(Convenience Translation into English from the Original Previously Issued in Portuguese)

Qualicorp S.A. (formerly "QC Holding I Participações S.A.") and Subsidiaries

Individual and Consolidated Interim Financial Statements for the Three-month Period Ended June 30, 2011 and Report on Review of Interim Financial Statements

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REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

To the Management and Shareholders of
Qualicorp S.A. (formerly "QC Holding I Participações S.A.")
São Paulo, SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial statements of Qualicorp S.A. (formerly "QC Holding I Participações S.A.") ("Company") and its subsidiaries, included in the Interim Financial Statements (ITR) form for the quarter ended June 30, 2011, which comprise the balance sheets as of June 30, 2011 and the statements of income for the quarter and six-month period then ended, statements of changes in equity and statements of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the individual interim financial information in accordance with CPC 21 - Interim Financial Reporting, and consolidated interim financial information in accordance with CPC 21 and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of this information in conformity with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Interim Financial Statements (ITR). Our responsibility is to express an opinion on these interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the Brazilian and international standards for review of interim financial statements (NBC TR 2410 - Review of Interim Financial Statements Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). The review of interim financial statements comprise inquiries, mainly to those persons responsible for the financial and accounting matters, and adoption of analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Therefore, we do not express an audit opinion.

Conclusion on the individual interim financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial information included in the interim financial statements above is not prepared, in all material respects, in accordance with CPC 21 applicable to the preparation of interim financial statements (ITR), and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

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Conclusion on the consolidated interim financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information included in the interim financial statements above is not prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of interim financial statements (ITR), and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Interim statements of value added

We have also reviewed the individual and consolidated interim financial statements of value added (DVA) for the six-month period ended June 30, 2011, the presentation of which in interim financial statements is required by CVM standards applicable to the preparation of Interim Financial Statements (ITR), and as supplemental information under IFRS that does not require a presentation of DVA. These statements were subjected to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not fairly presented, in all material respects, in relation to the individual and consolidated interim financial statements taken as a whole.

The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, August 12, 2011

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

José Barbosa da Silva Júnior
Engagement Partner

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(Convenience Translation into English from the Original Previously Issued in Portuguese)

QUALICORP S.A. (FORMERLY QC HOLDING I PARTICIPAÇÕES S.A.) AND SUBSIDIARIES

BALANCE SHEET AS OF JUNE 30, 2011
(In thousands of Brazilian reais - R$)

ASSETS	Note	06/30/2011 Company (BR GAAP)	06/30/2011 Consolidated (IFRS and BR GAAP)	12/31/2010 Company (BR GAAP)	12/31/2010 Consolidated (IFRS and BR GAAP)
CURRENT ASSETS					
Cash and cash equivalents	9.1	587	142,543	-	139,094
Short-term investments	9.2	-	10,617	-	6,521
Trade receivables	11	-	33,144	-	16,085
Other assets		285	21,307	-	15,691
Other financial assets	12.1	1	19,779	-	12,388
Other non-financial assets	12.2	284	1,528	-	3,303
Total current assets		872	207,611	-	177,391
NONCURRENT ASSETS					
Long-term assets:					
Trade receivables		-	595	-	421
Deferred income tax and social contribution	13	-	301,645	-	17,200
Other assets		95	3,376	-	4,315
Other financial assets	12.1	95	3,376	-	4,315
Total long-term assets		95	305,616	-	21,936
Investments	15	1,620,689	66	1,611,895	66
Property, plant and equipment	16	-	9,031	-	9,400
Intangible assets:					
Goodwill	17	-	1,017,553	-	1,298,601
Other intangible assets	17	-	1,051,847	-	945,737
Total noncurrent assets		1,620,784	2,384,113	1,611,895	2,275,740
TOTAL ASSETS		1,621,656	2,591,724	1,611,895	2,453,131

LIABILITIES AND EQUITY	Note	06/30/2011 Company (BR GAAP)	06/30/2011 Consolidated (IFRS and BR GAAP)	12/31/2010 Company (BR GAAP)	12/31/2010 Consolidated (IFRS and BR GAAP)
CURRENT LIABILITIES					
Debentures	18	-	57,257	-	56,719
Taxes payable	19	7,500	21,486	-	9,561
Premiums to be transferred	20	-	28,470	-	8,764
Financial transfers payable	21	-	5,080	-	4,384
Payroll and related taxes	22	54	21,483	-	17,876
Transferable prepayments	23	-	24,257	-	28,268
Related parties	14.1	36,586	36,586	-	-
Other payables	24	21,775	153,379	49	28,130
Total current liabilities		65,915	347,998	49	153,702
NONCURRENT LIABILITIES					
Debentures	18	-	354,743	-	354,074
Taxes payable	19	-	6,322	-	-
Deferred income tax and social contribution	13	-	276,182	-	288,446
Provision for risks	25	-	50,241	-	44,537
Deferred income		-	435	-	526
Others liabilities		-	62	-	-
Total noncurrent liabilities		-	687,985	-	687,583
EQUITY					
Capital	26	1,451,753	1,451,753	1,466,630	1,466,630
Capital reserves	26	30,696	30,696	17,192	17,192
Valuation adjustments to equity	26	145,044	145,044	145,044	145,044
Accumulated losses		(71,752)	(71,752)	(17,020)	(17,020)
Total equity		1,555,741	1,555,741	1,611,846	1,611,846
TOTAL LIABILITIES AND EQUITY		1,621,656	2,591,724	1,611,895	2,453,131

The accompanying notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

QUALICORP S.A. (FORMERLY QC HOLDING I PARTICIPAÇÕES S.A.) AND SUBSIDIARIES

INCOME STATEMENTS
FOR THE QUARTER AND SIX-MONTH PERIOD ENDED JUNE 30, 2011
(In thousands of Brazilian reais - R$, except loss per share)

	Note	QUARTER ENDED 06/30/2011		06/30/2011 (YTD)	
		Company (BR GAAP)	Consolidated (IFRS and BR GAAP)	Company (BR GAAP)	Consolidated (IFRS and BR GAAP)
NET OPERATING REVENUE	36.d	-	159,761	-	303,796
COST OF SERVICES	28	-	(43,332)	-	(80,330)
OPERATING INCOME (EXPENSES)					
Administrative expenses	29	(70,608)	(110,594)	(71,103)	(164,647)
Selling expenses	30	(656)	(36,139)	(656)	(68,706)
Losses on uncollectible receivables	31	-	(6,677)	-	(17,409)
Equity in subsidiaries	15	15,606	-	10,355	-
Other operating income (expenses), net	33	-	(957)	-	(2,623)
INCOME FROM OPERATIONS BEFORE FINANCIAL INCOME (EXPENSES)		(55,658)	(37,938)	(61,404)	(29,919)
Financial income	32	10	10,104	10	19,272
Financial expenses	32	(10)	(15,125)	(10)	(28,782)
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		(55,658)	(42,959)	(61,404)	(39,429)
INCOME TAX AND SOCIAL CONTRIBUTION	34	6,672	(6,027)	6,672	(15,303)
Current		-	502	-	(17,879)
Deferred		6,672	(6,529)	6,672	2,576
NET LOSS FOR THE PERIOD		(48,986)	(48,986)	(54,732)	(54,732)
LOSS PER SHARE - R$					
Arising from continuing operations-					
Basic (reais per share)		(0.1894)	(0.1894)	(0.2116)	(0.2116)

Note: The Company has no other comprehensive income in the current and prior years, and therefore does not present its statement of comprehensive income.

The accompanying notes are an integral part of these financial statements.

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QUALICORP S.A. (FORMERLY QC HOLDING I PARTICIPAÇÕES S.A.) AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY (COMPANY)
FOR THE SIX-MONTH PERIOD ENDED ON JUNE 30, 2011
(In thousands of Brazilian reais - R$)

	Note	Capital			Capital reserves	Valuation adjustments to equity		
		Paid-in capital	Unpaid capital	Expenses on shares issuance	Stock options granted	Fair value of merged shares	Accumulated losses	Total
BALANCES AS OF DECEMBER 31, 2010		1,470,330	-	(3,700)	17,192	145,044	(17,020)	1,611,846
Recognized options granted	27	-	-	-	13,504	-	-	13,504
Net loss of the period		-	-	-	-	-	(54,732)	(54,732)
Capital increase:								
Shares subscribed on June 29, 2011 and paid-in on July 1, 2011	26	353,853	(353,853)	(16,877)	-	-	-	(16,877)
Exercise of stock options in the period, paid-in	26	2,000	-	-	-	-	-	2,000
BALANCES AS OF JUNE 30, 2011		1,826,183	(353,853)	(20,577)	30,696	145,044	(71,752)	1,555,741

The accompanying notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

QUALICORP S.A. (FORMERLY QC HOLDING I PARTICIPAÇÕES S.A.) AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2011
(In thousands of Brazilian reais - R$)

		06/30/2011	
	Note	Company (BR GAAP)	Consolidated (IFRS and BR GAAP)
CASH FLOW FROM OPERATING ACTIVITIES			
Profit (losses) before income tax and social contribution		(61,404)	(39,429)
Adjustments by:			
Depreciation and amortization	29	19,625	59,293
Equity in subsidiaries	15	(10,355)	-
Gain (loss) on sale of property, plant and equipment and other assets		-	15
Stock options granted recognized	27	-	13,504
Financial income and expenses		-	28,369
Provision for risks		-	2,900
Expenses on share issuance		(2,156)	(2,156)
Adjusted profit (loss)		(54,290)	62,496
Increase in trade receivables			(16,354)
Increase in other assets		(380)	(4,008)
Decrease in taxes payable		7,500	12,664
Increase in premiums to be transferred		-	19,706
Increase in financial transfers payable		-	696
Decrease in payroll and related taxes		54	1,679
Increase in other payables		7,005	(800)
Increase in transferable prepayments		-	(4,011)
Increase in related parties		36,586	36,586
Decrease in deferred income		-	(91)
Cash provided by operating activities		(3,525)	108,563
Interest paid on taxes and trade payables		-	(46)
Dividends received from subsidiaries		11,540	-
Income tax and social contribution paid		-	(20,619)
Net cash provided by operating activities		8,015	87,898
CASH FLOW FROM INVESTING ACTIVITIES			
Capital increase in subsidiaries		(8,809)	-
Acquisition of investments		(619)	-
Increase in short-term investments		-	(4,096)
Investments in intangible assets		-	(53,515)
Purchase of property, plant and equipment		-	(1,287)
Amount paid in acquisition (Medlink), less cash acquired		-	(435)
Net cash used in investing activities		(9,428)	(59,333)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of debentures		-	(27,116)
Capital increase		2,000	2,000
Cash provided by (used in) financing activities		2,000	(25,116)
INCREASE IN CASH AND CASH EQUIVALENTS, NET		587	3,449
Cash and cash equivalents at beginning of period		-	139,094
Cash and cash equivalents at end of period	9.1	587	142,543

The accompanying notes are an integral part of these financial statements.

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QUALICORP S.A. (FORMERLY QC HOLDING I PARTICIPAÇÕES S.A.) AND SUBSIDIARIES

STATEMENTS OF VALUE ADDED
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2011
(In thousands of Brazilian reais - R$)

	Note	06/30/2011	
		Company	Consolidated
REVENUES			
Revenue from services		-	346,644
Other operating income		-	(2,609)
Allowance for doubtful accounts, cancellations and returns		-	(20,516)
Total revenue		-	323,519
INPUTS PURCHASED FROM THIRD PARTIES			
Cost of services		-	(60,777)
Supplies, power, outside services and other		(6,572)	(63,494)
Other operating expenses		(713)	(5,136)
Total inputs purchased from third parties		(7,285)	(129,407)
GROSS VALUE ADDED		(7,285)	194,112
RETENTIONS			
Depreciation and amortization (Note 25)	25	(19,625)	(59,293)
WEALTH CREATED BY THE COMPANY		(26,910)	134,819
WEALTH RECEIVED IN TRANSFER			
Financial income		10	19,272
Equity in subsidiaries		10,355	-
Total wealth received in transfer		10,365	19,272
DISTRIBUTION OF WEALTH		(16,545)	154,091
WEALTH DISTRIBUTED			
Employees		37,295	102,793
Taxes and contributions		765	74,345
Interest on third parties' capital		127	31,685
Loss of the period		(54,732)	(54,732)
Wealth distributed		(16,545)	154,091

The accompanying notes are an integral part of these financial statements.

1. GENERAL INFORMATION

a) Operations

Qualicorp S.A. ("Company", whose corporate name was QC Holding I Participações S.A. until March 3, 2011) is a corporation that was established on May 19, 2010 and started operations on July 1, 2010, with headquarters in the State of São Paulo. The Company is engaged in holding equity interests, as partner or shareholder, in other companies, unincorporated or incorporated, in commercial projects of any nature.

The Company and its subsidiaries, ("Group" or "Qualicorp Group") is engaged in brokerage, intermediation, consulting, management and stipulation through its direct subsidiaries. Its activities comprise: (a) private healthcare plans, whose service providers include group medical organizations, specialized health insurers, medical cooperatives, self-managed entities, charity institutions, dental cooperatives and group dentists (healthcare operators); and (b) sale and management of other health insurance and supplementary services. Private health plans and other insurances and supplementary services are collectively referred to as "benefits". The Qualicorp Group develops its activities in the market segments known as Affinity and Corporate Groups. The Affinity groups segment has activities related to the support, management, stipulation, brokerage and/or intermediation of collective adhesion benefits focused on professional associations (unions, associations, regional councils, etc.) and corporate segment activities ("corporate") is related to the brokerage and intermediation of collective corporate benefits and also operates in this segment as a provider of specialized services in the consulting area, helping manage the benefits contracted by its clients.

Beginning April 1, 2011, with the acquisition of 100% of the capital of Medlink Conectividade em Saúde Ltda. (see note 8.c for further details), the Qualicorp Group started to offer capture, routing, authorization, and billing services of medical, hospital, and related services provided by service providers accredited by healthcare plan operators, by making available information online and in real time, permitting the management of the portfolio risk through monitoring and controls before the services are provided, and consisting of a network of data collection devices that, through an electronic transaction, simplifies and expedites the capture of information on services, issuing a previous service authorization and processing of the relevant billing.

The operations are conducted by the Company and its subsidiaries as a group of companies ("Qualicorp Group"), operating through integrated processes in the benefits market, using the same operating structure. The synergies resulting from services rendered as well as related operating and administrative costs are absorbed by the companies, either jointly or individually, on a practicable and reasonable basis.

b) General information on the startup of activities

The Company started operations after indirectly acquiring 100% of the controlling interest in Qualicorp Participações S.A. ("Qualicorp Participações"), through its wholly-owned subsidiary QC Holding II Participações S.A.

Qualicorp Participações was the direct controller of Qualicorp Administradora de Benefícios S.A., Qualicorp Corretora de Seguros S.A., Qualicorp Consultoria em Saúde Ltda., Qualicorp Administração e Serviços Ltda. and Convergente Consultoria e Corretora de Seguros Ltda., whose equity investments represent basically all of its assets.

On July 12, 2010, a stock purchase agreement was entered into with Qualicorp S.A. (formerly QC Holding I Participações S.A. ("QC I)" and QC Holding II Participações S.A. ("QC II"), the Carlyle Group companies (a leading U.S. asset management group). The acquisition was completed on September 1, 2010, subject to the satisfaction of certain conditions set forth in the Stock Purchase Agreement, thus generating the following financial and corporate impacts on Qualicorp Group.

On August 17, 2010, QC II issued simple, nonconvertible debentures in the amount of R$308 million, intended for the acquisition of the "Qualicorp Participações" shares and the payment of costs and expenses relating to such acquisition, with characteristics similar to the issue mentioned in note 18, whose guarantors were subsidiaries Qualicorp Corretora de Seguros S.A., Qualicorp Administração e Serviços Ltda. and Qualicorp Administradora de Benefícios S.A., whose funds were received on August 31, 2010.

Seripatri Participações Ltda. withdrew as shareholder of Qualicorp Corretora de Seguros S.A., Qualicorp Administradora de Benefícios S.A., Qualicorp Administração e Serviços Ltda., Qualicorp Consultoria em Saúde Ltda., and Convergente Consultoria e Corretora de Seguros Ltda. in August 2010.

The capital stock of the subsidiaries in now fully held by Qualicorp Participações.

Pursuant to the Extraordinary Shareholders' Meeting and Board of Directors' Meeting of Qualicorp Participações, both held on September 1, 2010 (a) the preferred shares of Qualicorp Participações were converted into common shares, totaling 8,329,172 common shares; and (b) the shareholders authorized the issue of new common shares (80,377 shares) due to the accelerated exercise of the options by certain beneficiaries, and also (c) the buyback and cancellation of such shares based on the price and conditions described in the respective exercise deeds.

Immediately prior to the transaction, on September 1, 2010, BUCKS Fundo de Investmentos em Participações increased the Company's capital by the amount of approximately R$1,107,704. Thereafter, also on September 1, 2010, this amount was contributed by the Company to its subsidiary QC II through capital increase, as approved at the Annual Shareholders' Meeting (AGE) held at that date.

By using the funds contributed through capital increase and a portion of the funds obtained through the issuance of debentures, QC II acquired a 72.96% interest in the Qualicorp Participações, at the amount of R$1,407,133, including an escrow deposit of R$52,704.

At the same date, the remaining shares of Qualicorp Participações were merged into QC II at the fair value of R$507,669 (31.41% of the fair value of QCII's shareholders' equity) and, immediately thereafter, these shares held by QC II were merged into the Company, a swap ratio through which the former controlling shareholder of Qualicorp Participações, after the aforementioned acquisition, that held a 27.04% interest in the Company started to hold at the end of the transaction a 31.41% stake in the Company- the new holding company of Qualicorp Group after the transaction with Carlyle.

The controlling shareholder of Qualicorp Participações became a noncontrolling shareholder in the Company; however, it assumed the positions of Chairman of the Board of Directors and Chief Executive Officer for the Company.

The Company understands that all contractual commitments related to the acquisition have been fulfilled and there will be no future financial or accounting adjustments that may change business combination amounts.

QCII, based on a financial and economic appraisal report (*) and purchase price allocation study - PPA (**) prepared by a specialized firm, allocated the fair value of the assets acquired and liabilities assumed in Qualicorp Participações according to the methodology above, as follows:

Net assets (liabilities) acquired	Carrying amount	Adjustments	Fair value at acquisition date
Current assets, including cash and cash equivalents of R$145,362	172,590	-	172,590
Noncurrent assets	271,149	-	271,149
Fair value of intangible assets - relationship with customers (note 17)	-	785,000	785,000
Current liabilities	(108,216)	-	(108,216)
Noncurrent liabilities	(153,822)	-	(153,822)
Noncurrent liabilities - deferred income tax and social contribution on the fair value of intangible assets - relationship with customers - 34%	-	(266,900)	(266,900)
Net assets (liabilities) acquired	181,701	518,100	699,801
Goodwill - future earnings, which might be deductible for tax purposes, pursuant to the prevailing legislation (note 17)	-	1,215,000	1,215,000
Total	181,701	1,733,100	1,914,801

(*) Methodology used: discounted cash flow.

