



**A CONSOLIDATED MANAGEMENT FINANCIAL STATEMENT
FOR A YEAR 2013**

for the period from 1st January of 2013 to 31st December of 2013

**OF
THE GROUP EMC INSTYTUT MEDYCZNY**

Wrocław, 11th March 2014

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

In a year 2013 the Board of Management apart from a current activity was concentrated on three significant areas crucial for further development of the Group EMC IM SA, as follows:

1. Completing the process of obtaining an investor that would invest in the Group EMC IM SA so as to ensure financing further acquisitions and integrating new hospitals.
2. Acquiring new medical entities and running activities aiming at identifying next hospitals to be merged.
3. Integration, standardization and enhancing the quality of services in the scope of medical activities in entities belonging to the Group EMC Instytut Medyczny SA and using the effect of synergy in hospitals and outpatient clinics network.

According to the Board of Management a present situation on the hospital services market give the possibility of dynamic growth of the Group in next years. A disadvantageous economic situation of many public hospitals, great debt of their owners (poviats, voivodship local government) and new regulations for public owners due to covering losses of their entities result in the situation that many local governments seek partners able to run their hospitals. According to regulations included in the Act due to medical activities as at 15th April of 2011, self-government being the owner of a hospital that in a year 2012 and following reveals the financial loss is obliged to cover the loss, close a not profitable hospital or to change for commercialization. An additional duty burdening financially the owner of a hospital is to fulfill requirements of making hospital infrastructure compatible with the requirements of the Health Ministry. Investments in this area are to be done by the end of a year 2016. Described conditions cause that many public owners of hospitals is willing to transform the entity and to find a new investor in order to ensure further development of a party.

EMC IM SA ze względu na skalę swojej działalności, doświadczenie w przekształcaniu szpitali publicznych oraz Taking into consideration the scale of activities, unique experience in in transforming public hospitals and effective management of hospitals and outpatient clinics network, it should be said that EMC IM SA is a leader in this field appreciating by self-governors.

According to the knowledge of the Management Board of EMC IM SA there are several dozen that began the process of gaining an investor.

The Board of Management made a lot of activities mentioned earlier so as to prepare the Group for intensive growth in next years. The process of developing needs meaningful cash so the Board of Management completed the process of selecting a financial investor interested in developing the future value of the Group EMC IM SA.

As a result of such activities, the main investor of the EMC IM SA has become the fund Penta Investments and the second most important is the PZU Group that has increased the commitment in the Group. The Penta one of dominant leaders in the sector of health services in the east part of Europe. Investments in a medical sector constitute more than 30% of assets of its investment portfolio. During last ten years the Penta invested above EUR 400 million and is responsible for 10 thousand workplaces in this sector in Czech Republic and Slovakia.

The most important currently realized investments in the sector of medical services are as follows: the network of hospitals Svet zdravia (10 hospitals in Slovakia) as well as outpatients clinics and medical clinics ProCare (13 clinics in Slovakia).

The second most important investor of the EMC IM is the PZU Group. It (as the biggest insurance company) has been acting in a company since a year 2005.

Investors' support and winning the tender have resulted in acquiring the company Zdrowie that runs a hospital in Kwidzyn. The company is located in the Pomorski Voivodship, possesses 160 beds and runs 9 wards: an injury and orthopaedic surgery, urology, obstetrics and gynaecology, newborn and prematurely born, paediatrics,

internal, anaesthesiology and intensive therapy as well as the hospital emergency ward. An annual value of the contract with NHF amounts nearly PLN 27 million.

In December 2013, as a result of the tender won the preliminary contract concerning the acquisition of the Regionalne Centrum Zdrowia running the hospital in Lubin was signed. In February 2014, having received the agreement of the Office of Competition and Consumer Protection the contract of purchasing 100% of shares in the company RCZ was signed.

It owns 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, allergologic, surgery and oncological surgery, rheumatology, anaesthesiology and intensive therapy, paediatrics, neonatology, obstetrics and gynaecology injury and orthopaedic ward, an emergency room, and hospice. An annual value of the contract with NHF amounts nearly PLN 53 million.

So as to finance acquisitions and investments in growing the Group, the company conducted a private issuance of stocks for the most important stockholders and obtained PLN 72 million.

Despite new acquisitions in hospitals of the Group, the modernization and extension were made.

In July 2013 the building work connected with extending a St. Jan Paweł II geriatric hospital and developing a research and development center began. The hospital possesses 38 geriatric beds and will have next 28 geriatric beds as well as a rehabilitation center equipped with modern rehabilitation and research equipment after the extension. After completing the investment the hospital will own 88 beds and will be the biggest geriatric institution in Poland.

The project of the research and development center was financed by UE funds – the Company received PLN 3,4 million from the Innovative Economy Operational Programme. In the scope of the programme the following activities will be realized: the work on improving the quality of elder people life, increasing fitness and independence of elder people as well as new methods of treatment. The center will be created with the scientists of the Biomedical Engineering Faculty of the Silesian Technical University. The investment is planned to be completed in the first half of a year 2014.

In a year 2013 the building of an outpatient clinic at St. Anna hospital in Piaseczno was begun. The floor was added and the building has 10 consulting rooms. It is the first stage of extending the clinic. The second stage will be connected with extending by one-third and new medical services will be offered. The clinic will be launched in the early spring in a year 2014.

Last year modernization work in the Bukowiec hospital in Kowary were also being conducted. A new operations branch, central sterilization are being developed and the stay conditions for patients are being improved.

In order to realize new projects in a year 2013, the team dealing with growing the EMC Group was reinforced.

Piotr Gerber
The President of the Management Board

Declarations of the Board of Management 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 their the best knowledge a unitary 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 Company. The Members of the Management Board declare also that the statement 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 unitary 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 statement in accordance with regulations in force and professional norms.

.....
Piotr Gerber
The President of the Management Board

.....
Krystyna Wider-Poloch
The Vice-President of the Management Board
Członek Zarządu

.....
Józef Tomasz Juros
The Members of the Management Board

.....
Zdzisław Andrzej Cepiel

I. BASIC INFORMATION ABOUT THE COMPANY AND CAPITAL GROUP

I.1 General information

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

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 26 Nov. 2004, the Company was entered the National Court Register under number NCR 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.

This joining also decreased total costs of operating both companies.

Legal predecessors with 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.

There were within EMC Instytut Medyczny SA in a reporting year:

in Poland

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

The object of the Group's operations (in accordance with the last actualisation included in the Company's statutory due to the decision of Extraordinary Meeting as at 10st January 2010) is to conduct a business activity in the following scope:

1. human health care (PKD 86),
2. the research and development work in the scope of the other natural and technical sciences (PKD 72.19.Z)
3. the other forms of out-of-school education (PKD 85.59.B),
4. activities connected with boarding (PKD 56),
5. the other financial activities excluded insurance and retirement funds (PKD 64.9),
6. building work connected with erecting building (PKD 41),
7. activities connected with servicing real property market (PKD 68)
8. the other advising in the scope of running business and managing (PKD 70.22.Z),
9. activities in the scope of architecture and engineering, and technical advice connected with it (PKD 71.1),
10. the other research and technical analyses (71.20.B)
11. retail sale of pharmaceutical products run in specialized shops (47.73.Z)
12. retail sale of medical products included orthopaedic ones run in specialized shops (PKD 47.74.Z)
13. production of basic pharmaceutical substances, medicines and the other pharmaceutical products (PKD 21)
14. works connected with building pipelines, telecommunication lines, and electroenergetic lines (PKD 42.2),
15. works connected with building electricity transmission pipelines and board networks (PKD 42.21.Z),
16. works connected with building telecommunication lines and electroenergetic lines (PKD 42.22.Z),
17. works connected with building the other objects of civil and water engineering (PKD 42.9),
18. specialised construction works (PKD 43),
19. retail sale running in not specialized shops (PKD 47.1),
20. retail sale of food, drinks and tobacco products run in specialized shops (PKD 47.2),
21. retail sale of products connected with culture and recreation run in specialized shops (PKD 47.6),
22. retail sale of cosmetics and toilet products run in specialized shops (PKD 47.75.Z),
23. retail sale of the other new products run in specialized shops (PKD 47.78.Z),

24. hotels and similar accommodation objects (PKD 55.10.Z),
25. touristic lodging places and places of short-term accommodation (PKD 55.20.Z),
26. the other accommodation (PKD 55.90.Z),
27. publishing books and periodical books and the other publishing activities excluded software (PKD 58.1),
28. activities of head offices and holdings excluded financial holdings (PKD 70.10.Z),
29. consultancy connected with management (PKD 70.2),
30. research and development work in the scope of biotechnology (PKD 72.11.Z),
31. market and public opinion surveys (PKD 73.20.Z),
32. activities in the scope of specialized designing (PKD 74.10.Z),
33. the other professional, scientific, and technical activities (not classified in other parts) (PKD 74.90.Z),
34. lease and tenancy of the other machines, devices and tangible products (not classified in other parts) (PKD 77.39.Z),
35. tenancy of intellectual property and similar products excluding works protected with a copyright (PKD 77.40.Z),
36. activities connected with seeking workplaces and obtaining new employees (PKD 78.10.Z),
37. the other activities connected with leasing employees (PKD 78.30.Z),
38. occupational schools excluded post-secondary schools (PKD 85.32),
39. activities supporting financial services, insurance, and retirement funds (PKD 66).

