ANNUAL REPORT 2015

LUZ SAÚDE

LUZ SAÚDE, S.A.
(former ESPÍRITO SANTO SAÚDE – SGPS, S.A.)
Public Company

Registered Office in Rua Carlos Alberto da Mota Pinto, 17, 9th floor, 1070-313 in Lisbon
Registered with the Commercial Registry Office of Lisbon under the same registration and taxpayer number 504 885 367, currently with fully subscribed and paid-up share capital of EUR 95,542,254.

ANNUAL REPORT 2015

LUZ SAÚDE

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01
MESSAGE OF THE EXECUTIVE COMMITTEE PRESIDENT

01 Message of the Executive Committee President

2015 was a year of change in Portugal's political cycle, with the resumption, albeit timid, of the country's economic growth. In Luz Saúde, 2015 marked the beginning in full of a new cycle in the company's life, after the change of shareholder control, in late 2014, with the purchase of a majority stake by Companhia de Seguros Fidelidade, controlled by the Fosun Group.

Strengthened by its new shareholder context, Luz Saúde continued to demonstrate its ability to achieve solid operating and financial results, both in terms of its individual units and on a consolidated level and increased its operating income to € 423.6 million (+ 5.5% yoy), driven by growth in both the private healthcare segment (+ 6.2%) and Hospital Beatriz Angelo (+ 3.4%), managed under a public-private partnership. Net profit attributable to shareholders amounted to € 21.8 million, representing an increase of 20.3% compared to 2014.

This operating performance was achieved alongside the pursuit of an ambitious strategy of market consolidation, achieved not only through a plan of acquisitions, as well as through the expansion of units of the existing network, particularly Hospital da Luz Arrábida, in the north and Hospital da Luz Lisboa in the south. In January 2016, Luz Saúde completed the acquisition of a new hospital in Guimarães, a specialized care hospital in Gaia and a building in Vila real, to be adapted into a small hospital, reinforcing the company's network in the north. In December 2015, the licensing project which provides for the doubling of the capacity of Hospital da Luz Lisboa was presented at the Lisbon City Council. This project includes the construction of a training, clinical research and advanced medical simulation center. In November 2015, the works for the transformation of the ambulatory clinic in Oeiras to a medium-sized hospital started, which are expected to be completed in late 2017.

It is also important to note the focus of the organization on results in terms of clinical quality, which in 2015 continued to be recognized by various regulatory bodies and assessment and accreditation of health quality institutions. Most notably, in early 2016, recognition by the Ministry of Health of Hospital da Luz Lisboa and Hospital Beatriz Ângelo (PPP), as national reference centers in the treatment of rectal cancer.

In 2016, Luz Saúde will continue to remain focused on profitable growth and creating value for its shareholders and other stakeholders, honoring always, and above all, its mission to achieve the best health outcomes for their clients, a commitment throughout the entire care cycle.

For this, Luz Saúde will continue to assume, without hesitation, its vocation for leadership by innovation, embodied particularly in terms of clinical governance of its operating units - based on multidisciplinary and team medicine around the various disease conditions - and of investments in cutting edge clinical technology and infrastructure and information technology. In order to sustainably ensure high quality of its medical staff and care, Luz Saúde works closely with Universities, particularly with medical schools for undergraduate education, and with the Ministry of Health and Colleges of Specialties for medical internship. Luz Saúde maintained a clear focus on advanced post-graduate training through the promotion of medical courses internationally in its units. Simultaneously, and in order to ensure the positioning of cutting-edge strongly oriented to achieving the best clinical outcomes for patients, Luz Saúde will continue to actively promote clinical and translational research, by supporting doctoral projects in their reference clinical areas, in particular cancer and cardiovascular diseases, in partnership with key research centers in Portugal.

To all employees of Luz Saúde, thank you for yet another year of unconditional dedication and I wish that we continue to be courageous and restless in embracing new challenges, along with the humility to want to learn and evolve with safe steps focused on solid results. Only then can we strive to continue to serve distinctively our clients and this special sector where we all have the privilege of working.

To our shareholders, thank you on behalf of our ten thousand employees for the renewed confidence and ambition that you have placed in us, allowing us to continue to be active agents of innovation and to build a high quality and financially sustainable health system, making it accessible to all citizens, a mission that is worth fulfilling and that identifies us as an organization.

Lisbon, 25 April 2016
Isabel Vaz
Luz Saúde Executive Committee President

02
LUZ SAÚDE

02
Luz Saúde

02.1 Identity and Structure

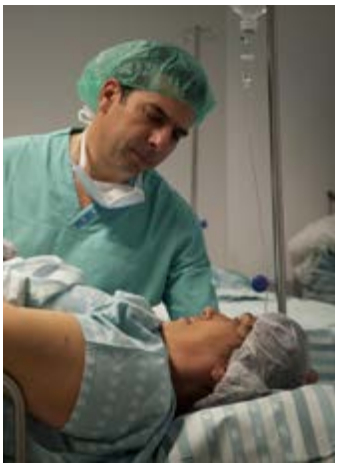
02.1.1 Identity

Luz Saúde, SA, a Public Company, is the holding company of one of the largest healthcare services groups, by income, in the currently expanding Portuguese market. The Group provides its services by way of 20 units (including 10 private hospitals, one NHS hospital which is run by Luz Saúde under a Public-Private Partnership (PPP), seven private outpatient clinics and two senior residences) located in the Northern, Central and Southern-Central regions of Portugal. In certain regions, it owns the only private hospital in operation. The Group has a strong presence in two of the national regions with greater buying power: Lisbon, where it operates Hospital da Luz, the largest private hospital in Portugal and, the Porto metropolitan area, where it operates Hospital da Arrábida.

The Group's structure enables it to operate its healthcare units in a complementary and integrated way. This is achieved by referring patients between the various units, sharing know-how (both clinical and related to process management) and facilitating access to some of the best acute hospital care units in the country. The Group stands out in the Portuguese healthcare services market with the specialised complex services it provides. For these, it has the benefit of technologically advanced equipment available in several of its units and which, in some cases, is the only such equipment in the country.

02.1.2 Luz Saúde's History

Since it was founded in 2000, Luz Saúde has built-up an integrated network that includes hospitals, outpatient clinics and senior residences.



2000
Luz Saúde acquired a majority shareholding in Cliria - Hospital Privado de Aveiro and in Hospital da Arrábida in Vila Nova de Gaia.

2002
Luz Saúde began managing Hospital da Misericórdia de Évora in partnership with third parties.

2003
In December 2003, construction work began on the Luz Integrated Healthcare Complex, which includes Hospital da Luz and Casas da Cidade - Residências Sénior.

2004
Cliria - Centro Médico de Águeda began its activities and Clube de Repouso Casa dos Leões was fully integrated into Luz Saúde.
In July of that year, construction work began on Hospital do Mar in the county of Loures.

2005
In May 2005, construction work began on Hospital da Luz - Clínica de Oeiras (previously known as Clínica Parque dos Poetas) in Oeiras.

2006
Hospital do Mar opened. and Luz Saúde acquired the entire share capital of IRIO - Instituto de Radioterapia.

In March of that year, Luz Saúde became sole shareholder of Hospor, with its two hospital units – Hospital de Santiago in Setúbal and Clipóvoa - Hospital Privado in Póvoa de Varzim – and three outpatient clinics – Clínica de Cerveira, Clínica de Amarante and Clínica do Porto.

2007
Hospital da Luz in Lisbon and Hospital da Luz - Clínica de Oeiras (previously known as Clínica Parque dos Poetas) began their activities.

2009
Casas da Cidade - Residências Sénior and Hospital da Luz - Centro Clínico da Amadora opened and Cliria - Clínica de Oiã was acquired.

At the end of that year, a management agreement was entered into for Hospital Beatriz Ângelo in the county of Loures under the Public-Private Partnerships Programme.

2010

Hospital da Arrábida doubled its capacity with new wards for outpatient surgery and specialised hospitalisation, namely a new maternity ward.

Cliria - Hospital Privado was also extensively renovated and began operating its second branch, thereby doubling its outpatient care.

Clipóvoa - Hospital Privado in Póvoa de Varzim continued the renovation of its inpatient area, operating rooms and maternity ward. Hospital de Santiago completed construction of its new 24-hour medical care ward.

In January of that year, the ground-breaking ceremony for Hospital Beatriz Ângelo took place.

2011

There was a strong focus on the preparation of Hospital Beatriz Ângelo's opening. This included completing all the final construction work, structuring the hospital's procedures and recruiting staff.

Hospital da Luz celebrated its fifth anniversary and opened a new outpatient paediatric ward.

That year was also marked by Luz Saúde winning the Excellence at Work award from Heidrick & Struggles.

2012

Hospital Beatriz Ângelo began its activities on 19 January, with its first outpatient paediatric and dermatology appointments, thereby marking the opening of Luz Saúde's first unit under the Public-Private Partnership. The opening was completed on 27 February with the beginning of activities at the General Emergency Ward.

In March of that year, Hospital do Mar began expansion work to meet the high demand for its specialised services. In July, renovation work began on Cliria - Clínica de Oiã.

2013

The expansion work on Hospital do Mar and the renovation of Cliria - Clínica de Oiã were completed.

For the third consecutive year, Hospital da Luz received the award for Best Company in the Healthcare Sector from Exame magazine in partnership with Informa D&B and Deloitte.

2014

The opening of Hospital do Mar's expansion took place, as did the opening of Cliria - Clínica de Oiã's renovated wards.

In February, Luz Saúde entered the capital markets through an initial public offering, thereby becoming the first healthcare provider to be listed on Euronext Lisbon.

In October, Luz Saúde was acquired by Fidelidade – Companhia de Seguros, S.A., following a highly competitive takeover.

2015

In March, Hospital da Luz opened the expansion área of its parking lot to the public, doubling its available capacity.

In July, Luz Saúde became the sole owner of HME's share capital, the company responsible for the management of Hospital da Misericórdia de Évora.

In November, the construction works for the expansion of Hospital da Luz Clínica de Oeiras were initiated.

In December, Hospor acquired a real estate property in Vila Real, with the goal to develop a new healthcare unit in order to reinforce the Group's presence in the North of Portugal.

02.1.3 The New Brand

After the company changed its name to Luz Saúde in 2014, following the shareholder change, it proceeded with the change of the brand during 2015, this time across all Group units.

The Group took the Hospital da Luz brand as a reference and as the unit standard for the whole care network, with the hospitals and clinics of the Group being called Hospital da Luz Lisboa, Hospital da Luz Arrábida, Hospital da Luz Póvoa de Varzim, Hospital da Luz Aveiro, Hospital da Luz Setúbal e Hospital da Luz Guimarães, bem como Hospital da Luz Clínica de Cerveira, Hospital da Luz Clínica do Porto, Hospital da Luz Clínica de Amarante, Hospital da Luz Clínica de Oiã, Hospital da Luz Clínica do Porto, Hospital da Luz Clínica da Amadora, Hospital da Luz Clínica de Oeiras and Hospital da Luz Instituto de Radioterapia Lisboa. In addition, the specialized care units and senior residences also changed their names to Hospital do Mar Cuidados Especializados Lisboa, Hospital do Mar Cuidados Especializados Gaia, Casas da Cidade Residências Sénior Lisboa and Casas da Cidade Residências Sénior Carnaxide.

HOSPITAL DA LUZ

CASAS DA CIDADE
RESIDÊNCIAS SÉNIOR

HOSPITAL DO MAR
CUIDADOS ESPECIALIZADOS

02.1.5 Luz Saúde's structure and business segments

Luz Saúde has a diversified business model organised into three main operational segments: (i) private healthcare, which includes the main acute care hospitals and the Group's network of outpatient clinics; (ii) public healthcare, with the management of Hospital Beatriz Ângelo under the Public-Private Partnership Agreement (PPP) Agreement and (iii) other activities, including the two senior residences designed to offer an integrated residential solution for independent seniors or those needing assistance with their daily living. In addition, the Corporate Centre provides centralised services to the various units within the Group.

LUZ SAÚDE

Private healthcare

HOSPITALS
- Hospital da Luz Guimarães
- Hospital da Luz Póvoa de Varzim
- Hospital da Luz Arrábida
- Hospital do Mar Cuidados Especializados Gaia
- Hospital da Luz Aveiro
- Hospital do Mar Cuidados Especializados Lisboa
- Hospital da Luz Lisboa
- Hospital da Luz Setúbal
- Hospital da Misericórdia de Évora

OUTPATIENT CLINICS
- Hospital da Luz Clínica de Cerveira
- Hospital da Luz Clínica de Amarante
- Hospital da Luz Clínica do Porto
- Hospital da Luz Clínica de Águeda
- Hospital da Luz Clínica de Oiã
- Hospital da Luz Clínica da Amadora
- Hospital da Luz Clínica de Oeiras
- Hospital da Luz Instituto de Radioterapia Lisboa

Public healthcare

HOSPITAL
- Hospital Beatriz Ângelo (PPP)

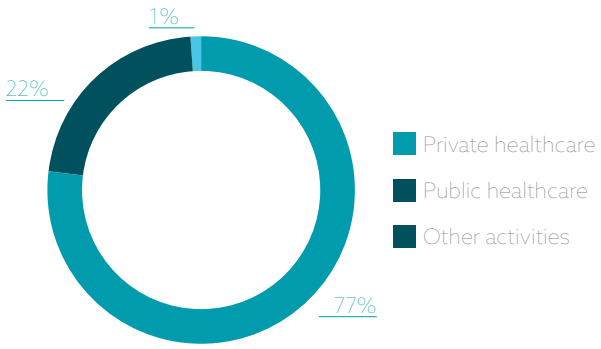
Other activities

SENIOR RESIDENCES
- Casas da Cidade Residências Sénior Lisboa
- Casas da Cidade Residências Sénior Carnaxide

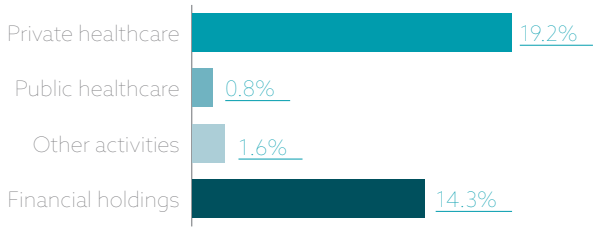
Financial holdings

- Genomed (38%)
- HL - Sociedade Gestora do Edifício (10%)

Operating income by segment (2015)



EBITDA margin by segment (2014)



02.1.6 Management and corporate body structure

At the top of the management structure of Luz Saúde, SA, a public company, is the Board of Directors, which is made up of a Chairman and nine Directors. From this group of Directors, four make up the Company's Executive Committee, which is responsible for the strategy and day-to-day management of the Group's businesses.

Jorge Manuel Batista Magalhães Correia | Chairman of the Board of Directors
Isabel Maria Pereira Aníbal Vaz | Chief Executive Officer
Changzeng Ma | Director
José Manuel Alvarez Quintero | Director
Wei Song | Director
Lingjiang Xu | Director
Rogério Miguel Antunes Campos Henriques | Director
Ivo Joaquim Antão | Member of the Executive Committee
João Paulo da Cunha Leite de Abreu Novais | Member of the Executive Committee
Tomás Leitão Branquinho da Fonseca | Member of the Executive Committee

From left to right: João Abreu Novais, Tomás Branquinho da Fonseca, Isabel Vaz e Ivo Antão.

The Central Directorates are part of the Group's holding structure, together with the structure of Luz Saúde - Serviços, ACE. Not only do the Central Directorates provide support to the Board of Directors, they also provide services to the Group's various operational units, thereby benefitting from economies of scale, knowledge and talent. This further ensures homogeneity in terms of strategy and standards in the various units. The Central Directorates are organised into specific areas: Accreditation and Quality Certification; Business Development; Central Imaging Diagnostic; Central Negotiation Procurement; Commercial and Operational Control; Finance and Accounting; Human Resources; Information Systems and Technologies; Infrastructures, Maintenance and Equipment; International Patient Services; Legal and Compliance; Logistics; Marketing and Communication; Organization and Processes; Planning and Control; and Training, Development and Innovation.

Luz Saúde, SA also has an Advisory Board, which is comprised by:

Diogo de Lucena | Chairman
Jorge Magalhães Correia
Isabel Vaz
Maria de Belém Roseira
Nuno Fernandes Thomaz
José Caeiro Pulido
José Araújo e Silva

02.2 Strategic Positioning

Luz Saúde's competitive advantages allow it to benefit from trends that drive local and regional demand in the Portuguese healthcare services market and to expand by seizing new national and international opportunities. The Group's competitive advantages are, among others:

- market leadership in Portugal;
- a diversified network of healthcare service units that cover a vast geographical area;
- investment in modern hospital facilities;
- long-term relationships with the main paying entities in the Portuguese healthcare sector;
- a model built on the best services and infrastructures in the sector;
- highly qualified, experienced and motivated medical staff;
- integration in the healthcare sector's Public-Private Partnership Programme;
- an experienced management team, with a track record in growth management based on clinical excellence.

02.2.1 Vision

To be a benchmark healthcare provider through its excellence and innovation medical practice.

Luz Saúde's commitment is absolute and unequivocal: to ensure the best diagnosis and medical treatment that talent, innovation and dedication can provide. Luz Saúde offers a full range of healthcare services that not only ensures continued care, but also addresses changing healthcare needs throughout life.

02.2.2 Mission

To quickly and effectively diagnose and treat its patients, with absolute respect for their individuality and to build an organization capable of attracting, developing and retaining exceptional people.

All of Luz Saúde's employees partake of its mission and values. This is clear in their implementation of best daily practices for excellent results.

To fulfil its mission, Luz Saúde, through its employees, is committed to:

EXCELLENCE

- Placing patient interests ahead of the organisation's interests.
- Abiding by the highest ethical and professional standards.
- Humanising medicine by empathizing with patients and their families.
- Developing long-term relationships with our client-patients and third-party paying entities – based on efficiency, integrity and trust.

INNOVATION

- Providing the best possible healthcare, in line with scientific and technological advances.
- Investing in cutting edge technology for innovative treatments.

TALENT

- Working with the best professionals and fostering their continual development by investing in training and promoting a culture of personal excellence and outperformance.
- Managing a high-quality, high-efficiency healthcare structure, made up of competitive employees who are dynamically and strongly committed to the organisation, its mission and values.

02.2.3 Values

Eight fundamental values are at the core of Luz Saúde's culture:

RELENTLESS PURSUIT OF RESULTS

- We are determined to achieve ambitious measurable results in the implementation of our mission. We therefore pursue our ultimate goals with perseverance, even when faced with challenges and obstacles.

INTELLECTUAL RIGOUR

- We self-assess all we do, approaching each issue and decision rigorously and rationally. We always strive for the best idea or solution.

CONSTANT LEARNING

- We reflect upon and learn from our experience, in order to improve our future performance.

PERSONAL ACCOUNTABILITY

- We give the best of ourselves and are responsible for achieving the best possible results in our sphere of business.

RESPECT AND HUMILITY

- We respect others and their ideas and welcome their contributions. We acknowledge our experience's limits and value other views.

POSITIVE ATTITUDE

- We have ambitious goals, enthusiastically welcome new ideas and take pride in the results.

INTEGRITY

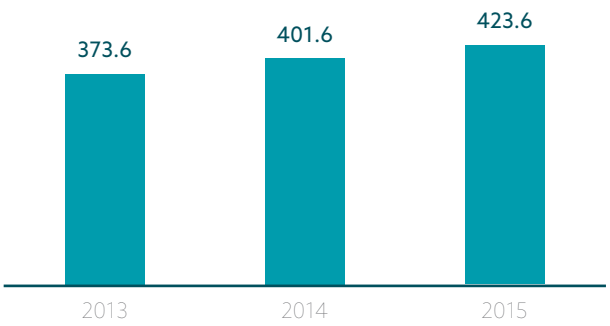
- We are truthful, loyal and serious in all we do. We are always mindful of our shareholders' values and expectations and, above all, those of our clients.

TEAM SPIRIT

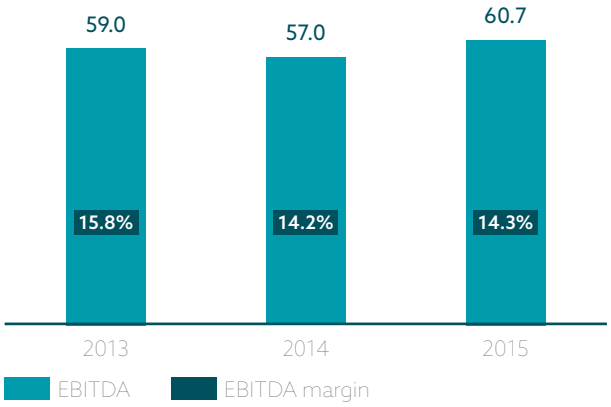
- We believe a group effort is the best way to achieve our goals and enhance the impact of our initiatives on the community.