(**) The methodology used considered the analysis of the business model, business plan, existing rights and licenses, value drivers, future economic benefits, and definition, identification and estimate of the value of intangible assets and goodwill.

The Meeting of the Board of Directors (RCA) was also held on September 1, 2010 to replace of the Stock Option Plan for Qualicorp Participações officers transferred to the Company. The previous remaining plan, calculated at R$24,481, for a period of 10 years, was transferred to the Company at a fair value of R$45,854, considering the new assumptions for the replaced plan, the difference in the fair value corresponding to the vesting portion already incurred through September 1, 2010 in the amount of R$4,346 was recorded as goodwill as a contra entry to "Capital reserve - Options granted and recognized", and the remaining amount will be recognized over the Plan's useful life.

c) Subsidiaries' corporate restructuring in March 2011

On March 31, 2011, the following corporate events were conducted in the Company's direct and indirect wholly-owned subsidiaries:

- Downstream merger of QC Holding II into its wholly-owned subsidiary Qualicorp Participações. The effects of the downstream merger, among others, were the dissolution of QC Holding II and the assumption of debenture debt by Qualicorp Participações, originally assumed by QC Holding II.

- Total spin-off of Qualicorp Participações on the same date. The spun-off portions of its net equity were transferred to operating companies directly controlled by Qualicorp Participações: Qualicorp Administradora de Benefícios S.A., Qualicorp Corretora de Seguros S.A., Qualicorp Consultoria em Saúde Ltda. and Qualicorp Administração e Serviços Ltda., the effects of which, among others, are the dissolution of Qualicorp Participações and the assumption of debts by Qualicorp Administradora de Benefícios S.A. and Qualicorp Corretora de Seguros S.A., which were originally assumed by QC Holding II and transferred to Qualicorp Participações due to the merger mentioned above.

The main objectives and events arising from this merger and spin-off according to Agreements for the Merger and Spin-Off of Shares, respectively, are:

- The merger of QC Holding II into Qualicorp Participações, and the total spin-off of Qualicorp Participações to its operating subsidiaries, comply with the interests of Qualicorp Participações, QC Holding II, the subsidiaries, as well as their shareholders, given that the merger and spin-off will enable the streamlining and consolidation of activities currently performed by the companies, simplifying operations, improving synergies and reducing costs and expenses by optimizing the current administrative structure, in addition to facilitating the access to capital markets of the other companies of the Group.

- Furthermore, given that QC Holding II assumed several debts, the merger and the following total spin-off of Qualicorp Participações aimed at transferring such debts to direct subsidiaries Qualicorp Administradora de Benefícios and Qualicorp Corretora, which are more capable of generating cash flow.

- The implementation of the proposed transaction will allow the establishment of global goals for the activities performed by the subsidiaries of Qualicorp Group. Currently, the maintenance of QC Holding II and Qualicorp Participações in the corporate structure is not justified, given that, after the events mentioned above, both companies were dissolved and their equity interests are now directly and fully held by the Company, which previously controlled these companies fully and indirectly.

- As a result of the merger followed by the total spin-off, operating subsidiaries will succeed Qualicorp Participações, and, consequently, QC Holding II, in all of their assets, rights and obligations, as prescribed by article 227 of the Brazilian Corporate Law, in accordance with the respective spun-off portions of net equity transferred to one of the subsidiaries.

- The shareholders' equity of the subsidiary involved in the merger and spin-off transactions was valued at the carrying amount of its assets and liabilities, based on the balance sheet as of December 31, 2010, pursuant to the Merger Appraisal Reports approved by the Extraordinary Shareholders Meeting held on March 31, 2011.

- Changes in QC Holding II's equity between the reporting date and the date of the Merger have been reflected and allocated into Qualicorp Participações. Changes in Qualicorp Participações' equity between the reporting date and the date of the spin-off have been reflected and allocated into one of the operating subsidiaries, according to the spun-off portion of the net equity transferred to each subsidiary.

- The main accounting effects from the merger and total spin-off were:

  – At operating subsidiaries: due to the downstream merger and spin-off mentioned above, subsidiaries received net assets of R$22,508, net of the adjusted tax benefit of R$294,134, corresponding to the difference between goodwill paid and the provision recorded pursuant to the CVM Instruction 319 and CVM Resolution 618 - "ICPC 09". (The effects of the merger and spin-off are shown in note 15.a).

  – At the Company: the effects of the merger and spin-off were eliminated to maintain the carrying amounts of investments without the effects of adjustments arising from the corporate restructuring of its subsidiaries, so that the Company's individual and consolidated financial statements would not be changed, except the transfer of the portion of the tax benefit for deferred income tax and social contribution in the consolidated.

d) Seasonality

In the normal course of their activities, the Company and its subsidiaries are not subject to seasonal income and costs.

2. PRESENTATION OF INTERIM FINANCIAL INFORMATION

2.1. Statement of compliance

The Company's interim financial information comprises:

- The interim financial information prepared in accordance with CPC 21 - Interim Financial Reporting and IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board ("IASB").

- The Parent company's interim financial information prepared in accordance with CPC 21 - Interim Financial Reporting.

The accounting practices adopted in Brazil comprise the Brazilian Corporate Law and the pronouncements, instructions and interpretations issued by the Accounting Pronouncement Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM).

2.2. Basis of presentation

The interim financial information has been prepared based on the historical cost, except for certain financial instruments measured at their fair values, as described in the following accounting practices. The historical cost is generally based on the fair value of the consideration paid in exchange for assets.

The main accounting practices adopted by the Company and its subsidiaries are disclosed in note 3 to the interim financial information.

2.3. Statement of value added

This statement shows the wealth generated by the Company and its distribution during a specific period and is presented by the Company, as required by the Brazilian Corporate Law, as an integral part of its interim financial information and supplementary information to the consolidated interim financial information, since this statement is neither required nor mandatory under the IFRSs.

The statement of value added was prepared based on information obtained in the same accounting records used to prepare the interim financial information and pursuant to the provisions of CPC 09 - Statement of Value Added. The first part of the DVA presents the wealth generated by the Company, represented by revenues, inputs acquired from third parties and the value added received from third parties.

The second part of the statement of value added presents the distribution of wealth among personnel, taxes, fees and contributions, lenders and lessors, and shareholders.

3. SIGNIFICANT ACCOUNTING POLICIES

a) General principles

Assets, liabilities, income and expenses are stated on the accrual basis. Sales revenue is recognized in the income statement when services are provided. Sales revenue is stated net of deductions, including tax on sales.

Receivables and payables with maturities of more than 12 months are recorded in noncurrent assets and liabilities, respectively.

Financial instruments

Financial assets and financial liabilities are recognized when a Qualicorp Group entity is a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially recognized at their notional amounts, which approximate the present value, considering that transactions mature within up to 30 days, thus having an immaterial impact on the financial information. The fair value of financial assets and financial liabilities is added to or deducted from the transaction costs directly attributable to the purchase or issue of such financial assets and financial liabilities (except for financial assets and financial liabilities recognized at fair value in profit or loss) after initial recognition, when applicable. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are immediately recognized in profit or loss.

Financial assets

Financial assets are classified in the following specific categories: (1) financial assets measured at fair value trough profit or loss; (2) held-to-maturity investments; (3) available--for-sale financial assets; and (4) loans and receivables. Such classification depends on the nature and purpose of the financial assets and is determined upon initial recognition. All regular way purchases or sales of financial assets are recognized or derecognized on the trade date. Regular way purchases or sales of financial assets correspond to those requiring the delivery of assets within a period established by standard or market practices.

Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading or designated at fair value through profit or loss.

- A financial asset is classified as held for trading if it is:
- Acquired mainly for being sold in the short term; or
- At initial recognition, part of a portfolio of identified financial instruments jointly managed by the Company and for which there is a recent actual pattern of short-term profit-taking; or
- A derivative that is not designated as an effective hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value and any gains or losses are recognized in income or loss.

Held-to-maturity investments

Held-to-maturity investments refer to nonderivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has a positive intention or ability to hold to maturity. After initial recognition, held-to-maturity investments are stated at amortized cost using the effective interest rate method, less possible impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets correspond to nonderivative financial assets designated as “available for sale” or not classified as: (a) loans and receivables, (b) held-to-maturity investments, or (c) financial assets at fair value through profit or loss.

Available-for-sale short-term investments are stated at fair value at the reporting date. Interest income calculated under the effective interest method is recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized as “other comprehensive income (loss)”, when applicable, and accumulated under the “investment revaluation reserve”. When the investment is sold or impaired, cumulative gains or losses, previously recognized under the “investment revaluation reserve” is reclassified to income (loss).

Loans and receivables

Loans and receivables are represented by nonderivative financial assets with fixed or determinable payments that are not quoted in an active market.

Financial assets classified by the Group as receivables comprise mainly cash and cash equivalents, trade accounts receivable and other receivables.

Financial liabilities

Financial liabilities are classified either as ‘financial liabilities at fair value through profit or loss’ or ‘other financial liabilities’.

The Company has no liabilities classified as “financial liabilities at fair value through profit or loss”.

Other financial liabilities

Other financial liabilities (including debentures) are measured at the amortized cost using the effective interest method.

The effective interest method is used to calculate the amortized cost of a financial liability and allocate its interest expense to the related period. The effective interest rate is the rate that discounts precisely the future cash flows (including fees paid or received that are an integral part of the effective interest rate, transaction costs and other premiums or discounts) throughout the estimated useful life of the financial liability or, when applicable, over a shorter period, for the initial recognition of the net carrying amount.

The Company derecognizes financial liabilities only when the Company’s obligations are discharged and cancelled or when they expire. The difference between the carrying amount of the derecognized financial liability and consideration paid and payable is recognized in the income statement.

b) Cash and cash equivalents

Include cash, banks and short-term investments. Highly-liquid short-term investments are stated at cost plus income earned through the balance sheet date and subject to immaterial risk of change in value.

c) Trade receivables, allowance for doubtful accounts, premiums to be transferred and financial transfers payable

In managing group adhesion agreements executed by third parties and stipulating group adhesion agreements (in which subsidiary Qualicorp Administradora de Benefícios is the policyholder), the Qualicorp Group collects amounts from clients by the are transfers them to healthcare operators and insurance companies, by settling the related invoices, regardless of the receipt (such transactions involve a credit risk of Qualicorp Group client default), except cases where the credit risk remains with the Seguradora/HMO. These transactions, with and without credit risk, are recorded in ‘Trade receivables’, in assets, as a balancing item of ‘Premiums to be transferred’ (amounts payable to healthcare and insurance companies) and ‘Financial transfers payable’ (amounts payable to entities) in liabilities, and in income statement accounts related to administrations fees and financial transfers, as mentioned in note 3.k).

Advances from customers are recorded in 'Transferable prepayments', in liabilities.

d) The allowance for doubtful accounts is recognized based on estimated losses in an amount considered sufficient to cover any losses on the realization of trade receivables. On transactions in which the Company and/or its subsidiaries assume the credit risk, accounts over 60 days past due are written off as losses on uncollectible receivables when they are not expected to be collected, and recorded as revenue from recovered receivables when actually received.

e) Business combination and investments in subsidiaries

Consolidated interim financial information

Business acquisitions are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated by adding the fair values of the transferred, including the fair value of intangible assets relating to customers' relationship, computer software, the liabilities incurred on the date of acquisition to the former owners of the acquiree and the equity issued by the Company in exchange for the control of the acquiree.

Goodwill corresponds to an asset corresponding to future economic benefits ("future earnings") arising from other assets acquired in a business combination, which are not identified individually or recognized separately; accordingly, it is measured as the excess of the sum of the consideration transferred over the net amounts on the acquisition date of the identifiable assets acquired and liabilities assumed.

If, after measurement, the net amounts of identifiable assets acquired and liabilities assumed on acquisition date are higher than the sum of the consideration transferred, the gain is immediately recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. These provisional amounts are adjusted during the measurement period or additional assets or liabilities are recognize to reflect new information obtained about facts and circumstances that existed as at the acquisition date and, if known, would have affected the measurement of the amounts recognized as at that date.

Individual interim financial information

In the individual interim financial information, the Company applies the requirements of ICPC Technical Interpretation 09, which requires that any amount in excess of the acquisition cost on the Company's interest in the fair value of identifiable assets, liabilities and contingent liabilities of the acquired company on the acquisition date is recognized as goodwill. Goodwill is added to the investment's carrying amount. Any amount of the Company's interest in the fair value of identifiable assets, liabilities and contingent liabilities in excess of the acquisition cost, after revaluation, is immediately recognized as profit or loss.

Consideration transferred and the net fair value of assets and liabilities are measured using the same criteria applicable to the consolidated interim financial information, described above.

Investments in subsidiaries are accounted for under the equity method in the Company's individual interim financial information.

f) Property, plant and equipment

Stated at cost of purchase. Stated at cost, less accumulated depreciation calculated under the straight-line method based on the estimated useful lives of the assets, except for leasehold improvements, which are amortized over the lease term. See note 16.

The residual value of property, plant and equipment is written off immediately at their recoverable value when the residual balance exceeds the recoverable value, as established in note 3.h).

Based on the nature of assets, acquisition costs, related residual amounts, and the remaining useful lives of assets, Management understands that it is not necessary to adjust the amounts of property, plant and equipment to deemed cost on the first-time adoption of CPCs.

g) Intangible assets

Mainly represented by: (i) goodwill amounts paid in the acquisition of subsidiaries (*); (ii) amounts allocated in view of relationship with customers paid in the acquisition of investments of subsidiaries (*); (iii) expenses on the acquisition of portfolios from third parties; and (iv) software license and development of software paid to third parties. Intangible assets are stated at acquisition cost, less cumulative amortization and impairment losses, when applicable. The amortization of intangible assets with definite useful lives is calculated under the straight-line method based on the term over which the asset will generate future economic benefits, as mentioned in note 17. The residual value of intangible assets is written off immediately at their recoverable value when the residual balance exceeds the recoverable value, as established in note 3.h).

(*) In the individual interim financial information, these amounts are stated under "investments in subsidiaries", net of amortization and write-offs.

h) Impairment of assets

At the end of each year and on the interim periods, Qualicorp Group reviews the carrying amount of its tangible and intangible assets with definite useful lives to determine whether there is any indication of impairment loss. If such indication exists, the recoverable amount of the asset is estimated to measure the impairment loss, if any. When it is not possible to estimate the recoverable amount of an asset, the Group calculates the recoverable amount of the cash-generating unit of the asset. When a reasonable and consistent allocation basis can be identified, corporate assets are also allocated to the individual cash-generating unit or the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives (goodwill) or not yet ready for use are tested for impairment at least annually or when there is any indication that such assets may be impaired.

The recoverable amount is the higher of the fair value less costs to sell or the value in use. Estimated future cash flows are discounted to present value to determine the value-in-use at the pretax discount rate that reflects a current market assessment rate of the time value of money and the specific risks for the asset for which the future cash flow estimate was not adjusted.

If the calculated recoverable value of an asset (or cash generating unit) is lower than its carrying amount, then the carrying amount is reduced to its recoverable amount. Impairment losses are immediately recognized in the income statement.

Impairment losses on goodwill are not reversed in subsequent periods. However, for other tangible and intangible assets, when an impairment loss is subsequently reversed, the carrying amount of the asset (or cash generating unit) increases to match the revised estimate of its recoverable value, provided that it does not exceed the carrying amount that would have been determined if no impairment loss had been recognized for the asset (or cash generating unit) in prior years. The reversal of the impairment loss is immediately recognized in the income statement.

i) Transaction costs incurred in fund raising

The transaction costs incurred and directly attributable to the activities exclusively required for the raising of own funds are directly recorded in shareholders' equity as a deduction of capital - 'Expenses on share issuance'.

j) Debentures

Debentures is represented by funds raised through the issue of debentures, which are stated at the adjusted amount of financial charges, calculated based on the interest rates, plus transaction costs.

The transaction costs incurred and directly attributable to the activities exclusively required for raising capital - through the contracting of debt instruments - debentures, are directly recorded to debentures and amortized in income for the transaction term.

k) Revenue and expense recognition

1) Revenue from the intermediation of sales of insurance policies and healthcare and dental plans to beneficiaries are recorded when sales are realized, that is in the month the amounts payable by insurance and healthcare companies are settled. The main revenues are as follows:

- Revenue from agency services: refers to the single payment directly made to insurance and healthcare companies on the amount of new sales, including the registration fee paid by the beneficiaries to subsidiary Qualicorp Corretora de Seguros S.A. when they join the plan (revenue from group adhesion contracts) when the sale is made by the Company's own team, which allocated and received by said subsidiary.

- Revenue from brokers' fees: refers to brokerage on insurance and healthcare and dental plan sales, which is allocated and received on a monthly basis by Qualicorp Corretora.

2) Revenue from financial transfers with contract stipulation: refers to the monthly payment made by healthcare and insurance companies related to insurance stipulation services or contracting of benefit plans, which is allocated and received on a monthly basis by subsidiary Qualicorp Administradora de Benefícios Ltda.

3) Revenue from management fees: refers to the monthly payment made and/or stipulation of the health care and dental lines of group adhesion agreements, carried out by subsidiary Qualicorp Administradora de Benefícios Ltda. and the monthly consideration of the life, bodily injury, and pension fund insurance stipulation activity carried out by Qualicorp Administração e Serviços Ltda.

4) Revenue from benefit management and health prevention consulting services: refers to the monthly consideration for health management services provided by subsidiary Qualicorp Consultoria em Saúde Ltda.

5) Revenue from benefit management consulting: refers to the monthly consideration for consulting services provided to corporate clients by subsidiaries Qualicorp Administração e Serviços Ltda. and Qualicorp Corretora de Seguros S.A.

6) Connectivity Systems Revenue: corresponds to the monthly consideration for connectivity systems architecture services provided to corporate clients by subsidiary Medlink Conectividade em Saúde Ltda.

l) Taxation

Income tax is calculated at the rate of 15%, plus a 10% surtax on annual taxable income exceeding R$240. Social contribution is calculated at the rate of 9% on adjusted net income.

Certain subsidiaries follow the deemed income regime, at the rate of 32% on gross operating revenue plus financial income.

