



**A CONSOLIDATED MANAGEMENT FINANCIAL STATEMENT
FOR A YEAR 2014**

for the period from 1st January of 2014 to 31st December of 2014

**OF
THE GROUP EMC INSTYTUT MEDYCZNY**

Wrocław, 9th March 2015

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The statement of the President of the Board of Management of EMC Instytut Medyczny S.A

The year 2014 for EMC Instytut Medyczny SA and Capital Group EMC IM SA was concentrated on continuing salient business activities, realizing investments, modernizing initiated investments and even on personnel changes.

Since the 1st September 2014 I have been elected as the President of the Management Board of EMC Instytut Medyczny SA joining the EMC team in which I plan to gain mutual goals and aiming at ensuring the EMC Group the leader position on the hospital medical service market. The first months of governing were focused on analysing the Company's situation, exploring chances, and working out a new strategy for the following years.

In the autumn the local government election was conducted what constituted a very important event for the EMC Group. Local governments as founding bodies of poviats hospitals and entities realizing local healthy politics are the main partners in making negotiations in the process of acquiring new medical entities. The EMC Instytut Medyczny SA regarding the scale of activities, experience in transforming poviats hospitals and effective management of hospital and outpatient clinics network is the leader on the market appreciated by local governors. The proof is the acquisition (in February 2014) of Regionalne Centrum Zdrowia sp. z o.o. being the operator of the hospital as well as of the outpatient clinic Regionalne Centrum Zdrowia in Lubin.

The Regionalne Centrum Zdrowia in Lubin is the biggest entity in the EMC Group and possesses over 400 beds and runs 10 wards, the Care and Nursing Institution, and a hospice. Amongst the wards, there are: internal wards including pulmonary ward and allergologic one, surgery and oncological surgery, rheumatology, anaesthesiology and intensive therapy, paediatrics, neonatology, obstetrics and gynaecology injury and orthopaedic ward. The acquisition of the Regionalne Centrum Zdrowia sp. z o.o. resulted in increasing the revenues of the EMC Group by over 30%. It enhances the possibility of using synergy effects of the Group's hospitals and outpatient clinics leading to effectively improve the quality of services in the scope of medical activities of the EMC Group in the long-term perspective.

In June 2014 the joining between the EMC Instytut Medyczny SA z (the company taking acquisition) and the Zespół Przychodni Formica Sp. z o.o. (the company being acquired) took place. As a result of joining, Zespół Przychodni Formica Sp. z o.o. (the company being acquired) were acquired without liquidation and all assets and liabilities of the company being acquired were acquired by the Issuer (the company taking acquisition) by general succession. The Issuer (the company taking acquisition) entered into all rights and obligations of the company having been acquired.

In the year 2014 a dozen or so months' investments connected with extending the St. Jan Pawel II Geriatric Hospital running by the company EMC Silesia sp. z o.o. were completed what enabled the hospital to gain the position of the biggest geriatric hospital in Poland.

The activities on the medical market with a dominant position of a public payer (NHF) challenge the EMC Instytut Medyczny SA in terms of adapting to new regulations incorporated to the system of healthcare. One of those tasks was to prepare and implement in the whole EMC Group the principles of realizing an oncological package including meeting new standards of caring an oncological patient. The tasks were implemented in the beginning of the year 2015 in accordance with the schedule appointed by the National Health Fund.

Agnieszka Szpara
The President of the Management Board

Declarations of the Management Board's members

According to requirements of the resolution of a Minister of Finance as at 19 February 2009 due to current and period information given by issuers of securities, the Board of Management of EMC IM SA declares that:

according to its the best knowledge a consolidated financial statement and comparable data were conducted pursuant to accountancy principles and that the statement correctly, reliably and transparently presents both a material and financial standing and the financial result of the Issuer. The statement as for the Capital Group's activities includes a real expression of the Issuer's development and achievements, including the description of basic threats and risks.

Additionally, the Board of Management declares that the entity authorized to audit financial statements and analysing a consolidated financial statement was selected in accordance with regulations in force. The Board also declares that a mentioned entity and auditors auditing this statement were appropriate to express an unbiased and independent opinion on the annual consolidated financial statement in accordance with regulations in force and professional norms.

Agnieszka Szpara
The President of the Management Board

Tomasz Suchowierski Zdzisław Andrzej Cepiel
The Members of the Management Board

I. BASIC INFORMATION ABOUT THE COMPANY AND CAPITAL GROUP

I.1 EMC Instytut Medyczny SA – General information

On the 15th 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.

The founders of the Company are: Piotr Gerber, Jarosław Leszczyszyn and Hanna Gerber.

The Company was established as a result of a merger, pursuant to Art. 492 (1)(2) of the Code of Commercial Partnerships and Companies, of: EuroMediCare Instytut Medyczny sp. z o.o. and EMC Serwis sp. z o.o. having their registered seats in Wrocław.

On the 26th Nov. 2004, the Company was entered the National Court Register under number KRS 0000222636 in the District Court for Wrocław Fabryczna, 6th Commercial Division of the National Court Register.

The main reason for joining EuroMediCare Instytut Medyczny and EMC Serwis was capital concentration. The additional goal was to strengthen the Company's position, its financial reliability and the possibility of gaining capital by public stocks issuance. The purpose was also to decrease total costs of functioning both companies.

Legal predecessors and the Company have been conducting a medical activity since 2000. The main recipient of healthcare services offered by EMC Instytut Medyczny S.A. is the National Health Fund.

A new Specialist Hospital with Outpatient Clinic EuroMediCare at Pilczycka 144-148 Street in Wrocław, built from scratch, has been operating since 2002.

The following medical companies were operating within the EMC Instytut Medyczny SA during the financial period:

- Specialist Hospital with Outpatient Clinic EuroMediCare in Wrocław,
- St. Roch's Hospital in Ozimek near Opole,
- St. Anthony's Hospital in Ząbkowice Śląskie,
- St. George's Hospital in Kamień Pomorski,
- Outpatient Clinic at Łowiecka Street in Wrocław,
- Outpatient clinics Formica in Wrocław,
- An open chemistry in Kamień Pomorski.

On the 14th May 2014 the Extraordinary Meeting updated the subject of Company's activities. The leading subject is human health care in accordance with the Polish Classification of Activities (PKD) – PKD 86 and the other main areas are as follows:

- 1) the research and development work in the scope of the other natural and technical sciences (PKD 72.19.Z),
- 2) the other forms of out-of-school education not classified somewhere else (PKD 85.59.B),
- 3) building work connected with erecting building (PKD 41),
- 4) production of basic pharmaceutical substances, medicines and the other pharmaceutical products (PKD 21),
- 5) the other accommodation (PKD 55.90.Z),
- 6) research and development work in the scope of biotechnology (PKD 72.11.Z),
- 7) legal, accountant, and tax consultancy activities (PKD 69),
- 8) activities of head offices, activities connected with (PKD 70),
- 9) activities in the scope of architecture and engineering, technical research and analyses (PKD 71).

I.2 Capital Group EMC Instytut Medyczny SA

As at 31st December 2014 the EMC IM SA has created the Capital Group that consists of a parent undertaking EMC Instytut Medyczny SA and subsidiaries. The main activity of the Capital Group EMC Instytut Medyczny SA is human health care.

- **Lubmed Sp. z o.o.**

- A group of three outpatient clinics in Lubin

- On the 8th February 2005 the EMC Instytut Medyczny SA purchased 52,2% shares in Lubmed Ltd. On the 28th September 2005 and on the 18th June 2008 the EMC Instytut Medyczny SA. Purchased next shares and became only one stockholder of the company.

- As at 31st December 2014 the EMC Instytut Medyczny SA was the owner of 100% shares in Lubmed.

All amounts are in [thousand] if a different amount are not mentioned

- **Mikulicz Sp. z o.o.**

A hospital with four wards and an outpatient clinic in Świebodzice

Shares in Mikulicz Ltd. (90%) were purchased by EMC Instytut Medyczny SA on the 19th July 2006. On the 17th October 2006 the capital was increased and further 3,09 % of shares were involved. On the 4th March 2008 a General Meeting of Shareholders of Mikulicz Ltd. adopted a resolution on increasing the share capital of Mikulicz by PLN 800.000 and taking of new shares (1,18 %) by EMC Instytut Medyczny S.A. Pursuant to the resolution of District Court (Wrocław, Fabryczna street) as at the 28th March 2008, the change of share capital was registered in National Court Register.

As at the 31st December 2014 EMC Instytut Medyczny S.A. is the owner of 94,27 % of shares in share capital of Mikulicz Sp. z o.o.

- **EMC Health Care Limited**

A specialist clinic in Dublin (Ireland)

The company was registered on the 27th February 2007 in Dublin (Ireland) – the initial capital to the amount of EUR 100. On the 1st April 2008 the initial capital was increased to the amount of EUR 300.000. All shares were purchased by EMC Instytut Medyczny SA.

- **EMC Silesia Sp. z o. o.**

A specialist hospital (geriatric) with an outpatient clinic in Katowice

On the 20th Nov. 2008 the Company's founding act was signed (EMC Silesia Sp. z o. o) - the register seat Katowice, initial capital PLN 100.000. All shares were purchased by EMC Instytut Medyczny S.A. On the 24th Feb. 2009 the share capital was increased of PLN 500.000 during an Extraordinary General Meeting of Partners (500 additional shares were created). Thus, EMC Instytut Medyczny S.A. owns 600 shares constituting 100% votes on General Meeting of Partners.

On the 19th March 2009 pursuant to the resolution of a General Meeting of Partners the share capital of EMC Silesia Sp. z o.o. was increased of PLN 6.528.000 by the creation new 6.528 shares. In return for a contribution in increased capital EMC Instytut Medyczny S.A. purchased 5.429 shares of value PLN 5.429.00. The city Katowice joining EMC Silesia purchased 1.099 shares (a total nominal value – PLN 1.099.000) in return for a contribution. The surplus of contributions value over a nominal value shares purchased by Partners (PLN 500 and PLN 190,25 respectively, totally PLN 690,25) was recognized against the Company's reserve capital.

In accordance with the resolution of the City Katowice Council as at the 8th November of 2010 the City contributed to the company a cash deposit in the amount of PLN 1.574.000 in order to increase initial capital and 1.574 shares were embraced in the amount of PLN each.

On the 12th July of 2012 the Extraordinary Meeting of Shareholders made a resolution due to increasing share capital by PLN 5.100.000 thousand by creating 5.100 new shares. All new shares were included and covered in cash contribution by EMC Instytut Medyczny SA. After registering shares share capital amounts to PLN 13.802.000 thousand.

On the 28th November 2014 the Extraordinary Meeting of Shareholders made the resolution about increasing share capital in the subsidiary undertaking EMC Silesia Sp. z o.o by creating 5.545 shares with nominal value PLN 1 thousand each. 3.939 shares in share capital of the Company were taken up by Katowice City, 1.606 shares were taken up by the EMC Instytut Medyczny. The Katowice City took up 3.939 new shares with nominal value – PLN 1.000 each in return for the contribution in kind – total value PLN 3.939,87 thousand.

The EMC Instytut Medyczny SA with its register seat in Wrocław took up 1 606 new shares with nominal value PLN 1.000 each in return for the contribution in kind – total gross value PLN 1.606 thousand in the form of debts towards the Company EMC Silesia Spółka Ltd. with its register seat in Katowice as at the 14th Nov. 2014 r. due to investment expenditures.

The surplus of contribution in kind value contributed by the Katowice City over the value of taken shares in the Company in the amount of PLN 872,56 thousand was transferred into the supplementary capital of the Company.

After registering the shares the EMC Instytut Medyczny S.A. totally owns 65,82% shares in the capital of EMC Silesia Ltd.

All amounts are in [thousand] if a different amount are not mentioned

- **Powiatowe Centrum Zdrowia Sp. z o.o.**

A poviát hospital with four wards in Kowary near Jelenia Góra

On the 5th Dec. 2008 EMC Instytut Medyczny S.A. purchased from Lelenia Gora Poviát 90% shares in the capital of Powiatowe Centrum Zdrowia Sp. z o.o. with the register seat in Kowary (5.850 shares per PLN 763,98 each one). On the 1st Jan. 2009, transferring shares' property for EMC Instytut Medyczny S.A. took place.

On the 15th Jan. 2009, an Extraordinary General Meeting of Partners in Kowary adopted a resolution concerning the increase in the Company's capital of PLN 534.786 by creation new 700 shares. All shares in increased capital were purchased by EMC Instytut Medyczny S.A. The increase in the capital was registered in NCR on the 12th Aug. 2009.

On the 10th Aug. 2009, due to the resolution of an Extraordinary General Meeting of Partners of Powiatowe Centrum Zdrowia in Kowary the share capital was increased of PLN 2.979.522 by the creation of new 3.900 shares (a total nominal value – PLN 763,98). All new shares were purchased by EMC Instytut Medyczny S.A.

Shares in amount of 2.979.522 were totally covered with a cash contribution confirmed by the entry in NCR as at 17 March 2010.

On the 5th May of 2010 due to a resolution of Extraordinary Meeting of Shareholders of Powiatowe Centrum Zdrowia in Kowary initial capital was increased by PLN 2.979.522 by creating 3.900 new shares with nominal value PLN 763,98. All shares in increased capital were purchased by EMC Instytut Medyczny S.A.

Shares in amount of 2.979.522 were totally covered with a cash contribution confirmed by the entry in NCR as at 27 June 2011.

On the 22nd Feb. 2011 due to a resolution of Extraordinary Meeting of Shareholders of Powiatowe Centrum Zdrowia in Kowary initial capital was increased by PLN 1.506.569 by creating 1.972 new shares with nominal value PLN 763,98. All shares in increased capital were purchased by EMC Instytut Medyczny S.A.

Shares in amount of 1.506.569 were totally covered with a cash contribution confirmed by the entry in the National Register Court as at the 24th January 2012.

As at a balance day, EMC Instytut Medyczny S.A. owns 16.322 shares (a total amount PLN 12.470) what constitutes 96,17 % in share capital of Powiatowe Centrum Zdrowia in Kowary.