02.3 Key Luz Saúde data

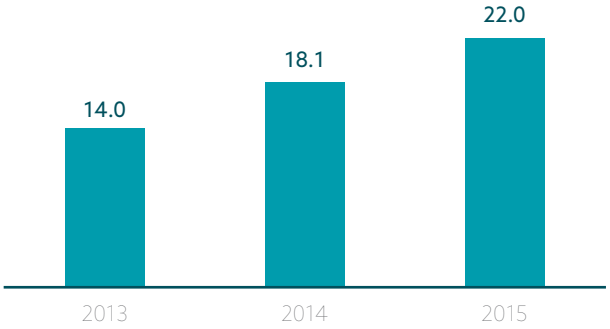
Consolidated operating income
Unit: millions of euros



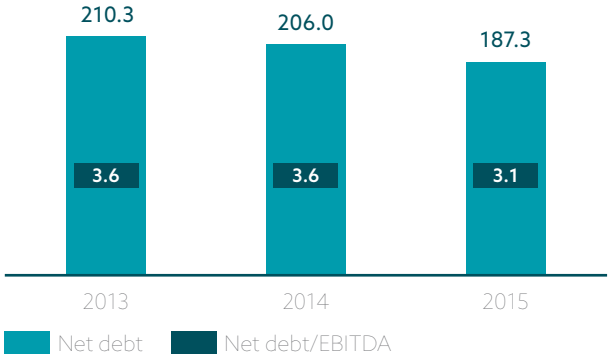
Consolidated EBITDA and EBITDA margin
Unit: millions of euros



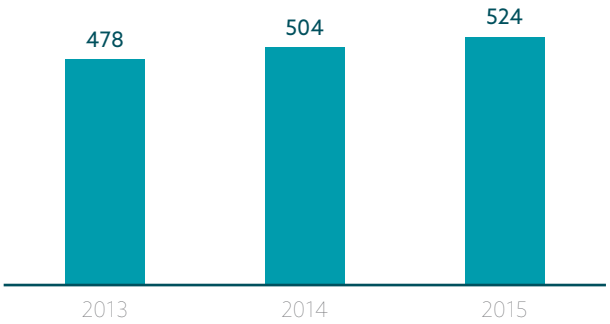
Net income attributable to shareholders
Unit: millions of euros



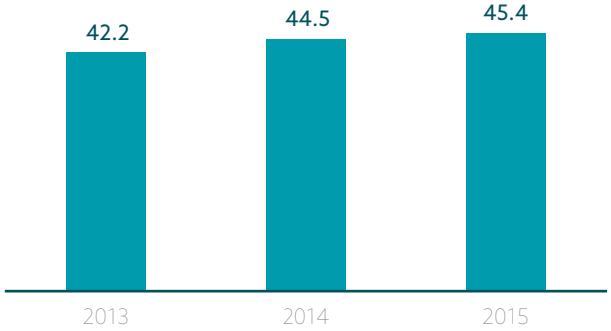
Net debt and net debt/EBITDA
Unit: millions of euros



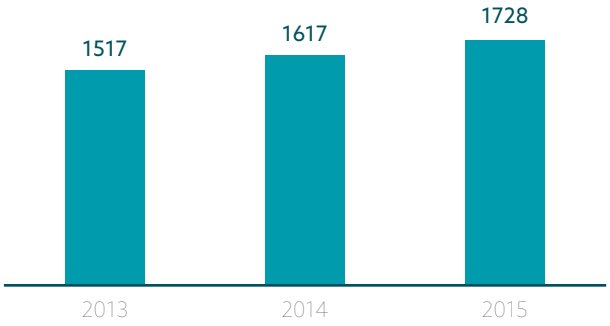
Total consolidated assets
Unit: millions of euros



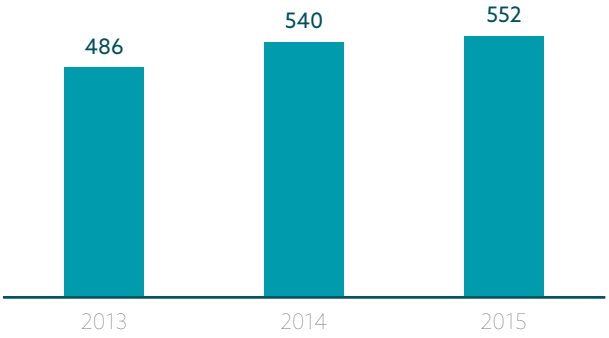
Consolidated operating cash flow
Unit: millions of euros



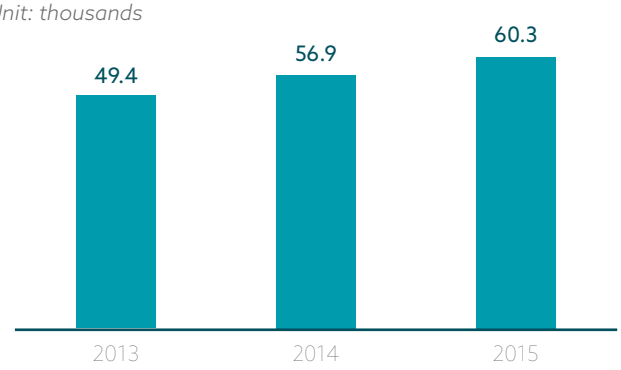
Number of medical consultations
Unit: thousands



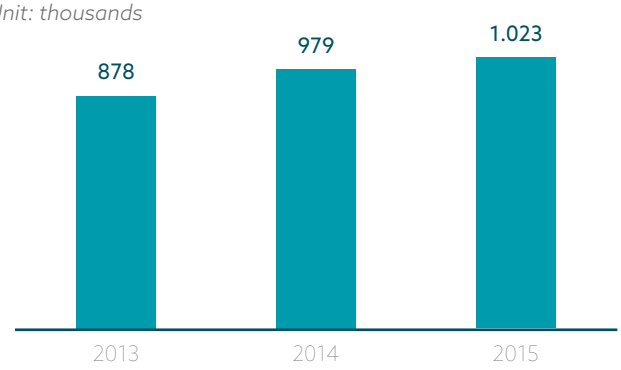
Number of emergency room visits
Unit: thousands



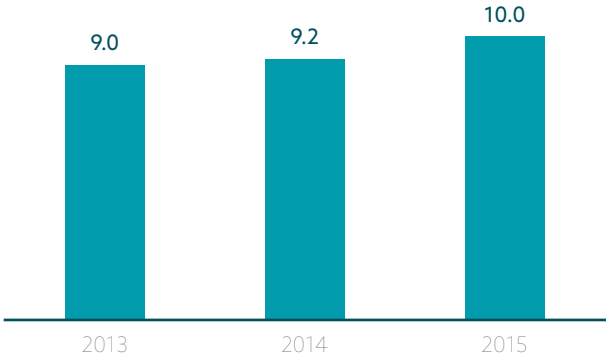
Number of surgeries and deliveries
Unit: thousands



Number of imaging exams
Unit: thousands



Number of Group workers
Unit: thousands



03
CONSOLIDATED MANAGEMENT REPORT

03 Consolidated Management Report

03.1 Overview for 2015

In 2015, the Portuguese economy grew by 1.5%, in line with the Eurozone. This was due to the maintenance of 2014 second half growth levels, despite the deleveraging underway in various sectors. Unemployment fell from 13.9% of the workforce in 2014 to nearly 12.4% in 2015, thereby bringing Portugal closer to unemployment levels in the Eurozone (10.9%).

In 2015, the public healthcare sector continued to be affected by a budget deficit, which led to further budget pressure on the system's cost base. This situation has a number of implications both in terms of public hospital access, quality and modernisation, and in terms of employee motivation.

In the private healthcare sector, the trend towards consolidation continues. This is due to the combined effect of financial pressure on smaller healthcare providers, primarily those more dependent on the State, and paying entity and client preference for larger groups that offer a wide range of services and a focus on innovation and excellence. These are competitive advantages in the current market environment, especially when it comes to attracting the best doctors. Despite some slowdowns in certain areas of the market, larger providers are estimated to have provided more healthcare services in general, mainly by gaining market share under the referenced consolidation trend, but also through the market's natural growth.

As for the health insurance sector, the value of the previous year's premiums is estimated to have grown by 7% (to approximately €620 million). This means that, together with the other healthcare sub-systems (ADSE, IASFA and SAMS, among others), more than an estimated 4.2 million Portuguese have double healthcare coverage in relation to the National Health Service.

Regarding health subsystems, it should be noted that the transfer of ADSE to the Ministry of Health might have future implications in its relationship with private healthcare providers, considering the eventual compromise of this subsystem's independence against the NHS, which has a role of payer and provider for healthcare services.

The decrease in unemployment levels, fueled by the increase in qualified professionals emigration and the resume of public employees hiring by the State, and the raise in the national minimum wage led to an increase of staff turnover and a growing pressure on compensation conditions.

03.2 Luz Saúde's business performance

OVERALL PERFORMANCE

Consolidated Income Statement

(Million Euro)

	2014	2015[1]	Var.	2014 Q4[2]	2015 Q4[2]	Var.
Operating revenues	**401.6**	**423.6**	**5.5%**	**103.8**	**109.2**	**5.3%**
Operating costs	(344.6)	(362.9)	5.3%	(90.5)	(94.8)	4.7%
EBITDA	**57.0**	**60.7**	**6.4%**	**13.2**	**14.4**	**9.1%**
EBITDA margin	14.2%	14.3%	0.1 p.p.	12.7%	13.2%	0.5 p.p.
Depreciation	(26.4)	(23.4)	-11.5%	(6.3)	(5.6)	-9.9%
EBIT	**30.6**	**37.3**	**22.0%**	**6.9**	**8.8**	**26.1%**
EBIT margin	7.6%	8.8%	1.2 p.p.	6.7%	8.0%	1.3 p.p.
Financial results	(7.5)	(6.9)	-8.2%	(2.0)	(1.3)	-37.6%
EBT	**23.0**	**30.4**	**31.9%**	**4.9**	**7.5**	**52.8%**
Taxes	(4.9)	(8.4)	70.5%	(1.0)	(1.7)	68.2%
Net Income	**18.1**	**22.0**	**21.4%**	**3.9**	**5.8**	**48.8%**
Non-controlling interests	0.0	0.2	-	0.0	0.1	-
Net Income attributable to Shareholders	**18.1**	**21.8**	**20.3%**	**3.9**	**5.7**	**47.8%**
EPS (Euro)	0.189	0.228	20.6%	0.041	0.060	47.8%

[1] Ongoing audit; [2] Non audited values

In 2015, Luz Saúde consolidated operating revenues increased by 5.5% vis-à-vis 2014, reaching €423.6 million, driven by activity growth both on the private healthcare segment (approximately 6.2%) and on the public healthcare segment (3.4%).

EBITDA reached €60.7 million in 2015 and EBITDA margin reached 14.3%, maintaining the same level as 2014. This performance reflects the margin maintenance on the private segment vis-à-vis 2014 and a margin reduction in the public segment. In addition, there was margin improvement at the corporate centre level.

The EBITDA margin increase combined with the decrease of depreciation and financial expenses, partially offset by a higher tax value, lead to a net income attributable to shareholders of €21.8 million, representing a 20.6% growth versus 2014.

Consolidated Balance Sheet

(Million Euro)

	2014 Dec	015 Dec[1]
Fixed assets	353.0	348.3
Working capital	34.7	41.0
Shareholders' funds	181.7	202.0
Net debt	206.0	187.3
Net debt / EBITDA	3.6	3.1

In 2015, Luz Saúde consolidated CAPEX was €18.8 million, of which €11.6 million represented expansion investment, specifically in the expansion projects of Hospital da Luz (completion of the parking lot expansion works and architectural projects for the expansion of the Hospital) and of Hospital da Luz – Clínica de Oeiras (acquisition of the land plot for the expansion area construction), as well as the acquisition of real estate in Vila Real for the development of a new unit. The remainder €7.2 million corresponded to replacement and technological upgrade CAPEX, distributed across the Group's facilities, representing 1.7% of consolidated operating revenues.

At the end of 2015, Luz Saúde consolidated net debt totalled €187.3 million, representing a €18.7 million reduction from 2014 EOY, mainly driven by cash flow generation from the several Group's facilities. Net debt / EBITDA reached 3.1, comparing to 3.6 in 2014 EOY.

OPERATING REVENUES PERFORMANCE

Operating revenues by segment

(Million Euro)

	2014	2015[1]	Var.	2014 Q4[2]	2015 Q4[2]	Var.
Consolidated operating revenues	**401.6**	**423.6**	**5.5%**	**103.8**	**109.2**	**5.3%**
Private Healthcare	308.0	327.2	6.2%	81.1	84.8	4.5%
Public Healthcare	90.4	93.5	3.4%	21.9	23.7	8.2%
Other businesses	3.7	3.8	2.6%	1.0	1.0	6.2%
Corporate center	12.1	12.7	4.9%	3.0	3.1	5.0%
Eliminations	(12.6)	(13.6)	8.0%	(3.2)	(3.4)	5.8%

[1] Ongoing audit; [2] Non audited values

In 2015, Luz Saúde operating revenues reached €423.6 million, a growth of 5.5% compared to 2014.

The private healthcare segment operating revenues totalled €327.2 million, 6.2% above 2014. This growth was mainly fuelled by a generalized increase in activity, both in ambulatory and inpatient services.

The public healthcare segment (Hospital Beatriz Ângelo) operating revenues reached €93.5 million, growing 3.4% when compared with 2014. This growth is mainly justified by an increase in surgical activity. The growth on the fourth quarter was influenced by the adjustment to the operational revenues accounting methodologies. From 2015 onwards, the company started reflecting monthly, considering the compliance with the activity levels contracted by the State, the effect of the non-payment of activity performed above the contracted threshold (external consultations) as well as the price reduction effect that occurs when activity levels reach the second tier defined in the contract.

The other businesses segment (currently composed by the senior care facilities) obtained €3.8 million in operating revenues, a 2.6% increase versus 2014.

RESULTS PERFORMANCE

Consolidated EBITDA and EBITDA margin

(Million Euro)

	2014		2015[1]		
	€ million	Margin	€ million	Margin	Var.
Consolidated results	**57.0**	**14.2%**	**60.7**	**14.3%**	**6.4%**
Private Healthcare	60.0	19.5%	62.9	19.2%	4.9%
Public Healthcare	1.5	1.7%	0.7	0.8%	-54.5%
Other businesses	0.1	2.5%	(0.1)	-1.6%	N.A.
Corporate center	(4.6)	N.A.	(2.9)	N.A.	N.A.

[1] Ongoing audit

In consolidated terms, Luz Saúde's EBITDA was €60.7 million and EBITDA margin reached 14.3% in 2015.

On the private healthcare segment, the EBITDA margin slightly decreased to 19.2% in 2015, as a result of some price pressure from payers and personnel costs increase due to the reduction of unemployment in Portugal, fuelled by growing levels of qualified professionals' emigration and by resuming of public employees hiring by the State, as well as an increase of the minimum wage.

On the public healthcare segment, EBITDA margin decreased from 1.7% to 0.8%, due to an increase of the weight of inventory costs (higher growth of surgical activity) and to an adjustment of personnel structure. Hospital Beatriz Ângelo maintains a non-profitable situation, with a negative EBIT of €3.4 million.

BALANCE SHEET PERFORMANCE

(Million Euro)

	2014 Dec	2015 Dec[1]
Property, Plant and Equipment	256.0	251.3
Intangible assets	95.5	95.7
Others	**1.5**	**1.2**
Fixed assets	353.0	348.3
Inventories	7.7	8.1
Clients	122.8	136.6
Suppliers	(84.2)	(93.0)
Others	(11.6)	(10.6)
Working capital	**34.7**	**41.0**
Fixed assets + Working capital	**387.7**	**389.3**

(Unidade: Milhões de Euros)

	2014 Dec	2015 Dec[1]
Share Capital and Premiums	157.1	156.0
Reserves and Retained Earnings	24.6	45.9
Shareholder funds	**181.7**	**202.0**
Non-Current Bank Loans	155.0	176.4
Current Bank Loans	43.2	19.0
Non-Current Financial Leases	19.9	15.6
Current Financial Leases	8.6	5.8
Cash and Cash Equivalents	(20.7)	(29.4)
Net Debt	**206.0**	**187.3**
Shareholder funds + Net debt	**387.7**	**389.3**

During 2015, Luz Saúde consolidated CAPEX reached €18.8 million, driving fixed assets to €348 million by the end of 2015, explained by the company's strategy of owning the majority of its assets, with a significant real estate portfolio, which integrates the healthcare facilities as well as the land plots where they are located. Working capital increased by €6.4 million to €41.0 million by the end of 2015.

By the end of 2015, Luz Saúde consolidated financial debt totalled €216.7 million, with €195.4 million in credit lines and €21.4 million in financial leases. Bank loans were split across short and medium-long term commercial paper programs (€176 million), medium-long term loans (€18 million) and short term facilities (€1 million), with an overall average maturity of 5 years. Net debt reached €187.3 million, representing a €18.7 million reduction from 2014 EOY value, mainly driven by the operating cash flow generation from the several Group's facilities. Net debt / EBITDA reached 3.1, comparing to 3.6 in 2014 EOY.

03.3. Luz Saúde's Main Risks and Uncertainties

Operational/Economic Risks

With respect to operational risks, please note that all of Luz Saúde's income comes from operations located in Portugal and therefore operating profits are affected by financial, economic and political events in the country.

Adverse macroeconomic conditions in Portugal exacerbated budget problems in the public sector, which has led to strong pressures on the State's expenditure with the National Health Service. Although a substantial part of the Luz Saúde Group's activity is in the private healthcare segment, it is also exposed to the National Health Service, mainly through Hospital Beatriz Ângelo, which it operates in partnership with the State.

On the other hand, and taking into account that an important part of the Luz Saúde Group's income comes from private healthcare plans for civil servants, a reduction in the State's expenditure with these beneficiaries' healthcare plans (which include civil servants, retired civil servants and their dependents) could have an impact on the Group's business. However, recent changes to the plan's contribution scheme and a reduction of the prices in place over the last few years have made it self-sustainable based on beneficiary contributions.

In addition to the economic downturn's direct impact on the State, it may result in a sharp increase in unemployment, a downturn in public and private sector income and greater difficulty in obtaining credit, among other effects.

However and contrary to macroeconomic trends, the Luz Saúde Group's units have shown great resilience in light of the country's adverse climate. Moreover, throughout this period, the private health insurance market has continued to show real growth.

Competition in the Portuguese healthcare services sector

Competition for patients and clients between hospitals and other healthcare providers has intensified over the last few years, due mainly to a certain level

of consolidation in the sector. The Group also faces competition from other healthcare providers, such as public hospitals, independent clinics, outpatient centres, diagnostic centres and could face further competition from international healthcare companies offering healthcare services in Portugal in the future.

Hospitals compete based on reputation, clinical excellence, technology, client satisfaction and price. The ability to recruit experienced doctors and other healthcare professionals, such as high-quality nurses and technicians, is crucial to the Group's ability to attract and retain clients.

To reinforce its market leadership in a climate of increased competition, the Group must continue to (1) recruit high-quality experienced doctors and other healthcare professionals; as well as to (2) continually improve its facilities with the most technologically advanced diagnostic and surgical equipment.

On the other hand, the transposition of the European directive on cross-border healthcare into Portuguese law may pose an opportunity for the Luz Saúde Group, insofar as its units may cater to European Union citizens to which it can offer quality medical care at competitive prices, especially when compared to the main European healthcare benchmarks. This directive establishes rules of access and creates a right to reimbursement of healthcare costs incurred in another Member State, up to the limit of the costs that State would have borne if the care had been provided within its borders.

Pressure on prices from health insurance companies and healthcare plans

In order to mitigate the pressure from insurance companies and private employers, the Luz Saúde Group seeks to remain updated on the most recent technological and medical advances, in order to endow its clinical portfolio with differentiated services, products, equipment and technology of greater added value. This positioning, coupled with the Group's size and wide geographic breadth, are part of the value proposition it offers its client base. This has enabled the Group to minimise price cuts that have occurred in some of its business areas over the last few years.

Luz Saúde manages Hospital Beatriz Ângelo in partnership with the State

Luz Saúde manages Hospital Beatriz Ângelo through its subsidiary Sociedade Gestora do Hospital de Loures, SA ("SGHL") under a Public-Private Partnership agreement with the Portuguese State ("PPP Agreement"). HL – Sociedade Gestora do Edifício, S.A., in which the Company has a 10% shareholding, is also a party to the PPP agreement and is responsible for the (now completed) construction and the management of Hospital Beatriz Ângelo's building and facilities.

Under the PPP Agreement, SGHL has undertaken to provide healthcare services within the National Health Service, through Hospital Beatriz Ângelo, for a 10-year period as of the Hospital's opening date (19 January 2012). The term of the PPP agreement may be renewed for successive periods by mutual agreement and each period cannot exceed 10 years. Notwithstanding, the total duration of the PPP Agreement, including the initial period and any additional periods, cannot exceed 30 years, as of the PPP agreement's effective date (31 December 2009).

With respect to the Hospital's management, the PPP Agreement governs the relationship between the State and SGHL, sets prices and payment methods, establishes quality standards, notice and information duties, compliance levels (clinical and non-clinical), hospital operating rules (e.g. human resources) and other duties and undertakings for each party, as well as consequences for default on the contractual obligations.

In addition, the PPP Agreement establishes that annual volumes of patient treatment at Hospital Beatriz Ângelo (defined with reference to doctor consultations, emergency room visits and inpatient and outpatient surgical and non-surgical services) shall be agreed by annual negotiation between the Ministry of Health and the Hospital's management, based on historical data for public healthcare demands by the population

in Hospital's catchment area. However, it should be noted that the aforementioned production level is determined based on historical data on the demand for public healthcare by the population living in the Hospital's catchment area.

On the other hand, the prices charged by the hospital to the National Health Service have been contractually defined and are adjusted annually according to the growth of the inflation rate.

The PPP Agreement further provides that, at the beginning of each month, the State must pay 90% of 1/12 of the agreed annual production value (regardless of the actual production value reached). The adjustment amount (which may include the remaining 10%, plus any additional production above the agreed amount, given that there are areas where the set production limit can be surpassed, such as emergency room visits and hospitalisation) is settled over the course of the following financial year.

Financial Risks

As regards financial risks, the Group is exposed to the following types of risk because of its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk (cash flow)

Credit Risk

Credit risk arises from the possibility that financial losses may occur due to a debtor's default on contractual obligations with the Group in the course of its business.

The Group's credit risk exposure essentially arises from accounts receivable from its business activities and funds managed under Group's treasury operations.

Credit risk arising from business activities is monitored through the on-going oversight of debtor portfolios and their outstanding balances. This approach is supplemented by guideline procedures for risk assessment when vetting and classifying new clients and setting related credit limits, as well as for debt collection procedures and cycles.

The Group's credit risk profile, namely with respect to changes in credit exposure and monitoring default losses, is monitored on an on-going basis by the Operations and Finance Departments of each unit. Monitoring at the Group-level is undertaken by the Finance and Management Control Directorates.

As regards cash management, the Group has adopted a guideline whereby the counterparty where it deposits its funds is aligned with financial entities with which it has drawn credit facilities, in order to create a natural hedge in the event of a credit event that may occur in the entity with which the funds are deposited.

Liquidity Risk

Liquidity risk arises from the possible inability to finance the Group's assets or to satisfy contractual undertakings when due. Liquidity management is centralised in the Finance and Management Control Directorates and seeks to maintain an adequate amount of funds to meet the Group's short-term, medium and long-term financial needs.

To assess overall exposure to this type of risk, reports are drawn up that enable the Group to not only identify occasional cash shortages, but also activate mechanisms intended to cover them.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates or developments in the capital markets may affect the Group's results and financial position. Because the Group is not exposed to foreign exchange or capital market risks, the goals of its market risk management focus mainly on monitoring changes in interest rates that affect

interest-bearing liabilities with floating interest rates that vary depending on market evolution.

All facilities set-up by the company are remunerated through floating rates stipulated by the reference index plus a spread. For the present financial year and in order to balance the exposure to floating interest rates, the Group arranged for some cash flow hedging instruments, in order to fix the interest rates on some of its facilities. These instruments shall only become effective in the fourth quarter of 2016. Because of the Group's financial debt as at 31 December 2015 and the level of effectiveness these instruments are expected to have (due to expected positive developments in future interest rates), nearly 60% of the Group's financial debt will become exposed to a fixed interest rate.

03.4 Environmental Information

Organisations devote special attention to resource and energy efficiency because of concerns with the sustainable development of the environment, so that future generations will be able to meet their needs. Efforts have been made to disseminate information on environmental protection in the Luz Saúde units: energy efficiency; resource efficiency to minimize the environmental impact on energy, gas and water; reduction of gas and liquid emissions and the appropriate triage of waste, among others.

The activities of some of Luz Saúde's subsidiaries are governed by specific waste treatment legislation and all the applicable rules and directives have been complied with at each site and for each specific activity. In addition, a series of training sessions have taken place for employees of various Luz Saúde units on the separation and treatment of various types of hospital waste.

Where relevant, the subsidiaries outsourced the destruction of medical and toxic waste to specialised companies, as prescribed by law.

In 2014, during the course of business, the Group did not incur significant environmental costs. No environmental liabilities have been recorded in the financial statements, nor has any environmental contingency been disclosed given Management's belief that, on that date, there are no obligations or contingencies arising from past events with significant material costs for the company.

03.5 Outlook for 2016

In 2016, the Portuguese economy is expected to improve its GDP growth (1.9% according to the Portuguese Central Bank). However, there are still several factors that can and may offset the economical turnaround, being the most relevant the unemployment level and the considerable tax burden on individuals and companies.

The health insurance market in Portugal has maintained its historical growth trajectory, with an increase in premiums volume of 7% in 2015, reaching approximately €620 million, despite the economical environment. This increase in the premium levels was accompanied by maintenance of the risk rate around 75%.

Regarding health subsystems, it should be noted that the transfer of ADSE to the Ministry of Health might have future implications in its relationship with private healthcare providers, considering the eventual compromise of this subsystem's independence against the NHS, which has a role of payer and provider for healthcare services.

In 2016, Luz Saúde will maintain its focus on leveraging the high demand verified for its services on the private healthcare segment, in order to continue improving capacity utilization, assets turnover and overall profitability. Simultaneously, the company will proceed with its capacity expansion plans, namely in Hospital da Luz, in Hospital da Arrábida and in Hospital da Luz – Clínica de Oeiras. Additionally, Luz Saúde will continue to analyze consolidation opportunities in the national market, focusing on small to mid size players, which would allow complementing Luz Saúde offer and increase its caption areas.

In relation to Hospital da Luz Guimarães, Luz Saúde focus will be on operational activity growth on the two units belonging to the company, as well as implementing the Group's functional standards to them.

On the public healthcare segment, the Group will be focused on maintaining high levels of activity growth and on efficiency enhancement initiatives, in order to improve Hospital Beatriz Ângelo's profitability levels.

