

Capital Group EMC IM SA
Report on audit of a consolidated financial statement for a year ended on the 31st December 2014
(in PLN thousand)

Capital Group

EMC IM SA

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I. A GENERAL PART

1. GENERAL INFORMATION

A parent undertaking in the Capital Group ('Group' or 'Capital Group') is EMC Instytut Medyczny SA ('a parent undertaking', 'Company').

On the 15 Nov. 2004, Memorandum of Association of a joint-stock company under business name EMC Instytut Medyczny Spółka Akcyjna was agreed on and signed in the form of a notarial deed. The registered seat of the Company is in Wrocław, 144-148 Pilczycka street.

A parent undertaking is the Issuer of securities, pursuant to the art. 4 of the resolution of the European Parliament and European Union Committee as at 19th July of 2002, no. 1606/2002/WE in terms of using international standards of accountancy (Dz. Urz. WEL 243 as at 11th September of 2002, page 1; Dz. Urz. UE, a special Polish issue, chapter 13, vol. 29, page 609 and pursuant to the art. 55.5 of the Accountancy Act as at 29th September of 1994 (Dz.U. 2013.330 with later amendments – 'Accountancy Act'), and compiles consolidated financial statements of the Group in accordance with International Standards of Financial Reporting that were approved by UE. The obligation concerns consolidated financial statements for current years beginning in a year 2005 and later.

On the 26 Nov. 2004, the Company was entered the National Court Register under number KRS 0000222636.

A parent undertaking possesses NIP 8942814132 conferred on the 7th December of 2004 and REGON 933040945 conferred on the 1st December of 2004.

On the 14th May as a result of the resolution of the General Meeting of Shareholders the EMC IM SA was joined with the Formica Sp. z o.o. by transferring all property of the entity acquired to the acquiring company without increasing share capital of the acquiring company. It was registered by the National District Court on the 16th July 2014.

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A parent undertaking is included into the Capital Group Svet Zdravia Holding Limited.

The subject of a basic activity of a parent undertaking is as follows:

- activity in the scope of human health care,
- the research and development work in the field of medicine and pharmacy,
- out-of-school forms of education not elsewhere classified,
- real property services.

The scope of activities of subsidiary undertakings, interdependent and associated entities is connected with the activities of the parent undertaking.

On the 31st December of 2014 the share capital of a parent undertaking amounted to PLN 48.078 thousand. On the 31st December of 2014 equity of the Group amounted PLN 137.249 thousand.

According to the Stocks Book of the EMC IM SA as at 31/12/2014, the structure of share capital ownership of the parent undertaking was as follows:

Shareholder	A number of shares	% of share capital	in A number of votes	Nominal value of stocks
CareUp B.V.	8.440.450	9.940.488	33.762	70,00%
PZU Close Investment Fund of Not-Public Assets BIS 2	3.435.638	3.435.638	13.742	29,00%
The others	143.436	143.436	574.000	1,00%
Total	12.019.524	13.519.562	48.078	100,00%

During a financial year and as at the 9th March of 2014 the following changes in shareholding structure of the parent undertaking were as follows:

- according to a current report no. 1/2014 on the 6th January 2014, the joining between the company Soporto Invest B.V. and CareUp B.V. was conducted.

During the financial year share capital of the parent undertaking did not change.

The Management Board of the parent undertaking as at 9th March 2015 is as follows:

- Agnieszka Kazimiera Szpara the President of the Management Board
- Tomasz Suchowierski the Member of the Management Board
- Zdzisław Andrzej Cepiel the Member of the Management Board

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In a financial year 2014 and from the 31st December 2014 to the 9th March 2015 the following changes in the Management Board occurred:

- according to the current report no. 66/2014 as at 16th July of 2014, Piotr Gerber resigned from being the member of the Management Board and fulfilling the function of the President of the Management Board (as at 31st August 2014),
- according to the resolution no. 16/2014 of the Supervisory Board on the 30th July of 2014, Mrs Agnieszka Szpara was appointed as a member of the Management Board and developed upon the function of the President of the Management Board of EMC Instytut Medyczny SA (from 1st September of 2014),
- according to the current report no. 98/2014 as at the 25th November 2014, Mrs Krystyna Wider-Poloch resigned from being the Vice-President and the member of the Management Board of EMC Instytut Medyczny SA (as at the 31st December 2014),
- according to the resolution no. 22/2014 of the Supervisory Board on the 3rd December 2014, Mr Tomasz Suchowierski was appointed as a member of the Management Board (from the 1st January 2015),
- according to the current report no. 29/2015 on the 27th February 2015, Mr Józef Tomasz Juros resigned from being the member of the Management Board of EMC Instytut Medyczny SA. (as at 26th February 2015).