I.2 Capital Group EMC Instytut Medyczny

As at 31st December of 2013 EMC IM SA has created a Capital Group that consists of a parent undertaking EMC Instytut Medyczny SA and undertaking subsidiaries:

- **“Lubmed” Sp. z o.o.**

A group of three outpatient clinics in Lubin

Shares in Lubmed Ltd. were purchased on the following days: 8 February 2005 – 52 % shares, 28 September 2005 - 70 % shares and 18 June 2008 – 0,30 % shares. As at 31st December 2013 EMC Instytut Medyczny SA was the owner of 100% shares in Lubmed.

- **„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 19 July 2006. On 17 October 2006 the capital was increased and further 3,09 % of shares were involved. On 4 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 28 March 2008, the change of share capital was registered in National Court Register. As at 31st December 2013 EMC Instytut Medyczny S.A. is the owner of 94,27 % of shares in capital of Mikulicz Sp. z o.o.

- **EMC Health Care Limited**

A specialist clinic in Dublin (Ireland)

The company was registered on 27 February 2007 in Dublin (Ireland) – the initial capital to the amount of EUR 100. On 1 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 20 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 24 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 19 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 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 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.

As at the day of compiling this statement EMC Instytut Medyczny S.A. totally owns 80,63% shares in the capital of EMC Silesia Ltd.

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

A poviast hospital with four wards in Kowary near Jelenia Góra

On 5 Dec. 2008 EMC Instytut Medyczny S.A. purchased from Jelenia Gora Poviast 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 1 Jan. 2009, transferring shares' property for EMC Instytut Medyczny S.A. took place. On 15 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 12 Aug. 2009.

On 10 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 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 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 NCR as at 24 January 2012.

As at a balance day, EMC Instytut Medyczny S.A. owns 16.322 shares (a total amount PLN 12.469.681) what constitutes 96,17 % in share capital of Powiatowe Centrum Zdrowia in Kowary.

- **Zespół Przychodni „Formica” Sp. z o.o.**

Three outpatient clinics (basic health care and specialist) in Wrocław

On 30 Dec. 2009, due to the resolution of EMC Instytut Medyczny S.A., PZF Formica Ltd. acceded to the Company. 'Formica' Ltd. is the group of three specialist clinics and clinics of basic healthcare situated in Wrocław. The Issuer took up 1.000 new shares in increased initial capital (a nominal value of each PLN 100) and totally covered them with cash contribution in the amount 3 980 000. The surplus of a cash contribution for increasing initial capital over total nominal value of shares taken up was given to supplementary capital of ZP „Formica” Sp. z o.o.

Due to the resolution of General Meeting of Shareholders of Zespół Przychodni „Formica” Sp. z o.o. as at 30 March 2010 900 shares owned by Piotr Gerber were voluntarily written off (it was confirmed by an entry in NCR as at 6th October 2010).

On 30th April of 2013 the shares of the associate having 7,87% shares in share capital of the Company were redeemed what resulted in the fact that as at a balance day EMC Instytut Medyczny possesses 100 % shares in share capital of ZP Formica Sp. z o.o.

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

Home healthcare

On 29 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 at Morawa 31 Street. Medycyna Familijna was launched in 2001 and in accordance with the Silesian voivodship's decision no. 01981 it was registered in a medical care companies register with a number 2401981. The main areas of operating are healthcare and social care. Moreover, due to KRS, activities of the company include education, retail sale, wholesale trade, servicing real estates, leasing devices and machines, informatics, science, and the other service activities.

On 27 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.,
- the change of the scope of company's activities.

Nowadays Silesia Med. Serwis Sp. z o.o. has activities in the following areas:

- geriatric home care,
- home nursery care,
- home rehabilitation,
- a geriatric clinic.

• **„EMC Piaseczno” Sp. z o.o.**

A powiat hospital with four wards

On 23 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 EMC IM SA.

A basic activity of a company is medical care (due to PKD).

On 10 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 29 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 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 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 15 January 2011.

• **NZOZ Zdrowie Sp. z o.o.**

On 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 Kwidzyński 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 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 29th May of 2013 the Issuer paid the advance that shall be included in the selling price in the amount of PLN 1200 thousand for each Seller proportionally to the number of shares. The information about the agreement was included in a current report no. 53/2013 on 31st May of 2013. On 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.

The subject of a basic activity of the Group is as follows:

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

- real property services.

I.3 Issuer's government

The government bodies are as follows:

- General Meeting
- Supervisory Board
- Board of Management

The Board of Management is a management body consisted of 4 persons and as at 11th March of 2013 consists of:

Piotr Gerber	President of Board of Management
Krystyna Wider – Poloch	Vice- President of Board of Management
Józef Tomasz Juros	Member of Board of Management
Zdzisław Cepiel	Member of Board of Management

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.

Resolutions of the Management Board shall be passed by an absolute majority of the votes. In the event of a tie the president of the board shall have the casting vote.

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.

In a given period the changes in the structure of the Management Board were not made.

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.

On 20th August of 2013 at the General Meeting of shareholders the changes in the structure of the Supervisory Board were made.

During the meeting of the General Meeting on 20th August 2013 the following persons were recalled from the Supervisory Board bodies:

Hanna Marzena Gerber	Chairman of the Supervisory Board
Aleksandra Żmudzińska	Vice - Chairman of the Supervisory Board
Danuta Smoleń	Member of the Supervisory Board
Marek Michalski	Member of the Supervisory Board
Witold Paweł Kalbarczyk	Member of the Supervisory Board
Marcin Szuba	Member of the Supervisory Board

Simultaneously during the meeting on 20th August of 2013 the new bodies of the Supervisory Board were established (a current report no. 84/2013):

Hanna Marzena Gerber	Chairman of the Supervisory Board
Vaclav Jirku	Vice - Chairman of the Supervisory Board
Eduard Maták	Member of the Supervisory Board
Waldemar Krzysztof Kmiecik	Member of the Supervisory Board
Michał Wnorowski	Member of the Supervisory Board
Artur Smolarek	Member of the Supervisory Board

As at the day of publishing a given financial statement the structure of the Supervisory Board was as follow:

Hanna Marzena Gerber	Chairman of the Supervisory Board
Vaclav Jirku	Vice - Chairman of the Supervisory Board
Eduard Maták	Member of the Supervisory Board
Waldemar Krzysztof Kmiecik	Member of the Supervisory Board

Michał Wnorowski
Artur Smolarek

Member of the Supervisory Board
Member of the Supervisory Board

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

Vaclav Jirku Chairman of the Audit Committee
Waldemar Krzysztof Kmiecik Member of the Audit Committee
Michał Wnorowski Member of the Audit Committee

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

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

II. A FINANCIAL SITUATION

II.1 Selected financial data

SELECTED FINANCIAL DATA AS AT:		31/12/2013	31/12/2012	31/12/2013	31/12/2012	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	172 556	157 517	40 977	37 741	109,5%
2	Profit (loss) on operating activities	3 647	3 839	866	920	95,0%
3	Gross profit (loss)	740	548	176	131	135,%
4	Net profit (loss)	171	515	41	123	33,2%
5	Net cash flows from operating activities	10 191	14 493	2 420	3 473	70,3%
6	Net cash flows from investment activities	-28 673	-5 636	-6 809	-1 350	508,7%
7	Net cash flows from financial activities	66 639	-3 761	15 825	-901	-1 771,8%
8	Total net cash flows	48 157	5 096	11 436	1 221	945,0%
9	Total assets	231 397	142 246	55 796	34 794	162,4%
10	Liabilities and provisions for liabilities	92 376	74 958	22 274	18 335	123,2%
11	Long-term liabilities	43 471	31 474	10 482	7 699	138,1%
12	Short-term liabilities	48 905	43 484	11 792	10 636	112,5%
13	Equity	139 021	67 288	33 522	16 459	206,6%
14	Share capital	48 078	33 309	11 593	8 148	144,3%
15	Number of shares	8 438 212	8 115 946	8 438 212	8 115 946	104,0%
16	Profit per one share [in PLN]	0,0203	0,0635	0,0048	0,0152	31,9%
17	Book value per one share [in PLN]	16,4752	8,2908	3,9726	2,0280	198,7%
18	EBITDA (an opartaing profit+amortisation)	12 768	11 448	3 032	2 743	111,5%