- **Silesia Med Serwis Sp. z o.o.**

Healthcare

On the 29th March 2010 on a basis of a notarial deed the Issuer took up 100 % shares in the company Medycyna Familijna Sp. z o.o. with its register seat in Katowice.

On the 27th July 2010 the Extraordinary Meeting of Shareholders made resolutions about the change of the name of a company from Medycyna Familijna Spółka z o. o. to Silesia Med Serwis Spółka z o.o. and about the change of the scope of company's activities.

On the 20th August 2014 the Extraordinary Shareholder's Meeting of the company Silesia Med Serwis Sp. z o.o. adopted the resolution on increasing share capital in the subsidiary undertaking Silesia Med Serwis Sp. z o.o. by PLN 250 thousand (from PLN 50 thousand to PLN 300 thousand) via creating 500 shares with a nominal value PLN 0,5 thousand. All shares in share capital of the Company were taken up by the sole associate - EMC Instytut Medyczny SA with its register seat in Wrocław. The shares were taken in the amount of PLN 250 thousand and the share capital increase was registered in the National Court Register on the 5th December 2014.

As at the 31st December 2014 the Company EMC Instytut Medyczny SA possesses 100% shares in the share capital of the company Silesia Med Serwis sp. z o.o.

- **EMC Piaseczno Sp. z o.o.**

A poviát hospital with four wards

On the 23rd November 2010 a company „EMC Piaseczno” Sp. z o.o. was launched with a notarial deed. Share capital is PLN 300 and is divided into 300 shares with a nominal value of which PLN 1. All shares in share capital were taken up by a sole associate EMC IM SA.

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On the 10th Jan. 2011 the Extraordinary Meeting of Shareholders (acc. to the art. 393, point 3, Trade Code) agreed to give a contribution of an organized part of the company as NZOZ St. Anna hospital in Piaseczno to the company EMC Piaseczno sp. z o.o.

On the 29th Jan. 2011 the annex due to a memorandum was signed. According to the annex share capital is PLN 6.301 and is divided into 6.301 shares with a nominal value of each PLN 1. All shares in share capital of the company are owned by a sole associate EMC Instytut Medyczny S.A

As a Registered Court questioned a form of the legal act (the company did not present information about completing the process of registration; consequently all changes needed the change of a memorandum not the annex to a memorandum), on 24 Feb. 2011 the Extraordinary Meeting of Shareholders of „EMC Piaseczno” Sp. z o.o. took a resolution about a change of a memorandum. Thus, share capital of the company is PLN 6.301, share capital is divided into 6.301 shares with a nominal value of each PLN 1. By 31 December 2020 share capital may have been increased to PLN 50.000 by the resolution of General Meeting of Shareholders.

All shares in share capital of the company (a total value PLN 6.301) are owned by a sole associate EMC Instytut Medyczny S.A that covers them in a following way: 300 shares with value PLN 300 (a cash contribution), 6.001 shares with value PLN 6.001 (non-cash contribution in the form of an organized part of the company EMC IM SA constituting NZOZ St. Anna hospital in Piaseczno, according to the evaluation of an expert of real estate as at the 15th January 2011.

As for the resolution of the General Meeting, on the 10th January of 2014 the share capital was increased in a subsidiary undertaking EMC Piaseczno sp. z o.o. with its register seat in Piaseczno. Share capital was increased from PLN 6.301 thousand to PLN 9.800 thousand and is divided into 9.800 shares with the nominal value PLN 1 thousand each. Share capital was increased by the contribution in kind.

All shares of share capital were taken up by a sole associate - EMC Instytut Medyczny SA with its register seat in Wrocław.

Increasing capital was registered in the National Court Register on the 20th January 2014.

As at the 31st December 2014 the Company EMC Instytut Medyczny SA possesses 100% shares in the share capital of the company EMC Piaseczno sp. z o.o.

- **Zdrowie Sp. z o.o.**

On the 31st May of 2013 the Issuer signed an initial contract of purchasing and using shares in a company "Zdrowie" Sp. z o.o. with a Kwidziński powiat, Kwidzyn city, PEC sp. z o.o. in Kwidzyn, and PWiK sp. z o.o. As a result of the agreement, the Issuer will be using for 5 years 87,4867% of shares of "Zdrowie" Sp. z o.o. owned by the Sellers. After this period, until the 1st June of 2018, a final contract of purchasing shares will be signed. As a result, the Issuer will possess the shares used before. On the 26th July of 2013 the district court Gdańsk-Północ in Gdańsk issued a decision changing the contract of "Zdrowie" Sp. z o.o. and the Issuer has been in control of a company since that day.

- **Regionalne Centrum Zdrowia Sp. z o.o.**

On the 23rd December of 2013 the Issuer (the Buyer) signed with a Lubiński Powiat (the Seller) a preliminary contract of selling 100% shares in the Regionalne Centrum Zdrowia Sp. z o.o with its register seat in Lubin. The price of selling 51.730 shares in the company RCZ was established at the level PLN 30.003 thousand. By the 31st December of 2013 the Issuer had incurred the expenditures on acquiring shares in the amount of PLN 10.729 thousand.

On the 11th February of 2014 the promised contract of selling 100% shares in a Regional Health Centre with its register seat in Lubin was concluded and the Issuer gained the control under the Company.

As at the 31st December 2014 the Company EMC Instytut Medyczny SA possesses 100% shares in the share capital of the company Regionalne Centrum Zdrowia sp. z o.o.

I.3 The Issuer's government bodies

The government bodies of the company are as follows:

- the General Meeting of Shareholders
- the Supervisory Board
- the Management Board

The Management Board is a government body appointed by the Supervisory Board. The term of office of the Management Board member is five years. The Management Board members are appointed for a common term of office.

In a year 2014 and until the day of compiling a given financial statement the following changes in the Management Board structure occurred:

- On the 17th 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 (from the 1st September 2014). It was informed in a current report no. 66/2014 on the 17th July 2014.
- On the 30th July of 2014 the Supervisory Board appointed Mrs Agnieszka Szpara as a member of the Management Board and developed upon her the function of the President of the Management Board of EMC Instytut Medyczny SA (from 1st September of 2014). It was informed in a current report no. 73/2014 on the 30th July 2014.
- On the 26th November 2014 Mrs Krystyna Wider-Poloch resigned from being the Vice-President and the member of the Management Board of EMC Instytut Medyczny SA (from the 1st January 2015). It was informed in a current report no. 98/2014 on the 26th November 2014.
- On the 3rd December 2014 the Supervisory Board appointed Mr Tomasz Suchowierski as a member of the Management Board (from the 1st January 2015). It was informed in a current report no. 102/2014 on the 3rd December 2014.
- On the 26th February 2015 Mr Józef Tomasz Juros resigned from being the member of the Management Board of EMC Instytut Medyczny SA. It was informed in a current report no. 29/2015 on the 27th February 2015.

The Staff of the Management Board as at 31 December 2014 was as follows:

- | | |
|------------------------------|--|
| – Agnieszka Kazimiera Szpara | the President of the Management Board |
| – Krystyna Wider-Poloch | the Vice-President of the Management Board |
| – Józef Tomasz Juros | the Member of the Management Board |
| – Zdzisław Andrzej Cepiel | the Member of the Management Board |

The Staff of the Management Board as at the day of compiling a financial statement was 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 |

The Management Board represents the company and manages the affairs of the company except for affairs stipulated for the General Meeting and Supervisory Board's competencies. A detailed scope of competencies and procedures of operations, including the range of affairs requiring the resolution of the Management Board, is determined by regulations of the Management Board, which is prepared and approved by the Supervisory Board. The regulations are available on the EMC's website.

Declarations of will may be made and documents signed for the company by:

- the President of the Management – independently,
- two members of the Management Board or one member of the Management Board with a proxy.

The Supervisory Board consists of from five to seven members appointed and dismissed by the General Meeting. The term of office of the member of the Supervisory Board is five years. Members of the supervisory board shall be appointed for a given common term of office.

All amounts are in [thousand] if a different amount are not mentioned

In the year 2014 the following changes in the Supervisory Board structure took place:

- On the 14th May 2014 Mr Michał Wnorowski resigned from being the member of the Supervisory Board of EMC Instytut Medyczny SA. On that day, the General Meeting of Shareholders appointed Mr Jędrzej Litwiniuk as a member of the Supervisory Board. It was informed in a current report no. 52/2014.
- On the 12th August 2014 the General Meeting of Shareholders appointed Mr Piotr Gerber as a member of the Supervisory Board. It was informed in a current report no. 78/2014.
- On the 8th September 2014 Mr Piotr Gerber started fulfilling the function of the Chairman of the Supervisory Board as a result of resigning from that function by Hanna Gerber.
- On the 20th November 2014 Piotr Gerber resigned from being the President and the member of the Supervisory Board of EMC Instytut Medyczny SA. It was informed in a current report no. 95/2014.
- On the 24th November 2014 Mrs Hanna Gerber resigned from being the member of the Supervisory Board of EMC Instytut Medyczny SA. It was informed in a current report no. 96/2014 on the 24th November 2014.
- In accordance with Piotr Gerber resignation, on the 3rd December 2014 the Supervisory Board selected Mr Vaclav Jirků as the Chairman of the Supervisory Board and Mr Waldemar Krzysztof Kmieciak as the Vice-Chairman.

The Staff of the Supervisory Board as at 31 December 2014 was as follows:

Vaclav Jirků	the Chairman of the Supervisory Board
Waldemar Krzysztof Kmieciak	the Vice-Chairman of the Supervisory Board
Eduard Maták	the Member of the Supervisory Board
Artur Smolarek	the Member of the Supervisory Board
Jędrzej Litwiniuk	the Member of the Supervisory Board

On the 15th January 2015 the General Meeting of shareholders changed the set of the Supervisory Board. Mr Eduard Maták was dismissed and Mr Mateusz Słabosz was appointed as the member of the Supervisory Board. It was informed in a current report no. 3/2015 on the 15th January 2015.

The Staff of the Management Board as at the day of publishing a financial statement is as follows:

Vaclav Jirků	the Chairman of the Supervisory Board
Waldemar Krzysztof Kmieciak	the Vice-Chairman of the Supervisory Board
Mateusz Słabosz	the Member of the Supervisory Board
Artur Smolarek	the Member of the Supervisory Board
Jędrzej Litwiniuk	the Member of the Supervisory Board

An **Audit Committee** acts within the framework of Supervisory Board's structure. The committee is composed of:

Vaclav Jirk Jirků	Chairman of the Audit Committee
Waldemar Krzysztof Kmieciak	Member of the Audit Committee
Jędrzej Litwiniuk	Member of the Audit Committee

All amounts are in [thousand] if a different amount are not mentioned

II. A FINANCIAL SITUATION**II.1 Selected financial data**

SELECTED FINANCIAL DATA AS AT:		31/12/2014	31/12/2013	31/12/2014	31/12/2013	dynamics (y/y)
		IN PLN THOUSAND	IN PLN THOUSAND	IN EUR THOUSAND	IN EUR THOUSAND	
1	Net revenues from sales of products, goods and materials	243 132	172 556	58 036	40 977	140,9%
2	Profit (loss) on operating activities	-5 394	4 253	-1 288	1 010	-126,8%
3	Gross profit (loss)	-7 028	1 346	-1 677	320	-522,1%
4	Net profit (loss)	-5 817	777	-1 389	185	-748,6%
5	Net cash flows from operating activities	8 132	10 191	1 941	2 420	79,8%
6	Net cash flows from investment activities	-41 799	-28 673	-9 978	-6 809	145,8%
7	Net cash flows from financial activities	-9 089	66 639	-2 170	15 825	-13,6%
8	Total net cash flows	-42 756	48 157	-10 206	11 436	-88,8%
9	Total assets	242 652	231 212	56 930	55 751	104,9%
10	Liabilities and reserves for liabilities	105 403	91 436	24 729	22 048	115,3%
11	Long-term liabilities	45 235	42 871	10 613	10 337	105,5%
12	Short-term liabilities	60 168	48 565	14 116	11 710	123,9%
13	Equity	137 249	139 776	32 201	33 704	98,2%
14	Share capital	48 078	48 078	11 280	11 593	100,0%
15	Weighted number of shares	12 019 524	8 438 212	12 019 524	8 438 212	142,4%
16	Profit per one share	-0 4840	0,0921	-0,1155	0,0219	-525,6%
17	Book value per one share	11,4188	16,5646	2,6790	3,9942	68,9%
18	EBITDA (operating profit + amortization)	7 214	13 374	1 722	3 176	53,9%

ARITHMETIC AVERAGE EXCHANGE RATES EURO/PLN OF THE NATIONAL BANK OF POLANDExchange rates as at 31 December 2014
Arithmetic average exchange rates in 20141 EUR = 4,2623 PLN
1 EUR = 4,1893 PLNExchange rates as at 31 December 2013
Arithmetic average exchange rates in 20131 EUR = 4,1472 PLN
1 EUR = 4,2110 PLN

All amounts are in [thousand] if a different amount are not mentioned

II.2 Basic economic-financial data

Assets	As at				Dynamics y/y
	31/12/2014 tested	31/12/2013 transferred*	Structure		
			31/12/2014	31/12/2013	
Fixed assets	192 183	151 522	79,20%	65,53%	126,8%
Intangible assets	7 768	3 992	3,20%	1,73%	194,6%
Tangible fixed assets	178 175	132 561	73,43%	57,33%	134,4%
Long-term receivables					
Investment real property	934	962	0,38%	0,42%	97,1%
The other financial assets (long-term)		10 729		4,64%	0,0%
Assets due to deferred income tax	5 305	3 276	2,19%	1,42%	161,9%
Long-term prepayments	1	2	0,00%	0,00%	50,0%
Current assets	50 469	79 690	20,80%	34,47%	63,3%
Inventories	2 945	1 981	1,21%	0,86%	148,7%
Receivables due to deliveries and services	27 773	16 814	11,45%	7,27%	165,2%
The other receivables	749	403	0,31%	0,17%	185,9%
Receivables due to income tax	1 320	12	0,54%	0,01%	11 000,0%
Derivative financial instruments					
The other financial assets					
The other non-financial assets					
Prepayments	751	795	0,31%	0,34%	94,6%
Cash and its equivalents	16 931	59 685	6,98%	25,82%	28,4%
Fixed assets qualified for sale					
Total assets	242 652	231 212	100,0%	100,0%	104,9%