2. CAPITAL GROUP STRUCTURE

As at 31/12/2014 the following subsidiary undertakings (directly and indirectly dependent) were included in the structure of the Capital Group of EMC Instytut Medyczny S.A.:

Company	Consolidation method	Type of opinion on a financial statement	Entity entitled to report a financial statement	Balance day of conducting a financial statement
Lubmed Sp. z o.o.	Full consolidation	A lack of audit duty	A lack of audit duty	31/12/2014
Mikulicz Sp. z o.o.	Full consolidation	A lack of audit duty	A lack of audit duty	31/12/2014
EMC Health Care Limited	Full consolidation	During auditing	Rush Malone & Company Chartered Accountants & Registered Auditors	31/12/2014
EMC Silesia Sp. z o.o.	Full consolidation	During auditing	Ernst & Young Audyt Polska Sp. z o. o sp. k.	31/12/2014
PCZ Sp. z o.o. in Kowary	Full consolidation	During auditing	Ernst & Young Audyt Polska Sp. z o. o sp. k.	31/12/2014
Silesia Med Serwis Sp. z o.o.	Full consolidation	A lack of audit duty	A lack of audit duty	31/12/2014

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„EMC Piaseczno” Sp. z o.o.	Full consolidation	During auditing	Ernst & Young Audyt Polska Sp. z o. o sp. k.	31/12/2014
„Zdrowie” Sp. z o.o.**	Full consolidation	During auditing	Ernst & Young Audyt Polska Sp. z o. o sp. k.	31/12/2014
Regionalne Centrum Zdrowia Sp. z o.o.	Full consolidation	During auditing	Ernst & Young Audyt Polska Sp. z o. o sp. k.	31/12/2014

The type of changes and the influence determined by the changes in comparison with a previous year in the scope of entities in consolidation were presented in a note no. 5 of accountancy principles (politics) and additional explanatory notes ('additional information') for a consolidated financial statement of the Capital Group for a year ended on the 31st December 2014.

3. A CONSOLIDATED FINANCIAL STATEMENT

3.1. Opinion and report on audit and auditing a consolidated financial statement

Ernst & Young Audyt Polska spółka z o. o. sp.k. with its register seat in Warsaw, Rondo ONZ 1, is the organization entitled to audit financial statements entered on the list under no. 130.

On the 14th May 2014 Ernst & Young Audyt Polska spółka z o. o. sp.k. was selected by the Supervisory Board to audit a consolidated financial statement of the Group.

Ernst & Young Audyt Polska spółka z o. o. sp.k. and a statutory auditor meet requirements to express an unbiased and independent opinion on the consolidated financial statement of the Group due to art. 56, par. 3 and 4 of the resolution as at 7th May 2009 about statutory auditors and their government, entities entitled to audit financial statements as well as about financial supervision (Dz.U. 2009, no. 77, item 649 with later amendments).

On the basis of the contract signed on the 30th June 2014 with the Management Board of a parent undertaking we have audited a consolidated financial statement for a year ended on the 31st December 2014.

Our aim was to express an opinion on a consolidated financial statement on the basis of the audit having been conducted. The procedures conducted during the audit of the consolidated financial statement were designed so as to enable to express an opinion on the consolidated financial statement treated as the whole. Our procedures have not included complementary information that does not influence a consolidated financial statement treated as the whole.

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On the basis of the audit on the 9th March 2015 we issued the opinion of a statutory auditor with the following explanation content:

'For the General Meeting of Shareholders and the Supervisory Board of EMC Instytut Medyczny S.A.

1. We have audited the enclosed consolidated financial statement of the Capital group EMC Instytut Medyczny S.A. ('Group') in which a parent undertaking is EMC IM SA ('Company') with its registered seat in Wrocław, 144-148 Pilczycka Street for a year ended on the 31st December of 2014 consisting of: a consolidated financial statement as at 31/12/2014, a consolidated income statement, a consolidated statement of changes in equity, a consolidated cash flow statement for the period from the 1st Jan. 2014 to the 31st Dec. 2014 as well as the principles (politics) of accountancy, and additional explanatory notes ('an enclosed consolidated financial statement').

