**1,678**	**2,241**	**22,490**	**5,404**
PIS/COFINS on financial income	-	4	1	231
Depreciation and amortization	1,408	1,771.0	4,034.0	3,377.0
Acquisition expenses	267	571	282	1,739
Bradesco Dental Association	-	-	18,106	-
Joint venture Mexico	-	97	62	247
Other expenses	(3)	(202)	(1)	(190)
(-) Other expenses	**4,634**	**2,611**	**15,239**	**3,533**
Allow ance for doubtful receivables	4,634	2,611	15,239	3,533
(+) Financial income (expenses), net	**4,096**	**(6341)**	**21,114**	**2,788**
(+) Financial income	5,286	4,250	25,181	15,206
(-) Financial expenses	1,190	10,591	4,067	12,418
(+) Equity in subsidiaries	**-**	**49**	**324**	**72**
(-) Stock option	**1,195**	**502**	**3,181**	**1,612**
Income before taxes and profit sharing	**39,303**	**9,495**	**110,371**	**55,124**
(-) Income tax	4,143	1,908	24,914	13,142
(-) Social contribution tax	1,507	712	11,769	4,801
(-) Deffered income tax	(86,940)	-	(87,511)	(10,441)
(-) Deffered social contribution tax	(31,292)	-	(31,961)	(3,759)
(-) Profit sharing	1,705	425	5,186	1,853
Net income before IOC	**150,180**	**6,450**	**187,974**	**49,528**
(+) Interest on capital (IOC)	-	10,006	-	10,006
Net income before participation of minoritary shareholde	**150,180**	**16,456**	**187,974**	**59,534**
(+) Participation of minoritary shareholders	(57)	(51)	(318)	(119)
Net income	**150,123**	**16,405**	**187,656**	**59,415**

Operating revenue

	3Q10		3Q09		Δ%	9M10		9M09		Δ%
	R$ 000	% NOR	R$ 000	% NOR		R$ 000	% NOR	R$ 000	% NOR	
Payments, net	181,392	103.7	103,688	104.3	74.9	492,991	96.5	292,189	103.9	68.7
(+) Sales of services and products	1,134	0.6	991	1.0	14.4	3,881	0.8	3,214	1.1	20.8
(-) Change in technical reserves	-	-	862	0.9	(100.0)	(33,901)	(6.6)	1,529	0.5	-
Gross operating revenue (GOR)	**182,526**	**104.4**	**103,817**	**104.4**	**75.8**	**530,773**	**103.9**	**293,874**	**104.5**	**80.6**
(-) Direct taxes on dental care operations	6,386	3.7	3,948	4.0	61.8	17,371	3.4	11,809	4.2	47.1
(-) Taxes on sales of services and products	1,246	0.7	436	0.4	185.8	2,423	0.5	750	0.3	223.1
Net operating revenue (NOR)	**174,894**	**100.0**	**99,433**	**100.0**	**75.9**	**510,979**	**100.0**	**281,315**	**100.0**	**81.6**

The gross operating revenue (GOR) was impacted by ANS new accounting rules, in particular in 1Q10, relatively to (i) the daily and pro rata basis revenue accounting and (ii) technical provisions reversion. In 3Q10, there were no necessary adjustments on GOR.

Net operating revenue 9M10 (adjusted) and 9M09

	9M10[1]		9M09		Δ%
	R$ 000	% NOR	R$ 000	% NOR	
Payments, net	513,995	103.2	292,189	103.9	75.9
(+) Sales of services and products	3,881	0.8	3,214	1.1	20.8
(-) Change in technical reserves	-	-	1,529	0.5	(100.0)
Gross operating revenue (GOR)	**517,876**	**104.0**	**293,874**	**104.5**	**76.2**
(-) Direct taxes on dental care operations	17,371	3.5	11,809	4.2	47.1
(-) Taxes on sales of services and products	2,423	0.5	750	0.3	223.1
Net operating revenue (NOR)	**498,082**	**100.0**	**281,315**	**100.0**	**77.1**

[1] Includes R$21,004 pro-rata revenue

This table demonstrates the adjusted net operating revenue (NOR) of R$498,082, that will be made reference all over this 3Q10 Earnings Release.

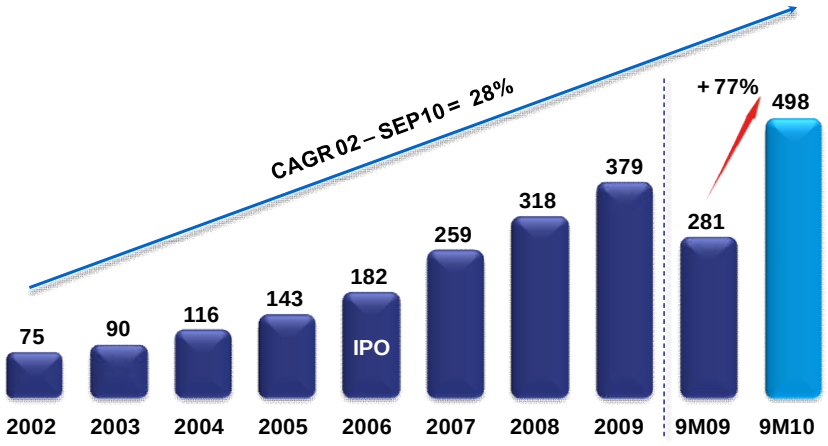
The average ticket came from R$13.25 in 3Q09 to R$13.59 in 3Q10, a variation of 2.6%.

Average ticket (R$000)	3Q10	3Q09	Δ%	9M10	9M09	Δ%
Payments, net (A)	181,392	103,688	74.9	513,995	292,189	75.9
Average number of members (B)	4,449	2,609	70.5	4,351	2,542	71.2
Average ticket (A/B)	**13.59**	**13.25**	**2.6**	**13.13**	**12.77**	**2.8**

Starting 2010, also valid for the YoY comparison, sales of services and products, basically those of Easy Software and Clidec became part of operating revenue. In 3Q10 it came to R$1,134, and R$3,881 in 9M10.

The net operating revenue reached R$174,894 in 3Q10, 75.9% up comparing to 3Q09. During 9M10 the variation was of 77.1%, reaching R$498,082, reflecting a more rational competitive environment and the 2010 product mix.

Net revenues (R$ million)



Cost of services (dental care ratio)

R$000	3Q10	3Q09	9M10	9M09
Cost of services	**86,005**	**43,555**	**252,288**	**124,486**
Indemnifiable claims, net	75,737	37,392	219,195	106,344
Payroll charges on services	7,083	2,992	12,377	8,595
Dental materials	722	1,299	2,295	4,294
Other operating expenses	2,463	1,872	18,421	5,253

Cost of services 9M10 (adjusted by IBNR) and 9M09

	9M10 (adjusted)		9M09		
	R$ 000	% NOR	R$ 000	% NOR	Δ%
Cost of services	**239,934**	**48.2**	**124,486**	**44.3**	**92.7**
Indemnifiable claims, net	217,614	43.7	106,344	37.8	104.6
Payroll charges on services	12,377	2.5	8,595	3.1	44.0
Dental materials	2,295	0.5	4,294	1.5	(46.6)
Other operating expenses	7,648	1.5	5,253	1.9	45.6

With the incorporation of Bradesco Dental in 3Q10, OdontoPrev started no to disburse the 20% taxation related to individual dentists social security (INSS), same procedure previously made by Bradesco Dental in the past. During 3Q10, we got a first legal confirmation of this procedure, but all related expenses were booked accordingly.

- **Indemnfiable claims, net:** in 3Q10 represented 43.3% of NOR, 5.7 *p.p.* above 3Q09, and in 9M10 came to 43.7% of NOR.
- **Payroll changes on services:** over 1.0 *p.p.* in 3Q10 and 0.6 *p.p.* in 9M10, due to the increasing number of accredited dental clinics, where there is no INSS taxation over dental procedures.
- **Dental materials:** down 44.4%, from R$1,299 in 3Q09 to R$722 in 3Q10. In the nine months decreased 46.6%, from R$4,294 to R$2,295 in 9M10.
- **Other operating expenses:** 1.4% of NOR in 3Q10, 0.5 *p.p.* below 3Q09. In the nine months represented 1.5% of NOR, 0.4 *p.p.* below 9M09.

Selling expenses

The selling expenses came from R$11,677 (11.7% of NOR) in 3Q09 to R$16,663 (9.5% of NOR) in 3Q10.

In the nine month period, selling expenses came from R$32,188 (11.4% of NOR) to R$47,058 (9.4% of NOR) in 9M10.

Administrative expenses (G&A)

Adm expenses 3Q10 and 9M10 (adjusted) and 3Q09, 9M09

	3Q10		3Q09			9M10		9M09		
	R$ 000	% NOR	R$ 000	% NOR	Δ%	R$ 000	% NOR	R$ 000	% NOR	Δ%
Personnel	13,358	7.6	10,766	10.8	24.1	38,756	7.8	30,876	11.0	25.5
Third parties services	7,217	4.1	2,746	2.8	162.8	14,279	2.9	6,773	2.4	110.8
Rentals and occupancy	3,917	2.2	4,664	4.7	(16.0)	13,166	2.6	11,921	4.2	10.4
Taxes and fees	883	0.5	832	0.8	6.1	2,191	0.4	1,921	0.7	14.1
Publicity and advertising	1,641	0.9	2,275	2.3	(27.9)	4,774	1.0	4,634	1.6	3.0
Travelling, printing and subscriptions	1,874	1.1	809	0.8	131.6	4,056	0.8	2,626	0.9	54.5
Others	622	0.4	968	1.0	(35.7)	4,568	0.9	3,077	1.1	48.5
G&A (included adjusted EBITDA base)	**29,512**	**16.9**	**23,060**	**23.2**	**28.0**	**81,790**	**16.4**	**61,828**	**22.0**	**32.3**
PIS/COFINS on financial income	-	-	4	0.0	(100.0)	1	0.0	231	0.1	(99.6)
Depreciation and amortization	1,408	0.8	1,771	1.8	(20.5)	4,034	0.8	3,377	1.2	19.5
Acquisition expenses	267	0.2	571	0.6	(53.2)	282	0.1	1,739	0.6	(83.8)
Bradesco Dental Association	-	-	-	-	-	18,106	3.6	-	-	-
Joint venture Mexico	-	-	97	0.1	(100.0)	62	0.0	247	0.1	(74.9)
Other expenses	3	(0.0)	(202)	(0.2)	(101.5)	5	(0.0)	(190)	(0.1)	(102.6)
G&A (not included adjusted EBITDA bas	**1,678**	**1.0**	**2,241**	**2.3**	**(25.1)**	**22,490**	**4.5**	**5,404**	**1.9**	**316.2**
Total administrative expenses (G&A)	**31,190**	**17.8**	**25,301**	**25.4**	**23.3**	**104,280**	**20.9**	**67,232**	**23.9**	**55.1**

G&A (included in the adjusted EBITDA base)

The administrative expenses, included in the adjusted EBITDA base, were of R$29,512 in 3Q10 (16.9% of NOR) as compared to R$23,060 in 3Q09 (23.2% of NOR), a reduction of 6.3 *p.p.*. It´s worth mentioning that OdontoPrev has made no G&A adjustments regarding the expenses related to the integration and incorporation of Bradesco Dental. In the 3Q10, R$2,635 of non-recurring Bradesco Dental incorporation expenses were booked as Third Parties services, although not adjusted. In the nine months period the administrative expenses down 16.4% of NOR, in relation to 22% of ROL in 9M09, a reduction is 5.6 *p.p.*

- **Personnel:** down 3.2 *p.p.* in relation to 3Q09, and down 3.2 *p.p.* in relation to 9M09, mainly due to the consolidation of Bradesco Dental figures, starting in 2010.
- **Third parties services:** in 3Q10 it came to 4.1% of NOR, over 1.3 *p.p.* of 3Q09. As we mentioned before, OdontoPrev did not adjust any expenses related to the integration and incorporation of Bradesco Dental. In this quarter, non-recurring expenses of R$2.635 related to the incorporation were not adjusted.
- **Rentals and occupancy:** from R$4,664 (4.7% of NOR) in 3Q09 to R$3,917 (2.2% of NOR) in 3Q10. In the nine months it came from R$11,921 (4.2% of NOR) to R$13,166 (2.6% of NOR) in 9M10.
- **Taxes and fees:** in 3Q09 represented R$832 (0.8% of NOR) and in 3Q10 came to R$883 (0.5% of NOR).
- **Publicity and advertising:** down 1.4 *p.p.* in the quarter, and 0.6 *p.p.* in the nine months.

- **Travelling, printing and subscriptions:** From R$809 to R$1,874 in 3Q10. In the nine months increased from R$2,626 to R$4,056 in 9M10.
- **Others:** from R$968 (1.0% of NOR) to R$622 in 3Q10 (0.4% of NOR). In 9M09 it was of R$3,077 (1.1% of NOR) coming to R$4,568 (0.9% of NOR) in 9M10.

Other expenses - allowance for doubtful receivables

As of 3Q10, we are demonstrating the allowance for doubtful accounts separately, as other expenses. Previously, it was demonstrated as part of cost of services.

The allowance of doubtful receivables came to R$4,634 (2.6% of NOR) in 3Q10, same level as the 2.7% of NOR observed in 2Q10. As of 2009, ANS determined that all retail channel contracts should be accounted as individual contracts. The rules for individual plans differ from those governing collective plans by adherence, affecting, among others, the recording of the allowance for doubtful accounts, typical of the retail channel.

This provision is based on the aging of the accounts receivables portfolio, with separate amounts for corporate and individual contracts. Receivables due over 60 days are provisioned every month, if related to individual contracts. Receivables due over 90 days of corporate contracts are also provisioned.

Financial income

	3Q10		3Q09		9M10		9M09	
	R$ 000	% NOR	R$ 000	% NOR	R$ 000	% NOR	R$ 000	% NOR
Financial income (expenses), net	**4,096**	**2.3**	**(6,341)**	**(6.4)**	**21,114**	**4.2**	**2,788**	**1.0**
(+) Financial income	5,286	3.0	4,250	4.3	25,181	5.1	15,206	5.4
(-) Financial expenses	1,190	0.7	10,591	10.7	4,067	0.8	12,418	4.4

The net financial result came to R$4,096 in 3Q10. In the nine months, it came to R$21,114.

OdontoPrev's investments are composed of time deposits of prime institutions, as well as mutual funds, almost all of them 100% liquid.

Income and social contribution taxes

Consolidated	3Q10 R$ 000	3Q10 % NOR	3Q09 R$ 000	3Q09 % NOR	Δ%	9M10 R$ 000	9M10 % NOR	9M09 R$ 000	9M09 % NOR	Δ%
Taxes	**(112,852)**	**64.4**	**2,620**	**2.6**	**4,397**	**82,789**	**16.2**	**3,743**	**1.3**	**2,311.8**
Income tax	4,143	2.4	1,908	1.9	117.1	24,914	4.9	13,142	4.7	89.6
Social contribution tax	1,507	0.9	712	0.7	111.7	11,769	2.3	4,801	1,,7	145.1
Deffered income tax	(86,940)	(49.7)	-	-	-	(87,511)	(17.1)	(10,441)	(3.7)	738.1
Deffered social contribution tax	(31,292)	(17.9)	-	-	-	(31,961)	(6.3)	(3,759)	(1.3)	750.3

The income and social contribution taxes were of R$4,045 and R$1,472 in 3Q10, respectively.

	Effective tax rate (R$000) 3Q10	3Q09	9M10	9M09
Income before taxes and profit sharing	**39,303**	**9,495**	**110,371**	**55,124**
(-) Profit sharing	1,705	425	5,186	1,853
(+) Interest on capital reversion[1]	-	10,006	-	10,006
Tax base	**37,598**	**19,076**	**105,185**	**63,277**
Taxes				
Income tax	4,143	1,908	24,914	13,142
Social contribution tax	1,507	712	11,769	4,801
Deffered income tax	(96,940)	-	(87,511)	(10,441)
Deffered social contribution tax	(31,292)	-	(31,961)	(3,759)
Total taxes	**(112,582)**	**2,620**	**(82,789)**	**3,743**
Effective tax rate				
Income tax	11.0%	10.0%	23.7%	20.8%
Social contribution tax	4.0%	3.7%	11.2%	7.6%
Total effective tax rate	**15.0%**	**13.7%**	**34.9%**	**28.4%**

[1] Interest on capital, registered as financial expense for income tax and social contribution tax deductability purposes, according to SRF Instruction of 11/1996. The interest on capital reversion corresponds to CVM Instruction 207/1996.

The effective tax rate in 3Q10 was of 14.5%, mainly due to the positive impacts of the initiation of the goodwill amortization of Bradesco Dental, incorporated in July.In 3Q10, we opted not to record deferred tax liabilities arising from the use of goodwill.

Acquisitions: goodwill breakdown

Acquisitions: Company	Date of consolidation	Goodwill - R$000	Date of incorporation
DentalCorp	FEB07	24,858	MAR08
Rede Dental	OCT07	7,703	-
Care Plus	JUN08	29,932	DEC08
Easy Software	JUL08	2,644	-
Sepao	NOV08	9,121	DEC09
Prontodente	JAN09	5,680	DEC09
Odonto Serv[1]	MAR09	20,816	DEC09
Bradesco Dental[2]	DEC09	409,640	JUL10
Total		**510,394**	

[1] Figures consolidated as of April, 09.Adcon not incorporated yet.

[2] Figures consolidated as of January, 10.

From 2009, OdontoPrev ceased to amortize in its books goodwill on acquisitions, in accordance with legislation. The Company continues to use the goodwill amortization installments of the merged companies, as a deduction in the calculation base of income tax and social contribution.

Net income and adjusted net income

The net income came from R$16,405 in 3Q09 to R$150,123 in 3Q10, up 792.2%.

In the nine months comparison, the net income came from R$60,726 to R$199,475 in 9M10, up 228.5%.

	3Q10		3Q09			9M10		9M09		
	R$ 000	% NOR	R$ 000	% NOR	Δ%	R$ 000	% NOR	R$ 000	% NOR	Δ%
Net income	**39,527**	**22.6**	**16,926**	**17.0**	**133.5**	**81,381**	**16.3**	**46,257**	**16.4**	**75.9**
(+/-) New accounting rules ANS	**-**	**-**	**-**	**-**	**-**	**(543)**	**(0.1)**	**-**	**-**	**-**
Payments net - pro rata revenue	-	-	-	-	-	21,004	4.2	-	-	-
Change in technical reserves - reversion	-	-	-	-	-	(33,901)	(6.8)	-	-	-
Cost of service - IBNR	-	-	-	-	-	12,354	2.5	-	-	-
(+) Non-recurring administrative expenses (G&A)	**267**	**0.2**	**668**	**0.7**	**(60.0)**	**18,450**	**3.7**	**1,986**	**0.7**	**829.0**
Acquisition expenses	267	0.2	571	0.6	(53.2)	282	0.1	1,739	0.6	(83.8)
Bradesco Dental Association	-	-	-	-	-	18,106	3.6	-	-	-
Joint venture Mexico	-	-	97	0.1	(100.0)	62	0.0	247	0.1	(74.9)
(-) Taxes	**(91)**	**(0.1)**	**(227)**	**(0.2)**	**(59.9)**	**(6,088)**	**(1.2)**	**(675)**	**(0.2)**	**801.9**
Income tax - 25%	(67)	(0.0)	(167)	(0.2)	(59.9)	(4,477)	(0.9)	(496)	(0.2)	802.6
Social contribution tax - 9%	(24)	(0.0)	(60)	(0.1)	(60.0)	(1,611)	(0.3)	(179)	(0.1)	800.0
Adjusted net income	**39,703**	**22.7**	**17,367**	**17.5**	**128.6**	**93,200**	**18.7**	**47,568**	**16.9**	**95.9**

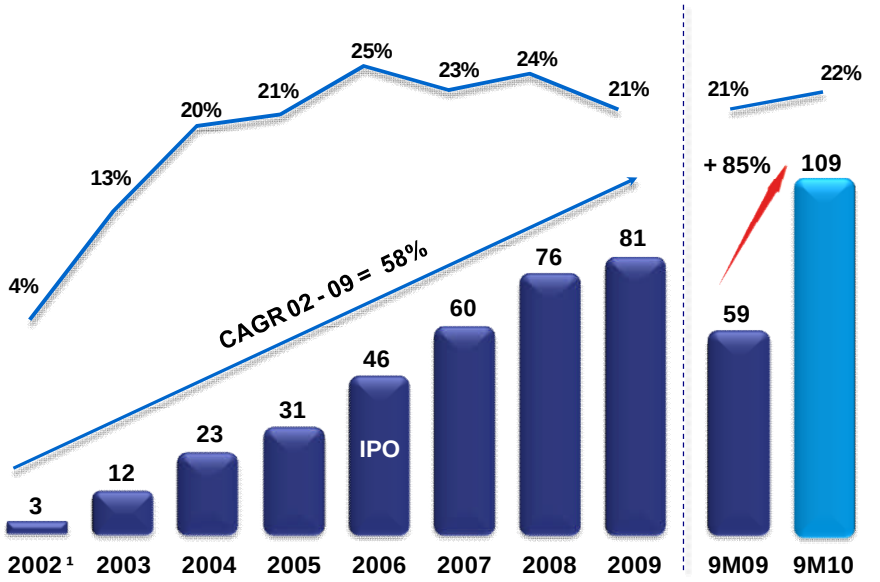
The adjusted net income reached R$39,703 in 3Q10, 128.6% over 3Q09. In the nine months it came to R$93,200, 95.9% over 9M09.