In relation to the acknowledgment of the right of Hospital Beatriz Ângelo to receive payment for additional healthcare services rendered in outpatient context to HIV/AIDS patients, the manager entity of the Hospital has triggered the mechanisms of dispute resolution set out in the Management Contract, in order to initiate a mediation procedure with the Contracting Public Entity for the resolution of this issue. This right is recognized to all NHS hospitals and also to the Public-Private Partnership of Hospital de Braga since 2013, after authorization by the Court of Auditors. This corresponds to a measure with significant impact in the hospitals' financial performance. In particular, for Hospital Beatriz Ângelo, the recognition of this right would represent an estimated impact of € 2.1 million for 2014 full year and € 2.9 million for 2015. Additionally, the arbitration proceeding that opposes the company that manages Hospital Beatriz Ângelo and the Portuguese State regarding the funding of costs incurred with medical interns working in the Hospital, placed there by the ARS Lisboa e Vale do Tejo, was initiated.

Regarding the international expansion of Luz Saúde, the Group continues with the analysis of the project for a new private facility in Luanda. At the same time, the analysis of the expansion to other geographies has been developing, under the new shareholder Fidelidade / Fosun context.

03.6 Authorisations Granted for Transactions between the Company and its Directors

No authorisations have been granted for transactions between the company and its directors under Article 397 of the Portuguese Companies Code.

03.7 Subsequent Events

Accordingly to Casa de Saúde de Guimarães, S.A. Insolvency Plan, approved by its creditors' meeting and confirmed by court on the 5th of January of 2016, Hospital Privado de Guimarães and Clihotel de Gaia are now managed by Hospital da Luz Guimarães, S.A which belongs to "Grupo Luz Saúde, S.A"

03.8 Profit Allocation Proposal

For the year ended on 31 December 2015, there was a net consolidated profit of €21,764,687 and a net profit in the individual accounts of €6,907,700.

In accordance with the applicable accounting standards, the Company recognized in the accounts for the year, a value of €465,000 as an estimate for profit distribution to employees and Executive Directors of the company.

In this context and under the provisions set out by law and bylaws, the Board of Directors proposes that the 2015 net profit in the total amount of €6,907,700, determined based on the individual financial statements, be allocated as follows:

(i) Legal Reserve: €345,385
(ii) Free Reserve: €6,562,315

In addition to the above mentioned, it is proposed the distribution to LUZ SAÚDE employees and Executive Directors, a maximum amount of € 465,000 (an amount that, given the applied accounting rules, is already reflected in the individual net profit for the financial year ended on 31 December 2015) and the Remuneration Committee shall determine the amount to be allocated to Executive Directors

03.9 Annex to the Consolidated Annual Report

Information on shareholdings of members of the management and supervisory bodies in the company's share capital as of 31 december 2015

Luz Saúde, SA hereby discloses, pursuant to article 447(5) of the Portuguese Companies Code, detail about shareholdings in the company of members of the management and supervisory bodies, as at 31 December 2015.

Members of the management and supervisory bodies	Shareholdings as at 30 September 2015	Additions during the period	Decreases during the period	Shareholdings as at 31 December 2015
Isabel Maria Pereira Aníbal Vaz	50.000	-	-	50.000
João Paulo da Cunha Leite de Abreu Novais	40.000	-	-	40.000
Tomás Leitão Branquinho da Fonseca	40.000	-	-	40.000
Ivo Joaquim Antão	40.000	-	-	40.000

Statutory auditors

The Statutory Auditors, Ernst & Young Audit & Associados - SROC, S.A., have no shareholding as at 31 December 2015, having made no transactions with any Luz Saúde, SA securities.

List of transactions of senior officers and closely related persons therewith

Luz Saúde, SA hereby discloses, in accordance with Article 14(7) of CMVM Regulation 5/2008 that no transactions were made by company managers during the period between 30 September 2015 and 31 December 2015.

List of qualified shareholders as at 31 DECEMBER 2015

The Company's share capital and voting rights as at 31 December 2015 included the following qualified shareholdings of at least 2% of Luz Saúde's share capital, calculated according to article 20 of the Portuguese Securities Code:

List of qualified shareholders (as at 31.12.2015)	Number of Shares	Capital (%)	Voting rights (%)
Fidelidade – Companhia de Seguros, S.A.	94.041.217	98,43	98,43

Statement of compliance according to article 245, first paragraph c) of the portuguese securities code

According to article 245, first paragraph c) of the Portuguese Securities Code, each of the below indicated members of the Board of Directors and of the Supervisory Board declares that, to the extent of his/her knowledge, the management report, the financial statements, the legal certification of the accounts and further accounting documents were prepared in compliance with the applicable accounting rules and give a true and fair view of the assets, liabilities, financial position and profit or loss of Luz Saúde, and the management report includes a fair view of the development of the business and the performance and position of Luz Saúde, and includes a description of the main risks and uncertainties faced by Luz Saúde in its operations.

Board of Directors
Jorge Manuel Batista Magalhães Correia
Isabel Maria Pereira Aníbal Vaz
Changzeng Ma
José Manuel Alvarez Quintero
Lingjiang Xu
Rogério Miguel Antunes Campos Henriques
Wei Song
Ivo Joaquim Antão
João Paulo da Cunha Leite de Abreu Novais
Tomás Leitão Branquinho da Fonseca

Supervisory Board
João Carlos Tovar Jalles
Clara José Cruz de Sequeira Viegas Penha Ventura
António Luís Castanheira Silva Lopes

04
CONSOLIDATED FINANCIAL STATEMENTS

04
Consolidated Financial Statements

(free translation from the original version in portuguese)

Consolidated statement of comprehensive income for the years ended 31 December 2015 and 2014

In Euros

	Notes	31-dec-15	31-dec-14
Income and gains			
Revenue from services rendered	5	422,276,753	399,315,006
Other operating income	6	1,297,621	2,279,342
Finance income	6	347,479	463,654
Total income and gains		**423,921,853**	**402,058,002**
Expenses and losses			
Inventories consumed and sold	8	(62,140,925)	(57,150,434)
Costs of services and materials	9	(186,549,032)	(181,596,962)
Personnel expenses	10	(110,742,011)	(102,819,076)
Depreciation and amortisation	13 / 14	(23,404,357)	(26,445,804)
Other operating expenses	11	(1,636,933)	(1,934,442)
Provisions, net of reversals	20	(1,559,857)	(364,019)
Impairment of receivables, net of reversals	16.1	(261,367)	(720,046)
Finance expenses	7	(7,272,323)	(8,010,232)
Total expenses and losses		**(393,566,805)**	**(379,041,015)**
Profit before income tax		**30,355,048**	**23,016,987**
Income tax expense	12	(8,383,805)	(4,917,078)
Profit for the year		**21,971,243**	**18,099,909**
Other comprehensive income:			
Items that maybe reclassified to results:			
Cash flow hedges	23	(170,662)	-
Other comprehensive income for the year		**(170,662)**	**-**
Comprehensive income for the year		**21,800,581**	**18,099,909**
Profit attributable to:			
Equity holders of the parent		21,764,687	18,089,040
Non-controlling interests		206,556	10,869
Comprehensive income attributable to:			
Equity holders of the parent		21,594,025	18,089,040
Non-controlling interests		206,556	10,869
Basic earnings per share	**26**	**0.228**	**0.191**
Diluted earnings per share	**26**	**0.228**	**0.191**

Notes are an integral part of these consolidated financial statements

(free translation from the original version in portuguese)

Consolidated statement of financial position as at 31 December 2015 and 2014

In Euros

	Notes	31-dec-15	31-dec-14
Assets			
Non-current assets			
Property, plant and equipment	13	251,343,638	256,009,328
Intangible assets	14	95,720,527	95,502,330
Investments in associates	15	1,200,459	1,473,180
Other receivables	16	1,122,394	-
Total non-current assets		**349,387,018**	**352,984,838**
Current assets			
Inventories	17	8,145,428	7,709,088
Trade receivables	16	87,749,052	82,372,786
Other receivables	16	48,835,016	40,406,204
Cash and cash equivalents	18	29,407,691	20,680,684
Total current assets		**174,137,187**	**151,168,762**
Total assets		**523,524,205**	**504,153,600**
Shareholders' Equity			
Equity and reserves			
Share capital		95,542,254	95,542,254
Treasury shares		(1,312,777)	(205,804)
Share premium		61,795,793	61,795,793
Reserves and retained earnings		45,949,380	24,554,227
Total equity attributable to equity holders of the parent	**19**	**201,974,650**	**181,686,470**
Non-controlling interests		1,731,660	1,525,104
Total shareholders' equity		**203,706,310**	**183,211,574**
Liabilities			
Non-current liabilities			
Provisions	20	6,894,017	8,304,076
Trade payables	21	-	399,061
Borrowings	22	176,373,117	149,420,741
Derivative financial instruments	23	233,355	-
Finance lease liabilities	24	15,609,877	19,864,336
Deferred tax liabilities	12	503,723	293,965
Total non-current liabilities		**199,614,089**	**178,282,179**
Current liabilities			
Trade payables	21	31,569,678	28,173,687
Other payables	21	61,478,365	61,257,156
Borrowings and bank overdrafts	22	18,988,357	43,235,815
Current income tax payable	21	2,393,249	1,441,138
Finance lease liabilities	24	5,774,157	8,552,051
Total current liabilities		**120,203,806**	**142,659,847**
Total liabilities		**319,817,895**	**320,942,026**
Total shareholders' equity and liabilities		**523,524,205**	**504,153,600**

Notes are an integral part of these consolidated financial statements

(free translation from the original version in portuguese)

Consolidated statement of cash flows for the years ended 31 December 2015 and 2014

In Euros	Notes	31-dec-15	31-dec-14
Operating activities			
Receipts from customers		419,383,750	362,618,048
Payments to suppliers		(246,672,875)	(230,471,467)
Payments to employees		(63,410,996)	(57,034,689)
Cash flow generated from operations		**109,299,879**	**75,111,892**
Income tax paid	12	(7,637,644)	(5,957,724)
Other receipts/(payments) related with operating activities		(54,239,667)	(51,002,405)
Net cash flow generated from operating activities		**47,422,568**	**18,151,763**
Investing activities			
Proceeds from:			
Sale of property, plant and equipment	13	421,234	21,964
Investments in associates	15	250,000	250,000
Interest received		37,422	146,043
Payments related with:			
Purchase of property, plant and equipment	13	(15,444,045)	(26,271,927)
Purchase of intangible assets		(174,611)	(182,883)
Investments in associates		(9,999)	(841,372)
Net cash flow used in investing activities		**(14,919,999)**	**(26,878,175)**
Financing activities			
Proceeds from:			
Borrowings		675,319,447	786,621,083
Share capital increase		-	22,535,213
Payments related with:			
Repayment of borrowings		(676,138,121)	(794,487,075)
Repayment of financial lease liabilities		(8,838,186)	(11,249,948)
Interest and other similar expenses paid	7	(6,934,467)	(7,110,022)
Purchase of treasury shares		(1,759,181)	(293,632)
Other financing payments		(5,494,917)	(1,427,084)
Net cash flow used in financing activities		**(23,845,425)**	**(5,411,465)**
Change in cash and cash equivalents		**8,657,144**	**(14,137,877)**
Changes in consolidation scope		69,863	-
Cash and cash equivalents at the beginning of the year	**18**	**20,680,684**	**34,818,561**
Cash and cash equivalents at the end of the year	**18**	**29,407,691**	**20,680,684**

Notes are an integral part of these consolidated financial statements

(free translation from the original version in portuguese)

Consolidated statements of changes in shareholders' equity for the years ended 31 December 2015 and 2014

In Euros

	Notes	Share capital	Treasury shares	Share premium	Reserves and retained earnings	Non-controlling interests	Total
Balance as at 1 January 2014		**88,500,000**	**-**	**47,729,918**	**5,472,334**	**1,509,754**	**143,212,006**
Issue of share capital		7,042,254	-	15,492,959	-	-	22,535,213
Purchase of treasury shares		-	(205,804)	-	-	-	(205,804)
Other increases / (decreases) in **reserves**		-	-	(1,427,084)	992,853	4,481	(429,750)
Total direct change in shareholders' equity		**7,042,254**	**(205,804)**	**14,065,875**	**992,853**	**4,481**	**21,899,659**
Profit for the year		-	-	-	18,089,040	10,869	18,099,909
Other comprehensive income for the year		-	-	-	-	-	-
Balance as at 31 December 2014	**19**	**95,542,254**	**(205,804)**	**61,795,793**	**24,554,227**	**1,525,104**	**183,211,574**
Balance as at 1 January 2015		**95,542,254**	**(205,804)**	**61,795,793**	**24,554,227**	**1,525,104**	**183,211,574**
Purchase of treasury shares		-	(1,759,181)	-	-	-	(1,759,181)
Share-based payments							
Vesting of shares granted		-	652,208	-	(652,208)	-	-
Fair value of the services of the year		-	-	-	453,336	-	453,336
Total direct change in shareholders' equity		**-**	**(1,106,973)**	**-**	**(198,872)**	**-**	**(1,305,845)**
Profit for the year		-	-	-	21,764,687	206,556	21,971,243
Other comprehensive income for the year		-	-	-	(170,662)	-	(170,662)
Balance as at 31 December 2015	**19**	**95,542,254**	**(1,312,777)**	**61,795,793**	**45,949,380**	**1,731,660**	**203,706,310**

Notes are an integral part of these consolidated financial statements

Notes to the Consolidated Financial Statements

(Amounts expressed in Euros)

(free translation from the original version in portuguese)

1. General Information on the Activities of the Group and Reporting Entity

Luz Saúde, SA (hereinafter Luz Saúde, previously known as Espírito Santo Saúde – SGPS, SA) is a limited liability company, with registered office in Lisbon, being the parent company of Luz Saúde Group, the Group is made-up of companies that operate exclusively in the provision of healthcare, including the management of acute hospitals, outpatient clinics, residential hospitals, senior residences with services and a National Health System (NHS) hospital under public private partnerships (PPPs).

Luz Saúde's shares were admitted to trading on the Lisbon Stock Exchange on 11 February 2014.

Espírito Santo Control, SA, with registered office in Luxembourg, was the ultimate beneficial owner of the Luz Saúde Group until 15 October 2014. On that date, Fidelidade – Companhia de Seguros, SA acquired control of Luz Saúde through a tender offer it had launched (note 29).

Fidelidade – Companhia de Seguros, SA is owned in 84.986% by Longrun Portugal, SGPS, SA which is fully owned by Millennium Gain Limited headquartered in Hong Kong. This company is held in 100% by Fosun Financial Holdings Limited (Hong Kong), which is owned by Fosun International Limited, a company listed on the Hong Kong Stock Exchange (00656.HK). This company is owned in 71.37% by Fosun Holdings Limited, which is owned by Fosun International Holdings, Ltd. whose ultimate beneficial owner is Mr. Guo Guangchang, with an interest of 64.45% of the share capital.

In a General Shareholders Meeting held on 9 February 2015, the company amended its name from Espírito Santo Saúde – SGPS, SA to Luz Saúde, SA, and has abandoned the legal form of "Sociedade de Participações Sociais" (holding company) pursuant to Decree-Law 495/88 of 30 December.

1.1. Changes in the Group scope

During the year ended in 31 December 2015 the composition of the Group changed as follows:

1.1.1. Incorporation of new entities

On May 25, 2015, was incorporated the subsidiary Hospital da Luz - Guimarães, SA ("HLG"), a company that 2015 activity was focused in the analysis and negotiation of the investment in the operation of two health units (Hospital Privado in Guimarães and Clihotel in Gaia). In 31 December 2015, the completion of the investment in the two health units was dependent of the accomplishment of all legal and contractual requirements, including those relating to the approval by the Creditors of the Insolvency Plan of the Company that formerly managed the mentioned health units, in a Creditors meeting, and the respective court approval (note 33).

On May 27, 2015, was incorporated GLSMED TRADE, SA ("GLST"), a company in which Luz Saúde has a financial interest of 100%, having a corporate purpose of rendering specialized distribution and transport services of medical devices and pharmaceutical products.

On September 9, 2015, was incorporated GLSMED LEARNING HEALTH, SA ("GLSLH"), a company in which Luz Saúde has a financial interest of 100%, having a corporate purpose of rendering services related to training, development and innovation in the healthcare industry.

1.1.2. Acquisition of control in an associate

On July 24, 2015, Luz Saúde increased its interest by 50%, reaching 100% in the associate company HME – Gestão Hospitalar, SA. With this transaction the Group gain control of the associate company, and began to fully consolidate its transactions, cash flows, assets and liabilities of the associate since the date that control has been achieved (note 30).

1.2. Group composition as at 31 December 2015

As at 31 December 2015 the Group had the following composition:

1.2.1. Companies included in the consolidation

	Registered office	Percentage of share capital held		Consolidation method
		2015	2014	
Parent company:				
Luz Saúde, SA	Lisbon	-	-	Parent
Subsidiaries:				
Casas da Cidade - Residências Sénior de Carnaxide, SA ("CASAS CARNAXIDE")	Oeiras	100.00%	100.00%	Full
Casas da Cidade - Residências Sénior, SA ("CASAS")	Lisbon	100.00%	100.00%	Full
Clínica Parque dos Poetas, SA ("CPP")	Oeiras	100.00%	100.00%	Full
CLIRIA - Hospital Privado de Aveiro, SA ("CLIRIA")	Aveiro	90.59%	90.59%	Full
CRB - Clube Residencial da Boavista, SA ("CRB")	Oporto	100.00%	100.00%	Full
GLSMED LEARNING HEALTH, SA ("GLSLH")	Lisbon	100.00%	-	Full
GLSMED TRADE, SA ("GLST")	Lisbon	100.00%	-	Full
HME - Gestão Hospitalar, SA ("HME")	Évora	100.00%	50.00%	Full
Hospital da Arrábida - Gaia, SA ("HAG")	V. N. Gaia	100.00%	100.00%	Full
Hospital da Luz - Centro Clínico da Amadora, SA ("HL-CCA")	Amadora	100.00%	100.00%	Full
Hospital da Luz - Guimarães, SA ("HLG")	Lisbon	100.00%	-	Full
Hospital da Luz, SA ("HL")	Lisbon	100.00%	100.00%	Full
Hospital Residencial do Mar, SA ("HRM")	Loures	75.00%	75.00%	Full
HOSPOR - Hospitais Portugueses, SA ("HOSPOR")	Póvoa de Varzim	100.00%	100.00%	Full
Instituto de Radiologia Dr. Idálio de Oliveira - Centro de Radiologia Médica, SA ("IRIO")	Lisbon	100.00%	100.00%	Full
Luz Saúde - Serviços, ACE ("ACE")	Lisbon	100.00%	100.00%	Full
Luz Saúde - Unidades de Saúde e de Apoio à Terceira Idade, SA ("USATI")	Lisbon	100.00%	100.00%	Full
RML - Residência Medicalizada de Loures, SGPS, SA ("RML")	Lisbon	75.00%	75.00%	Full
SGHL - Sociedade Gestora do Hospital de Loures, SA ("SGHL")	Lisbon	99.99%	99.99%	Full
Surgicare - Unidades de Saúde, SA ("SURGICARE")	Lisbon	100.00%	100.00%	Full
Vila Lusitano - Unidades de Saúde, SA ("VLUSITANO")	Lisbon	75.00%	75.00%	Full

(1) a Luz Saúde – Serviços, ACE, with no share capital, brings together ten Group subsidiaries. The percentage indicated regards voting rights held.

1.2.2. Associated companies

	Registered office	Percentage of share capital held		Consolidation method
		2015	2014	
GENOMED – Diagnósticos de Medicina Molecular, SA ("GENOMED")	Lisbon	37.50%	37.50%	Equity
HL – Sociedade Gestora do Edifício, SA	Oeiras	10.00%	10.00%	Cost

On 28 April 2016, the Board of Directors approved and authorised Luz Saúde's consolidated financial statements for the year ended 31 December 2015.

2. Basis of Presentation of the Financial Statements

The consolidated financial statements have been prepared on a going concern basis from the books and accounting records of the companies included in the consolidation (note 1.2) based on historical cost, in accordance with the International Financial Reporting Standards, as adopted by the European Union (EU) as at 31 December 2015, modified by the application of the fair value of the derivative financial instruments. These standards include both the IFRS issued by the International Accounting Standards Board (IASB) and the IAS issued by the International Accounting Standards Committee (IASC) and their respective interpretations – IFRIC and SIC, respectively issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC). These standards and interpretations are together known as IFRS.

The financial statements are expressed in Euros.

Until 31 December 2005, inclusive, Luz Saúde's financial statements were prepared according to the generally accepted accounting principles used in Portugal. Pursuant to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 which was transposed into Portuguese law under Decree-Law 35/2005 of 17 February, the Group's financial statements could be prepared according to IFRS as of the 2006 financial year. Therefore, the Board of Directors decided to prepare the consolidated financial statements as of 1 January 2006 according to IFRS as adopted by the European Union.

Preparing the financial statements according to IFRS requires the Group to make judgments, estimates and assumptions that affect how accounting policies are applied and the amounts presented as income, expenses, assets and liabilities. Changes to these assumptions or differences with respect to the actual reality may have an impact on current estimates and judgments (note 3.3).

During the year of 2015, accounting standards and interpretations were approved and published in the Official Journal of the European Union (OJ). These apply to subsequent financial years, although its early adoption is permitted. The standards and amendments adopted by the Group in preparing its consolidated financial statements, as well as the standards not early adopted are summarised below.

2.1. New standards, amendments or interpretations applicable to financial years beginning on or after 1 January 2015

Following endorsement by the European Union, the Group adopted (when applicable) the following standards, revisions, amendments and improvements to the Standards and Interpretations as of 1 January 2015:

Issued	IASB Standard or IFRIC Interpretation adopted by the EU	Mandatory application in the financial years beginning on or after
May 2013	IFRIC 21 – Levies	17 June 2014
December 2013	IFRS 3 – Business Combinations (improvements to the 2011–2013 cycle)	1 January 2015
December 2013	IFRS 13 – Fair Value Measurement (improvements to the 2011–2013 cycle)	1 January 2015
December 2013	IAS 40 – Fair Value Measurement (improvements to the 2011–2013 cycle)	1 January 2015

The adoption of these standards, interpretations and amendments to standards did not have a material impact on the consolidated financial statements.

2.2 New standards, amendments and interpretations issued by the IASB, endorsed by the European Union and applicable to the financial years beginning after 1 January 2015

On 31 December 2015, the following improvements to the Standards and Interpretations issued by the IASB had already been endorsed by the EU. However, their application only becomes mandatory for the financial years beginning after 1 January 2015.

Issued (IASB)	IASB Standard or IFRIC Interpretation	Mandatory application in the financial years beginning on or after
November 2013	IAS 19 – Defined Benefit Plans: Employee Contributions (amendment)	1 February 2015
December 2013	IFRS 2 – Share-based Payment (improvements to the 2010–2012 cycle)	1 February 2015
December 2013	IFRS 3 – Business Combinations (improvements to the 2010–2012 cycle)	1 February 2015
December 2013	IFRS 8 – Operating Segments (improvements to the 2010–2012 cycle)	1 February 2015
December 2013	IAS 16 – Property, Plant and Equipment (improvements to the 2010–2012 cycle)	1 February 2015
December 2013	IAS 24 – Related Party Disclosures (improvements to the 2010–2012 cycle)	1 February 2015
December 2013	IAS 38 – Intangible Assets (improvements to the 2010–2012 cycle)	1 February 2015
June 2014	IAS 16 and IAS 41 – Agriculture: Bearer Plants (amendment)	1 January 2016
May 2014	IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations (amendment)	1 January 2016
May 2014	IAS 16 and 38 – Clarification of Acceptable Methods of Depreciation and Amortisation (amendment)	1 January 2016
September 2014	IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations (improvements to the 2012–2014 cycle)	1 January 2016
September 2014	IFRS 7 – Financial Instruments: Disclosures (improvements to the 2012–2014 cycle)	1 January 2016
September 2014	IAS 19 – Employee Benefits (improvements to the 2012–2014 cycle)	1 January 2016
September 2014	IAS 34 – Interim Financial Reporting (improvements to the 2012–2014 cycle)	1 January 2016
August 2014	IAS 27 – Equity Method in Separate Financial Statements (amendment)	1 January 2016
December 2014	IAS 1 – Clarifications on financial reporting disclosure (amendment)	1 January 2016

The Group has not early adopted the mentioned amendments, and the adoption is not expected to have a material impact on the consolidated financial statements.