2. The Board of Management is responsible for reliability and clarity of an enclosed consolidated financial statement as well as it is responsible for compiling a financial statement in conformity with the principles (politics) of accountancy and for the correctness of consolidating documentation. Moreover, the Board of Management and the members of the Supervisory Board are accountable for ensuring that an enclosed consolidated financial statement and the Group financial statement meet requirements of the act as at 29th Sept. 1994 due to accountancy [Dz.U. 2013.330 with later amendments – 'Accountancy Act']. Our responsibility was to audit the enclosed consolidated financial statement and express whether it is in all important aspects compatible with the principles (politics) of accountancy and whether it reliably and clearly presents in all important aspects a financial situation and a financial result of the Group.

3. Auditing an enclosed consolidated financial statement was conducted due to:

- a) chapter 7 of the Accountancy Act,
- b) national standards of financial auditing made by the National Chamber of Statutory Auditors in Poland

in the way to obtain moderate certainty that a financial statement does not include important irregularities. In details, the audit was carried with the analysis of financial statement's documentation (at random) that determines amounts and information included in the consolidated financial statement. The audit included also the assessment of correctness of accountancy principles taken and used by the Group and of meaningful estimates made by the Board of Management as well as the general presentation of an enclosed consolidated financial statement. We regard that the

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audit gave the basis for expressing the opinion about the enclosed consolidated financial statement treated as the whole.

4. From our point of view the enclosed consolidated financial statement in all important aspects:

- presents reliably and clearly all information important for assessing a financial result of business activities from the 1st. Jan. 2014 to the 31st Dec. 2014 and a financial and capital situation of the Group as at 31/12/2014,
- was conducted in accordance with the principles of IFRS that were approved by UE,
- is compatible with law principles influencing the content and form of a financial statement.

5. Not raising objections we regard that:

financial statements of Lubmed sp. z o. o., Mikulicz sp, z o.o., and Silesia Med Serwis sp. z o.o. constituting the base for compiling the enclosed consolidated financial statement were not audited by statutory auditors. Total balance sum of those financial statements, before consolidating exclusions, constitutes 4,8% of the balance sum of the consolidated financial statement of the Group without making consolidating exclusions.

6. We have acquainted with the statement of the Board of Management due to activities of the Group from the 1st Jan. 2014 to the 31st Dec. 2014 and about the principles of compiling an annual consolidated financial statement ('the financial statement') and we regarded that information included in the enclosed consolidated financial statement is compatible with principles mentioned. The information included in the financial statement takes into consideration the provisions included in the art. 49, part 2 of the Accountancy Act and suitable provisions of the resolution of Ministry Finance as at 19th Feb. 2009 due to current and periodic information transferred by the issuers of securities and conditions of revealing as equivalent information required by law rules of a country not being a member of UE [Dz.U. 2014.133 as amended – 'the resolution about current and periodic information'.

The audit of the consolidated financial statement of the Group was conducted in the period from the 29th September 2014 to the 9th March 2015, including in the register seat of the Company from the 29th September 2014 to the 3rd October 2014 and from the 9th February 2015 to the 17th February 2015.

3.2. Declarations received and the availability of data

The Management Board of a parent undertaking confirmed its responsibility of the reliability and clarity of a financial statement as well as its compiling in accordance with the accountancy principles (politics) and the correctness of consolidating documentation. It declared that it submitted all financial statements included in the consolidated financial statement, consolidating documentation and the other documents as well as it made necessary explanation. We received also a written declaration as at 9th March of 2015 of the Management Board of the parent undertaking about:

- complex information in consolidating documentation,
- disclosure all conditional liabilities in the consolidated financial statement, and
- disclosure in the consolidated financial statement all important events having occurred after a balance date up to the date of declaring.

In the declaration it was confirmed that information transferred were reliable and real in accordance with conviction and the best knowledge of the Management Board of the parent undertaking and included all events that might have influenced the consolidated financial statement.

Simultaneously, we declare that during the audit of the financial statement the limitations of the scope of the audit did not occur.

3.3. The information about a consolidated financial statement for a previous current year

A consolidated financial statement of the Group for a year ended on the 31st December of 2013 was audited by Leszek Lerch – a core statutory auditor no. 9886 acting on behalf of Ernst & Young Audit Spółka z o.o. sp. k. with its register seat in Warsaw, identification number 130. The core statutory auditor on the behalf of the entity entitled to audit issued an opinion on the consolidated financial statement with explanation. The consolidated financial statement of the Group for a year ended on the 31st December 2013 was approved by the shareholders at the General Meeting of the shareholders on the 14th May of 2014.