EBITDA and adjusted EBITDA

	3Q10		3Q09			9M10		9M09		
	R$ 000	% NOR	R$ 000	% NOR	Δ%	R$ 000	% NOR	R$ 000	% NOR	Δ%
Net Income	**39,527**	**22.6**	**16,926**	**17.0**	**133.5**	**81,381**	**16.3**	**46,257**	**16.4**	**75.9**
(+) Income tax	4,045	2.3	1,908	1.9	112.0	24,588	4.9	13,142	4.7	87.1
(+) Social contribution tax	1,472	0.8	712	0.7	106.7	11,651	2.3	4,801	1.7	142.7
(+) Deffered income tax	(5,136)	(2.9)	-	-	-	(7,885)	(1.6)	-	-	-
(+) Deffered social contribution tax	(1,845)	(1.1)	-	-	-	(3,302)	(0.7)	-	-	-
(+) Other expenses	(3)	(0.0)	(202)	(0.2)	(98.5)	(1)	(0.0)	(190)	(0.1)	(99.5)
(-) Financial income (expenses), net	4,096	2.3	(6,341)	(6.4)	-	21,114	4.2	2,788	1.0	657.3
(-) Interest on capital (IOC)[2]	-	-	10,006	10.1	(100.0)	-	-	10,006	3.6	(100.0)
(+) Stock option	1,195	0.7	502	0.5	138.0	3,181	0.6	1,612	0.6	97.3
(-) Participation of minoritary shareholders	(57)	(0.0)	(51)	(0.1)	11.8	(318)	(0.1)	(119)	(0.0)	167.2
(+) PIS/COFINS on financial income	-	-	4	0.0	(100.0)	1	0.0	231	0.1	(99.6)
(+) Change in technical reserves	-	-	862	0.9	(100.0)	(33,901)	(6.8)	1,529	0.5	-
(+) Depreciation and amortization	892	0.5	1,250	1.3	(28.6)	2,474	0.5	2,335	0.8	6.0
(-) Equity in subsidiaries	-	-	49	0.0	(100.0)	324	0.1	72	0.0	350.0
EBITDA	**36,108**	**20.6**	**18,299**	**18.4**	**97.3**	**57,067**	**11.5**	**56,970**	**20.3**	**0.2**
(+) Non-recurring expenses	**267**	**0.2**	**668**	**0.7**	**(60.0)**	**18,450**	**3.7**	**1,986**	**0.7**	**829.0**
Acquisitions expenses	267	0.2	571	0.6	(53.2)	282	0.1	1,739	0.6	(83.8)
Bradesco Dental Association	-	-	-	-	-	18,106	3.6	-	-	-
Joint venture Mexico	-	-	97	0.1	(100.0)	62	0.0	247	0.1	(74.9)
(+/-) New accounting rules ANS	**-**	**-**	**-**	**-**	**-**	**33,358**	**6.7**	**-**	**-**	**-**
Payments net - pro rata revenue	-	-	-	-	-	21,004	4.2	-	-	-
Cost of service - IBNR	-	-	-	-	-	12,354	2.5	-	-	-
Adjusted EBITDA	**36,375**	**20.8**	**18,967**	**19.1**	**91.8**	**108,875**	**21.9**	**58,956**	**21.0**	**84.7**

The adjusted EBITDA came up 91.8%, from R$18,967 in 3Q09 to R$36,375 to 3Q10, with the margin expanding from 19.1% to 20.8%. In 9M10, the adjusted EBITDA was up 84.7%, from R$58,956 to R$108,875 in 9M10.

Adjusted EBITDA (R$ million) and adjusted EBITDA margin (%)



1 Not adjusted

Adjusted EBITDA components	3Q10		3Q09		
	R$ 000	% NOR	R$ 000	% NOR	Δ% NOR
(+) Payments. net	181,392	103.7	103,688	104.3	(0.6)
(+) Sales of services and products	1,134	0.6	991	1.0	(0.4)
(-) Direct taxes on dental care operations	6,386	3.7	3,948	4.0	(0.3)
(-) Taxes on sales of services and products	1,246	0.7	436	0.4	0.3
(-) Cost of services	86,005	49.2	43,555	43.8	5.4
(-) Selling expenses	16,663	9.5	11,677	11.7	(2.2)
(-) Administrative expenses	29,512	16.9	23,060	23.2	(6.3)
(-) Allowance for doubtful receivables	4,634	2.6	2,611	2.6	0.0
(-) Profit sharing	1,705	1.0	425	0.4	0.6
Adjusted EBITDA	**36,375**	**20.8**	**18,967**	**19.1**	**1.7**

The adjusted EBITDA margin in 3Q10 reached 20.8%, 1.7 *p.p.* over 3Q09. In 9M10 it was of 21.9%, 0.9 *p.p.* over 9M09.

In 3Q10, non-recurring G&A expenses related to the incorporation of Bradesco Dental were not adusted, as said before, R$2,635 of non-recurring Bradesco Dental incorporation expenses were booked as Third Parties services, although not adjusted.

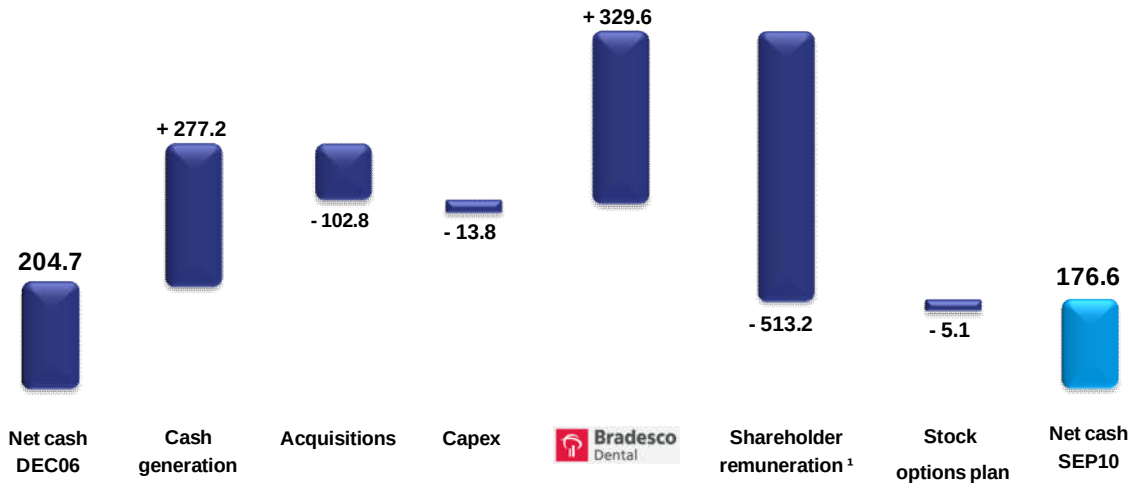
Adjusted EBITDA components	9M10		9M09		
	R$ 000	% NOR	R$ 000	% NOR	Δ% NOR
(+) Payments. net	513,995	103.2	292,189	103.9	(0.7)
(+) Sales of services and products	3,881	0.8	3,214	1.1	(0.3)
(-) Direct taxes on dental care operations	17,371	3.5	11,809	4.2	(0.7)
(-) Taxes on sales of services and products	2,423	0.5	750	0.3	0.2
(-) Cost of services	239,934	48.2	124,486	44.3	3.9
(-) Selling expenses	47,058	9.4	32,188	11.4	(2.0)
(-) Administrative expenses	81,790	16.4	61,828	22.0	(5.6)
(-) Allowance for doubtful receivables	15,239	3.1	3,533	1.3	1.8
(-) Profit sharing	5,186	1.0	1,853	0.7	0.3
Adjusted EBITDA	**108,875**	**21.9**	**58,956**	**21.0**	**0.9**

Cash flow

OdontoPrev's main sources of funds are the cash flow from operations and financial revenues, boosted by the primary of R$171.4 million in 2006 and the net cash position of R$329.6 of Bradesco Dental in 2009.

Since the IPO, OdontoPrev has generated a free cash flow of R$277.2 million and, at the end of 3Q10 the net cash position was of R$176.6 million, without any leverage.

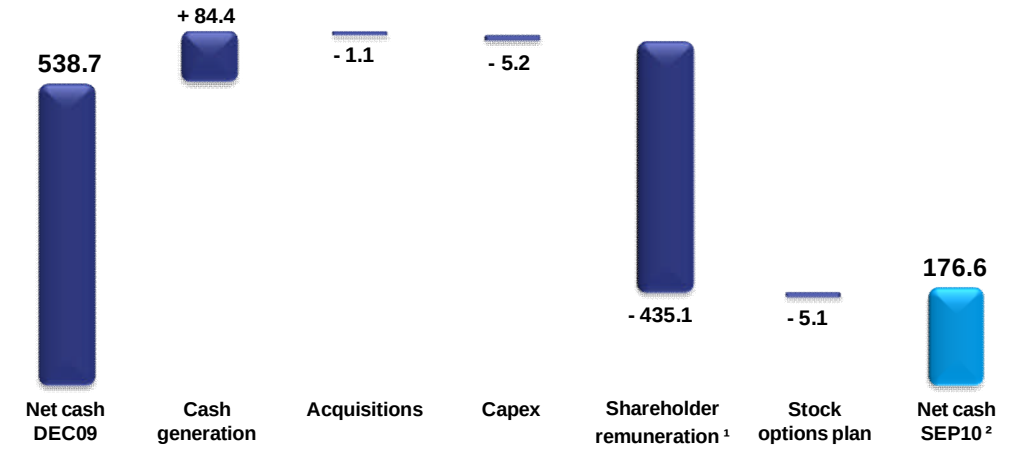
Cash flow since the 2006 IPO (R$ million)



¹ Dividends, interest on capital, share buyback and capital reductions

In 9M10, the free cash flow generation was of R$84.4 million, having paid R$435.1 on shareholder remuneration in the period.

Cash flow 9M10 (R$ million)



¹ Include dividends and capital reductions

² Include R$70.7 million of technical provisions

(R$000)	3Q10	3Q09	9M10	9M09
CASH FLOW FROM OPERATIONAL ACTIVITIES				
Net income	**39,527**	**16,926**	**81,381**	**46,257**
Reconciliation of net income with the cash generated by operations	(11,940)	4,902	(26,301)	8,822
	27,587	**21,828**	**55,080**	**55,079**
Decrease (increase) in operational assets	3,492	(6,612)	13,690	(7,074)
Increase (decrease) in operational liabitities	(8,122)	5,917	15,663	8,097
NET CASH PROVIDED BY (USED IN) OPERATIONAL ACTIVITIES	**22,957**	**21,133**	**84,433**	**56,102**
CASH FLOW FROM INVESTING ACTIVITIES				
Incorporation of investments	(353)	-	(353)	-
Acquisition of investments, net of cash acquired (consolidated)	-	-	(739)	(28,513)
Acquisition of property and equipment	(1,553)	(417)	(4,100)	(1,162)
Systems development and acquisition of softwares	(500)	28	(1,105)	(608)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	**(2,406)**	**(389)**	**(6,297)**	**(30,283)**
CASH FLOW FROM FINANCING ACTIVITIES				
Dividends paid	-	-	(72,666)	(14,344)
Interest on capital	-	(10,006)	-	(11,164)
Paid capital restitution	-	-	(362,478)	-
Treasury shares	(10,451)	-	(10,451)	(3,475)
Stock Options Program vesting reimbursements	5,361	-	5,361	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**(5,090)**	**(10,006)**	**(440,234)**	**(28,983)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**15,461**	**10,738**	**(362,098)**	**(3,164)**
CASH, AND CASH EQUIVALENTS				
Balance at the beginning of period	161,144	186,934	538,703	200,836
Balance at the end of period	176,605	197,672	176,605	197,672
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**15,461**	**10,738**	**(362,098)**	**(3,164)**

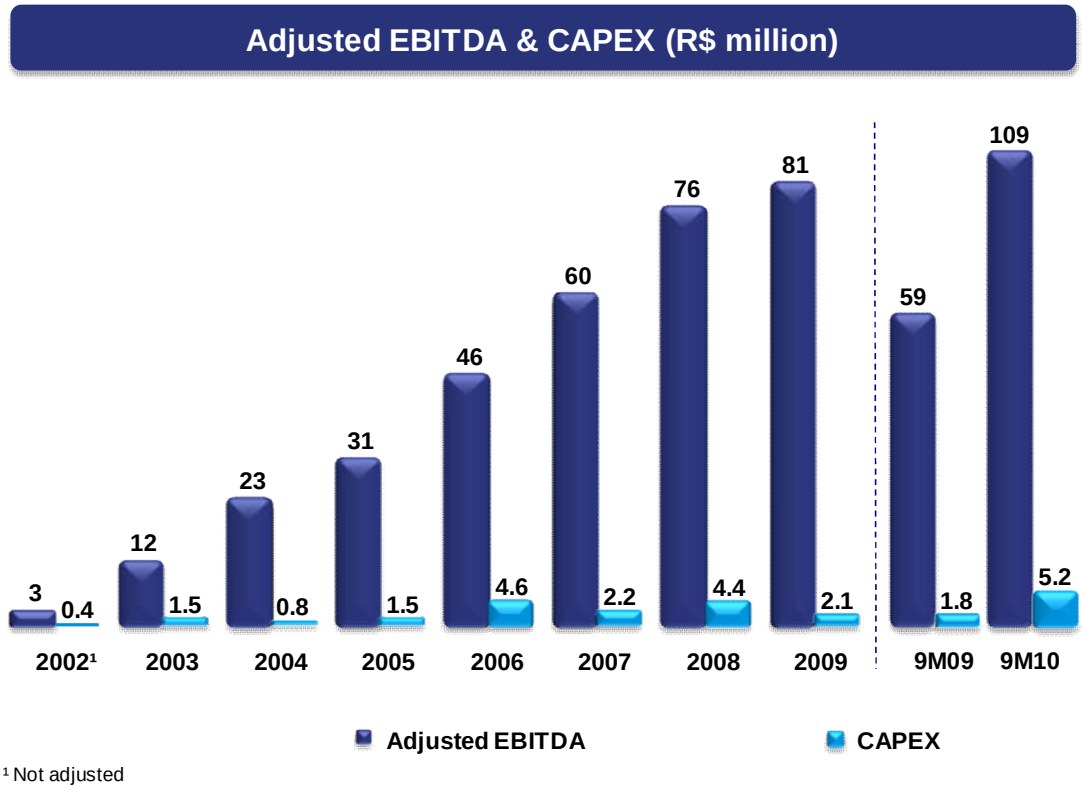
For purposes of the statement of total cash, we have included, in cash and cash equivalents, the amount related to investments linked to the technical reserves defined by ANS, of R$70,683, in September 2010

Capex

The development of IT systems, the acquisition of new software and computer equipment represent the bulk of OdontoPrev's capex:

(R$000)	3Q10	3Q09	9M10	9M09
Systems development and acquisition of software	636	22	3,007	846
Dental plan equipment, furniture and utensils	91	137	293	366
Installations	159	63	166	120
Computer equipment	1,084	147	1,504	397
Vehicle	78	-	78	6
Others	5	20	157	35
Total capex	**2,053**	**389**	**5,205**	**1,770**

OdontoPrev's cash generation (adjusted EBITDA) has historically been substantially bigger than capex:



¹ Not adjusted

Demonstration of value added

	3Q10		3Q09		9M10		9M09	
Revenue	177,892		101,206		515,534		290,341	
Inputs acquired from third parties	(109,020)		(62,040)		(339,823)		(172,695)	
(=) GROSS VALUE ADDED	**68,872**		**39,166**		**175,711**		**117,646**	
Retentions	(1,414)		(1,771)		(4,040)		(3,377)	
(=) NET VALUE ADDED GENERATED BY THE ENTITY	**67,458**		**37,395**		**171,671**		**114,269**	
Value added received trough transfer	5,286		4,299		25,505		15,278	
(=) TOTAL VALUE ADDED TO DISTRIBUTE	**72,744**		**41,694**		**197,176**		**129,547**	
DISTRIBUTION OF VALUE ADDED	**(183,862)**	**100.00%**	**(41,694)**	**100%**	**(305,017)**	**100%**	**(143,747)**	**100%**
Personnel	(13,561)	7.40%	(10,281)	24.70%	(39,825)	13.10%	(30,506)	21.20%
Taxes and contributions	(16,672)	9.10%	(12,733)	30.50%	(66,606)	21.80%	(46,838)	32.60%
Remuneration of third-party capital	(2,254)	1.20%	(1,722)	4.10%	(7,431)	2.40%	(5,257)	3.70%
Remuneration of own capital	-	0%	(10,006)	24%	-	0%	(10,006)	7%
Granting of stock options	(1,195)	0.60%	(502)	1.20%	(3,181)	1%	(1,612)	1.10%
Non-controling interest in subsidiary	(57)	0%	(51)	0.10%	(318)	0.10%	(119)	0.10%
Profits reinvested for the period	(150,123)	82%	(6,399)	15.30%	(187,656)	61.50%	(49,409)	34.40%

Notes to the financial statements (Company and Consolidated) at September 30, 2010 and June 30, 2010

(amounts expressed in thousands of reais, except when otherwise statedo)

1. Operations and General Information

Odontoprev S.A. (“Company” or “OdontoPrev”) started its operations on August 28, 1987 and is engaged in managing, selling and providing private dental care plans to legal entities and/or individuals, as well as holding equity interests, as partner, shareholder or quotaholder, in other companies and business enterprises of any nature, in Brazil and/or abroad, and managing its own and/or third-party assets.

On October 18, 2009, the Company entered into an association agreement with Bradesco Dental S.A. (Bradesco Dental) for the integration of the companies' activities, since their business models complement each other and together they can better compete in the private dental care plan segment. At that date, in accordance with the Significant Event Notice, ZNT Empreendimentos, Comércio e Participações Ltda. (ZNT), funds managed by Dynamo, Investidor Profissional, M Square, Águas Claras, and directors of OdontoPrev, which jointly hold approximately 40% of the Company's share capital (the remaining 60% being spread in the market), committed to vote in favor of the Association in the Extraordinary Shareholders' Meeting (AGE). The increase in share price after the disclosure of the Significant Event Notice showed that the market considered the association practically concluded.

After the approvals by the National Supplementary Health Agency (ANS) through the Official Letter No. 250/2009/ DIRAD/ANS and by the AGE of December 23, 2009, all of the shares issued by Bradesco Dental were merged into OdontoPrev. As a result of the transaction, Bradesco Dental became a wholly-owned subsidiary of the Company.

At the AGE of July 1, 2010, approval was given for the merger of Bradesco Dental, as described in Note 2.

The Company holds interests in the following direct and indirect subsidiaries:

	Percentage holding (%)			
	September 30, 2010		June 30, 2010	
	Direct	Indirect	Direct	Indirect
Clidec - Clínica Dentária Especializada Cura D'ars Ltda. (Clidec)	99.9	-	99.9	-
Odontoprev Serviços Ltda. (OdontoPrev Serviços)	99.9	-	99.9	-
Garcia Pedrosa Ltda. (Rede Dental)	99.9	-	99.9	-
Easy Software Ltda. (Easy)	-	51.0	-	51.0
Adcon Administradora de Convênios Odontológicos Ltda. (Adcon)	99.9	-	99.9	-

	Percentage holding (%)			
	September 30, 2010		June 30, 2010	
	Direct	Indirect	Direct	Indirect
Dental Partner Comércio de Produtos e Equipamentos Odontológicos Ltda. (Dental Partner)	-	99.9	-	99.9
Bradesco Dental S.A. (Bradesco Dental)*	-	-	100.0	-

(*) Merged into the Company on July 1, 2010.

(a) Clidec: company established on July 2, 1970 to operate dental care plans through its own and accredited networks and operate as a dental care service provider.

(b) OdontoPrev Serviços: company established on December 3, 1999, engaged in providing sales assistance, consulting and business management services to companies in general and holding equity interests in other companies as partner or shareholder.

(c) Rede Dental: company established on August 31, 1990 to operate private dental care plans and manage, sell or provide these plans to legal entities and/or individuals.

(d) Easy: company established on November 3, 1993, engaged in developing and licensing software and in holding equity interests in other companies as partner or shareholder.

(e) Adcon: company established on April 14, 1997, engaged in the management and sale of dental care plans, acting as group dental care plan operator.

(f) Dental Partner: company established on November 14, 2008, engaged in retail and wholesale distribution of dental equipment and products, sanitizers, drugs, medicines, pharmaceutical inputs and related items. Clidec holds 99.9% of the company.

(g) Bradesco Dental: company created on May 2, 2008 through the transfer of the dental insurance portfolio of Bradesco Saúde, to sell and manage dental insurance plans.