Additionally, we recognize (a) a provision for income and social contribution taxes and on temporary differences and (b) tax credits on temporary differences based on the assumption that the Company will be capable of generating sufficient future taxable income to offset these credits, as mentioned in note 13. An allowance for losses is recorded when there is no strong evidence of realization of balances.

The Company and its subsidiaries opted for the Transitional Tax Regime (RTT) created by Law 11941/09, under which the calculation of corporate income tax, social contribution on net income, and taxes on revenue (PIS and COFINS) continues to be based on the methods and criteria set out by Law 6404/76, in effect on December 31, 2007.

m) Reserve for tax, civil and labor risks

Provision for risks are recognized in the financial statements when the risk of loss on a judicial or administrative proceeding is assessed by the in-house legal counsel and Management as probable, with probable outflow of funds to settle obligations, and when the amounts involved can be reliably measured.

Legal, tax and social security obligations refer to lawsuits challenging the legality and constitutionality of certain taxes. The amounts in dispute are recorded in the financial statements and adjusted in accordance with tax legislation.

n) Profit sharing and stock options

Management and employee compensation that is not defined directly and proportionally based on the Company's profit is classified as operating cost or expense. The Company and its subsidiaries, based on these requirements, adopt the following procedures: (i) they classify employee and management profit sharing expenses in administrative expenses; and (ii) they calculate the proportional allocation to each subsidiary and recognize in administrative expenses all estimated costs for stock options granted under share-based payment contracts existing (see note 27). These administrative expenses are carried as a balancing item to Capital reserve - options granted and recognized.

o) Basic and diluted earnings per share

Calculated by dividing profit for the period attributed to Company shareholders by the weighted average of the number of paid-in shares outstanding at the end of the reporting period.

Due to the loss recorded during the six months ended June 30, 2011, these shares have anti dilutive effect.

p) Accounting for dividends

Dividends paid and proposed in the period are accounted for as prescribed by ICPC 08, Accounting for Proposed Dividends Payment, and the provisions of the Brazilian Corporate Law.

4. MAIN ESTIMATES AND JUDGMENTS

In applying Qualicorp Group's accounting policies described in note 3, Management makes judgments and estimates regarding the reported assets' and liabilities' carrying amounts which are not easily obtained from other sources. Estimates and respective assumptions are based on past experience and other factors deemed relevant. Actual results may differ from these estimates.

Underlying estimates and assumptions are constantly reviewed. The effects from reviews of accounting estimates are recognized in the period the estimates are reviewed, if the review affects only that period, or also in subsequent periods, if the review affects both current and future periods.

a) The areas that involve judgment or use of estimates material to the interim financial information are disclosed below. The interim financial information has been prepared based on the historical cost and, when applicable, adjusted to reflect the fair value of transactions.

b) In this context, estimates and assumptions are continually assessed by Qualicorp Group's management and are based on past experience and several other factors that are considered as reasonable and material.

The Qualicorp Group use assumptions and makes forward-looking estimates to provide an understanding of how the Company forms its judgments about future events, including the variables and assumptions underlying the estimates, which require the use of judgments about the effects of inherently uncertain issues relating to the carrying amount of its assets and liabilities. Actual results usually differ from estimates.

In applying the abovementioned accounting practices, the Company's and its subsidiaries' management adopted the following assumptions that could have an impact on the interim financial information:

a) Deferred income tax and social contribution

The liability method (according to the concept described in "IAS 12 - Liability Method", equivalent to CPC 32) of accounting for income tax and social contribution is used for deferred income tax arising from temporary differences between the carrying amount and the tax base of assets and liabilities. Deferred income tax assets are revised on each reporting date and decreased by the amount that is no longer realizable through future taxable income. Deferred income tax assets and liabilities are calculated using tax rates applicable to taxable income in the years in which those temporary differences are expected to be realized. Future taxable income may be higher or lower than estimates made when determining whether it is necessary to record a tax asset and the amount to be recorded.

b) Tax credits on tax loss carryforwards are based on projected taxable income, pursuant to technical feasibility studies, annually submitted to Board of Directors. These studies consider the historical profitability of the Company and its subsidiaries and the expectation of continuous profitability and estimated the recovery of credits in future years. The other tax credits arising from temporary differences, mainly reserve for tax contingencies, and provision for losses, were recognized according to their estimate of realization.

c) Impairment of long-lived assets

There are specific rules to test the impairment of long-lives assets, in particular property, plant and equipment, goodwill and other intangible assets. At the year-end, the Company makes an assessment to determine if there is any evidence that long-lived assets may be impaired. No evidence of impairment was identified through the reporting dates.

The recoverable amount of an asset is the higher of: (i) its fair value less estimated costs to sell; and (ii) its value in use. Value in use is measured based on the pretax discounted cash flows arising from the continuous use of an asset until the end of its useful life. No asset presented a recoverable amount higher than its residual amount through the reporting dates.

d) The Company tests annually goodwill on investments for impairment, using reasonable market practices, including discounted cash flows, in order to compare the carrying amount with the recoverable amount of assets.

Goodwill is tested for impairment based on the analysis and identification of facts and circumstances that could result in the need to advance the annual test. The test is advanced if any fact or circumstance indicates that the impairment testing of goodwill is affected.

Tests conducted did not identify the need to recognized new impairment losses on goodwill.

e) Provision for tax, civil and labor risks

The Company is a party to several lawsuits and administrative proceedings and is subject to potential risks for which no lawsuit was filed, as mentioned in note 25. Reserves are recognized for all contingent liabilities arising from lawsuits and potential risks that represent probable losses that can be reliably estimated. The likelihood of loss is assessed based on available evidences, the hierarchy of laws, jurisprudence available, most recent court decisions, and their relevance within the legal system, and the assessment made by our outside legal counsel. Management believes that these reserves for tax, civil, and labor contingent liabilities are fairly presented in the interim financial information.

f) Allowance for doubtful accounts

The allowance for doubtful accounts, as stated in note 3.d) is considered sufficient by management to cover probable losses.

5. FINANCIAL INSTRUMENTS

a) Fair value of financial instruments

Due to the nature of its activities, Management understands that the carrying amounts of financial assets and financial liabilities recognized in the interim financial information approximate their fair values.

As at June 30, 2011 and December 31, 2010, the Company had no derivative contracts for hedging or speculative purposes.

b) Management of the main risks

The Company conducts benefit stipulation and management, brokerage, and consulting transactions through its direct subsidiaries, basically in the health insurance and healthcare and dental plans segments.

The main risks arising from the business of the Company and its subsidiaries are the risk of credit, interest rate, liquidity and capital risks. The management of these risks involves different departments and comprises a series of fund allocation strategies and policies considered appropriate.

Considering that the Company has internal controls that guarantee compliance with these strategies and policies, the results obtained meet the objectives established by its management.

Credit risk

The credit risk arises from the fact that the Company and its direct subsidiaries may be required to pay the healthcare/insurance companies' invoices in view of plan/insurance installments past due and not paid by beneficiaries. In order to mitigate such risk, the Company cancels defaulting beneficiaries pursuant to the contract term, which are mostly cancelled after 30 days of default counted from the maturity date.

The method adopted to calculate the allowance for doubtful accounts and write-off of uncollectible amounts is described in note 3.d).

Financial instruments interest rate risk

This risk arises from the possibility of the Company incurring losses (or gains) due to fluctuations in the interest rates applicable to its assets and liabilities raised (invested) in the market. As at June 30, 2011 and December 31, 2010, assets and liabilities subject to interest rate variation, based on the interbank deposit rate (CDI) variation, are as follows:

			June 2011		December 2010	
Line item	Balance sheet accounts	Notes	Company (BR GAAP)	Consolidated (BR GAAP)	Company (BR GAAP)	Consolidated (BR GAAP)
Short-term investments and highly-liquid	Current assets	9.1	582	126,733	-	136,293
Short-term investments	Current and noncurrent liabilities	9.2	-	10,617	-	6,521
Debentures	Current and noncurrent liabilities	18	-	(412,000)	-	(410,793)
Total exposure			582	(274,650)	-	(267,979)

i) Short-term investments are mainly realized based on effectively negotiated yield rates pegged to the interbank deposit rate (CDI) rate and reflect usual market conditions on the balance sheet dates, as described in note 9.

The policy for short-term investments adopted by the Company's management establishes financial institutions with which the Company and its subsidiaries can do business, fund allocation limits, and objectives. The Company uses the criterion of investing its funds in sound institutions with "AAA" to "BBB" rating, i.e., banks that present financial soundness from exceptional to adequate. It does this through direct asset purchases, such as private sector securities and investment fund units seeking a return close to the CDI rate on highly liquid and safe investments.

ii) Debentures issued by the Qualicorp Group yield interest corresponding to 100% of the accumulated variation of the daily over average rates of Interbank Deposits (DI) expressed in percentage rates per year, corresponding to 252 business days (CETIP), plus a spread of 2.75%, payable on a semi-annual basis, as from the issue date, as described in note 18.

iii) Interest rate sensitivity analysis

Fluctuations in interest rates, e.g. CDI, can positively or negatively affect the consolidated interim financial information as a result of an increase or decrease in the balances of short-term investments, cash equivalents and debentures.

As at June 30, 2010, had CDI rates been 10% per year higher/lower and all other variables remained unchanged net income (loss) for the period ended June 30, 2011 would increase/decrease by R$909.

Supplementary sensitivity analysis on financial instruments, pursuant to CVM Instruction 475/08

Pursuant to CVM Instruction 475, of December 17, 2008, as at June 30, 2011 Management estimated for 2011, based on the quotations contained in the Focus report issued by the Central Bank of Brazil (BACEN), future interest rates (12.50%) for 2011, plus spread on debentures (2.75%), showing in each scenario the effect of the changes in the fair value, as follows:

		Scenario		
	2010	Probable	Possible	Remote
Assumptions		CDI - 12.50%	CDI - 15.63%	CDI - 18.75%
Liabilities - Debentures	(412,000)	(476,246)	(489,496)	(502,704)
Short-term investments and highly-liquid short term investment	137,350	154,519	158,818	163,103
Net asset exposure	(274,650)	(321,728)	(330,679)	(339,601)

	Assumptions		
	Probable	Possible	Remote
CDI	Focus report - BACEN (06/30/11)	25% on probable rate	50% on probable rate

- In the probable scenario, the Company would present a net liability exposure of R$321,728 through 2011, arising from future estimated CDI rates for interest on debentures plus a surcharge of 2.75% per year. As at June 30, 2011, the same future estimated CDI rates on the Company's investments were taken into account for short-term investments. In the possible and remote scenarios, using the same criteria described in the probable scenario, estimates would give rise to an increase in net liability exposure of R$8,951 and R$17,874, respectively, compared to the probable scenario.

- Possible scenario: assumption adopted by Management with a decrease of 25% in the risk variable.

- Remote scenario: assumption adopted by Management with a decrease of 50% in the risk variable.

Capital risk

The Qualicorp Group manages its capital to ensure that both the Parent and subsidiaries can continue as a going concern, and at the same time maximizes the return of all its stakeholders by optimizing the balance debt and equity.

The Qualicorp Group's equity structure consists of its net debt (debentures detailed in note 18, less cash and banks detailed in note 9), and shareholders' equity (note 26).

The Company and its subsidiaries are subject to certain leverage ratios as stated in note 18 (Debentures). Additionally, the subsidiary Qualicorp Administradora de Benefícios S.A. is required to comply with minimum funding requirements, as prescribed in ANS Regulatory Resolution (RN) 209, which set out rules for the minimum capital requirements and operational dependence. As at June 30, 2011, that subsidiary's shareholders' equity amounted to R$36,127, whereas the minimum adjusted capital in accordance with the aforementioned Resolution amounted to R$105.

Liquidity risk

Based on the Qualicorp Group's activities, the liquidity risk management aims at monitoring the terms for settling the receivables and payables in order to maintain a highly--liquid cash position to settle the commitments assumed.

The Company and its subsidiaries prepare projected cash flow analyses and periodically review liabilities assumed and financial instruments used.

6. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company and its subsidiaries did not adopt the following new and revised IFRSs already issued but not yet effective:

Amendments to IFRS 1	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	Applicable to annual periods beginning on or after July 1, 2010
Amendments to IFRS 1	Elimination of Fixed Dates for First-time Adopters of IFRSs	Applicable to annual periods beginning on or after July 1, 2011
Amendments to IFRS 7	Disclosures - Transfers of Financial Assets	Applicable to annual periods beginning on or after July 1, 2011
IFRS 9 (as amended in 2010)	Financial Instruments	Applicable to annual periods beginning on or after January 1, 2013
Amendments to IAS 12	Deferred Taxes - Recovery of the underlying assets when the asset is measured under IAS 407 fair value framework	Applicable to annual periods beginning on or after January 1, 2012
Amendments to IAS 32	Classification of Rights	Applicable to annual periods beginning on or after February 1, 2010
Amendments to IFRIC 14	Prepayments of Minimum Funding Requirements	Applicable to annual periods beginning on or after January 1, 2011
IAS 24	IASB issued a revision of the standard that addresses the disclosure of related--party transactions and the relationship between the parent company and its subsidiaries	Applicable to annual periods beginning on or after January 1, 2011
IFRS 10,11 and 12; 27R and IAS 28R	New or revised standards - consolidation, joint arrangements and disclosure of interests in other entities	Applicable to annual periods beginning on or after January 1, 2013
IFRS 13	This standard defines fair value and provides in one single standard fair value measurement principles and requirements for disclosure relating to fair value	Applicable to annual periods beginning on or after January 1, 2013

IAS 1	The amendments to IAS 1 addresses the disclosure of items of other comprehensive income (OCI) and the requirement to account for items of OCI that will not be reclassified to profit or loss in subsequent periods separately from items of OCI that will be reclassified to profit or loss in subsequent periods.	Applicable to annual periods beginning on or after July 1, 2012
IAS 19	The amendments to IAS 19 address the accounting for and disclosure of employees' benefits.	Applicable to annual periods beginning on or after January 1, 2013

Considering the Company and its subsidiaries' current operations, Management does not expect that the adoption of these new rules, interpretations and amendments will have a material impact on the financial statements.

CPC has not yet issued the pronouncements and amendments related to the new and revised IFRSs above. Because of the CPC's and the CVM's commitment to keep the set of standards issued updated according to the changes made by the IASB, we expect that such pronouncements and amendments be issued by the CPC and approved by the CVM by the date they become effective.

7. CONSOLIDATED INTERIM FINANCIAL INFORMATION

The consolidated interim financial information includes the interim financial information of the Company and its subsidiaries and has been prepared based on financial statements as of the same reporting date, consistent with the accounting practices previously described. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In the Company's individual interim financial information, the financial information on subsidiaries is recognized under the equity method.

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the actual acquisition date up to the actual disposal date, as applicable.

The main consolidation procedures are as follows:

- Elimination of intercompany balances and transactions; and
- Elimination of investment account balances and related ownership interest, reserves and retained earnings or accumulated losses.

The direct and indirect subsidiaries included in the consolidation are the following:

As at June 30, 2011:

Companies	Adjusted shareholders' equity	Total assets	Net income (loss) for the period (adjusted)	Direct equity interest - %	Main activities
Direct Company's subsidiaries:					
Qualicorp Corretora de Seguros S.A.	133,672	498,535	10,467	100	Insurance and healthcare brokerage
Convergente Consultoria e Corretora de Seguros Ltda.	816	878	132	100	Insurance and healthcare brokerage and consulting
Qualicorp Administração e Serviços Ltda.	16,562	25,916	(178)	100	Insurance portfolio management
Qualicorp Administradora de Benefícios S.A.	36,127	405,246	14,980	100	Stipulation of insurance policies and contracting healthcare plans, benefit management
Qualicorp Consultoria em Saúde Ltda.	26,232	34,369	55	100	Benefit and health management consulting services.
Medlink Conectividade em Saúde Ltda.	(12,355)	6,583	(2,149)	100	Provider of connectivity services to health care and insurance companies

As at December 31, 2010:

Companies	Adjusted shareholders' equity	Total assets	Net income (loss) for the year	Direct equity interest - %	Main activities
Direct Company's subsidiary:					
QC Holding II Participações S.A.	1,611,895	2,448,785	(17,313)	100.00	Holding
Direct subsidiary of QC II (Indirect of QC I)-					
Qualicorp Participações S.A. and its subsidiaries	189,308	474,930	25,229	100.00	Brokerage, Consulting and managing Benefit and healthcare managing and Healthcare Holding
Direct subsidiary of Qualicorp Participações:					
Qualicorp Corretora de Seguros S.A. (formerly Qualicorp Corretora de Seguros Ltda.)	126,136	216,729	4,978	100.00	Insurance and healthcare brokerage
Convergente Consultoria e Corretora de Seguros Ltda.	684	1,164	(10)	100.00	Insurance and healthcare brokerage and consulting
Qualicorp Administração e Serviços Ltda. (formerly Access Administração e Serviços Ltda.)	9,717	18,803	1,140	100.00	Insurance portfolio management
Qualicorp Administradora de Benefícios S.A. (formerly Access Clube de Benefícios Ltda.)	7,887	197,824	12,214	100.00	Stipulation of insurance policies and contracting healthcare plans, benefit management
Qualicorp Consultoria em Saúde Ltda. (formerly Qualicorp Serviços Médicos Ltda. and Clube de Saúde Corretora de Seguros Ltda.)	26,177	33,796	(851)	100.00	Benefit and health management consulting services

8. ACQUISITIONS AND MERGERS OF SUBSIDIARY QUALICORP PARTICIPAÇÕES

a) Acquisitions of subsidiaries in 2009

Acquisition of "Brüder SP", "Brüder RJ" and "Athon"

On June 10, 2009, Qualicorp Participações, through its direct subsidiaries Qualicorp Corretora de Seguros S.A. ("Qualicorp Corretora") and Qualicorp Consultoria em Saúde Ltda., acquired a 99.99% interest in the capital stock of Brüder SP Corretora de Seguros Ltda. ("Brüder SP"), of Brüder Corretora de Seguros Ltda. ("Brüder RJ") and Amenti Assistência Médica Ltda. ("Athon"), whose ownership interests were fully held by shareholders not related to the Qualicorp Group.

Brüder SP and Brüder RJ, whose core business is insurance brokerage, and Amenti, which engages in the provision consulting services in the health area, were acquired with the purpose of expanding the Qualicorp Group's activities in the corporate segment.