Liabilities	As at				Dynamics y/y
	31/12/2014 tested	31/12/2013 transferred*	Structure		
			31/12/2014	31/12/2014	
Equity	129 418	135 518	53,3%	58,6%	95,5%
Initial capital (fund)	48 078	48 078	19,8%	20,8%	100,0%
The surplus of selling stocks above a nominal value				0,0%	
Supplementary capital	81 317	81 325	33,5%	35,2%	100,0%
Reserve capital	-4 635	-4 635	-1,9%	-2,0%	100,0%
Cash from issuing stocks				0,0%	
Exchange currency differences due to revaluation of foreign entities	228	192	0,1%	0,1%	118,8%
Reserve capital due to goodwill actualization					
Retained earnings	4 430	10 558	1,8%	4,6%	42,0%
Capital of non-controlling shareholders	7 831	4 258	3,2%	1,8%	183,9%
Total equity	137 249	139 776	56,6%	60,5%	98,2%
Long-term liabilities	45 235	42 871	18,6%	18,5%	105,5%
Reserve due to deferred income tax	998	1 127	0,4%	0,5%	88,6%
Reserves for liabilities due to employees' benefits	5 536	2 493	2,3%	1,1%	222,1%
The other reserves	187	1 648	0,1%	0,7%	11,3%
Credits and loans	15 010	16 940	6,2%	7,3%	88,6%

All amounts are in [thousand] if a different amount are not mentioned

Due to issuance of debt securities	6 895	6 860	2,8%	3,0%	100,5%
Due to leasing	2 381	1 636	1,0%	0,7%	145,5%
Other liabilities	8 495	8 831	3,5%	3,8%	96,2%
Long-term prepayments	5 733	3 336	2,4%	1,4%	171,9%
Short-term liabilities	60 168	48 565	24,8%	21,0%	123,9%
Reserves for liabilities due to employees' benefits	706	285	0,3%	0,1%	247,7%
The other short-term reserves	1 354	879	0,6%	0,4%	154,0%
Credits and loans	22 104	21 537	9,1%	9,3%	102,6%
Due to deliveries and services	18 050	13 205	7,4%	5,7%	136,7%
Due to issuance of debt securities	167	168	0,1%	0,1%	99,4%
Due to leasing	1 659	1 679	0,7%	0,7%	98,8%
Due to income tax	51	185	0,0%	0,1%	27,6%
The other liabilities	11 982	8 305	4,9%	3,6%	144,3%
Short-term prepayments	4 095	2 322	1,7%	1,0%	176,4%
Total liabilities	242 652	231 212	100,00%	100,00%	104,9%

*comparable data transferred in terms of finally settling the acquisition of the company „Zdrowie” Sp. z o.o.

As at 31/12/2014 the value of fixed assets amounted to PLN 192.183 thousand (what constitutes 79,20 % of total assets) and increased in comparison with a year 2013 by nearly 27 %, mainly as a result of taking control under the company RCZ Sp. z o.o. in Lubin.

The level of current assets as at the 31st December of 2014 decreased by PLN 29.221 thousand in comparison with the 31st December of 2013.

The highest decrease concerns the cash flow state – PLN 42.754 thousand. The increase of receivables due to deliveries and services and the other current assets results from including the receivables of the company RCZ Sp. z o.o.

As at 31/12/2014 total equity amounted to PLN 137.249 thousand (what constitutes 56,6 % of liabilities) and decreased by nearly 2% in comparison with a year 2013.

As at 31/12/2014 long-term liabilities amounted to PLN 45.235 thousand and increased by 2.364 thousand (5,5 %) in comparison with a year 2013.

The liabilities due to credits decreased (y/y) by PLN 1.930 thousand. However, the reserves for employee benefits increased by PLN 3.043 thousand, long-term prepayments increased by PLN 2.397 thousand, especially due to purchasing fixed assets (by PLN 1.594 thousand).

Short-term liabilities in the amount of PLN 60.168 thousand increased by 11.603 thousand (23,9%) in comparison with a year 2013. The increase was a result of including in the balance sheet the liabilities of the company RCZ in Lubin.

The structure of revenues

Item	As at				Dynamics y/y
	31/12/2014		31/12/2013		
Net revenues from sales and equivalent to them:	243 132	98,2%	172 556	98,5%	140,9%
Net revenues from sales of products	241 138	97,4%	169 909	97,4%	141,9%
Net revenues from sales of goods and materials	1 994	0,8%	2 647	1,5%	75,3%
The other operating revenues	3 295	1,3%	2 405	1,4%	137,0%
Financial revenues	1 147	0,5%	175	0,1%	655,4%
Total revenues	247 574	100,0%	175 136	100,0%	141,4%

All amounts are in [thousand] if a different amount are not mentioned

The structure of revenues according to services' recipients

The structure of revenues according to services recipients					
Item	As at				dynamics
	2014		2013		
NHF including:	209 947	86,35%	141 228	81,84%	148,66%
- <i>invoiced sale</i>	206 177	84,80%	140 638	81,50%	146,60%
- <i>the surplus of services</i>	3 770	1,55%	590	0,34%	638,98%
Commercial clients	26 332	10,83%	23 454	13,59%	112,27%
Insurance companies	2 489	1,02%	4 334	2,51%	57,43%
The other revenues	4 364	1,79%	3 540	2,05%	123,28%
Total	243 132	100,00%	172 556	100,00%	140,90%

The main source of sale revenues of the Group during a year 2014 was the sale of medical services in the scope of contracts with the NHF. The activity generated above 86% sale revenues of the Group from the 1st January 2014 to the 31st December of 2014.

As at 31/12/2014, totally the Group gained sale revenues higher by PLN 70.576 thousand than revenues gained in a year 2013.

The increase of revenues was mainly the result of acquiring the company RCZ Sp. z o.o., which turnover for the period of control (from the 1st February 2014 to the 31st December 2014) amounted to PLN 56.214 thousand.

Due to including the revenues of the company Zdrowie Sp. z o.o. in consolidated revenues of the Group, the revenues increased by PLN 17.854 thousand in comparison with a year 2013 (in a year 2013 the company has been taken under control since the 1st August).

According to the other companies, the biggest increase of revenues was noted in the company EMC Silesia Sp. z o.o. (by PLN 689 thousand).

As at 31/12/2014 the other operational revenues amounted to PLN 3.295 thousand in comparison with PLN 2.405 thousand gained in the same period of a previous year – it means the increase by PLN 890 thousand). As the other operating revenues disclosed by the company RCZ Sp. z o.o. amounted PLN 1.624 thousand, the other entities of the Company disclosed the decrease of revenues by PLN 734 thousand.

The other operational revenues consist of mainly the Health Ministry refunds due to training residents, the revenues settled in time due to free of charge received fixed assets, donations and compensation received.

In a year 2014 the Group gained PLN 1.147 thousand of financial revenues while in a year 2013 it amounted to PLN 175 thousand. In both periods financial revenues concerned mainly interest on deposits.

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The Group's expenses set

Item	As at				Dynamics y/y
	01/01/2014 - 31/12/2014		01/01/2013 - 31/12/2013		
	Amount	%	Amount	%	
Costs of operating activities including:	250 332	98,3%	169 075	97,3%	148,1%
Amortisation and depreciation	12 608	5,0%	9 121	5,4%	138,2%
Materials and energy usage	38 160	15,2%	21 804	12,9%	175,0%
Outsourcing	87 668	35,0%	62 779	37,1%	139,6%
Taxes and fees	2 935	1,2%	2 178	1,3%	134,8%
Payroll	88 881	35,5%	58 762	34,8%	151,3%
Social insurance and other benefits	15 661	6,3%	10 240	6,1%	152,9%
The other costs by type	2 891	1,2%	2 187	1,3%	132,2%
Value of products and materials sold	1 528	0,6%	2 004	1,2%	76,2%
The other operating costs	1 489	0,6%	1 633	0,9%	91,2%
Financial costs	2 781	1,1%	3 082	1,8%	90,2%
Total expenses	254 602	100,0%	173 790	100,0%	146,5%

As at 31/12/2014 the Group EMC incurred operating costs in the amount of PLN 250.332 thousand in comparison with PLN 169.075 thousand in the same period in a year 2013 (it increased by PLN 81.257 thousand, of which PLN 18.177 thousand constituted the costs generated in the company Zdrowie Sp. z o.o. (in the period of being under EMC IM S.A. control). The costs generated in the company RCZ Sp. z o.o. amounted PLN 55.581 thousand.

The increase (y/y) in the other companies of the Group concerned mainly:

- labour costs – increase by PLN 4.507 thousand, including medical services rendered by medical personnel (doctors, nurses and midwives by PLN 1.138 thousand), remuneration due to employment contracts by PLN 3.368 thousand (of which PLN 1.711 thousand constituted the reserves for employee benefits),
- costs of using medical materials – by PLN 1.300 thousand directly connected with decreasing the evaluation of many medical benefits (incorporated on the 1st January 2014) what has influenced the necessity of executing more benefits in the scope of the same contract,
- the increase of amortisation connected with purchasing fixed assets transferring for using modernized fixed asset and real property.

The nominal costs' increase did not reflect in changing their structure. A dominant item (like in the same period of a year 2013) were remuneration costs – their share in total costs amounted to 35,5%.

As at 31/12/2014 the other operating costs amounted to PLN 1.489 thousand in comparison with PLN 1.633 thousand in a year 2013 – it means the decrease by nearly 9 %.

The amount includes costs of reserves for future liabilities in the amount of PLN 799 thousand, actualization of non-financial assets in the amount of PLN 188 thousand, and paid penalties in the amount of PLN 116 thousand.

Financial costs incurred in a year 2014 amounted to PLN 2.781 thousand and were lower by PLN 301 thousand than in a year 2013.

The decrease of financial costs was caused by decreasing both interest rates used by banks and commitment in external tax-bearing sources of financing – credits and leasing.

Such a set of received revenues and incurred costs resulted in the gross loss in a year 2014 in the amount of PLN 7.028 thousand.

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Financial ratios important for assessing a financial situation of the Group

Profitability ratios				
A ratio	Counting formulae	Expected value	31/12/2014	31/12/2013
gross profit margin ratio	gross profit / net revenues from sale	max	-2,89%	0,78%
net profit margin ratio	net profit /	max	-2,39%	0,45%
	net revenues from sale			
return on assets (ROA) ratio	net profit /	max	-0,61%	0,10%
	average annual total assets			
return on equity (ROE) ratio	net profit / average annual total equity	max	-1,05	0,74%

A ratio	Counting formulae	Expected value	31/12/2014	31/12/2013
receivables turnover ratio in days	(average receivables due to supplies and services /	min	33	32
	revenues from sale)*365			
inventory rotation ratio in days	(average stocks / revenues from sale)*365	min	4	3
debt turnover ratio in days	(average liabilities due to supplies and services / revenues from sale)*365	min	23	29

A ratio	Counting formulae	Expected value	31/12/2014	31/12/2013
debt ratio	total liabilities / total assets	0,3 - 0,5	0,43	0,40
ratio of covering fixed assets by equity and long-term reserves	(equity + long-term reserves) / fixed assets	max	0,75	0,93
sustainability of financing ratio	(equity + long-term liabilities + long-term reserves) / total assets	max	0,78	0,73
current ratio	(current assets – short-term prepayments) / short-term liabilities – short-term credits	1,5 - 2,0	1,31	2,92
quick ratio	(current assets – inventory – short-term prepayments) / short-term liabilities – short- term credits	0,8 - 1,2	1,23	2,85
cash ratio	cash / short-term liabilities – short-term credits	0,8 - 1,2	0,44	2,21

In a year 2014 the Issuer continued investments begun in a year 2013 and realized new ones resulting from investment liabilities set at the moment of acquiring new entities. EMC Instytut Medyczny SA is obliged to fulfil contractual liabilities independently on internal factors and external ones resulting from an economic situation translating into social wealthy and on a financial situation of the NHF – the main recipient of services.

The most important investments having been conducted in a year 2014 include the extending a geriatric hospital in Katowice and further modernization of the Bukowiec hospital in Kowary.

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Moreover, the process of developing the outpatient clinic in the St. Anna hospital in Piaseczno and building a new part of the St. Anna hospital in Piaseczno has been conducted.

The increase of productivity results from gaining an expected productivity value of new investments.

As for investments ended in years 2013-2014 gaining full productivity capabilities is always spread in time and at the initial period after completing investments it does not reflect in financial results. Especially, obtaining individual clients needs more time.

A balance sum as at 31/12/2014 increased from PLN 231.397 thousand to PLN 242.652 thousand in comparison with a year 2013 including PLN 14.093 thousand from consolidating the company RCZ Sp. z o.o. (a balance sum of the company RCZ Sp. z o.o. decreased by consolidating adjustments).

Due to assets, mainly fixed assets and receivables due to deliveries and services connected with increasing sale Negative cash flows resulted from the surplus of investment expenditures both in order to realize planned investment projects and expenditures for reconstructing property of the Group (PLN 26.657 thousand) and to purchase shares in the next company and to take the control under it (PLN 19.082 thousand) over the inflows of operating activities.

As at 31/12/2014 the share of liabilities in financing the activities of the Group and measured with the ratio of total debt (counted as the quotient of total liabilities and total assets sum) amounted 0,43 (0,40 as at 31/12/2013).

During a year 2014 an equity debt ratio (counted as the quotient of foreign capital and equity) amounting 76,08 % and increased in comparison with a year 2013 (by 11,10 %).

III. ANOTHER INFORMATION

III.1 Description of factors and events, especially unusual, with a significant influence on the Capital Group and achieved financial results in a given period and the description of development perspectives at least in the nearest financial year

On the 23rd December of 2013 the Issuer (the Buyer) signed with a Lubiński Powiat (the Seller) a preliminary contract of selling 100% shares in the Regionalne Centrum Zdrowia Sp. z o.o with its register seat in Lubin. The price of selling 51.730 shares in the company RCZ was established at the level PLN 30.003 thousand. The information was included in a current report no. 117/2013 on the 23rd December of 2013. By 31st December of 2013 the Issuer had increased the expenditures on acquiring shares in the amount of PLN 10.729 thousand. On the 11th February of 2014 the promised contract of selling 100% shares in a Regional Health Centre with its register seat in Lubin was concluded and the Issuer gained the control under the Company. The information was included in a current report no. 24/2014 on the 11th February of 2014. The rest of the amount due as for purchasing shares was paid on the 11th February of a year 2014.