The consolidated financial statement of the Group for a current year ended on the 31st December of 2013 with the opinion of the statutory auditor, the copy of resolution about approving the consolidated financial statement and the financial statement of the Group was submitted in the National Court Register on the 30th May of 2014.

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4. A FINANCIAL SITUATION

4.1. Basic data and financial ratios

Selected financial ratios characterizing a financial situation of the Group in years 2012-2014 counted on the basis of financial data included in financial statements for years ended on the 31st December of 2013 and 31st December of 2014 were presented below.

The ratios for a year 2013 have been counted on the basis of financial data included in a financial statement for a year ended on the 31st December 2014 that were transferred due to finally settling the price of acquiring the company "Zdrowie" Sp. z o.o.

	2014	2013	2012
A balance sum	242 652	231 212	142 246
Equity	13 249	139 776	67 288
A net financial result	-5 817	777	515
Assets profitability (%) net profit*100/total assets	-2,4%	0,3%	0,4%
Equity profitability (%) net profit*100/equity at the beginning of the period	-4,2%	0,6%	0,9%
Net sale profitability (%) net profit*100/revenues from selling products, goods, and materials	-2,4%	0,5%	0,3%
Liquidity – liquidity ratio I (%) total current assets/short-term liabilities	0,9	1,8	0,6
Liquidity – liquidity ratio III (%) cash/ short-term liabilities	0,3	1,3	0,3
Receivables turnover ratio receivables due to supplies and services *365 / revenues from selling products, goods, and materials	42 days	36 days	32 days
Debt turnover ratio liabilities due to supplies and services *365 / value of sold goods and materials + cost of producing products sold	26 days	29 days	33 days

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Inventory rotation ratio stocks*365 / value of sold goods and materials + cost of producing products sold	4 days	4 days	3 days
Sustainability of financing structure (%) (equity+reserves and long-term liabilities) *100 / total liabilities	72,8%	77,6%	69,4%
Debt ratio (%) (total liabilities – equity) *100 / total assets	43,4%	39,5%	52,7%
Inflation ratio annual average	0,0	0,9	3,7
from December to December	-1,0	0,7	2,4

4.2. Comments

The ratios having being presented point the following trends:

- the assets profitability ratio in a reporting period amounted -2,4% in comparison with 0,3% in a previous reporting period and 0,4% in a year ended on the 31st December of 2012;
- the equity profitability ratio in a reporting period amounted -4,2% in comparison with 0,6% in a previous reporting period and 0,9% in a year ended on the 31st December of 2012;
- the net sale profitability ratio in a reporting period amounted -2,4% in comparison with 0,5% in a previous reporting period and 0,3% in a year ended on the 31st December of 2012;
- the liquidity ratio measured with the liquidity ratio I in a reporting period amounted 0,9% in comparison with 1,8% in a previous reporting period and 0,6% in a year ended on the 31st December of 2012;
- the liquidity ratio measured with the liquidity ratio III in a reporting period amounted 0,3% in comparison with 1,3% in a previous reporting period and 0,3% in a year ended on the 31st December of 2012;
- the receivables turnover ratio in a reporting period amounted 42 days in comparison with 36 days in a previous reporting period and 32 days in a year ended on the 31st December of 2012;
- the debt turnover ratio in a reporting period amounted 26 days in comparison with 29 days in a previous reporting period and 33 days in a year ended on the 31st December of 2012;
- the inventory rotation ratio in a reporting period amounted 4 days in comparison with 4 days in a previous reporting period and 3 days in a year ended on the 31st December of 2012;

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- the sustainability of financing structure as at 31/12/2014 amounted 72,8% in comparison with 77,6% as at 31/12/2013 and 69,4% as at 31/12/2012;
- the debt ratio as at 31/12/2014 amounted 43,4% in comparison with 39,5% as at 31/12/2013 and 52,7% as at 31/12/2012.

4.3. Continuing activities

During the audit nothing paid our attention what would result in the conviction that a parent undertaking is not able to continue activities in the period at least 12 months after the 31st December of 2014 as the result of intended or obligatory abandonment or from important activity limitation.

In the note no. 2 of additional information in the consolidated financial statement of the Group ended on the 31st December 2014, the Management Board of a parent undertaking revealed that financial statements of subsidiary undertakings being the base of compiling the consolidated financial statement had been conducted making the assumption about continuing activities by these entities during the period not shorter than 12 months from the 31st December 2014 and that there were not any circumstances pointing the threat of not continuing activities by the entities.