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

ARITHMETIC AVERAGE EXCHANGE RATES EURO/PLN OF THE NATIONAL BANK OF POLAND

Exchange rates as at 31 December 2012 1 EUR = 4,0882 PLN
 Arithmetic average exchange rates in 2012 1 EUR = 4,1736 PLN

Exchange rates as at 31 December 2013 1 EUR = 4,1472 PLN
 Arithmetic average exchange rates in 2013 1 EUR = 4,2110 PLN

II.2 Basic economic-financial data

Assets	As at				Dynamics y/y
	31/12/2013 tested	31/12/2012 - tested	Stucture		
			31/12/2013	31/10/2012	
Fixed assets	151 707	113 989	65,56%	80,1%	133,09%
Intangible assets	4 177	3 708	1,81%	2,6%	112,65%
Tangible fixed assets	132 561	108 008	57,29%	75,9%	122,73%
Investment real properties					
The other financial assets (long-term)	11 691		5,06 %		100%
Aktywa z tytułu podatku odroczonego	3 276	2 270	1,42%	1,6%	144,32%
Assets due to deferred tax	2	3	0,00%	0,0%	66,67%
Long-term prepayments	79 690	28 257	34,44%	19,9%	282,02%
Current assets	1 981	1 223	0,86%	0,9%	161,98%
Stocks	16 814	13 910	7,27%	9,8%	120,88%
Receivables due to deliveries and services	403	210	0,17%	0,1%	191,90%
Assets due to deferred tax	12	76	0,01%	0,1%	15,79%
Derivative financial instruments					
The other financial assets					
The other financial assets					
The other not financial assets					
Preoayments	795	1 314	0,34%	0,9%	60,50%
Cash and its equivalent	59 685	11 524	25,79%	8,1%	517,92%
Fixed assets qualified as for sale					
Total assets	231 397	142 246	100,0%	100,0%	162,67%

Liabilities	As at				Dynamics y/y
	31/12/2013	31/12/2012 - tested	Stucture		
			31/12/2013	31/12/2013	
Equity (fund)	134 880	64 189	58,3%	45,1%	210,13%
Initial capital (fund)	48 078	33 309	20,8%	23,4%	144,34%
The surplus of selling stocks above a nominal value					
Supplementary capital (fund)	81 325	25 204	35,1%	17,7%	322,67%
Reserve capital	-4 635	-4 635	-2,0%	-3,3%	100,00%
Cash from issuing stocks					
Exchange currency differences due to revaluation of foreign entities	192	156	0,1%	0,1%	123,08%
Reserve capital due to goodwill actualization					
Retained earnings	9 920	10 155	4,3%	7,1%	97,69%
Capital of non-controlling shareholders	4 141	3 099	1,8%	2,2%	133,62%
Total equity	139 021	67 288	60,1%	47,3%	206,61%

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

Long-term liabilities	43 471	31 474	18,8%	22,1%	138,12%
Reserve due to deferred income tax	1 127	1 191	0,5%	0,8%	94,65%
Reserves for liabilities due to employees' benefits	2 493	956	1,1%	0,7%	260,77%
The other reserves	1 648	1 311	0,7%		
Credits and loans	16 940	18 259	7,3%	12,8%	92,78%
Due to issuance of debt securities	6 860	6 805	3,0%	4,8%	100,81%
Due to leasing	1 636	2 399	0,7%	1,7%	68,20%
Other liabilities	7 545	85	3,3%	0,1%	8 876,47%
Long-term prepayments	5 222	468	2,3%	0,3%	1 115,81%
Short-term liabilities	48 905	43 484	21,1%	30,6%	112,47%
Reserves for liabilities due to employees' benefits	285	0	0,1%	0,0%	100%
The other short-term reserves	879	66	0,4%	0,0%	1 331,82%
Credits and loans	21 537	19 166	9,3%	13,5%	112,37%
Due to deliveries and services	13 205	13 794	5,6%	9,7%	95,73%
Due to issuance of debt securities	168	232	0,1%	0,2%	72,41%
Due to leasing	1 679	1 388	0,7%	1,0%	120,97%
Due to income tax	185	198	0,1%	0,1%	93,43%
Other liabilities	8 072	6 974	3,5%	4,9%	115,74%
Short-term prepayments	2 895	1 666	1,3%	1,2%	173,77%
Total liabilities	231 397	142 246	100,00%	100,00%	162,67%

As at 31/12/2013 the value of fixed assets amounted to PLN 151.707 thousand (what constitutes 65,56 % of total assets) and increased in comparison with a year 2012 by more than 33 %, mainly as a result of taking control under the company NZOZ Zdrowie Sp. z o.o. in Kwidzyn.

The level of current assets as at 31st December of 2013 increased by PLN 1.433 thousand in comparison with 31st December of 2012.

The cash flow state has increased more than five times what is the result of cash input due to increasing share capital in the scope of H series stocks issuance.

The level of receivables due to deliveries and services has increased by 20,88% in comparison with a previous year what is connected with (apart from including the receivables of the company Zdrowie Sp. z o.o.) increasing the level sale revenues.

As at 31/12/2013 total equity amounted to PLN 134.880 thousand (what constitutes 58,3 % of liabilities) and increased by 110% in comparison with a year 2012.

As at 31/12/2013 long-term liabilities amounted to PLN 43.471 thousand and increased by 11.997 thousand (38,12 %) in comparison with a year 2012..

The increase is a result of including (as at 31/12/2013) the Issuer's liabilities due to promised payment for the shares of the company Zdrowie (PLN 6.800 thousand) and liabilities due to leasing shares of the company Zdrowie (PLN 664 thousand).

Moreover, the company EMC Silesia disclosed in long-term prepayments totally PLN 2.103 thousand, of which PLN 662 thousand constituted the value of fixed assets received free of charge. PLN 1.437 thousand constituted the subsidy of the Ministry of Economy for developing the Research and Development Center.

As a result of taking control under the company NZOZ Zdrowie, the value of fixed assets received free of charge and subsidies (totally PLN 1.887 thousand), revenues due to leasing properties settled in time (PLN 553 thousand), and reserves for employees' benefits and claims (PLN 604 thousand and PLN 565 thousand).

Short-term liabilities in the amount of PLN 48.905 thousand increased by 5.421 thousand (12,47%) in comparison with a year 2012. The increase was a result of including in the balance sheet the liabilities of the company NZOZ Zdrowie, a total investment credit for financing the modernization of the Bukowiec hospital (the subsidiaries undertaking PCZ Kowary slightly did not fulfill the part of financial conditions (ratios) concerning the credit).

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

The structure of revenues

The structure of revenues					
Item	As at			Dynamics y/y	
	31/12/2013		31/12/2012		Structure
Net revenues from sales and equivalent to them:	172 556	99,1%	157 517	99,1%	109,5%
Net revenues from sales of products	169 909	97,7%	155 244	97,7%	109,4%
Net revenues from sales of goods and materials	2 647	1,4%	2 273	1,4%	116,5%
Other operating revenues	1 799	0,6%	980	0,6%	183,6%
Financial revenues	175	0,3%	443	0,3%	39,5%
Total revenues	175 530	100,0%	158 940	100,0%	109,8%

Sale revenues structure according to services' recipients

Item	As at				Dynamics
	2013		2012		
NHF including:	141 228	81,84%	128 025	81,28%	110,31%
- <i>invoiced sale</i>	140 638	81,50%	127 123	80,70%	110,63%
- <i>the surplus of services</i>	590	0,34%	902	0,57%	65,41%
Commercial clients	23 454	13,59%	23 463	14,90%	99,96%
Insurance companies	4 334	2,51%	3 193	2,03%	135,73%
The other revenues	3 540	2,05%	2 836	1,80%	124,82%
Total	172 553	100,00%	157 517	100,00%	109,55%

The main source of sale revenues of the Group during a year 2013 was the sale of medical services in the scope of contracts in NHF. The activity generated nearly 82% sale revenues of the Group from 1st January 2013 to 31st December of 2013 (similarly in the same period in a year 2012).

As at 31/12/2013, totally the Group gained sale revenues higher by PLN 15.039 thousand than revenues gained in a year 2012.

The increase of revenues was mainly the result of acquiring the company NZOZ Zdrowie, which turnover for the period of control (from 1st August 2013 to 31st December 2013) amounted to PLN 12.353 thousand.