Additionally, the following factors and events influenced significantly the results of the Group:

- The amount of contracts with NHF,
- Creating write-offs for receivables mainly due to the surplus of medical procedures done in comparison with the value of contracts signed with the NHF. Total amount of the surplus of medical services of the Group in a year 2014 amounted to PLN 7.490 thousand. The amount of PLN 3.720 thousand was included as a write off. Additionally, taking into consideration a lack of possibilities of settling the surplus of medical services in a year 2012 and 2013 by Mazowiecki Department of NHF in a subsidiary EMC Piaseczno" Sp. z o.o, the Board of Management made a decision about creating the write-off in the amount of PLN 709 thousand generated in a year 2012 and 2013 and not included in the write-off.
The amount of write-offs created in a year 2014 for the surplus of medical services for a year 2013 in the company EMC Instytut Medyczny SA amounted PLN 63 thousand and in the company Mikulicz Sp. z o.o. PLN 55 thousand.

Generating the surplus of medical services is connected with a strategy of the Group and aims at gaining a more useful position in negotiations in terms of increasing the contract with NHF in next periods. According to experience from previous years, the level of the surplus of medical services influences the effects of negotiations. It is also a potential source of revenues in a case of receiving more cash from NHF. The level of the surplus is continuously monitored by the Board of Management.

- Further extending cooperation with German and Dutch health insurance schemes AOK: die Gesundheitskasse, Techniker Krankenkasse, Ohra, DeltaLloyd i CZ. EMC Instytut Medyczny SA is a sole partner of those schemes in Poland within the programme EuropaService. Since the beginning of the

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cooperation between hospitals and outpatient clinics of the Group EMC nearly 2000 foreign patients insured in those schemes have used that programme.

The level of contracts with the NHF and restructuring the hospital RCZ in Lubin will influence strongly the Group's activities in the perspective of a year.

As at the day of compiling the financial statement the value of the contracts with the NHF is presented in a table below:

The scope of a service / Unit	EMC IM S.A.	EMC Piaseczno Sp. z o.o.	Mikulicz Sp. z o.o.	Lubmed Sp. z o.o.	PCZ Kowary Sp. z o.o.	EMC Silesia Sp. z o.o.	Zdrowie Sp. z o.o.	RCZ Sp. z o.o.	Total	
									Amount	%
Hospital treatment	36 143	20 517	10 653		9 271	4 530	22 118	46 108	149 340	71,3%
Therapeutical healthy programmes	189							748	937	0,4%
Specialist Outpatient Care	7 977	1 498	1 117	1 991	1 942	698	913	2 716	18 852	9,0%
Specialist Outpatient Care- Clinic diagnostic costly services	2 261	115	46				521	206	3 149	1,5%
Basic Health Care – night and holiday care	1 965	381		141	1 619			1 652	5 758	2,7%
Care services	1 149						1 728		2 877	1,4%
Palliative and hospice care	2 368		788	121	1 221			661	5 159	2,5%
Dentistry	0		416		916			1 183	2 515	1,2%
Psychiatric care and addiction treatment	228			360					588	0,3%
Basic Health Care – night and holiday care		394	46		737				1 177	0,6%
Medical rescue							3 535		3 535	1,7%
Total	52 280	22 905	13 066	2 613	15 706	5 228	28 815	53 274	193 887	92,6%
Basic Health Care *	5 616		1 079	5 902	1 548	519		850	15 514	7,4%
Total contracts with the NHF	57 896	22 905	14 145	8 515	17 254	5 747	28 815	54 124	209 401	100,0%

*estimated data on the basis of a year 2014. Values of contracts in the range of basic health care are shown in the amounts resulting from the Issuer's estimates pursuant to the quantity of declared patients.

Due to the experience from previous years, a level of contracts is increasing in comparison with input values.

Additionally, the investments of modernizing and extending the hospitals in Kowary and Lubin will influence the activities of the Group. The Issuer assumes that the extension of beds' base and enhancing the standard of services rendered will increase revenues and make them more effective.

III.2 Description of significant risk and threat factors with determining to what extent the Issuer is exposed to them

➤ Risk related to the dependence on contracts with the National Health Fund

The risk related to the dependence on the largest recipients of medical services, i.e. individual regional branches of the National Health Fund, is the most significant risk in the Issuer's operations. The share of income generated on the basis of contracts signed with individual branches of the National Health Fund and the Ministry of Health amounted above 75% in a year 2014. The share of income from the sale of commercial services (individual patients, insurance companies) in consolidated income is constantly rising. After a year 2014 a share of revenues from the sale of commercial services amounted 18,6 %. Continuously increasing income from charges incurred directly by patients and indirectly by insurance programmes results in limited risk of decreasing revenues of the

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Company. Additionally, this risk is limited due to the following poviats: Ozimek, Zabkowice Śląskie, and Kamień Pomorski. In the case of entities in which building new objects is planned, there is an additional risk connected with obtaining a contract for new services after completing the investments.

The contracts with the National Health Fund are separately concluded for particular types of medical services (services provided by hospitals, outpatient clinics, etc.) which allows to eliminate a possible threat of decreasing the value of a contract for a given type of services by replacing it with another contract.

Moreover, it must be emphasized that the National Health Fund is a reliable payer which pays any amounts due on time.

➤ **Risk of losing key employees and risk of dependence on such employees**

Due to the character and specificity of operations of the Capital Group EMC Instytut Medyczny S.A., it is important to keep highly qualified employees of all specialisations and management as well as experienced administration team. The loss of key employees could have negative influence on further development. Noticeable increase of salaries level in units of public National Health Service leading to increase of salaries expectation the other employees and high demand for doctors and nurses in the EU countries cause the risk of employees leaving undertakings from the Capital Group or shortage of employees in newly taken-over undertakings. Thus, salaries of medical employees employed in the Capital Group are supplemented with bonuses directly connected with results achieved by particular units. The actions supporting trainings and further education were also made. The Company provides subsidies towards studies, trainings and courses.

It has been observed a significant increase of emigration connected with salaries levels in the scope of medical workers for few last years.

➤ **Risk connected with medical malpractice**

The specificity of operations of the Issuer's Capital Group causes exposure to risk of medical malpractices and obligation to pay high damages to patients. The Issuer systematically controls the quality of medical services by creation of procedures, biological and chemical quality of sterilization and hospital infections committees in all hospitals from the Capital Group. The Issuer possesses a global quality 9001:2008 in the scope of medical services in all parties of EMC Instytut Medyczny SA. Moreover, EMC Instytut Medyczny S.A. concluded contracts with insurance companies securing medical undertakings operating within the Capital Group against unpredictable losses resulting from the obligation to pay damages. Subsidiaries of EMC Instytut Medyczny S.A. concluded separate contracts of liability insurance.

All amounts are in [thousand] if a different amount are not mentioned

➤ **Risk related to the Issuer's investment plans**

The plans for a year 2015 include the extension of St. Anna hospital in Piaseczno, the extension of an outpatient clinic in Ząbkowice Śląskie as well as minor repairs of building and exchange of used buildings and medical equipment.

➤ **Risk related to the seasonality of sale**

Typical seasonality phenomenon does not occur as regards medical services. However, there are changes in the volume of sale depending on the value and type of negotiated contract with the National Health Fund for a given year, which influences the possibility of correct estimation of income on sale in individual financial years. In respect of contracting services with the National Health Fund, the risk related to the seasonality is slight.

The National Health Fund limits the number of financed services. In the case of providing a greater number of services, the so-called services exceeding the number of contracted services (and hospitals with ER units are obligated to admit patients requiring treatment also over the limits resulting from the contracts), the National Health Fund does not guarantee a full payment for these services. Thus, expecting such an attitude of NHF, the surplus of medical services was limited to the minimum in a year 2014. A similar policy will be conducted in a year 2015 trying to move patients from a planned procedure to the queues what should result in bigger interest of commercial services.

➤ **Risk related to penalties from contracts concluded with the National Health Fund**

The most significant contracts concluded by the Issuer's undertakings with the National Health Fund include regulations of contractual penalties, important for its operations. The regulations stipulate that in the case of non-performance or improper performance of the contract caused by the Issuer, the Director of a given Fund Branch of the National Health Fund may impose a contractual penalty on the Company. The said contractual penalties are imposed pursuant to and following the rules specified in the Regulation of the Minister of Health as of the 6th Oct. 2005 on general provisions of contracts for the provision of healthcare services (Journal of Laws [Dz. U.] of 2005, no. 197, item 1643).

➤ **Risk related to activities on international markets of medical services**

Since August 2007, the Issuer has been conducting operations outside Poland through a subsidiary. Different legal conditions and customs on these markets lead to a greater risk for such operations than similar operations in Poland. Additionally, risk is limited by using services rendered by local advisory companies.

➤ **Risk related to economic factors**

The main economic risk factor is a lack of stabilization and the forecast of tax law changes. In the scope of civil law contracts, the Issuer minimizes the risk by long-term cooperation with consulting firms and participation in trainings.

An additional risk (in accordance with the monopoly of one insurance company) is the market of civil liability insurance of medical companies.

III.3 Significant proceedings carried out before a court, the body competent for arbitration or public administration authority

In a year 2014, the Group did not conduct any proceedings relating to liabilities or debts, which value would constitute 10% of initial capitals.

III.4 Information about basic products or services with defining a value and a quality of these products and services, and with determining the contribution of particular products and services and information about changes in this scope in a given financial year

The scope of medical services rendered by the Group includes, amongst the others:

- In hospitals – highly specialized surgery with short-term stay (up to 72 hours) in a hospital and typical hospitalization in the scope of hospital treatment, treating rehabilitation and long-term care (hospitals in Wrocław, Ozimek near Opole, Ząbkowice Śl., Kamień Pomorski, Piaseczno, and Kwidzyń). In the hospital in Wrocław – highly specialised orthopaedic surgery (hips' and knees' implants) and in the scope of oncology (surgery of cancers of the large intestine, the rectum, the gall, and the pancreas) as well as oncologic gynaecology and ophthalmology. Additionally, in the hospital in Kowary – psychosomatics.
- Diagnostics – diagnostic tests made in an ambulatory procedure or short-term stay such as: USG, RTG, endoultrasonography and the movement of alimentary canal, gastroscopy, colonoscopy (all entities), tomography (St. Antoni hospital Ząbkowice Śląskie), endoscopy of the alimentary canal, electromagnetic resonance (a hospital in Wrocław);

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- Specialist Outpatient Care – consultations and advice of specialists in specialised clinic (all);
- Dentistry – included protection, defence treatment, protetics, and dentistry surgery (EuroMediCare hospital with an outpatient clinic in Wrocław, an outpatient clinic at Łowiecka street in Wrocław);
- Other commercial medical services – services in the scope of contracts with companies and persons due to healthcare (packages) and complex one-day preventive check-ups (hospital in Wrocław- planned also in other hospitals);
- Esthetic medicine and plastic surgery (EuroMediCare hospital with an outpatient clinic in Wrocław , an outpatient clinic at Łowiecka street in Wrocław);
- Geriatrics in the hospitals in Katowice and Świebodzice;
- Clinic research – in the scope of tests on new pharmaceuticals and medical materials (EuroMediCare hospital with an outpatient clinic in Wrocław);
- The contract with Health Ministry – in the scope of programmes of preventing cancer diseases.

The Issuer renders both services financed by HNF in the scope of public health insurance and commercial services – paid by individual patients and insurance agencies.

The types of services rendered in entities of the Group EMC IM are presented in a table below:

Wszystkie kwoty w tysiącach, jeżeli nie zaznaczono inaczej

Revenues' groups	EMC INSTYTUT MEDYCZNY SA	NZOZ LUBMED Sp. z o.o.	NZOZ MIKULICZ Sp. z o.o.	EMC Healthcare Ltd. (Dublin)	PCZ in Kowary Sp. z o.o.	EMC Silesia Sp. z o.o.	Silesia Med Serwis Sp. z o.o.	EMC Piaseczno Sp. z o.o.	Kwidzyn Sp. z o.o.	RCZ sp. z o.o. in Lubin	Total	
											Amount	%
Hospital treatment	38 682	0	10 612		9 282	3 828	0	20 154	22 258	42 776	147 592	59,9%
Therapeutical health programmes	78		295							530	903	0,4%
Specialist Outpatient Care	7 817	1 967	1 076		2 175	666		1 495	770	2 512	18 478	7,5%
Clinic diagnostic costly services	2 523		56					134	600	323	3 636	1,5%
Rehabilitation	2 065	141			1 422			385		1 529	5 542	2,2%
Palliative and hospice care	0		427		947					1 075	2 449	1,0%
Dentistry	196	330									526	0,2%
Care services	1 198	121	786		1 221		118			620	4 064	1,6%
Psychiatric healthcare and addiction treatment	0		46		739			380			1 165	0,5%
Basic Health Care	6 717	5 936	1 087		1 585	521			1 739	748	18 333	7,4%
Medical rescue service	0								3 544		3 544	1,4%
The surplus of medical services	62	47	102		45	426	0	43	0	2 990	3 715	1,5%
Total NHF	59 338	8 542	14 487		17 416	5 441	118	22 591	28 911	53 103	209 947	85,2%
Hospitalization	3 888		53		123	155		1 142	21	212	5 594	2,3%
Basic Health Care	87	20	560		1	8				21	697	0,3%
Specialised advice	2 338	686	249	3 929	11	146		1 033	22	454	8 868	3,6%
Long-term care	498	0	1 189		356					245	2 288	0,9%
Contracts with insurance	2 252	51		176				12		3	2 494	1,0%
Occupational Medicine	742	49							466	178	1 435	0,6%
Contracts with companies/institutions/packages	198	0		42							240	0,1%
Diagnosis	1 950	89	46		16	39		245	299	238	2 922	1,2%
Medical check-up	335	0									335	0,1%
Clinic research	703	0									703	0,3%
Rehabilitation	221	68	18		50	33		53		36	479	0,2%
Treatment room / Laboratory	1 467	550	562		31	33		149		554	3 346	1,4%
Medical rescue service	0								12		12	0,0%
Contracts with other medical	0										0	0,0%
Hospitalization	2 602		142		58			143		764	3 709	1,5%
Basic Health Care	2 223	13	1		37	112	252	6	434	406	3 484	1,4%
Specialised advice	19 504	1 526	2 820	4 147	683	526	252	2 783	1 254	3 111	36 606	14,8%
Long-term care	78 842	10 068	17 307	4 147	18 099	5 967	370	25 374	30 165	56 214	246 553	100%
Contracts with insurance	-2 548	-2	-524	-57		-4	-252	-4	96	-126	-3 421	
Occupational Medicine	76 294	10 066	16 783	4 090	18 099	5 963	118	25 370	30 261	56 088	243 132	

III.5 Information about the market including the division for national markets and international ones; information about sources of supplying materials, products, services with determining the level of dependence on one or more clients and suppliers and in a case when the contribution of one supplier or customer constitutes at least 10% of revenues due to total sales – the name of a supplier/a customer and his/her contribution in sales/supplies and his/her formal relationships with the Issuer

The activity of the Capital Group is currently run in Lower Silesian Voivodship, Opole Voivodship, Zachodnie Pomorze Voivodship, Silesian Voivodship, Mazowiecki Voivodship, Pomorski Voivodship, Lubuski Voivodship and in Ireland.