As of December 28, 2009, these interests represented 100% of these subsidiaries' capitals. The amount traded in these acquisitions amounted R$40,477, R$28,000 of which was paid in June 2009 and the difference of R$12,477 was subsequently paid in February 2010 upon confirmation of the revenue targets for 2009 contractually established between the parties. After these payments, Qualicorp Participações believes that all contractual commitments related to this acquisition will have been met and that there will be no future financial or accounting adjustments to be made that may change business combination amounts. Qualicorp Participações, based on a financial and economic valuation report (*) and purchase price allocation study - PPA (**) prepared by a specialized firm allocated the fair value of assets acquired and liabilities assumed in these transactions, as follows:

Net assets (liabilities) acquired	Book value	Adjustments	Fair value on acquisition date
Current assets, including cash and cash equivalents of R$179	1,178	-	1,178
Noncurrent assets	338	-	338
Fair value of intangible assets - relationship with clients, according to the criteria established in said PPA (note 18)	-	21,625	21,625
Current liabilities	(1,398)	-	(1,398)
Noncurrent liabilities - deferred income tax and social contribution on the fair value of intangible assets - relationship with customers - 34% (a)	-	(7,353)	(7,353)
Other noncurrent liabilities	(1,164)	-	(1,164)
Net assets (liabilities) acquired	(1,046)	14,272	13,226
Goodwill - future earnings, which is estimated to be deductible for tax purposes, pursuant to the prevailing legislation (note 18)	-	27,251	27,251
Total	(1,046)	41,523	40,477

(a) When recording the acquisitions made, Management considered the fair value of the acquisition of investments allocated to intangible assets - relationship with customers - is not deductible for the purposes of calculation of Qualicorp Participações income tax and social contribution payable and, therefore, recognized a provision for deferred income tax and social contribution. These deferred amounts have been amortized to income proportionally to the amortization of intangible assets in the period.

(*) Methodology used: discounted cash flows.

(**) The methodology used considered the analysis of the business model, business plan, existing rights and licenses, value drivers, future economic benefits and definition, identification and estimate of the value of intangible assets and goodwill.

Acquisition of Salutar

On December 30, 2009, pursuant to a Sale and Purchase Agreement and Other Covenants, the subsidiary Qualicorp Corretora acquired a 100% interest in the capital stock of Salutar Consultoria e Corretora de Seguros Ltda. ("Salutar"), whose ownership interests were jointly held by shareholders, including Seripar's controlling shareholder, which owned 49.998%.

Salutar sells collective adhesion agreements and provides insurance brokerage services in Rio de Janeiro. It was acquired with the purpose of expanding the Qualicorp Group's activities in the affinity segment.

The amount negotiated in this acquisition was R$87,493, R$86,400 of which was paid on December 30, 2009 and the difference corresponding to the final price adjustment of R$1,093 was paid in February 2010.

After these payments, Qualicorp Participações believes that all contractual commitments related to this acquisition will have been met and that there will be no future financial or accounting adjustments to be made that may change business combination amounts.

Qualicorp Participações, based on a financial and economic valuation report and purchase price allocation (PPA) study prepared by a specialized firm, according to the methodology above, allocated the fair value of the assets acquired and liabilities assumed in these transactions as follows:

Net assets (liabilities) acquired	Book value	Adjustments	Fair value on acquisition date
Current assets, including cash and cash equivalents of R$748	1,043	-	1,043
Noncurrent assets	149	-	149
Fair value of intangible assets - relationship with clients (note 17)	-	53,316	53,316
Current liabilities	(804)	(88)	(892)
Noncurrent liabilities - deferred income tax and social contribution on the fair value of intangible assets - relationship with customers - 34% (*)	-	(18,127)	(18,127)
Net assets (liabilities) acquired	388	35,101	35,489
Goodwill - future earnings, which is estimated to be deductible for tax purposes, pursuant to the prevailing legislation (note 17)	-	52,004	52,004
Total	388	87,105	87,493

(*) See note (a) above.

b) Merger of subsidiaries

As of December 31, 2009, the subsidiaries Salutar, Brüder SP and Brüder RJ were merged into subsidiary Qualicorp Corretora de Seguros, and subsidiary Athon was merged with and into subsidiary Qualicorp Consultoria em Saúde. The main purposes of and events arising from these transactions, as stated in the respective Merger Agreement and/or Minutes of the Shareholders' Meeting, are the following:

- The mergers are an integral part of the corporate restructuring involving the subsidiaries and shall bring the Qualicorp Group some advantages, resulting in a greater benefit from the synergies existing among the Companies and, therefore, producing financial and commercial benefits.

- The mergers aim to dissolve merged subsidiaries and to succeed all their rights and obligations by the merging companies. Considering that the merging companies currently hold 100.00% of the merged companies' capital stock, the capital amount of the merging companies remained unchanged, since the merger of net assets has resulted neither in a capital increase nor in the issuance of new shares.

- The evaluation criteria of the shareholders' equity of the merged companies, for merger purposes, was the book value of their assets and liabilities, based on their balance sheets closed as of November 30, 2009, as per Merger Appraisal Reports approved by the Shareholders' Meeting held on December 31, 2009.

- The net assets merged as of November 30, 2009 are broken down as follows:

	Athon	Brüder SP	Brüder RJ	Salutar
Assets				
Current assets	821	470	320	605
Cash and cash equivalents	8	372	253	237
Short-term investments	19	-	13	-
Trade receivables	487	15	12	176
Prepaid expenses	-	-	-	24
Other receivables	307	83	42	168
Noncurrent assets	356	1	28	151
Property and equipment	326	-	27	151
Intangible assets	30	1	1	-
Total assets	1,177	471	348	756
Liabilities				
Current liabilities	(1,651)	(196)	(494)	(888)
Tax and social security	(753)	(82)	(109)	(481)
Payroll and related taxes	(613)	(60)	(242)	(387)
Other payables	(285)	(54)	(143)	(20)
Noncurrent liabilities	(1,004)	(141)	(6)	-
Tax and social security	-	-	(6)	-
Other payables	(4)	-	-	-
Contingent liabilities	(1,000)	(141)	-	-
Total liabilities	(2,655)	(337)	(500)	(888)
	-	-	-	-
Net assets merged	(1,478)	134	(152)	(132)

The changes in equity of the merged companies after November 30, 2009 were recorded in their respective tax books, and the related balances as of the acquisition date were reflected in the acquiring companies' balance sheets after mergers were approved by the Companies' shareholders.

c) Acquisition of subsidiary in 2011

MedLink Conectividade em Saúde Ltda.

On April 1, 2011, pursuant to a Sale and Purchase Agreement and Other Covenants, the Company acquired 100% of the capital of Medlink Conectividade em Saúde Ltda. ("Medlink"), which became o wholly-owned subsidiary of the Company.

This acquisition totaled R$483. The acquisition of Medlink is aligned with the diversification of Qualicorp Group's activities as a major provider of solution to its clients, which now include connectivity services that should complement the business already carried out in the TPA segment.

The Company, based on an independent auditor's report, determined the opening accounting balances of assets and liabilities, as follows:

Net assets (liabilities) acquired	Carrying amount
Current assets, including cash and cash equivalents of R$48	1,596
Noncurrent assets	5,359
Current liabilities	(13,685)
Noncurrent liabilities	(5,873)
Net assets (liabilities) acquired	(12,603)
Total	(12,603)
Goodwill (*)	13,086
Amount paid	483

(*) As required by CPC 15, the Company engaged a specialized firm to conduct a business valuation and a purchase price final allocation study. This work is scheduled to be completed by the end of 2011, and no significant effects on the accounting information are expected.

Income (loss) for the period includes losses of R$2,149 thousand attributable to additional businesses generated by Medlink. Consolidated net operating income for the year include R$2,182 thousand relating to Medlink.

Had these business combinations been completed on January 1, 2011, the Group's consolidated net operating income from continuing operations would amount to approximately R$305,860 thousand and loss for the six-month period would amount to R$63,200. The Group's management understands that this pro forma amounts correspond to an approximate measure of the Group's combined performance over a six-month period and can be used as a basis for comparison in future periods.

9. CASH, CASH EQUIVALENTS, AND SHORT-TERM INVESTMENTS

9.1. Cash and cash equivalents

Broken down as follows:

Description	06/30/2011 Company	06/30/2011 Consolidated	12/31/2010 Consolidated
Cash	-	34	30
Banks - deposit account (*)	5	15,776	2,771
Highly-liquid short-term investments (**)	582	126,733	136,293
Total	587	142,543	139,094

(*) As at December 31, 2010 and June 30, 2011 in consolidated, includes mainly amounts received from clients on the last day of the month.

(**) Management makes investments that may be redeemed in advance regardless of their maturity. The breakdown of these investments is as follows:

Per type of investment:

Description	Fair value and carrying amount Company 06/30/2011	Fair value and carrying amount Consolidated 06/30/2010	Fair value and carrying amount Consolidated 12/31/2010
Bank Certificates of Deposit (CDBs) (a)	582	5,929	97,646
Debentures (a)	-	120,804	38,457
Other investments (b)	-	-	190
Total	582	126,733	136,293

(a) These securities are adjusted from 100 to 102 percent (100 a 105 percent in 2010) of the interbank deposit rate (CDI) and registered with CETIP S.A. - Balcão Organizado de Ativos e Derivativos. They are highly liquid and redeemable in advance, regardless of their maturities.

(b) Represent mainly funds temporarily held in a bank deposit account - investment account.

9.2. Short-term investments

Description	06/30/2011 Consolidated	12/31/2010 Consolidated
Non-exclusive investment fund (i)	10,617	6,521

(i) Refers to an investment used as guarantee by the indirect subsidiary Qualicorp Administradora de Benefícios S.A., as required by ANS Regulatory Instruction 33, of October 5, 2009. The fair value of fixed-income mutual fund unit is measured based on the unit values disclosed by the managers of the fund where the Company invests its funds.

Short-term investments, including cash equivalents, are under the custody of the following financial institutions:

	06/30/2011 Consolidated	12/31/2010 Consolidated
Banco Bradesco S.A.	45,763	47,268
Banco Santander (Brasil) S.A.	45,695	45,479
Banco Itaú S.A.	45,892	50,067
Total	137,350	142,814

10. NONCASH TRANSACTIONS

Broken down as follows:

Description	06/30/2011 Consolidated	12/31/2010 Consolidated
Amount payable for the purchase of:		
Property, plant and equipment (see note 24)	297	75
Intangible assets (see note 24)	120,234	15,570

11. TRADE RECEIVABLES

Broken down as follows:

	06/30/2011 Consolidated	12/31/2010 Consolidated
Premiums to be transferred - w/o risk of default (a)	1,269	1,474
Recoverable premiums - with risk of default (b)	25,952	8,555
Benefit management consulting (c)	3,362	2,311
Trade receivables (d)	2,806	3,926
Postdated checks	111	174
Credit cards	94	130
Unidentified deposits	(450)	(485)
Total	33,144	16,085

(a) Refer mainly to accounts receivable from customers, whose default is assumed by the healthcare companies, which are transferred only when received (see note 20).

(b) Refer to amounts receivable from beneficiaries whose corresponding healthcare plan or insurance policy invoice amounts were paid to healthcare or insurance companies by the Company on their maturity date. As at June 30, 2011, R$16,481 refers to receivables from Abrigo do Marinheiro, whose payment is postponed to the month the plan become effective. The maturities of recoverable premiums are as follows:

	06/30/2011 Consolidated	12/31/2010 Consolidated
Current (*)	15,780	2,261
Past-due:		
Up to 30 days	7,575	4,975
31 to 60 days	2,496	1,110
Over 60 days (**)	101	209
Total	25,952	8,555

(*) The variation is basically due to the inclusion of Abrigo do Marinheiro, as mentioned above.

(**) 2011 amounts were fully received by July 29, 2011.

(c) Refers to the outsourcing services to support the activities related to the consulting and advisory on management of healthcare plans, connectivity services, advisory on management of benefits and advisory on healthcare receivable from customers. The aging of trade receivables is as follows:

	06/30/2011	12/31/2010
	Consolidated	Consolidated
Past-due:		
Up to 30 days	1,145	148
31 to 60 days	-	28
Over 60 days (*)	23	251
Current	2,194	1,884
Total	3,362	2,311

(*) The 2010 balance refers to receivables from clients of subsidiary Qualicorp Consultoria em Saúde Ltda. The amount will remain outstanding until all agreements with the related clients are adjusted to incorporate the various contractual amendments made by Qualicorp Consultoria in 2010 wich R$219 were received on February 2011 and the amount of R$32 was written-off on March 2011. In 2011, the balance refers to receivables from clients of subsidiary Medlink Conectividade em Saúde Ltda. received in July 2011.

(d) Refer basically to amounts receivable from customers from agency and brokerage services. The aging of trade receivables is as follows.

	06/30/2011	12/31/2010
	Consolidated	Consolidated
Current	2,636	1,850
Past-due:		
Up to 30 days	101	1,969
31 to 60 days	56	71
Over 60 days	13	36
Total	2,806	3,926

Changes in the allowance for doubtful accounts:

	06/30/2011	
	2nd quarter	1st quarter
Balance at beginning of period	-	-
Recognitions in the period	6,677	17,409
Write-offs for the period (see note 31)	(6,677)	(17,409)
Balance at end of period	-	-

12. OTHER ASSETS

12.1. Other financial assets

Broken down as follows:

	06/30/2011 Company	06/30/2011 Consolidated	06/30/2010 Consolidated
Current			
Recoverable checks	-	99	169
Advances to suppliers	-	636	488
Recoverable taxes (a)	1	13,632	5,556
Advance from transfer of contracts (b)	-	2,860	2,602
Advances to executives (c)	-	1,907	1,909
Advance to employees	-	549	790
Unidentified amounts - operators/insurers (d)	-	-	874
Others	-	96	-
Total current	1	19,779	12,388
Noncurrent			
Advances to executives (c)	-	3,338	4,293
Other receivables	95	38	22
Total noncurrent	95	3,376	4,315
Grand total	96	23,155	16,703

(a) The amounts are broken down as follows:

	06/30/2011 Consolidated	12/31/2010 Consolidated
Social security tax (INSS)	14	147
Corporate income tax (IRPJ)	10,618	4,604
Social contribution on net profit (CSLL)	2,324	568
Tax on revenue (PIS)	39	20
Tax on revenue (COFINS)	154	67
Withholding income tax (IRRF)	10	149
Other recoverable taxes	473	1
Total	13,632	5,556

(b) Refer to the prepayment of monthly fees and premium of beneficiaries of healthcare/dental plan agreements.

(c) Refers to prepaid expenses incurred by the Company in hiring executive officers on April 30, 2010. This amount will be amortized on a straight-line basis up to March 2014, considering the employment contract terms and conditions, including reimbursement rules in case of early withdrawal.

(d) Refers basically to the temporary difference between the list of beneficiaries included in the Company's system/internal controls and the analytical list of beneficiaries included in the paid and/or payable invoices of the healthcare and dental plan operators/insurance companies, which are regularized subsequently, after processing the transactions sent by the Company.

12.2. Other nonfinancial assets

Broken down as follows:

	06/30/2011		12/31/2010
	Company	Consolidated	Consolidated
Current:			
Advances to suppliers (*)	-	-	2,000
Advertising material	-	1,159	1,210
Prepaid expenses	284	369	93
Total current	284	1,528	3,303

(*) Refers to advance for the acquisition of a new customer portfolio, whose negotiation was concluded on April 18, 2011. For more information on the transaction, see note 17e.

13. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

Broken down as follows:

	06/30/2011	12/31/2010
	Consolidated	Consolidated
Deferred income tax and social contribution assets (a)	301,645	17,200
Deferred income tax and social contribution liabilities (b)	276,182	288,446

(a) Refer to deferred income tax and social contribution recorded mainly on deductible temporary differences of future taxable income, as follows:

Items	06/30/2011	12/31/2010
Allowance for doubtful accounts and write off of uncollectible amounts - short-term amount	5,579	3,954
Other provisions	589	1,225
Profit sharing program provision	2,464	-
Provision for contingent liabilities - portion related to the companies and/or periods subject to the actual profit regime	10,348	9,450
Tax benefit on goodwill merged (see note 1.c)	279,545	-
Subsidiaries' tax losses (*)	24,259	22,549
Total tax credits	322,784	37,178
(-) Unrecognized tax credits (*)	(21,139)	(19,978)
Total tax credits recorded	301,645	17,200

(*) The Company has tax loss carryforwards totaling R$10,502 in 2011, for which deferred tax credits of approximately R$3,571, were not recognized, as no actions have been taken to date to recover this amount from future earnings.

The direct subsidiary Qualicorp Consultoria em Saúde Ltda. has tax loss carryforwards totaling R$30,007, for which deferred tax credits of approximately R$10,202 were not recognized, as no actions have been taken up to date to recover this amount from future earnings.

The direct subsidiary Qualicorp Administração e Serviços Ltda. has tax loss carryforwards totaling R$9,175, for which deferred tax credits were recognized in the amount of R$3,120, as future earnings are likely to be recorded.

The direct subsidiary Medlink Conectividade em Saúde Ltda. has tax loss carryforwards totaling R$21,665, for which deferred tax credits were not recognized in the amount of R$7,366, due to the history of retained losses.

Expected realization and present value of tax credits

Deferred income tax and social contribution are realized as temporary differences are reversed or qualify for tax deductibility. Below is the expected tax credit realization period based on expected future taxable income:

Deferred income tax and social contribution

Year	Consolidated 06/30/2011	Consolidated 12/31/2010
2011	29,547	5,179
2012	67.446	-
2013	62.542	3,718
2014	63.204	4,380
2015	62.747	3,923
2016	16.159	-
Total	301.645	17,200

The total present value of tax credits is R$275,802, calculated based on the expected realization of temporary differences.

(b) Break down of deferred income tax and social contribution liabilities

	Consolidated 06/30/2011	Consolidated 12/31/2010
On the fair value of the acquisition of investments allocated to intangible assets - relationship with customers (see note 17)	265,887	280,506
Temporary differences on the portion of goodwill of merged companies amortized in the period, for tax purposes, as discussed in note 17	8,095	5,383
Others	2,200	2,557
Total	276,182	288,446

14. RELATED PARTIES

14.1. Related-party balances and transactions

Indirect subsidiary Qualicorp Administradora de Benefícios S.A. performs all back office activities for the Qualicorp Group companies (Finance, Controlling, Legal, Administrative, Human Resources, and Information Technology), whose service costs are apportioned among and reimbursed by the other Group companies.

Transactions with related parties, consolidated, are as follows:

	06/30/2011		12/31/2011	
	Payables	Expenses	Payables	Expenses
Shareholders (a)	36,586	47,998	1,221	1,221
Member of the Board of Directors (b)	-	333	-	450
Balances	36,586	48,331	1,221	1,671

(a) The Company's shareholders entered into agreements with subsidiaries Qualicorp Administradora de Benefícios S.A. and Qualicorp Corretora de Seguros S.A. to provide consulting and advisory services relating to (i) the Company's and its subsidiaries' operations; (ii) strategic planning; (iii) marketing, and (iv) supervision The services contracted for the period from September 1, 2010 to June 15, 2011 were paid in June 2011.