According to the other companies, the biggest increase of revenues was noted in the company Mikulicz Sp. z o.o. (by PLN 1.476 thousand), Lubmed Sp. z o.o. (by PLN 878 thousand), EMC Instytut Medyczny SA (by PLN 518 thousand).

As at 31/12/2013 the other operational revenues amounted to PLN 1.799 thousand in comparison with PLN 980 thousand gained in the same period of a previous year – it means the increase by PLN 819 thousand, of which PLN 476 thousand constitutes the revenues of the company NZOZ Zdrowie Sp. z o.o. (for the period of being under EMC IM S.A. control).

The other operational revenues include mainly finished reserves and reversed write-offs on receivables as well as the revenues settled in time.

In a year 2013 the Group gained PLN 175 thousand of financial revenues while in a year 2012 it amounted to PLN 443 thousand. In both periods financial revenues concerned mainly interest on deposits.

Costs set of the Group

Items	As at				Dynamics y/y
	31/12/2013		31/12/2012		
Costs of operating activities	169 075	97,3%	153 767	97,1%	110,0%
Amortisation	9 121	5,4%	7 609	4,9%	119,9%
Materials and energy amortisation	21 804	12,9%	19 762	12,9%	110,3%
Outsourcing	62 779	37,1%	57 695	37,5%	108,8%
Taxes and fees	2 178	1,3%	2 190	1,4%	99,5%
Payroll	58 762	34,8%	53 672	34,9%	109,5%
Social insurance and other benefits	10 240	6,1%	9 247	6,0%	110,7%
The other costs by type	2 187	1,3%	1 788	1,2%	122,3%
Value of products and materials sold	2 004	1,1%	1 804	1,2%	111,1%
The other operating costs	1 633	0,9%	891	0,6%	183,3%
Financial costs	3 082	1,8%	3 734	2,4%	82,5%
Total costs	173 790	100,0%	158 392	100,0%	109,7%

As at 31/12/2013 the Group EMC incurred operating costs in the amount of PLN 169.075 thousand in comparison with PLN 153.767 thousand in the same period in a year 2012 (it increased by PLN 15.308 thousand, of which PLN 13.614 thousand constituted the costs generated in the company NZOZ Zdrowie (in the period of being under EMC IM S.A. control).

The other reasons of costs increase:

- the increase of outsourcing costs – especially medical services rendering by medical personnel (doctors, nurses and midwives). The outsourcing increased by PLN 4.412 thousand in comparison with a year 2012,
- the increase of amortisation connected with purchasing fixed assets transferring for using modernized fixed asset,
- a proportional increase of all variable costs connected directly with the increase of sale revenues.

The nominal costs increase did not reflect in changing their structure. A dominant item (like in the same period of a year 2012) were payroll costs – their share in total costs amounted to 34,8%.

As at 31/12/2013 the other operating costs amounted to PLN 1.633 thousand in comparison with PLN 891 thousand in a year 2012 – it means the increase by 83,3 %.

The amount includes costs incurred in the company NZOZ Zdrowie in the amount of PLN 395 thousand (including PLN 253 thousand due to reserves for employee' benefits), costs of reserves for employee' benefits in the amount of PLN 354 thousand created in the company PCZ Kowary Sp. z o.o.as well as the write-off created in the company EMC HCL Ltd. for overdue receivables in the amount of PLN 248 thousand.

Financial costs incurred in a year 2032 amounted to PLN 3.082 thousand and were lower by PLN 652 thousand than in a year 2012.

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

Such a set of received revenues and incurred costs resulted in the financial result of the Group before taxing at the level of PLN 740 thousand and was higher by PLN 192 thousand than achieved in a year 2012.

Financial ratios important for assessing a financial situation of the Group

Profitability ratios				
A ratio	Counting formulae	Expected value	31/12/2013	31/12/2012
gross profit margin ratio	gross profit /	max	0,43%	0,35%

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

	net revenues from sale			
net profit margin ratio	net profit /	max	0,10%	0,32%
	net revenues from sale			
return on assets (ROA) ratio	net profit /	max	0,01%	0,37%
	average annual total assets			
return on equity (ROE) ratio	net profit / average annual total equity	max	0,16%	0,81%

A ratio	Counting formulae	Expected value	31/12/2013	31/12/2012
receivables turnover ratio in days	(average receivables due to supplies and services /	min	32	31
	revenues from sale)*365			
inventory rotation ratio in days	(average stocks / revenues from sale)*365	min	3	3
debt turnover ratio in days	(average liabilities due to supplies and services / revenues from sale)*365	min	29	28

A ratio	Counting formulae	Expected value	31/12/2013	31/12/2012
debt ratio	total liabilities / total assets	0,3 - 0,5	0,40	0,53
ratio of covering fixed assets by equity and long-term reserves	(equity + long-term reserves) / fixed assets	max	0,95	0,62
sustainability of financing ratio	(equity + long-term liabilities + long-term reserves) / total assets	max	0,62	0,50
current ratio	(current assets – short-term prepayments) / short-term liabilities – short-term credits	1,5 - 2,0	2,88	1,11
quick ratio	(current assets – inventory – short-term prepayments) / short-term liabilities – short-term credits	0,8 - 1,2	2,81	1,06
cash ratio	cash / short-term liabilities – short-term credits	0,8 - 1,2	2,18	0,47

In a year 2013 the Issuer continued investments begun in a year 2012 and realized new resulting from investment liabilities set at the moment of acquiring new entities. The Issuer is obliged to fulfil contractual liabilities independently on internal and external factors resulting from an economic situation translating into social wealthy and on a financial situation of NHF – the main recipient of services.

The most important investments having been conducted in a year 2013 include the end of extending a geriatric hospital in Katowice and further modernization of the Bukowiec hospital in Kowary – planned by a year 2014. Moreover, the process of developing the outpatient clinic in the St. Anna hospital in Piaseczno, the modernization of the specialist clinic in Świebodzice as well as the partial modernization of the ZOL building in Kowary were conducted.

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

As for investments ended in years 2011-2013 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, gaining individual clients needs more time.

A balance sum as at 31/12/2013 increased from PLN 142.246 thousand to PLN 231.397 thousand in comparison with a year 2012 including PLN 12.945 thousand from consolidating the company NZOZ Zdrowie.

Due to assets, mainly current assets (the state of cash from the inflows of H series stocks) and receivables due to deliveries and services connected with increasing sale revenues increased. Long-term investments in the amount of PLN 11.691 thousand include: advances on financial assets (PLN 10.729 thousand) and investment real properties value of the company NZOZ Kwidzyn Sp. z o.o. (PLN 962 thousand).

Due to liabilities equity increased as a result of issuing H series stocks.

Positive cash flows resulted from the surplus of inflows of operating activities and the stocks issuance over investment and financial outflows.

The cash from issuing series H stocks positively influenced the level debt and liquidity ratios.

As at 31/12/2013 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 40,00 % (52,17% as at 31/12/2012).

During a year 2013 an equity debt ratio (counted as the quotient of foreign capital and equity) amounting 66,45 % decreased in comparison with a year 2012 (amounted 111,40 %).

III. THE OTHER INFORMATION

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

On 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 Kwidzyński powiat, Kwidzyn city, PEC sp. z o.o. in Kwidzyn, and PWiK sp. z o.o. (the details in the point of III.6 in a given financial statement).

On 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.

So as to illustrate the influence of a new company NZOZ Zdrowie Sp. z o.o. on the Group's results, the following set has been presented:

Item	The Group without NZOZ Zdrowie Sp. z o.o.			The Group with NZOZ Zdrowie Sp. z o.o.		
	2013	2012	Dynamics y/y a/b	NZOZ Zdrowie Sp. z o.o in Kwidzyń	Total Group	Dynamics y/y e/b
	(a)	(b)	(c)	(d)	(e)	(f)
Sale revenues	160 203	157 517	101,71%	12 353	172 556	109,55%
Costs of operating activities	155 486	153 767	101,12%	13 589	169 075	109,96%
Amortisation	7 954	7 609	104,53%	1 167	9 121	119,87%
Materials and energy amortisation	20 061	19 762	101,51%	1 743	21 804	110,33%
Outsourcing	58 699	57 695	101,74%	4 080	62 779	108,81%
Taxes and fees	2 099	2 190	95,84%	79	2 178	99,45%
Payroll	53 589	53 672	99,85%	5 173	58 762	109,48%
Social insurance and other benefits	9 094	9 247	98,35%	1 146	10 240	110,74%
The other costs by type	1 986	1 788	111,07%	201	2 187	122,32%
Value of products and materials sold	2 004	1 804	111,09%	0	2 004	111,09%
Profits on sale	4 717	3 750	125,79%	-1 236	3 481	92,83%
The other operational revenues	1 370	980	139,80%	429	1 799	183,57%
The other operational costs	1 244	891	139,62%	389	1 633	183,28%
Profits on operational activities	4 843	3 839	126,15%	-1 196	3 647	95,00%
Financial revenues	162	443	36,57%	13	175	39,50%

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

Financial costs	2 918	3 734	78,15%	164	3 082	82,54%
Profits (losses) on business activities	2 087	548	380,84%	-1 347	740	135,04%
Gross profit (loss)	2 087	548	380,84%	-1 347	740	135,04%
Income tax	841	33	2548,48%	-272	569	1724,24%
Net profit	1 246	515	241,94%	-1 075	171	33,20%
EBITDA	12 797	11 448	111,78%	-29	12 768	111,53%
Margin EBITDA	7,99%	7,27%	109,91%	-0,23%	7,40%	-3,17%

The revenues of the Group without the company NZOZ Zdrowie Sp. z o.o. increased by y/y wzrosły r/r PLN 2.686 thousand. The results of sale amounted to PLN 4.717 thousand what means the increase by PLN 967 thousand in comparison with a previous year and sale margin amounted to 3,0 % and was equal to the margin achieved in a year 2012.