Regarding a way of financing healthcare in Poland the main customer of services rendered by the Group due to the contribution in sales revenues is NHF. In a year 2014 services paid by NHF in the scope of public healthcare insurance amounted above 86 % of total sales revenues.

The Issuer is not dependent on suppliers.

II.2.1 III.6 Information about contracts meaningful for the activities of a Capital Group EMC Instytut Medyczny SA included (known by the Issuer) contracts made between shareholders, insurance contracts, cooperation contracts

– As for the resolution of the General Meeting, on 10th January of 2014 the share capital was increased in a subsidiary undertaking EMC Piaseczno sp. z o.o. with its register seat in Piaseczno. Share capital was increased by PLN 3.499 thousand by creating 3.499 shares with the nominal value PLN 1 thousand. At present share capital of the Company amounts PLN 9.800.000,00 and is divided into 9.800 shares with nominal value PLN 1.000 each. All shares of share capital were taken up by a sole associate - EMC Instytut Medyczny SA. The information about increasing share capital in a subsidiary undertaking was presented in current reports no. 7/2014 on the 10th January of 2014 and no. 20/2014 on the 31st January 2014.

– On the 21st January of 2014 the Issuer signed the annex due to a credit contract in a current line with the bank PKO S.A. with its register seat in Warsaw. On the basis of the annex the maturity date was prolonged until the 23rd January 2014. The information about signing previous credit contracts was presented in current reports no. 38/2006 on 16/10/2006, 62/2009 on 30/07/2009, 16/2011 on 25/01/2011, 6/2012 on 24/01/2012, 7/2013 on 22/01/2013, and 9/2014 on 21/01/2014.

– On the 17th February of 2014 the annex to a credit contract with the bank bank PKO S.A. with its register seat in Warsaw was signed. The contract concerned the revolving credit in a current account. On the basis of the annex the maturity date was prolonged until 23rd January 2015. The information about signing previous credit contracts was presented in current reports no. 38/2006 on 16/10/2006, 62/2009 on 30/07/2009., 16/2011 on 25/01/2011, 6/2012 on 24/01/2012, 7/2013 on 22/01/2013, 9/2014 on 21/01/2014 and 30/2014 on 17/02/2014.

– On the 11th February of 2014 the promised contract of selling 100% shares in a Regional Health Centre with its register seat in Lubin was concluded. The contract was concluded between the Lubin powiat possessing shares of Regionalne Centrum Zdrowia Ltd. with its register seat in Lubin (the Seller) and the Issuer (the Buyer).

Signing a promised contract was determined by obtaining the positive decision of the Office of Competition and Consumer Protection about making concentration – taking the Regionalne Centrum Zdrowia Ltd. with its register seat in Lubin under control by the Issuer.

On the 6th February 2014 the company received the decision of the Office of Competition and Consumer Protection (after conducting anti-monopoly proceedings at the request of the Issuer) in which the President of the Office of Competition and Consumer Protection approved making concentration – where the Issuer takes the control under Regionalne Centrum Zdrowia Ltd. with its register seat in Lubin. On the 11th February 2014 the promised ale contract was signed.

Under the signed contract, the EMC Instytut Medyczny SA purchased shares in the number of 51.730 with nominal value PLN 500 each from Lubiński starosty under conditions negotiated in the proceeding.

The Issuer informed about signing the preliminary contract due to selling the shares of the RCZ Ltd. in a current report no. 117/2013 on 23/12/2013, about signing the annexe to the contract in a current report no. 21/2014 on 31/01/2014 and about signing a promised contract in a current report no. 24/2014 on 11/02/2014.

As a result of signing a contract the EMC Instytut Medyczny assumed the following obligations:
- not taking activities resulting in cessation or important limitation in the period not shorter than 25 years of running by the company RCZ medical activities in the scope of hospital treatment and out of hospital treatment guaranteeing the realization of medical services in the scope of health benefits financed by public funds (in accordance with the scopes of NHF benefits being currently compulsory):

All amounts are in [thousand] if a different amount are not mentioned

- a) the ward of internal diseases,
- b) the ward of general surgery,
- c) the ward of anaesthesiology and intensive therapy,
- d) the paediatric ward,
- e) the neonatologic ward,
- f) the gynaecological-obstetrical ward,
- g) the injury-orthopaedic ward,
- h) the emergency room or hospital rescue ward,
- i) hospice.

- realizing investments of the Adjustment Programme created for the company RCZ and defined in an offer for the buyer,
- ensuring that the employment amount will be adequate to the value of contracts and the number of medical benefits resulting from the contracts signed by RCZ for rendering benefits financed by public funds in the period and conditions defined in the offer,
- appointing in the Supervisory Board structure of the RCZ the person recommended by the seller during 7 years,
- not liquidating the RCZ without the seller approval during 25 years and in a case of the threat of insolvency the buyer will be obliged to currently ensure cash necessary for further activities,
- not taking activities that will stop or limit the realization of the buyer obligations.

In a case of the changes in the associates structure of RCZ (selling shares, purchasing shares in increased share capital), joining or transforming the RCZ the buyer is not free of accountability.

The buyer is obliged to transfer joint and several liabilities for the other associates of the RCZ or the associates of a new company (the acquiring company).

In a case of not fulfilling conditions in time, the Issuer will be obliged to pay for the seller stipulated penalty for each violation in the following amount:

- a) limiting medical activities of the RCZ - 3,125% of a sale price – stipulated penalty counted for each scope of activities, not more than 25%;
- b) liquidating medical activities of the RCZ - 25% of a sale price
- c) realizing an adjustment programme - 25% of a sale price
- d) not realizing an investment - 10% of a sale price
- e) social package - 10% of a sale price
- f) keeping the right of the seller for appointing the member of the Supervisory Board - 1 % of a sale price.

Total value of stipulated penalties cannot exceed 100% of the set price of sale.

On account of price payment and stipulated penalties payment resulting from the contract, the buyer signing a final agreement will make a declaration of submitting to voluntary enforcement on the basis of the art. 777 § 1 point 5 of the civil code in the form of a notarial deed to the amount of PLN 15.000.000,00. The condition authorizing the seller to make enforcement is a lack of payment with interest in definite periods and according to stipulated penalties – a lack of payment in the period of 30 days after the written request received and the enforcement clause of the seller

The guarantee constitutes the real estate mortgage (the real estate of the company RCZ) in the amount of PLN 15.000.000,00 (PLN fifteen million).

- On the 16th July of 2014 the joining the Issuer and the subsidiary undertaking Zespół Przychodni Formica Sp. z o.o. with its register seat in Wrocław took place. The information about it was on the 23rd July 2014. Joining was on the basis of the art. 492 §1 p. 1 of the Commercial Companies Code with taking into account art. 515 and art. 516 §6 of the Commercial Companies Code – it means by transferring all property of the entity acquired to the acquiring company without increasing share capital of the acquiring company. The information about making a resolution on the joining with the Zespół Przychodni Formica Sp.z o.o. was in a current report no. 46/2014 on the 27th March 2014. The information about the joining was in a current report no. 71/2014 on the 23rd July 2014.

All amounts are in [thousand] if a different amount are not mentioned

III. 7 Information about organisational or capital connections between the Issuer and other entities and determining its main national and international investments including capital investments made beyond the group of its undertakings and the description of financing them**Capital Group EMC Instytut Medyczny**

Company	Register seat	The date of purchasing shares	The number of shares	% share in the capital	% share in the number of votes at a General Meeting of Shareholders
Lubmed Sp. z o.o.	Lubin	January 2005	4.214	100,00 %	100,00 %
Mikulicz Sp. z o.o.	Świebodzice	July 2006	8.824	94,27 %	94,27 %
EMC Health Care Limited	Irelandia	April 2007	300.300	100,00 %	100,00%
EMC Silesia Sp. z o.o.	Katowice	November 2008	12.735	65,82 %	65,82 %
PCZ Kowary Sp. z o.o.	Kowary	January 2009	16.322	96,17 %	96,17%
Silesia Med Serwis Sp. z o.o.	Katowice	March 2010	600	100,00 %	100,00 %
EMC Piaseczno Sp. z o.o.	Piaseczno	November 2010	9 800	100,00%	100,00 %
Zdrowie Sp. z o.o.	Kwidzyn	July 2013	34 538	87,49 %	87,49 %
RCZ in Lubin	Lubin	February 2014	51.730	100,00%	100,00%

Related entities with EMC Instytut Medyczny SA – not included in the Group

According to IAS 24 concerning revealing transactions with related entities approved by the resolution (WE) no. 1606/2002 of European Parliament and Committee as at the 19th July of 2002 due to using international accountancy standards, the following entities were regarded as not included in the group:

- Penta Investments Group Limited,
- Svet Zdravia Holdings Limited,
- CareUp B.V. with its register seat in Amsterdam,
- Key management personnel of the Issuer – Members of the Management Board and the Supervisory Board,
- Start Management – Piotr Gerber, with its register seat in Wrocław, the owner is the former President of the Management Board of EMC Instytut Medyczny S.A. – Piotr Gerber,
- Dentistry study of dr n. med. Hanna Gerber with its register seat in Wrocław, the owner is the former President of the Supervisory Board and a shareholder EMC Instytut Medyczny S.A. – Hanna Gerber,
- Museum of Industry and Railways in Silesia with its register seat in Jaworzyna Śląska, Towarowa 2 street, the founder is the former President of the Board of Management of EMC Instytut Medyczny S.A. – Piotr Gerber,
- Close members of the family of key management personnel of the Issuer.

Main national and international investments including capital investments made beyond the group of its undertakings and the description of financing them.

The Issuer did not make capital investments beyond the group of related undertakings.

III.8 Information about important transactions made by the Issuer or the undertaking with related entities concerning conditions different than market ones

The detailed description of transactions with related entities was presented in a financial statement for a year 2014. All transactions were made due to market conditions.

All amounts are in [thousand] if a different amount are not mentioned

III.9 Information about signed and terminated in a given financial year contracts concerning credits and loans with detailing the amount of credits and loans, the type and the amount of interest rates, currency and maturity dates

In a year 2013 the Issuer and the other subsidiaries undertakings none credit contracts were terminated. The Group prolonged the contracts for earlier credits in a current line.

III.10 Information about loans granted in a given financial year with special consideration of loans granted for Issuer's related entities with detailing at least the amount of credits and loans, the type and the amount of interest rates, currency and maturity dates

On the 3rd March 2014 the Issuer signed the framework loan agreement with the subsidiary Regionalne Centrum Zdrowia Sp. z o.o. in Lubin, which subject was to grant cash loan in the amount not higher than PLN 2.500 thousand. The interest was established under market conditions and including variable interest of rate Wibor-1M and the stable margin at the level 3%.

The maturity date is on the 31st December 2015.

On the 18th August 2014 the annexe to the loan agreement changing the amount of the loan was signed.

Due to the annexe, the amount of the loan will be PLN 4.000 thousand.

The other important conditions of the credit contract did not change.

As at 31/12/2014 the balance of the loans used is PLN 4.000 thousand.

On the 29th July 2014 the Issuer signed the loan agreement with the subsidiary Zdrowie Sp. z o.o., which subject was to grant cash loan in the amount not higher than PLN 2.000 thousand. The interest was established under market conditions and including variable interest of rate Wibor-1M and the stable margin at the level 3%.

The maturity date is on the 31st December 2016.

As at 31/12/2014 the balance of the loans used is PLN 1.653 thousand.

On the 29th July 2014 the Issuer signed the loan agreement with the subsidiary Kowary Sp. z o.o., which subject was to grant cash loan in the amount not higher than PLN 4.000 thousand. The interest was established under market conditions and including variable interest of rate Wibor-1M and the stable margin at the level 3%.

The maturity date is on the 31st December 2017.

As at 31/12/2014 the balance of the loans used is PLN 2.500 thousand.

On the 29th July 2014 the Issuer signed the loan agreement with the subsidiary EMC Silesia Sp. z o.o., which subject was to grant cash loan in the amount not higher than PLN 751 thousand. The interest was established under market conditions and including variable interest of rate Wibor-1M and the stable margin at the level 3%.

The maturity date is on the 31st December 2016.

On the 30th December 2014 the Issuer signed the loan agreement with the subsidiary EMC Silesia Sp. z o.o., which subject was to grant cash loan in the amount not higher than PLN 250 thousand. The interest was established under market conditions and including variable interest of rate Wibor-1M and the stable margin at the level 3%.

The maturity date is on the 31st December 2015.

As at 31/12/2014 the balance of the loans used is PLN 851 thousand.

III.11 Information about guarantees granted and received in a given financial year with special consideration of guarantees granted for related entities of the Issuer

In a year 2014 the Issuer did not receive and grant any guarantees.