II. A DETAILED PART

1. COMPLETENESS AND CORRECTNESS OF CONSOLIDATING DOCUMENTATION

During the audit we did not claim any irregularities of consolidating documentation in the scope of meeting requirements (especially due to exclusions concerning consolidating adjustments) that might significantly influence the audited consolidated financial statement and which were not deleted.

2. THE PRINCIPLES AND METHODS OF EVALUATING ASSETS AND LIABILITIES AS WELL AS EQUITY

The accountancy principles (politics) of the Group and the principles of revealing data were presented in a note no. 13 of additional information in the financial statement of the Group for a year ended on the 31st December of 2014.

3. THE DESCRIPTION OF THE ELEMENTS OF THE CONSOLIDATED FINANCIAL STATEMENT

The structure of assets, liabilities and equity was presented in the consolidated financial statement for a year ended on the 31st December of 2014.

Data revealed in the consolidated financial statement are compatible with consolidating documentation.

3.1. Goodwill from consolidation and the way of making write-offs

The way of establishing goodwill from consolidation, the principles of assessing value loss and write-offs due to losing value for a current year and up to a balance day were presented in the noted 13.9.1. and 24 of additional information in the consolidated financial statement.

3.2. Equity including non-controlling shares

The state of equity disclosed, including non-controlling shares is compatible with consolidating documentation and appropriate legal documents. Non-controlling shares as at 31/12/2014 amounted PLN 7.831 thousand. Non-controlling shares have been set correctly and they are compatible with consolidating documentation.

Data concerning equity have been presented in the notes 31 and 32 of additional information in the consolidated financial statement.

3.3. A current year

Financial statements being the base of compiling the consolidated financial statement of all entities included in the Capital Group were conducted as at 31/12/2014 and include financial data for the reporting period from the 1st January 2014 to the 31st December 2014.

4. CONSOLIDATING EXCLUSIONS

4.1. The exclusions of mutual settlements (receivables and liabilities) and internal turnover (revenues and expenses) of entities covered with consolidation

The exclusions of mutual settlements (receivables and liabilities) and internal turnover (revenues and expenses) of entities covered with consolidation are compatible with consolidating documentation.

4.2. The exclusions of results not realized by entities covered with consolidation included in the value of assets and due to dividends

The exclusions of results not realized by entities covered with consolidation included in the value of assets and due to dividends are compatible with consolidating documentation.

5. SELLING THE PART OR THE WHOLE OF SHARES (STOCKS) IN A SUBSIDIARY UNDERTAKING

In a current year the Group did not sell any shares (stocks) in subsidiary undertakings.

6. ITEMS CREATING A FINANCIAL RESULT OF THE GROUP

The characteristic of items creating a financial result of the Group was presented in the consolidated financial statement for a year ended on the 31st December of 2014.

7. THE LEGITIMACY OF DEPARTURES FROM THE PRINCIPLES OF CONSOLIDATING AND USING THE OWNERSHIP METHOD DETERMINED IN INTERNATIONAL FINANCIAL REPORTING STANDARDS APPROVED BY UE

In the process of compiling the consolidated financial statement there were not any departures from the principles of consolidating and using the ownership method.

8. ADDITIONAL INFORMATION

Additional information in the consolidated financial statement as at 31/12/2014 was compiled in all important aspects in accordance with International Financial Reporting Standards approved by UE.

9. A MANAGEMENT FINANCIAL STATEMENT OF THE GROUP

We have acquainted with the management financial statement in the period from the 1st January 2014 to the 31st December of 2014 and the principles of compiling an annual consolidated financial statement and we have regarded that information included in the enclosed consolidated financial statement is compatible with them. The information included in the management financial statement takes into consideration the provisions of the art. 49, part 2 of the Accountancy Act and of the Finance Ministry as at 19th February 2009 due to current and periodic information transferred by the issuers of securities and conditions of recognizing as equivalent information required by the legal regulations of a country not being a member country (DzU.2014.133 with later amendments).

10. CONFORMITY WITH THE LAW

We have received written confirmation from the Management Board of a parent undertaking that in a reporting year the provisions of law as well as of the articles of association and contracts of the Group's entities influencing the consolidated financial statement were not violated.

On behalf of

Ernst & Young Audyt Polska spółka z o. o. sp.k.

Rondo ONZ 1, 00-124 Warsaw

ident. no. 130

A core statutory auditor

Leszek Lerch

no. 9886

Wrocław, 9th March of 2015