In accordance with ANS Board Resolution (RDC) No. 39, issued on October 27, 2000, the Company and its subsidiaries Rede Dental and Adcon are classified as dental care operators in the tertiary dental care segment and the subsidiary Clidec, as a dental care operator in the dental care segment.

Odontored CV

On August 13, 2009, Odontored CV Sociedad Anônima de Capital Variable was established in Mexico City, Mexico, to develop dental care plans, including their operation, management and marketing, as well as to provide direct or indirect (through third-parties) dental care assistance.

The company's share capital is $ 12,258,704 Mexican pesos, 40% of which is held by OdontoPrev and 60% by IKE Grupo Empresarial. The capital held by OdontoPrev (R$ 739 at December 31, 2010) was paid up on June 2, 2010. Odontored has not started to generate revenue, and is in the pre-operational phase.

Approval of the Financial Statements

The issue of the parent company and consolidated financial statements was authorized by the Board of Directors on November 10, 2010.

2. Mergers

The Extraordinary Shareholders' Meetings approved the mergers of the following subsidiaries into OdontoPrev:

- March 3, 2008 - DentalCorp.
- December 1, 2008 - Care Plus, SRJSPE and Biodent.
- December 1, 2009 - Sepao, OdontoServ and Prontodente.
- July 1, 2010 - Bradesco Dental.

According to the protocols and justification of mergers, the integration of the activities developed by the Company and the merged companies will streamline and improve the synergy of their respective operations, generating commercial and financial benefits.

The main facts and events associated with these transactions were as follows:

- The Company's capital was not increased, due to the fact that the capital of the merged companies was directly or indirectly held by the Company.
- The balances of assets, liabilities and equity used for merger purposes, were based on the respective balabce sheet certification report.
- The changes in equity after the base dates of the balance sheets used for evaluation were properly recorded in the respective accounting books and the related balances were reflected in the Company's balance sheets after the approval of the merger by the shareholders and partners of the companies involved.

- Goodwill arising from the acquisitions of merged companies is recorded as Intangible assets (Note 14.1).

The net assets merged are as follows:

Company merged in 2010

	Bradesco Dental
Current assets	**113,839**
Investments	95,504
Healthcare receivables	7,194
Other receivables	11,141
Non-current assets	**39,188**
Long-term receivables	34,585
Property and equipment	138
Intangible assets	4,465
Total assets (A)	**153,027**
Current liabilities	**49,087**
Provisions for events/claims	15,289
Sundry payables	33,798
Non-current liabilities	**28,178**
Total liabilities (B)	**77,265**
Net assets merged (A-B)	**75,762**
Results	
Income	135,187
Expenses	113,037
	22,149
Net income	**113,839**

3. Description of Significant Accounting Practices

The principal accounting practices used in the preparation of these individual and consolidated financial statements are set out below. These policies are consistently applied to all the years presented.

3.1 Preparation and presentation

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies of the Company and its subsidiaries. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant for the preparation of the consolidated financial statements are disclosed in Note 5.

The Company's financial statements have been prepared in accordance with accounting practices adopted in Brazil issued by the Brazilian Accounting Pronouncements Committee

(CPC), and the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), considering that the Company will operate as going concern in Brazil.

The financial statements have been prepared and are presented in accordance with the ANS Chart of Accounts and the requirements of the Brazilian Securities Commission (CVM), as described in Note 4.

3.2 Consolidation

3.2.1 Consolidated financial statements

The following accounting policies are applied in the preparation of the consolidated financial statements:

(a) Subsidiaries

Subsidiaries are all entities over which the Company has influence and direct or indirect control on the financial and operating management, generally accompanying a shareholding of more than one half of the voting rights or most of risks and benefits originated from these investments, in accordance with IFRS. Subsidiaries are consolidated from the date on which control is transferred to OdontoPrev. They are deconsolidated from the date that control ceases.

The Company uses the acquisition method of accounting to account for business combinations, which are recorded at the fair value of transfer of assets, liabilities and equity, calculated on the acquisition date. Acquisition-related costs are expensed as incurred. Non-controlling interests in subsidiaries are recognized proportionally based on the fair value at the acquisition date.

The excess of cost of acquisition over the fair value on the acquisition date of any equity investment is recorded as goodwill after allocation in intangible assets.

Investments in subsidiaries, equity in the results of subsidiaries, as well as intercompany balances and transactions have been eliminated in consolidation. The consolidated financial statements include the balances of the Company and its subsidiaries, according to the holding percentage table in note 1.

Accounting policies of subsidiaries have been changed where necessary to ensure the consistency of the financial statements with IFRS and the application of the accounting policies adopted by the Company.

(b) Associates

Associates are all entities over which the Company has significant influence, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are evaluated using the equity method of accounting and are initially recognized at cost.

3.2.2 Individual financial statements

In the individual financial statements, subsidiaries are recorded based on the equity accounting method. The same adjustments are made in the individual and consolidated financial statements to reach the same profit or loss and equity attributable to the Company's shareholders. The accounting practices adopted in Brazil applicable to the individual financial statements determine the evaluation of investments based on the equity accounting method, which differ from IFRS applicable to the separate financial statements, which establish the evaluation of investments in subsidiaries and associates based on cost or fair value.

3.2.3 Statement of comprehensive income

The Company and its subsidiaries do not have: (i) pension plan; (ii) gains/losses on available-for-sale assets; (iii) hedge transactions; (iv) gains/losses on monetary translations. Accordingly, the statement of comprehensive income will not be presented.

3.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating and strategic decision-maker, the Statutory Board, which is responsible for allocating resources and assessing performance of the operating segments, as disclosed in Note 21.

3.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company and its subsidiaries are evaluated using the currency of the primary economic environment in which the entity operates ("the functional currency"). The
individual and consolidated financial statements are presented in R$, which is the Company's functional and presentation currency.

(b) Translation and balances in foreign currency

Foreign currency transactions are translated into the functional currency of the parent company using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of balances at the reporting date are recognized in the statement of income.

3.5 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, with immaterial risk of change in value. The breakdown of cash and cash equivalents is shown in Note 7.

3.6 Financial assets

3.6.1 Classification

The Company and its subsidiaries classify their financial assets, as determined by management, at initial recognition, under the following categories:

(a) Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. The assets are in this category financial investments classified as current assets, according to the composition in Note 8.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Loans and receivables of the Company and its subsidiaries comprise trade receivables (healthcare receivables, in accordance with Note 9), and other receivables (Note 11.3).

Healthcare receivables correspond to installments receivable for the sale of collective or individual standardized or personalized dental care plans.

They are recorded in the balance sheet at their nominal value with a corresponding entry to the accounts "Healthcare installments" or "Advanced billings", according to the coverage period of the contracts effective at the balance sheet date, and the amounts receivable referring to reimbursement of events.

3.6.2 Recognition and measurement

Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are recorded with a corresponding entry to the specific account in the statement of income. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred, and the Company and its subsidiaries have transferred substantially all risks and rewards of ownership. These assets are subsequently recognized at fair value. Loans and receivables are recorded at amortized cost.

Gains or losses arising from the changes in the fair value of financial assets measured at fair value through profit or loss are recorded in the statement of income in the period they occur.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired, according to Note 3.6.5.

3.6.3 Fair value estimate

The carrying value less impairment provision of trade receivables and payables is assumed to approximate their fair values. The Company adopted CPC 40/IFRS 7 for financial instruments that are measured in the balance sheet at fair value; this requires disclosure of measurements by level of the following fair value measurement hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: classified in this category when discounted cash flow or another methodology is used to determine the asset price based on market data and when all this data can be observed in the open market.

- Level 3: asset which is not based on data observed in the market and the Company uses internal assumptions to determine its methodology and classification.

The Company's financial risk management policy is to contract financial products available in the Brazilian market, whose market value can be reliably measured, seeking high liquidity to meet its future liabilities and with a prudent liquidity risk management policy. The composition of financial investments, which are classified in level 1 (public bonds) and level 2 (Bank Deposit Certificates (CDBs) and others) is shown in Note 8.

3.6.4 Offsetting financial instruments

Assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

3.6.5 Impairment of financial assets carried at amortized cost

The Company and its subsidiaries assess at the end of each reporting period whether there is evidence that the credit quality of an asset or group of assets is impaired, and impairment losses are incurred as a result of a loss event that has an impact on the estimated future cash flow of the asset or group of financial assets.

The criteria used by the Company and its subsidiaries to determine whether there is objective evidence of an impairment loss comprise the following:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- declaration of bankruptcy or reorganization of the service receiver;
- the disappearance of an active market for the financial asset;
- data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition, including: (i) adverse changes in the payment status of borrowers in the portfolio; and; (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

By assessing the existence of objective evidence of impairment, the Company and its subsidiaries can measure loss. Accordingly, the accounting balance is reduced to its recoverable amount, and the loss is recognized in the statement of income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the loss is realized and recognized in the statement of income.

The provision for impairment of trade receivables is recorded based on the analysis of probable losses on receivables overdue for more than 90 days from contracts with legal entities and for more than 60 days from contracts with individuals. Impairment of these assets was assessed at September 30, 2010 and June 30, 2010. Based on the assessments, the Company understands

that the provision for impairment of trade receivables, in accordance with ANS determinations, is proper and reflects past internal losses.

3.7 Non-current assets

3.7.1 Long-term receivables

These included deferred income tax and social contribution, and other non-current assets (judicial deposits and others), stated at cost, including, when applicable, earnings incurred and provision for losses.

(a) Deferred income tax and social contribution (asset)

Deferred tax assets with probable deductibility are recognized in relation to taxable temporary differences, that is, on those differences that will result in amounts to be excluded from the calculation of taxable income tax and social contribution of future years, when the carrying amount of the asset is recovered. They are basically recorded on temporary differences related to: goodwill on expected future profitability from merged subsidiaries (this tax benefit is recorded in conformity with the current accounting standards CPC 32/IAS 12 and is based on future tax use in the ordinary course of OdontoPrev's business); provision for impairment of trade receivables; tax, social security, civil and labor contingencies; and sundry provisions (except for those supported by technical actuarial notes approved by ANS), as mentioned in Note 11.1.

(b) Judicial deposits

These refer basically to deposits for lawsuits relating to the payment of the National Institute of Social Security (INSS) contribution on independent contractors and the increase in Social Contribution on Revenues (COFINS) rate, as mentioned in Note 11.2.

3.7.2 Investments

These comprise investments in subsidiaries and associates stated on the equity accounting method based on their respective balance sheets at September 30, 2010 and June 30, 2010, as disclosed in Note 12.

3.7.3 Property and equipment

Property and equipment are stated at acquisition cost, less accumulated depreciation, calculated on the straight-line method at annual rates mentioned in Note 13.

Property and equipment comprise mainly IT equipment and software.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end

of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'Administrative expenses' in the statement of income.

3.7.4 Intangible assets

(a) Goodwill on acquisition of investments

Refers to goodwill based on future income generation, paid on the acquisition of investments (equity investments in subsidiaries) mentioned in Note 14.1. Goodwill represents the excess of the cost of an acquisition over the net fair value of assets and liabilities of the acquired entity including allocation of intangible assets.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses, which cannot be reversed.

(b) System development and software license and other

System development and software license expenses are capitalized on the basis of the costs incurred to acquire and bring them to use. They are amortized on the straight-line method over 60 months, as mentioned in Note 14.3.

Incurred costs associated with maintaining software programs are recognized as an expense. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets.

Goodwill attributable to the brand, customer portfolio and agreement for non-competition are grouped in "Other". These items are amortized on the straight-line method, using the terms identified in the appraisal report, as mentioned in Notes 14.3 and 31.

(c) Deferred selling expenses

The Company recognizes as deferred selling expenses (Deferred Acquisition Costs (DAC)) the costs that are directly additional and related to new or renewed contracts, that is, the amounts paid for agent representation, and that can be reliably assessed. Other costs are expensed as incurred. This asset is appropriated to profit or loss according to the term of the contract, which mainly correspond to the risk expiration period.

3.8 Impairment of non financial assets

CVM Resolution 639/10, CPC 01 (R)/IAS 36, requires that companies and their subsidiaries carry out periodic impairment tests of the amounts recorded in property and equipment and intangible assets with the purpose of reviewing and adjusting the criteria utilized to determine the estimated useful lives and calculate depreciation and amortization.

Assets are tested for impairment in order to: (i) verify whether there is any impairment loss of assets, and (ii) measure any impairment loss of existing assets to complement or reverse the provision for impairment of trade receivables, when applicable.

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For impairment tests, assets are grouped in business units (active and/or merged companies acquired).

3.9 Dental care plan contracts

At the first-time adoption of CPC 11/IFRS 4, the Company classified all dental care plan contracts based on the analysis of transfer of significant insurance risk between the parties, also taking into consideration all scenarios with commercial substance in which the insured event occurs, in comparison with the scenarios in which the event does not occur. The Company issues dental care plan contracts which transfer insurance, financial or both risks (see Note 6.1 and 6.2). In general, the Company defines significant insurance risk as the possibility of occurring losses at amounts higher than the monthly payments made by the beneficiaries. Investment contracts are those which transfer insignificant insurance risk or do not transfer insurance risk at all.

At the date of adoption of IFRS, the Company classified the post-payment collective plans as "Investment contracts" in the first-time adoption of CPC 11/IFRS 4.

Technical pronouncement CPC 11/IFRS 4 was not approved by ANS; however, based on CVM guidelines, the Company applied this pronouncement in its financial statements.

(a) Deferred selling expenses

See comments in Note 3.7.4, item c.

(b) Liabilities of dental care plan sale contracts

Contracts that transfer significant insurance risk to the Company are evaluated based on an accounting methodology or model applicable to contracts of this nature. In the first-time adoption of IFRS, the Company considered CPC 11/IFRS 4 for the assessment of these contracts, based on the principal rules and procedures established in CPC 11/IFRS 4, which include the following: (i) the Liability Adequacy Test (LAT) of insurance contracts; (ii) the economic and actuarial classification as insurance or investment contracts; and (iii) the identification of embedded derivatives.

(c) Liability Adequacy Test (LAT)

In conformity with CPC 11/IFRS 4, the Company prepares annually the liability adequacy test of all dental care plan contracts in effect on the date of the test.

This test considers as the net carrying amount all liabilities of insurance contracts permitted by CPC 11/IFRS 4, less intangible assets directly related to insurance contracts and was carried out on December 31, 2009.

For this test, the Company prepared a methodology based on its best estimate of all future cash flows, which also include additional and accessory claim settlement expenses, using current assumptions for the test.

Should any deficiency be identified in the test, the Company immediately records the loss in the statement of income, initially reducing the DAC up to the limit, which is zero, (or other intangible assets, such as those arising from exclusivity contracts and directly related to insurance contracts) and, subsequently, records additional provisions to insurance liabilities already recorded at the test date, when the loss exceeds the accounting balance of these intangible assets. Any intangible asset, such as DAC, which was written down due to this test cannot be reinstated by the Company when the test shows favorable results for the Company in future periods.

3.10 Technical provisions

In accordance with ANS Regulatory Resolution (RN) No. 209/09, operators should record monthly the Provision for Events Occurred but not Reported (IBNR), actuarially estimated. Up to December 31, 2010, this provision was not mandatory for companies operating exclusively in the dental care segment. However, once the option to record this provision is made, it is indispensable to send the actuarial technical note with the calculation methodology for the analysis and approval by ANS, and it becomes mandatory as from the date of its effective approval.

The Company and its subsidiary Rede Dental filed with ANS an official letter presenting the actuarial technical note with the calculation methodology to record the IBNR. While waiting for the ANS approval, the Company and its subsidiary recorded the amounts computed in "Other payables", according to Note 18. Bradesco Dental had obtained a registration for IBNR before the merger, and the amount is recorded in current liabilities as “Provision for events/claims occurred but not reported”, according to Note 15.

Due to the publication of RN No. 206/09, the balances recorded in current liabilities relating to "Provision for risks" or "Provision for unearned premiums", provided for in the previous legislation, were totally reversed as a credit to the account of changes in technical provisions.

As from 2010, the events pending settlement involving dental care assistance started to be classified as "Provision for events/claims to settle" in the group "Technical provisions for dental care operations" in accordance with Normative Instruction (IN) No. 36/09. Costs of services provided are recorded based on claims reported by accredited service providers upon the analysis of the events covered by the plans, with a corresponding entry to the account "Indemnifiable claims, net".

3.11 Taxes and contributions payable

(a) Federal tax liabilities

(i) Income tax and social contribution: these are calculated based on criteria established by the legislation in force. Income tax is calculated at the rate of 15% of taxable income, plus a 10% surtax on taxable income exceeding R$240 per year, and includes the tax incentive portion. Social contribution is calculated at the rate of 9% of adjusted accounting profit, as established by the current legislation.

(ii) Other federal tax liabilities: these comprise provisions for Social Integration Program (PIS) and COFINS, which are calculated based on the criteria established by the legislation in force. PIS is calculated at the rate of 0.65% and COFINS at the rate of 3.0%, both on billings less paid indemnifiable claims.

(b) Municipal tax liabilities

These comprise provision for Tax on Service (ISS), based on criteria established by the legislation in force. ISS is calculated at the rates that vary from 2.0% to 3.0% on billings less paid indemnifiable claims.

3.12 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. In practice, they are usually recognized at the amount of the related invoice.

3.13 Other current liabilities

These are stated at known or estimated amounts and include, when applicable, the corresponding charges and monetary variations.

3.14 Deferred income tax and social contribution (liability)

Deferred tax liabilities, which are probable of payment, are recognized in relation to the taxable temporary differences, that is, on differences that will result in amounts to be added to the calculation of taxable income in future years, when the carrying amount of the asset or liability is recovered or settled. They are basically recorded on provisions for contingencies.

3.15 Contingent liabilities and legal obligations

The Company assesses its contingent liabilities based on the requirements of the accounting pronouncement CPC 25/IAS 37.

(a) Contingent liabilities

After considering the opinion of the internal and external legal counsel, the causes in litigation, similarity with previous lawsuits, complexity of the causes and the courts' position, contingent liabilities are recorded whenever it is probable that the loss will result in disbursement of funds to settle the obligations and when the amounts involved can be reliably measured.

(b) Legal, tax and social security obligations

These arise from lawsuits related to tax obligations, the legality or constitutionality of which is being challenged. These amounts are fully recognized in the financial statements and are monetarily adjusted at the Special System for Settlement and Custody (SELIC) interest rate.

3.16 Share capital

Common shares are classified as equity.

The Company purchases shares of its own issue to provide shares for the stock option programs, which are recorded as deductions from revenue reserves.

3.17 Revenue recognition

(a) Effective installments

The revenues from installments provided by the fixed price dental care plan operations must be recorded on the daily pro rata day over the period of the individual coverage of each contract, as from the first coverage day. The installments corresponding to the subsequent month are recorded in advanced billings, reducing the current assets, in accordance with RN No. 206/09.

(b) Sales of goods and services

Revenues from sales of goods and services provided by the subsidiaries, related to the software development and maintenance support, are allocated to statement of income on the accrual basis.

(c) Interest income

This income arises from financial investments and judicial deposit restatements.

3.18 Recognition of costs of services

The costs of services provided by accredited professionals and clinics are recognized in the statement of income on the accrual basis, when claims covered by the plans are reported and analyzed, together with the recording of IBNR. The costs of operating the company-owned dental care network are recognized as incurred.

3.19 Employee benefits (variable compensation)

Employee and management profit sharing, even in the form of financial instruments, is classified as profit sharing, in operating expenses. The Company and its subsidiaries adopt the following procedures: (i) employee profit sharing expenses are classified as profit sharing results in operating expenses, according to CPC 33/IAS 19; and (ii) all the estimated costs of stock options granted under share-based payment contracts existing as from the year ended

December 31, 2007, as prescribed by CPC 10/IFRS 2, are calculated and recognized under operating expenses. These operating expenses are recorded with a corresponding entry to equity, in options granted.

The Company grants stock options to be exercised on a future date, subject to continuing service by the beneficiary to the Company (vesting condition - CPC 10/IFRS 2). On the option grant date, the Company calculates the fair value of each option based on the financial method, widely known as Black & Scholes, taking into consideration several factors on the option grant date, such as volatility of shares, share exercise price, share market price, vesting period, risk-free discount rate, and other factors. Share-based remuneration expense is recorded in accordance with the accrual period and as the beneficiary renders the service to the Company up to the date on which the capital instrument can be acquired by the beneficiary.

3.20 Dividend and interest on capital distribution

Dividend and interest on capital distribution to OdontoPrev's shareholders is recognized as a liability in the financial statements at year-end based on the Company's bylaws. Any amount that exceeds the minimum required is only provided on the date it is approved by the shareholders at the general meeting.

3.21 Earnings per share

The Company's earnings per share for the periods ended September 31, 2010 and 2009, in compliance with CPC 41/IAS 33, was calculated by dividing profit attributable to the Company's shareholders by the weighted average number of common shares outstanding during the period, excluding treasury shares. Earnings per share is also calculated by adjusting the weighted number of common shares outstanding to assume conversion of all potential dilutive common shares. The calculation of basic and diluted earnings per share is presented in Note 28.. In the tables related to the income statements, earnings per share are calculated by dividing net income by the number of shares outstanding at the end of each period presented.