Additionally, on May 31, 2011 the Board of Directors authorized the Company to grant a bonus equivalent to the Brazilian real equivalent of USD23,448 to the noncontrolling shareholder, as a bonus for his performance as a Company's officer. This amount was paid on July 19, 2011, with the total expense for the Company, including financial charges, amounting to R$44,514.

(b) Agreement entered into between subsidiary Qualicorp Corretora de Seguros S.A. and M2 Participações Ltda., a company with a shareholder who is a member of the Board of Directors, to provide commercial and corporate consulting and advisory services, focused on evaluating and acquiring new businesses relating to the corporate purpose of the subsidiary or any other Group company. The service contracted from September 2, 2010 to September 2, 2011 amounts to approximately R$1,200, net of taxes and automatically renewable every six months.

14.2. Compensation of key management personnel

Key management personnel refer to the members of the board of directors, the CEO, the superintendent, and statutory and non-statutory officers. Compensation paid or payable is as follows.

	Company		Consolidated	
	Payables	Expenses	Payables	Expenses
Short-term benefits to managers (*)	36,735	49,591	39,127	59,983
Share-based compensation	-	-	-	13,005
Balances at 2011	36,735	49,591	39,127	72,988

(*) Management compensation expenses comprise only a fixed portion approved by the Board of Directors. For officers and employees, these expenses comprise a fixed and a variable portion based on their performance and annual overall goals and a one-time payment approved on May 31, 2011 as mentioned in note 14.1 (a).

15. INVESTMENTS

Broken down as follows:

	Company		Consolidated	
	2011	2010	2011	2010
Equity interests:				
QC Holding II Participações S.A. (b)	-	1,611,895	-	-
Qualicorp Administradora de Benefícios S.A.	714,596	-	-	-
Qualicorp Administração e Serviços Ltda.	49,015	-	-	-
Qualicorp Consultoria em Saúde Ltda.	67,064	-	-	-
Qualicorp Corretora de Seguros S.A.	782,055	-	-	-
Convergente Consultoria e Corretora de Seguros Ltda.	816			
Medlink Conectividade em Saúde Ltda.	7,143	-	-	-
Total equity interests	1,620,689	1,611,895	-	-
Other investments:				
Other investments	-	-	66	66
Total other investments	-	-	66	66
Total investments (a) and (c)	1,620,689	1,611,895	66	66

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a) Effects of the merger of QCII into Qualicorp Participações and spin-off to the operating subsidiaries (see note 1c.)

	Net assets of QC II merged into Qualicorp Participações								Net assets from the spin-off transferred to the operating subsidiaries				
Description	QC II	Qualicorp Partic.	Elimination of Investment at Cost of QC II as a contra entry to the shareholders' equity of Qualicorp Partic.	Intercompany eliminations	Allowance for Intangible assets in the downstream merger	Goodwill Provision in the downstream merger	QC II Balance Merged into Qualicorp Partic. After merger	Qualicorp Partic. shareholders' equity after merger	Qualicorp Administradora de Benefícios S.A.	Qualicorp Administração e Serviços Ltda.	Qualicorp Consultoria em Saúde Ltda.	Qualicorp Corretora de Seguros S.A.	Closing balances of Qualicorp Partic. Investments in operating subsidiaries
Other current assets and long-term receivables	20,900	39,600	-	(20,879)	-	-	21	39,621	31,336	-	-	8,285	-
Property, plant and equipment and others	-	357	-	-	-	-	-	357		-	-	357	-
Debentures	(316,402)		-	-	-	-	(316,402)	(316,402)	(169,117)	-	-	(147,285)	-
Deferred income tax on intangible assets - customer portfolio	(258,003)	-	-	-	258,003	-	-	-	-	-	-	-	-
Other liabilities	(2,088)	(21,257)	-	20,879	-	-	18,791	(2,466)	(1,564)	-	-	(902)	-
Tax credit recognition - merger	-	-	-	-	-	301,398	301,398	301,398	146,811	7,023	7,263	140,301	-
Investments in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
QCII	-	-	-	-	-	-	-	-	-	-	-	-	-
Qualicorp Participações:													
Cost	189,309	-	(189,309)	-	-	-	-	-	-	-	-	-	-
Goodwill	1,215,000	-	-	-	-	(1,215,000)	-	-	-	-	-	-	-
Goodwill adjustment - SOP	4,346	-	-	-	-	(4,346)	-	-	-	-	-	-	-
Goodwill - balance allocated to customer portfolio	758,833	-	-	-	(758,833)	-	-	-	-	-	-	-	-
			-	-	-	-	-		-	-	-	-	
Qualicorp Administradora de Benefícios S.A.	-	7,888	-	-	-	-	-	7,888	-	-	-	-	7,888
Qualicorp Administração e Serviços Ltda.	-	9,717	-	-	-	-	-	9,717	-	-	-	-	9,717
Qualicorp Consultoria em Saúde Ltda.	-	26,177	-	-	-	-	-	26,177	-	-	-	-	26,177
Qualicorp Corretora de Seguros S.A.	-	126,136	-	-	-	-	-	126,136	-	-	-	-	126,136
Convergente Consultoria e Corretora de Seguros Ltda.	-	684	-	-	-	-	-	684	-	-	-	-	684
Other	-	7	-	-	-	-	-	7	-	-	-	-	7
Equity	1,611,895	189,309	(189,309)	-	(500,830)	(917,948)	3,808	193,117	7,466	7,023	7,263	756	170,609

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b) Investment recovery after spin-off

	QC II	Qualicorp Administradora de Benefícios S.A.	Qualicorp Administração e Serviços Ltda.	Qualicorp Consultoria em Saúde Ltda.	Qualicorp Corretora de Seguros S.A.	Convergente Consultoria e Corretora de Seguros Ltda.	Other	Total
Balance at December 31, 2010	1,611,895	-	-	-	-	-	-	1,611,895
Merger of QCII into Qualicorp Participações	(1,611,895)	-	-	-	-	-	-	(1,611,895)
Intangible assets recovery - customer relationship, net of tax credit effects from the merger/spin-off	-	243,955	11,669	12,070	233,136	-	-	500,830
Goodwill recovery, net of tax credit effects from the merger/spin-off	-	447,133	21,387	22,123	427,305	-	-	917,948
Net assets received from the spin-off of Qualicorp Participações	-	7,466	7,023	7,263	756	-	-	22,508
Opening balance of investments received from the spin-off by Qualicorp S.A.	-	7,888	9,717	26,177	126,136	684	7	170,609
Balance reclassified after the merger and spin-off, as mentioned in note 1c	-	706,442	49,796	67,633	787,333	684	7	1,611,895

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c) The main information on investments accounted for under the equity method is as follows:

Information on investees at June 30, 2011	Qualicorp Administradora de Benefícios S.A.	Qualicorp Administração e Serviços Ltda.	Qualicorp Consultoria em Saúde Ltda.	Qualicorp Corretora de Seguros S.A.	Convergente Consultoria e Corretora de Seguros Ltda.	Medlink Conectividade em Saúde Ltda.	Other	Total
Capital	11,967	14,023	52,402	82,236	581	10,820	-	-
Equity	36,127	16,562	26,232	133,672	816	(12,355)	-	-
Adjusted profit (loss) for the period	14,980	(178)	55	10,467	132	(**) (2,149)	-	-
Information on investments								
Number of shares	7,490,118	14,022,567	52,401,586	81,968,603	580,950	10,820,438	-	-
Equity interest - %	100	100	100	100	100	100	-	-
Changes in investments								
Opening balance of investments received from the spin-off by Qualicorp S.A.	7,888	9,717	26,177	126,137	684	-	7	170,610
Net assets received from the spin-off of Qualicorp Participações, net	7,467	7,023	7,263	756	-	-	-	22,509
Spin-off adjustments	-	-	(7,263)	-	-	-	(7)	(7,270)
Provision for shareholders' deficit in subsidiaries (note 8.c)	-	-	-	-	-	(12,603)		(12,603)
Goodwill on acquisition of subsidiary (note 8.c)	-	-	-	-	-	13,086	-	13,086
Capital increase in subsidiaries	-	-	-	-	-	8,809	-	8,809
Distribution of dividends (*)	(1,500)	-	-	(9,900)	-	-	-	(11,400)
Equity in subsidiaries	14,980	(178)	55	10,467	132	(**) (2,149)	-	23,307
Stock option plan - SOP	7,292	-	-	6,212	-	-	-	13,504
Total investments	36,127	16,562	26,232	133,672	816	7,143	-	220,552
Intangible assets recovery - customer relationship, net of tax credit effects from the merger/spin-off	243,954	11,670	12,070	233,136	-	-	-	500,830
Goodwill recovery, net of tax credit effects from the merger/spin-off	447,133	21,387	22,123	427,305	-	-	-	917,948
Reversal of the adjustment of allowance for net assets	-	-	7,263	-	-	-	-	7,263
Equity in subsidiaries adjustment - intangible assets amortization - Customer Relationship, net - from January through March 2011	(6,309)	(302)	(312)	(6,029)	-	-	-	(12,952)
Amortization of intangible assets - Customer relationship Gross amount of R$19,625 (note 29), with tax effects of R$6,673 being recorded in the income statement, in line item 'Deferred income tax and social contribution', for the period from April to June 2011.	(6,309)	(302)	(312)	(6,029)	-	-	-	(12,952)
Total investments	714,596	49,015	67,064	782,055	816	7,143	-	1,620,689

(*) Does not include dividends received from merged subsidiaries (Qualicorp Participações S.A. and QC Holding II Participações S.A.) in the first quarter of 2011, in the amount of R$140.

(**) Subsidiary acquired on April 1, 2011; refers to income (loss) from April 1 to June 30, 2011.

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16. PROPERTY, PLANT AND EQUIPMENT

Broken down as follows:

	Annual amortization rate - %	06/30/2011			12/31/2010		
		Adjusted cost	Accumulated depreciation	Total	Adjusted cost	Accumulated depreciation	Total
Telephone and communication equipment	20	342	(133)	209	204	(98)	106
Sound and image equipment	10	139	(80)	59	129	(69)	60
Security equipment	10	77	(30)	47	77	(23)	54
Furniture and fixtures	10	3,012	(1.006)	2,006	2,740	(837)	1,903
Facilities	10	672	(187)	485	573	(147)	426
Vehicles	20	610	(213)	397	501	(160)	341
IT equipment	20	5,066	(2,697)	2,369	4,135	(2,119)	2,016
Machinery and equipment	10	2,464	(1,412)	1,052	407	(94)	313
Leasehold improvements	(*)	6,367	(3,960)	2,407	6,119	(1,938)	4,181
Total		18,749	(9,718)	9,031	14,885	(5,485)	9,400

(*) Leasehold improvements are amortized based on the related lease agreements. The average amortization rate was 38.05%.

Changes in property, plant and equipment are as follows:

	Consolidated
Balances at 12/31/2010	9,400
Additions:	
Telephone and communication equipment	120
Sound and image equipment	9
Facilities	84
Furniture and fixtures	220
IT equipment	655
Machinery and equipment	127
Leasehold improvements	303
Total additions	1,518
Write-offs, net	(24)
Depreciation	(2,807)
Balances of acquired companies (**)	944
Balance at 06/30/2011	9,031

(**) Refers to opening balances of the acquired company Medlink Conectividade em Saúde Ltda., as mentioned in note 1.

17. INTANGIBLE ASSETS

Broken down as follows:

	Annual amortization rate - %	06/30/2011 Adjusted cost	06/30/2011 Accumulated depreciation	06/30/2011 Total	12/31/2010 Adjusted cost	12/31/2010 Accumulated depreciation	12/31/2010 Total
Goodwill on the acquisition of investments allocated as future earnings (d):							
Athon, Bruder SP e Bruder RJ merged by their controllers	-	27,251	-	27,251	27,251	-	27,251
Salutar merged by its controller	-	52,004	-	52,004	52,004	-	52,004
Qualicorp Participações S.A.	-	-	-	-	1,219,346	-	1,219,346
Qualicorp Administradora de Benefícios S.A.	-	447,133	-	447,133	-	-	-
Qualicorp Administração e Serviços Ltda.	-	21,387	-	21,387	-	-	-
Qualicorp Consultoria em Saúde Ltda.	-	29,386	-	29,386	-	-	-
Qualicorp Corretora de Seguros S.A.	-	427,306	-	427,306	-	-	-
Medlink (g)		13,086	-	13,086	-	-	-
Total goodwill		1,017,553	-	1,017,553	1,298,601	-	1,298,601
Software (a)	20	15,321	(6,703)	8,618	5,795	(2,276)	3,519
Software under development (b)	-	38,181	-	38,181	34,643	-	34,643
Acquisition of portfolios - Corporate segment (c)	20	3,564	(2,726)	838	3,564	(2,502)	1,062
Acquisition of portfolios - Affinity segment (e)	20	130,740	(17,379)	113,361	62,818	(9,423)	53,395
Exclusivity right (f)	10 - 20	113,570	(4,750)	108,820	28,570	(477)	28,093
Trademarks and patents	-	4	-	4	6	-	6
Fair value on intangible assets - relationship with customers paid in the acquisition of investments (d):							
Athon, Bruder SP e Bruder RJ	10	21,625	(4,505)	17,120	21,625	(2,967)	18,658
Salutar	10	53,316	(7,997)	45,319	53,316	(5,788)	47,528
Qualicorp Participações S.A.		-	-	-	785,000	(26,167)	758,833
Qualicorp Administradora de Benefícios S.A.	10	382,374	(31,864)	350,510	-	-	-
Qualicorp Administração e Serviços Ltda.	10	18,291	(1,524)	16,767	-	-	-
Qualicorp Consultoria em Saúde Ltda.	10	18,919	(1,577)	17,342	-	-	-
Qualicorp Corretora de Seguros S.A.	10	365,418	(30,451)	334,967	-	-	-
Total other intangible assets		1,161,323	(109,476)	1,051,847	995,337	(49,600)	945,737
		-	-	-	-	-	
Total		2,178,876	(109,476)	2,069,400	2,293,938	(49,600)	2,244,338

(a) Expenses on the acquisition of software licenses by Qualicorp Group.

(b) Represented by expenses on the development of a new operating system acquired from third parties and amortized when the system goes into service, which is scheduled to occur in 2011.

(c) Payments made to third parties on the acquisition of a portfolio of the Small and Medium-sized Entities (SME) Corporate segment.

(d) See note 8.

(e) Rights and Obligations Assignment Agreements entered into in 2010 and 2011.

The Company, through its subsidiaries, entered into two agreements for the assignment and transfer of the rights and obligations in client portfolios of the companies: Unni Administradora de Benefícios Ltda. and Vectorial Consultoria e Representações Ltda. (Vectorial) and, (ii) Med Company Consultoria e Corretora de Seguros Ltda. and Priority Administradora de Planos de Saúde Ltda. (Med Company), respectively.

Vectorial

On April 15, 2010, the Company acquired, through its subsidiaries Qualicorp Corretora de Seguros S.A. and Qualicorp Administradora de Benefícios S.A., the rights and obligations arising from several group adhesion contracts entered into and/or managed by each assignor with its clients, whose recurring monthly revenues at the acquisition date total R$3,000 (broken down into R$1,600 from brokerage fees and R$1,400 from stipulation fees), totaling 66 thousand lives insured, distributed among 25 contracts, of which 23 contracts are entered as stipulation contracts and 2 as management contracts. Total transaction price amounted to R$51,000, out of which R$47,500 relating to the portfolio price and R$3,500 relating to assignments of rights on the management, brokerage and agency of the two contracts managed (Additional Portfolio).

On May 19, 2010, 50% of the portfolio price, totaling R$23,750, and the amount of R$3,500 relating to the Additional Portfolio price were settled. The residual balance was divided into seven (7) equal, monthly and consecutive installments, plus inflation adjustment based on the interbank deposit rate (CDI) and the last installment was paid on December 20, 2010.

On April 1, 2011, the Company acquired, through its subsidiary Qualicorp Corretora de Seguros S.A., 25% of the remaining rights held by Vectorial on a certain group of the affinity segment clients. In May 2010, the Qualicorp Group had already acquired 75% of the rights and obligations related to this group of clients. The 25% share in this group of clients' rights represented, on acquisition date, approximately R$1 million per month in revenue, for which the Qualicorp Group will pay R$52 million, of which R$15 million in cash, and the remaining balance (as adjusted for inflation using the CDI fluctuation) will be paid by August 15, 2011 in the amount of R$53,210.

Med Company

On April 19, 2010, the Company entered into, through its subsidiaries Qualicorp Corretora de Seguros S.A. and Qualicorp Administradora de Benefícios S.A., a business intermediation, assignment and transfer of rights and obligations agreement and other covenants related to several group adhesion contracts stipulated and/or managed by the assignor/intermediary with its customers, whose recurring monthly revenues at the acquisition date total R$530, totaling 33,000 lives insured, distributed among 4 contracts. The total transaction price amounted to R$12,000, 50% of the portfolio price paid on June 28, 2010. The remaining balance will be settled in five (5) installments, settled according to the following schedule: four (4) equal, consecutive monthly installments of R$1,000, starting on the date contracts are delivered; and R$2,000 10 months after the contract delivery date (April 27, 2011).

The amount of the five (5) installments will be adjusted based on the positive variation of IGPM and on the changes in the portfolio (lives insured) included in the contract on the transaction date. The adjustment to the acquisition price using the portfolio variation was R$419, R$ 182, accounted for in December 2010 and R$237 in April 2011, and the acquisition price decreased from R$12,000 to R$11,581.

Divicom Administradora de Benefícios Ltda.

On April 18, 2011, the Company entered into, through its subsidiaries Qualicorp Administradora de Benefícios S.A. and Qualicorp Corretora de Seguros S.A., a rights and obligations assignment and transfer, and brokerage agreement and other covenants with Divicom Administradora de Benefícios Ltda. ("Divicom") to acquire the rights to the management and sale of certain affinity segment contracts that, on agreement execution date, totaled approximately 60,000 insurees, representing estimated revenue of approximately R$1.2 million per month. Divicom received from the Qualicorp Group R$16 million, which can be adjusted based on the number of insurees that actually migrate to the Company on the date the transaction is completed. The price was settled in two installments, consisting of 70% in cash less the initial advance made in 2010, as described in note 13.2, and the remaining balance within 12 months from the migration date, a payment that includes the acquisition of 100% of Qualicorp Administradora de Benefícios S.A. rights and 50% of Qualicorp Corretora de Seguros S.A. rights; as a result, Divicom will continue to receive 50% of the annual contracts' brokerage fees. Additionally, the price can be adjusted by no more than R$5 million. The payment is contingent upon the compliance with two annual sales goals of 36 thousand lives, totaling 72 thousand lives by the end of the second year of the agreement. The maximum payment of R$5 million will be divided in two annual installments of R$2.5 million each, adjusted as the goal is achieved, up to R$5 million. As at June 30, 2011, the Company recorded R$16,159 relating to this assignment agreement. Out of this amount, R$11,911 had already been paid by June 28, and the remaining balance of R$4,248, prior to any adjustments to the portfolio, if applicable, will be paid was in up to 1 year as adjusted using the CDI-Cetip fluctuation.