Net results in the amount of PLN 1.246 thousand were better over 240 % than the results achieved in a previous year.

The results of the company NZOZ Zdrowie Sp. z o.o. included in a financial statement concern the period of being under EMC IM S.A. control (from 1st August 2013 to 31st December of 2013).

So as to establish the price of acquiring, the prices of fixed assets were adjusted to fair value (according to the evaluation of an expert) and the periods of fixed assets' technical usefulness were verified.

Amortization periods currently used were shortened what influenced a meaningful increase of annual amortization (in comparison with previously presented in financial statements of the Company).

Additionally, the changes in calculating reserves for employee' benefits were made.

The changes have decreased a financial result in a year 2013 and will similarly influence the results of future periods.

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

- The amount of contracts with NHF.
- Creating write-offs for receivables due to the surplus of medical procedures done in comparison with the value of contracts signed with NHF.

A total amount of the surplus of medical services in a year 2013 amounted to PLN 1.325 thousand. The amount of PLN 735 thousand was included as a write off.

Due to creating write-offs a net result decreased by PLN 595 thousand (PLN 735 thousand minus deferred tax PLN 140 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 AOK: die Gesundheitskasse, Techniker Krankenkasse, Ohra, DeltaLloyd and CZ. EMC Instytut Medyczny SA is one of the partners of these AOK in Poland in the scope of the EuropaService programme. Since the beginning of cooperation nearly 2000 foreign patients insured in AOK have been used services of hospitals and outpatient clinics of EMC.
- Acquiring a new company Zdrowie from Kwidzyń.
- Extending the activities of the company Mikulicz and PCZ Kowary by contracts in new specialities (geriatrics, psychosomatics).

The level of contracts with NHF will influence strongly the Issuer's activities in the perspective of a year.

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

Type of the contract Unit	EMC IM S.A.	EMC Piaseczno Sp. z o.o.	Mikulicz Sp. z o.o.	Lubmed Sp. z o.o.	PCZ in Kowary Sp. z o.o.	EMC Silesia Sp. z o.o.	Formica Sp. z o.o.	Med Serwis Sp. z o.o.	NZOZ Zdrowie Sp. z o.o.	Total	
										Amount	%
Hospital treatment	36 564	20 604	10 655		9 262	3 828			22 121	103 034	65,9%
Health programmes – medicines	189		646							835	0,5%
Specialist Outpatient Care	6 787	1 431	1 074	1 982	1 926	697	1 064		886	15 847	10,1%
Clinic diagnostic costly services	2 452	130	47						537	3 166	2,0%
Rehabilitation	2 190	389		141	1 619					4 339	2,8%
Basic Health Care – night and holiday care	1 149								1 500	2 649	1,7%
Care services	2 159		788	121	1 536			228		4 832	3,1%
Palliative and hospice care	856		416		916					2 188	1,4%
Dentistry	196			360						556	0,4%
Psychiatric healthcare and addiction treatment		371	45		737					1 153	0,7%
Medical rescue service									3 535	3 535	2,2%
Total	52 542	22 925	13 671	2 604	15 996	4 525	1 064	228	28 579	142 134	90,8%
Basic Health Care *	2 612		950	5 958	1 536	522	2 745			14 323	9,2%
Contracts with National Health Fund (totally)	55 154	22 925	14 621	8 562	17 532	5 047	3 809	228	28 579	156 457	100,0%

* estimated data on the basis of a year 2013. 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, Ozimek, and Katowice as well as a ZOL building in Kowary 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 revenues generated by undertakings from the capital group on the basis of contracts concluded with individual branches of the National Health Fund amounted above 81,0% in a year 2013. The share (in total revenues) of revenues from the sale of commercial services (individual patients, insurance companies) in consolidated income is constantly rising. After a year 2013 a share of revenues from the sale of commercial services included the revenues from insurance companies amounted 16,92 %. Actions connected with income increase from charges incurred directly by patients and indirectly by insurance programmes leads to increasing the diversification of revenues, to the limitation of a risk of addiction to the main recipient of services and also to reducing a negative effect of decreasing contracts. Additionally, this risk is limited due to the following hospitals: Ozimek, Ząbkowice Śląskie, Kamień Pomorski, Kowary, Piaseczno and Kwidzyna that are poviats hospitals.

As for entities for which building new hospitals (i.e. in Katowice) is planned there is an additional risk connected with obtaining a contract for new services after completing investments run.

Additionally, 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 stressed 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 malpractices**

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. According to a successful external audit due to ISO 9001 (on 2nd and 3rd March of 2010), the Issuer received 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.

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

Realizing investment plans and the strategy of growth currently depends less on external financing (due to increasing share capital by issuing H series stocks).

As for investment plans for a year 2014, it is still assumed to gradually extend the scope of highly specialist medical services in a hospital in Bukowiec, including existing benefits (with rehabilitation).

According to the contract of purchasing shares, the modernization of hospitals, appliances, and equipment is guaranteed. The main purpose of investments planned is to improve the standard and quality of services rendered in the hospital for both patients insured in NHF and commercial patients. Completing investment liabilities is planned for a year 2014.

Additionally, in Kowary gradual modernization and rebuilding the buildings of ZOL and the outpatient clinics bought in a year 2010 is being continued.

The next very important investment is to extend a geriatric St. Jan Paweł hospital in Katowice. It is connected with building a new hospital ward and a rehabilitation-training part joined with a hospital as well as equipping in new appliances and medical equipment. Additionally, the investor is planning to extend the scope of services by new benefits, especially surgery ones connected with a current profile of activities. Moreover, a current medical offer of the hospital will be extended in the scope of geriatrics and rehabilitation.

In a financial plan for a year 2014, it has been assumed to finance the mentioned investment from cash obtained from issuing G series stocks and from the Ministry of Economy.

➤ **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 2013. A similar policy will be conducted in a year 2014 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 6 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 2013, the Group did not conduct any proceedings relating to liabilities or debts which value would be 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 Kwidzyna). 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);
- 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 and the value of revenues in a year 2013 are presented in a table below:

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

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.	Zespół Przychodni Formica Sp. z o.o.	Silesia Med Serwis sp. z o.o.	EMC Piaseczno Sp. z o.o.	NZOZ Kwidzyn Sp.z.o.o.	Total	
											Amount	%
Hospital treatment	37 099	0	10 716		9 286	3 643			211 347	9 083	91 164	51,8%
Therapeutical health programmes	158	0	459								617	0,4%
Specialist Outpatient Care - AOS	6 800	1 981	1 072		1 892	670	1 013		1 412	264	15 104	8,6%
Clinic diagnostic costly services - ASDK	2 453	0	47						130	226	2 856	1,6%
Rehabilitation	2 102	132			1 616				400		4 250	2,4%
Palliative and hospice care	912	0	432		904						2 248	1,3%
Dentistry	196	360									556	0,3%
Care services	1 884	121	825		1 234			229			4 293	2,4%
Psychiatric healthcare and addiction treatment	0	0	46		737				378		1 161	0,7%
Basic Health Care	3 782	5 940	1 019		1 555	496	2 722			708	16 222	9,2%
Medical rescue service	0									1 480	1 480	0,8%
The surplus of medical services	73	14	243		64		15		181	0	590	0,3%
Total NHF	55 459	8 548	14 859		17 288	4 809	3 750	229	23 848	11 761	140 551	79,8%
Hospitalization	3 977	0	42		117	48			872	16	5 072	2,9%
Basic Health Care	38	31	707		2	8	18			0	804	0,5%
Specialised advice	1 896	922	113	4 613	11	64	203		1 033	7	8 862	5,0%
Long-term care	423	0	949		434						1 806	1,0%
Contracts with insurance agencies	4 315	0		162			183		6		4 666	2,6%
Occupational Medicine	740	38				64				197	1 039	0,6%
Contracts with companies/institutions/packages	222	33		93							348	0,2%
Diagnosis	1 783	69	63		9	35	27		285	155	2 426	1,4%
Medical check-up	222	0				103					325	0,2%
Clinic research	784	0									784	0,4%
Rehabilitation	145	64	12		30	26			38		315	0,2%
Treatment room / Laboratory	1 135	573	539		32	35	476		129		2 919	1,7%
Medical rescue service										118	118	0,1%
Rent, lease	2 510	15			57	86			197		2 865	1,6%
The other revenues	2 667	2	157		31		4	325		57	3 243	1,8%
Total commercial revenues	20 857	1 747	2 582	4 868	723	469	911	325	2 560	550	35 592	20,2%
Total revenues	76 316	10 295	17 441	4 868	18 011	5 278	4 661	554	26 408	12 311	176 143	100,0%
Consolidating adjustments	-2 436	-14	-532	-136		-6	-177	-325	-3	42	-3 587	
Total revenues after adjustments	73 880	10 281	16 909	4 732	18 011	5 272	4 484	229	26 405	12 353	172 556	

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 in sales/supplies and his/her formal relationships with the Issuer

The activity of the Capital Group is currently run in Lower Silesian Voivodoship, Opole Voivodoship, Zachodnie Pomorze Voivodoship, Silesian Voivodoship, Mazowieckie Voivodoship, Pomorskie Voivodoship 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 2013 services paid by NHF in the scope of public healthcare insurance amounted 81,79 % of total sales revenues.

The Issuer is not dependent on suppliers.

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

On 22 January of 2013 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 as at 23 January 2014.

The Issuer informed about it in a current reports no. 38/2006 on 16/10/2006, 62/2009 on 30/07/2009, 16/2011 on 25/01/2011 and 6/2012 on 24/01/2012.

- The undertaking EMC Silesia Sp. z o.o. on 28th January of 2013 signed a contract with the Ministry of Economy. The contract concerns financing the project 'Creating the research and development center of orthopaedic products and services in Katowice'. The information about signing the contract was published in a current report no.10/2013 on 29th January of 2013. Creating the center would be the part of investment planned by the Issuer concerning to build a new hospital ward with 40 beds, rehabilitation and training part, and the research and development center by the hospital. Total cost of realizing the project is assumed in the amount of PLN 8.499 thousand. The funds obtained will be in the amount of 40% (PLN 3.400 thousand) given for financing the investment in the scope of fixed assets and intangible assets.
- On 12th February of 2013 the annex to a credit contract with the bank DnB NORD Polska Spółka Akcyjna with its register seat in Warsaw was signed. The Issuer informed about the contract in a current report no. 90/2011 on 3th August of 2011. The contract concerned the investment credit in the amount of PLN 20.000 thousand. On the basis of the annex one of credit guarantees changed – decreasing the Issuer's liabilities towards the President of the Management Board (Piotr Gerber) to the amount of PLN 600 thousand. The other important conditions of the credit contract did not change. The information about the annex was included in a current report no. 19/2013 on 12th February of 2013.
- On 10th April of 2013 a subsidiary undertaking 'Powiatowe Centrum Zdrowia Sp.z o.o.' in Kowary signed a contract with the Bank Gospodarki Żywnościowej SA with its register seat in Warsaw activating an investment credit in a company PCZ Sp.z o.o. Kowary. The information about the contract was included in a current report no. 30/2013 on 11th April of 2013.

On 31st December of 2013 a subsidiary undertaking 'Powiatowe Centrum Zdrowia Sp.z o.o.' in Kowary signed an annex to the credit contract with the Bank Gospodarki Żywnościowej SA with its register seat in Warsaw. On the basis of the annex the term of using the credit was prolonged (up to 31st December of 2014). The other important conditions of the credit contract did not change. The information about the annex was included in a current report no. 120/2013 on 31st December of 2013.

- On 19th April of 2013 the Issuer signed an investment contract in the amount of PLN 912,5 thousand with the Bank Gospodarki Żywnościowej SA with its register seat in Warsaw. The credit was allocated in the purchase of real estate in Kowary that will be used in the scope of conducting a Health-Care Institution after modernization. The information about the contract was included in a current report no. 36/2013 on 19th April of 2013.
- On 30th April 2013 the associate's (owing 7,87% shares in share capital of the Company) shares were remitted. As a result, EMC Instytut Medyczny possesses 100 % shares in share capital of ZP Formica Sp.z o.o.
- On 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 1st June of 2018, a final contract of purchasing shares will be signed. As a result, the Issuer will possess the shares used before. The information about the agreement was included in a current report no. 53/2013 on 31st May of 2013. In a case of not signing a final agreement by the Issuer in time and in a case of resigning from using shares, it will lose the advance and the sellers might proportionally to the number of shares demand the penalty in the amount of PLN 2000 thousand.

- On 25th September of 2013 the Issuer signed a loan contract with CareUp B.V. with its register seat in Amsterdam. The contract regulates rights and obligation of the parties in case of taking a loan and it enables the Issuer to be granted in the amount of not bigger than PLN 17.000 thousand. The interest rate of the loan was set in the amount of the sum of WIBOR-1M rate from the last but one of a workday before the beginning of a calendar month in which the loan was granted. The margin was set as stable in the amount of three points. The date of loan payment should be not later than on 31st December of 2015. The information was presented in a current report no. 94/2013.

On the basis of the loan contract the Issuer on 25th September of 2013 requested for loan in the amount of PLN 5.600 thousand. The transfer of money was on 27th September of 2013. On 9th December of 2013 the Issuer asked for the loan in the amount of PLN 5.100 thousand. The transfer of money was on 12th December of 2013. The goal of the loans constituted investment purposes and current improvement of the Group's liquidity.

- On 20th December of 2013 the annex to the loan contract between the Issuer and CareUp B.V. with its register seat in Amsterdam. The information was included in a current report no. 115/2013 on 20th December of 2013. Due to the annex, the intention of the loan contract parties is the fact that before the maturity date the claim due to the loans granted by CareUp B.V. will be changed to the share capital of the Issuer.

On 20th December of 2013 the compensate contract between the Issuer and CareUp B.V. with its register seat in Amsterdam. The information about the contract was included in a current report no. 115/2013 on 20th December of 2013. On the basis of the contract the Issuer's liabilities towards CareUp B.V. due to the loan with interest (totally PLN 10.780 thousand) were deducted from the claim of the Group against CareUp B.V. due to taking up H series stocks by CareUp B.V.

- On 29th October 2013 the Issuer signed the annex to the contract of a current credit in a current account with the Bank Gospodarki Żywnościowej SA with its register seat in Warsaw. On the basis of the annex the term of credit repayment was changed, and it was prolonged (2 months) for 30th December of 2013 due to technical reasons. The other conditions of a credit contract were not changed. The information about the annex was included in a current report no. 100/2013 on 30th October of 2013.

- On 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 information was included in a current report no. 117/2013 on 23rd December of 2013.

Signing the contract is the effect of negotiations based on public invitation for selling shares in the RCZ sp. z o.o. with its register seat in Lubin published on 9th September of 2013 by the Management Board of Lubiński powiat.

The subject of the preeliminary contract is the purchase (by EMC Instytut Medyczny SA) of shares in the number of 51.730 with a nominal value PLN 500 each from Lubiński starosty under conditions negotiated in the proceeding.

The seller obliged after obtaining the decision of the Office of Competition and Consumer Protection for making concentration or in a case of not the obligation for reporting the concentration intention for signing a final contract of selling shares by 31st January of 2014.

The parties agreed that the date of signing a final contract might change at the request of the buyer in a case when the proceeding concerning the approval for making concentration will be prolonged provided that the prolongation will not be a result of the buyer's negligence.

The price of selling 51.730 shares in the company RCZ was established at the level PLN 30.003 thousand, PLN 580 for each share sold.

It was established that the sale price will be paid for the account in two installments:

- 1st installment in the amount of PLN 10.200.000,00 up to 30th December of 2013,
- 1lnd installment as the rest of the price of selling shares on the working day before signing a final contract.

In a case of not fulfilling conditions concerning the approval of the Office of Competition and Consumer Protection for making concentration, the seller will return the amount of the first installment within 14 working days.