2.3. New standards, amendments and interpretations issued by the IASB and not endorsed by the European Union by 31 December 2015

On 31 December 2015, the following standards, revisions, amendments and improvements to the Standards and Interpretations, issued by the IASB were still pending approval by the EU:

Issued (IASB)	IASB Standard or IFRIC Interpretation	Mandatory application in the financial years beginning on or after
January 2014	IFRS 14 – Regulatory Deferral Accounts (new)	1 January 2016
May 2014	IFRS 15 – Revenue from Contracts with Customers (new)	1 January 2018
December 2014	IFRS 10, IFRS 12 and to IAS 28 – Investment Entities: Applying the Consolidation Exception (amendment)	1 January 2016
July 2014	IFRS 9 – Financial Instruments	1 January 2018
January 2016	IFRS 16 – Leases	1 January 2019
January 2016	IAS 12 – Income tax: Recognition of deferred tax assets for unrealised losses	1 January 2017

The adoption of these standards or amendments should not have a material impact on the consolidated financial statements.

3. Main Accounting Policies

3.1. Basis of consolidation

The consolidated financial statements presented herein reflect the assets, liabilities, equity, results and cash flows of Luz Saúde and its subsidiaries (together the Group), and the results attributable to the Group from investments in associated companies.

The accounting policies have been applied consistently by all Group companies for all periods covered by the present consolidated financial statements.

3.1.1. Subsidiaries

Subsidiaries are all entities over which the group has control. Control is considered when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity, despite its interest in the shareholders equity of the subsidiary is less than 50%.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Under the full consolidation method, Group company assets, liabilities, income, expenses and cash flows are consolidated, while intra-group transactions, balances, unrealised gains on transactions and dividends distributed between Group companies are eliminated in the consolidation process. Unrealised losses are also eliminated, unless the transaction shows signs of impairment of the asset thereunder.

The share of shareholders equity and profit for the year in the subsidiaries included in the consolidation owned by non-controlling shareholders of these entities are presented, respectively, in the consolidated statement of financial position in a separate caption in shareholders equity, and in the consolidated statement of comprehensive income in the caption "non-controlling interests".

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquire and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

For business combinations achieved in stages (step acquisition) in which control is obtained, the associate company is included in the consolidation by the full method, and the fair value of the financial interest previously held by the Group, is considered as part of the acquisition price. The difference between the book value in the associate and its fair value is recognized in results on the date that control is achieved. In a partial sale in which control over a subsidiary is lost, any remaining interest is remeasured at fair market value on the date of the sale and any gain or loss resulting from that revaluation is recognized under results.

Acquisition-related costs are expensed as incurred.

Non-controlling interests are presented by the share in the fair value of the assets and liabilities identified. Cumulative losses are attributed to non-controlling interests in accordance with their share of interest in the subsidiary, which may result in the recognition of negative figures for non-controlling interests.

3.1.2. Associated companies

Companies over which the Group has the power to significantly influence financial and operating policies are classified as associated companies, even in the absence of a controlling interest therein. Normally is assumed that the Group has significant influence when it has the power to exercise more than 20% of the voting rights of the associated company. Even when voting rights are less than 20%, the Group may have significant influence by

participating in the associated company's management or by being an executive member of its board of directors.

Financial investments in associated companies are consolidated using the equity method from the moment the Group gains significant influence until that influence ceases to exist. Under the equity method, financial investments in associated companies are recognised in the consolidated statement of financial position at cost and are adjusted thereafter to recognise the Group's share of the associate results. This adjustment is recognized in the consolidated profit and loss. In addition, the financial investments may also be adjusted through the recognition of impairment losses.

Dividends attributed by the associated entities are recorded as a decrease in the carrying value of the financial investments, at the time they are attributed.

When the amount of accumulated losses incurred by an associated company and attributable to the Group is equal to or exceeds the carrying value of the investment and any other medium and long-term interests in that associated company, the equity method is no longer applied, unless the Group has a legal or constructive obligation to recognise those losses or has made payments on behalf of the associated company.

3.1.3. Investments in joint ventures

A joint venture consists of a contractual agreement in which two or more entities (participants) undertake an economic activity under joint control. Joint control only exists if the relevant financial and operating decisions regarding the business require unanimous approval of all participants. A jointly controlled entity is a joint venture that incorporates the activity of a jointly controlled business.

The financial statements of the jointly controlled entities are prepared with reference to the same reporting date as the Group's financial statements. Unrealized gains in transactions between the Group and these entities are eliminated in the proportion to the Group's share in the jointly controlled entities. In addition, investments in jointly controlled entities may be adjusted through the recognition of impairment losses. Whenever there are indications of asset impairment, an assessment is carried out. If an impairment loss is found, it is reported as a loss in the consolidated statement of comprehensive income. Adjustments are made to the financial statements of the entity as needed to make the accounting policies used consistent with those of the Group.

Financial investments in jointly controlled companies are consolidated using the equity method. According to this method, the investments are initially recorded at cost and are subsequently adjusted by the amount corresponding to their share of the jointly controlled companies' results, and by variations in their equity under the caption "Retained earnings and reserves". The classification of financial investments in jointly controlled companies is based on shareholder agreements that show and regulate joint control.

3.1.4. Goodwill

Goodwill from acquisitions made up to 1 January 2005 is recorded as an intangible asset at the carrying value measured on the date of transition to IFRS according to the previous accounting policies. This option is considered in IFRS 1 and was adopted by the Group on the date of transition to IFRS.

The Group records acquisitions of subsidiaries and associated companies that occurred after 1 January 2005 using the acquisition method.

Goodwill represents the excess of the consideration transferred and the fair value of the Group's share in the identifiable assets and liabilities acquired (note 14). When the acquisition cost is less than the net assets of the entity acquired (negative goodwill), the difference is recognised as a gain in the consolidated income statement.

Goodwill is reported under assets at its cost and is not amortised. For investments in associated companies, goodwill is included in the carrying value determined by the equity method.

The recoverable amount of goodwill is revised annually in the last quarter of each financial year, regardless of signs of impairment. Any impairment loss identified is recognised in the profit and loss.

In testing goodwill for impairment, goodwill is added to the cash-generating unit or units to which it is allocated. The value in use is determined by discounting estimated future cash flows of the cash-generating unit. The recoverable amount of the cash-generating units to which the goodwill is allocated is determined based on the value in use of the assets. This is calculated using discounted cash flow methodologies that take into account market conditions, time value and business risks. The discount rate used in discounting cash flows reflects the pre-tax weighted average cost of capital (WACC) of the Luz Saúde Group for the business segment to which the cash-generating unit belongs.

3.1.5. Balances and transactions eliminated in the consolidation

Intra-group balances, transactions and cash-flows, as well as any unrealised gains and losses resulting from those transactions are eliminated when preparing the consolidated financial statements. The unrealised gains and losses of transactions with associated companies and jointly controlled entities are eliminated in proportion to the Group's interests therein.

3.2. Significant accounting policies

The accounting policies presented were applied consistently in all periods covered by the present financial statements.

3.2.1. Property, plant and equipment

3.2.1.1. Recognition and valuation

Luz Saúde's property, plant and equipment is valued at cost less the respective accumulated depreciations and impairment losses. On the date of transition to IFRS, Luz Saúde elected to consider the revalued amount of its property, plant and equipment as cost according to the previous accounting policies. This was generally equivalent to the depreciated cost measured according to IFRS, adjusted to reflect changes in the general price index.

Acquisition/construction costs include the invoice price, transport and installation costs, financing costs and exchange rate differences in bank loans, occurring during the construction period, as well as indirect costs attributable to it during the construction period.

Subsequent costs with property, plant and equipment are only recognised if the Group is likely to obtain economic benefits therefrom in the future. All ongoing maintenance and repair expenses are recognised in the consolidated profit and loss when incurred, on an accrual basis.

When there are indications that an asset may be impaired, IAS 36 requires its recoverable amount to be estimated and an impairment loss should be recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss. The recoverable amount is the higher of the asset's sale value less any cost of disposal and its value in use. The value in use is calculated based on the discounted value of the future estimated cash flows that can be expected from the asset's continued use and its disposal at the end of its useful life.

Gains or losses arising from the write-off or disposal of property, plant and equipment are measured as the difference between the asset's sale price, less transaction costs, and the asset's carrying amount. They are recorded in the consolidated profit and loss under the caption "Other operating income" or "Other operating expenses".

Property, plant and equipment in progress represent tangible assets that are still being constructed or installed and are recorded at acquisition cost. Depreciation of these assets begins in the month they become available for use for their intended purpose.

3.2.1.2. Depreciation

Land is not depreciated. Depreciation of the remaining Property, plant and equipment is calculated using the straight-line method, from the month the assets become available for use. The depreciation rates used reflect, on average, the estimated useful lives of the assets:

	Years
Buildings	4 – 40
Basic and transport equipment	2 – 20
Office equipment	2 – 20
Other property, plant and equipment	3 – 20

Depreciation ceases when the assets are classified as held for sale.

3.2.2. Intangible assets

Intangible assets are recognised at the acquisition cost less accumulated amortisation and impairment losses, if any. Intangible assets are recognised only when it is likely the Group will obtain economic benefits therefrom in the future that can be reliably measured.

Intangible assets with a definite useful life are amortised using the straight-line method from the month they become available for use and over the life of the agreement. Intangible assets with indefinite useful lives (goodwill) are not amortised, but are tested for impairment in the last quarter of each financial year or whenever there is an indicator of impairment (note 14).

3.2.3. Impairment of property, plant and equipment and intangible assets, except goodwill

Group companies test their property, plant equipment and intangible assets for impairment whenever an event or change occurs that indicates that the carrying value of an asset may not be recoverable. Should such indicators exist, the Group determines the recoverable amount of the asset in order to determine the possible extent of the impairment loss. When it is impossible to determine the recoverable amount of a given asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated.

The recoverable amount of the asset or the cash-generating unit is the greater of (i) its nets sale price and (ii) its value in use. The net sale price is the amount that would be obtained from the disposal of the asset in a transaction between independent and knowledgeable parties, less the direct disposal costs. The value in use is derived from the asset's future estimated discounted cash flows during its expected useful life. The discount rate used to update discounted cash flows reflects the time value of money and the specific risk of the asset.

Whenever the carrying value of the asset or cash-generating unit is higher than its recoverable amount, an impairment loss is recognised. The impairment loss is recorded in the profit and loss under the caption "Other operating expenses".

When an impairment loss is subsequently reversed, the carrying value of the asset is remeasured to its estimated value and is recognised in the consolidated profit and loss as a deduction under the caption "Other operating costs". However, the reversal of the impairment loss is limited to the amount that would have been recognised (net of amortisation or depreciation) had the impairment loss not been recognised in previous periods.

3.2.4. Financial assets and liabilities

Financial assets and liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the corresponding contractual provisions. A financial asset is any asset that is cash, a contractual right to receive cash or an equity instrument of another entity. A financial liability is a liability that entails a contractual obligation to deliver cash.

The Group's financial assets are presented in the consolidated statement of financial position under the captions "Trade receivables", "Other receivables" and

"Cash and cash equivalents". The Group's financial liabilities are presented under "Trade payables", "Borrowings", "Finance lease liabilities", "Other payables" and "Derivative financial instruments".

Financial assets are initially recognised at their fair value plus transaction costs, except for financial assets at fair value through profit and loss, in which case these transaction costs are directly recognised in the consolidated profit and loss.

Financial assets are derecognised when: (i) the Group's contractual rights to receive their future cash flows expire, (ii) the Group has substantially transferred all the risks and benefits related to their ownership, or (iii) the Group has transferred control of the assets, although it retains a non-substantial part of the risks and benefits associated with their ownership.

Financial liabilities are recorded: (i) initially at their fair value less the transaction costs incurred and (ii) subsequently at their amortised cost based on the effective interest method; or at fair value if the Group decides, when the liability is initially recognised, to record this financial liability at fair value through profit and loss, under the fair value option.

3.2.4.1. Trade and other receivables

Trade and other receivables classified as current assets have no implicit interest and are presented using the amortised cost method. This is estimated to be equal to the carrying value, less any related impairment losses, which are calculated based on two assumptions: the seniority of the receivable and the debtor's credit profile. If collection is expected within one year or less after the reporting date, the receivable is classified as a current asset. Otherwise, it is classified as a non-current asset.

Impairment losses are recorded in the consolidated profit and loss when there is objective evidence that the Group will not collect the full amount due. If there is a decrease in the amount of the estimated loss, the write-down is reversed in a later period.

Trade and other receivables classified as non-current assets are measured at their respective amortised cost, which is determined according to the effective interest rate method. When there is evidence of impairment, the corresponding loss is recognised in the consolidated profit and loss.

3.2.4.2. Cash and cash equivalents

The amounts included in the caption "Cash and cash equivalents" represent cash, bank deposits, term deposits and others, that mature in or in less than three months and are immediately available, with an insignificant risk of change in value.

For the purpose of the cash flow statement, cash and its equivalents include the amounts recorded in the consolidated statement of financial position that mature within three months of the date of their contract/acquisition. These include cash and funds with credit institutions.

3.2.4.3. Bank loans

Loans are recognised under liabilities at their cost or amortised cost. Amortised cost is calculated according to the effective interest rate method. They are classified as current or non-current liabilities, depending on their maturity date. If the loan matures within one year after the reporting date, it is classified as a current liability; if it matures one year after the reporting date or the renewal of the loan is contractually secured for more than 12 months after the reporting date, it is classified as a non-current liability. The liabilities are derecognised when the contractual obligations cease to exist, namely at the time of repayment.

Financial costs are calculated according to the effective interest rate method and are recorded on an accrual

basis in the consolidated profit and loss. Financial costs due, but unpaid as at the reporting date are disclosed under "Other payables".

3.2.4.4. Trade and Other payables

"Trade and other payables" are liabilities related to goods or services acquired by the Group during the normal course of its business. If the payment falls due in one year or less after the reporting date, they are classified as current liabilities; otherwise, they are classified as non-current liabilities.

Balances from "Trade and other payables", which are considered current liabilities, are measured at their amortised cost, which is estimated to be identical to their carrying value, i.e. at cost.

3.2.4.5. Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, which is presumed to be equal to its acquisition cost on that date, and are subsequently re-measured at their fair value, being the gains or losses generated in the remeasurement recognized in the profit and loss, except for derivatives designated as a cash flow hedging instruments.

The fair value of derivative financial instruments is the market value of the instrument, when available, or determined by external entities based on valuations methods generally accepted in the market.

The Group uses financial instruments to hedge the interest rate risk from its financing activity. The derivative that don't qualify for hedging in accordance with IAS 39 are registered as trading instruments.

A hedging relationship exists when:

- At the date of inception there is formal documentation of the hedging relationship;
- The hedge is expected to be highly effective;
- The effectiveness of the hedge can be reliably measured;
- The hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting period;
- In relation to the hedge of a future transaction, the transaction must be highly probable and must present an exposure to variations in cash flows that could ultimately affect net profit or loss.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

When a hedging instrument related to a forecast transaction is discontinued, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

3.2.5. Leases

Luz Saúde classifies lease operations as finance leases or operating leases, with prevalence to substance over legal form, pursuant to the criteria set out in IAS 17 – Leases. Operations in which the risks and benefits inherent to ownership of an asset are transferred to a lessee are classified as finance leases. All other leasing operations are classified as operating leases.

3.2.5.1. Operating leases

Payments made under operating lease agreements are recorded as expenses in the periods to which they pertain (note 25).

3.2.5.2. Finance leases

Finance lease agreements are recognised on their starting date, under both assets and liabilities, at the cost of acquisition of the leased property, which is equivalent to the present value of outstanding lease payments. Lease payments are made up of (i) interest charges, which are debited to the consolidated profit and loss and (ii) the financial amortisation of outstanding principal, which is deducted from liabilities. Interest charges are recognised as expenses over the lease period in order to obtain a constant periodic interest rate on the remaining balance of the liability in each period (note 24).

3.2.6. Inventories

Inventories include subsidiary materials and consumables and are valued at the lower of the acquisition cost and the net realisable value. The acquisition cost includes expenses incurred up to storage of the inventory. Cost of inventory consumed is determined using the weighted average cost.

The net realisable value is the estimated sales price less estimated costs to sell.

If the net realisable value is lower than the acquisition cost, the difference is reported under "Other operating expenses" in the statement of comprehensive income.

3.2.7. Revenue

Revenue is recognised whenever it is probable that the Group will obtain economic benefits that can be reliably estimated, being measured by the fair value of the instalments received or receivables, net of discounts given and any taxes. The revenue associated with the transaction is recognised with reference to its stage of completion as at the reporting date.

Revenue from activities carried out in the private healthcare segment, is recognised based on the services rendered during that period, valued at the prices of those services as set out in a defined price list, regardless of the actual invoice date.

In the case of activities carried out in the public healthcare segment (under the PPP), revenue is recognised in accordance with the services provided valued by the contractual prices agreed with the Contracting public entity. Under the agreement, invoicing is monthly for an amount equivalent to 1/12 of 90% of the annual amount agreed for each year. There is an adjustment invoice for services actually provided, during the first six months of the following year. The difference between the amounts invoiced and the actual production is recorded under "Other payables" or "Other receivables" on an accrual basis (Accrual basis below).

Revenue from senior residences is recognised based on lifetime rights of use (ROUs). This recognition is made according to the characteristics of each type of agreement:

- In lifetime ROUs with no conveyance rights, or with the right to only one conveyance, the value of the agreement is initially recognised as deferred income. Once the member moves into the Club, the revenue is recognised for a period that takes into account the age of the member (or of the assignor, if allowed) on the entry date, and the average life expectancy taken from the GRF95 actuarial tables;

- In lifetime ROUs with unlimited conveyance rights, the agreement value is immediately recognised as income and an accrued expense for the unit's portion of the total cost of the buildings is recorded as a sales cost. The accrued expense is later recognised as revenue in the same period as the depreciation of the corresponding property, plant and equipment.

3.2.8. Accrual basis

The Group companies recognise their revenue and expenses on an accrual basis. Therefore, revenue and expenses are recognised when generated regardless of when they are collected or paid. Differences between

the amounts collected and paid and the corresponding expenses and revenue are reported in the statement of financial position under the captions "Other receivables" or "Other payables", respectively.

3.2.9. Finance income and costs

Finance income includes interest and financial discounts obtained from third parties and are recognised in the period in which they occur. Dividends are recognised from the moment in which the investee company assumes the commitment to distribute them.

Finance costs include interest expenses and other banking expense, being recognised in the financial period in which they occur.

3.2.10. Income tax

Income tax is recognised according to IAS 12 – Income Taxes and includes both current and deferred tax. Taxes on profits are recognised in the consolidated profit and loss, except when related to items directly recognised in equity, in which case they are also reported in equity.

Current taxes are those expected to be paid based on taxable income, calculated according to the tax laws in force and the tax rate approved or substantially approved.

Deferred taxes are calculated by using the balance sheet liability method on temporary differences between the carrying values of assets and liabilities and their tax base, using the tax rates approved or substantially approved as at the reporting date and which are expected to be applied when the temporary differences are reversed.

Deferred tax liabilities are recognised for all temporary taxable differences with the exception of non-deductible goodwill for tax purposes, for differences arising from the initial recognition of assets and liabilities that affect neither accounting nor taxable profits, and for differences related to investments in subsidiaries to the extent they are unlikely to be reversed in the future. Deferred tax assets are recognised only to the extent it is likely that future taxable profit will be able to use the temporary deductible differences.

Luz Saúde falls under the special tax regime for corporate groups, which covers all the companies in which Luz Saúde directly or indirectly holds at least 75% of the respective share capital (90% until 2013) and as long as these companies meet the requirements established in the Corporate Income Tax Code. The remaining subsidiaries that do not fall under the Group's special tax regime are taxed individually, according to their respective taxable income and applicable tax rates.

Current taxes are determined based on the accounting results adjusted according to the tax law in force. Currently, companies resident in Portugal are subject to a corporate income tax rate of 21%, plus a municipal surtax of up to a maximum of 1.5% of taxable profits, and a State surtax of 3% of taxable profits between €1.5 million and €7.5 million (€10 million in 2012), 5% on taxable profits greater than €7.5 million, and 7% for taxable profits above €35 million, which has taken effect in 2014.

Pursuant to IAS 12, the Group offsets deferred tax assets and liabilities whenever: (i) the respective company has a legally enforceable right to offset assets against current taxes and liabilities against current taxes; ii) the deferred tax assets and liabilities relate to income taxes levied by the same tax authority and on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously in future periods in which deferred taxes are expected to the settled or recovered.

3.2.11. Provisions, contingent assets and contingent liabilities

Provisions are recognised when (i) the Group has a present obligation, due to past events (legal or constructive), (ii) it is likely that a cash outflow will be re-

quired and (iii) when the amount of the obligation can be reliably estimated.

When one of these requisites is not met, the Group discloses the event as a contingent liability, unless the possibility of an outflow of funds is highly unlikely.

The amount of provisions corresponds to the present value of the obligation. The financial effect of the discount is recorded as a finance cost under the caption "Finance costs" (note 7).

Provisions are revised on the reporting date and are adjusted to reflect the best estimate on that date (note 20).

When losses in associated companies exceed the investment made in those entities, the investment's carrying amount is reduced to zero, and future losses are no longer recognised, except to the extent the Group has incurred a legal or constructive obligation to bear those losses on behalf of the associated company, in which case a provision is recorded for impairment of financial assets.

A provision is recognised for litigation in progress when the expenses that will be incurred due to legal proceedings filed by third parties can be reliably estimated. The estimate is based on an assessment of the likelihood of having a cash outflow, based on the opinion of the Group's legal advisors.

Contingent assets are not recognised in the consolidated financial statements, but are disclosed when it is likely they will generate a future economic benefit.

3.2.12. Segment reporting

Pursuant to IFRS 8, an operating segment is a component of the Group: (i) that engages in business activities from which it may earn revenue and incur expenses; (ii) whose operating results are regularly reviewed by the Group's chief operating decision-maker for the purpose of making decisions about allocating resources to the segment and assessing its performance; and (iii) for which separate financial information is available.

Segment information is reported consistently with the internal management information model used by the Group. For reporting purposes, exist four operating segments: private healthcare, public healthcare, other activities and holding and shared services.

3.2.13. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to the company shareholders by the weighted average number of ordinary shares outstanding during the period, excluding the average number of treasury shares held.

To calculate diluted earnings per share, the weighted average number of ordinary shares outstanding is adjusted to reflect the impact of all potential diluting effects, such as those resulting from convertible debt or options over own shares granted to employees. The dilution results in lower earnings per share, due to the assumption that convertible instruments are converted or the granted options are exercised.

3.2.14. Dividend distribution

The distribution of dividends is recognised as a liability from the time they are approved by the company's General Shareholders Meeting until they are paid to shareholders.

3.2.15. Cash flow statement

The statement of cash flows is prepared using the direct method, by which cash inflows and outflows are reported relative to operating, investment and financing activities.

3.2.16. Subsequent events

Events that occur between the closing date and the date in which the financial statements are approved by the Board of Directors, which provide additional information about conditions that existed as at the reporting date are reflected in the financial statements. Any events that occur after the reporting date that are indicative of conditions that arose after the financial reporting date are disclosed in the notes to the financial statements, if considered relevant.