(f) Exclusivity right

Unimed Rio

On November 30, 2010, the Company entered into a business agreement with Unimed Rio - Cooperativa de Trabalho Médico do Rio de Janeiro Ltda. ("Unimed Rio"), ensuring exclusivity in the provision of benefit manager services, as policyholder, under a collective contract by adhesion over a five-year period. The deal amounted R$20,000, of which R$10,000 was paid on December 1, 2010, and the R$10,000 remain payable (see note 25). The remaining balance will be paid after the proof the expenses incurred using the advance made in December 2010 and the presentation of an action schedule for 2011, to be developed together with the Company.

On April 28, 2011, subsidiary Qualicorp Corretora de Seguros S.A. entered into a sales agreement with Unimed Rio in order to ensure exclusivity over a specific customers' portfolio represented by collective adhesion and corporate agreements. This negotiation ensures Qualicorp the right to prospect this customers' base for cross-selling of various services, including the provision of benefit management services for collective adhesion agreements. Additionally, we were engaged by Unimed Rio to provide management services to these portfolios, for which we will receive a compensation of 10% on monthly premiums relating to these agreements. This transaction will allow the exclusive and strategic access to a selected customers' base in Rio de Janeiro, thus consolidating Qualicorp Group's operations in this region. The transaction amounted to R$85,000, out of which R$17,000 was paid in April 2011 and the remaining R$68,000 was paid in July 2011, adjusted based on the CDI-Cetip rate. This asset will be amortized over 10 years.

Abrigo do Marinheiro/ Yeld Corretora de Seguros

Refers to the use of logotype Abrigo for any promotional action to be published in the Company's publicity materials during the term of the agreement with Unimed Rio, in the amount of R$1,500. The amortization period of this prepaid expense will be 5 years. Additionally, on November 1, 2010, an agreement between subsidiary Qualicorp Corretora de Seguros and Yeld Corretora de Seguros ("Yeld Corretora") was signed regarding the commission for intermediation of the negotiation with Abrigo do Marinheiro and affiliate company Qualicorp Administradora de Benefícios as policyholder and the consequent appointment of Qualicorp Corretora de Seguros as broker. Subsidiary Qualicorp Corretora paid R$3,570 to Yeld Corretora as a commission for the intermediation, which also has been amortized in 5 years.

Unimed Norte Nordeste and Central Norte Nordeste

On September 10, 2010, an agreement was entered into between subsidiary Qualicorp Corretora de Seguros and Vectorial Corretora de Seguros ("Vectorial") for intermediation of the negotiation with healthcare plan operators Unimed Norte Nordeste and Central Norte Nordeste and subsidiary Qualicorp Administradora de Benefícios as policyholder and the consequent appointment of Qualicorp Corretora de Seguros as broker. On November 30, 2010, Qualicorp Administradora de Benefícios entered into a commercial agreement with Unimed Norte Nordeste - Confederação das Sociedades Cooperativas de Trabalho Médico ("Unimed Norte Nordeste") and Central Operadora de Planos de Saúde Norte-Nordeste ("Central Norte Nordeste"), ensuring the exclusivity for rendering benefit management services in the capacity of policyholder and, consequently, the appointment of Qualicorp Corretora de Seguros as broker, through Vectorial Corretora de Seguros' intermediation. Subsidiary Qualicorp Corretora paid Vectorial as a commission for the intermediation the amount of R$3,500, which will be settled in December 2010. This intermediation will be amortized in 5 years, that is, the term of effectiveness of the agreement.

(g) See note 8.c.

Changes in intangible assets are as follows:

	Consolidated
Balances at 12/31/2010	2,244,338
Additions:	
Goodwill	13,086
Software	1,719
Software under development	3,541
Portfolio acquisition	68,159
Exclusivity right	85,000
Total de additions	171,505
Amortization	(56,486)
Tax credit from the total spin-off of Qualicorp Participações (as mentioned in notes 1 and 15, reclassified in long-term assets)	(294,134)
Write-offs, net	(240)
Balances of acquired companies (*)	4,417
Balances at 06/30/2011	2,069,400

(*) Refers to opening balances of the acquired company Medlink Conectividade em Saúde Ltda., as mentioned in notes 8.c and 1.This balance refers mainly to the software used in the Connectivity operations of the acquired company that on March 31, 2011 was $ 4 million, net of monthly depreciation.

Goodwill on acquisition of investments

Pursuant to CPC 01, goodwill on companies acquired should be tested for impairment, at least annually; Company made this test for the acquisitions occurred prior to January 1, 2010 on August 31, 2010 and March 15, 2011. The test was based on the recoverable amount of cash-generating units of Qualicorp Group which was determined based on the value in use by using the cash flow supported by financial projections approved by Management and a discount rate of 15,30% per year. Management believes that potential additional changes in the main assumptions on which recoverable amounts were based would not cause its carrying amount to exceed recoverable amount.

18. DEBENTURES

On August 17, 2010, the Board of Directors' members approved the 1st issuance of registered, book-entry debentures, nonconvertible into shares in its subsidiaries QC Holding II Participações S.A. (R$308,000), Qualicorp Administradora de Benefícios S.A. (R$56,000) and Qualicorp Corretora de Seguros S.A.(R$36,000). The debentures were distributed through public offerings with restrict placements efforts, in conformity with CVM Instruction 476.

Funds raised by QC II through the 1st issue of debentures amounting to R$308,000 were used to acquire Qualicorp Participações S.A. shares and to pay costs and expenses related to such acquisition, according to note 1.

Funds raised by other subsidiaries through the 1st issue of debentures amounting to R$92,000 will be used to carry out acquisitions in general, pay the related acquisition costs and expenses, increase working capital and meet other Company's subsidiaries' obligations.

On September 3, 2010, the Company notified the Brazilian Securities and Exchange Commission (CVM) of the closing of the public offering with restricted efforts to place the debentures issued by its associates Qualicorp Administradora de Benefícios S.A. and Qualicorp Corretora de Seguros S.A.

On March 31, 2011, the Extraordinary Shareholders' Meeting ("AGE") of QC Holding II held on March 31, 2011 approved the merger of QC Holding II into Qualicorp Participações S.A., which was duly submitted to debenture holders' approval, as prescribed by article 231 of the Brazilian Corporate Law, through the Minutes of the Debenture holders' Meeting held on March 31, 2011.

Thereafter, Qualicorp Participações was spun-off and its net equity was transferred to Qualicorp Corretora de Seguros S.A. ("QC Corretora") and to Qualicorp Administradora, the Qualicorp Group companies.

At the Debenture holders' Meeting mentioned above, debenture holders expressly approved, (i) the cancellation of debentures and the creation of new credit, represented by debentures issued by Qualicorp Participações, as prescribed by the Indenture for the 1st Issue of Simple, Unsecured Debentures, with Collateral ("Qualicorp Participações Indenture" and "Qualicorp Participações Debentures", respectively), and (ii) the cancellation of Qualicorp Participações Debentures and the creation of new credit, represented by debentures issued by QC Corretora through Indenture for the 2nd Issue of Simple, Unsecured Debentures, with Collateral and Additional Security, and by QC Administradora, through the Indenture for the 2nd Issue of Simple, Unsecured Debentures, with Collateral and Additional Security ("QC Corretora Debentures" and "QC Administradora Debentures", respectively) which will constitute two new subjective debenture issues, which initially, due to the merger mentioned above, replaced the debentures' issuer by Qualicorp Participações and thereafter, due to the spin-off mentioned above, debentures' issuer was again replaced by the companies that received Qualicorp Participações' equity, in the following proportion: (a) 143 debentures from QC Corretora and (b) 165 debentures from QC Administradora. Therefore, the 2nd issue of debentures were already placed through public offering, with restricted placement efforts, in accordance with CVM Instruction 476, upon the 1st issue by QC Holding II.

The debentures issued in the 1st issuance have the following characteristics:

Number/Type

Issuer	Debenture	Type	06/30/2011	12/31/2010
QC Holding II Participações S.A.	1st issue	Unsecured	-	308
Qualicorp Administradora de Benefícios S.A.	1nd issue	Floating	56	56
Qualicorp Administradora de Benefícios S.A.	2nd issue	Unsecured	165	-
Qualicorp Corretora de Seguros S.A.	1st issue	Unsecured	36	36
Qualicorp Corretora de Seguros S.A.	2nd issue	Unsecured	143	-
Total			400	400

Date of Issue: August 25, 2010.

Unit Par Value: R$1,000 per debenture.

Term and Maturity: sixty (60) months, with final maturity on August 25, 2015.

Yield: exponential and cumulative, on pro rata basis per number of business days elapsed, based on a 252-business-day year, on the balance of the Unit Par Value of the Debentures from the Issue Date or the maturity date of the immediately preceding Capitalization Period, as the case may be, up to the payment date. The balance of the Unit Par Value of the Debentures bear interest of one hundred percent (100.00%) of the daily average interbank deposit (DI) rate, "over extra group", expressed as percentage per year, based on a 252-business-day year, calculated and disclosed by CETIP, plus a spread of 2.75% per year, based on a 252-business-day year, payable on semi-annual basis from the issue date, always on the 25th day of February and August of each year.

Additionally, in September 2010, financial intermediation costs on the placement/issue of debentures, equivalent to approximately 2%, were paid for amortization over the transaction term on an exponential basis.

Amortization: amortizable in five (5) annual installments, on the following dates and percentage rates: August 25, 2011 (10.0%), August 25, 2012 (15.0%), August 25, 2013 (20.0%), August 25, 2014 (25.0%) and August 25, 2015 (30.0%), as shown below:

Maturities and debt composition

	06/30/2011 Consolidated	12/31/2010 Consolidated	Maturity
Interest payable	18,919	18,313	August 25, 2011
Deferrable financial intermediation cost on the issue/placement of debentures - short term	(1,662)	(1,594)	
Debentures - 1st installment	40,000	40,000	August 25, 2011
Current	57,257	56,719	
Deferrable financial intermediation cost on the issue/placement of debentures - short term	(5,257)	(5,926)	
Debentures - 2nd installment	60,000	60,000	August 25, 2012
Debentures - 3rd installment	80,000	80,000	August 25, 2013
Debentures - 4th installment	100,000	100,000	August 25, 2014
Debentures - 5th installment	120,000	120,000	August 25, 2015
Noncurrent	354,743	354,074	
	-	-	
Total	412,000	410,793	

Guarantee

Qualicorp S.A., Qualicorp Corretora de Seguros S.A., Qualicorp Administração e Serviços Ltda. and Qualicorp Administradora de Benefícios S.A. are the guarantors of the transaction and, additionally, the shares issued by Qualicorp Participações S.A. have been pledged as collateral.

Optional Early Redemption: the subsidiaries may, on own discretion and at any time, redeem the Debentures in advance, in whole or in part.

The amount to be paid to Debenture holders as Optional Early Redemption will correspond to the balance of the Unit Par Value of the Debentures subject to redemption, plus the Compensation payable and not paid until the Optional Early Redemption date, plus a premium on the balance of the Unit Par Value of the Debentures subject to redemption based on the following percentage rates (i) 0.50% if the Optional Early Redemption occurs until August 25, 2012, including; (ii) 0.25% if the Optional Early Redemption occurs between August 26, 2012 and August 25, 2014, including; and (iii) 0.00%, i.e., no premium payable by the subsidiary, if the Optional Early Redemption occurs on or after August 26, 2014.

Accelerated maturity

The Trustee may declare the accelerated maturity of all obligations set forth in the Debenture Indenture and require the Issuer to immediately pay the balance of the unit face value of outstanding debentures, plus interest calculated on a pro rata basis, from the issuance date, or the maturity date of the last capitalization period, i.e., the payment date of the immediately previous interest, as the case may be, up to the actual payment date, in the following events, among others:

(i) Prior to a corporate restructuring (spin-off, merger, consolidation, disposal of equity interest or any other corporate restructuring of the Issuer and/or its parent company, including Public Offering of Shares) if the issuer's current shareholders no longer hold the control, through direct or indirect equity interest, of at least 50% plus 1 of the issuer's voting share; and after a corporate restructuring, if any third party acquires the control of the issuer, through direct or indirect equity interest of at least 35.0% of the issuer's voting shares and, cumulatively, if the current shareholders no longer hold the control of the issuer.

(ii) Moreover, the Company and its subsidiaries have financial commitments related to the maintenance of specific performance, liquidity and debt ratios pegged to debentures, which, if not met, may cause the accelerated maturity. As at June 30, 2011, the Company and its subsidiaries meet the required ratios.

Changes in debentures:

	Consolidated	
	Number	Amount
Balance at beginning of period	400	410,793
Recognition of expenses (funding costs)	-	601
Interest payments	-	(27,116)
Recognition of interest	-	27,772
Balance at end of period	400	412,000

19. TAXES PAYABLE

Broken down as follows:

	06/30/2011 Company	06/30/2011 Consolidated	12/31/2010 Consolidated
Current:			
Tax on revenue (COFINS)	6	3,687	3,015
Mandatory and voluntary union dues	-	17	13
Social contribution on net profit (CSLL)	-	-	123
Severance pay fund (FGTS)	-	551	477
Corporate income tax (IRPJ)	-	-	83
Withholding income tax (IRRF)	134	2,751	1,824
Service tax (ISS)	-	2,543	1,594
Social security tax (INSS) (***)	7,358	9,743	1,317
Tax on revenue (PIS)	-	735	603
Payment in installments - RFB - PAES (*)	-	-	415
Medlink's federal and county (ISS) taxes in installments (**)	-	1,408	-
Others	-	4	-
Withholding PIS, CSLL and COFINS	2	47	97
Total	7,500	21,486	9,561
Noncurrent-			
Medlink's federal and county (ISS) taxes in installments (**)	-	6,322	-
Grand total	7,500	27,808	9,561

(*) Refers to PAES program - Law 10684/03, concerning the consolidation of prior years' PIS, COFINS, CSLL and IRRF debts, made in July 2003, divided into 180 monthly installments. These taxes are being regularly paid and the outstanding amounts are subject to inflation adjustment based on the Long-Term Interest Rate (TJLP). Amounts are payable in monthly installments, and the total debt is expected to be settled by 2018. In November 2009, the Company fully settled the PAES by benefiting from the reduction in interest and fine established by Law 11941/2009.

The remaining balance payable, as shown above, totaling R$415, refers to the difference between the amount accrued before the enactment of Law 11941/09 and the PAES settlement calculation. On May 30, 2011, the Company paid R$243,000 corresponding to the remaining balance after debt consolidation. The Company awaits the confirmation of the tax debt settled under the PAES in the Federal Revenue Service system, which it estimated to occur by the end of 2011.

(**) The subsidiary filed an application to the federal tax (PIS, Cofins, IRRF, IRPJ and CSLL) installment plan provided for by Law 11941, of May 27, 2009, to refinance the entire federal tax debt outstanding on November 30, 2008. On November 16, 2009, the Government confirmed the granting of the application and we are awaiting the validation and approval of the amount to be divided into installments and paid. The Government did not inform the amount of the monthly installments payable.

Beginning April 1, 2011, both current taxes and taxes in installments are regularly settled on their maturities.

(***) The increase in this balance as compared to the prior period is due to the bonus paid on July 19, 2011 to the noncontrolling shareholder, as mentioned in note 14.2.

20. PREMIUMS TO BE TRANSFERRED

Broken down as follows:

	06/30/2011 Consolidated	12/31/2010 Consolidated
Premiums to be transferred - with risk of default (a)	27,236	7,293
Premiums to be transferred - w/o risk of default (b)	1,234	1,471
Total premiums to be transferred	28,470	8,764

(a) Refers to healthcare plan invoices to be paid to the healthcare companies on the maturity date of invoices, regardless of receipt by beneficiaries, which were paid on January 2011. (for amounts referring to December 2010) and July 2011 (for amounts referring to June 2011). The variation between the first half of 2011 and December 31, 2010 is basically related to the new customer's transfers (see note 11 b), under a post-payment agreement, i.e., customers first use the healthcare plan and then pay the amount due in the following month.

(b) Refer to healthcare plan invoices to be paid to the healthcare companies when the respective receivables are received from customers (see note 11.a).

21. FINANCIAL TRANSFERS PAYABLE

Refer to fees received payable by subsidiaries Qualicorp Administradora de Benefícios S.A. and Qualicorp Administração e Serviços Ltda. to be transferred/paid to entities that hold the insurance and healthcare plan agreements:

	06/30/2011 Consolidated	12/31/2010 Consolidated
Financial transfers payable (*)	5,080	4,384

(*) These amounts were/will be transferred in full to the entities through January 31, 2011, for amounts referring to December 2010, and through July 29, for amounts referring to June 2011.

22. PAYROLL AND RELATED TAXES

Broken down as follows:

	06/30/2011		12/31/2010
	Company	Consolidated	Consolidated
Payroll	-	2,418	1,895
Accrued vacation	-	7,869	6,904
Accrued 13th salary	-	3,052	-
Profit sharing program (PPR) (*)	-	7,784	8,974
Other	54	360	103
Total	54	21,483	17,876

(*) Refers to the accrual for profit sharing calculated in accordance with the profit sharing plan estimated based on the Company's policies after its approval by the trade unions.

23. TRANSFERABLE PREPAYMENTS

Broken down as follows:

	06/30/2011	12/31/2010
	Consolidated	Consolidated
Insurance premiums and collection processing agreements (a)	20,952	24,127
Prepaid management fees (b)	2,722	2,960
Prepaid financial transfers (c)	529	843
Prepaid contract management fees	54	338
Total	24,257	28,268

(a) Refer to prepayments related to collections of beneficiaries of healthcare plans and insurance agreements. The amount collected is transferred to healthcare operators and insurers upon maturity of the related invoices. The amounts were fully transferred to the healthcare operators and insurers by January 31, 2011 for amounts referring to December 2010 and by July 29, 2011 for amounts referring to June 2011.

(b) Refers to the management fee receive in advanced from beneficiaries and recognized as revenue for the accrual month.

(c) Refers to financial transfers due to trade associations. The amounts received in advance are transferred as established by the agreements, when applicable. The amounts were fully transferred to the professional associations on January 31, 2011 for amounts referring to December 2010 and by July 29, 2011 for amounts referring to June 2011.