The Issuer granted guarantees for related entities.

As at 31/12/2014 the following guarantees were functioning:

- guarantees for financial leasing granted for the company EMC Piaseczno – totally PLN 1.217 thousand,
- guarantees for financial leasing granted for the company Mikulicz - totally PLN 242 thousand,
- guarantee for an investment credit granted for the company PCZ Kowary in the amount of PLN 9.000 thousand,
- guarantee for rent payment in the company EMC Health Care Ltd. in Ireland in the amount of EUR 9 thousand / month with the expiry date until 19/02/2017.

The Issuer did not grant the guarantees for related entities not included in the Group.

III.12 As for issuing debt securities in a given period – the usage description

In a year 2014 the issuance of securities was not made.

All amounts are in [thousand] if a different amount are not mentioned

III.13 Explanation of differences between financial results published in a unitary financial statement and forecasts of these results published for a given year

The Group did not publish the forecast of a financial result for a year 2014.

III.14 Assessment and justification concerning financial resources management with special consideration of abilities to meet liabilities and determining potential threats and actions such the Issuer made or is going to make in order to avoid these threats

In the period from the 1st January 2014 to the 31st December 2014 and by a day of compiling a given financial statement the Group did not note the problems with servicing financial liabilities.

As at 31st December of 2014 the Group did not slightly fulfill the part of financial conditions (ratios) included in the following credit contracts:

Bank	Type of a credit	The amount of credit/ loan acc. to a contract	The amount of credit to be paid as at 31st December 2014	Interest rate conditions	Maturity date
BGŻ SA	An investment credit	9 000	9 000	WIBOR 3M + 2,5 %	31/12/2020
BGŻ SA	An investment credit	913	533	WIBOR 3M + 2,5 %	19/04/2017
BGŻ SA	An investment credit	13 448	9 080	WIBOR 3M + 2,5 %	30/07/2019

As for not fulfilling contractual conditions and in accordance with the article 69 of IAS 1 the Company assigned a long-term part of the investment credit in the amount of PLN 14.785 thousand to short-term liabilities.

Those credits were not requested despite not fulfilling financial conditions as at 31st December of 2014. On the 13th January 2015 the Issuer has received the letter from the BGŻ bank that despite not realizing financial provisions, the bank does not predict to impose sanctions. On the basis of discussing and corresponding with the bank BGŻ the Board of Management does not expect the repayment of the credit to be requested.

The Group plans to continue the usage of short-term credits in a current line in the future. Thus, there is no the necessity for paying them back at the end of the period.

Taking into consideration a level contracts signed with NHF (a certain and punctual payer) cash flows from operating activities are expected.

Additionally, financing the biggest investments is secured by external financing, especially stockholders' capital. Consequently, the Issuer does not predict the problems with servicing liabilities.

III.15 Assessing the possibilities of realizing investment plans including capital investments in comparison with the amount of pecuniary assets and taking into consideration possible changes in the structure of financing this activity

According the knowledge of the Issuer, as at a day of compiling a given financial statement, there is no threat concerning the realization future investments.

It is also possible to stop for a while or limit the scope of planned investments.

III.16 The characteristic of external and internal factors important for the Issuer enterprise's development and the description of Issuer's activities development perspectives at least to the end of a financial year after the financial year for which a financial statement given in an annual report was compiled with taking into consideration the elements of the enterprise's market strategy

External factors:

- Sustainable interest of insurance agencies in the scope of an additional insurance market for which network organizations from a medical sector are the most attractive partner.
- Not satisfactory financing medical services by NHF deepens difficulties in the access to medical services in the scope of public medical insurance what causes increased patients' interest in medical services rendered in a commercial way.

All amounts are in [thousand] if a different amount are not mentioned

- The situation on the labour market on a medical market: the increase of medical personnel's expectations due to the amount of salaries, decrease of a number of new employees entering the market after graduating – it concerns especially some doctor and nurse's specializations.
- The increase of the Polish wealth noted in previous years resulted in the demand increase on medical services paid commercially.
- Progress in eliminating a grey area and fighting with corruption as well as in public healthcare with speaking about it in media resulted in increasing demand for medical commercial full-paid services.
- The decrease of rate interest in banks financing the activity of the Group.

Internal factors:

- Further work on inter-hospitals specialists' teams preparing the recommendations of acting under the conditions of the most frequent medical procedures. The Management Board predicts that it will positively influence both the improvement of patients' safety and the decrease of risk in terms of claims due to medical events.
- Continuing projects and actions connected with further development of the entities belonging to the Issuer. In a year 2015 four following investment projects will be continued: the modernization and repair of hospital objects in Piaseczno, Kwidzyn, Lubin and Zabkowice Slaskie.
- Changes in the organizational structure of the EMC Group.

III.17 Changes in basic rules of managing the Issuer's enterprise and its capital group

In the period of compiling a given financial statement none important changes in organizing and in basic rules of managing in the Company and the capital group did not occur.

III.18 All contracts signed between the Issuer and management persons predicting the recompense in a case of the resignation or release from a given post without an important reason or if their cancelling or releasing is due to joining the Issuer by a merger

The company did not sign contracts in this scope.

III.19 The value of salaries, rewards or advantages including the contracts resulting from programmes based on bonds with priority rights, changeable, subscription warrants (in cash, nature or any other forms), paid, receivable or potentially receivable separately for each management and control persons in the Issuer enterprise regardless they were included as costs or were a result from profits division; in a case when the Issuer is a parent undertaking, cooperator of a subsidiary undertaking or meaningful investor – separately information about the value of salaries and rewards received due to functions in the government of subsidiary undertakings; if suitable information were presented in a financial statement – the duty is regarded as fulfilled by pointing the place of putting them in a financial statement

Up to now in the Capital Group programmes of paying salaries, rewards or other advantages based on the Issuer's capital have not been used. Information about remuneration paid to the members of the Management Board and to the supervisory units are included in a financial statement in the part titled 'Accountancy principles (policies) and additional explanatory notes'.

III.20 Due to capital companies – determining a total number and nominal value of all stocks (shares) of the Issuer and stocks/shares in related entities, being in the ownership of people managing and controlling the Issuer (for each person separately)

Determining a total number and nominal value of all Issuer's stocks (shares) being in the ownership of people managing and controlling the Issuer

As at the day of publishing a financial statement the members of the Management Board and the Supervisory Board do not possess the Issuer's stocks.

Determining a total number and nominal value of all related entities stocks and shares being in the ownership of people managing and controlling the Issuer

People managing and controlling the Issuer do not possess shares and stocks in the Issuer's related entities.

All amounts are in [thousand] if a different amount are not mentioned

III.21 Information about contracts (known by the Issuer) including the contracts signed after a balance day that can result in changes in proportions of stocks owned by current stockholders and the other shareholders in the future

The Issuer does not know such contracts.

III.22 Information about the system of controlling programmes of employees' stocks

Nowadays the companies in the capital group do not run programmes of employees' stocks.

III.23 Information about the contract with entities entitled to analyse financial statements

Company	An entity entitled to audit financial statements	A type of report	The date of signing a contract in 2013 and 2014	Remuneration	
				2013	2014
EMC IM SA	Ernst & Young Audyt Polska Sp. z o.o. Sp. k.	Annual unitary and consolidated	12th July 2013	85	
		A review of a consolidated semi-annual statement		45	
	Ernst & Young Audyt Polska Sp. z o.o. Sp. k.	Annual unitary and consolidated	30th June 2014		80
		A review of a consolidated semi-annual statement			45
Total				130	125
EMC Piaseczno Sp. z o.o.	Ernst & Young Audyt Polska Sp. z o.o. Sp. k.	Annual unitary	30th September 2013	24	
	Ernst & Young Audyt Polska Sp. z o.o. Sp. k.	Annual unitary	29th September 2014		24
Razem				24	24
PCZ Kowary Sp. z o.o	Ernst & Young Audyt Polska Sp. z o.o. Sp. k.	Annual unitary	30th September 2013	15	
	Ernst & Young Audyt Polska Sp. z o.o. Sp. k.	Annual unitary	22nd September 2014		15
Razem				15	15
„Zdrowie” Sp. z o.o.	Ernst & Young Audyt Polska Sp. z o.o. Sp. k.	Annual unitary	21st October 2013	29	
	Ernst & Young Audyt Polska Sp. z o.o. Sp. k.	Annual unitary	29th September 2014		29
Total				29	29
EMC Silesia Sp. z o.o.	Ernst & Young Audyt Polska Sp. z o.o. Sp. k.	Annual unitary	30th September 2013	12	
	Ernst & Young Audyt Polska Sp. z o.o. Sp. k.	Annual unitary	6th October 2014		12
Total				12	12
RCZ Sp. z o.o.	Ernst & Young Audyt Polska Sp. z o.o. Sp. k.	Annual unitary	9th June 2014	50	
Total				50	

Additionally, in the case of the company EMC Instytut Medyczny SA, the remuneration of the Ernst & Young Audyt Polska Sp. z o.o. Sp. k. due to the other services executed in a year 2014 amounted PLN 85 thousand.

All amounts are net amounts; invoices are increased by VAT 23%.

IV. DECLARATION ABOUT USING CORPORATE GOVERNANCE

IV.1 Pointing a set of principles of corporate governance of the Issuer and the place where the text of the set is publicly available with the information due to perceiving the decisions of corporate governance principles and the information in the scope in which the company gave up the decisions of a given set of corporate governance principles and the explanation of causes of the withdrawing

In a year 2014 the Issuer has complied with all corporate governance principles set out in the "Best Practices of SE Listed Companies", which were included in the Annex to Resolution No. 19/1307/2012 of the Supervisory Board of the Stock Exchange in Warsaw on the 21st November of 2012.

The text of the "Best Practices of SE Listed Companies" has been available on the website of the Issuer's www.emc-sa.pl in the "Investor Relations".

Since January 2009, the website has operated in English, as required by principle II points. 2, as well as in the scope and structure of the Stock Exchange Model Service of Investor Relations.

IV.2 The information about the scope of withdrawing the provisions of a set of corporate governance rules and the explanation of the reasons for withdrawing

The Board of Management of EMC IM S.A. with its register seat in Wroclaw points the records of "Best Practices of SE Listed Companies" adopted by a resolution no. 19/1307/2012 of the Supervisory Board of the Stock Exchange in Warsaw on 21st November of 2012 that a Company has not used continuously until 31/12/2013:

'Part II. Good practice realized by the Boards of Management of Stock Exchange companies:

Principle 1, point 2a: A company runs a corporate website and includes there, (...) annually in the fourth quarter the information about contributing men and women in the Board of Management and in the Supervisory Board during last two years.

EMC Instytut Medyczny SA runs a corporate website, includes there data of managing and controlling persons (according to Best Practices CVs of the persons). The separate information about contributing men and women in the Board of Management and in the Supervisory Board is not published.

Due to low fluctuation and few organs – the data mentioned are enough (on the Company's point of view).

'Part IV. Good practice realized by stockholders:

Principle 10

The company ought to ensure the stockholders to participate at the General Meeting using means of electronic communication including:

- 1) the transmission of the General Meeting debate in real time,
- 2) two-parties communication in real time in the scope of which stockholders might discuss during the General Meeting being in another place.'

The principle has not been used so far and it will not be used regarding a lack of interest of minority shareholders in participating at General Meetings.

Each time the Issuer announcing the General Meeting regards that there is no possibilities of:

- participating at General Meeting using means of electronic communication,
- discussing at General Meeting using means of electronic communication,
- voting rights by means of the correspondence or electronic communication.

However, the Issuer provides full documentation that is to be presented at the General Meeting as well as the draft resolutions and remarks of the Management Board and the Supervisory Board concerning issues of the agenda or the issues that shall be included in the agenda before the General Meeting on the website - www.emc-sa.pl.

The Issuer will consider implementing electronic communication in a case of disseminating electronic communication means and ensuring appropriate security of using them.

The intention of the Issuer is to ensure the transparency of internal relationships and the relationships with the external environment, especially with current and future stockholders of the company by observing all principles of corporate governance.

IV.3 The description of main features used in the company of the Issuer's internal control and risk management systems due to the process of compiling financial statements

In the process of preparing financial statements all units and departments of EMC Medical Institute SA are involved, which co-work during the preparation and verification of the information necessary to prepare financial statements in accordance with applicable regulations.

The preparation of financial statements is controlled by the Management Board via the directors of substantive divisions and directly by its members.

All amounts are in [thousand] if a different amount are not mentioned

The verified data are transmitted to people compiling financial statements for which work the member of the Management Board of the EMC Instytut Medyczny SA is responsible

Reports are based on data evidenced in accordance with accounting policies adopted and approved by the Management Board (decision on the 26th November 2004 containing the description of the system of protecting and archiving accounting data and media on a computer system "Probit") determining detailed rules for recording and presenting economic events.

Reports of the Company and the Group shall be audited annually and semi-annually by independent auditors. Additionally, the companies of the EMC Group due to separate regulations are audited (as at the day of compiling a given financial statement the following companies are obliged to be audited and reported: PCZ in Kowary Sp. z o.o. EMC Silesia, EMC Piaseczno Sp. z o.o., . Zdrowie Sp. z o.o. and Regionalne Centrum Zdrowia Sp. z o.o.)

Estimated data presented in the reports are based on the best knowledge of the Management Board supported by independent consultants and appraisers.

In addition, the Company entered the regulation of circulating and protecting confidential information, which systematizes, among other things, the process of drafting and circulation of financial information and the process of providing information needed to perform the above work. Additionally, the regulation defines the scope of individual tasks in preparing various parts of the periodic reports and submit them to the public, and the procedures for access to financial information.

IV.4 Pointing the stockholders possessing directly or indirectly meaningful issues packages with pointing a number of stocks possessed by these parties, their percentage share in initial capital, a number of voices and their percentage share in total number of voices on the general meeting of shareholders

As at the date of publishing this report, Issuer's initial capital creates 12 019 524 stocks with a total value PLN 48.078.096,00 including:

- 1 500 038 series A stocks (privileged, one Stock means two voices in a General Meeting of Shareholders)
- 2 500 062 series B stocks
- 1 500 000 series C stocks
- 400 000 series D stocks
- 737 512 series E stocks
- 500 000 series F stocks.
- 1 189 602 series G stocks
- 3 692 310 series H stocks.