3.2.17. Employee benefits

3.2.17.1. Liabilities with holidays, subsidies and bonuses

Pursuant to Portuguese legislation, employees are currently entitled to one-month holiday and one-month holiday subsidy. This right is earned in the year prior to the year payment is made.

Under the performance assessment system in place, employees may come to earn a bonus should they attain certain goals. This right is usually earned in the year prior to the year payment is made.

Liabilities are recognised in the consolidated profit and loss in the period in which the employees earn the referred right, regardless of the date of payment. The obligation is recognised under liabilities in the caption "Other payables".

3.2.17.2. Share-based payment

The Group remunerates some of its employees through a share-based payment plan, settled through equity instruments.

The fair value of the services received is recognised as a cost in the consolidated profit and loss against an increase in equity, throughout the period in which employees earn those rights. The total amount to be recorded as an expense is calculated based on the fair value of the instruments on its granting date.

The vesting conditions are taken into consideration when estimating the number of instruments that will have acquired rights at the end of the vesting period. On each reporting date, the Group reviews the estimate for the number of instruments expected to meet the defined conditions and recognises the impact of the revision of the original estimate in the consolidated profit and loss with the corresponding effect on equity.

3.3. Significant estimates and judgments used in preparing the financial statements

IFRS establish a number of accounting options and require the Board of Directors make the necessary judgments, estimates and decide the most suitable accounting option according to the Group's operations. The main accounting estimates and judgments used by the Group when applying accounting policies are presented in this note not only for their disclosure, but to improve the understanding of how their application affects Luz Saúde's reported financial position and results.

Considering that in many situations there are alternatives to the accounting policies adopted by the Board of Directors, the amounts recognized in the consolidated financial statements reported by Luz Saúde could have been different had a different policy been chosen. The Board of Directors believes the choices made are appropriate and the financial statements adequately present the Group's consolidated financial position, consolidated results and consolidated cash flows of its operations in all material respects.

The options presented are only for a better understanding of the financial statements and are not intended to suggest that other options or estimates would be more appropriate.

3.3.1. Property, plant and equipment and intangible assets - estimated useful lives

Depreciations and amortisations are calculated on the acquisition cost on a straight-line basis, as of the month the asset becomes available for use. The depreciation and amortisation rates applied reflect the best estimate of useful life. Residual asset values and the respective useful lives are revised and adjusted when deemed necessary.

3.3.2. Impairment on trade and other receivable

Impairment losses on doubtful debts are based on the Group's assessment of the probability of recovering the balances owed. This assessment is based on the duration of the default, the debtor's credit history and the deterioration of credit position of the main debtors. Should the debtors' financial conditions deteriorate, impairment losses may be greater than expected.

3.3.3. Provisions

The Group exercises considerable judgement in measuring and recognizing provisions. Judgment is indispensable to assess the probability of a successful outcome for certain pending litigation. Provisions are accrued when the Group considers an unfavorable outcome in pending litigation to be likely and thereby a reasonably estimated outflow of funds is expected. Due to uncertainties inherent to the assessment process, actual losses may be different from those estimated in the provision. These estimates are subject to change as new information about the proceedings becomes available. Revisions of these estimated losses may affect future earnings.

3.3.4. Income tax and deferred tax

Certain interpretations and estimates must be made in order to determine the amount of income tax liability and deferred taxation. There are a number of transactions and calculations for which the determination of the final amount of income tax to be paid is uncertain during the normal business cycle. Other interpretations and estimates could result in a different level of income taxes, both current and deferred, to be recognised in the period.

The Tax Authorities are entitled to review the Group's calculation of taxable income for a period of four to twelve years, if there are tax losses carried forward (five years for Social Security). Corrections may therefore be made to taxable income, mainly due to different interpretations of tax laws. The Board of Directors believes, however, there will be no significant corrections to the income taxes reported in the financial statements.

3.3.5. Goodwill

The Group tests on an annual basis impairment of goodwill recognised as an intangible asset. For this purpose, the Group estimates the recoverable amount of cash-generating units to which goodwill is allocated. The recoverable amount is calculated based on the value in use, which results from the present value of future estimated cash flows, using a discount rate that reflects the risk associated with the assessed asset.

If future cash flows are found to be less than those estimated by Luz Saúde's Board of Directors, significant impairment losses may need to be recognised.

3.3.6. Management agreement for Hospital de Loures

As described in note 3.2.7, the management agreement for Hospital de Loures establishes that the invoicing of medical acts rendered is performed monthly for an amount equivalent to 1/12 of 90% of the annual amount agreed. The remainder amounts are invoiced in the following financial year, following the conclusion by the parties of the validation procedure thereof.

At the reporting date, a portion of the services rendered by this business unit have not yet been invoiced and are pending the conclusion of the validation process thereof by the contracting entity.

In this context, notwithstanding the uncertainty this matter entails, the Board of Directors assumed the best estimate for the amounts recorded in the respective books and accounting records and believes that the closing of accounts with the Regional Health Authority of Lisbon and Vale do Tejo (ARSLVT) and the conclusion of the monitoring processes of the financial years ended 31 December 2014 and 2015, will not have a material impact on the financial statements.

3.3.7. Variable remuneration

Group Luz Saúde recognizes on a monthly basis an accrued expense for bonuses and other variable remuneration, considering the objectives agreed with employees, the achievement of said objectives and the Group's business performance. The variable remuneration of the Board of Directors is determined by the Remuneration Committee based on the appraisal of the previous year performance. The cost estimated for the period is recorded as a liability under 'Other payables' , and is prepared based on the best estimate of management considering the performance of the current period, being the final amount known in the following year.

3.3.8. Accrual for professional fees

The Group recognizes on a monthly basis a liability for professional fees to be paid to the persons that do not have a permanent labor contract with the Group. This liability is registered based on the historic of the amounts paid monthly, the agreements established with the professionals and the amount of services provided by them. The validation and final calculation of the amounts to be paid occurs in a period after the date of approval of these financial statements, therefore differences could exist between the liability estimated and the final amounts payable.

3.3.9. Accrued revenue valuation

Luz Saúde recognizes revenue based on the register of the medical services performed. The valuation of the medical acts considered is estimated based on the price lists agreed with the customers, being the final amount of the revenue determined after the acceptance by the client, event that for a significant part of the services rendered only occurs in the period subsequent to the reporting date.

4. Segment Reporting

The Group's main activities are grouped into the following business segments:

- Private healthcare;
- Public healthcare;
- Other activities;
- Holding and shared services.

The private healthcare segment in 2015 includes the following business units:

- Seven hospitals focused on differentiated acute care, namely surgery, inpatient treatments and specialized diagnostics, which complement each other. They also have strong credentials in primary non-acute healthcare on an outpatient basis. Further activities entail the promotion and protection of health, through check-up exams and other preventive measures.

- Seven outpatient units focused on non-acute primary care, including external consultations for a wide array of medical and surgical specialities, complementary diagnostic and therapeutic procedures (namely for imaging and laboratory testing) and 24-hour medical assistance. One of these units is able to perform all types of surgical procedures on an outpatient basis.

- A residential hospital, specialized in healthcare services that involve rehabilitation, medical or post-operative convalescence, neuro-stimulation, general support for dementia (in particular for Alzheimer's disease), continued care, palliative and geriatric care on a Day-Centre or Inpatient basis.

- A radiotherapy unit.

The Public healthcare segment includes Hospital Beatriz Ângelo (HBA) in Loures, managed by the subsidiary SGHL under a Partnership with the State, being included in the National Health Service. The partnership agreement has a 10-year duration as of the date in which the hospital opened for business (February 2012). This unit caters to the population of the areas of Loures, Odivelas, Mafra and Sobral de Monte Agraço.

The Other activities segment is where Luz Saúde's other business areas are found. In this segment, the Group has two senior residence units for individuals of 65 years and older that seek a complete package of services in terms of accommodations, leisure and health. The logic behind these senior residences is to integrate and complement the residential hospitals and acute residences. The units incorporated in 2015 GLST and GLSLH, were included in this segment due to the fact that its operations are in an early stage.

The "Holding and shared services" segment includes the shared resources that provides management, consulting, operating, legal support, maintenance, negotiation, procurement and marketing services, among others, to the units of the different segments of business.

The main information on the results for the year ended on 31 December 2015 and 2014 of the various business segments is as follows:

December 2015

	Private healthcare	Public healthcare	Other activities	Holding and shared services	Eliminations and adjustments	Consolidated
Operating Income						
External clients	325,325,393	93,205,030	3,741,874	4,456	-	422,276,753
Intersegment	903,282	-	-	12,426,868	(13,330,150)	-
Other operating income and gains	949,317	295,551	72,671	273,852	(293,770)	1,297,621
Total operating income	**327,177,992**	**93,500,581**	**3,814,545**	**12,705,176**	**(13,623,920)**	**423,574,374**
Inventories consumed and sold	(41,324,003)	(20,755,289)	(61,633)	-	-	(62,140,925)
Cost of services and materials	(163,985,551)	(28,509,431)	(2,523,686)	(5,154,284)	13,623,920	(186,549,032)
Personnel expenses	(58,509,052)	(41,345,538)	(1,225,896)	(9,661,525)	-	(110,742,011)
Depreciation and amortisation	(17,813,423)	(4,061,490)	(1,001,705)	(527,739)	-	(23,404,357)
Provisions and impairment losses	336,731	(1,547,716)	(622)	(609,617)	-	(1,821,224)
Other operating expenses	(773,935)	(639,974)	(63,192)	(159,832)	-	(1,636,933)
Operating result by segment	**45,108,759**	**(3,358,857)**	**(1,062,189)**	**(3,407,821)**	**-**	**37,279,892**
Finance costs						(7,272,323)
Finance income						347,479
Financial results						**(6,924,844)**
Profit before income tax						**30,355,048**
Income tax expense						(8,383,805)
Profit/(loss) attributable to non-controlling interests	224,410	(17,854)	-	-	-	206,556
Profit attributable to equity holders of the parent						**21,764,687**

December 2014	Private healthcare	Public healthcare	Other activities	Holding and shared services	Eliminations and adjustments	Consolidated
Operating Income						
External clients	305,816,951	89,841,959	3,652,422	3,674	-	399,315,006
Intersegment	805,833	-	-	11,558,427	(12,364,260)	-
Other operating income and gains	1,350,721	556,515	66,187	551,187	(245,268)	2,279,342
Total operating income	**307,973,505**	**90,398,474**	**3,718,609**	**12,113,288**	**(12,609,528)**	**401,594,348**
Inventories consumed and sold	(38,181,616)	(18,967,310)	(1,508)	-	-	(57,150,434)
Cost of services and materials	(154,822,279)	(30,561,127)	(2,351,524)	(6,471,560)	12,609,528	(181,596,962)
Personnel expenses	(53,392,199)	(38,008,776)	(1,150,555)	(10,267,546)	-	(102,819,076)
Depreciation and amortisation	(19,555,941)	(5,599,290)	(962,118)	(328,455)	-	(26,445,804)
Provisions and impairment losses	(440,633)	(894,620)	(47,194)	298,382	-	(1,084,065)
Other operating expenses	(1,161,645)	(422,321)	(73,321)	(277,155)	-	(1,934,442)
Operating result by segment	**40,419,192**	**(4,054,970)**	**(867,611)**	**(4,933,046)**	**-**	**30,563,565**
Finance costs						(8,010,232)
Finance income						463,654
Financial results						**(7,546,578)**
Profit before income tax						**23,016,987**
Income tax expense						(4,917,078)
Profit/(loss) attributable to non-controlling interests	13,695	(2,826)	-	-	-	10,869
Profit attributable to equity holders of the parent						**18,089,040**

During the year of 2015, management information in terms of segment reporting has been changed, in order that the caption Cost of services and materials is presented net of transactions with the Group. These transactions until 31 December 2014 were presented in the caption Other operating expenses. Comparative information for 2014 was adjusted to be in line with the new criteria.

With respect to the size of the Group's main clients, only two represent more than 10% of the operating income of the respective segment. In the private healthcare segment, ADSE (Direção-Geral de Proteção Social aos Trabalhadores em Funções Pública) represents nearly 32% of the segment's operating income. This figure includes co-payments made directly by clients. In the

public healthcare segment, the Contracting Public Entity represents 99% of the segment's operating income.

Intersegment transactions are carried out at arm's length under similar terms and conditions as transactions with third parties.

Other information

December 2015	Private healthcare	Public healthcare	Other activities	Holding and shared services	Eliminations and adjustments	Consolidated
Depreciation and amortization	17,813,423	4,061,490	1,001,705	527,739	-	23,404,357
Investment in property, plant and equipment	17,783,178	782,211	98,661	95,100	-	18,759,150

December 2014	Private healthcare	Public healthcare	Other activities	Holding and shared services	Eliminations and adjustments	Consolidated
Depreciation and amortization	19,555,941	5,599,290	962,118	328,455	-	26,445,804
Investment in property, plant and equipment	26,298,542	362,162	1,267,274	408,070	-	28,336,048

The breakdown of assets and liabilities by business segment and respective reconciliation with the consolidated figures as at 31 December 2015 and 2014 can be presented as follows:

December 2015	Private healthcare	Public healthcare	Other activities	Holding and shared services	Eliminations and adjustments	Consolidated
Assets						
Property, plant and equipment	197,255,740	10,916,735	38,493,056	821,071	3,857,036	251,343,638
Intangible assets	93,004,815	5,898	72,750	2,651,199	(14,135)	95,720,527
Inventories, trade and other receivables	124,830,924	34,645,397	828,557	12,786,827	(27,239,815)	145,851,890
Other assets	35,683,589	978,398	65,395	345,615,162	(352,934,853)	29,407,691
Investments in associates	-	-	-	1,200,459	-	1,200,459
Total consolidated assets						**523,524,205**
Liabilities						
Trade and other payables	82,852,914	26,506,143	5,450,931	7,923,951	(29,685,896)	93,048,043
Other liabilities	183,980,591	24,167,777	3,189,185	149,578,590	(134,146,291)	226,769,852
Total consolidated liabilities						**319,817,895**

December 2014	Private healthcare	Public healthcare	Other activities	Holding and shared services	Eliminations and adjustments	Consolidated
Assets						
Property, plant and equipment	201,697,106	14,181,018	39,021,766	1,109,438	-	256,009,328
Intangible assets	92,749,875	13,615	-	2,738,840	-	95,502,330
Inventories, trade and other receivables	96,861,151	36,863,025	267,438	20,013,546	(23,517,082)	130,488,078
Other assets	16,164,307	3,594,803	161,935	341,586,478	(340,826,839)	20,680,684
Investments in associates and joint-ventures	-	-	-	1,473,180	-	1,473,180
Total consolidated assets						**504,153,600**
Liabilities						
Trade and other payables	61,289,664	21,127,720	5,046,470	13,548,828	(11,182,778)	89,829,904
Other liabilities	176,651,569	43,509,683	11,611,781	142,643,671	(143,304,582)	231,112,122
Total consolidated liabilities						**320,942,026**

5. Revenue from Services Rendered

	31-dec-15	31-dec-14
Hospitals and outpatient clinics	316,510,117	298,609,890
NHS hospitals	93,205,030	89,841,959
Residential hospitals	7,708,624	6,216,736
Senior residences with services	3,761,359	3,777,236
Other services	1,091,623	869,185
	422,276,753	**399,315,006**

6. Other Income

	31-dec-15	31-dec-14
Other operating income	1,297,621	2,279,342
Finance income	347,479	463,654
	1,645,100	**2,742,996**

The caption "Other operating income" includes income from supplier discounts, equipment sales, among others.

The caption "Finance income" in 2015 includes €26 thousand related with the equity method of the associated company GENOMED (2014: negative €3.7 thousand, presented in "Finance expenses").

7. Finance Expenses

	31-dec-15	31-dec-14
Interest expenses	5,747,587	6,369,958
Other financial expenses and losses	1,524,736	1,640,274
	7,272,323	**8,010,232**

The caption "Other financial expenses and losses" in 2015 includes the impairment loss in the amount of €750 thousand (2014: €370 thousand) for the loans made by Luz Saúde to its associate HME – Gestão Hospitalar, SA until the inclusion of this subsidiary in the consolidation perimeter of the Group (note 15).

8. Inventories Consumed and Sold

	31-dec-15	31-dec-14
Inventories on 1 January	**7,709,088**	**7,358,160**
Purchases	63,087,173	57,628,995
Consumption adjustments (consumed materials)	(353,052)	(234,619)
Inventory adjustments	(278,742)	106,986
Acquisition of control in HME's (note 30)	121,886	-
Inventories on 31 December	**(8,145,428)**	**(7,709,088)**
Costs and consumption for the year	**62,140,925**	**57,150,434**

9. Costs of Services and Materials

	31-dec-15	31-dec-14
Subcontracts	90,237,745	86,522,790
Professional fees	57,560,499	53,510,278
Maintenance and repair	8,038,004	8,357,757
Specialised work	7,959,075	10,526,818
Rent and leases	6,174,643	6,740,668
Electricity	5,006,404	4,711,323
Security services	2,100,765	2,056,803
Advertising	1,527,247	1,072,466
Communication	1,521,124	1,533,070
Fuel and other fluids	1,395,615	1,529,088
Travel expenses	1,046,545	677,455
Insurance	1,030,231	1,005,369
Water	879,386	848,856
Materials	781,715	764,829
Other materials and services consumed	1,290,034	1,739,392
	186,549,032	**181,596,962**

Professional fees and subcontracts captions include mainly the amounts paid to health professionals in the Group's units. The increase in these captions is related to an increase in the Group's activity.

Specialised work refers mainly to the outsourcing of external consultants, being most of them related with IT systems, while maintenance and repair costs refer to the main maintenance agreements. The decrease of the specialised work caption is due in one hand to the expenses in 2014 related with the listing in the Lisbon stock exchange and the tender offer that Luz Saúde was the target, and the other to a decrease in IT consultancy expenses.

10. Personnel Expenses

	31-dec-15	31-dec-14
Corporate body remunerations	3,275,610	4,133,284
Personnel wages and salaries	85,567,529	77,879,399
Social security and other related expenses	18,483,667	16,996,447
Indemnities	332,571	134,353
Insurance	1,682,955	1,593,545
Other personnel expenses	1,399,679	2,082,048
	110,742,011	**102,819,076**

The average number of Group employees during the year ended 31 December 2015 was of 4,960 (2014: 4,559).

Remuneration paid to the Group's corporate bodies was as follows:

	31-dec-15	31-dec-14
Board of the General Shareholders Meeting	28,125	51,000
Supervisory Board	51,000	51,000
Board of Directors	3,124,235	3,989,284
Remuneration Committee	3,500	42,000
Consultancy Board	103,125	-
	3,309,985	**4,133,284**

Part of the remuneration of the Consultancy Board is presented under the caption Specialised services in the heading Costs of services and materials in the consolidated profit and loss (note 9).

The remuneration of the Statutory Auditor can be presented as follows:

	31-dec-15	31-dec-14
Audit	486,750	442,000
Other assurance related services	88,293	-
Tax consultancy	17,900	18,450
	592,943	**460,450**

11. Other Operating Expenses

	31-dec-15	31-dec-14
Taxes	564,101	486,269
Bad debts	2,318	485,067
Inventory losses	28,943	28,964
Losses on non-financial investments	61,836	11,593
Other operating expenses	979,735	922,549
	1,636,933	**1,934,442**

12. Income Tax

The detail of income tax as at 31 December 2015 and 2014 is presented below:

	31-dec-15	31-dec-14
Current tax	8,585,940	5,202,877
Deferred tax	(202,135)	(285,799)
Total of tax reported in the income statement	**8,383,805**	**4,917,078**

Reconciliation of the tax rate can be presented as follows:

	31-dec-15	31-dec-14
Profit for the year	21,971,243	18,099,909
Income tax expense	(8,383,805)	(4,917,078)
Profit before income tax	**30,355,048**	**23,016,987**
Group income tax rate	21.00%	23.00%
	6,374,560	**5,293,907**
Non-deductible expenses	588,147	310,511
Tax incentives	(1,339,017)	(1,680,681)
Autonomous taxes	465,275	463,300
Municipal surtax and State surcharge	1,722,526	1,655,573
Tax from previous years	485,966	(384,533)
Share capital increase costs	-	(328,229)
Other effects	86,348	(412,770)
	8,383,805	**4,917,078**

Deferred tax assets and liabilities as at 31 December 2015 and 2014 can be analyzed as follows:

	31-dec-14	Recognised in the income statement	Other	31-dec-15
Deferred tax assets				
Valuation of property, plant and equipment	1,730,771	(359,285)	-	1,371,486
Provisions and impairment losses	3,862,665	(179,860)	-	3,682,805
Tax losses carried forward	87,792	(34,806)	(7,623)	45,363
Other	520,428	(84,158)	-	436,270
	6,201,656	(658,109)	(7,623)	5,535,924
Deferred tax liabilities				
Valuation of property, plant and equipment	(6,495,621)	455,974	-	(6,039,647)
	(6,495,621)	455,974	-	(6,039,647)
Deferred tax asset/(liability)	**(293,965)**	**(202,135)**	**(7,623)**	**(503,723)**

13. Property, Plant and Equipment

	Land and buildings	Basic and transport equipment	Office equipment	Other	In progress	Total
Acquisition cost						
Balance as at 1 January 2014	284,919,751	153,725,500	10,331,749	4,551,531	3,870,573	457,399,104
Additions	536,597	4,499,164	433,817	142,642	22,723,828	28,336,048
Disposals and write-offs	(6,351)	(956,274)	(126,302)	(8,092)	(107,423)	(1,204,442)
Transfer and adjustments	217,915	488,763	-	1,906	(708,584)	-
Balance as at 31 December 2014	**285,667,912**	**157,757,153**	**10,639,264**	**4,687,987**	**25,778,394**	**484,530,710**
Balance as at 1 January 2015	285,667,912	157,757,153	10,639,264	4,687,987	25,778,394	484,530,710
Additions	917,592	5,363,849	680,016	104,767	11,692,926	18,759,150
Disposals and write-offs	(916,934)	(1,219,934)	(111,492)	(13,660)	(409,107)	(2,671,127)
Transfer and adjustments	9,576,053	7,629	-	(9,036)	(9,574,646)	-
Acquisition of control in HME	35,859	169,906	7,094	24,876	-	237,735
Balance as at 31 December 2015	**295,280,482**	**162,078,603**	**11,214,882**	**4,794,934**	**27,487,567**	**500,856,468**
Accumulated depreciation						
Balance as at 1 January 2014	72,878,716	113,203,601	8,173,722	3,379,287	-	197,635,326
Depreciation for the year	10,788,136	13,874,830	1,189,362	338,149	-	26,190,477
Disposals and write-offs	(2,117)	(1,059,559)	(124,468)	(8,309)	-	(1,194,453)
Balance as at 31 December 2014	**83,664,735**	**126,018,872**	**9,238,616**	**3,709,127**	**-**	**222,631,350**
Balance as at 1 January 2015	83,664,735	126,018,872	9,238,616	3,709,127	-	222,631,350
Depreciation for the year	11,004,996	11,171,843	638,658	319,524	-	23,135,021
Disposals and write-offs	-	(1,100,554)	(111,873)	(14,212)	-	(1,226,639)
Balance as at 31 December 2015	**94,669,731**	**136,090,161**	**9,765,401**	**4,014,439**	**-**	**244,539,732**
Impairment losses						
Balance as at 1 January 2014	5,890,032	-	-	-	-	5,890,032
Balance as at 31 December 2014	**5,890,032**	**-**	**-**	**-**	**-**	**5,890,032**
Balance as at 1 January 2015	5,890,032	-	-	-	-	5,890,032
Disposals and write-offs	(916,934)	-	-	-	-	(916,934)
Balance as at 31 December 2015	**4,973,098**	**-**	**-**	**-**	**-**	**4,973,098**
Net book value						
As at 31 December 2014	**196,113,145**	**31,738,281**	**1,400,648**	**978,860**	**25,778,394**	**256,009,328**
As at 31 December 2015	**195,637,653**	**25,988,442**	**1,449,481**	**780,495**	**27,487,567**	**251,343,638**

The Group's investment during 2015 amounted to nearly €18.8 million (2014: €28.3 million), of which €7 million refer to the acquisition of new real estate properties in Vila Real and Lisbon, €1.5 million refers to the expansion of Hospital da Luz's parking facility, €1.3 million for the acquisition of a plot of land for the expansion of Oeiras outpatient unit, €1.4 million refers to the expansion project of Hospital da Luz and the remaining amount is related with the acquisition/substitution of basic equipment in the Group units.