24. OTHER PAYABLES

Broken down as follows:

	06/30/2011		12/31/2010	
	Company	Consolidated	Company	Consolidated
Current:				
Commissions - IPO (c)	14,721	14,721	-	-
Commissions payable (b)	55	1,629	-	1,393
Sundry suppliers	88	2,940	-	950
Acquisitions of property, plant and equipment payable	-	297	-	75
Sales material payable	-	386	-	294
Publicity and advertising payable	326	1,430	-	4,780
Consulting and auditing payable (d)	6,055	6,815	49	2,820
IT services payable	-	93	-	852
Purchase of intangible assets (a)	-	120,234	-	15,570
Amounts identifiable healthcare/insurance companies	-	1,942	-	-
Other	530	2,892	-	1,396
Total current	21,775	153,379	49	28,130

(a) Refers mainly to the balance payable relating to agreements for the assignment of rights on Med Company customers by subsidiaries Qualicorp Corretora and Qualicorp Administradora de Benefícios, as mentioned in note 17.e) and balance payable to Unimed Rio, as mentioned in note 17.f).

(b) Refers mainly to the balance payable to outside brokers from sales made and corresponding amounts already received from beneficiaries.

(c) Refers to commission due to Coordinating Banks of the IPO, as mentioned in note 39, which was paid of in July 1, 2011.

(d) Refers mainly to consulting and auditing fees of the IPO, as mentioned in note 39.

25. PROVISION FOR RISKS - CONSOLIDATED

During the normal course of business, the Company and its subsidiaries have tax, labor, social security and civil contingencies for which, based on the opinion of their in-house and outside legal counsel and management estimates, reserves for contingent liabilities were recognized, as follows:

Description	06/30/2011	12/31/2010
Tax (b)	35,501	33,081
Labor and social security (a)	12,906	10,723
Civil (c)	1,834	733
Total	50,241	44,537

Description of the main lawsuits and/or risks:

(a) The Company and its subsidiaries are defendants in labor lawsuits at the administrative and/or judicial levels that involve mainly: (i) the payment of the variation in the percentage of commissions to internal consultants; and (ii) the additional payment for the double role exercised by call center operators who provided services to the Company and its subsidiaries and who were dismissed at the moment these services began to be provided by outside companies. The reserve for contingencies recognized for potential losses arising from said labor lawsuits total R$394. Reserves were also recognized to cover potential risks arising from the procedures adopted by the Company, for which there are no judicial lawsuits or other questionings filed, totaling R$12,512. No reserves were recognized for the risks whose likelihood of loss was considered as possible, totaling R$19,048.

(b) Refer primarily to the reserves recognized to cover possible exposure related to tax matters for which there are no lawsuits or other questionings filed. No reserves were recognized for the risks whose likelihood of loss was considered as possible, totaling R$9,226.

(c) The Company and its subsidiaries are defendants in ongoing civil lawsuits, with R$1,834 considered as a probable loss, for which a reserve for contingencies was recognized, and R$24,701 considered as a possible loss, for which no reserves were recognized. The main lawsuits address the following matters: (i) requirement of coverage for medical procedures not included in the group health plan adhesion contract or in the list of procedures of the National Supplementary Healthcare Agency (ANS), whose responsibility is solely and exclusively incumbent upon health plan operators, pursuant to the prevailing legislation; (ii) questioning of the application of a price increase in the health plan's price as a result of the individual's ageing; and (iii) requests for the reactivation of health plans canceled due to the lack of payment of monthly fees are being discussed at the administrative and/or judicial levels.

The changes in such reserves are as follows:

	Balances at 12/31/10	Additions / (Write-offs)	Payments	Acquisition of Medlink	Balances at 06/30/11
Tax	33,081	2,420	-	-	3,501
Labor and social security	10,723	(155)	(190)	2.338	12,906
Civil	733	637	-	464	1,834
Total	44,537	2,902	(190)	2.802	50,241

26. EQUITY

Capital

As mentioned in note 1, on September 1, 2010, the Extraordinary Shareholders' Meeting (AGE) approved: (i) a capital increase amounting to R$1,107,704 with the issuance of 1,107,704,146 registered common shares, without par value and (ii) merger of shares of QC Holding II Participações S.A., at the carrying amount of R$362,625 (fair value of R$507,669) with the issuance of 507,177,489 registered common shares, without par value. Transaction costs amounting to R$3,700 incurred in raising these funds were recorded in shareholders' equity, under the caption "Expenses on Share Issuance", by subsidiary QC II.

At the Extraordinary Shareholders' Meeting held on May 30, 2011, the Company's Board of Directors approved: a capital increase of R$2,000 through the issuance of 5,000,000 new common registered shares, without par value; (ii) the reverse split of common shares at the ratio of 7-for-1, resulting in share capital being represented by 231,411,805 common registered shares, without par value, and (iii) an amendment to the stock options grant agreements entered into with the beneficiaries to the reverse split of all shares referred to item "ii".

On June 29, 2011, as a result of the IPO (see note 39), the Company issued 27,219,429 shares sold during the initial public offering, the settlement date of which was July 1, 2011. The IPO proceeds amounted to R$353,853, accounted for as capital increase paid-in and unpaid e expenses on shares issuance and the commission paid was R$16,877, accounted for as share issuance costs.

As at June 30, 2011, subscribed capital was R$1,826,183, represented by 258,631,234 registered common shares without par value. Out of this amount, R$1,472,330 (equivalent to 231,411,805 common shares) were already paid in, and the amount of R$353,853 (equivalent to 27,219,429 common shares) were paid in on July 1, 2011. Under the Company's bylaws, the Company is authorized to increase its capital regardless of any amendment to the bylaws, by decision of and under terms to be established by the Board of Directors, up to the limit of 350,000,000 new common shares.

Shares are held as follows:

As at June 30, 2011 and December 31, 2010

	Common shares	
Shareholders	06/30/2011	12/31/2010
BHCS Fundo de Investimentos em Participações	113,592,158	1,107,705,138
José Seripieri Filho	1	507,177,488
L2 Participações Fundo de Investimento	72,453,920	-
Free-Float (*)	72,585,143	-
Other shareholders	12	9
Total	258,631,234	1,614,882,635

(*) Refers to shares traded on the stock exchange (BM&F BOVESPA).

The change in Capital in the 1st half of 2011 is as follows:

Total common shares as at December 31, 2010	1,614,882,635
Capital increase in May 30, 2011	5,000,000
Total before reverse split	1,619,882,635
Reverse split (ratio of 7-for-1) in May 30, 2011	231,411,805
Issuance of new share in June 30, 2011, paid-in July 1, 2011	27,219,429
Total common shares as at June 30, 2011	258,631,234

Legal reserve, distribution of profits and other earnings reserves

Mandatory minimum dividends will correspond to 25% (twenty five percent) of the Company's net income, determined in accordance with the accounting practices adopted in Brazil and adjusted, when applicable, after the allocation of: (i) 5% (five percent) of the net income annually allocated to the legal reserve, up to the limit of 20% (twenty percent) of paid-in capital; this allocation will not be required when the balance of this reserve, plus any capital reserve set forth in paragraph 1, article 182, of the Brazilian Corporate Law, exceeds 30% of capital; (ii) unrealized earnings reserve; or (iii) reserve for contingencies.

The Company shall prepare quarterly balance sheets, as required by the Brazilian Corporate Law and CVM instructions applicable, and, at the Board of Directors' discretion, also prepare semiannual, quarterly or shorter balance sheets and: (i) declare interim dividends; and (ii) pay interest on capital against profits or earnings reserve recorded in these balance sheets.

The dividends distributed as described in the paragraph above may be included in the mandatory dividends. The Company may pay interest on capital as annual or interim dividends.

Valuation adjustments to equity

Valuation adjustments to equity correspond to the difference between the carrying amount and the fair value of merged shares of subsidiary QC Holding II Participações S.A. (equivalent to 27.04% of Qualicorp Participações' shares received in exchange for 31.41% shares issued by QCII), as mentioned in notes 1b and 1c.

27. QUALICORP GROUP'S STOCK OPTION PLAN

a) Stock option plan - Company

Qualicorp Group offers a stock option plan. Management, employees and service providers are eligible to these plans. The Plan is managed by the Board of Directors, which has the power to take the required actions for its maintenance, according to the approved guidelines. In 2011, expenses on the granting of shares by the Company and/or its subsidiaries in the amount of R$13,504 have been recorded.

b) Stock option plan of Qualicorp Group effective through August 31, 2010

Subsidiary Qualicorp Participações S.A. approved at the Extraordinary Shareholders' Meeting held on February 20, 2009 the stock option plan for its management executives, employees, and service providers. All compensation relating to the stock option grants were recorded and settled by Qualicorp Participações. The Plan was managed by the Board of Directors of Qualicorp Group, which had authority to take the required actions for its maintenance, according to the approved guidelines. The main characteristics of the plan are as follows:

The total shares set aside for the plan could not exceed 7% of the total shares of the subsidiary Qualicorp Participações, represented by 583,042 shares, which could be exercised through the issue of new shares, and generate a dilution of capital of up to 6.54%, or sale of treasury shares.

Options may be exercised in 25% of the shares eligible for purchase as from the 12th month from the date of execution of the stock option agreement, and 6.25% could be exercised quarterly, from the 16th to the 52nd month, at the contractual price. On May 1, 2010, a stock option grant agreement become effective under options could be exercised annually in 25% of the shares eligible for purchase as from the 13th month, and as from the 49th month, the executive may exercise 100% of his/her options. In case of dismissal or termination of the beneficiary without cause, not yet exercisable rights on the termination date automatically became exercisable and vesting periods were accelerated.

The maximum period for exercising the options granted, for each vesting period was up to 10 years.

The exercise price of the options granted was equivalent to their market value on the grant date or a price defined by the Board of Directors.

The following share-based payment agreements were effective until August 31, 2010:

Option series	Number	Grant date	Expiration date	Exercise price (1)	Fair value on the grant date (2)
				R$	R$
Granted in Qualicorp Participações S.A.					
(1) Issued on February 20, 2009	49,976	02/20/09	05/30/13	89.39	41.40
(2) Issued on May 01, 2009	83,292	05/01/09	08/08/13	89.39	41.28
(3) Issued on May 25, 2009	41,646	05/25/09	09/01/13	89.39	40.99
(4) Issued on June 15, 2009	83,292	06/15/09	09/22/13	89.39	41.81
(5) Issued on October 01, 2009	20,823	10/01/09	01/08/14	89.39	41.70
(6) Issued on January 04, 2010	20,823	01/04/10	04/13/14	117.58	47.68
(7) Issued on February 04, 2010	7,500	02/04/10	01/14/14	117.58	49.61
(8) Issued on March 01, 2010	20,823	03/01/10	06/08/14	117.58	51.83
(9) Issued on May 01, 2010	291,522	05/01/10	05/10/14	0.01	83.98
Total	619,697				

(1) Subject to inflation adjustment based on the General Market Price Index (IGP-M), as from the Option Agreement date up to the exercise date**.**

(2) The fair value of the stock option plan benefit was estimated based on the *Black-Scholes-Merton* option valuation model, EBITDA of Qualicorp Participações S.A., estimated historic volatility of domestic companies with similar operations, and other management's estimates as mentioned above.

Option series	Estimated volatility of the share price	Expected share dividend yield	Risk-free return rate	Estimated period to maturity
Granted in Qualicorp Participações S.A.				
(1) Issued on February 20, 2009	57.13%	2.09%	6.56%	10 years
(2) Issued on May 01, 2009	56.65%	2.09%	6.51%	10 years
(3) Issued on May 25, 2009	56.43%	2.09%	5.98%	10 years
(4) Issued on June 15, 2009	55.99%	2.09%	6.06%	10 years
(5) Issued on October 01, 2009	55.99%	2.09%	5.60%	10 years
(6) Issued on January 04, 2010	52.96%	1.57%	6.09%	10 years
(7) Issued on February 04, 2010	53.84%	1.57%	5.29%	10 years
(8) Issued on March 01, 2010	53.59%	1.57%	5.85%	10 years
(9) Issued on May 01, 2010	49.56%	1.57%	5.66%	10 years
Total				

Changes in stock options in the period January 1- August 31, 2010

The table below reconciles the stock options outstanding at the beginning and the end of the period:

	Number of options	Weighted average exercise price
		R$
Balance at beginning of period	145,761	89.39
Granted during the period	340,668	16.97
Options from terminated employees - 10 years from the option cancellation date	-	-
Exercised during the period	(101,200)	97.28
Substitution of the assets' plan to the indirect controlling shareholder (*)	(291,522)	0.01
Cancelled during the period	(93,707)	95.65
	-	-
Balances at end of period	-	-

(*) On September 1, 2010, the active beneficiary has migrated his/her plan from the direct controlling shareholder (Qualicorp Participações S.A.) to the indirect controlling shareholder (QC Holding I Participações S.A.).

Stock options exercised from January 1 to August 31, 2010

Option series	Number exercised	Exercise date	Share price on exercise date
			R$
(1) Issued on February 20, 2009	20,822	09/01/2010	94.72
(2) Issued on May 25, 2009	20,823	05/05/2010	91.96
(3) Issued on June 15, 2009	31,233	09/01/2010	95.38
(4) Issued on January 04, 2010	10,411	09/01/2010	126.20
(5) Issued on February 04, 2010	7,500	09/01/2010	124.60
(6) Issued on March 01, 2010	10,411	09/01/2010	123.95
	101,200		

Based on the shareholder structure as of August 31, 2010, the maximum interest dilution percentage to which current shareholders would be exposed, had all Plan shares been subscribed and maintained after the vesting period, would be lower than 3.5%.

c) New stock option plan effective beginning September 1, 2010

At the Extraordinary Shareholders' Meeting held on September 1, 2010, The Company approved the migration of the stock option plan based on the same criteria adopted by Qualicorp Participações S.A., with the plan being managed by Qualicorp Group's Board of Directors with authority to take the necessary measures for the plan's maintenance in accordance with approved guidelines. The main characteristics of the plan are as follows:

- The total shares set aside for the plan cannot exceed 7% of all the shares of the Company, represented by 16,148,826 shares (113,041,784 shares in 12/31/2010), which may be exercised through the issue of new Company shares.

- Options may be exercised in 25% of the shares eligible for purchase as from the 12th month from the date of execution of the stock option agreement, and 6.25% may be exercised quarterly, from the 16th to the 52nd month, at the contractual price.

- The beneficiary's plan, which migrated from the direct parent company, was transferred with the same characteristics, maintaining the original grant date of May 1, 2010. Accordingly, the options may be exercised annually in 25% of the shares eligible for purchase as from the 13th month, and as from the 49th month, the executive may exercise 100% of his/her options. In case of dismissal or termination of the beneficiary without cause, all rights not yet exercisable on the termination date automatically become exercisable, and vesting periods are accelerated.

- The maximum period for exercising the options granted, for each vesting period, is up to 10 years.

- The exercise price of the options granted shall be equivalent to their market value on the grant date or a price defined by the Board of Directors.

The Extraordinary Shareholders' Meeting (AGE) held on March 3, 2011 approved the migration of the stock option plan to the plan proposed on September 1, 2010, which is managed by the Board of Directors of the Qualicorp Group, which has powers to implement the necessary measures to maintain it within the approved guidelines. The main characteristics of the migrated plan are as follows:

- Options can be exercised for 25% of shares that can be acquired through the exercise of options as of each grant anniversary.
- Options granted, for each vesting period, should be exercised within up to 5 years.
- The exercise price of the options granted shall be equivalent to its fair value on the grant date or a price defined by the Board of Directors.

Below is information on the options granted from September 1, 2010 to June 30, 2011, adjusted as a result of the reverse stock split mentioned in note 26:

Option series	Number	Grant date	Expiration date	Exercise price	Fair value on the grant date
				R$	R$
(1) Issued on September 01, 2010	9,380,345	09/01/2010	05/01/2020	0.001	5.25
(2) Issued on March 03, 2011	3,814,707	03/03/2011	03/03/2016	7.21	7.42
(3) Issued on May 31, 2011	33,475	05/31/2011	03/03/2016	9.52	8.13

The stock options granted in the period are as follows:

Total number of stock options granted (1)		9,380,345
Exercise price of the options granted until December 31, 2010	(1)	R$0.001
Estimated volatility of share price		45.27%
Expected share dividend yield		0.03%
Risk-free return rate		5.66%
Estimated period to maturity		10 years
Fair value on grant date		R$5.25
Unit cost of granted shares	(2)	R$4.95
Total number of stock options granted (2)		3,814,707
Exercise price of the options granted until March 31, 2011		R$7.21
Estimated volatility of share price		42.91%
Expected share dividend yield		0.03%
Risk-free return rate		11.89%
Estimated period to maturity		5 years
Fair value on grant date		R$7.42
Unit cost of granted shares	(2)	R$4.12

Total number of stock options granted (3)		33,475
Exercise price of the options granted until May 31, 2011		R$9.52
Estimated volatility of share price		43.67%
Expected share dividend yield		0.03%
Risk-free return rate		11.67%
Estimated period to maturity		5 years
Fair value on grant date		R$8.13
Unit cost of granted shares	(2)	R$3.85

(1) Subject to inflation adjustment based on the General Market Price Index (IGP-M), as from the Option Agreement date up to the exercise date**.**

(2) The fair value of the stock option plan benefit was estimated based on the Black-Scholes-Merlon model, the Qualicorp Group's EBITDA, the estimated historical volatility of domestic companies with similar operations and other Management's estimates as mentioned above.

Through June 30, 2011, changes in stock options granted at the Company in the period are as follows:

	Number of options	Weighted average exercise price
Balance at beginning of period	9,380,345	0.001
Granted during the period	3,848,182	7.23
(-)Exercised during the period	(714,286)	2.80
Balance at end of period	12,514,241	2.06

Stock options outstanding at end of period

The exercise price of stock options outstanding at end of period was R$2.06 and a weighted remaining average contractual life of 2,779 days.

28. COST OF SERVICES

Broken down as follows:

	Quarter ended 06/30/2011	YTD 06/30/2011
Personnel expenses and management compensation	11,111	19,553
Outside services	6,610	12,109
Office supplies	944	1,255
Occupancy expenses	1,823	3,356
Mailing expenses	2,273	4,232
Cost of other services	1,112	2,010
Financial transfers from adhesion contracts (a)	17,786	34,256
Reimbursement of membership and monthly fees (b)	1,673	3,559
Total	43,332	80,330

(a) Refer to expenses on financial transfers incurred in the agreements executed with professional associations for the sale of group adhesion plans.