3.22 Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Company

The following existing standard was disclosed and is mandatory for the Company's accounting periods beginning after January 1, 2011. However, this standard was not early adopted. The standard below was not mentioned for early adoption by CPC and CVM.

- CPC 04 (R)/IFRS 9, "Financial instruments", issued in November 2009. This standard is the first step in the process to replace CPC 38/IAS 39, "Financial instruments: recognition and measurement." CPC 04 (R)/IFRS 9 introduces new requirements for classifying and measuring financial assets. The standard is not applicable up to January 1, 2013.

3.23 Restatement of quarterly information

CVM Deliberation 603/09, as amended by Deliberation 656/11 permitted publicly held companies to present their quarterly information for 2010 based on the accounting standards in force up to December 31, 2009, provided that they were subsequently restated including the comparative amounts in compliance with the new standards, as described in this ITR.
In Note 35 (Adoption of IFRS and CPCs), we present the effects arising from this adoption, as well as the reconciliation of former BR GAAP to CPCs/IFRS.

4. Reconciliation of Brazilian Corporation Law and ANS

Considering that the Company performs a regulated activity in the dental care segment, it is required to present its financial statements based on the ANS Chart of Accounts, which contains accounting items with names that differ from those commonly used by companies of other sectors. Accordingly, to facilitate the understanding of the financial statements, we present below the reconciliation between the items used by Brazilian Corporation Law and those adopted by the ANS Chart of Accounts:

		Company		Consolidated	
		Period ended September 30,		Period ended September 30,	
Corporate Law	**ANS**	**2010**	**2009**	**2010**	**2009**
	Net installments	371,746	253,332	492,991	292,189
	Revenues from sale of products	15	-	3,881	3,214
	Changes in technical provisions	16,504	(1,472)	33,901	(1,529)
Taxes on sales	Direct taxes on health care plan operations	(13,778)	(9,522)	(17,371)	(11,809)
	Taxes on sales and services	-	-	-	-
Net operating revenue		**374,487**	**242,338**	**510,979**	**281,315**
Cost of services	**Cost of services**	**(173,545)**	**(106,636)**	**(252,288)**	**(124,486)**
	Indemnifiable claims, net	(144,956)	(93,254)	(219,195)	(106,344)
	Social charges on services	(12,134)	(7,711)	(12,377)	(8,595)
	Dental care materials	(3,754)	(4,646)	(2,295)	(4,294)
	Other operating expenses	(12,701)	(1,025)	(18,421)	(5,253)
Gross profit		**200,942**	**135,702**	**258,691**	**156,829**
Selling expenses	**Selling expenses**	(38,449)	(30,064)	(47,058)	(32,188)
Administrative expenses	**Administrative expenses**	(86,370)	(55,556)	(104,280)	(67,232)

		Company		Consolidated	
		Period ended September 30,		Period ended September 30,	
Corporate Law	**ANS**	**2010**	**2009**	**2010**	**2009**
		(20,137)	**(6,360)**	**(23,606)**	**(6,998)**
Other expenses	**Other expenses**	(3,181)	(1,612)	(3,181)	(1,612)
Granting of stock options	Granting of stock options	(13,802)	(3,114)	(15,239)	(3,533)
Provision for impairment of trade receivables	Provision for impairment of trade receivables	(3,154)	(1,634)	(5,186)	(1,853)
Equity in the results of subsidiaries	Equity in the results of subsidiaries	**6,959**	**3,632**	**21,114**	**12,794**
		8,848	5,206	25,181	15,206
		(1,889)	(11,580)	(4,067)	(12,418)
Finance income (cost), net	**Finance income (cost), net**	-	10,006	-	10,006
Finance income	Finance income	**25,769**	**10,969**	**324**	**72**
Finance costs	Finance costs	(38,449)	(30,064)	(47,058)	(32,188)
Interest on capital	Reclassification of interest on capital to equity	(86,370)	(55,556)	(104,280)	(67,232)
		(20,137)	**(6,360)**	**(23,606)**	**(6,998)**
Equity in the results of subsidiaries	**Equity in the results of subsidiaries**	(3,181)	(1,612)	(3,181)	(1,612)
Profit before taxation	**Profit before taxation**	**88,714**	**58,323**	**105,185**	**63,277**
Income tax	Income tax	(12,487)	(9,625)	(24,914)	(13,142)
Social contribution	Social contribution	(4,534)	(3,483)	(11,769)	(4,801)
Deferred income tax	Deferred income tax	85,265	10,441	87,511	10,441
Deferred social contribution	Deferred social contribution	30,698	3,759	31,961	3,759
Profit for the year	**Profit for the year**	**187,656**	**59,415**	**187,974**	**59,534**
Attributable to:					
Shareholders of the Company		187,656	59,415	187,656	59,415
Non-controlling interests		-	-	318	119
Profit for the year	**Profit for the year**	**187,656**	**59,415**	**187,974**	**59,534**

5. Critical Accounting Estimates and Judgments

The preparation of the financial statements in accordance with the accounting practices adopted in Brazil and IFRS requires management to use judgment in the determination and recognition of accounting estimates. Significant assets and liabilities subject to these estimates and assumptions comprise, among others, deferred income tax and social contribution, evaluation of the recovery of amounts recorded in intangible assets, and technical and contingency provisions. The transactions involving these estimates may be settled at amounts which differ

from those estimated due to the inaccuracy inherent to their determination process. The Company and its subsidiaries review these estimates and assumptions on a periodical basis.

(a) Estimates used in the calculation of impairment of financial assets

As required by IFRS, the Company applies the rules for analysis of impairment for financial assets measured at amortized cost. In this respect, the Company uses a high level of judgment to determine the level of uncertainty about the realization of estimated contractual flows of financial assets, including premiums receivable from policyholders.

Currently, losses identified in the impairment test of receivables represent approximately 3% of the total revenues of the Company and its subsidiaries, of which 80% arises from individual prepaid contracts. If these contracts had been more significant, the Company would have had an increase in its total losses recorded in the statement of income.

(b) Estimates used in evaluation of tax assets

Deferred tax assets and liabilities are recognized to the extent it is probable that future taxable income is available. This requires a high level of judgment by the Company's management for determination of estimates as to the capacity and timing of future taxable income generation.

These refer basically to the income tax and social contribution effects on temporary differences related to: goodwill on expected future profitability arising from merged subsidiaries (this tax benefit is recorded in conformity with the current accounting standards CPC 32/IAS 12 and is based on future tax use in the ordinary course of OdontoPrev's business); provision for impairment of trade receivables; tax, social security, civil and labor contingencies; and sundry provisions (except for those supported by technical actuarial notes approved by ANS), as mentioned in Note 11.1.

(c) Estimates used in the calculation of impairment of non-financial assets

As required by IFRS, the Company applies the rules for analysis of and assessment of impairment of non-financial assets. In the calculation of impairment of goodwill, the Company uses the income approach through the discounted cash flow methodology.

In the assessment of value in use, management believes that no reasonably possible change in any of the main assumptions mentioned in Note 14.2 would make the carrying amount exceed significantly its recoverable value.

(d) Estimates and judgments used in evaluation of insurance liabilities

The Company has prepaid dental care plan contracts which are classified according to similar characteristics as insurance contracts due to the transfer of significant insurance risk to the Company. Estimates used in the recording of insurance liabilities represent an area in which the Company uses critical accounting estimates in the preparation of financial statements in conformity with IFRS. Several sources of uncertainties should be considered in the estimation of liabilities to be ultimately settled by the Company. The Company uses all available internal and external information source concerning past experiences and indicators that may affect the decision making of the Company's management, actuaries and experts to define actuarial assumptions and the best estimate of claim settlement amount for contracts whose insured event has already occurred. Consequently, the provisions may differ from the amounts actually paid in the future for these obligations (see accounting policy disclosed in Note 6 on insurance risk management and sensitivity analyzes of the main assumptions used in the assessment of these liabilities).

(e) Estimates and judgments used in evaluation of provisions for tax, civil and labor contingencies

The Company is party to labor, tax and civil lawsuits in progress on the date of preparation of the financial statements. The process used by management to determine and record the accounting estimates takes into consideration the legal advice of experts, progress of the lawsuits and judgment status (or court) of each specific case. In addition, the Company uses its best judgment on these cases and historical information about losses, in which there is a high level of judgment used, to record the provisions in accordance with CPC 25/IAS 37.

At September 30, 2010, the Company and its subsidiaries have R$ 34,989 (R$ 31,647 at June 30, 2010) in provisions for contingencies, of which R$ 30,674 (R$ 25,821 at June 30, 2010) correspond to the questing of the levy of INSS on remuneration paid to accredited dentists, initially established by the Supplementary Law (LC) No. 84/96 and, subsequently, by Law No. 9876/99 (new text of article 22, item I of Law No. 8212/91) at the rate of 20%, alleging that the services are provided to the beneficiaries instead of the operators and, accordingly, the operators cannot be subject to this contribution, as mentioned in Note 19.1.

6. Risk management

The main risks arising from the Company's and subsidiaries' business are those related to the market (interest rate), credit, liquidity, insurance, dental care cost fluctuation, competition and capital. The management of these risks involves different departments and comprises a series of fund allocation strategies and policies considered appropriate by management.

6.1 Financial risk factors

6.1.1 Market risk (interest rate)

Considering the Company's market and net asset position, the interest rate risk arises from the possibility that the Company and its subsidiaries are subject to changes in interest rates that may impact the fair value of the financial investment portfolio.

The Company and its subsidiaries adopt the policy of investing in securities issued by financial institutions (CDBs) and short-term funds, using internal assessment criteria and limits established based on qualitative and quantitative information, including the need of allocating funds under ANS RN No. 159/07 and No. 206/09, to guarantee the technical provisions. Most of the investment portfolio of the Company and its subsidiaries is exposed to interest rate fluctuations in the domestic market. As the Company does not have contracts indexed to other currencies/rates, it does not carry out direct derivative transactions. The composition of financial investments is presented in Note 8.

At September 30, 2010, the financial investments of the Company and its subsidiaries totaled R$ 167,418 (R$ 154,923 at June 30, 2010), of which 70.7% of funds are invested in investment funds affected by the variations in remuneration rate of public national treasury bonds (National Treasury Bills (LTN) and National Treasury Notes (NTN)).

The table below presents the distribution of investments in CDBs of financial institutions, as well as their classification by rating agencies.

	Consolidated				Ratings of financial institutions		
	September 30, 2010	Average yield - % of CDI	June 30, 2010	Average yield - % of CDI	Fitch	Moody's	S&P
Banco PNP Paribas Brasil	6,266	103.2%	6,102	103.2%	-	-	brAAA
Banco Bradesco S.A.	2,404	102.2%	1,143	100.3%	AAA (bra)	Aaa.br	brAAA
Banco Industrial e Comercial S.A.	520	103.0%	507	102.5%	A+ (bra)	Aa1.br	brAA
Banco Panamericano	2,152	105.0%	2,094	105.0%	A- (bra)	A1.br	-
Banco Santander Brasil S.A.	11,198	101.5%	12,024	101.6%	AAA (bra)	Aaa.br	brAAA
Banco IBI	-	-	2,552	105.5%	AA+ (bra)	Aaa.br	-
HSBC Bank Brasil S.A.	4,326	104.0%	4,212	104.0%	-	Aaa.br	-
Caixa Econômica Federal	54	91.0%	-	-	AAA (bra)	Aaa.br	-
Itaú Unibanco S.A.	3,052	97.2%	6,023	99.3%	AAA (bra)	Aaa.br	brAAA
	29.972		**34.657**				

6.1.2 Credit risk

This risk arises from the possibility of the Company and its direct and indirect subsidiaries not receiving the amounts of installments and services as they come due. The credit policy takes into consideration the specific characteristics of dental care operations and is focused on maintaining the flexibility required by market conditions and customers' needs. Through appropriate internal controls, the Company constantly monitors its receivables. The method adopted to calculate the provision for impairment of trade receivables is described in Note 3.6.5.

None of the Company's customer represents 10% or more of the total of the respective class of financial assets. Note 21 discloses the contribution margin and the main assets by operating segment, of which the prepaid collective plans are the most significant.

6.1.3 Liquidity risk

The main objective of liquidity risk management is to monitor the settlement terms of the Company's and its subsidiaries' receivables and payables, as well as the liquidity of their financial instruments. The Company and its subsidiaries prepare projected cash flow analyses and periodically review the liabilities assumed and the financial instruments used, mainly those related to assets pledged as guarantee of technical provisions.

The receivables comprising the Company's cash flows arise mainly from prepaid collective contracts, which establish the settlement of monthly payments for the use of benefits, which settlement occurs mainly in the beginning of each month. In turn, the payments to the accredited network and brokers, the main suppliers, occur throughout the month.

6.2 Insurance risk and dental care cost fluctuation risk

OdontoPrev is a leader in the Brazilian dental care plan sector, in accordance with the latest data disclosed by ANS. At September 30, 2010, the Company has 4,525,662 beneficiaries and an accredited network of approximately 25,000 dental surgeons throughout the country.

OdontoPrev's business model is based on the customers' monthly payments, in medium and long-term contracts, and is exposed to a low risk of insurance and dental care cost fluctuation, taking into consideration that in the dental care plan sector, the risk is limited to the frequency that the services rendered by the accredited network are used and the low cost of the treatments made.

OdontoPrev operates more than 100 different dental care plans registered in ANS which, together with the dental care plans which are registered by the medical and hospital plan operators that act with the Company, represent a wide range of options. New dental care plans

are constantly developed. The following factors are taken into consideration for the formation of these plans:

Risk model: This refers to the determination of the person responsible for the cost of dental treatment during the effectiveness of the contract. Risk models are classified as prepaid or postpaid.

The cost of dental treatments can be covered by the Company, the customer or shared by both in several manners. When OdontoPrev defrays part of or all costs, the per capita monthly rate includes their actuarial estimate, as well as other administrative and selling expenses (prepaid). When the customer defrays these costs, the per capita monthly rate includes only administrative and selling expenses, and the dental surgeons' fees are transferred directly to the customer (postpaid).

Most of the customers have opted for the prepaid risk model, since there is the benefit of diluting their individual risk. This type of model is more foreseeable for the customer, avoiding unintended cost oscillations during the effectiveness of the contract, and it is also easier to manage. Note 21, “Operating Segments”, discloses the contribution margin and composition of the main assets of the products sold by the Company.

Service model: This defines how the beneficiary will receive the dental care service contracted: (i) through an accredited network; (ii) with a dental surgeon of the beneficiary´s choice; or (iii) in company-owned units. In the accredited network, the beneficiary receives the necessary dental care services, those covered by the contract, without any additional reimbursement, and the beneficiary also can rely on the systems for control of quality and selection of professional. In the system in which the beneficiary can choose the professionals, they must pay directly to the dentist and subsequently request the reimbursement of the costs, under the limits of the contract. When the customer opts for the company-owned units, two types are available: the dental care plan itself, named by ANS as own dental care segment, or the lease of exclusive dental clinics in the customers' facilities. In the first model, the type of coverage and the payment of a per capita month rate are defined. In the second model, fixed amount for the dental clinic is paid, without defining a type of coverage, designation of beneficiary or per capita rate.

Enrollment model: This determines if the entire group (mandatory enrollment) or part of the group (free enrollment) of beneficiaries will be included in the plan, and how the payment of the per capita monthly rate will be made, that is, if it will be totally paid by the customer (employer, association, etc.), totally paid by the beneficiary, or divided between them, in various proportions.

Types of coverage: This is all the dental care treatments whose costs are totally or partially covered in the dental care plan contracted. The current regulation determines a minimum dental care coverage, defined by ANS.

The most contracted type of coverage is the full plan, which is higher than the minimum dental care plan, but does not include prostheses, orthodontics and dental implants.

Use moderator factors: Rules for use and access to covered dental care services, which contribute to the determination of costs of these services and avoid the abusive use of the system. The main types used are: (i) co-payment, which comprises the payment by the beneficiary of part of the treatments effectively received; (ii) grace periods, which comprise periods in which the beneficiary cannot use the services covered by their plan; and (iii) deductibles, which comprise levels of amounts by dental care event which are the sole responsibility of the beneficiaries, above which the effective coverage of the plan is valid.

The moderator factors are included in several dental care plan structures, mainly for enrollment plans and individual customers.

Fees: Special remuneration is considered for the professionals of our accredited network, as well as several levels of reimbursement to be chosen.

In addition to the insurance risk, the **dental care cost fluctuation risk** also has direct impact on the dental care plan contracts. These costs can be increased due to the frequency of use, legislation and higher amounts of dental care materials.

For control of costs, the Company has its own system that ensure the individual evaluation of all treatments made, through x-ray images and analysis of electronic records, thus monitoring the dental costs per customer.

The contracts are effective over approximately 24 months, originally with a termination clause establishing 90-day prior notice and contractual fine for terminations requested out of the term. Most of the contracts also have an annual adjustment of the rates practiced through the claims ratio, which consists of the division of the costs incurred over the past twelve months by the net installments, and adjustment based on inflation, according to an index established with each customer.

The Company constantly monitors its contracts in order to minimize risks, as well as maintain their financial balance. All the aforementioned procedures intend to minimize possible losses or decreases in contribution margin. Currently, the company considers that claims ratio (cost of services divided by sales) of up to 60% permits a margin that supports the Company's administrative expenses.

In the period ended September 30, 2010, the consolidated claims ratio was 49.4% (data included in Note 4) and contribution margin (gross profit less selling expenses divided by sales revenue) of 41.4%. If the contribution ratio was 60%, the margin would be 30.8%, a decrease of 10.6% p.p., equivalent to R$ 54,299.

6.3 Operating risk - market of operations (competition)

The Company operates in a competitive market and competes with other companies that offer dental care plans with similar benefits, including health care companies, mainly health care insurance and medical and hospital operators, dental care cooperatives, charitable entities and exclusive dental care operators.

OdontoPrev has a diversified selling strategy, which enables that its products be sold to a wide range of potential groups in an efficient manner, as well as several distribution channels provide flexibility in satisfying the needs of the entire spectrum of customers. The Company sells dental care plans to companies, associations and individuals by means of:

- an internal sales team, that operates throughout the country;
- an independent network of brokers;
- commercial associations with medical and hospital plans, loyalty groups, including credit card issuers of retail stores and insurance companies, which offer our dental care plans as additional benefit to their beneficiaries;
- distribution channels of Banco Bradesco and Bradesco Seguros.

Currently, the factors that boost the growth in the dental care plan sector are the following: (i) structural imbalance between the supply and demand of services; (ii) lack of alternative in the pubic system; (iii) growing inclusion of dental care plans in employer benefit programs; (iv) opportunities represented by the increasing interest of new distribution channels; and (v) regulation.

Considering the sector's growth aspects, we believe that the Company has the following competitive advantages: (i) economy of scale and high growth potential; (ii) diversified customer portfolio; (iii) offer of personalized dental care plans with quality; (iv) own information technology platform, which is a worldwide reference; (v) professional and specialized management, focused on generation of value; and (vi) wide range of dental surgeons throughout the country.

OdontoPrev has a high customer retention ratio, and the percentage of contracts renewed over the past years is 97%.

6.4 Capital risk

The Company carries out its capital risk management activities based on a centralized management model, with the main purpose of meeting the requirements of minimum regulatory capital for its segment, in accordance with capital requirements defined by ANS. The Company's strategy and model consider both "regulatory capital" and "economic capital" in accordance with the capital risk management view adopted by the Company.

The capital risk management strategy is to maximize the Company's capital value through optimization and diversification of available capital sources. The decisions about capital allocation are made as part of the periodic review of the Company's strategic planning.

The main objectives of the Company's capital management are: (i) maintain levels of capital sufficient to meet the minimum regulatory requirements determined by ANS; and (ii) optimize returns on capital for the shareholders.

During the period presented and prior periods, the Company's capital was maintained above the minimum regulatory requirements.

Note 15, “Minimum Capital, Operational Dependence and Technical Provisions”, describes the rules for determination of technical provisions and criteria for maintenance of minimum equity and operational dependence, according to definitions applicable to dental care plan operators.

7. Cash and Cash Equivalents

	Company		Consolidated	
	September 30, 2010	June 30, 2010	September 30, 2010	June 30, 2010
Cash and deposits in cash in financial institutions	42	40	60	60
Short-term deposits	6.199	5.116	9.127	6.161
	6.241	**5.156**	**9.187**	**6.221**

8. Financial Assets at Fair Value through Profit or Loss (Financial Investments)

Financial investments, mostly classified as trading securities, are highly liquid and have the following composition:

06.01 – NOTES TO THE FINANCIAL STATEMENTS

	Company		Consolidated	
	September 30, 2010	June 30, 2010	September 30, 2010	June 30, 2010
Bank Deposit Certificates (CDBs) (i)	19,936	25,335	29,972	34,657
Investment funds (ii)	133,147	3,922	134,328	100,579
Debentures (iii)	3,118	19,687	3,118	19,687
	156,201	**48,944**	**167,418**	**154,923**

(i) Refer to floating rate securities indexed to the Interbank deposit certificate (CDI) daily interest rates, which mostly have daily liquidity. The Company has CDBs with Banco Bradesco at September 30, 2010 of R$ 2,404 (R$ 1,143 at June 30, 2010).