During 2015, there were capitalised borrowing costs of €705 thousand related to assets in construction (2014: €0).

The impairment losses can be detailed as follows:

	31-dec-15	31-dec-14
Former Hotel Tivoli - Porto	2,904,259	2,904,259
Plot of land no. 28 on Av. Marechal Teixeira Rebelo in Lisbon	2,068,839	2,068,839
Real estate in Valença	-	916,934
	4,973,098	**5,890,032**

The real estate in Valença was disposed during 2015.

Some of the Group's real estate properties, with an approximate book value as at 31 December 2015 of €187.5 million, have been given as guarantee to financial institutions to secure credit lines of the Group (note 28).

14. Intangible Assets

	Goodwill	Software	Property rights	In progress	Total
Acquisition costs					
Balance as at 1 January 2014	94,481,384	7,333,047	86,549	927,048	102,828,028
Additions	-	55,528	-	21,451	76,979
Write-offs and disposals	-	-	-	(66,989)	(66,989)
Adjustments and transfers	-	745,011	-	(745,011)	-
Balance as at 31 December 2014	**94,481,384**	**8,133,586**	**86,549**	**136,499**	**102,838,018**
Balance as at 1 January 2015	94,481,384	8,133,586	86,549	136,499	102,838,018
Additions	-	431,375	-	72,750	504,125
Write-offs and disposals	-	(2,957)	-	(13,635)	(16,592)
Balance as at 31 December 2015	**94,481,384**	**8,562,004**	**86,549**	**195,614**	**103,325,551**
Accumulated amortisation					
Balance as at 1 January 2014	-	7,063,032	17,329	-	7,080,361
Amortisation of the year	-	252,442	2,885	-	255,327
Balance as at 31 December 2014	**-**	**7,315,474**	**20,214**	**-**	**7,335,688**
Balance as at 1 January 2015	-	7,315,474	20,214	-	7,335,688
Amortisation of the year	-	266,451	2,885	-	269,336
Balance as at 31 December 2015	**-**	**7,581,925**	**23,099**	**-**	**7,605,024**
Net book value					
As at 31 December 2014	**94,481,384**	**818,112**	**66,335**	**136,499**	**95,502,330**
As at 31 December 2015	**94,481,384**	**980,079**	**63,450**	**195,614**	**95,720,527**

Goodwill caption results from the acquisition of subsidiary companies. During the year ended on 31 December 2015 there were no changes under this caption.

Goodwill in the consolidated statement of financial position is presented below:

	Year of acquisition	Shareholding	Goodwill
HAG	2000	100.00%	446,141
CLIRIA	2000/10	90.59%	3,611,318
HME	2001	50.00%	14,103
HOSPOR	2006	100.00%	89,944,136
IRIO	2006/8	100.00%	479,789
Impairment loss			(14,103)
Total goodwill recognised			**94,481,384**

Goodwill impairment testing

The recoverable amount of goodwill is tested annually in the last quarter of each financial year or whenever there is an indication of a possible loss of value. As described, the recoverable amount is determined based on the value in use of the assets, which is calculated using discounted cash flow methodologies that take into account market conditions, time value and business risks.

For the purpose of the tests, performed during the fourth quarter of 2015, the Group defined a set of assumptions to determine the recoverable amount of the investments made. The main assumptions were as follows:

Company	Calculation method	Projection period	Pre-tax discount rate	Perpetuity growth rate
HAG	DCF	5 years	5.73%	2.0%
CLIRIA	DCF	5 years	5.73%	2.0%
HOSPOR	DCF	5 years	5.73%	2.0%
IRIO	DCF	5 years	5.73%	2.0%

The following should be noted:

- Projected cash flows are based on the budgets prepared by the companies and approved by their respective Board of Directors, which represent the first year of cash flows for the period under analysis;
- Medium and long-term projected cash flows are based on historical performance and business plans and are extended in perpetuity;
- The assumptions used in projecting cash flows for each of the cash-generating units are those to which the recoverable amount of the unit is most sensitive;
- The key assumptions used are a reflection of past experience and external sources of information;
- The change in discount rate was largely due to a significant reduction in the market risk premium because of rising yields on 10-year treasury bonds in recent months; and,
- The growth rate used is in accordance with the average long-term growth rate for the market in which the unit operates.

The impairment tests performed were subject to a sensitivity analysis, namely to the following key assumptions: (i) perpetuity growth rate (-1.00%) and (ii) discount rate (+0.50%). The results of the sensitivity analysis did not reveal any indications of impairment.

As a result of this impairment testing, the Group concluded that as at 31 December 2015 there were no impairment losses, and there were no indication in 2016 that lead to the existence of impairment.

15. Investments in Associates

	Associated companies	Shareholders loans	Loans to associates	Other financial investments	Total
Financial investments					
Balance as at 1 January 2014	124,225	1,419,397	4,850,000	1,939	6,395,561
Additions	135,000	-	660,000	46,372	841,372
Decreases	(3,753)	(250,000)	-	-	(253,753)
Balance as at 31 December 2014	**255,472**	**1,169,397**	**5,510,000**	**48,311**	**6,983,180**
Balance as at 1 January 2015	255,472	1,169,397	5,510,000	48,311	6,983,180
Additions	25,590	-	750,000	-	775,590
Decreases	-	(250,000)	-	-	(250,000)
Acquisition of control in HME	-	-	(6,260,000)	-	(6,260,000)
Transfer and adjustments	-	-	-	(48,311)	(48,311)
Balance as at 31 December 2015	**281,062**	**919,397**	**-**	**-**	**1,200,459**
Impairment losses					
Balance as at 31 December 2014	**-**	**-**	**(5,510,000)**	**-**	**(5,510,000)**
Additions	-	-	(750,000)	-	(750,000)
Acquisition of control in HME	-	-	6,260,000	-	6,260,000
Balance as at 31 December 2015	**-**	**-**	**-**	**-**	**-**
Net book value					
Balance as at 31 December 2014	**255,472**	**1,169,397**	**-**	**48,311**	**1,473,180**
Balance as at 31 December 2015	**281,062**	**919,397**	**-**	**-**	**1,200,459**

With the acquisition of control in HME in July 2015, this company was included in the consolidation perimeter of the Group (note 30), therefore balances, and transactions between the Group and the associate company, from the acquisition date onwards has been eliminated in the consolidation process. Provisions for impairment losses and liabilities with guarantees recognized by the Group were also eliminated in the consolidation.

GENOMED

On 7 October 2004, Luz Saúde subscribed 48,000 shares, with a nominal value of €5 each, representing 24% of the share capital of GENOMED, whose corporate scope is the provision of support services in the diagnosis, prevention and treatment of human diseases, as well as the promotion of diagnostic activities and research and development in the area of molecular medicine.

In April 2014, Luz Saúde acquired an additional lot of 27,000 shares, increasing its shareholding in GENOMED to 37.5%.

HL-SGE

In December 2009, Luz Saúde subscribed 14,400 shares, with a nominal value of €1 each, representing 10% of the share capital of HL – Sociedade Gestora do Edifício,

SA, with registered office in Oeiras, whose corporate scope is the construction and maintenance of the Hospital Beatriz Ângelo building in Loures under the Public-Private Partnership Programme, pursuant to the agreement entered into at the end of 2009.

15.1. Shareholdings in associated companies and shareholder loans

Shareholdings and shareholder loans to associated companies can be presented as follows:

	Registered office	Acquisition cost	% of share of capital	Equity value of shareholding	Value of shareholding in net profit	Year	Balance as at 31-dec-15
Associated companies							
GENOMED	Lisbon	375,000	37.5%	190,685	19,806	12/2015	266,662
HL-SGE	Oeiras	14,400	10.0%	314,474	192,391	12/2015	933,797
							1,200,459

16. Trade and Other Receivables

	31-dec-15	31-dec-14
Trade receivables	89,334,571	82,372,786
Doubtful receivables	6,772,821	8,565,062
Impairment of trade receivables	(8,358,340)	(8,565,062)
	87,749,052	**82,372,786**
Advances to suppliers	256,146	789,245
State and other public entities	2,636,931	1,820,608
Other debtors	1,869,940	1,693,786
Impairment of other receivables	(1,085,340)	(1,379,018)
Accrued income	42,354,642	33,642,876
Deferred expenses	2,802,697	3,838,707
	48,835,016	**40,406,204**
Deferred expenses - non current	**1,122,394**	**-**
	137,706,462	**122,778,990**

Considering the short maturities associated to these financial instruments, their carrying value is deemed to be a reasonable estimate of the respective fair value.

The increase of the Trade receivables heading is a consequence of the difficulties faced in the implementation of invoicing procedures in respect of one public healthcare sub-system.

Accrued income includes mainly the clinical procedures to be invoiced, and the amount not yet invoiced in respect of Hospital Beatriz Ângelo management contract, given by the difference between the annual production and the amounts invoiced on monthly basis (1/12 of 90% of the annual amount agreed).

The increase in the accrued income balance, is due in one hand to the difficulties faced in the implementation of the invoicing procedures to one of the public healthcare systems, as mentioned above, and on the other hand, due to the increase in activity of Hospital Beatriz Ângelo, as the production in 2015 was above the estimates used to establish the monthly invoicing of 2015.

Receivable balances from the State and other public entities consist primarily of recoverable VAT and payments made in respect of Special Regime for Tax Regularisation (RERD) (this receivable is fully provided in the heading Impairment of other receivable).

The caption Deferred expenses – non-current includes the balances paid in advance in respect of the rental of Cerveira unit. This balance is recognized as an expense on a straight-line basis, during the period of the lease.

16.1. Impairment of receivables

Changes in "Impairment of receivables" caption in the year ended 31 December 2015 and 2014 can be presented as follows:

	31-dec-15	31-dec-14
Balance of Impairment of trade receivables as at 1 January	**9,944,080**	**9,383,668**
Impact in the income statement		
Additions	824,907	1,606,501
Reversals	(563,540)	(886,455)
Other effects		
Utilization	-	(159,634)
Transfer and adjustments (note 20)	1,050,340	-
Acquisition of control in HME	(1,813,045)	-
Other	938	-
Balance of Impairment of trade receivables as at 31 December	**9,443,680**	**9,944,080**

Transfer and adjustments in 2015 refers to the reclassification of part of the Provision for Tax disputes, to be presented in the Other Receivables heading in the Statement of financial position, to improve the presentation of this balance, given the fact that the Group has paid this amount in 2013 to the Tax Authority under the Special Regime for Tax Regularisation, and therefore presenting a receivable balance in the heading State and other public entities in the statement of financial position until the conclusion of the dispute.

The impact of the acquisition of control in HME, includes the net effect of the reversal of the provision for impairment of receivable that the Group had recorded prior to the acquisition of control (€1,857 thousand) and the amount of provisions for impairment of Other receivables that HME had in their individual accounts (€44 thousand).

17. Inventories

	31-dec-15	31-dec-14
Drugs	5,010,948	4,889,485
Clinical consumables	2,842,414	2,498,418
Other	292,066	321,185
	8,145,428	**7,709,088**

Inventories consist mainly of drugs and medical supplies used by the Group's various clinical units in their rendering of clinical services.

18. Cash and Cash Equivalents

	31-dec-15	31-dec-14
Cash	448,056	560,925
Bank deposits immediately available	28,374,419	19,473,460
Cash equivalents	585,216	631,299
Other short term investments	-	15,000
	29,407,691	**20,680,684**

Considering the short maturities associated to these financial instruments, their carrying value is deemed to be a reasonable estimate of the respective fair value.

19. Share Capital, Reserves and Retained Earnings

19.1. Share capital

The company's share capital is comprised of 95,542,254 ordinary registered shares with a nominal value of €1 (31 December 2014: 95,542,254 shares).

On 11 February 2014, a share capital increase took place by issuing 7,042,254 new shares fully paid up in cash. This transaction took place at the same time as a public offering of shares on the Lisbon Stock Exchange of up to 49% of the company's share capital.

19.2. Treasury shares

Under the share-based payment plan changes in Luz Saúde' treasury shares caption, can be presented as follows:

	Amount	
	31-dec-15	31-dec-14
Balance as at 1 January	54,385	-
Acquired shares	455,615	91,486
Shares vested in the share-based payment plan	(170,000)	(37,101)
Balance as at 31 December	**340,000**	**54,385**

19.3. Share premiums

Share premiums are related to the share capital increases undertaken by the company in 2004, 2005 and 2006 in the amounts of €1,500 thousand, €7,500 thousand and €61,600 thousand, respectively. During the 2011 financial year, these funds were partially used €33,870,082, following a Shareholder resolution, to cover losses carried forward, leaving a balance of €47,729,918.

In the share capital increase that took place in February 2014, €15,492,959 was recorded as share premiums from which €1,427,084 were deduced for transaction costs with the share capital increase. The caption therefore presents a total balance of €61,795,793.

19.4. Reserves and retained earnings

As at 31 December 2015 and 2014 the amount in reserves and retained earnings (which include also the comprehensive income for the year) can be presented as follows:

	31-dec-15	31-dec-14
Non-distributable reserves		
Legal reserve	1,908,804	1,863,500
Treasury shares reserve	1,312,777	205,804
Share-based payment plan reserve	906,669	997,333
Other reserves	33,181,579	33,427,781
Retained earnings	(12,954,474)	(30,029,231)
Comprehensive income for the year attributable to equity holders of the parent	21,594,025	18,089,040
	45,949,380	**24,554,227**

19.4.1. Non-distributable reserves

The non-distributable reserves include:

- the legal reserve created by allocation of results from the parent company until the 2014 financial year;
- the reserve for treasury shares in an amount equal to the book value thereof;
- the reserve related with the share based plan, which refers to the part not yet settled for services provided, by eligible employees, under the plan in force.

19.4.1.1. Share based payments

In the Company's General Shareholders Meeting held on 22 January 2014, a share-based plan for Company directors was created. The beneficiaries of this plan are members of the Company's Board of Directors that have worked with the Company under an employment agreement or as members of its corporate bodies, since its incorporation on 6 July 2000 and that are Directors on each share granting date. As at the date of this Report, directors that meet the referred conditions are Isabel Maria Pereira Aníbal Vaz, João Paulo da Cunha Leite de Abreu Novais, Tomás Leitão Branquinho da Fonseca and Ivo Joaquim Antão.

510,000 previously issued shares were granted by the Company under the referred share-based plan, by transfer to the securities account indicated by the beneficiary-directors of the share-based plan. One third of the shares will vest on the first business day of 2015, 2016 and 2017.

Given that the implementation of the share-based plan requires that the Company acquire treasury shares, to deliver to the beneficiary-directors on the first business day of 2015, 2016 and 2017, the General Shareholders Meeting of 22 January 2014 and 21 May 2015 has approved the acquisition by the Board of Directors the total of 510,000 shares in the regulated market needed to execute the plan, as well as the free disposal of such treasury shares for the purpose of the physical settlement of the granting made under the share-based plan.

The vesting of the first third of the shares granted has occurred during the first half of 2015, consequently 170,000 shares were given to the persons covered by the plan, as at 31 December 2015 340,000 shares granted will vest after the reporting date.

Expenses with the share-based plan are recognised using the straight-line method over time, beginning on the granting date and ending on the estimated date of fulfilment of the vesting conditions defined in the plan. The plan's valuation was calculated with the share price of €3.2 per share on the granting date (in this case, the date of the company's admission to trading). As at 31 December 2015, the estimated impact of the share based plan, based on the valuation used on the granting date, is of €907 thousand (December 2014: €997 thousand), during the current year the cost registered in the income statement is about €453 thousand (2014: €997 thousand).

19.4.2. Other reserves

Other reserves relate to the reserves created by the allocation of profits from the parent company from previous years.

19.4.2.1. Appropriation of results

According to the proposal presented and approved at the General Meeting held on May 21, 2015, the individual results Luz Saúde, for the year 2014, had the following application:

	2014 Year-end	2013 Year-end
Legal reserve	45,304	860,200
Unrestricted reserves	860,771	16,343,713
Statutory profit allocation	**906,075**	**17,203,913**

19.4.3. Retained earnings

The caption Retained earnings, among other, includes:

- Accumulated losses from prior years in the amount of €12,846 thousand (2014: €30,029 thousand), are mainly due to results obtained by the group in prior years, less the amount of share premiums used to cover losses.
- the loss (€180 thousand) generated with the transaction of treasury shares in 2015, related with the share based plan of the Group.

20. Provisions

The changes in "Provisions" caption during the year ended 31 December 2015 and 2014 were as follows:

	Litigation	Tax disputes	Liabilities with non-consolidated associates	Other provisions	Total
Provisions					
Balance as at 1 January 2014	64,656	4,048,443	3,583,333	243,625	7,940,057
Effect on results					
Additions	-	-	-	747,352	747,352
Reversals	-	-	(383,333)	-	(383,333)
	-	-	(383,333)	747,352	364,019
Balance as at 31 December 2014	**64,656**	**4,048,443**	**3,200,000**	**990,977**	**8,304,076**
Balance as at 1 January 2015	64,656	4,048,443	3,200,000	990,977	8,304,076
Charged/(credited) to the income statement:					
Additional provisions	-	-	-	2,640,282	2,640,282
Unused amounts reversed	-	-	(880,425)	(200,000)	(1,080,425)
	-	-	(880,425)	2,440,282	1,559,857
Other effects					
Acquisition of control in HME	-	-	(1,919,576)	-	(1,919,576)
Transfer to other receivables (note 16.1)	-	(1,050,340)	-	-	(1,050,340)
	-	(1,050,340)	(1,919,576)	-	(2,969,916)
Balance as at 31 December 2015	**64,656**	**2,998,103**	**399,999**	**3,431,259**	**6,894,017**

The provision for tax disputes is intended to address the disputes with the Tax Authority, described in note 27.

Other provision refers to the responsibility with risks considered as probable.

21. Trade and Other Payables

	31-dec-15	31-dec14
Trade payable	29,596,323	26,785,786
Fixed asset suppliers	1,973,355	1,387,901
	31,569,678	**28,173,687**
Advances from clients	5,842,097	5,146,782
State and other public entities	4,035,363	3,761,639
Other creditors	2,005,338	6,850,333
Professional fees payable	14,118,429	12,622,993
Deferred income ROUs	4,282,711	4,306,123
Accrued expenses ROUs	1,197,392	1,287,615
Remunerations payable	19,900,472	18,333,219
Interest payable	82,005	146,778
Other accrued expenses	9,997,207	8,655,083
Derivative financial instruments	17,351	146,591
	61,478,365	**61,257,156**
Income tax payable	2,393,249	1,441,138
Non-current trade payables	-	399,061
	95,441,292	**91,271,042**

In light of the maturities associated to the balances presented above, their carrying value is deemed to be a reasonable estimate of the respective fair value.

The decrease of the caption Other creditors results mainly from the full payment of the balance with Banco Espírito Santo which in December 2014 amounted to €5.04 million.

Lifetime rights of use (ROUs) are related to the business of Senior Residences with services. The proceeds of sale of those rights to clients are initially recorded under deferred income and are regularly recognised as income during the expected lifetime of each client.

Accrued expenses related to ROUs result from the recognition of costs associated with lifetime rights of use agreements.

22. Borrowings and Bank Overdrafts

As at 31 December 2015 and 2014, the balance of this heading was comprised of bank loans and other financing obtained at market interest rates. The break down based on maturity dates of the credit lines in place is as follows:

	Up to 6 months	6-12 months	12-24 months	24-36 months	36-48 months	More than 48 months	Total 2015	Total 2014	Average rate
Commercial paper	8,554,852	2,000,000	25,450,460	11,603,035	10,000,000	118,401,916	176,010,263	159,690,096	2.8%
Bank loans	4,221,681	3,264,224	9,055,911	1,861,795	-	-	18,403,611	22,013,960	3.7%
Current account	935,000	-	-	-	-	-	935,000	10,952,500	3.7%
Other loans	12,600	-	-	-	-	-	12,600	-	-
	13,724,133	**5,264,224**	**34,506,371**	**13,464,830**	**10,000,000**	**118,401,916**	**195,361,474**	**192,656,556**	

The fair value of these financial instruments is estimated by updating the expected principal and interest cash flow, assuming that payments occur on the contractually defined dates. The discount rate used is the one that reflects the current rates obtained by the Group for instruments with similar characteristics. Taking into account that the applicable interest rates are floating and the maturity in place, there are no material differences between the carrying value and the fair value of these financial liabilities.

The credit lines made available to the Group are subject to market rates (Euribor), with periodic rate updates from 1 to 6 months after the reporting date. Therefor there is no relevant difference between the book value and the fair value of the lines in use as at the reporting date.

All of the active credit lines are in Euros and are partially secured by real estate properties of the Group, as disclosed in note 28.

The main credit lines financing that the Group has in place are as follows:

- 6 commercial paper programs with guarantee of underwriting subscription, negotiated with four banks (Millennium BCP, Banco Santander, Banco Popular and Caixa BI) with a maximum amount of €183 million, of which are used about €170 million.
- 1 commercial paper program with no guaranteed subscription, negotiated with Haitong bank with a maximum amount of €20 million of which are used about €5 million.
- 2 medium-long term bank loans with Caixa Geral de Depósitos and BPI amounting to €10 million and €5.25 million, which are fully used in accordance with the contractual terms;
- 5 short-term credit lines amounting €13.5 million with three financial institutions (Millennium BCP, BPI, Novo Banco) that on December 31, 2015 are used for €200 thousand.

Commercial paper program that does not contain an underwriting provision is registered under current liabilities, although it is expected that the arranging and dealing bank will be able to obtain the necessary funds through their distribution channels.

Commercial paper programs are classified as non-current when have a maturity of 12 months after the reporting date, the Group has the ability to unilaterally renew the current emissions until the maturity of the programs and they have guarantee of underwriting subscription by the organizer. Thus although the outstanding instalments as at 31 December 2015 have a maturity less than 12 months, were classified as non-current for presentation purposes in the statement of financial position.

Most of the financing mentioned above contains financial restrictions/covenants that are standard to financing agreements. Typical non-financial restrictions include negative pledge provisions, guarantees provided by members of the Group and by the Company, in particular restrictions applying to the use of capital resources, acquisition and disposal of assets, pari passu obligations, events of default that include cross default clauses for companies controlled by or in a group relationship with the respective borrower. In terms of financial restrictions, some contracts include obligations to ensure certain debt to equity ratios for working capital.

Some financing agreements contain change of control provisions that require that the controlling shareholder (Fosun Group) maintains a direct or indirect controlling position in the Company.

23. Derivative Financial Instruments

The Group started in 2015 the use of derivative financial instruments to hedge interest rate risks affecting the value of the expected future cash flows. The hedged risk is the change in the index that the floating rate incorporates, being applicable to all the Group's credit lines.

The derivative financial instruments contracted for hedging purposes of interest rate changes in respect of credit lines are considered effective in terms of cash flow hedge.

The fair value of derivate financial instruments can be presented as follows:

	31-dec-15	31-dec-14
Interest rate swap contracts - cash flow hedges	233,355	-
Interest rate swap contracts - held for trading	17,351	-
Total	**250,706**	**-**
Non-current		
Interest rate swap contracts - cash flow hedges	(233,355)	-
Interest rate swap contracts - held for trading	-	-
Current	**17,351**	**-**

The fair value of these derivatives was determined by banking entities based on models and valuation techniques generally accepted based on observable inputs in the market.