(b) Refers to reimbursement of monthly fees related to annual contributions owed by beneficiaries of Qualicorp Administração e Serviços Ltda. and Qualicorp Administradora de Benefícios S.A. to associations, unions and trade associations to which the beneficiaries are affiliated.

29. ADMINISTRATIVE EXPENSES

Broken down as follows:

	Quarter ended 06/30/2011 Company	YTD 06/30/2011 Company	Quarter ended 06/30/2011 Consolidated	YTD 06/30/2011 Consolidated
Personnel expenses and management compensation	44,732	44,732	63,222	79,416
Outside services (*)	5,818	5,873	12,630	16,676
Office supplies	-	-	337	516
Occupancy expenses	112	163	1,032	1,768
Contributions and donations	-	-	-	509
Mailing expenses	-	-	1,079	2,086
Other administrative expenses	321	710	2,030	4,383
Depreciation and amortization	19,625	19,625	30,264	59,293
Total	70,608	71,103	110,594	164,647

(*) Refers basically to consulting, audit, IT services and legal fees.

30. SELLING EXPENSES

Broken down as follows:

	Quarter ended 06/30/2011 Company	YTD 06/30/2011 Company	Quarter ended 06/30/2011 Consolidated	YTD 06/30/2011 Consolidated
Personnel expenses	-	-	10,964	20,019
Outside services	-	-	1,868	3,684
Office supplies	-	-	527	1,076
Occupancy expenses	-	-	923	1,716
Mailing expenses	-	-	917	1,863
Other selling expenses	-	-	4,000	5,857
Sponsorships (a)	-	-	1,847	2,257
Discounts granted	-	-	137	272
Third-party commission (b)	-	-	6,453	11,730
Publicity and advertising (c)	656	656	6,809	16,969
Sales campaign	-	-	1,694	3,263
Total	656	656	36,139	68,706

(a) Sponsorships are expenses incurred for the promotion of Qualicorp Group in events organized by the clients, entities, or in specific brand exposure situations.

(b) Refers to variable compensation due to the distribution channel (insurance brokers). This compensation is calculated according to the sales volume for a certain period, provided that effective settlement of amounts owed by the beneficiary is verified.

(c) Refers to expenses with institutional disclosure, as well as all expenses with publicity, marketing, TV and other expenses of this nature.

31. LOSSES ON UNCOLLECTIBLE RECEIVABLES

Broken down as follows:

	Quarter ended 06/30/2011 Consolidated	YTD 06/30/2011 Consolidated
Losses on uncollectible receivables (*)	6,677	17,409

(*) Refer to the write-off of past-due receivables resulting from administration transactions and stipulation of adhesion group benefits in which the Company assumes the risk of default of payment to the healthcare and dental operators and insurers.

This amount includes R$3,774 mainly referring to the difference in amounts to be identified in accounts receivable and amounts transferred to health plan/insurance companies. Differences were written off against profit or loss in the first quarter of 2011.

32. FINANCIAL INCOME (EXPENSES)

Broken down as follows:

	Quarter ended 06/30/2011 Consolidated	YTD 06/30/2011 Consolidated
Financial income:		
Income from short-term investments	4,881	9,539
Interest and fine on late payment of health care plan and insurance agreements, managed by the Company, resulting from agreements with default risk (*)	4,665	9,088
Discounts obtained	-	16
Other income	558	629
Total financial income	10,104	19,272

	Quarter ended 06/30/2011	YTD 06/30/2011
	Consolidated	Consolidated
Financial expenses:		
Tax on financial transactions (IOF)	(223)	(225)
Tax on banking transactions (CPMF)	(32)	(46)
Inflation adjustment on debentures	(14,034)	(27,722)
Banking expenses	(340)	(214)
Registry office costs	(22)	(42)
Discounts granted	(313)	(342)
Other financial expenses	(161)	(191)
Total financial expenses	(15,125)	(28,782)
	-	-
Financial income (expenses)	(5,021)	(9,510)

(*) Refer to the interest and fines paid by subsidiaries Qualicorp Administração e Serviços and Qualicorp Administradora de Benefícios on management and stipulation transactions of group adhesion benefits and complementary products. These amounts are received by the beneficiaries who settle their fees after maturity date.

33. OTHER OPERATING INCOME (EXPENSES), NET

Broken down as follows:

	Quarter ended 06/30/2011	YTD 06/30/2011
	Consolidated	Consolidated
Expenses related to provision for risks	(1,309)	(3,092)
Other income	352	469
Total	(957)	(2,623)

34. INCOME TAX AND SOCIAL CONTRIBUTION

Expenses on taxes are broken down as follows:

	Company		Consolidated	
	Quarter ended 06/30/2011	YTD 06/30/2011	Quarter ended 06/30/2011	YTD 06/30/2011
Profit (loss) before income tax and social contribution	(55,098)	(61,404)	(42,959)	(39,429)
Equity in investees	(15,606)	(10,355)	-	-
Subtotal	(71,264)	(71,759)	(42,959)	(39,429)
Income tax and social contribution at statutory rate	34%	34%	34%	34%
Expected income tax and social contribution income (expense) at statutory rate	24,230	24,398	14,606	13,406
Nondeductible expenses - other	(11,271)	(11,271)	(11,464)	(11,713)
Stock options granted	-	-	(2,190)	(4,592)
Losses on uncollectible receivables	-	-	-	(1,273)
Expenses from companies taxed under deemed income	-	-	(15)	(31)
(Recognition)/reversal, net of temporary additions without recognition of tax credits	(2,768)	(2,768)	(3,010)	(2,993)
Tax incentive	-	-	(6)	234
Tax loss without recognition of tax credit	(3,519)	(3,519)	(4,299)	(8,641)
Other	-	(168)	351	300
Total income tax/social contribution expenses	6,672	6,672	(6,027)	(15,303)

35. INSURANCE

The Company and its subsidiaries have insurance coverage for its assets against potential losses, as follows:

Items	Type of coverage	Insured amount
Buildings, facilities, machinery, furniture, and fixtures	Any damages to buildings and loss of profits due to fire, facilities, machinery and equipment. Civil liability from operations and of employer.	237,546
D&O	Errors and omissions (E&O) of officers and directors (D&O)	37,500
D&O (after IPO)	Coverage of liabilities of officers and directors (D&O)	78,015
Public Offering of Securities Insurance (POSI)	Coverage of risks from information disclosed by the Company on the IPO (prospectus and road show)	78,015

36. SEGMENT REPORTING

a) Description of the services accounting for the revenues from each reportable segment

The company, through its subsidiaries, has one reportable segment, the “Affinity Segment”, and operates in this segment through its subsidiaries Qualicorp Administradora de Benefícios Ltda. (“Benefit Management Company”), Qualicorp Administração e Serviços Ltda. (“Qualicorp Administração”), and Qualicorp Corretora de Seguros Ltda. (“Broker”). Beginning 2010, the activities related to the Affinity Segment which, until then, were performed by subsidiary Qualicorp Administração have been transferred to the subsidiary Qualicorp Administradora de Benefícios Ltda. (Details on this change are included in note 1.)

The Benefit Management Company is responsible for managing group adhesion benefits related to health and/or dental care private plans, and the main activities developed are: meeting contracting legal entities; contracting of a group health care private plan, as policyholder; offer of plans to the associates of contracting legal entities; technical support for the discussion of operating matters; support to the human resources area in the management of plan benefits; outsourcing of administrative services; changes to master files; checking of trade notes; collection of the beneficiary by delegation; market prospection consulting, suggest plan design and management model.

The Broker, in turn, is responsible for distributing (sale) of group adhesion plans, and main its activities are: identification of the target public, the associates of entities and/or people eligible to association; definition of a marketing strategy and distribution model; offer of collective adhesion plans to potential customers through own distribution channel or network of other accredited insurance broker companies.

b) Measurement of earnings, assets and liabilities per operating segment

The accounting policies and practices of the Affinity Segment are the same as described in note 3. The Company assesses the performance of the reportable segment based on income before interest, financial income/expenses, depreciation, amortization, and provisions for income tax and social contribution on net income. The provisions for civil and labor risks have not been included in profit or loss per segment. Shared administrative expenses are not allocated.

c) Factors used by management to identify the segment

The Affinity Segment is the business unit that accounts for 90.20% of the Company and its subsidiaries' gross operating revenue. This unit is separately managed within the management model used by the Company's managers.

The Affinity Segment uses most of the operating and financial resources of the Qualicorp Group, for example, changes in the healthcare operator/insurer master files of the beneficiaries, billing and collection of benefits, write-off of receipts and amounts transferred to trade associations. All direct revenues and expenses of segments are identified in the ERP - RM system, whose cost center structure is directed solely towards the identification of segments and other unallocated shared expenses.

d) Gross and net revenue by type of service

	Quarter ended 06/30/2011	YTD 06/30/2011
	Consolidated	Consolidated
GROSS OPERATING REVENUE		
Management fee	74,459	144,821
Financial transfers from stipulation of contracts	14,942	28,331
Brokers' fees	70,716	132,046
Agency services	14,323	27,529
Provision of medical services in general	1,360	2,891
Connectivity services	2,516	2,516
Benefit management consulting	4,088	8,510
Total gross operating revenue	182,404	346,644
DEDUCTIONS FROM GROSS OPERATING REVENUE		
Taxes on revenue	(21,061)	(40,013)
Returns and cancelations	(1,582)	(2,835)
Total deductions from gross operating revenue	(22,643)	(42,848)
NET OPERATING REVENUE	159,761	303,796

e) Information on earnings, assets and liabilities of the reportable segment

The charts below show the breakdown of items related to the reportable segment, unallocated expenses and/or revenues are presented in item "f", reconciliation of revenues, earnings, assets and liabilities.

Consolidated	Quarter ended 06/30/2011			YTD 06/30/2011		
	Affinity segment	Other segments	Total	Affinity segment	Other segments	Total
NET REVENUE	144,850	14,911	159,761	276,935	26,861	303,796
COST OF SERVICES	(31,776)	(11,556)	(43,332)	(60,314)	(20,016)	(80,330)
OPERATING INCOME (EXPENSES)	(28,525)	(5,200)	(33,725)	(60,049)	(8,107)	(68,156)
Selling expenses	(26,512)	(5,200)	(31,712)	(51,727)	(8,107)	(59,834)
Losses on uncollectible receivables	(6,677)	-	(6,677)	(17,409)	-	(17,409)
Other operating income, net	4,664	-	4,664	9,087	-	9,087
PROFIT BEFORE UNALLOCATED EXPENSES	84,549	(1,845)	82,704	156,572	(1,262)	155,310
REPORTABLE SEGMENT ASSETS						
Intangible assets	1,799,493	183,149	1,982,642	1,799,493	183,149	1,982,642
Other allocated current and noncurrent assets	41,293	-	41,293	41,293	-	41,293
TOTAL ALLOCATED ASSETS	1,840,746	183,149	2,023,935	1,840,746	183,149	2,023,935
REPORTABLE SEGMENT LIABILITIES						
Other allocated current and noncurrent liabilities	215,930	-	215,930	215,930	-	215,930
TOTAL ALLOCATED LIABILITIES	215,930	-	215,930	215,930	-	215,930

Information on earnings, assets and liabilities of segments that are not reportable (other segments) are attributable to four business units, which separately do not represent more than 10% of the Company's revenue:

- Corporate and SME Segments: concentrate all activities related to insurance brokerage or plan intermediation, as well as advisory on benefits to customers of large corporations or SMEs;

- Health Risk Management Segment: concentrates the activities of preventive health care and management of patients;

- Service Outsourcing Segment: concentrates the activities of previous release and medical events' regulation, management of medical service providers networks, processing and analysis of claims and connectivity of medical information (processing);

- New Products: concentrates sales activities of all products not related to health care plans.

f) Reconciliation of revenue, earnings, assets and liabilities

	Quarter ended 06/30/2011	YTD 06/30/2011
Unallocated items:		
Administrative expenses	(110,594)	(164,647)
Selling expenses	(4,427)	(8,872)
Financial income (expenses)	(9,685)	(18,597)
Provision for risks	(1,309)	(3,092)
Other income (expenses)	352	469
Total	(125,663)	(194,739)
Profit before income tax and social contribution	(42,959)	(39,429)
(-) Income tax and social contribution	(6,027)	(15,303)
Net loss consolidated	(48,986)	(54,732)

Assets	30/06/2011	31/12/2010
Total reportable segment	1,840,786	1,968,222
Other segments	183,149	199,735
Unallocated items	567,789	285,174
Total	2,591,724	2,453,131

Liabilities	30/06/2011	31/12/2010
Total reportable segment	215,930	86,487
Other segments	-	-
Unallocated items	2,375,794	2,366,644
Total	2,591,724	2,453,131

g) Geographical information of the reported segment

The Company and its subsidiaries conduct their activities in the domestic market and the distribution of the Affinity Segment billing per state is as follows:

Segmentation per State (Consolidated)	Quarter ended 06/30/2011	YTD 06/30/2011
SP	114,616	223,274
RJ	33,461	60,262
BA	9,108	17,837
DF	5,887	11,325
PE	1,283	2,273
Other	178	293
Total Affinity Segment	164,532	315,264
Total Other Segments	17,872	31,380
Total revenue	182,404	346,644

h) Information on major customers

For the six-month period ended June 30, 2011, the major customers of the Affinity Segment originated revenue of R$7,225, R$6,509 and R$6,034, which accounts for 9,62%, 8,66% and 8,03% of the segment's revenue, and 8.41%, 7,58% and 7.02% of the consolidated revenue in the second quarter of 2011.

37. EXPENSES BY NATURE

The income statement is presented by function. Breakdown of the consolidated income statement of by nature:

	Consolidated Quarter ended 06/30/2011	Consolidated YTD 06/30/2011
Personnel expenses and management compensation	85,297	118,988
Depreciation and amortization	30,264	59,293
Outside services	21,108	32,469
Financial transfers from adhesion contracts	17,786	34,256
Advertising and publicity	6,809	16,969
Other	6,030	10,240
Occupancy expenses	3,778	6,840
Third-party commission	6,453	11,730
Sales campaign	1,694	3,263
Reimbursement to associates	1,673	3,559
Mailing expenses	4,269	8,181
Sponsorships	1,847	2,257
Office supplies	1,808	2,847
Cost of other services	1,112	2,010
Contributions and donations	-	509
Discounts granted	137	272
	190,065	313,683
As per income statement:		
Cost of services	43,332	80,330
Administrative expenses	110,594	164,647
Selling expenses	36,139	68,706
	190,065	313,683

38. COMMITMENTS

As at June 30, 2011, the Company has the following material commitments:

a) Lease agreements of its offices: the commitments already assumed total approximately R$5,077 in 2011, R$5,469 in 2012 and R$4,949 in 2013.

Expenses incurred on such agreements in the period ended June 30, 2011 amounted R$2,716.

b) Budgeted plans for the purchase of intangible assets (software under development) total approximately R$10,900 in 2011, R$8,000 in 2012, R$3,000 in 2013 (unaudited).

c) Commitments for the provision of call center services already assumed totaling approximately R$11,233 for 2011.

The agreement is adjusted on an annual basis and 70% of the prices are adjusted using a percentage of the salary increases (according to the category of professionals) and 30% using the IGP-M.

Up to the 36th month of effectiveness, the party that terminates the contract without cause must notify the other party ninety (90) days in advance and will pay a fine corresponding to 50% of the amounts budgeted through the end of the contract, based on the average valuable consideration receivable until the termination date. No other penalties apply under this contract.

39. EVENTS AFTER THE REPORTING PERIOD

a) Termination of the initial and secondary public offering of common shares

The terms and conditions of the initial and secondary public offering of Qualicorp S/A's common shares with preemptive rights for the current shareholders was approved at the Company's Board of Directors meeting held on April 28, 2011. The offering had been previously submitted to CVM's analysis, on June 28, 2011, which has Bank of America Merrill Lynch as leading underwriter, and Banco Bradesco BBI S.A., Credit Suisse, and Goldman Sachs as the other underwriters.

Other financial institutions accredited by São Paulo Stock and Mercantile Exchange (BM&FBOVESPA) participating in the securities distribution system were invited to take part in the offering exclusively for the placement of shares to non-institutional investors.

The shares were also placed abroad, through the engaged financial institutions, to qualified international investors resident or domiciled in the United States of America. In compliance with Article 24 of CVM Instruction 400, the total number of initially offered shares was increased by 15%, i.e., by 10,887,771 Company common shares held by BHCS FIP.

In view of the full exercise on July 15, 2011 of the overallotment option granted under the underwriting agreement, BHCS FIP provided to the leading underwriter a guarantee of initial and secondary public settlement and distribution of Qualicorp S.A. common shares under the same terms and price conditions as those originally offered, aimed at meeting excess demand during the IPO.

The final number of shares offered was 83,472,914 Company common shares, of which 27,219,429 in the initial offering and 56,253,485 in the secondary offering. The offering was conducted in Brazil and abroad at the price of R$13 per share, totaling R$1,085,148, as shown below:

Offering	Settlement date	Gross amount	Commission	Net amount
Initial	July 1, 2011	353,853	14,721	339,132
Secondary	July 1, 2011	589,754	22,977	566,777
Additional - secondary	July 20, 2011	141,541	5,483	136,058
		1,085,148	43,181	1,041,967

b) Acquisition of PraxiSolutions Consultoria de Negócios e Corretora de Seguros Ltda. (“Praxis”)

On July 26, 2011 the Company entered into, through its direct subsidiary Qualicorp Corretora, a share purchase and sale agreement and other covenants to acquire 80% of the share capital of Praxis, for R$ 24 million.

Established in 2003, Praxis is a broker specialized in the development and distribution of mass insurance, such as life insurance, capitalization certificates, home insurance, and financial protection, extended warranty, and guaranteed income insurance. This company operates in retail and its client portfolio totals 2,000 stores in 18 Brazilian states, where it sells over 20 million mass insurance certificates per year. By June 2011, Praxis had generates premiums equivalent to R$150 million (unaudited). The acquisition of this company is aligned with the Company’s strategy to invest in new business opportunities that permit offering new products and services to current and future clients.

c) Business acquisitions - general

The Company also has other exclusivity/confidentiality agreements related to the acquisition of companies or certain assets, and so far no purchase offers were made on a firm commitment basis. Therefore, there is no guarantee that part or all negotiations will be successful. However, the Company has non-binding offers totaling approximately R$150 million (unaudited). There are no guarantees that these transactions will be accomplished, as the Company needs to complete the whole negotiation process as well as conclude a satisfactory due diligence.

40. CONCLUSION OF THE INTERIM FINANCIAL INFORMATION

The Company’s individual and consolidated interim financial information was approved by Management on August 11, 2011, and includes events occurred after the reporting date of June 30, 2011.