As a result of signing a contract the EMC Instytut Medyczny assumed the following obligations:

- not taking activities resulting in cessation or important limitation for almost 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 healthy benefits financed by public

funds (in accordance with the scopes of NHF benefits being currently compulsory):

- 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 determined 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 to 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 responsibility.

The buyer is obliged to transfer joint and several liability 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 price of sale set.

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 24th December of 2013 the Issuer signed the annex to the current credit contract in a current account with the Bank Gospodarki Żywnościowej SA with its register seat in Warsaw. On the basis of the annex the term of credit repayment was changed, and it was prolonged for 30th December of 2013. The other conditions of a credit contract were not changed. The information about the annex was included in a current report no. 119/2013 on 28th December of 2013.

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	Date of Purchasing/taking control shares	Number of owned shares	% share in capital	Percent of votes at a Meeting of Partners
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	11.129	80,63 %	80,63 %

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

PCZ Kowary Sp. z o.o. *	Kowary	January 2009	16.322	96,17 %	96,17%
Formica Sp. z o.o.	Wrocław	December 2009	1000	100 %	100 %
Silesia Med Serwis Sp. z o.o.	Katowice	March 2010	100	100,00 %	100,00 %
„EMC Piaseczno” Sp. z o.o.	Piaseczno	November 2010	6 301	100,00%	100,00 %
Zdrowie Sp. z o.o.	Kwidzyn	July 2013	34 538	87,49 %	87,49 %

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

According to MSR 24 concerning revealing transactions with related entities approved by the solution (WE) no. 1606/2002 of European Parliament and Committee as at 19 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 Board of Management and the Supervisory Board,
- Start Management – Piotr Gerber, with its register seat in Wrocław, the owner is the President of the Board of Management 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 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 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 2013. All transactions were made due to market conditions.

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 7th October 2013 the Issuer signed a loan contract with a subsidiary undertaking Zdrowie Sp. z o.o. The subject was to grant the loan in the amount of PLN 1.000 thousand for financing a current activity of the Group. The loan interest was set under market conditions and consists of a changeable rate Wibor 1M as well as fixed margin in the amount of 3%.

The maturity date is 31/12/2015.

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 2013 the Issuer did not receive guarantees.

The Issuer granted guarantees only related entities.

As at 31/12/2013 the following guarantees functioned:

- guarantee for three financial leasing granted for the EMC Piaseczno in the total amount of PLN 1.279 thousand.
- guarantee for one financial leasing granted for the Mikulicz in the amount of PLN 87 thousand,

- guarantee for an investment credit for the PCZ Kowary in the amount of PLN 9.000 thousand,
- guarantee the rent payment in the EMC Health Care Ltd. In Ireland in the amount of EUR/per month 9 thousand with the maturity date: 19/02/2017.

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

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

On 19th December of 2013 the Extraordinary Meeting of Shareholders of EMC Instytut Medyczny SA made the decision about increasing initial capital (from PLN 33.308.856,00 to PLN 48.078.096,00) of the Company by issuing H series 3.692.310 bearer shares with nominal value PLN 4 each excluding pre-emptive rights of current shareholders and offering shares for current shareholders in a way of private issuance.

In the scope of issuing H series stocks the amount of PLN 72.000 thousand was obtained and will be used for:

- | | |
|--|----------------------|
| - the purchase of shares in the company RCZ Sp. z. o.o | PLN 30.000 thousand, |
| - investment and improvement of current liquidity of the company RCZ Sp. z. o.o | PLN 27.000 thousand, |
| - RCZ Sp. z o.o. loan payment | PLN 3.000 thousand,- |
| - the payment of the loan taken from CareUp B.V. with its register seat in Amsterdam | PLN 12.000 thousand. |

The inflows due to issuing H series stocks amounted PLN 61.300 thousand as a result of compensating liabilities due to the loan received from the CareUp B.V with the amount resulting from the value of stocks purchased.

As at 31/12/2013 PLN 10.200 thousand was used as the payment of the first tranche of the liability resulting from purchasing the shares in the company RCZ Sp. z o.o. in Lubin.

The other PLN 51.100 thousand was allocated on bank accounts.

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 2013.

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 1st January 2013 to 31st December 2013 and by a day of compiling a given financial statement the Issuer did not note problems with servicing financial liabilities.

In credit contracts signed by the Issuer with the banks BGŻ and DnB Nord there are mentioned financial ratios. If they are not met, the conditions of the contracts may change or even the contract may be terminated.

As at 31st December of 2013 the Issuer slightly exceeded two pointed by BGŻ borderline values of financial ratios, consequently a long-term liability in the amount of PLN 14.040 thousand resulting from the investment credit contract was presented in the part of short-term liabilities in a financial statement – it was described in a note no. 33 of a given consolidated financial statement.

Credits were not renounced although financial conditions were not fulfilled as at 31st December of 2013. On the basis of talking and corresponding with the bank BGŻ the Board of Management does not expect the credits to be renounced.

The Issuer 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) increased cash flows from operating activities are expected while financing the biggest investments is secured by H series stocks issuance, credit contracts signed and the subsidy of the Ministry of Economy. Consequently, the Issuer does not assume 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:

- Increased 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.
- 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:

- Completing the process of obtaining a new strategic investor in a year 2013.
- The change of shareholder structure.
- In a year 2013 an IT system was successfully continued in a St. Anna hospital in Piaseczno – the goal is to monitor and analyze the time of work of medical personnel. The implementation is perceived as a test before introducing in all entities of the Group. The Board of Management of the Issuer assumes that the implementation will allow to optimize remuneration costs, especially in the group of contract employees.
- Further work of the teams of specialists preparing the recommendation of functioning due to the most frequent medical procedures. The Board of Management assumes that it will positively influence both the improvement of patients' safety and the decrease of risk of claims due to medical events.
- Continuing new projects and activities connected with further network of undertakings development. In a year 2014 four investment projects will be continued: rebuilding and modernisation of hospital objects, extension of a St. Jan Paweł II geriatric hospital in Katowice, the modernization of building ZOL in Kowary, the modernization of a hospice in Kowary, and the modernization of St. Roch hospital in Ozimek.
- Extending the Group by a new hospital Zdrowie in Kwidzyn and beginning the restructure
- Signing a preliminary contract of purchasing 100 % shares in the RCZ in Lubin.

Extending the network by new hospital buildings is increasing the scope of activities of the Group in Poland and it is compatible with the Company's goals assuming to take healthcare of 5% of Polish population in a year 2015.

III.17 Changes in basic rules of managing the Issuer's enterprise and the 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 salaries paid to the members of the Board of Management and to the supervisory units are included in a financial statement in the part titled 'Additional information and 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.

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 2012 and 2013	Compensation	
				2012	2013
EMC IM SA	Ernst & Young Audit Sp. z o.o.	Annual unitary and consolidated	3rd August 2012	85	
		A review of a unitary semi-annual statement		45	
	Ernst & Young Audyt Polska Sp. z o.o. Sp. k.(wcześniej: Ernst & Young Audit Sp. z o.o.)	Annual unitary and consolidated	12th July 2013		85
		A review of a unitary semi-annual statement			45
Total				130	130
EMC Piaseczno Sp. z o.o.	Ernst & Young Audit Sp. z o.o.	Annual unitary	19th October 2012	24	
	Ernst & Young Audyt Polska Sp. z o.o. Sp. k.(wcześniej: Ernst & Young Audit Sp. z o.o.),	Annual unitary	30th September 2013		24
	Total				24

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

PCZ Kowary Sp. z o.o.	Ernst & Young Audyt Sp. z o.o.	Annual unitary	2nd October 2012	15
	Ernst & Young Audyt Polska Sp. z o.o. Sp. k. (wcześniej: Ernst & Young Audit Sp. z o.o.),	Annual unitary	30th September 2013	15
Total				15
„Zdrowie” Sp. z o.o.	Ernst & Young Audyt Polska Sp. z o.o. Sp. k. (wcześniej: Ernst & Young Audit Sp. z o.o.),	Annual unitary	21st October 2013	29
Total				29
EMC Silesia Sp. z o.o.	Ernst & Young Audyt Polska Sp. z o.o. Sp. k. (wcześniej: Ernst & Young Audit Sp. z o.o.),	Annual unitary	30th September 2013	12
Total				12

The amounts are net, invoices are increased by VAT.

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 this giving up

In a year 2013 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 21st November of 2012.

The text of the "Best Practices of SE Listed Companies" has been available on the website of the issuer 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 Model Service Investor Relations Stock Exchange.

In July of 2014 the Group was classified to the second stage of the competition organized by Stock Exchange Issuers Association - Gold Website of the Issuer.

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 Wrocław 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 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.

Nevertheless, 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.