Trading derivatives are classified in current assets or current liabilities according to their fair value at the reporting date.

The fair value of the hedging derivative is classified in non-current assets or non-current liabilities when the maturity of the hedge target operation is more than 12 months of the reporting date and as current assets or current liabilities if the maturity of the hedge target operation is less than 12 months of the reporting date.

The notional of the interest rate swap contracts outstanding at December 31, 2015 amounted to €181 million (of these €180 million are considered as cash flow hedge), which have originated the recognition of a change in fair value in Other comprehensive income of the Group, in respect of the effective part of the hedging derivatives, of some €216 thousand. The portion considered as inefficient in term of hedging was recognized in the income statement in the amount of €17 thousand.

24. Finance Lease Liabilities

Liabilities for finance leases have the following maturities:

	Minimum lease payments 2015	Interest 2015	Principal 2015	Minimum lease payments 2014	Interest 2014	Principal 2014
Finance lease liabilities						
Less than one year	6,450,623	676,466	5,774,157	9,476,416	924,365	8,552,051
Between one and five years	13,857,645	1,370,897	12,486,748	15,865,172	1,875,962	13,989,210
More than 5 years	3,244,716	121,587	3,123,129	6,190,248	315,122	5,875,126
	23,552,984	**2,168,950**	**21,384,034**	**31,531,836**	**3,115,449**	**28,416,387**

25. Operating Leases

As at 31 December 2015 and 2014, the Group had liabilities under operating leases related to vehicles and equipment, which contained penalty clauses in case of cancellation. The total amounts of future payments are as follows:

	31-dec-15	31-dec-14
Less than one year	1,104,971	1,061,370
Between one and five years	1,626,829	1,937,030
More than 5 years	25,945	-
	2,757,745	**2,998,400**

26. Earnings per Share

	31-dec-15	31-dec-14
Profit attributable to equity holders of the parent	21,764,687	18,089,040
Average number of shares	95,316,872	94,700,546
Basic earnings per share	**0.228**	**0.191**

The average number of shares as at 31 December 2015 and 2014 is as follows:

	31-dec-15	31-dec-14
Shares issued at the beginning of the year	95,542,254	88,500,000
Effect of shares issuance during the year	-	6,234,126
Average number of paid-up shares	95,542,254	94,734,126
Effect of treasury shares	(225,382)	(33,580)
Average number of shares during the year	**95,316,872**	**94,700,546**

As at 31 December 2015 and 2014, the company has no financial instruments with a diluting effect. The basic earnings per share are therefore equal to the diluted earnings per share.

27. Disputes and Contingent Liabilities

27.1. Disputes

- In the heading Other accounts receivable (note 16), is recorded a receivable balance of €1,050 thousand in the caption State and other public entities, in respect of a payment made under the Special Regime for Tax Regularisation (RERD), related with a correction of corporate income tax received from the Tax Authority in relation to the acceptance as tax expense of interests supported by the subsidiary Hospor in 2007.

  The Board of Directors, with the support of its tax and legal advisers, believes it has acted in accordance with the tax laws and maintains the claims filed against this correction by the Tax Authority, and therefore not waiving its legitimate right to appeal and maintaining the expectation of full recovery of the amount paid.

Apart from other claims and disputes related with the normal operations of the Group, are pending the following material disputes, for which management, supported by the advice of its tax and legal advisors, has updated its assessment of the probability of outcome of each dispute, making provisions for the amounts that could represent future disbursements:

- The Tax Authority do not accept financial expenses in the amount of €11,130 thousand for the years of 2008 until 2011 related with the financing of the operations of the subsidiary Hospor. Management believes there are reasons that support the treatment followed by the subsidiary and as such presented contestation, to the correction considered by the Tax Authority;

- The various Group companies are part of medical disputes derived from events that occur during the provision of medical services course in the normal activity of Group. Compensations for damage that may result from most of the cases in dispute are covered by a liability insurance that each subsidiary has in place, and as such management believes that derived from these disputes no material losses will arise to the Group.

27.2. Contingent liabilities

As stated in the prospectus for the Initial Public Offering and admission to trading on Euronext, in the Company's Shareholders General Meeting held on 22 January 2014 and taking into account the continuous management positions held for nearly 15 years by Isabel Maria Pereira Aníbal Vaz, in addition to her role in the promotion of the Group's business development, an award of €850,000 to the latter was approved in recognition of professional services rendered to the Group. This amount will be paid in one lump sum at the time Isabel Maria Pereira Aníbal Vaz terminates her role as member of the Company's Board of Directors, for any reason outside her responsibility. The payment of the proposed award is autonomous and is not intended to substitute any monetary compensations that may be legally or contractually due as a result of the termination of corporate management positions by Isabel Maria Pereira Aníbal Vaz, including in the Company, whatever the cause and the moment of termination thereof.

28. Guarantees

As at 31 December 2015, the break-down of guarantees granted to third parties is as follows:

Company	Bank	Beneficiary	Amount
Luz Saúde, SA	CGD	HL-SGE	105,000
Hospital da Luz, SA	CGD	IPO	21,000
HOSPOR – Hospitais Portugueses, SA	Millenium BCP	DGCI	48,909
HOSPOR – Hospitais Portugueses, SA	Santander Totta	ARS Norte	53,779
Surgicare – Unidades de Saúde, SA	Millennium BCP	Autoridade Tributária	2,291,014
Surgicare – Unidades de Saúde, SA	Millennium BCP	Município de Oeiras	215,070
Vila Lusitano – Unidades de Saúde, SA	BPI	EDP	1,976
HME – Gestão Hospitalar, SA	NOVO BANCO	SCMÉVORA	300,000
			3,036,748

Additionally, there are mortgages and promissory mortgages in favor of financial institutions as security for bank financing whose break-down is as follows:

Company – Real Estate	Beneficiary	Amount
HAG – Hospital da Arrábida	CGD	10,000,000
Vila Lusitano – Hospital do Mar	BPI	5,250,000
Vila Lusitano – Hospital do Mar	BPI	500,000
Cliria – Hospital de Aveiro	Barclays	1,121,491
Usati – Hospital da Luz and Residência Casas da Cidade	BCP	100,000,000
Hospor – Hospital de Santiago and Clipóvoa	Santander	30,000,000
Casas de Carnaxide – Residência Casas de Carnaxide	CGD	235,000
		147,106,491

29. Related Parties

Until 15 October 2014, Espírito Santo Control, with registered office in Luxembourg, was ultimate beneficial owner of the Luz Saúde Group.

On 17 October 2014, and following the takeover bid for Luz Saúde's share capital, Fidelidade – Companhia de Seguros S.A. has taken control over Luz Saúde.

Therefore, the following tables present a summary of the balances and transactions with Fosun and Espírito Santo Group. In respect of Espírito Santo Group, it is only presented comparative information for the consolidated profit and loss, as in 2015 Espírito Santo's group entities were no longer considered as related entities.

Fosun Group

	31-dec-15		31-dec-14	
	Assets	Liabilities	Assets	Liabilities
Fosun Group				
Shareholders				
Fidelidade - Companhia de Seguros, SA	760,081	-	1,433,457	-
Other related parties				
Multicare	4,636,219	-	2,419,528	-
Via Direta – Companhia de Seguros, SA	2,159	-	790	-
Cares – Companhia de Seguros, SA	(531)	-	(504)	-
	5,397,928	**-**	**3,853,271**	**-**

Fosun Group

	31-dec-15		31-dec-14 (2 months)	
	Income	Expenses	Income	Expenses
Fosun Group				
Shareholders				
Fidelidade - Companhia de Seguros, SA	1,599,958	-	487,344	-
Other related parties				
Multicare	30,240,367	-	5,419,594	-
Via Direta – Companhia de Seguros, SA	5,918	-	-	-
Cares – Companhia de Seguros, SA	90	-	118	-
	31,846,333	**-**	**5,907,056**	**-**

Espírito Santo Group

	31-dec-14 (10 months)	
	Income	Expenses
Espírito Santo Group		
Shareholder		
Banco Espírito Santo	135,520	1,374,003
Tranquilidade	9,653,524	1,747,296
Other related parties		
BES Angola	17,382	-
ES Seguros	4,262,253	-
Esumédica	67,871	185,735
Seguros Logo	115,646	-
BES Investimento	-	1,103,486
Edenred Portugal	-	34,337
ES Resources	-	30,025
Esegur - Empresa de segurança	-	927,634
Esegur - Soluções de backoffice	-	7,496
Locarent	-	646,948
Multipessoal - ETT	-	12,182
Multipessoal - SGL	-	798,261
Outsystems	-	109,181
T-Vida	-	6,471
	14,252,196	**6,983,055**

The amounts reported as income are primarily related to healthcare services provided by Luz Saúde units, namely to insurance companies, at normal market rates.

The amounts reported as expenses are related to the normal business of the respective entities and are related to bank financing, finance leases, insurance and other services used by Luz Saúde and its subsidiaries, which are acquired at normal market prices and conditions.

Remuneration paid to corporate bodies is detailed in note 10.

30. Acquisition of Control In Hme

On 24 July 2015 after acquisition of 50% of HME in the amount of €10 thousand the Luz Saúde has acquired control over this company. HME activity focuses on Hospital da Misericórdia in Évora having a signed agreement with Santa Casa da Misericordia in Évora for this purpose.

As a result of the acquisition of control of the company, it is intention of Luz Saúde to explore operational synergies that HME has with Hospital de Santiago in Setúbal, in terms of management of teams and services.

The following table presents the assets and liabilities acquired and its acquisition cost:

Trade receivables	1,574,969
Other receivables	548,051
Property, plant and equipment (note 13)	237,735
Inventories (note 8)	121,886
Liabilities with Luz Saúde	(8,122,236)
Other creditors	(3,717,533)
Trade payables	(523,107)
Borrowings	(121,905)
Other assets and liabilities, net	(24,860)
Negative value of the assets acquired	**(10,027,000)**
Amount paid in the acquisition of control	10,000
Impairment and liabilities with non-consolidated associates before the acquisition of control	(10,037,000)
	(10,027,000)

Impairment losses and provisions for liabilities with HME that the Group had before the acquisition of control over this subsidiary were as follows:

Impairment of trade receivables (note 16.1)	1,857,084
Impairment of loans to associates (note 15)	6,260,000
Provisions for other risks and commitments (note 20)	1,919,916
	10,037,000

The amount of revenue of HME included in the consolidated financial statements for nine months period ended on 31 December 2015 (after the acquisition date) amounted to €2,655 thousand including a loss for the period of €42 thousand.

If HME had been fully consolidated from 1 January 2015 the pro-forma value of consolidated revenue of the Group in 31 December 2015 would be €426,228 thousand and the profit of the period €21,705 thousand.

31. Financial Risk Management

The Group is exposed to the following types of risk as a result of its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note provides information on the Group's exposure to each of the aforementioned risks, as well as the Group's goals, procedures and practices for measuring and managing these risks. Further disclosures of a quantitative nature are presented throughout these financial statements.

The identified risks are reviewed regularly to remain adherent to the reality of market conditions and the Group's activities.

31.1. Credit risk

Credit risk arises from the possibility that financial losses may occur due to a debtor's default on contractual obligations with the Group in the course of its business.

The Group's credit risk exposure essentially arises from accounts receivable from its business activities and from and monetary funds managed under the Group's treasury activity.

The following table presents the maximum exposure of the Group to the credit risk:

	31-dec-15	31-dec-14
Trade receivables and accrued income	130,103,694	116,015,662
Bank deposits and cash equivalents	28,959,635	20,104,759
Other receivables	1,869,940	1,693,786
	160,933,269	**137,814,207**

31.1.1. Trade receivables and accrued income

The monitoring of credit risk of the operations, is performed based on the supervision of the debtor's portfolios and their outstanding balances on an on-going basis. In addition to this approach, methods and tools used for risk assessment and control of client acceptance, establishment of credit limits, and implementation of debt collection procedures and cycles.

The credit risk profile is monitored regularly by the Operations and Finance Department from each subsidiary, namely with respect to changes in credit exposure and monitoring default losses, being the Group's consolidated credit risk profile monitored by the departments of Financial and Administrative and Planning and Management control. Compliance with approved credit levels is also reviewed regularly at each business unit level.

The Group defined a credit procedure under which each new client is individually assessed from a credit risk standpoint prior to being accepted as a client. This review includes an analysis of external information and, whenever possible, third party references about the entity.

Impairment of trade receivables are estimated according to estimated losses to the portfolio, based on an analysis of each outstanding balance at the time of assessment.

As at 31 December 2015 and 2014, consolidated trade receivable and accrued income balance was detailed as follows:

	31-dec-15	31-dec-14
Trade receivables and accrued income		
Private healthcare segment	98,116,527	81,801,671
Public healthcare segment	31,745,528	33,978,661
Other segments and eliminations	241,639	235,330
	130,103,694	**116,015,662**

31.1.1.1. Private healthcare segment

The ageing of trade receivable and accrued income for the private healthcare segment, as of the respective invoice date, was as detailed below:

	31-dec-15	31-dec-14
Trade receivable and accrued income ageing in the healthcare private segment		
0-3 months	85,069,858	29,532,472
3-6 months	11,264,874	31,292,706
6-12 months	2,320,919	16,052,820
12-24 months	1,485,459	4,387,548
> 24 months	5,219,136	7,616,042
	105,360,246	**88,881,588**
Accumulated impairment	(7,243,719)	(7,079,917)
	98,116,527	**81,801,671**

The increase in the balance of 0-3 months reflects the difficulties in the implementation of the invoicing rules in respect of one of the public healthcare subsystems (ADSE). The balance with this entity represents approximately 59% of the outstanding balance as of 31 December 2015 under this heading. The difficulties mentioned were overcome in early 2016, and therefore it is expected that the situation will return to normal during the first half of 2016.

The majority of trade receivable outstanding, with 12 months overdue, had already been provided for impairment as at 31 December 2015.

31.1.1.2. Public healthcare

Under the payment system in force at Hospital Beatriz Ângelo, at the beginning of each month, the State pays 90% of 1/12 of the agreed annual production value (regardless of the actual production value reached). The adjustment amount (which may include the remaining 10%, plus any additional production above the agreed amount, given that there are areas where the set production limit can be surpassed, such as emergency medical care and hospitalisation) is settled over the course of the following financial year.

The amounts receivable from ARSLVT are recorded in the captions Accrued income and Trade receivables in the amounts of €28,219 thousand and €316 thousand, respectively (2014: €21,316 thousand and €11,082 thousand, respectively), pending the completion of the respective validation process.

31.1.2. Bank and equivalent deposits

The breakdown of the balance of bank and equivalent deposits, according to the credit risk quality of the financial institutions where assets were deposited on 31 December 2015, can be presented as follows (taking as based on Moody's rating observable in the market):

	31-dec-15	31-dec-14
Rating		
A3	2,370,981	1,790,240
Ba3	2,382,523	2,551,318
B1	8,501,971	4,809,662
Caa1	14,463,547	9,368,067
Outros	1,240,613	1,585,472
	28,959,635	**20,104,759**

As principle, the Group tries to maintain an alignment between the financial institutions which deposits its cash equivalents, and the financial institutions with used credit lines to finance the operations, in order to create a natural hedge to prevent the risk of a potential credit event that may occur at the level of entity where the funds are deposited.

31.2. Liquidity risk

Liquidity risk arises from the possible inability to finance the Group's assets or to satisfy contractual undertakings when due. Liquidity management is centralised in the Finance and Administrative and Planning and Management control departments of the Group, and seeks to maintain an adequate amount of funds to meet the Group's short-term, medium and long-term financial needs. To assess overall exposure to this type of risk, reports are drawn up that enable the Group to identify occasional cash shortages and activate mechanisms intended to cover them.

To finance its business, the Group has the credit lines referred to in note 22.

The liquidity of the financial liabilities will give rise to the following non-discounted cash flows, based on the period remaining until contractual maturity on the reporting date:

	31-dec-15					31-dec-14
	Finance leases	Bank Loans	Commercial paper	Other liabilities (*)	Total	Total
Under 12 months	5,774,157	7,485,905	10,554,852	85,316,484	109,131,398	134,414,207
12 to 24 months	3,941,658	9,055,911	25,450,460	-	38,448,029	45,461,069
24 to 36 months	3,255,342	1,861,795	11,603,035	-	16,720,172	22,980,326
36 to 48 months	2,813,807	-	10,000,000	-	12,813,807	20,824,245
49 to 60 months	2,475,941	-	6,000,000	-	8,475,941	22,288,316
Over 60 months	3,123,129	-	112,401,916	-	115,525,045	59,291,024
	21,384,034	**18,403,611**	**176,010,263**	**85,316,484**	**301,114,392**	**305,259,187**

(*) Excludes non-financial liabilities and advances from clients

31.3. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates or developments in the capital markets, may affect the Group's results and financial position. Because the Group is not exposed to foreign exchange or capital market risks, the goals of its market risk management policies focus mainly on monitoring changes in interest rates that affect interest-bearing liabilities with floating interest rates.

All credit lines contracted by the Group are exposed to floating interest rates, given by the market index contracted plus a spread. In the current year and in order to balance the exposure to changes in interest rates, the Group has contracted hedging instruments to address the cash flow risk, in order to fix the interest rates of some of the credit lines that are in place.

The instruments employed will only take effect in the fourth quarter of 2016. With these instruments the level of financial debt that the Group has on 31 December 2015 and considering the effectiveness that these instruments may have (considering a positive evolution for future interest rates in the European Union), the Group will have about 60% of its financial debt exposed to fixed interest rate.

32. Financial Instruments by Category

As at 31 December 2015	Receivable balances	Fair value of assets / liabilities	Other financial liabilities	Non-financial assets / liabilities	Total
Assets					
Other non-current assets	-	-	-	348,264,624	348,264,624
Trade and other receivables	88,461,258	-	-	6,890,562	95,351,820
Accrued income	42,354,642	-	-	-	42,354,642
Other current assets	-	-	-	8,145,428	8,145,428
Cash and cash equivalents	29,407,691	-	-	-	29,407,691
	160,223,591	**-**	**-**	**363,300,614**	**523,524,205**
Liabilities					
Other non-current liabilities	-	-	-	7,397,740	7,397,740
Borrowings	-	-	195,361,474	-	195,361,474
Financial lease liabilities	-	-	21,384,034	-	21,384,034
Trade and other payables	-	-	78,887,872	9,877,460	88,765,332
Derivative financial instruments	-	233,355	-	-	233,355
Deferred income and other current liabilities	-	-	4,282,711	2,393,249	6,675,960
	-	**233,355**	**299,916,091**	**19,668,449**	**319,817,895**

As at 31 December 2015	Receivable balances	Fair value of assets / liabilities	Other financial liabilities	Non-financial assets / liabilities	Total
Assets					
Other non-current assets	-	-	-	352,984,838	352,984,838
Trade and other receivables	82,687,554	-	-	6,448,560	89,136,114
Accrued income	33,642,876	-	-	-	33,642,876
Other current assets	-	-	-	7,709,088	7,709,088
Cash and cash equivalents	20,680,684	-	-	-	20,680,684
	137,011,114	**-**	**-**	**367,142,486**	**504,153,600**
Liabilities					
Other non-current liabilities	-	-	-	8,598,041	8,598,041
Borrowings	-	-	192,656,556	-	192,656,556
Financial lease liabilities	-	-	28,416,387	-	28,416,387
Trade and other payables	-	-	76,615,360	8,908,421	85,523,781
Deferred income and other current liabilities	-	-	4,306,123	1,441,138	5,747,261
	-	**-**	**301,994,426**	**18,947,600**	**320,942,026**

The hierarchy for the purpose of determining fair value should have the following levels and measurement bases:

- Level 1 – inputs based in quoted prices in active markets for identical assets or liabilities that the entity can access at the reporting date;
- Level 2 – inputs based in other than quoted market prices included within Level 1 that are observable in the market;
- Level 3 - valuation models, whose main inputs are not observable in the market.

The only group of financial instruments carried at fair value are disclosed in note 23, with the fair value of these instruments have been determined by banking entities based on observable inputs on the market and used in models and techniques generally accepted valuation (Level 2).

33. Subsequent Events

Acquisition of the business in Casa de Saúde de Guimarães (CSG)

Following the resolution of Guimarães Court on January 19, 2016, Luz Saúde completed the operation related with the acquisition of the business of Casa de Saúde de Guimarães. With this operation, on one hand, Luz Saúde begin to explore the two healthcare units previously operated by CSG, which were until this date under control management by a professional manager appointed by the Court where the insolvency process has been filed, and additionally acquired some assets used by CSG on lease financial and operational.

In the following table and preliminarily presents a summary of the operation performed:

Real estate property	6,438,000
Medical equipment	3,130,712
Other assets	38,582
Identifiable assets	**9,607,294**
Acquisition cost	**25,202,283**
Goodwill	**15,594,989**

The Certified Accountant

Sónia Amoedo Matos

The Board of Directors

Jorge Manuel Batista Magalhães Correia

Isabel Maria Pereira Aníbal Vaz

Changzeng Ma

José Manuel Alvarez Quintero

Lingjiang Xu

Rogério Miguel Antunes Campos Henriques

Wei Song

Ivo Joaquim Antão

João Paulo da Cunha Leite de Abreu Novais

Tomás Leitão Branquinho da Fonseca

(Translation of a report originally issued in Portuguese)

AUDIT BOARD REPORT AND OPINION

Dear Shareholders,

Under Luz Saúde, S.A.'s Bylaws, its supervision is entrusted to an Audit Board, made up of three effective members and one alternate that are elected by the General Shareholders Meeting and one chartered accountant or audit firm that is not a member of the Audit Board.

Therefore and as set out in article 420(1)(g) of the Portuguese Companies Code, the Audit Board hereby presents its Report on the supervision of Luz Saúde, S.A. (the "Company"), as well as its Opinion on the Company's Annual Report and Individual and Consolidated Accounts for the financial year ended on 31 December 2015, issued under the responsibility of the Board of Directors.

The Audit Board regularly performed the duties entrusted to it and made the Adequate verifications. The Audit Board received the clarifications and information it deemed adequate to the circumstances from Management and the Departments.

The Audit Board further met with the Chartered Accountant in order to receive relevant information and to continuously monitor the progress of the auditing procedures performed thereby and to be made aware of the respective conclusions, while it supervised those procedures as well as the Chartered Accountant's independence and expertise.

The Audit Board also received a letter from the Chartered Accountant confirming its independence as regards the Company.

Thereby it issues the following

OPINION:

The Audit Board's Opinion is based, from a technical perspective, on the "Legal Certifications of the Accounts and Reports for the External Auditing of the Individual and Consolidated Accounts", issued by the Chartered Accountant on 28 April 2016.

The Audit Board is aware of the conclusions of the auditing procedures of the Individual and Consolidated Financial Statements for the 2015 financial year that encompass the individual and consolidated Financial position statement as at 31 December 2015, the individual and consolidated Statement of income by nature, the individual and consolidated Comprehensive income statement, the individual and consolidated Changes in equity statement, the individual and consolidated Cash flow

statement and respective annexes. The Audit Board assessed the Chartered Accountant's audit reports, for these documents, that show no reservations or qualifications.

Under the powers of the Audit Board, we state that, as far as we are aware, the Management Report and the Individual and Consolidated Financial Statements for the year ended on 31 December 2015, faithfully show the developments in the Company's business, performance and position and comply with the applicable legal, accounting and bylaw requirements. We certify that the Corporate Governance Report, disclosed together with the Management Report, includes the elements referred to in article 245-A of the Portuguese Securities Code.

Therefore and in light of the performed procedures, the opinions and information received from the Board of Directors, the Company's Departments and the Chartered Accountant, the Audit Board is of the opinion that:

1. the Management Report for the 2015 financial year should be approved;
2. the Individual Financial Statements and the Consolidated Financial Statements for the 2015 financial year should be approved;
3. the profit allocation proposal presented by the Board of Directors, taking into consideration the provisions of the Portuguese Companies Code should be approved.