(ii) The exclusive and non-exclusive investment fund quotas are valued based on the quota value disclosed by the investment funds' administrators.

(ii) Refers to daily repurchase agreements with banks involving floating rate debentures indexed to daily interest rates, agreed at market conditions, applicable to debentures issued by companies of its respective economic group.

A portion of the financial investments at September 30, 2010, totaling R$ 69,554 (R$ 17,464 at June 30, 2010) in the Company and R$ 70,683 (R$ 69,510 at September 30, 2010) in the consolidated, is linked to ANS to ensure the technical provisions, in accordance with RN No. 206/09.

Composition of the investment portfolio by maturity:

	Company				
	No maturity date	Up to 180 days	181 to 360 days	Over 360 days	Total
CDBs (i)	-	6,895	2,896	10,145	19,936
Investment funds (ii)	133,147	-	-	-	133,147
Debentures (iii)	-	-	-	3,118	3,118
At September 30, 2010	**133,147**	**6,895**	**2,896**	**13,263**	**156,201**
At June 30, 2010	**3,922**	**13,430**	**-**	**31,592**	**48,944**

	Consolidated				
	No maturity date	Up to 180 days	181 to 360 days	Over 360 days	Total
CDBs (i)	-	7,007	7,065	15,900	29,972
Investment funds (ii)	134,328	-	-	-	134,328
Debentures (iii)	-	-	-	3,118	3,118
At September 30, 2010	**134,328**	**7,007**	**7,065**	**19,018**	**167,418**
At June 30, 2010	**100,579**	**13,547**	**-**	**40,797**	**154,923**

Investments in CDBs, funds and debentures are classified in current assets, regardless of their maturity terms, in view of the guarantee of daily liquidity offered by the counterparty for most of the balance and also because they are classified as trading securities.
Note 6.1.1 shows the financial institutions in which the Company and its subsidiaries have investments in CDBs.

9. Healthcare Receivables (Loans and Receivables - Customers)

These refer to receivables from individuals and legal entities, as follows:

06.01 – NOTES TO THE FINANCIAL STATEMENTS

	Company		Consolidated	
	September 30, 2010	June 30, 2010	September 30, 2010	June 30, 2010
Invoices/premiums receivable	84,754	45,404	87,441	79,854
Debit notes	814	494	1,988	2,009
Advanced billings[1]	(47,937)	(25,034)	(49,838)	(48,006)
Provision for impairment of trade receivables	(15,124)	(10,171)	(15,644)	(14,429)
	22,507	**10,693**	**23,947**	**19,428**

[1] Refers to invoices issued, the accrual period of which starts in the month subsequent to the issuance.

At September 30, 2010, the composition of the Company's and consolidated health care receivables by maturity is as follows:

	Company				
	Falling due	Overdue			
	Up to 30 days	Up to 30 days	From 31 to 90 days	Over 90 days	Total
Invoices/premiums and debit notes receivable, net	5,990	11,146	8,551	11,944	37,631
Provision for impairment of trade receivables	-	-	(3,180)	(11,944)	(15,124)
At September 30, 2010	**5,990**	**11,146**	**5,371**	**-**	**22,507**
At June 30, 2010	**2,959**	**6,164**	**1,570**	**-**	**10,693**

	Consolidated				
	Falling due	Overdue			
	Up to 30 days	Up to 30 days	From 31 to 90 days	Over 90 days	Total
Invoices/premiums and debit notes receivable, net	7,430	11,146	8,551	12,464	39,591
Provision for impairment of trade receivables	-	-	(3,180)	(12,464)	(15,644)
At September 30, 2010	**7,430**	**11,146**	**5,371**	**-**	**23,947**
At June 30, 2010	**11,694**	**6,164**	**1,570**	**-**	**19,428**

The composition of fair value of trade receivables is as follows:

	Company		Consolidated	
	September 30, 2010	June 30, 2010	September 30, 2010	June 30, 2010
Invoices/premiums receivable	84,754	45,404	87,441	79,854
Debit notes	814	494	1,988	2,009
Advanced billings (i)	(47,937)	(25,034)	(49,838)	(48,006)
Provision for impairment of trade receivables	(15,124)	(10,171)	(15,644)	(14,429)
(=) Trade receivables, net	**22,507**	**10,693**	**23,947**	**19,428**
(-) Advances from customers	(9,420)	(3,763)	(9,536)	(8,560)

Changes in provision for losses on installments/premiums receivable are shown in the table below:

	Company		Consolidated	
	September 30, 2010	June 30, 2010	September 30, 2010	June 30, 2010
Balance at the beginning of the year	**(10,171)**	**(9,443)**	**(14,429)**	**(11,305)**
Reversals (provisions) recorded in the year, net	-	1,915	3,738	(481)
Balance of merger	(3,636)	-	(3,636)	-
Losses with customers	(1,317)	(2,643)	(1,317)	(2,643)

Losses with trade receivables were recorded in “Provision for impairment of trade receivables”, in the statement of income. Amounts recorded in provisions as impairment losses are usually written off when management no longer expects the recovery of the financial asset.

Other financial assets classified as loans and receivables do not have impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

10. Current Taxes Recoverable

	Company		Consolidated	
	September 30, 2010	June 30, 2010	September 30, 2010	June 30, 2010
Corporate Income Tax (IRPJ) (i)	16,738	13,003	23,079	25,976
Social Contribution on Net Income (CSLL) (i)	5,957	4,379	7,252	8,723
PIS	121	163	993	1,034
Other	161	354	469	667
	22,977	**17,899**	**31,793**	**36,400**

(i) Refers to prepaid IRPJ and CSLL and the year and prior-year's credit balances.

11. Long-term Receivables

11.1 Deferred income tax and social contribution

These basically refer to the IRPJ and CSLL effects on temporary differences, whose realization is probable, based on projections of future results prepared in accordance with and supported by internal assumptions and economic scenarios that may, therefore, suffer changes. The Company and its subsidiaries record IRPJ and CSLL on all temporary difference assets.

	Company		Consolidated	
	September 30, 2010	June 30, 2010	September 30, 2010	June 30, 2010
Deferred income tax	112,801	20,360	113,266	26,108
Deferred social contribution	42,498	7,331	42,665	11,015
	155,299	**27,691**	**155,931**	**37,123**

	Company		Consolidated	
	September 30, 2010	June 30, 2010	September 30, 2010	June 30, 2010
Deferred tax assets				
Provision for impairment of trade receivables	3,410	3,414	3,606	3,610
Provisions for tax, social security, labor and civil contingencies	642	782	8,626	8,626
Provision for events/claims incurred but not reported (PEONA)	3,451	3,451	3,672	3,672
Goodwill on expected future profitability - merged subsidiaries	134,613	19,409	134,613	19,409
Provision for commissions	631	635	631	635
Other provisions	12,552	-	4,783	1,171
	155,299	**27,691**	**155,931**	**37,123**
Recoverable within 12 months	30,372	5,808	31,164	6,600
Recoverable after 12 months	124,927	21,883	124,767	30,081

The Company recorded a deferred tax asset on goodwill on expected future profitability arising from merged subsidiaries. This tax benefit is recorded in accordance with the current accounting standards CPC 32/IAS 12 and is based on the future tax benefit generated in the ordinary course of OdontoPrev's business.

Deferred income tax and social contribution, recorded in long-term receivables, have a

corresponding entry in the statement of income, under "Deferred income tax" and "Deferred social contribution".

11.2 Judicial deposits

These refer basically to deposits for lawsuits related to the collection of INSS contributions for services provided by independent contractors and to the increase in COFINS, as presented in the following table:

	Company		Consolidated	
	September 30, 2010	June 30, 2010	September 30, 2010	June 30, 2010
Tax	**-**	**670**	**2,358**	**3,003**
COFINS	-	-	2,040	2,040
Other	-	670	318	963
Social security and labor	**26,464**	**44**	**26,464**	**25,988**
INSS	26,420	-	26,420	25,814
Other	44	44	44	174
Civil	**1,820**	**6**	**1,927**	**6**
	28,284	**720**	**30,749**	**28,997**

11.3 Other Receivables

	Company		Consolidated	
	September 30, 2010	June 30, 2010	September 30, 2010	June 30, 2010
DentalCorp	5,595	5,595	5,595	5,595
Rede Dental	2,839	2,839	2,839	2,839
Care Plus/Biodent	1,395	1,395	1,395	1,395
Sepao	659	659	659	659
Prontodente	110	110	110	110
OdontoServ	459	459	459	459
	11,057	**11,057**	**11,057**	**11,057**

As mentioned in note 12, ANS approved the acquisition of the shareholding control of the companies listed above. Accordingly, the accounting, tax and labor procedures used by these companies were reviewed, and cases involving potential risks were identified. The total amount identified above has a corresponding entry to the amount recorded under "Other payables" (Note 19.2).

As set forth in the Purchase Option Agreement and Other Covenants entered into between the former owners of these companies and the Company, in certain circumstances, the former

owners guarantee the reimbursement of any payments the Company is required to make. The amounts recorded in other receivables are deposited in investment funds and CDBs in the name of the former owners, who can only use these funds with the Company's authorization in order to avoid any credit risk related to the acquisition of control of the companies mentioned above.

12. Investments

Investments are classified as follows:

	Company		Consolidated	
	September 30, 2010	June 30, 2010	September 30, 2010	June 30, 2010
Equity interests	22,555	97,920	-	-
Foreign stockholdings	739	739	739	739
Other equity interests	1	1	18	18
	23,295	**98,660**	**757**	**757**

Equity interest in subsidiaries is classified as follows:

					2010	Equity in the results of		Investment balances	
Subsidiaries	Share capital	Number of quotas/ shares held	Holding - %	Profit (loss) for the period	Equity	September 30, 2010	September 30, 2010	September 30, 2010	June 30, 2010
Bradesco Dental	-	-	-	-	-	22,476	-	-	75,762
Clidec	8,290	8,290	99.9	60	10,135	60	5,209	10,135	10,410
OdontoPrev Serviços	2,278	2,278	99.9	(15)	4,050	(15)	290	4,050	4,208
Rede Dental	1,162	1,162	99.9	3,185	7,819	3,182	2,711	7,819	7,056
Adcon	43	43	99.9	66	551	66	-	551	484
Sepao	-	-	99.9	-	-	-	747	-	-
Prontodente	-	-	99.9	-	-	-	1	-	-
OdontoServ	-	-	99.9	-	-	-	2,011	-	-
						25,769	**10,969**	**22,555**	**97,920**

Subsidiaries	Date of acquisition and/or ANS approval	Total cost of acquisition	Book value	Goodwill
Bradesco Dental	October 18, 2009	723,392	313,752	409,640
Rede Dental	October 8, 2007	7,584	(119)	7,703
DentalCorp	February 9, 2007	25,244	386	24,858
Sepao	October 24, 2008	9,203	82	9,121
SRJSPE	June 26, 2008	13,720	(130)	13,850
Care Plus	June 19, 2008	13,113	(230)	13,343
Biodent	June 19, 2008	2,837	98	2,739
Prontodente	December 22, 2008	5,445	(235)	5,680
OdontoServ	February 27, 2009	30,841	10,025	20,816
Easy	July 8, 2008	3,100	456	2,644
	Total Consolidated	**834,479**	**324,085**	**510,394**

In Note 31 – Business combination, we present the determination of goodwill for Bradesco Dental and OdontoServ.

13. Property and Equipment

				Company		Consolidated	
				Net book value		Net book value	
	Annual depreciation rate (%)	Acquisition cost	Accumulated depreciation	September 30, 2010	June 30, 2010	September 30, 2010	June 30, 2010
Computer equipment	20	5,805	(3,419)	2,386	1,455	2,453	1,593
Vehicles	20	881	(486)	395	402	395	402
Software	20	4,313	(1,878)	2,435	2,474	3,336	3,376
Facilities	10	516	(334)	182	187	332	341
Machinery and equipment	10	729	(363)	366	350	418	406
Furniture and fittings	10	2,204	(1,120)	1,084	1,071	1,455	1,375
Communication equipment	10	731	(499)	232	244	232	245
Dental care equipment	10	458	(373)	85	91	642	669
Total chattels		**15,637**	**(8,472)**	**7,165**	**6,274**	**9,263**	**8,407**
Leasehold improvements	20	3,167	(2,527)	640	604	1,024	1,040
Other		16	(10)	6	6	79	85
Total other property and equipment		**3,183**	**(2,537)**	**646**	**610**	**1,103**	**1,125**
Total		**18,820**	**(11,009)**	**7,811**	**6,884**	**10,366**	**9,532**

14. Intangible assets

14.1 Goodwill on acquisition of investments

This relates to goodwill based on expected future profitability, paid on acquisition of the investments mentioned in Note 12. Until December 31, 2008, these amounts were amortized on the straight-line method over 5 years. After that date, they are no longer amortized, being only tested for impairment.

14.2 Impairment tests for goodwill

Goodwill represents the excess of the cost of an acquisition over the net fair value of assets and liabilities of the acquired entity. Goodwill is allocated to the business units which benefited from the business combination from which the goodwill was originated for impairment test purposes, as presented in the following table:

	September and June 30, 2010		
	Goodwill	Amortization[1]	Net goodwill
Bradesco Dental	409,640	-	409,640
Rede Dental	7,703	(1,544)	6,159
DentalCorp	24,858	(9,529)	15,329
Sepao	9,121	(303)	8,818
SRJSPE	13,850	(1,616)	12,234
Care Plus	13,343	(1,563)	11,780
Biodent	2,739	(319)	2,420
Prontodente	5,680	-	5,680
OdontoServ	20,816	-	20,816
Total Company	**507,750**	**(14,874)**	**492,876**
Easy	2,644	(265)	2,379
Total Consolidated	**510,394**	**(15,139)**	**495,255**

[1] Accumulated amortization until December 31, 2008.

The goodwill impairment test is applied annually using the income approach, through the discounted cash flow methodology. This approach is based on the nature of the cash-generating unit evaluated, the existence of an historic financial and operational control of the business unit, availability of financial projections and discussions with the management.

At December 31, 2009, the impairment test was applied and a provision for impairment was not deemed necessary.

14.3 System development, software licenses and other

	Company		Consolidated	
	September 30, 2010	June 30, 2010	September 30, 2010	June 30, 2010
System development	6,387	5,887	6,785	6,167
Intangible assets - OdontoServ	9,779	9,779	9,779	9,779
Software licenses	155	155	244	261
Other	7	7	21	21
Accumulated amortization	(5,377)	(4,645)	(5,878)	(5,045)
	10,951	**11,183**	**10,951**	**11,183**

14.4 Changes in intangible assets

	Goodwill on acquisition of investments	System development, software licenses and other	Deferred selling expenses	Total
At June 30, 2010	**495,255**	**11,183**	**4,474**	**510,912**
Additions (write-offs)	-	601	1,678	2,279
Amortization	-	(833)	-	(833)
At September 30, 2010	**495,255**	**10,951**	**6,152**	**512,358**
Cost	510,394	16,829	6,152	533,375
Accumulated amortization and impairment	(15,139)	(5,878)	-	(21,017)
Net book amount	**495,255**	**10,951**	**6,152**	**512,358**

The amortization period of intangible assets with defined useful life is: (i) system development and software licenses, 60 months; (ii) others refer to intangible assets from OdontoServ, which are amortized on a straight-line basis over the useful life measured in an appraisal report (brand for 120 months; customer portfolio for 36 months and non-competition for 60 months).

15. Minimum Capital, Operational Dependence and Technical Provisions - Company

ANS published, on December 22, 2009, RN No. 209, amended by RN No. 227 and 243/10, which establishes new rules for recognizing technical provisions, minimum capital requirements and operational dependence. The main definitions applicable to dental care operators are as follows:

(a) Adjusted minimum capital (PMA) represents the minimum amount of equity or net assets,

calculated by multiplying the K factor by the capital base of R$ 5,244. In accordance with this rule, the required minimum capital is R$ 169, whereas the Company´s equity is R$ 791,014 at September 30, 2010 (R$ 644,786 at June 30, 2010).

(b) The solvency margin corresponds to the amount of adjusted capital sufficient to cover the higher of 0.20 times the sum of the last twelve months' installments, or 0.33 times the annual average of the last 36 months' net claims. At September 30, 2010, the solvency margin calculated was R$ 92,894 (R$ 75,454 at June 30, 2010) based on installments, and adjusted capital at September 30, 2010 was R$ 164,653 (R$ 481,330 at June 30, 2010).

(c) The provision for events occurred but not reported (IBNR) is not mandatory for companies operating exclusively in the dental care segment. However, once the option to record this provision is made, the calculation methodology must be subject to the analysis and approval of the ANS and becomes mandatory as from the date of its effective approval. The Company filed with the ANS an official letter presenting the calculation methodology and report of independent auditors for approval of the calculation used to record the provision for events occurred but not reported. While waiting for the approval, the Company recorded the amounts computed in "Other payables", according to Note 18.

Bradesco Dental has approval and the corresponding was recorded in current liabilities as “Provision for events/claims occurred but not reported”.

(d) Operational dependence is the amount calculated based on the difference, counted in days, between the average period for payment of claims and the average period for receipt of payments resulting from the operation's financial cycle. Should the result obtained be positive, guarantee assets should be offered. Based on the calculation above, at September 30, 2010, the Company is not required to maintain guarantee assets.

(e) As from 2010 the claims to settle with dental care assistance started to be classified as "Provision for claims to settle" in the group "Technical provisions for dental care assistance" in accordance with IN No. 36/09. At September 30, 2010, the Company's balance was R$ 14,707 (R$ 15,245 at June 30, 2010). In the consolidated, the Company's balance was R$ 15,897 at September 30, 2010 (R$ 16,207 at June 30, 2010).

Due to the publication of RN No. 206/09, the balances recorded in current liabilities relating to "Provision for risks/provision for unearned premiums", provided for in the previous legislation, were totally reversed with a corresponding entry in the first quarter of 2010 as a credit to the account of changes in technical provisions.

According to CPC 11/IFRS 4 paragraph 37 (e), the changes in provisions related to events (insurance liabilities) are as follows:

	Company	Consolidated
At June 30, 2010	**15,245**	**31,496**
Events reported/ incurred in the year	72,471	74,072
Events paid	(73,009)	(74,587)
Provision for events/ claims incurred but not reported	15,084	-
At September 30, 2010	**29,791**	**30,981**
Provision for events/ claims to be settled	14,707	15,897
Provision for events/ claims incurred but not reported	15,084	15,084
At September 30, 2010	**29,791**	**30,981**

16. Taxes and Contributions Payable

Taxes and contributions payable are as follows:

	Company		Consolidated	
	September 30, 2010	June 30, 2010	September 30, 2010	June 30, 2010
Federal tax liabilities	**24,517**	**16,029**	**27,392**	**37,818**
IRPJ	14,098	9,281	15,909	21,895
CSLL	5,277	3,435	5,998	10,746
COFINS	1,135	707	1,237	1,311
PIS	1,717	1,116	1,744	1,136
IRRF	1,480	957	1,716	1,305
State tax liabilities	**-**	**-**	**-**	**-**
Municipal tax liabilities	**1,073**	**707**	**1,276**	**841**
	25,590	**16,736**	**28,668**	**38,659**

17. Suppliers

	Company		Consolidated	
	September 30, 2010	June 30, 2010	September 30, 2010	June 30, 2010
Commissions payable	4,794	3,157	4,825	4,111
Suppliers of goods and services	11,156	9,762	10,724	14,637
	15,950	**12,919**	**15,549**	**18,748**

Commissions payable refer to commitments related to intermediation service providers of the plans, most of which are settled monthly, as mentioned in Note 6.1.3.

Suppliers of goods and services mainly comprise services rendered by Bradesco Saúde to the Company, through a contract under market conditions.

18. Other Payables

These include IBNR, the calculation of which is pending approval by ANS, as mentioned in Notes 3.11 and 15 (c), and several provisions recorded in accordance with incurred costs.

	Company		Consolidated	
	September 30, 2010	June 30, 2010	September 30, 2010	June 30, 2010
IBNR	10,143	10,142	10,773	10,772
Credits to be identified	2,574	2,521	2,728	4,676
Contingent consideration	5,242	5,242	5,242	5,242
Other	4,075	343	4,460	1,025
	22,034	**18,248**	**23,203**	**21,715**

19. Long-term Liabilities

19.1 Provisions for Contingencies

The Company's management sets up provisions based on the opinion of its internal and external legal advisors and considers that the amounts recorded in "Provisions for contingencies", in long-term liabilities, are sufficient to cover potential losses arising from court decisions.