A nominal value of each stock is PLN 4.

The stockholder	A number of stocks of A, B, C, D, E, F, G, H series	% share in equity	A number of votes at a General Meeting of Shareholders	% contribution in a total number of votes at a General Meeting of Shareholders
CareUp B.V	8 440 450	70,22	9 940 488	73,53
TFI PZU SA and customers	3 435 638	28,58	3 435 638	25,41

All amounts are in [thousand] if a different amount are not mentioned

IV.5 Pointing owners of all securities that give special control rights due to the Issuer with the description of these rights

Stocks of EMC Instytut Medyczny SA	Series A	Series B –H	Total stocks	% of stocks
	Voices A	Voices B - H	Total voices	% of voices
CareUp B.V.	1 500 038	6 940 412	8 440 450	70,22
	3 000 076	6 940 412	9 940 488	73,53
TFI PZU SA and customers	0	3 435 638	3 435 638	28,58
	0	3 435 638	3 435 638	25,41
The others	0	143 436	143 436	1,19
	0	143 436	143 436	1,06
TOTAL			12 019 524	100,00%
			13 519 562	100,00%

Series A stocks are privileged – two voices in a General Meeting contribute to one stock in a General Meeting. The other stocks are not privileged.

IV.6 Pointing all limitations due to voice law such as limiting to have voices by the owners of a particular part or number of voices, time limitations concerning having voices law or writings in accordance with them with company's cooperation capital rights connected with securities are separated from possessing securities

Any limitations due to having voice rights by the owners of particular part or number of voices number do not exist.

IV.7 Pointing all limitations concerning transferring ownership rights of the Issuer's securities and all limitations in the scope of using the voice right for Issuer's stocks

There are no restrictions on transferring the ownership of securities of the Issuer or the restrictions on voting rights per share.

In accordance with § 6 of the Statute of the A shares are registered and privileged stocks- two voices in a General Meeting contribute to one stock in a General Meeting. Conversion of registered stocks into bearer stocks can be made only with the consent of the Board given in writing to be valid. The Board gives consent or refuses to provide it within fourteen days from the date of the application in this regard. The sale or pledge of registered shares requires the consent of the Company. Consent to transfer or pledge of registered shares gives the Board in writing to be valid. The Board shall give consent or refuses to provide it within fourteen days of the request in this regard. If the company refuses to authorize the sale of shares, it should identify another buyer, and determine the date and place of payment of the price within sixty days of the refusal of consent. If the Company at the above time limit does not indicate any other buyer, shares may be sold without restriction.

Any transfer of shares of series A in violation of the provisions of this Statute shall be ineffective to the Company, a purchaser of shares will not be entered into the share book. Shares may be redeemed with the approval of shareholders through the acquisition of shares by the Company. Redemption of shares requires a resolution of the General Assembly. Redemption of shares requires the reduction of share capital. The granting of a pledgee or user voting shares requires the consent of the Supervisory Board.

Under the Corporate Governance rules adopted by the Company the Management Board members are obliged to treat investments in shares of EMC Medical Institute SA and in shares of parent companies in relation to EMC Medical Institute SA and shares in subsidiaries of EMC Medical Institute SA as a long-term investment. Management Board members immediately after his mandate are required to submit to the Company's liability, in which they undertake not to dispose of shares of the EMC Medical Institute SA, shares and stocks of parent companies in relation to the EMC Medical Institute SA as well as shares and stocks in subsidiaries of the EMC Medical Institute SA within one year from the date of their acquisition.

IV.8 Principles concerning appointing and cancelling management people and management rights especially the right to make the decision about stocks' issuance and purchase

According to the Articles of Association EMC Medical Institute SA, the Management Board consists of one or more Members. The Management Board consisting of one member constitutes the President of the Management Board. The Management Board consisting of more than one member consists of the President, Vice President and Members of the Management Board. The members of the Management Board, including the President and Vice President are appointed and dismissed by the Supervisory Board.

The Management Board members are appointed for a common term, which lasts 5 years. The mandates of the Management Board members shall expire on the day of the General Meeting approving financial statements for the last full financial year of their duties.

The Management Board acts on the basis of the Code of Commercial Companies, the Articles of Association, and other legal regulations taking into considerations the resolutions and regulations compulsory in the Company, including the regulations of the Management Board of the EMC Instytut Medyczny SA determining detailed competence scope and mode of action of the Management Board.

The following persons are entitled to make a declaration of will:

- a) the President of the Management Board independently,
- b) two members of the Management Board or the member of the Management Board with a proxy.

The President of the Management Board organizes and directs the Management Board work, coordinates the cooperation between the Management Board and other Company's bodies and presents the standpoint of the Management Board to the Supervisory Board and the General Meeting.

The Management Board represents the company and manages the affairs of the company except for affairs stipulated for the General Meeting and Supervisory Board's competencies. Every Management Board's member has the right to represent the Company in accordance with the representation principles and the right to conduct current issues of the Company belonging to the Management Board competences. According to important affairs, the Management Board members make the decisions collectively in the form of the resolution.

The Management Board members constitute the following directors: Managing Director, Financial Director, Director due to Organizing Healthservice, and Director due to Administration, Contracting and Settlements. They are responsible for their duties, activities' fields as well as they control direct posts. The function of the Managing Director is connected with the function of the President of the Management Board.

IV.9 The principle of Issuer's articles of associations' change

The General Assembly makes amendments to the Articles of Association. Amendments to the Articles of Association require for validity the registration by the registry court competent for the Company.

IV.10 A way of acting of a General Meeting of Shareholders and main rights and the description of shareholders rights and the way of using them, especially principles resulting from an internal resolution of a General Meeting of Shareholders

The rules of the General Assembly are obligatory. There are:

- basic entitlements of the General Assembly,
- a way of convening and dismissing the General Assembly,
- a way of conducting the General Assembly, and the course of the session.

The Board of Management is responsible for proper preparation and convening the General Assembly.

General Meetings are held in Wroclaw or Warsaw. A place of the General Assembly indicates the Management Board taking into consideration the facilitation of participation in the General Shareholders Meeting.

The General Meeting is convened by the Board within six months after the end of each current year. An extraordinary general meeting convened by the Board in the cases specified in the civil code codex or the statutes, as well as the bodies or persons authorized to convene general meetings they deem appropriate.

The Supervisory Board has the right to convene the Annual General Meeting in the case when the Board did not convene it within 6 months, and the Extraordinary General Meeting, if deemed appropriate, and the Board within fourteen days of receipt of a request by the Board failed to convene an Extraordinary General Meeting.

Ordinary or Extraordinary General Meeting, in the above cases may also be convened by shareholders representing at least half the capital or at least half of the votes in the company.

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An agenda is determined by the entity calling the General Assembly.

A shareholder or shareholders representing at least one twentieth of the share capital may request the convening of an Extraordinary General Meeting, as well as the inclusion of specific items on the agenda of the next General Assembly. Any such request should be submitted in writing to the Board or sent by e-mail biuro@emc-sa.pl.

A shareholder may participate in the General Meeting and vote in person or by proxy. To attend the General Meeting and exercise voting rights the attorney is only required (in writing under pain of nullity, or in electronic form) provided by authorized persons in accordance with the extract from the register, or for individuals under the provisions of the Civil Code. When filling out the attendance at the General Meeting, the Company only controls documents mentioned.

The Management Board shall provide a justification of convening a general meeting and the specific matters in order. Where the request for convening the General Assembly and put in order certain matters by the shareholder or shareholders would not have the justification that, regardless of the obligation of convening the General Meeting, the Board applies for such justification.

All relevant materials for the General Meeting are available on the website for shareholders at least 8 days before the date of the meeting.

The general meeting is convened by an announcement on the company's website and in the proper way for disseminating current information in accordance with the regulations of public offering, conditions due to implementing financial instruments to organized trading as well of public companies.

The announcement should be made at least twenty-six days before the date of general meeting.

The General Assembly cancellation, in whose agenda at the request of authorized entities particular issues were put or which has been convened due to such a request is possible only with the consent of the applicants. In other cases, the General Assembly may be cancelled if its holding is facing insurmountable obstacles (force majeure) or is obviously pointless. The cancellation shall be in the same way as the convenience, ensuring the least negative impact on EMC Medical Institute SA and its shareholders, in any event not later than three weeks before the originally planned date. Changing the date of the General Assembly is in the same way as cancellation, even if the proposed agenda did not change.

The following parties have rights to vote in the General Assembly:

- a) The holders of registered shares and temporary certificates as well as pledgers and users who have the right to vote, are entitled to attend the general meeting, if they are entered in the share on the day of participation registration.
- b) The bearer shares in the form of the document gives the right to attend the general meeting of a public company if the share certificates shall be deposited in the company not later than on the date of registration for participation in the general meeting and will not be collected before the end of the day. Instead, the shares may be made by a certificate issued on proof of deposit of shares with a notary, a bank or an investment company or a branch established in the European Union or a state party to the Agreement on the European Economic Area, as indicated in the notice convening the meeting. The certificate shall indicate the numbers of the shares and notes that the share certificates will be issued before the day of registration for participation in the general meeting.
- c) the shareholders holding bearer shares which are admitted to trading on the Warsaw Stock Exchange being the shareholders as at a record date.
- d) statutory representatives or agents of the shareholders listed above in items a-c.

The General Assembly should include the members of the Management Board, the Supervisory Board members and the auditor unless due to the agenda it is necessary.

The guests invited by the Management Board, including, in particular, legal advisers and other specialists, whose presence is necessary to explain the matters specified in the agenda to shareholders are allowed to attend at the general meeting.

The General Assembly is able to adopt resolutions on any matter within its jurisdiction irrespective of the number of shares represented and the size of capital, unless the Commercial Companies Code or the statutes provide otherwise.

The shareholder shall notify the Company of granting power of attorney electronically, by sending a power of attorney for the e-mail address: biuro@emc-sa.pl address.

The attendance list is prepared on the basis of (signed by the Management Board) the list of shareholders entitled to participate in the General Assembly with a list of shareholders with their names, surnames (companies / names) and places of residence (headquarters), and the number and type of shares and voting power of shareholders.

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The persons designated by the Management Board are obliged to perform before the General Assembly all technical activities connected with releasing shareholders to participate at the General Assembly. The mentioned persons have a duty to perform the following activities:

- a) check whether the shareholder is listed on the list of persons entitled to participate in the General Assembly
- b) verify the identity of the shareholder or his representative,
- c) verify the formal correctness of documents submitted by the representatives of the Shareholders,
- d) obtain the signature of the shareholder or its representative in attendance,
- e) be accompanied by documents authorizing the attendance list to represent the shareholders,
- f) issue voting cards to the shareholders and persons representing shareholders.

While verifying the identity of shareholders and people representing the shareholders, as well as the verification of the documents authorizing the representation will be presumed that the reported data are consistent with the law, and submitted written documents are legitimate, authentic, and do not require additional confirmation, unless the accuracy of personal information given or the authenticity or validity of documents submitted at the first glance is questionable person(s) drawing up the list of attendance, the Management Board or the Chairman of the General Assembly.

An attendance list is signed by all participants of the General Assembly and the President of the Assembly, who by his signature states the proper preparation of the roll.

The General Meeting debate shall be opened by the Chairman of the Supervisory Board or the Vice-President. In the absence of such persons, the General Assembly is opened by the Chairman of the Management Board or a person designated by the Management Board.

The person opening the General Assembly manages the selection of the chairman of the General Meeting and should lead to an immediate election of the President of the General Assembly and to refrain from any substantive or procedural decisions, which are not related to the election of the Chairman of the General Assembly.

The chairman of the General Assembly may be the person having the right to vote at the General Assembly.

The election of the Chairman of the General Assembly shall be by secret ballot, from among an unlimited number of candidates.

In the case that the General Assembly has been convened by the shareholders mandated by the court registry, the chairman of the General Assembly is the person designated by the court registry.

The chairman of the General Assembly directs its work. The task is to take care so that the resolutions were formulated in a clear and transparent way. The Management Board also provides the possibility for a President with the aid of legal services of the Company.

The chairman of the General Assembly:

- a) ensures the efficient conduct of the proceedings,
- b) may decide on any matter of order,
- c) ensures respecting the rights and interests of all shareholders,
- d) in particular should prevent the abuse of rights by the Assembly and ensure respect for the rights of minority shareholders,
- e) should not resign from his function without good reasons,
- f) cannot also, without valid reasons, delay signing the minutes of the General Assembly.

In exercising its powers, related to management of the proceedings of the General Assembly, the President may seek the assistance of their adoptive Secretary.

Due to the decision of the Chairman, the participants of the General Assembly may appeal to the General Assembly. In the case of an appeal application referred to above, the resolution of the General Assembly resolves about maintaining or revoking the Chairman's decision.

Short breaks in the meeting, not deferring the meeting, ordered by the President in appropriate cases, cannot aim at hindering the exercise of shareholders rights.

The chairman of the General Assembly may introduce under the General Meeting the matter of order. Order motions are in particular as follows:

- a) admitting persons other than shareholders or their representatives to the General Assembly,
- b) committee selection,
- c) notifying and voting the application of matters order change due to processing issues predicted in an agenda,
- d) notifying and considering the resolution on convening the General Meeting.

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In formal matters the Chairman of the General Assembly shall call out of the sequence.

Formal motions may be made by each shareholder or representative of a shareholder.

Motions on matters are considered as formal proposals for the proceedings, in details:

- a) limiting or closing the discussion,
- b) closing the list of speakers,
- c) limiting the time of speeches,
- d) the way of conducting business, including its compliance with the Code of Commercial Companies, the statute and the rules of a given resolution,
- e) managing the order break in the debate,
- f) determining the order of vote requests for voting resolutions.

The General Assembly may adopt resolutions only on matters on the agenda. In cases not covered by the agenda of a resolution cannot be reached unless the whole share capital is represented at the general meeting, and no one present has objected to the adoption of the resolution.

Draft resolutions proposed for adoption by the General Assembly and other relevant materials should be posted on the Company's website (www.emc-sa.pl) and made available to shareholders at their request with justification, and, if issued, the opinion of the Supervisory Board.

