

Public limited liability company „SANITAS“  
Veiveriu str. 134 B, Kaunas

22 January, 2013

**Public limited liability company „SANITAS“ Audit Committee activity report for activities performed from 23 January 2012 until 22 January 2013**

*Introductory part*

Public limited liability company „SANITAS“ (hereinafter – Sanitas or the Company) Audit Committee (hereinafter – the Committee) for the term of office of 2011 – 2015 was elected by Sanitas Extraordinary General Shareholders Meeting on 7 September, 2011.

Sanitas Committee has 3 members, 1 of them independent:

1. Aidias Galubickas (independent member);
2. Marcin Jedrzejuk;
3. Seana-Lyn Carson.

While performing its activity the Committee acts according to legal acts of Republic of Lithuania, internal rules of the Committee setting the rights and duties, size, period of membership of the Committee, requirements for education, professional experience of the members of the Committee, principles of independence applied to the independent member of the Committee and other issues related to composition and work organization of the Committee (hereinafter – the Rules). The Rules were approved by Sanitas' Ordinary General Shareholders Meeting held on 18 April, 2011.

The Rules establishes main functions of the Committee:

1. to provide the Management Board of the Company with recommendations related to selection, repeated appointment and cancellation of an external audit company as well as the terms and conditions of the agreement with the audit company;
2. to observe the process of carrying out an external audit;
3. to observe how the external auditor and audit company follow the principles of independence and objectivity;
4. to observe the process of preparation of financial reports of the Company;
5. to observe the efficiency of systems of internal control, risk management and internal audit, if such functions exist in the Company. Should there be no internal audit authority in the Company, the need for one should be reviewed at least annually;
6. to review efficiency of external audit process and responsiveness of management of the Company to recommendations and remarks made in the external auditor's management letter;
7. to fulfill other functions specified in the legal acts of the Republic of Lithuania and the recommendations of the Code of management of companies listed with AB NASDAQ OMX Vilnius.

*Issues related to work organization of the Committee*

The meetings of the Committee are convoked as such demand emerges. During the reporting period 5 meetings were held (21 February 2012, 22 March 2012, 5 April 2012, 3 September 2012 and 3 January 2013). They resolved issues assigned for the competence of the Committee.

*Review of conformity of the Committee members to the requirements of the Rules*

Following article 25 of the Rules, members of the Committee evaluated independence of the independent Committee member Aidias Galubickas on 3 September 2012 and came to the conclusion that he satisfies all independence requirements. Aidias Galubickas signed confirmation on his independence.

The key criteria for establishing whether a member of the Committee can be considered independent are the following:

1. he cannot be the head of the Company and an associated company and could not have occupied such a position within the last 5 years;
2. he cannot be an employee of the Company and an associated company and could not have occupied such a position within the last 3 years;
3. he should not receive and could not have received significant additional remuneration from the Company and an associated company, except for remuneration for the post of the member of the Audit Committee;
4. he should not be a controlling shareholder, he should not represent any such a shareholder;
5. he should not have and has not had important business relations with the Company and an associated company within the last year neither directly nor as a partner, shareholder, head or employee of the administration of a subject with such relationships. A subject that is considered an important supplier of goods or services (including financial, legal, advisory and consultation services), a significant client or organization, which receives significant contributions from the Company or its group, shall be considered as a subject having business relations;
6. he cannot be and could not have been within the last 3 years a partner or employee of the current or former audit company of the Company and an associated company;
7. he could not have occupied the position of a member of the Audit Committee of the Company for over 12 (twelve) years;
8. he should not be a close family member of the head of the Company or the persons specified in paragraphs 1 through 6. The spouse (cohabitant), children and parents shall be considered close family members.

A company associated with the Company is the one which:

1. directly or indirectly controls the Company or is controlled by it;
2. has a significant influence on the Company;
3. jointly controls the Company under a joint activity agreement;
4. is controlled by the same legal or natural person (their group) as the Company;
5. is an associated company;
6. is a company controlled under a joint activity agreement;
7. is a company accumulating and at the end of the service paying pensions and other benefits.

While performing review of conformity to requirements of the Rules it was also established that qualification and work experience of all members of the Committee satisfy the requirements (persons with appropriate qualification are persons with university degree in economics, finances or law; persons with appropriate experience are persons with at least 3 years of work experience in the sphere of finances, accounting or law. Independent member must have at least 5 years of work experience in the sphere of accounting or finances).

#### *Presentation of recommendations*

#### Recommendation to the management of the Company on agreement with audit company

While performing its duty to issue recommendation on agreement with audit company set by article 14.1 of the Rules, the Committee issued such recommendation to the management of the Company suggesting to sign agreement on audit assignment with UAB "PricewaterhouseCoopers (hereinafter – "PwC") on audit Sanitas and Sanitas group financial statements for 2011 and evaluation of the Company's consolidated report for 2011. The Committee became familiar with draft of audit assignment agreement and submitted its comments regarding this draft before issue of recommendation.

#### Recommendation on submission of annual information for 2011 for shareholders' approval

The Committee prepared recommendation to the Management Board of the Company on annual information for 2011 on 5 April 2012. In this recommendation the Committee proposed to the Management Board of the Company to present annual information for 2011 for shareholders' approval.

Before presenting recommendation to the Management Board, the members of the the Committee became familiar with audited annual information for 2011, heard out information on audit of annual information for 2011 and problems related to it presented by PwC. The Committee also observed the process of carrying out this audit, analysed whether auditors followed the principles of independence and impartiality.

*Recommendation on selection of an external audit company*

While performing its duty to provide the Management Board with recommendation on selection of external audit company, the Committee issued its recommendation to the Management Board on 4 January 2013 with regards to selection of audit company for performance of audit of financial statements for 2012. The Committee recommended to choose PwC for performance of audit of Sanitas and Sanitas group financial statements for 2012 and to submit this candidacy for the shareholders' approval.

Before presenting recommendation to the Management Board the Committee became familiar with the proposal of PwC and received confirmations that PwC

1. complies with the independence principles;
2. civil liability is indemnified under laws;
3. satisfies requirements for audit companies and auditors auditing public interest companies set by Law on Audit of Republic of Lithuania

Members of the Committee:

Aidas Galubickas (signature)

Marcin Jedrzejuk (signature)

Seana-Lyn Carson (signature)