The Company and its subsidiaries are parties to lawsuits involving tax, social security, labor and civil contingencies, as follows:

	Consolidated					
	September 30, 2010			June 30, 2010		
	Provision	Judicial deposits	Net provision	Provision	Judicial deposits	Net provision
Tax	**1,552**	**(2,040)**	**(488)**	**1,552**	**(2,040)**	**(488)**
Social security and labor	**32,157**	**(26,782)**	**5,375**	**28,210**	**(26,174)**	**2,036**
INSS	30,674	(26,420)	4,254	25,821	(25,814)	7
Other	1,483	(362)	1,121	2,389	(360)	2,029
Civil	**1,280**	**(1,927)**	**(647)**	**1,885**	**(783)**	**1,102**
	34,989	**(30,749)**	**4,240**	**31,647**	**(28,997)**	**2,650**

06.01 – NOTES TO THE FINANCIAL STATEMENTS

	Consolidated				
Changes	Tax	Social secutiry and labor	Civil	September 30, 2010	June 30, 2010
Opening balance	**1,552**	**28,210**	**1,885**	**31,647**	**27,167**
Establishment	-	4,221	5	4,226	4,028
Write-offs	-	(906)	(610)	(1,516)	(30)
Monetary adjustment	-	632	-	632	482
Closing balance	**1,552**	**32,157**	**1,280**	**34,989**	**31,647**
Number of lawsuits				597	622

(a) Tax:

Liabilities related to tax contingencies under dispute are maintained up to the rendering of a final and unappealable decision.

The Company and its subsidiary Clidec filed a lawsuit requesting to pay COFINS as established by LC No. 7/70 rather than in accordance with Law 9718/98, and to offset the difference in amounts paid at the rate of 3% against social contribution. The Company was partially successful, since the increase in the COFINS calculation basis was determined unconstitutional. Clidec obtained the same partially favorable outcome, with a request to release of the judicial deposits made during the proceedings, and a decision is pending.

(b) Social security and labor:

(i) INSS

The subsidiary Rede Dental is discussing in court the social security contribution levied on the remuneration paid to insurance brokers and accredited dentists as set forth by LC No. 84/96 and subsequently by Law 9876/99 (new wording provided for article 22, sub-item I of Law 8212/91), i.e., at the rate of 20% with a 2.5% surcharge. The Company alleges that because the services are not rendered to the insurance companies but to the insured parties, they would be outside the scope of the mentioned contribution. These obligations have been fully accounted for and totaled R$ 30,674 at September 30, 2010 (R$ 25,821 at June 30, 2010) and for which there is a judicial deposit of R$ 26,420 (R$ 25,814 at June 30, 2010).

(ii) Other

The Company and its subsidiaries are parties to various labor lawsuits, most of them relating to requests for salary adjustment as established in the collective agreement of the National Syndicate of Group Dental Enterprises (SINOG), to which the Company and its subsidiaries are not signatories, although they are members of the syndicate. At September 30, 2010, the total amount provisioned was R$ 1,483 (R$ 2,389 at June 30, 2010).

(c) Civil contingencies:

The Company and its subsidiaries are parties to civil lawsuits, mainly involving requests for indemnification for moral and property damages, totaling R$ 1,280 at September 30, 2010 (R$ 1,885 at June 30, 2010).

19.2 Other Liabilities

These refer to potential risks identified in due dilligence and are guaranteed by deposits in related accounts, as mentioned in Note 11.3.

	Company		Consolidated	
	September 30, 2010	June 30, 2010	September 30, 2010	June 30, 2010
DentalCorp	5,595	5,595	5,595	5,595
Rede Dental	2,839	2,839	2,839	2,839
Care Plus/Biodent	1,395	1,395	1,395	1,395
Sepao	659	659	659	659
Prontodente	110	110	110	110
Outros	-	-	-	-
	11,057	**11,057**	**11,057**	**11,057**

20. Equity

20.1 Share capital

Subscribed and paid-up capital is R$ 506,557 (R$ 36,611 at June 30, 2010), comprising 177,098,264 (44,274,566 at June 30, 2010) common shares with no par value.

The Extraordinary Shareholders' Meeting held on July 1, 2010 approved the 4-for-1 split of shares, through the issue of 132,823,698 shares. Total capital increased from 44,274,566 to 177,098,264 shares.

The closing price of the Company's shares (ODPV3 - BM&FBovespa), at September 30, 2010 was R$ 19.89 (R$ 62.90 at June 30, 2010) per share. The book value per share at September 30, 2010 was R$ 3.37 (R$ 13.01 at June 30, 2010) per share.

20.2 Capital reserves

The Company's capital reserves total R$ 50,537 at September 30, 2010 (R$ 524,378 at June 30, 2010) and comprise:

	Company and Consolidated	
	September 30, 2010	June 30, 2010
Share premium	48,392	518,338
Granting of stock options (i)	9,619	6,040
Granting of deferred stock options (ii)	(5,157)	-
Additional paid-up capital (iii)	(2,317)	-
	50,537	**524,378**

(i) Constitution of the estimated amount of the 2nd, 3rd and 4th grants of stock options, using the Black-Scholes valuation model.

(ii) Balance of the 2nd, 3rd and 4th grants of stock options to be appropriated during the vesting period.

(iii) Amount of the difference between the constitution estimated using the Black-Scholes valuation model and the amounts of the exercise of the 1st grant of stock options.

20.3 Revenue reserves

The Company's revenue reserves total R$ 46,247 at September 30, 2010 (R$ 46,247 at June 30, 2010) and comprise the following:

	Company and Consolidated	
	September 30, 2010	June 30, 2010
Legal reserve (i)	10,953	10,953
Statutory reserve (ii)	35,165	35,165
Tax incentive	129	129
Revenue reserves	**46,247**	**46,247**

(i) this reserve must be recognized by the Company through the allocation of 5% of the profit for the year, up to 20% of the capital.

(ii) pursuant to the Company's bylaws, profit is allocated as follows: i) deduction of losses, if any, ii) 5% for recognition of the legal reserve up to 20% of the subscribed capital, iii) mandatory dividend of 50% on profit, complying with the following adjustments: a) decrease of amounts allocated to the legal and contingency reserves for the year, b) increase of amounts resulting from reversal, for the year, of contingency reserve previously recorded, and iv) recognition of the statutory reserve (profit retention), including the remaining balance, with the distribution of interest on capital and dividends exceeding the mandatory dividends allowed to be approved.

20.4 Retained earnings

In compliance with CPC 26/IAS 1 (R), the changes in retained earnings from January 1, 2010 to September 30, 2010 are as follows:

At January 1, 2010	**-**
Adjustment due to merger of Sepao	17
Profit for the year	187,656
At September 30, 2010	**187,673**

20.5 Stock option plan

The Extraordinary Shareholders' Meeting held on April 19, 2007 approved the creation of the stock option plan (the "Plan") pursuant to article 19 - XVIII of the Company bylaws, designated for the employees and officers of the Company and its subsidiaries. The Plan is administered by

the Board of Directors, which has powers to take the required actions for its maintenance, according to the approved guidelines. Options granted under the Plan are limited to 5% of capital.

At the meeting held on August 2, 2007, the Board of Directors approved, as recommended by the Company's CEO, who voluntarily waived his benefit, the first grant of the stock option plan, which represented 221,859 (887,436 after the split on July 1, 2010) shares, at the price of R$ 44.85 per share (R$ 11.21 after the split).

At the meeting held on February 28, 2008, the Board of Directors approved, as recommended by the Company's CEO, who voluntarily waived his benefit, the second grant of the stock option plan, which represented 353,494 (1,413,976 after the split on July 1, 2010) shares, at the price of R$ 32.42 per share (R$ 8.10 after the split).

At the meeting held on March 25, 2009, the Board of Directors approved, as recommended by the Company's CEO, who voluntarily waived his benefit, the third grant of the stock option plan, which represented 255,002 (1,020,008 after the split on July 1, 2010) shares, at the price of R$ 17.60 per share (R$4.40 after the split).

On August 11, 2010, the Board of Directors approved, as recommended by the Company's Human Resources Committee, the fourth grant of the stock option plan, which represented 698,707 shares, at the price of R$12.93 per share. Similar to the other grants, the CEO voluntarily waived his benefit.

The exercise price will be monetarily adjusted based on the General Market Price Index (IGPM) variation, released by Fundação Getulio Vargas, in the period between the stock option agreement date and the option exercise date, after deduction of the remuneration paid to shareholders during this period.

The option vesting period is three years from the Stock Option Agreement date.

Beneficiaries may exercise their options, totally or partially, provided that they inform the Company in writing, observing the six-year exercise deadline and each vesting period. The exercise notice shall only be valid and effective if submitted to the Company's Management one month before each Annual Meeting of the Company's Board of Directors, the date of which is disclosed in the corporate events calendar, unless another term is set by the Board of Directors and communicated in advance to the beneficiary.

During a period of three years from the option exercise date, beneficiaries cannot sell and/or offer a number of shares calculated based on the following formula:

$$N = 0.5 \times Q \times (1 - Ep/Mp)$$

Where:

- N = number of share held for sale after three years from exercise date.
- Q = number of vested options.
- Mp = market price of share on exercise date (closing price on the prior day).
- Ep = exercise price of the option.

The fair value of the stock option plan benefit was estimated based on the Black-Scholes stock option valuation model, considering the following weighted average assumptions:

	Granting Year			
	2010	2009	2008	2007
Risk-free rate	6.0%	9.3%	11.4%	11.3%
Expected annualized volatility	26.6%	40.6%	24.3%	33.9%
Exercise price of the option on the grant date	12.93	17.60	32.42	44.85
Fair value of the benefit on grant date (per share)	7.00	14.17	19.72	20.18
Fair value of the benefit on grant date after split (per share)	7.00	3.54	4.93	5.05

The maximum compensation cost of these stock option plans on the date they were granted was R$19,952,344, as follows:

Grant date	Number of shares	Option value	Total
August 2, 2007	887,436	5.05	4,477,115
February 28, 2008	1,413,976	4.93	6,970,902
March 25, 2009	1,020,008	3.54	3,613,378
August 11, 2010	698,707	7.00	4,890,949
	4,020,127		**19,952,344**

Stock option plans at September 30, 2010 are summarized as follows:

Year	Eligible beneficiaries	Options	Eligible beneficiaries terminated	Cancelled options	Eligible options	Exercised options	Eligible beneficiaries	Existing options
2007[1]	31	887,436	10	329,768	21	549,816	2	7,852
2008	46	1,413,976	9	325,848	-	-	37	1,088,128
2009	51	1,020,008	7	258,064	-	-	44	761,944
2010	-	698,707	-	-	-	-	-	698,707
		4,020,127		**913,680**		**549,816**		**2,556,631**

[1] Parcial exercise of stock options

In accordance with CPC 10/IFRS 2 and based on the plan's vesting periods, the amount of R$ 3,181 at September 30, 2010 (R$ 1,612 at September 30, 2009) was recognized as expense for stock option plans due to progress towards vesting, with a corresponding entry to a specific Capital account in equity.

The four grants of the stock option plan together represent, at September 30, 2010, 2.27% of the Company's capital.

On September 21, 2010, approval was given by the board of directors for the disposal of 549 shares, as a result of the excercise of the stock options by the plan beneficiaries, related to the 2007´s stock options program (1º grant)

21. Operating Segments

Management has determined the operating segments of the Company and its subsidiaries based on the reports approved by the Executive Board that are used to make strategic decisions.

The activities of the Company and its subsidiaries are organized in the following business segments:

(i) Prepaid collective plans: the costs with beneficiaries' dental care service, all aspects related to the management of the plan and the population's dental health are assumed by the Company, in exchange for a per capita monthly payment.

(ii) Postpaid collective plans: the customer assumes all actuarial risk of the contract, defraying all service costs. Administrative, support and health management services are basically the same provided for our prepaid products. In this model, OdontoPrev receives a per capita monthly fixed rate for the management services, as well as the reimbursement of dental care service costs provided in the respective month.

(iii) Prepaid individual plans: the costs with beneficiaries' dental care service, all aspects related to the management of the plan and the population's dental health are assumed by the Company, in exchange for a per capita monthly payment.

(iv) Other: include several less significant segments to the Company's total revenue, as follows:

- Dental care service in the Company's dental clinics: include the installation of dental clinics in the facilities of specific customers (in company), and the units available for all beneficiaries (through Clidec);
- administrative and advisory services (provided by OdontoPrev Serviços);
- acquisition and distribution of dental care materials for the accredited network (through Dental Partner);
- software development (through Easy).

The contribution margin by channel/ operating segment of the Company and its subsidiaries is as follows:

06.01 – NOTES TO THE FINANCIAL STATEMENTS

Company

	COLLECTIVE				INDIVIDUAL					
	Prepayment		**Postpayment**		**Prepayment**		**Other**		**Total**	
	Period ended September 30,		Period ended September 30,		Period ended September 30,		Period ended September 30,		Period ended September 30,	
	2,010	2009	2,010	2009	2,010	2009	2,010	2009	2,010	2009
Net installments	318,536	206,099	8,016	7,634	45,194	39,599	-	-	371,746	253,332
Changes in technical provisions	14,127	(1,198)	363	(44)	2,013	(230)	-	-	16,504	(1,472)
Effective installments of healthcare plan operations	**332,663**	**204,901**	**8,379**	**7,590**	**47,207**	**39,369**	**-**	**-**	**388,250**	**251,860**
Direct taxes on healthcare plan operations	(11,315)	(7,371)	(276)	(230)	(2,187)	(1,921)	-	-	(13,778)	(9,522)
Sales of goods and services	15	-	-	-	-	-	-	-	15	-
Taxes on sales of goods and services	-	-	-	-	-	-	-	-	-	-
SALES OF GOODS	**321,363**	**197,530**	**8,103**	**7,360**	**45,020**	**37,448**	**-**	**-**	**374,487**	**242,338**
Cost of services	(159,534)	(93,188)	(5,242)	(5,161)	(8,769)	(8,287)	-	-	(173,545)	(106,636)
OPERATING RESULT	**161,829**	**104,342**	**2,861**	**2,199**	**36,251**	**29,161**	**-**	**-**	**200,942**	**135,702**
Selling expenses	(21,594)	(13,501)	-	-	(16,855)	(16,563)	-	-	(38,449)	(30,064)
CONTRIBUTION MARGIN	**140,235**	**90,841**	**2,861**	**2,199**	**19,396**	**12,598**	**-**	**-**	**162,493**	**105,638**
Margin sales (%)	**43.6%**	**46.0%**	**35.3%**	**29.9%**	**43.1%**	**33.6%**	**0.0%**	**0.0%**	**43.4%**	**43.6%**
Margin total (%)	**86.3%**	**86.0%**	**1.8%**	**2.1%**	**11.9%**	**11.9%**	**0.0%**	**0.0%**	**100.0%**	**100.0%**
Main assets allocated by segment										
Invoices/ premiums receivable	79,246	27,906	669	430	4,839	4,417	-	-	84,754	32,753
Debit notes	-	-	814	746	-	-	-	-	814	746
Advanced billings	(47,881)	(14,281)	-	-	(56)	(140)	-	-	(47,937)	(14,421)
Provision for impairment of trade receiva	(9,535)	(3,961)	(92)	-	(5,497)	(888)	-	-	(15,124)	(4,849)
Assets allocated by segment	**21,830**	**9,664**	**1,391**	**1,176**	**(714)**	**3,389**	**-**	**-**	**22,507**	**14,229**
Assets not allocated by segment										
Cash and cash equivalents	-	-	-	-	-	-	-	-	6,241	4,218
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	156,201	59,195
Notes and credits receivable	-	-	-	-	-	-	-	-	27,829	22,058
Inventories	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	245	579
Long-term receivables	-	-	-	-	-	-	-	-	194,674	13,299
Investments	-	-	-	-	-	-	-	-	23,295	135,366
Property and equipment	-	-	-	-	-	-	-	-	7,811	5,725
Intangible assets	-	-	-	-	-	-	-	-	509,979	92,042
Assets not allocated	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**926,275**	**332,482**
TOTAL ASSETS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**948,782**	**346,711**

06.01 – NOTES TO THE FINANCIAL STATEMENTS

Consolidated

	COLLECTIVE				INDIVIDUAL					
	Prepayment		Postpayment		Prepayment		Other		Total	
	Period ended September 30,		Period ended September 30,		Period ended September 30,		Period ended September 30,		Period ended September 30,	
	2,010	2009	2,010	2009	2,010	2009	2,010	2009	2,010	2009
Net installments	439,781	244,956	8,016	7,634	45,194	39,599	-	-	492,991	292,189
Changes in technical provisions	33,901	(1,529)	-	-	-	-	-	-	33,901	(1,529)
Effective installments of healthcare plan operations	**473,682**	**243,427**	**8,016**	**7,634**	**45,194**	**39,599**	**-**	**-**	**526,892**	**290,660**
Direct taxes on healthcare plan operations	(14,908)	(9,658)	(276)	(230)	(2,187)	(1,921)	-	-	(17,371)	(11,809)
Sales of goods and services	-	90	-	-	-	-	3,881	3,124	3,881	3,214
Taxes on sales of goods and services	-	-	-	-	-	-	(2,423)	(750)	(2,423)	(750)
SALES OF GOODS	**458,774**	**233,859**	**7,740**	**7,404**	**43,007**	**37,678**	**1,458**	**2,374**	**510,979**	**281,315**
Cost of services	(238,277)	(111,038)	(5,242)	(5,161)	(8,769)	(8,287)	-	-	(252,288)	(124,486)
OPERATING RESULT	**220,497**	**122,821**	**2,498**	**2,243**	**34,238**	**29,391**	**1,458**	**2,374**	**258,691**	**156,829**
Selling expenses	(30,203)	(15,625)	-	-	(16,855)	(16,563)	-	-	(47,058)	(32,188)
CONTRIBUTION MARGIN	**190,294**	**107,196**	**2,498**	**2,243**	**17,383**	**12,828**	**1,458**	**2,374**	**211,633**	**124,641**
Margin sales (%)	**41.5%**	**45.8%**	**32.3%**	**30.3%**	**40.4%**	**34.0%**	**100.0%**	**100.0%**	**41.4%**	**44.3%**
Margin total (%)	**89.9%**	**86.0%**	**1.2%**	**1.8%**	**8.2%**	**10.3%**	**0.7%**	**1.9%**	**100.0%**	**100.0%**
Main assets allocated by segment										
Invoices/ premiums receivable	81,933	38,287	669	430	4,839	4,417	-	-	87,441	43,134
Debit notes	-	-	1,988	746	-	-	-	-	1,988	746
Advanced billings	(49,782)	(21,800)	-	-	(56)	(140)	-	-	(49,838)	(21,940)
Provision for impairment of trade receival	(10,055)	(5,184)	(92)	-	(5,497)	(888)	-	-	(15,644)	(6,072)
Assets allocated by segment	**22,096**	**11,303**	**2,565**	**1,176**	**(714)**	**3,389**	**-**	**-**	**23,947**	**15,868**
Assets not allocated by segment										
Cash and cash equivalents	-	-	-	-	-	-	-	-	9,187	5,877
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	167,418	191,795
Notes and credits receivable	-	-	-	-	-	-	-	-	38,657	37,670
Inventories	-	-	-	-	-	-	-	-	372	292
Other assets	-	-	-	-	-	-	-	-	245	588
Long-term receivables	-	-	-	-	-	-	-	-	197,846	17,442
Investments	-	-	-	-	-	-	-	-	757	68
Property and equipment	-	-	-	-	-	-	-	-	10,365	8,229
Intangible assets	-	-	-	-	-	-	-	-	512,359	94,517
Assets not allocated	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**937,206**	**356,478**
TOTAL ASSETS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**961,153**	**372,346**

22. Sales

Health care payments consist of net installments, less changes in technical provision, according to the ANS chart of accounts, plus the gross revenue from sales and/or services and taxes, and are equivalent to the sales as established by the Brazilian Corporation Law. The contra-entry to these payments is the account "health care receivables" and “other receivables”, in current assets, respectively, as follows:

	Company		Consolidated	
	Period ended September 30,		Period ended September 30,	
	2010	2009	2010	2009
Net installments	371,746	253,332	492,991	292,189
Changes in technical provisions	16,504	(1,472)	33,901	(1,529)
Effective installments of healthcare plan operations	**388,250**	**251,860**	**526,892**	**290,660**
Direct taxes on healthcare plan operations	(13,778)	(9,522)	(17,371)	(11,809)
Sales of goods and services	15	-	3,881	3,214
Taxes on sales of goods and services	-	-	(2,423)	(750)
Sales	**374,487**	**242,338**	**510,979**	**281,315**

As ANS has not approved CPC 11/IFRS 4, net installments totaled in the Company and Consolidated R$ 8,016 and R$ 7,364 at September 30, 2010 and 2009, respectively, related to managed plans, differently from CPC 11/IFRS 4, which defines them as revenue from services.

The Company and its subsidiaries: (i) do not have customers representing more than 10% of all sales and (ii) generated all revenues in Brazil.

23. Indemnifiable Claims, Net

These refer to costs of dental services, according to the contractual terms agreed with our network of dentists and the compensation established in the table of procedures in force. It also includes reimbursements made to members for the use of dental benefits outside the accredited network of dentists. The amounts are recorded with a corresponding entry to the account "Health care events payable", in current liabilities.

By adding on the total social charges on services, dental care material and other operating expenses, we calculated the cost of services, as shown below:

	Company		Consolidated	
	Period ended September 30,		Period ended September 30,	
	2010	2009	2010	2009
Indemnifiable claims, net	(144,956)	(93,254)	(219,195)	(106,344)
Social charges on services	(12,134)	(7,711)	(12,377)	(8,595)
Dental care materials	(3,754)	(4,646)	(2,295)	(4,294)
Other operating expenses	(12,701)	(1,025)	(18,421)	(5,253)
Cost of services	**(173,545)**	**(106,636)**	**(252,288)**	**(124,486)**

24. Selling Expenses

Selling expenses refer to commissions incurred for independent brokers and other distribution channels.