Additionally, 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 work together during the preparation and verification of the information necessary to prepare financial statements in accordance with applicable regulations.

The preparation of financial statements by the Board of Directors oversees the substantive divisions and directly by its members.

The revised data are transmitted to people drawing up financial statements for the work which corresponds to the Chief Accountant - Vice President of EMC Instytut Medyczny SA.

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

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

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

In addition, the Company entered circulation and regulations 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. More than this defines the scope of individual tasks in the preparation of 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 8 327 214 stocks with a total value PLN 33.308.856 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 are waiting for registration.

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

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 clients	3 435 638	28,58	3 435 638	25,41

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 –G	Total stocks	% of stocks
	Voices A	Voices B - G	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 clients	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. 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 occur.

IV.7 Pointing all limitations concerning moving 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 the transfer of 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. 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 rules adopted by the Company's Corporate Governance 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 an investment. Members of the Board immediately after his mandate are required to submit to the Company's liability, in which they undertake not to dispose of shares EMC Medical Institute SA, shares of parent companies in relation to EMC Medical Institute SA and shares in subsidiaries of 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 consists of the Chairman of the Board. The Management Board consisting of more than one member consists of President and Vice President and Members of the Board. The members of the Board, including President and Vice President are appointed and dismissed by the Supervisory Board.

The Board Management members are appointed for a common term, which lasts 5 years. Mandates of Board members shall expire on the day of the General Meeting approving financial statements for the last full financial year of their duties. Board represents the Company on the outside and the Company's affairs except for matters reserved to the General Meeting and the Supervisory Board.

Detailed competence and mode of action of the Management Board, including a range of issues requiring resolution of the Board, sets out rules of the Board prepared and approved by the Board.

The Management Board Resolutions are passed by an absolute majority of votes. In the event of a tie, the vote of the President is the most important.

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

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

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.

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 canceled 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.

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.

The duties and powers of the President shall include in particular:

- a) statement of validity of the General Assembly and its capacity to adopt resolutions on the agenda. This finding is made under the President referred to it by the Board of documents related to the convening of the General Assembly and the attendance list, after hearing any proposals made in this regard by the persons entitled to vote. At the request of participating in the Meeting of Shareholders representing at least one tenth of the share capital - the President manages to check the attendance by a specially selected committee consisting of at least three people. Applicants have the right to elect one member of this committee,
- b) taking care of proper and correct meeting order (that is consistent with the agreed agenda and the Commercial Companies Code, the Articles of Association and the rules of a given resolution),
- c) giving the vote for taking part in the Assembly (shareholders, officers, directors, officers, and, if necessary, invitees),
- d) issuing appropriate instructions to maintain public order,
- e) not accepting the vote of the members in the case if their discussion:
 - concerns the issue not be the subject of the General Assembly,
 - violates the provisions of this Regulation,
 - violates the law or morality.
- f) requesting a resolution on the removal of the persons interfering with the meeting and opposing the Chairman,

- g) managing votes and ensuring the correctness of their conduct as well as announcing the results of voting,
- h) expressing the standpoint of proposals from the General Meeting participants, and, if necessary, managing votes due to these applications,
- i) cooperating with the notary drawing up the minutes,
- j) deciding all procedural questions.

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.

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 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 removal 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.

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 election of the Chairman of the Assembly and the election authorities and the commission shall be held by a secret ballot for each candidate individually, in alphabetical order.

The list of candidates is compiled by the Chairman, in the case of the President election, the person who conducts proceedings until then.

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 a way enabling to make a conscious choice based on the above criteria.

Nominations for members of the Supervisory Board should be notified to the Company at least 15 days before the General Assembly, during which elections are to take place.

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.

The shareholder standing for the member of the Supervisory Board should submit as follows:

- a) the candidate's curriculum vitae for a member of the Supervisory Board,
- b) the justification of declared candidacy,
- c) candidate acceptance for standing for the member of the Supervisory Board,

- d) the candidate's consent for the inclusion of the Company's website information about the candidate described in the point a., b and e, and the candidate agreement for obeying legal regulations compulsory in the Company,
- e) information on the personal, factual, organizational and capital relationships of the candidate for the member of the Supervisory Board with the shareholder notifying the candidature of a given person for the member of the Supervisory Board and that person's relationship with other shareholders in particular, with the majority shareholders.

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.

The vote counting commission sets the outcome of elections.

In the case of the election of members for the Supervisory Board in the groups, the minimum number of shares needed to create a separate group is determined by dividing the total number of shares represented at the General Assembly by the number of members of the Board established by the General Assembly.

The group has the right to elect as many members of the Board as many times the number of shares represented by this group exceeds the specified minimum, the excess shares above the minimum and its multiples do not give a basis for selecting another member of the Supervisory Board.

Shareholders can only belong to one group.

Individual groups can connect in order to make the joint election of members of the Supervisory Board.

The foregoing provisions shall apply accordingly in relation to elections in the various groups, and for each group a separate attendance list is created.

If, after the group elections, all mandates for the Supervisory Board were not filled, the other members of the Supervisory Board are elected by the General Assembly, provided that the right to vote in elections is retained only by those shareholders who did not belong to any of the selected groups.

Each share gives the General Assembly the right to one vote, with subject to the paragraph 2.

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 chairman 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.

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.

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

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.

IV.11 Management and changes that took place in last financial year and the description of management organs, organs controlling the Issuer and its partners

In a year 2013 the Board of Management acted as follows:

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

- 1) Piotr Gerber – the President of the Board of Management;
- 2) Krystyna Wider-Poloch – the vice-President of the Board of Management;
- 3) Józef Tomasz Juros – the member of the Board of Management;
- 4) Zdzisław Andrzej Cepiel – the member of the Board of Management since 1st June of 2012.

The Board of Management consists of one or more Members. The Management Board consisting of one member consists of the Chairman 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 Board, including the President and Vice President are appointed and dismissed by the Supervisory Board. The first Management Board is appointed by the resolution about the merger.

The tenure of the Management Board is five years. The members of the Management Board are appointed for a common term of office.

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 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. The following persons are authorized to make a declaration of will:

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

In a year 2013, in the period of 1st January 2013 to 19th August 2013, the structure of the Supervisory Board was as follows:

Hanna Marzena Gerber	Chairman of the Supervisory Board
Aleksandra Żmudzińska	Vice - Chairman of the Supervisory Board
Danuta Smoleń	Member of the Supervisory Board
Jacek Łopatniuk	Member of the Supervisory Board
Marek Michalski	Member of the Supervisory Board
Witold Paweł Kalbarczyk	Member of the Supervisory Board
Marcin Szuba	Member of the Supervisory Board

On 20th August of 2013 at the General Meeting of shareholders the changes in the structure of the Supervisory Board were made.

During the meeting of the General Meeting on 20th August 2013 the following persons were recalled from the Supervisory Board bodies:

Hanna Marzena Gerber	Chairman of the Supervisory Board
Aleksandra Żmudzińska	Vice - Chairman of the Supervisory Board
Danuta Smoleń	Member of the Supervisory Board
Marek Michalski	Member of the Supervisory Board
Witold Paweł Kalbarczyk	Member of the Supervisory Board
Marcin Szuba	Member of the Supervisory Board

Simultaneously during the meeting on 20th August of 2013 the new bodies of the Supervisory Board were established:

Hanna Marzena Gerber	Chairman of the Supervisory Board
Vaclav Jirku	Vice - Chairman of the Supervisory Board
Eduard Maták	Member of the Supervisory Board
Waldemar Krzysztof Kmiecik	Member of the Supervisory Board
Michał Wnorowski	Member of the Supervisory Board
Artur Smolarek	Member of the Supervisory Board

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.

The Supervisory Board exercises permanent supervision over the Company.

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

- a) appointing and dismissing the members of the Management Board, including the Chairman of the Management Board;
- b) (deleted)
- c) submitting proposals to discharge the members of the Management Board;
- d) 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,
- e) approving the regulations of the Management Board;
- f) selecting an auditor to audit the financial statements;
- g) approving the purchase or sale of the Company's real estate or shares in real property;
- h) giving opinions on matters included in the agenda of the General Assembly 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 General Meeting approved the resolution of the Supervisory Board specifying its organization and the manner of fulfilling activities by the Supervisory Board.

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.

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

Vaclav Jirku	the President of the Audit Committee,
Waldemar Krzysztof Kmiecik	the member of the Audit Committee,
Michał Wnorowski	the member of the Audit Committee.

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

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

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Piotr Gerber
the President of the Management Board

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Krystyna Wider-Poloch
the Vice-President of the Management Board

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Józef Tomasz Juros Zdzisław Andrzej Cepiel
the Members of the Management Board

Wrocław, 11th March 2014