Draft resolutions relating to matters other than change of the statute are published on the website of the company at least 26 days before the date of the General Assembly. In terms described above, draft resolutions are also available for inspection by the shareholders of the Company.

The Chairman of the General Assembly, if possible, should ensure the formulation of resolutions in a way that each person who does not agree with a decision being the subject of the resolution, have the opportunity to appeal against it.

A resolution of discontinuing an issue being on the agenda may be adopted only if it is supported by significant and substantive reasons. The proposal in this respect should be thoroughly justified. The photo from the agenda or an issue of the agenda at the request of shareholders requires a resolution of the general meeting, after prior consent by all the shareholders who submitted such a proposal.

The participant of the General Meeting may at any point on the agenda and any procedural matter have the right to one speech and to one repartee. The Chairman may limit the time up to 3 minutes, and the time of repartee to 1 minute.

The members of the Supervisory and Management Board and the auditor of the company should, within the limits of their powers and to the extent necessary to resolve the issues discussed by the Assembly, provide meeting participants with explanations and information concerning the Company.

The persons specified in the paragraph 2 have the right and duty to refuse to grant shareholders clarification or information relating to the Company in the circumstances referred to the Article. 428 of the CCC and the transfer of Shareholders clarification or information concerning the Company constitute a violation of generally applicable laws.

The requests for matters on the agenda and the statements in the minutes should be submitted in writing to the President of the meeting.

Following the presentation by the speaker about issues on the agenda, the Chairman opens the discussion. The discussion can be conducted due to several agenda items together.

The General Assembly may choose a three-member voting committee of an unlimited number of candidates proposed by the participants of the Assembly. The General Assembly may also establish other committees. The selection of committee members shall be made by a secret ballot.

The General Assembly may pass a resolution to waive the secrecy of voting on matters relating to the selection committee appointed by the General Assembly. It is the responsibility of the vote counting commission for ensuring the proper conduct of each vote, overseeing computer support (in the case of passing a resolution to hold a vote with the use of electronic engineering) determining the results of public voting and secret votes cast by recalculating and verifying and announcing the results. The vote counting commission is also examining the results of voting that took place prior to its constitution.

In a case of irregularities in conducting the voting, the committee shall immediately inform the President of the Assembly declaring proposals of further proceedings.

Finding the proper conduct of voting, all members sign the minutes, including the voting results.

In the case of not appointing the vote counting commission, the Chairman of the General Assembly makes its duties.

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Discussants speak in turn of application. The Chairman of the General Assembly may give the right for the vote out of turn for the following the persons:

- a) members of the Board,
- b) members of the Supervisory Board,
- c) the auditors, experts, invited guests.

The President of the General Meeting shall decide about closing the discussion.

Voting at the General Meeting is open. A secret ballot is managed for elections and motions to dismiss members of the Company bodies or liquidators of the Company, or to hold them to account, as well as personal matters. It must also be a secret ballot at the request of at least one of the shareholders present or being represented at the Meeting.

The resolutions on the substantial change of the Company are passed by a unanimous vote by a roll call vote.

Voting on procedural matters may relate only to issues related to the proceedings of the Assembly. It is not to be put to vote the resolutions, which may affect the realizations of shareholders' rights.

The candidate for the Supervisory Board member may be a natural person having full legal capacity, after presenting in person (when he/she is present at the General Meeting) or by a written statement to the minutes of the General Assembly the agreement for being a candidate. A candidate for the Supervisory Board member should have appropriate education as well as professional and practical experience, with high moral standing, not being punished and being able to devote the time that is necessary to properly perform the duties in the Supervisory Board.

Candidatures for the members of the Supervisory Board should be presented and justified in details in a way enabling to make a conscious choice based on the above criteria.

Candidatures for the members of the Supervisory Board should be notified in the company at least before 15 days before the date of the General Meeting in which the election is to be conducted.

Information about candidates for the Supervisory Board members proposed by shareholders, upon receipt thereof, will be published on the websites of the Company not later than 8 days before the scheduled date of the General Assembly, during which elections are to take place.

Elected candidates who received the largest number of votes meet the requirements of an absolute majority of votes.

In the case of obtaining by candidates an equal number of votes, the Chairman shall manage the complementary vote.

Each share gives the General Assembly the right to one vote, however, one registered share of series A gives the General Assembly the right for two votes.

The President announces the voting results, which are then brought to the minutes of the meeting.

The President ensures all persons with the objection the possibility of briefly justifying their objection.

The President should ensure all declarations made by the members of the General Assembly being written in the minutes.

After discussing all issues from the agenda, the President shall declare the closure of the meeting.

The course of the General Meeting is recorded by a notary. The minutes of the General Assembly is signed by the President of the General Meeting and the notary.

The minutes should state the correctness of convening the General Assembly and its ability to adopt resolutions, mention adopted resolutions, the number of votes cast for each resolution and objections raised. The minutes should include a list of attendance with signatures of the members of the General Assembly and the documents attached.

At the request of the participant of the general meeting, the minutes includes his/her written statement.

The copy of the minutes with the evidence of convening the General Meeting and proxies of the shareholders are brought by the General Meeting to the book of minutes.

Shareholders and members of Company's governing bodies have the right to review the minutes of debates of general meetings and request for the issuance of certified copies of resolutions confirmed by the Management Board.

All amounts are in [thousand] if a different amount are not mentioned

IV.11 Management bodies and changes that took place in terms of them in last financial year and the description of management organs, organs controlling the Issuer and its partners**The Management Board**

In the period from the 1st January 2014 to 31st August 2014 the Management Board consisted of:

- | | |
|----------------------------|--|
| 1) Piotr Gerber | the President of the Management Board |
| 2) Krystyna Wider-Poloch | the Vice-President of the Management Board |
| 3) Józef Tomasz Juros | the Member of the Management Board |
| 4) Zdzisław Andrzej Cepiel | the Member of the Management Board |

On the 17th 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 (from the 1st September 2014). It was informed in a current report no. 66/2014 on the 17th July 2014.

On the 30th July of 2014 the Supervisory Board appointed Mrs Agnieszka Szpara as a member of the Management Board and developed upon her the function of the President of the Management Board of EMC Instytut Medyczny SA (from 1st September of 2014). It was informed in a current report no. 73/2014 on the 30th July 2014.

In the period from the 1st September 2014 to 31st December 2014 the Management Board consisted of:

- | | |
|----------------------------|--|
| 1) Agnieszka Szpara | the President of the Management Board |
| 2) Krystyna Wider-Poloch | the Vice-President of the Management Board |
| 3) Józef Tomasz Juros | the Member of the Management Board |
| 4) Zdzisław Andrzej Cepiel | the Member of the Management Board |

On the 26th November 2014 Mrs Krystyna Wider-Poloch resigned from being the Vice-President and the member of the Management Board of EMC Instytut Medyczny SA (from the 1st January 2015). It was informed in a current report no. 98/2014 on the 26th November 2014.

On the 3rd December 2014 the Supervisory Board appointed Mr Tomasz Suchowierski as a member of the Management Board (from the 1st January 2015). It was informed in a current report no. 102/2014 on the 3rd December 2014.

On the 26th February 2015 Mr Józef Tomasz Juros resigned from being the member of the Management Board of EMC Instytut Medyczny SA. It was informed in a current report no. 29/2015 on the 27th February 2015.

As at the day of compiling the following financial statement the Management Board consists of:

- | | |
|------------------------|---------------------------------------|
| 1) Agnieszka Szpara | the President of the Management Board |
| 2) Tomasz Suchowierski | the Member of the Management Board |
| 3) Zdzisław Cepiel | the Member of the Management Board |

The Management Board acts on the basis of the Code of Commercial Companies, the Articles of Association, and other legal regulations taking into considerations the resolutions and regulations compulsory in the Company, including the regulations of the Management Board of the EMC Instytut Medyczny SA determining detailed mode of action of the Management Board.

The Management Board debates and adopts resolutions at the meetings and out of them. The meetings might be formally or informally convened. The resolutions of the Management Board shall be passed by an absolute majority of the votes. In the case of a tie the president of the management board shall have the casting vote. Voting at the General Meeting is open. A secret ballot is managed at the request of at least one of the Management Board members. Out of the meetings the Management Board shall adopt resolutions in the course of individually collecting votes (rotary voting) and by means of direct distance tools (distance voting). As for the rotary voting the resolutions can be adopted only unanimously.

The Supervisory Board

On the 14th May 2014 Mr Michał Wnorowski resigned from being the member of the Supervisory Board of EMC Instytut Medyczny SA. On that day, the General Meeting of Shareholders appointed Mr Jędrzej Litwiniuk as a member of the Supervisory Board. It was informed in a current report no. 52/2014.

All amounts are in [thousand] if a different amount are not mentioned

As at 30th June 2014 and the day of compiling a semi-annual financial statement, the Supervisory Board consisted of:

Hanna Marzena Gerber	the Chairman of the Supervisory Board
Vaclav Jirků	the Vice-Chairman of the Supervisory Board
Waldemar Krzysztof Kmieciak	the Member of the Supervisory Board
Eduard Maták	the Member of the Supervisory Board
Jędrzej Litwiniuk	the Member of the Supervisory Board
Artur Smolarek	the Member of the Supervisory Board

On the 17th 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 (from the 1st September 2014). It was informed in a current report no. 66/2014 on the 17th July 2014.

On the 12th August 2014 the General Meeting of Shareholders appointed Mr Piotr Gerber as a member of the Supervisory Board. It was informed in a current report no. 78/2014.

On the 8th September 2014 Mr Piotr Gerber started fulfilling the function of the Chairman of the Supervisory Board as a result of resigning from that function by Hanna Gerber.

On the 20th November 2014 Piotr Gerber resigned from being the President and the member of the Supervisory Board of EMC Instytut Medyczny SA. It was informed in a current report no. 95/2014.

On the 24th November 2014 Mrs Hanna Gerber resigned from being the member of the Supervisory Board of EMC Instytut Medyczny SA. It was informed in a current report no. 96/2014 on the 24th November 2014

In accordance with Piotr Gerber resignation, on the 3rd December 2014 the Supervisory Board selected Mr Vaclav Jirků as the Chairman of the Supervisory Board and Mr Waldemar Krzysztof Kmieciak as the Vice-Chairman.

As at 31st December 2014 the Supervisory Board consisted of:

Vaclav Jirků	the Chairman of the Supervisory Board
Waldemar Krzysztof Kmieciak	the Vice-Chairman of the Supervisory Board
Eduard Maták	the Member of the Supervisory Board
Artur Smolarek	the Member of the Supervisory Board
Jędrzej Litwiniuk	the Member of the Supervisory Board

On the 15th January 2015 the General Meeting of shareholders changed the set of the Supervisory Board. Mr Eduard Maták was dismissed and Mr Mateusz Słabosz was appointed as the member of the Supervisory Board. It was informed in a current report no. 3/2015 on the 15th January 2015.

As at the day of compiling the financial statement the Supervisory Board consists of:

Vaclav Jirků	the Chairman of the Supervisory Board
Waldemar Krzysztof Kmieciak	the Vice-Chairman of the Supervisory Board
Mateusz Słabosz	the Member of the Supervisory Board
Artur Smolarek	the Member of the Supervisory Board
Jędrzej Litwiniuk	the Member of the Supervisory Board

The Supervisory Board continuously controls the Company's activities acting on the basis of the Code of Commercial Companies, the Articles of Association, and other legal regulations taking into considerations the resolutions and regulations compulsory in the Company.

The Supervisory Board consists of from five to seven members appointed and dismissed by the General Meeting. The term of office of the member of the Supervisory Board is five years. The members of the supervisory board shall be appointed for a given common term of office.

The first meeting of the Supervisory Board shall be convened by the founders-shareholders via the resolution passed unanimously. The first meeting of the Supervisory Board of each new term of office shall be convened by the President of the Supervisory Board.

Apart from the issues reserved by the Commercial Companies Code, the Supervisory Board is responsible for:

- appointing and dismissing the members of the Management Board, including the President of the Management Board;
- submitting the application to the General Meeting due to granting a vote of acceptance to the Management Board members;

All amounts are in [thousand] if a different amount are not mentioned

- c) determining the remuneration due to be a member of the Management Board in terms of employment contracts and other agreements with the members of the Management Board as well as establishing the bonuses for the members of the Management Board and the rules of their employment in the Company;
- d) approving the regulations of the Management Board
- e) selecting an auditor to audit the financial statements;
- f) approving the purchase or sale of the Company's real estate or contribution in real property;
- g) giving opinions on matters included in the agenda of the General Meeting if the Supervisory Board regards it as reasonable.

The Supervisory Board represents the Company in agreements and disputes with the members of the Management Board. On the behalf of the Supervisory Board on the basis of entitlement receive with the resolution, the President of the Supervisory Board or another member pointed by the resolution signs the agreements. The same procedure applies to activities connected with the employment relationships with the member of the Management Board.

In a case of delegating the member of the Supervisory Board to perform the functions of the member of the Management Board, his/her mandate in the Supervisory Board and the right for remuneration are suspended. As for functioning as the member of the Management Board delegated by the Supervisory, the separate remuneration is specified in the resolution of the Supervisory Board.

In the Supervisory Board meetings, except for matters concerning the Management Board or its members, the Management Board members may participate with an advisory vote.

The Supervisory Board members receive compensation and reimbursement of expenses in respect of their functions under the terms of the resolution of the General Assembly.

The Audit Committee acts within the structure of the Supervisory Board and its members are as follows:

Vaclav Jirku	the President of the Audit Committee
Waldemar Krzysztof Kmiecik	the member of the Audit Committee
Jędrzej Litwiniuk	the member of the Audit Committee

The scope of the committee's duties shall comprise, in particular:

- a) monitoring the process of financial reporting of the company,
- b) monitoring the performance of auditing,
- c) monitoring the independence of the statutory auditor and an authorised entity for auditing financial statements,
- d) recommending to the Supervisory Board an authorised entity for auditing financial statements.

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Agnieszka Szpara
The President of the Management Board

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Tomasz Suchowierski Zdzisław Andrzej Cepiel
The Members of the Management Board

Wrocław, 9th March 2015