25. Administrative Expenses

	Company		Consolidated	
	Period ended September 30,		Period ended September 30,	
	2010	2009	2010	2009
Personnel and third-party services	45,370	30,320	53,035	37,649
Rentals and occupancy	10,479	9,680	13,166	11,921
Charges and fees	1,521	1,940	2,191	1,921
Publicity and advertising	4,367	4,222	4,774	4,634
Travelling, printing materials and subscriptions	3,333	1,979	4,056	2,626
Depreciation and amortization	3,751	2,972	4,040	3,377
Acquisition expenses	282	1,896	282	1,739
Bradesco Dental association	13,106	31	18,106	-
Odontored	62	60	62	247
Other expenses	4,099	2,456	4,568	3,118
	86,370	**55,556**	**104,280**	**67,232**

26. Finance Income (Costs)

Finance income (costs) consists of the finance income generated by investments and adjustments of judicial deposits, less the finance costs generated by adjustments to the provision for legal contingencies and expenses for bank fees.

(a) Finance income

	Company		Consolidated	
	Period ended September 30,		Period ended September 30,	
	2010	**2009**	**2010**	**2009**
Proceeds from financial investments	7,544	4,864	22,432	14,395
Monetary restatement of judicial deposits	607	111	1,457	122
Other	697	231	1,292	689
	8,848	**5,206**	**25,181**	**15,206**

(b) Finance costs

	Company		Consolidated	
	Period ended September 30,		Period ended September 30,	
	2010	2009	2010	2009
Bank fees	908	527	1,308	591
Monetary restatement of provisions for judicial contingencies	633	9	1,490	9
Interest on capital	-	10,006	-	10,006
Other	348	1,038	1,269	1,812
	1,889	**11,580**	**4,067**	**12,418**

27. Income Tax and Social Contribution Calculation

Income tax and social contribution are reconciled to the amounts recorded as expenses for the period as follows:

	Company		Consolidated	
	Period ended September 30,		Period ended September 30,	
	2010	2009	2010	2009
IRPJ and CSLL calculation basis	**88,714**	**58,323**	**105,185**	**63,277**
(x) Current rate (%)	34	34	34	34
Expected income tax and social contribution expenses at the effective rate	**(30,163)**	**(19,830)**	**(35,763)**	**(21,514)**
Effect of income tax and social contribution on permanent/temporary differences:				
Equity in the results of subsidiaries	8,761	3,729	110	24
Tax losses	-	-	-	-
Provision for contingencies	(146)	(59)	(139)	(59)
Provision for events incurred but not reported	(3,496)	-	(3,711)	-
Losses on transactions with customers	(577)	(425)	(561)	(425)
Amortization of goodwill	11,003	932	11,003	932
Interest on capital	-	3,402	-	3,402
Granting of stock options	(1,082)	(548)	(1,082)	(548)
Other	(1,322)	(310)	(6,540)	245
IRPJ and CSLL calculation basis	**(17,021)**	**(13,108)**	**(36,683)**	**(17,943)**
Deferred IRPJ and CSLL	**116,963**	**14,200**	**119,472**	**14,200**

[1] Refers to CSLL rate (6%) on operations of Bradesco Dental in the period from January to June 2010, before the merger into the Company.

28. Earnings per Share

According to CPC 41/IAS 33, detailed in Note 3.21, we present the calculation of basic and diluted earnings per share:

(a) Basic

	Period ended September 30,	
	2010[1]	**2009[2]**
Profit attributable to the Company's shareholders (R$ thousands)	187,656	59,415
Weighted average number of common shares outstanding (thousands)	177,076	100,381
Basic earning per share (R$)	**1.06**	**0.59**

[1] In July 2010, shares were split at the rate of 1 for 4 shares.
[2] For comparison purposes, we used the split mentioned in item 1

(b) Diluted

	Period ended September 30,	
	2010[1]	**2009[2]**
Profit attributable to the Company's shareholders (R$ thousands)	**187,656**	**59,415**
Common shares (in thousands)		
Weighted average number of shares outstanding	177,076	100,381
Adjustment of: share option scheme	2,557	2,557
Weighted average number of shares for diluted earnings per share	**179,633**	**102,938**
Diluted earnings per share (R$)	**1.04**	**0.58**

[1] In July 2010, shares were split at the rate of 1 for 4 shares.
[2] For comparison purposes, we used the split mentioned in item 1

29. Dividends and Interest on Capital

The dividends and interest on capital are as follows:

		Decision			Company Year	
Approval	Type	Date	Earnings per share (R$)	Payment date:	2010	2009
Board of Directors' Meeting	Interest on capital	8/13/2009	0.40	9/15/2009	-	10,006
Extraordinary Shareholders 'Meeting	Dividends	12/23/2009	2.90	2/23/2010	-	72,422
					-	**82,428**

30. Commitments

At September 30, 2010, the Company and its subsidiaries had commitments related to agreements for lease of their offices and dental clinics, which can be canceled with a termination penalty.

31. Business Combinations

As mentioned in Note 1, the Company entered into an association agreement with Bradesco Dental on October 18, 2009, which was approved by ANS and the Extraordinary Shareholders' Meeting held on December 23, 2009. The transaction was analyzed based on discussions with Bradesco Dental's and the Company's management, and the defined acquisition date was October 18, 2010 (see Note 1). The total transaction amount totaling R$ 409,640 was fully based on goodwill on expected future profitability, as shown below.

	Bradesco Dental
Installment paid	675,000
Adjustment of amount paid[1]	48,192
Adjustment of allocation	200
Net assets acquired	(313,752)
Goodwill from expected future profitability	**409,640**

[1] Adjustment of amount paid = 19,259,436 new shares issued x share unit price, on transaction date, of R$ 37,55 - amount disbursed on acquisition of R$ 675,000.

On March 23, 2009, the Company acquired all quotas of OdontoServ and the Company obtained the control of the company. Goodwill totaling R$ 20,816 arising from this business combination is based on synergies and cost economies, as well as expected future profitability in the acquisition of this business by the Company. A summary of the assets acquired and liabilities assumed in this business combination, calculated at fair value, is shown below:

	OdontoServ
Installment paid in cash	25,600
Adjustment of amount paid[1]	5,241
Net assets acquired	(10,025)
Goodwill from expected future profitability	**20,816**

[1] Earn-out due to the achievement of EBITDA ratios in conformity with the Private Instrument of Purchase and Sale agreed between the parties on the transaction date.

The fair value of net assets acquired was calculated by independent appraisers, in accordance with
CPC 15/IFRS 3 (R) and segregation criteria established by CPC 04 (R)/IAS 38. The present value technique was used for evaluation, with discounted cash flow at return rates calculated with a premium of additional risk attributed to each intangible asset identified. Weighted average cost of capital used was 15.92%.

32. Related Parties

Transactions between the Company and its subsidiaries consist of agreements for the rendering of administrative services and accreditation as service providers, rendering of dental care services, information services and supply of dental products, whose amounts, terms and rates were agreed and applied under the same conditions as those agreed with unrelated parties, as follows:

		At Setember 30, 2010					
	Nature	OdontoPrev	Clidec	OdontoPrev Serviços	Easy	Adcon	Dental Partner
Assets/(Liabilities)							
Other receivables	Administrative services and investment	-	-	1,046	-	-	447
Suppliers of goods and services	Administrative services	(1,493)	-	-	-	-	-
Capital repayment	Investment	-	-	-	-	-	-
Revenue (expenses)							
Net installments	Dental care plans	40	-	-	-	-	-
Sales of goods and services	Dental care material and services, administrative services	-	2,593	8,215	108	-	3,333
Indemnifiable claims, net	Dental care services	(2,593)	-	-	-	-	-
Dental care materials	Dental care materials	(3,333)	-	-	-	-	-
Expense for services rendered	Administrative services	(8,323)	(28)	(10)	(2)	-	-
Period ended September 30, 2010		**(15,702)**	**2,565**	**9,251**	**106**	**-**	**3,780**
Period ended June 30, 2010		**(7,378)**	**1,553**	**3,232**	**103**	**-**	**2,490**

The Company has transactions with the companies of Bradesco Group, of which Bradesco Saúde, shareholder of OdontoPrev, is part. These operations were agreed under market

conditions, and are presented as follows:

Assets/(Liabilities)	Bradesco Group
Available funds	1,931
Financial investments	129,374
Revenue/(expenses)	
Finance income	3,329
Finance costs	(1,451)
Period ended September 30, 2010	**121,752**

The Company also has a contract for distribution of dental care plans with Banco Bradesco effective for 10 years. Banco Bradesco is the accounting agent of the contract.

In addition to these transactions, the Company also has the following: (i) accreditation contract for the provision of dental care assistance over an undetermined period with Mrs. Raquel Virgínia Zanetti and Mrs. Anete Scharfstein Zanetti, respectively sister and spouse of the CEO, which totaled R$ 0 and R$ 1 for the period ended September 30, 2010; (ii) through its direct subsidiary Clidec, a non-residential lease agreement for an undetermined period of a property located at Avenida Paulista, nº 2.444, conjunto 151, with Mr. Artemio Luiz Zanetti, father of the CEO, which totaled R$ 12 for the period ended September 30, 2010.

The Company and its subsidiaries pay profit sharing to their employees and officers, subject to the achievement of operational goals and specific objectives, established and approved at the beginning of each year. At September 30, 2010, the amounts of R$ 3,154 (R$ 1,364 at September 30 ,2009) and R$ 5,186 (R$ 1,853 at September 30, 2009) for the Company and the Consolidated, respectively, were recorded as "Profit sharing".

Annual compensation attributed to the Board of Directors, Statutory Audit Board and Statutory Directors, segregated into fixed and variable components, is as follows:

	Period ended September 30,	
	2010	2009
Statutory Board	**2,686**	**2,621**
Pro-labore fees	1,800	2,097
Benefits	120	159
Provision for profit sharing	-	365
Bonus	766	-
Board of Directors	**756**	**378**
Pro-labore fees	756	378
Statutory Audit Board	**94**	**81**
Pro-labore fees	94	81
	3,536	**3,080**

As mentioned below, the Statutory Directors hold stock options, in accordance with stock option plan (long-term benefits) detailed in Note 20.5.

	Beginning of the period		Cancellations		Exercised options		End of the period	
Year	Eligible beneficiaries	Options	Eligible beneficiaries terminated	Canceled options	Eligible beneficiaries	Exercised options	Eligible beneficiaries	Existing options
2007	6	428,496	3	194,808	3	233,688	-	-
2008	5	465,864	2	162,972	-	-	3	302,892
2009	7	459,452	3	226,028	-	-	4	233,424
2010	5	262,507	-	-	-	-	5	262,507
		1,616,319		**583,808**		**233,688**		**798,823**

The Board of Directors and Statutory Audit Committee do not have variable compensation, and the Company does not sponsor any complementary pension plan or other post-employment or termination benefit.

33. Insurance

The Company maintains insurance coverage in an amount considered sufficient to cover the risks involved. At September 30, 2010, insurance policies cover property damages in the amount of R$ 10,160 (R$ 9,092 at June 30, 2010) and sundry risks of R$ 4,283 (R$ 4,283 at June 30, 2010).

34. Derivative Financial Instruments

The Company does not enter into derivative transactions for speculative purposes. At

September 31, 2010, the Company and its subsidiaries did not directly operate or maintain receiving or paying positions related to derivative financial instruments.

35. First-time Adoption of IFRS and CPCs

35.1 Adoption of CPCs 37 to 43 and IFRS 1

The Company's individual and consolidated financial statements for the period ended September 30, 2010 are the first annual statements prepared in conformity with the new CPCs and IFRSs. In the preparation of the individual and consolidated financial statements, CPCs 37 and 43 and IFRS 1 were applied.

In preparing these financial statements, the company applied the material compulsory exceptions and certain voluntary exemptions to the retrospective application.

35.2 Exemptions to full retrospective application - elected by the company

(a) Business combinations: applied the business combination exemption described in CPC 37/ IFRS 1, adopting CPC 15/IFRS 3 (R); accordingly, the business combinations which took place before January 1, 2009 were not restated.

(b) Insurance contracts: applied temporary provisions of CPC 11/IFRS 4 to limit to the past five years the disclosure of information on development of claims. The settlement of the Company's claims does not exceed one year.

35.3 Exceptions to retrospective application followed by the company

(a) Estimates

Estimates used in the preparation of the financial statements as at September 30, 2010 and June 30, 2010 are consistent with the estimates at the same date made in conformity with the accounting practices previously adopted in Brazil (former BR GAAP).

Other mandatory exceptions were not applied, because there were no significant differences in relation to former BR GAAP in these areas: hedge accounting; reversal of financial assets and liabilities; non-controlling interests.

35.4 Reconciliation of former BR GAAP and CPCs/IFRS

We explain below the adjustments to the balance sheets and the statement of income due to the reconciliation between former BR GAAP and CPCs/IFRSs.

(a) Deferral of expenses (deferred selling expenses)

According to the definition and presentation model of ANS, "deferred selling expenses" are recorded in current assets, differently from IFRS, which classify them in Intangible assets. The difference in practice is equivalent to a reclassification only in the balance sheet.

(b) Business combinations

Under former BR GAAP, only assets and liabilities recorded in the opening balance sheet of the acquiree are recognized by the acquirer and the goodwill or negative goodwill on acquisitions corresponds to the difference between the amount paid by the acquirer and the carrying amount of assets and liabilities recorded in the acquiree.

The Company recorded the business combinations in the scope of CPC 15/IFRS 3 (R) based on the purchase method. The date on which the control of the entity (or business) was acquired is the business combination date. In IFRS, acquisition cost represents the assets delivered or liabilities assumed, as well as equity instruments issued by the acquirer for the control.

IFRS requires that the identifiable assets and liabilities at the acquisition date be recorded separately by the acquirer, and these assets and liabilities must be recorded at fair value on the acquisition date. Intangible assets are recognized separately from the goodwill, if these intangible assets represent legal or contractual rights and if they can be separated or divided from the acquiree, to be sold, transferred, leased or exchanged. Contingent liabilities of the acquiree must be recognized separately, as part of the process of allocation of acquisition and when the fair value of these contingent liabilities can be evaluated on a straight-line basis and represent a reconciliation item.

In the acquisitions of DentalCorp, Care Plus, Biodent, S.R.J.S.P.E., Sepao and Prontodente, the business combination exemption described in CPC 37/IFRS 1 was applied; accordingly, the business combinations which took place before January 1, 2009, the transition date, were not restated. For the acquisitions of OdontoServ and Bradesco Dental, the Company adopted CPC 15/IFRS 3, whose effects are described in Note 31, “Business Combinations” and in the reconciliation table.

(c) Non-controlling interests

In accordance with former BR GAAP, the portion corresponding to non-controlling interests of its subsidiaries is recorded separately in the consolidated balance sheet, immediately prior to equity. The portion corresponding to the profit for the year is recorded separately in a specific account prior to profit.

In accordance with CPC 26/IAS 1, the portion corresponding to non-controlling interests is considered part of the Company's equity and, therefore, was reclassified to equity.

(d) Provision for dividends payable not declared

For IFRS purposes, liabilities for dividends are recognized after being approved by the Company's shareholders. The Company's bylaws effective September 30, 2010 and at June 30, 2010 establish that at least 50% of annual profit be distributed as dividends (25% in prior years). Accordingly, the Company recognizes as a liability the minimum divided which has not been distributed yet during the year.

(e) Income tax and social contribution

The Company adopted CPC 32/IAS 12, which establishes that a deferred tax asset must be recognized for all deductible temporary differences to the extent that it is probable that tax income will be generates, against which the deductible temporary difference can be used. Accordingly, the Company recognized the deferred income tax and social contribution on:

(i) goodwill on expected future profitability derived from merged subsidiaries. This tax benefit is recorded in accordance with the current accounting standards CPC 32/IAS 12 and is based on the future tax benefits to be generated in the ordinary course of OdontoPrev's business.

(ii) adjustments recorded in the reconciliation between former BR GAAP and IFRS.

(f) Insurance contracts

The Company adopted CPC 11/IFRS 4, which allowed the continuity of certain practices of former BR GAAP. In addition, to comply with the minimum requirements of this IFRS, the Company:

(i) evaluated its contracts and concluded that all of them involve transfer of significant risk, that is, they were classified as insurance contracts, except for the managed plans, which do not transfer significant insurance risk and are classified only as service contracts. For these contracts, there are no adjustments in reconciliation, since the payment of dental care expenses are made simultaneously with the billings for reimbursement of this expense to the Company's customer. In general, the difference of this practice is a reclassification between the statement of income accounts which was not made (it was only mentioned in a comment in the statement of income) to be consistent with ANS requirements.

(ii) made a liability adequacy test (LAT), as defined in CPC 11/IFRS 4, which is mandatory for insurance contracts. The test did not result in adjustments and/or complement of provisions.

35.4.2 Reconciliation of equity at September 30, 2010 (consolidated financial statements)

Balance Sheet at September 30, 2010
(All amounts in R$ thousands)

06.01 – NOTES TO THE FINANCIAL STATEMENTS

ASSETS	Former BR GAAP	(a) Deferred expenses	(b) Business combinations	(c) Non-controlling interests	(d) Dividends payable not declared	(e) Income tax and social contribution	IFRS
Current assets	**245,978**	**(6,152)**	**-**	**-**	**-**	**-**	**239,826**
Available funds	9,187	-	-	-	-	-	9,187
Financial assets at fair value through profit or loss	167,418	-	-	-	-	-	167,418
Healthcare receivables	23,947	-	-	-	-	-	23,947
Deferred selling expenses	6,152	(6,152)	-	-	-	-	-
Notes and credits receivable	38,657	-	-	-	-	-	38,657
Inventories	372	-	-	-	-	-	372
Other assets	245	-	-	-	-	-	245
Non-current assets	**530,058**	**6,152**	**50,504**	**-**	**-**	**134,613**	**721,327**
Long-term receivables	63,233	-	-	-	-	134,613	197,846
Deferred income tax and social contribution	21,318	-	-	-	-	134,613	155,931
Other current assets	41,915	-	-	-	-	-	41,915
Investments	757	-	-	-	-	-	757
Property and equipment	10,366	-	-	-	-	-	10,366
Intangible assets	455,702	6,152	50,504	-	-	-	512,358
Goodwill on acquisition of investments	451,400	-	43,855	-	-	-	495,255
System development and software license and other	4,302	-	6,649	-	-	-	10,951
Deferred selling expenses	-	6,152	-	-	-	-	6,152
TOTAL ASSETS	**776,036**	**-**	**50,504**	**-**	**-**	**134,613**	**961,153**

EQUITY AND LIABILITIES	Former BR GAAP	(a) Deferred expenses	(b) Business combinations	(c) Non-controlling interests	(d) Dividends payable not declared	(e) Income tax and social contribution	IFRS
Current liabilities	**116,598**	**-**	**5,686**	**-**	**-**	**-**	**122,284**
Technical provisions	30,981	-	-	-	-	-	30,981
Labor obligations	7,937	-	-	-	-	-	7,937
Social charges	6,358	-	-	-	-	-	6,358
Taxes and contributions payable	28,224	-	444	-	-	-	28,668
Suppliers	15,549	-	-	-	-	-	15,549
Sundry debt	27,549	-	5,242	-	-	-	32,791
Dividends, interest on capital and capital reimbursement	52	-	-	-	-	-	52
Minimum mandatory dividend payable	-	-	-	-	-	-	-
Other	27,497	-	5,242	-	-	-	32,739
Non-current liabilities	**46,874**	**-**	**-**	**-**	**-**	**-**	**46,874**
Deferred income tax and social contribution	828	-	-	-	-	-	828
Provisions for contingencies	34,989	-	-	-	-	-	34,989
Other payables	11,057	-	-	-	-	-	11,057
TOTAL LIABILITIES	**163,472**	**-**	**5,686**	**-**	**-**	**-**	**169,158**
Non-controlling interests	**981**	**-**	**-**	**(981)**	**-**	**-**	**-**
Equity, capital and reserves attributable to the	**611,583**	**-**	**44,818**	**-**	**-**	**134,613**	**791,014**
Share capital	506,557	-	-	-	-	-	506,557
Capital reserves	2,145	-	48,392	-	-	-	50,537
Revenue reserves	21,483	-	(1,564)	-	-	26,328	46,247
Retained earnings/accumulated deficit	81,398	-	(2,010)	-	-	108,285	187,673
Non-controlling interests	**-**	**-**	**-**	**981**	**-**	**-**	**981**
TOTAL EQUITY	**611,583**	**-**	**44,818**	**981**	**-**	**134,613**	**791,995**
TOTAL EQUITY AND LIABILITIES	**776,036**	**-**	**50,504**	**-**	**-**	**134,613**	**961,153**

35.4.3 Reconciliation of net income for the period ended September 30, 2010 (consolidated financial statements)

Statement of income at September 30, 2010
(All amounts in R$ thousands)

06.01 – NOTES TO THE FINANCIAL STATEMENTS

Statement of income	Former BR GAAP	(a) Deferred expenses	(b) Business combinations	(c) Non-controlling interests	(d) Dividends payable not declared	(e) Income tax and social contribution	IFRS
Effective installments of healthcare plan operations[1]	492,991	-	-	-	-	-	492,991
Sales and services revenue	3,881	-	-	-	-	-	3,881
Changes in technical reserves	33,901	-	-	-	-	-	33,901
Taxes on healthcare plan operations	(17,371)	-	-	-	-	-	(17,371)
Taxes on sales and services	(2,423)	-	-	-	-	-	(2,423)
SALES REVENUE	**510,979**	**-**	**-**	**-**	**-**	**-**	**510,979**
Cost of sales and/or services	(252,288)	-	-	-	-	-	(252,288)
GROSS PROFIT	**258,691**	**-**	**-**	**-**	**-**	**-**	**258,691**
Selling expenses	(47,058)	-	-	-	-	-	(47,058)
Administrative expenses	(102,714)	-	(1,566)	-	-	-	(104,280)
Other income/expenses[2]	(23,606)	-	-	-	-	-	(23,606)
OPERATING RESULT	**85,313**	**-**	**(1,566)**	**-**	**-**	**-**	**83,747**
Net finance income[3]	21,114	-	-	-	-	-	21,114
Equity in the results of subsidiaries	324	-	-	-	-	-	324
PROFIT/LOSS BEFORE TAXATION	**106,751**	**-**	**(1,566)**	**-**	**-**	**-**	**105,185**
Income tax and social contribution	(36,239)	-	(444)	-	-	-	(36,683)
Deferred income tax and social contribution	11,187	-	-	-	-	108,285	119,472
PROFIT FOR THE YEAR BEFORE NON-CONTROLLING INTERESTS	**81,699**	**-**	**(2,010)**	**-**	**-**	**108,285**	**187,974**
Non-controlling interest in subsidiary	(318)	-	-	318	-	-	-
PROFIT FOR THE YEAR	**81,381**	**-**	**(2,010)**	**318**	**-**	**108,285**	**187,974**
Attributable to:							
Shareholders of the Company	-	-	-	-	-	-	187,656
Non-controlling interests	-	-	-	-	-	-	318
PROFIT FOR THE YEAR	**-**	**-**	**-**	**-**	**-**	**-**	**187,974**

[1] Includes R$ 8,016 relating to managed plans classified in "net installments", which differ from IFRS 4, that defines it as providing services.
[2] Includes employee profit sharing expenses totaling R$ 5,186.

35.4.4 Reconciliation of equity at June 30, 2010 (consolidated financial statements)

06.01 – NOTES TO THE FINANCIAL STATEMENTS

ASSETS	Former BR GAAP	(a) Deferred expenses	(b) Business combinations	(c) Non-controlling interests	(d) Dividends payable not declared	(e) Income tax and social contribution	IFRS
Current assets	**228,674**	**(4,474)**	**-**	**-**	**-**	**-**	**224,200**
Available funds	6,221	-	-	-	-	-	6,221
Financial assets at fair value through profit or loss	154,923	-	-	-	-	-	154,923
Healthcare receivables	19,428	-	-	-	-	-	19,428
Deferred selling expenses	4,474	(4,474)	-	-	-	-	-
Notes and credits receivable	42,925	-	-	-	-	-	42,925
Inventories	311	-	-	-	-	-	311
Other assets	392	-	-	-	-	-	392
Non-current assets	**523,562**	**4,474**	**51,026**	**-**	**-**	**19,409**	**598,471**
Long-term receivables	57,861	-	-	-	-	19,409	77,270
Deferred income tax and social contribution	17,714	-	-	-	-	19,409	37,123
Other current assets	40,147	-	-	-	-	-	40,147
Investments	757	-	-	-	-	-	757
Property and equipment	9,532	-	-	-	-	-	9,532
Intangible assets	455,412	4,474	51,026	-	-	-	510,912
Goodwill on acquisition of investments	451,400	-	43,855	-	-	-	495,255
System development and software license and other	4,012	-	7,171	-	-	-	11,183
Deferred selling expenses	-	4,474	-	-	-	-	4,474
TOTAL ASSETS	**752,236**	**-**	**51,026**	**-**	**-**	**19,409**	**822,671**

EQUITY AND LIABILITIES	Former BR GAAP	(a) Deferred expenses	(b) Business combinations	(c) Non-controlling interests	(d) Dividends payable not declared	(e) Income tax and social contribution	IFRS
Current liabilities	**124,608**	**-**	**5,553**	**-**	**-**	**-**	**130,161**
Technical provisions	31,496	-	-	-	-	-	31,496
Labor obligations	5,737	-	-	-	-	-	5,737
Social charges	4,840	-	-	-	-	-	4,840
Taxes and contributions payable	38,348	-	311	-	-	-	38,659
Suppliers	18,748	-	-	-	-	-	18,748
Sundry debt	25,439	-	5,242	-	-	-	30,681
Dividends, interest on capital and capital reimbursement	406	-	-	-	-	-	406
Minimum mandatory dividend payable	-	-	-	-	-	-	-
Other	25,033	-	5,242	-	-	-	30,275
Non-current liabilities	**50,753**	**-**	**-**	**-**	**-**	**(3,953)**	**46,800**
Deferred income tax and social contribution	8,023	-	-	-	-	(3,927)	4,096
Provisions for contingencies	31,673	-	-	-	-	(26)	31,647
Other payables	11,057	-	-	-	-	-	11,057
TOTAL LIABILITIES	**175,361**	**-**	**5,553**	**-**	**-**	**(3,953)**	**176,961**
Non-controlling interests	**924**	**-**	**-**	**(924)**	**-**	**-**	**-**
Equity, capital and reserves attributable to the	**575,951**	**-**	**45,473**	**-**	**-**	**23,362**	**644,786**
Share capital	36,611	-	-	-	-	-	36,611
Capital reserves	475,986	-	48,392	-	-	-	524,378
Revenue reserves	21,483	-	(1,564)	-	-	26,328	46,247
Retained earnings/accumulated deficit	41,871	-	(1,355)	-	-	(2,966)	37,550
Non-controlling interests	**-**	**-**	**-**	**924**	**-**	**-**	**924**
TOTAL EQUITY	**575,951**	**-**	**45,473**	**924**	**-**	**23,362**	**645,710**
TOTAL EQUITY AND LIABILITIES	**752,236**	**-**	**51,026**	**-**	**-**	**19,409**	**822,671**

35.4.5 Reconciliation of equity at September 30, 2009 (consolidated financial statements)

06.01 – NOTES TO THE FINANCIAL STATEMENTS

Statement of income	Former BR GAAP	(a) Deferred expenses	(b) Business combinations	(c) Non-controlling interests	(d) Dividends payable not declared	(e) Income tax and social contribution	IFRS
Effective installments of healthcare plan operations[1]	292,189	-	-	-	-	-	292,189
Sales and services revenue	3,214	-	-	-	-	-	3,214
Changes in technical reserves	(1,529)	-	-	-	-	-	(1,529)
Taxes on healthcare plan operations	(11,809)	-	-	-	-	-	(11,809)
Taxes on sales and services	(750)	-	-	-	-	-	(750)
SALES REVENUE	**281,315**	**-**	**-**	**-**	**-**	**-**	**281,315**
Cost of sales and/or services	(124,486)	-	-	-	-	-	(124,486)
GROSS PROFIT	**156,829**	**-**	**-**	**-**	**-**	**-**	**156,829**
Selling expenses	(32,188)	-	-	-	-	-	(32,188)
Administrative expenses	(66,190)	-	(1,042)	-	-	-	(67,232)
Other income/expenses[2]	(6,998)	-	-	-	-	-	(6,998)
OPERATING RESULT	**51,453**	**-**	**(1,042)**	**-**	**-**	**-**	**50,411**
Net finance income[3]	12,794	-	-	-	-	-	12,794
Equity in the results of subsidiaries	72	-	-	-	-	-	72
PROFIT/LOSS BEFORE TAXATION	**64,319**	**-**	**(1,042)**	**-**	**-**	**-**	**63,277**
Income tax and social contribution	(17,943)	-	-	-	-	-	(17,943)
Deferred income tax and social contribution	-	-	-	-	-	14,200	14,200
PROFIT FOR THE YEAR BEFORE NON-CONTROLLING INTERESTS	**46,376**	**-**	**(1,042)**	**-**	**-**	**14,200**	**59,534**
Non-controlling interest in subsidiary	(119)	-	-	119	-	-	-
PROFIT FOR THE YEAR	**46,257**	**-**	**(1,042)**	**119**	**-**	**14,200**	**59,534**
Attributable to:							
Shareholders of the Company	-	-	-	-	-	-	59,415
Non-controlling interests	-	-	-	-	-	-	119
PROFIT FOR THE YEAR	**-**	**-**	**-**	**-**	**-**	**-**	**59,534**

[1] Includes R$ 7,634 relating to managed plans classified in "net installments", which differ from IFRS 4, that defines it as providing services.

[2] Includes employee profit sharing expenses totaling R$ 1,853.

36. Supplementary Information: Cash Flow - Indirect Method

	Company		Consolidated	
	Period ended September 30,		Period ended September 30,	
	2010	2009	2010	2009
OPERATING ACTIVITIES				
Healthcare reciepts	375,047	232,009	521,144	264,605
Financial assets at fair value through profit or loss	(67,066)	21,037	367,339	7,599
Payment to suppliers/health service providers	(144,043)	(87,912)	(222,122)	(99,618)
Payment of commissions	(30,917)	(18,394)	(41,502)	(19,513)
Payment of personnel	(31,326)	(31,345)	(43,223)	(35,953)
Payment of pro-labore fees	(1,951)	(1,031)	(2,571)	(1,035)
Payment of third-party services	(26,815)	(5,016)	(36,528)	(5,072)
Payment of taxes	(53,906)	(28,490)	(84,542)	(33,273)
Payment of contingencies (civil/labor/tax)	(463)	(408)	(6,822)	(632)
Payment of rentals	(1,535)	(1,184)	(3,000)	(2,110)
Promotion/advertising	(2,716)	(3,918)	(3,214)	(3,958)
Other operating (payments) receipts	(1,692)	(10,247)	9,390	(7,325)
CASH GENERATED BY (USED IN) OPERATING ACTIVITIES	**12,617**	**65,101**	**454,349**	**63,715**
INVESTING ACTIVITIES				
Write-off of investments due to merger	75,623	-	(353)	-
Acquisition of investments including goodwill (net of acquired cash)	(739)	(30,946)	(739)	(28,513)
Reimbursement of subsidiaries' capital	317,388	-	-	-
Dividends received from subsidiaries	49,461	-	-	-
Purchase of property and equipment	(3,636)	(951)	(4,100)	(1,162)
System development, software licenses and other	(1,105)	(607)	(1,105)	(608)
Deferred selling expenses	(6,152)	(14)	(2,577)	(14)
CASH GENERATED BY (USED IN) INVESTING ACTIVITIES	**430,840**	**(32,518)**	**(8,874)**	**(30,297)**
FINANCING ACTIVITIES				
Dividends and interest on capital paid	(72,422)	(25,508)	(72,666)	(25,508)
Acquisition of own shares - in treasury	(10,451)	(3,475)	(10,451)	(3,475)
Reimbursement of capital paid	(362,478)	-	(362,478)	-
Granting of stock options received	5,361	-	5,361	-
CASH (USED IN) FINANCING ACTIVITIES	**(439,990)**	**(28,983)**	**(440,234)**	**(28,983)**
INCREASE (DECREASE IN CASH AND CASH EQUIVALENTS	**3,467**	**3,600**	**5,241**	**4,435**
CASH AND CASH EQUIVALENTS				
Opening balance	2,774	618	3,946	1,442
Closing balance	6,241	4,218	9,187	5,877
INCREASE (DECREASE IN CASH AND CASH EQUIVALENTS	**3,467**	**3,600**	**5,241**	**4,435**

37. Supplementary Information: Statement of Value Added (DVA)

	Period ended at September 30,		Period ended at September 30,	
	2010	2009	2010	2009
Income	**374,463**	**248,746**	**515,534**	**290,341**
Net installments	371,746	253,332	492,991	292,189
Changes in technical reserves	16,504	(1,472)	33,901	(1,529)
Sales of goods and services	15	-	3,881	3,214
Provision/reversal of impairment of trade receivables	(13,802)	(3,114)	(15,239)	(3,533)
Inputs acquired from third parties	**(252,598)**	**(155,137)**	**(339,823)**	**(172,695)**
Indemnifiable claims, net	(144,956)	(93,254)	(219,195)	(106,344)
Dental and operational materials	(6,165)	(5,671)	(5,903)	(5,339)
Other operating expenses / incomes	(9,665)	-	(10,803)	(515)
Selling expenses	(38,449)	(30,064)	(47,058)	(32,188)
Administrative expenses	(53,363)	(26,148)	(56,864)	(28,309)
GROSS VALUE ADDED	**121,865**	**93,609**	**175,711**	**117,646**
Retentions	**(3,751)**	**(2,972)**	**(4,040)**	**(3,377)**
Depreciation and amortization	(3,751)	(2,972)	(4,040)	(3,377)
NET VALUE ADDED GENERATED BY THE ENTITY	**118,114**	**90,637**	**171,671**	**114,269**
Value added received through transfer	**34,617**	**16,175**	**25,505**	**15,278**
Equity in the results of subsidiaries	25,769	10,969	324	72
Financial income	8,848	5,206	25,181	15,206
TOTAL VALUE ADDED TO DISTRIBUTE	**152,731**	**106,812**	**197,176**	**129,547**
DISTRIBUTION OF VALUE ADDED				
Personnel	**(24,988)**	**(20,982)**	**(39,825)**	**(30,506)**
Direct remuneration	(19,295)	(16,097)	(31,083)	(23,618)
Salaries and related charges	(13,722)	(11,907)	(22,255)	(18,164)
Directors´ fees	(2,419)	(2,556)	(3,642)	(3,601)
Profit sharing	(3,154)	(1,634)	(5,186)	(1,853)
Benefits	(4,406)	(3,787)	(6,704)	(5,018)
FGTS	(1,287)	(1,098)	(2,038)	(1,870)
GRANTING OF STOCK OPTIONS	**(3,181)**	**(1,612)**	**(3,181)**	**(1,612)**
Taxes and contributions	**66,895**	**(21,746)**	**41,235**	**(32,638)**
Federal	71,759	(18,304)	47,738	(27,401)
State	-	-	(590)	(181)
Municipal	(4,864)	(3,442)	(5,913)	(5,056)
Remuneration of third-party capital	**(3,801)**	**(13,063)**	**(7,431)**	**(15,263)**
Finance costs	(1,889)	(1,574)	(4,067)	(2,412)
Rentals	(1,912)	(1,483)	(3,364)	(2,845)
Interest on capital	-	(10,006)	-	(10,006)
Non-controling interest in subisidiary	**-**	**-**	**(318)**	**(119)**
Profits reinvested/loss for the year	**(187,656)**	**(49,409)**	**(187,656)**	**(49,409)**
Added Value Distributed	**(152,731)**	**(106,812)**	**(197,176)**	**(129,547)**

38. Supplementary Information: Statement of Changes in Equity (DMPL)

	Capital reserves			Revenue Reserves							
	Capital	Share Premium	Granting of stock options	Statutory	Legal	Tax incentive	Treasury stock	Retained earnings/ accumulat	Total	Non-controlling shareholders	Total Equity
OPENING BALANCE AT JANUARY 01, 2009	**190,125**	**3,911**	**2,024**	**68,188**	**6,767**	**129**	**(11,565)**	**-**	**259,579**	**510**	**260,089**
Acquisition of own shares - held in treasury	-	-	-	-	-	-	(3,475)	-	(3,475)	-	(3,475)
Stock option plan	-	-	1,612	-	-	-	-	-	1,612	-	1,612
Adoption of International Financial Reporting Standards (IFRS)	-	-	-	(43,180)	-	-	-	-	(43,180)	-	(43,180)
Profit for the period	-	-	-	-	-	-	-	59,415	59,415	131	59,546
Proposed appropriation of income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(10,006)**	**(10,006)**	**-**	**(10,006)**
Interest on capital	-	-	-	-	-	-	-	(10,006)	(10,006)	-	(10,006)
AT SEPTEMBER 30, 2009	**190,125**	**3,911**	**3,636**	**25,008**	**6,767**	**129**	**(15,040)**	**49,409**	**263,945**	**641**	**264,586**

	Capital reserves			Revenue Reserves							
	Capital	Share Premium	Granting of stock options	Statutory	Legal	Tax incentive	Treasury stock	Retained earnings/ accumulat	Total	Non-controlling shareholders	Total Equity
OPENING BALANCE AT JANUARY 01, 2010	**284,611**	**518,338**	**4,054**	**51,523**	**10,953**	**129**	**-**	**-**	**869,608**	**663**	**870,271**
Acquisition of own shares - held in treasury	-	-	-	-	-	-	(10,451)	-	(10,451)	-	(10,451)
Cancellation of shares - held in treasury	-	-	-	-	-	-	-	-	-	-	-
Capital repayment	(248,000)	-	-	-	-	-	-	-	(248,000)	-	(248,000)
Incorporation of reserve	469,946	(469,946)	-	-	-	-	-	-	-	-	-
Adjustment due to merger of Sepao	-	-	-	-	-	-	-	17	17	-	17
Adjustment of goodwill on acquisition – Prontod	-	-	-	72	-	-	-	-	72	-	72
Stock option plan	-	-	(1,909)	-	-	-	10,451	-	8,542	-	8,542
Net income for the period	-	-	-	-	-	-	-	187,656	187,656	318	187,974
Proposed appropriation of income	**-**	**-**	**-**	**(16,430)**	**-**	**-**	**-**	**-**	**(16,430)**	**-**	**(16,430)**
Dividends	-	-	-	(16,430)	-	-	-	-	(16,430)	-	(16,430)
AT SEPTEMBER 30, 2010	**506,557**	**48,392**	**2,145**	**35,165**	**10,953**	**129**	**-**	**187,673**	**791,014**	**981**	**791,995**

39. Subsequent Events

On november, 10, 2010, approval was given by the board of directors for the distribuition of 56 as interim dividends and 32 as interest on own capital payalbe up to december 31, 2010.

Review Report of Independent Accountants

To the Board of Directors and Shareholders
Odontoprev S.A.

1 We have reviewed the accounting information included in the Quarterly Information (ITR) (parent company and consolidated) of Odontoprev S.A. (the "Company") and subsidiaries for the quarter ended in September 30, 2010, comprising the balance sheet and the statements of income, changes in equity and cash flows**,** explanatory notes and the performance report. This Quarterly Information is the responsibility of the Company's management.

2 Our review was carried out in accordance with specific standards established by the Institute of Independent Auditors of Brazil (IBRACON), in conjunction with the Federal Accounting Council (CFC), and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Company with regard to the main criteria adopted for the preparation of the Quarterly Information; and (b) a review of information and of subsequent events which have, or could have, significant effects on the financial position and operations of the Company and its subsidiaries.

3 Based on our limited review, we are not aware of any material modifications that should be made to the quarterly information of the parent company referred to above in order that it be stated in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), applicable to the preparation of the Quarterly Information, consistent with the standards issued by the Brazilian Securities Commission (CVM).

4 Based on our limited review, we are not aware of any material modifications that should be made to the consolidated quarterly information referred to above in order that it be stated in accordance with CPC 21 and International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB) applicable to the preparation of Quarterly Information, in accordance with the standards issued by the Brazilian Securities Commission (CVM).

5 We have also reviewed the parent company and consolidated interim statements of value added for the quarter ended in September 30, 2010, which are required to be presented in accordance with standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which does not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, we are not aware of any fact that leads us to believe that they are not properly prepared, in all material

respects, in relation to the parent company and consolidated interim accounting information taken as a whole.

6 The Quarterly Information (ITR), described in paragraph one, also includes comparative accounting information related to the results for the quarter ended September 30, 2009, obtained from the corresponding Quarterly Information (ITR) for that quarter. The limited review of the Quarterly Information (ITR) for the quarter ended September 30, 2009 was performed under the responsibility of other independent auditors, whose report, dated October 31, 2009, was issued without exceptions. As part of our limited review of the Quarterly Information (ITR), described in paragraph one, we have also reviewed the adjustments described in Note 35, which changed the accounting information as at September 30, 2009. Based on our limited review, we are not aware of any material modifications which should be made to these adjustments. We were not engaged to audit, review or apply any other procedures to the Company`s accounting information as at September 30, 2009 and, accordingly, we do not express an opinion or any form of assurance on the accounting information, at that date, taken as a whole.

7 As mentioned in Note 3, the Brazilian Securities Commission (CVM), through CVM Resolution 603/09, permitted companies to present their Quarterly Information during 2010 based on the accounting standards effective until December 31, 2009, provided that this Quarterly Information was subsequently restated, including comparative figures, to comply with the new standards. Accordingly, this Quarterly Information (ITR) differs from that originally disclosed by the Company.

São Paulo, May 9, 2011.

PricewaterhouseCoopers

Auditores Independentes

CRC 2SP000160/O-5

Edison Arisa Pereira

Contador CRC 1SP127241/O-0