We state our appreciation to the Company's Board of Directors and Departments for their cooperation in the performance of our duties.

Lisbon, 28 April 2016

The Audit Board

_____

João Carlos Tovar Jalles - Chairman

_____

Clara José Cruz de Sequeira Viegas Penha Ventura - Member

_____

António Luís Castanheira Silva Lopes - Member

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(Translation of a report originally issued in Portuguese)

Statutory and Auditor Report on the Consolidated Accounts

Introduction

1. In accordance with applicable legislation, we present the Statutory and Auditor's Report on the consolidated financial information contained in the Consolidated Directors' Report and the consolidated financial statements as at 31 December 2015 of Luz Saúde, S.A., comprising the Consolidated statement of financial position (which shows a total of 523.524.205 Euros and shareholders' equity of 203.706.310 Euros, including a net income for the year attributable to the equity holders of the parent of 21.764.687 Euros), the Consolidated income statement and other comprehensive income, the Consolidated statement of changes in equity and the Consolidated statement of cash flows, for the year then ended, and the related Notes to the financial statements.

Responsibilities

2. The Company's Board of Directors is responsible for:
   a) the preparation of the consolidated financial statements that present a true and fair view of the financial position of the consolidated companies, the consolidated results and comprehensive income of its operations, the consolidated changes in equity and consolidated cash flows;
   b) the historical financial information prepared in accordance with the International Financial Reporting Standards, as endorsed by the European Union, that is complete, accurate, current, clear, objective and complies with regulations, as determined by the Securities Exchange Code ("Código dos Valores Mobiliários");
   c) the adoption of appropriate accounting policies and accounting methods;
   d) the maintenance of an adequate system of internal control; and
   e) the disclosure of all significant facts which have had an impact on the activity of the consolidated companies, their financial position, results and comprehensive income.

3. Our responsibility is to audit the financial information contained in these documents, to ascertain if it is complete, accurate, current, clear, objective and compliant with applicable regulations established by the Securities Exchange Code ("Código dos Valores Mobiliários"), with the objective of expressing a professional and independent opinion, on such information, based on our audit.

Scope

4. Our audit was conducted in accordance with the auditing and technical standards issued by the Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"), which require an audit to be planned and performed with the objective of obtaining an acceptable level of assurance as to whether the Consolidated Financial Statements are free of material misstatement. As such, our audit included:
   - the verification that the financial statements of the companies included in the Consolidated Financial Statements were appropriately examined and the assessment of the significant estimates and judgements made by the Board of Directors in the preparation of the financial statements;
   - the verification of the consolidation process;
   - the assessment as to whether the accounting policies adopted, their uniform use and their disclosure are appropriate under the circumstances;
   - the verification of the appropriateness of the going concern principle;
   - the assessment as to whether the overall presentation of the consolidated financial statements is reasonable; and
   - the assessment as to whether the consolidated financial information is complete, accurate, current, clear, objective and compliant.

5. Our examination also covered the verification of the consistency of the consolidated financial information in the Consolidated Directors' Report, with the other documents comprising the financial statements, as well as the verifications set out in paragraphs 4 and 5 of Article 451 of the Companies Code ("Código das Sociedades Comerciais").

6. We believe that this examination provides an acceptable basis for the expression of our opinion.

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Opinion

7. In our opinion, the consolidated financial statements referred to above, present a true and fair view, in all material respects, of the consolidated financial position of Luz Saúde, S.A. at 31 December 2015, the consolidated results and comprehensive income of its operations, consolidated changes in equity and consolidated cash flows for the year then ended in conformity with International Financial Reporting Standards as endorsed by the European Union, and the information therein is complete, accurate, current, clear, objective and compliant .

Report on other legal requirements

8. It is also our opinion that the financial information presented in the Consolidated Directors' Report is in agreement with the consolidated financial statements for the period and that the Corporate Governance Report satisfies the requirements of the Article 245 - A of the Securities Exchange Code.

Lisbon, 28 April 2016

Ernst & Young Audit & Associados - SROC, S.A.
Sociedade de Revisores Oficiais de Contas (nº 178)
Represented by:

(Signed)

Ricardo Filipe de Frias Pinheiro (ROC nº 739)

EMS

05
CORPORATE GOVERNANCE REPORT

05
Corporate Governance Report

LUZ SAÚDE, S.A. (formerly ESPÍRITO SANTO SAÚDE – SGPS, S.A.)
Public company

Registered Office: Rua Carlos Alberto da Mota Pinto, 17, 9th floor, 1070-313 Lisbon
Registered at the Commercial Registry Office of Lisbon under the sole registration and taxpayer number: 504 885 367
Fully subscribed and paid-up share capital: €95,542,254

DEFINITIONS

"Shares"	means the registered nominative shares, with a nominal value of €1 each, representing the whole of the share capital of Luz Saúde, at all times;
"Directors"	means the members of the Company's Board of Directors;
"Change in Shareholder"	means the change in shareholder that took place in 2014 and that resulted from the competing general takeover offer for the acquisition of the shares representing Luz Saúde's share capital and launched by Fidelidade – Companhia de Seguros, S.A.
"PSCom"	means the Portuguese Securities Commission;
"PSC"	means the Portuguese Securities Code, approved by Decree-Law 486/99 of 13 November, as amended;
"Board of Directors"	means the Company's management body;
"PCC"	means the Portuguese Companies Code, approved by Decree-Law 262/86 of 2 September, as amended;
"Payers"	means private healthcare insurance companies (including EAPS - external administrative companies used by insurance companies to manage healthcare provision networks and to control costs by centralising back office services, request processing and commission, price and payment plan negotiation with healthcare units), public or private healthcare sub-systems and the Portuguese Ministry of Health;
"Fidelidade"	means the company "Fidelidade – Companhia de Seguros, S.A."
"Fosun"	means "Fosun International Limited", a listed company, incorporated in Hong Kong;
"Luz Saúde" or "Company"	means the company "Luz Saúde, S.A.", previously named "Espírito Santo Saúde – SGPS, S.A.";
"Bylaws"	means the Company's updated bylaws, at all times;
"Euronext"	means "Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A.";
"Euronext Lisbon"	means the Euronext Lisbon regulated market managed by Euronext;
"Group"	means the Company and companies in a controlling or group relationship with the Company, pursuant to article 21 of the PSC;

05.1 Mandatory information on the company's shareholder structure, organisation and corporate governance

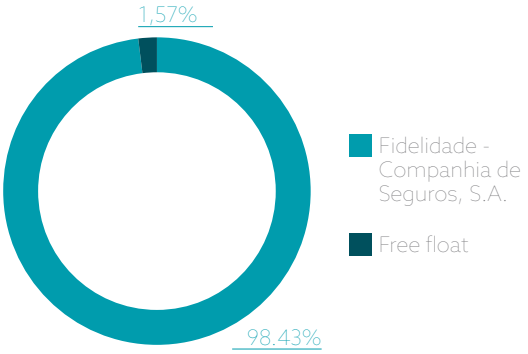
05.1.1 Shareholder Structure

I. CAPITAL STRUCTURE

1 Capital structure (share capital, number of shares, distribution of capital among shareholders, etc.), including shares not admitted to trading, different categories of shares, their inherent rights and obligations and percentage of share capital that each category represents (art. 245-A(1)(a)).

On 31 December 2015, Luz Saúde's share capital, in the amount of €95,542,254.00, was fully subscribed and paid up. It is represented by 95,542,254.00 registered nominative shares that are not convertible into bearer shares and have a nominal value of €1 each. The Shares were admitted to trading on the regulated market (Euronext Lisbon managed by Euronext) and there are no different categories of shares.

The Company's shareholder structure as at 31 December 2015 can be briefly represented as follows:



2 Restrictions on share transferability, such as disposal consent clauses or limitations to share ownership (art. 245-A(1)(b)).

There are currently no restrictions on the transferability of Shares, which are therefore freely transferable.

There are as of yet no Bylaw provisions that postpone, defer or prevent a change in control of the Company. The Bylaws do not include, for instance, any limitations on voting rights granted by Shares, although they provide that each 100 Shares are entitled to one vote.

Given that the share capital includes the whole of the Shares, all of which confer the same political and economic rights, there are no shares with special rights or other privileges or that enable multiple voting.

3 Number of own shares, corresponding percentage of share capital and percentage of voting rights that would correspond to own shares (art. 245-A(1)(a)).

As at 31 December 2015, the Company held 340,000 own shares, corresponding to 0.36% of the Company's share capital and voting rights.

4 Significant agreements to which the company is a party and that come into effect, are amended or terminated in the event of a change of control in the company following a takeover bid and its respective effects, unless, given their nature, the disclosure thereof would be seriously prejudicial to the company, unless the company is specifically obliged to disclose that information by force of other legal provisions (Art. 245-A(1)(j)).

Certain financing agreements entered into by the Company and some of its subsidiaries contain change of control provisions that may be enforced if there is a change of direct or indirect control in the Company (and which include, albeit tacitly, changes of control arising from takeover bids).

For additional information on the referenced agreements, please see C.III.53 in this Report, concerning legal risks.

The Company is not aware of the existence of any defensive measures that would lead to an automatic erosion of its assets in the event of a change of control or a change in the composition of the Board of Directors or that are deemed able to hinder the free transferability of shares and free assessment by shareholders of the performance of members of the Board of Directors.

5 Rules on the renewal or repeal of defensive measures, particularly those limiting the number of votes that may be held or exercised by a single shareholder individually or together with others.

There are no Bylaw limitations on the exercise of voting rights.

6 Shareholder agreements of which the company is aware that may lead to restrictions on the transfer of securities or voting rights (art. 245 -A(1)(g).

The Company is not aware of the existence of shareholder agreements regarding itself that may lead to restrictions on the transfer of securities or the exercise of voting rights.

II. SHARE AND BOND HOLDINGS

7 Persons and legal entities that directly or indirectly own qualified holdings (art. 245-A(1)(c) and (d) and art. 16), with a break down of the percentage of share capital and attributable votes and the source and causes of such attribution.

In light of disclosures to the Company, pursuant to article 447 of the PCC, article 16 of the PSC and article 14 of PSCom Regulation 5/2008, as at 31 December 2015, the percentage of Company share capital and voting rights in free float included the qualified shareholdings briefly identified in the chart found in A.I.1 above.

8 Number of shares and bonds owned by members of the management and supervisory bodies [Note: the information shall be provided in a way that complies with art. 447(5) of the PCC].

Senior Officer	Date	Transaction	ISIN Code	Volume	Price (Euros)	Location
Isabel Maria Pereira Aníbal Vaz	14.05.2015	Purchase	PTEPT0AM0005	50.000	N.A.*	Off-market*
João Paulo da Cunha Leite de Abreu Novais	14.05.2015	Purchase	PTEPT0AM0005	40.000	N.A.*	Off-market*
Tomás Leitão Branquinho da Fonseca	14.05.2015	Purchase	PTEPT0AM0005	40.000	N.A.*	Off-market*
Ivo Joaquim Antão	14.05.2015	Purchase	PTEPT0AM0005	40.000	N.A.*	Off-market*

* Shares allocated free of charge under the Company's remuneration policy

9 Special powers of the management body, namely concerning share capital increase resolutions (art. 245-A(1)(i), the date on which such powers were granted, the expiration thereof, the maximum quantitative limit of the share capital increase, the amount already issued under the powers granted and the way in which such powers are exercised.

In light of the admission to trading of the Shares on the regulated market, the Company Bylaws were amended by a General Shareholders Meeting resolution passed on 20 January 2014. Under the new wording of article 6 of the Bylaws, the Board of Directors is authorised, following a favourable opinion from the Audit Board, to increase the Company's share capital by way of one or more new cash contributions up to the limit of €115 million. This authorisation is valid until January 2019.

10 Significant commercial relationships between qualified shareholders and the Company

Currently, Fidelidade has a 98.43% controlling shareholding in the Company, as at 31 December 2015.

In turn, Fidelidade is 84.9861% held by Longrun Portugal, SGPS, S.A., which is in turn 100% held by Millennium Gain Limited, based in Hong Kong. The latter is 100%

held by Fosun Financial Holdings Limited (Hong Kong), which is 100% held by Fosun International Limited, a company listed on the Hong Kong Stock Exchange (00656.HK). The latter is 71.37% held by Fosun Holdings Limited, which is in turn held by Fosun International Holdings, Ltd., whose ultimate beneficial owner is Mr. Guo Guangchang, with a 64.45% shareholding.

We therefore refer to Note 29 of the consolidated financial statements for the financial year ended on 31 December 2015, where we present the balances, as at 31 December 2015 and 2014, with the companies that are a part of the Groups parented by the companies referenced in the preceding paragraph, as well as transactions taken place with companies controlled by Espírito Santo Control, S.A. (ultimate beneficial owner of the Luz Saúde Group prior to the Change in Shareholder) until 31 October 2014.

Please note that the indicated transactions are a normal part of the Company's business and are entered into at arm's length.

05.1.2 Governing Bodies and Commissions

I. GENERAL SHAREHOLDERS MEETING

a) Composition of the board of the general shareholders meeting throughout the reference year

11 Identification and position held by the members of the board of the general shareholders meeting and respective mandate (beginning and end).

Name	Position	Date of 1st appointment	Term of mandate
Luís Miguel Nogueira Freire Cortes Martins	Chairman of the Board of the General Meeting	20-01-2014	2014-2017
Francisco Manuel Balixa Tapum Leal Barona	Vice-Chairman of the Board of the General Meeting	20-01-2014	2014-2017
Ana Vanessa Guedes Teixeira	Secretary of the Board of the General Meeting	20-01-2014	2014-2017

b) Exercising voting rights

12 Any restrictions on voting rights, such as requiring a certain number or percentage of shares to be able to vote, time frames for the exercise of voting rights or systems for equity rights (art. 245-A(1)(f)).

As regards representation and pursuant to the current wording of the Company's Bylaws, each 100 shares are entitled to one voting right. The General Shareholders Meeting is comprised of all shareholders with voting rights. Given that the ownership of 100 shares currently corresponds to an approximate shareholding of 0.0001% in the Company's share capital, the Bylaws do not require too high a number of shares to vote. Voting by correspondence is allowed.

As regards convening notices, an extraordinary General Shareholders Meeting shall be convened whenever the law so requires or when the Board of Directors, Audit Board or shareholders owning Shares that represent at least 2% of the Company's share capital, deem convenient. Pursuant to article 12(2) of the Bylaws, whenever a General Shareholders Meeting is convened as per a shareholder request, such meeting shall not take place if the requesting shareholders are not present.

In order to participate, intervene and vote at a General Shareholders Meeting, a shareholder must have registered in his individual registered securities account an amount of Shares that entitle him/her to at least one vote as at 0:00 hours (midnight) (GMT) of the fifth business day prior to the date of the General Shareholders Meeting ("Registration Date"). As mentioned above, article 13 of the Bylaws provides that every 100 Shares are entitled to one vote at the General Shareholders Meeting. Shareholders that do not own the minimum number of Shares necessary to vote may come together in order to attain the necessary number of Shares. These Shareholder groups shall elect one member amongst themselves to represent them at the General Shareholders Meeting.

The Bylaws do not provide for systems for equity rights and there are no mechanisms designed to create a mismatch between rights to receive dividends or subscribe new securities and the voting right of each share.

13 Maximum percentage of voting rights that can be exercised by a single shareholder or by shareholders related to them in any of the ways set out in art. 20 (1).

The Company's Bylaws did not contain provisions establishing a maximum percentage of voting rights that can be exercised by a single shareholder or by shareholders related to them in any of the ways set out in art. 20(1), nor do any such agreements exist, as far as the Company is aware.

14 Shareholder resolutions for which the bylaws require a qualified majority, in addition to those provided by law, and indication of those majorities.

The Bylaws do not provide for a deliberative quorum higher than that prescribed by law (PCC).

Nonetheless, the Company's Bylaws provide that, in a first call, the General Shareholders Meeting cannot convene unless shareholders representing at least fifty per cent of the share capital are present or represented, regardless of the items on the agenda. In a second call, the General Shareholders Meeting is allowed to pass resolutions whatever the number of shareholders present or represented and the share capital they represent.

This provision is justified by the Company's share capital structure, in which more than 98% of the capital (and respective voting rights) are held by a single shareholder (Fidelidade).

II. MANAGEMENT AND SUPERVISION

(Board of Directors, Executive Board of Directors and General and Supervisory Board)

a) Composition throughout the reference year

15 Adopted governance model.

The Company adopted a Latin-inspired corporate governance model (article 9 of the Bylaws). Notwithstanding and given the provisions of article 278(1)(a), 278(2), 278(3) and 413(2)(a) of the PCC, the Company maintained the Board of Directors as the sole management body. Supervision of the Company is entrusted both to the Audit Board and to an Audit Firm. In this model, the company's supervisory body (the audit board) is organisationally autonomous from the management body (board of directors).

Within the Company's Board of Directors, there is an Executive Committee to which the day-to-day management of the Company has been delegated, as better described in B.II.18 and B.II.21 below. The Company thereby has some similarities to the Anglo-Saxon governance model.

In the following numbers of the present section II, the adopted governance model is presented in greater detail.

16 Bylaw provisions on procedural and material prerequisites for the appointment and replacement of members of the Board of Directors, the Executive Board of Directors and the General and Supervisory Board, as applicable (art. 245-A(1)(h)).

The Board of Directors is made up of a minimum of five and a maximum of nineteen directors, elected for 4-year periods. They may be re-elected one or more times, unless otherwise provided by law (articles 10 and 16 of the Bylaws). The General Shareholders Meeting will appoint a Chairman of the Board of Directors from among the elected members thereof. It can also appoint one or more Directors as vice-chairpersons. The Board of Directors may substitute the Chairman thereof at any time, subject to the applicable legal provisions.

The General Shareholders Meeting that elects the Directors will determine the number of effective members thereof for the respective mandate. If nothing is expressly stated, the number of Directors elected by the General Shareholders Meeting is considered to be the effective number for that mandate.

Minority shareholders that voted against the winning proposal for the election of Directors are entitled to appoint one Director pursuant to article 392(6)(7) of the PCC, so long as those shareholders represent at least 10% of the share capital.

If there are no special Bylaw provisions concerning the replacement of members of the Board of Directors, the rules provided for in the PCC shall apply, including those regarding the replacement of absent directors by co-option.

The Bylaws further provide that any director who is absent from more than half the meetings held during a given financial year for a reason unacceptable to the management body shall be deemed definitively absent.

17 Composition of the Board of Directors, Executive Board of Directors and General and Supervisory Board, as applicable, the minimum and maximum number of members and duration of the mandate, both as provided for in the bylaws, in addition to the number of effective members, the date of first appointment and the term of the mandate for each member.

Until 9 February 2015, the composition of Luz Saúde's Board of Directors was as follows:

Name	Position	Date of 1st appointment	Date of election	Term of mandate	Observations
Board of Directors:					
Diogo José Fernandes Homem de Lucena	Director (Chairman)	20.01.2014	20.01.2014	2017	Tendered resignation on 13.01.2015
Isabel Maria Pereira Aníbal Vaz	Director (Member)	06.07.2000	20.01.2014	2017	
Pedro Guilherme Beauvillain de Brito e Cunha	Director (Member)	06.07.2000	23.01.2014 (elected to the BoD by co-option, ratified by the GSM on 23.05.2014)	2017	Tendered resignation on 13.01.2015
Luís Espírito Santo Silva Ricciardi	Director (Member)	06.07.2000	20.01.2014	2017	Tendered resignation on 13.01.2015
Ivo Joaquim Antão	Director (Member)	16.03.2005	20.01.2014	2017	
João Paulo da Cunha Leite de Abreu Novais	Director (Member)	16.03.2005	20.01.2014	2017	
Pedro Gonçalo Costa Pinheiro Líbano Monteiro	Director (Member)	16.03.2005	20.01.2014	2017	Tendered resignation on 13.01.2015
Maria do Rosário Nunes Vicente Rebordão Sobral	Director (Member)	16.03.2005	20.01.2014	2017	Tendered resignation on 13.01.2015
Tomás Leitão Branquinho da Fonseca	Director (Member)	16.03.2005	20.01.2014	2017	
António Davide de Lima Cardoso	Director (Member)	11.06.2008	20.01.2014	2017	Tendered resignation on 13.01.2015
João Carlos Pellon Parreira Rodrigues Pena	Director (Member)	03.12.2012	20.01.2014	2017	Tendered resignation on 12.11.2014
Artur Aires Rodrigues de Morais Vaz	Director (Member)	(tendered resignation on 09.06.2008 and re-elected on 17.07.2013) 16.03.2005	20.01.2014	2017	Tendered resignation on 13.01.2015
José Manuel Malheiro Holtreman Roquette	Director (Member)	17.07.2013	20.01.2014	2017	Tendered resignation on 13.01.2015
André Cardoso Mosqueira do Amaral	Director (Member)	20.01.2014	20.01.2014	2017	Tendered resignation on 23.01.2014
José Manuel Caeiro Pulido	Director (Member)	20.01.2014	20.01.2014	2017	Tendered resignation on 13.01.2015
Alexandre Carlos de Mello Vieira Costa Relvas	Director (Member)	20.01.2014	20.01.2014	2017	Tendered resignation on 13.01.2015
Nuno de Carvalho Fernandes Thomaz	Director (Member)	20.01.2014	20.01.2014	2017	Tendered resignation on 13.01.2015

With the resignation tendered by members of the Board of Directors, the Company's Extraordinary General Shareholders Meeting of 9 February 2015 elected new Directors for the mandate underway and reduced the effective number of members of the Board of Directors in that mandate.

Name	Position	Date of 1st appointment	Date of election	Term of mandate	Observations
Board of Directors:					
Jorge Manuel Batista Magalhães Correia	Director (Chairman)	09.02.2015	09.02.2015	2017	
Isabel Maria Pereira Aníbal Vaz	Director (Member)	06.07.2000	20.01.2014	2017	
Changzeng Ma	Director (Member)	09.02.2015	09.02.2015	2017	
José Manuel Alvarez Quintero	Director (Member)	09.02.2015	09.02.2015	2017	
Xiao Qiang Li	Director (Member)	09.02.2015	09.02.2015	2017	Tendered resignation on 18.09.2015
Lingjiang Xu	Director (Member)	09.02.2015	09.02.2015	2017	
Ivo Joaquim Antão	Director (Member)	16.03.2005	20.01.2014	2017	
João Paulo da Cunha Leite de Abreu Novais	Director (Member)	16.03.2005	20.01.2014	2017	
José Filipe de Sousa Meira	Director (Member)	09.02.2015	09.02.2015	2017	Tendered resignation on 20.07.2015
Tomás Leitão Branquinho da Fonseca	Director (Member)	16.03.2005	20.01.2014	2017	
Rogério Miguel Antunes Campos Henriques	Director (Member)	30.07.2015	30.07.2015 (elected to the BoD by co-option, ratified by the GSM on 20.01.2016 for the mandate underway)	2017	
Wei Song	01.12.2015 Director (Member)	01.12.2015	(elected to the BoD by co-option, ratified by the GSM on 20.01.2016 for the mandate underway)	2017	

Article 16(1) of the Bylaws provides that the Board of Directors shall be made up of a minimum of five and maximum of nineteen Directors. It is currently made up of 10 members. Pursuant to article 10 of the Bylaws, each of the Directors shall be elected by the General Shareholders Meeting for an initial 4-year mandate and may be re-elected one or more times, unless otherwise provided by law. The Directors need not be elected on the same date and their respective mandates may thereby be interspersed instead of concurrent.

18 Executive and non-executive members of the Board of Directors and, for non-executive members, those that may be considered independent, or, if applicable, the independent members of the General and Supervisory Board.

In the beginning of 2015, more specifically until 9 February 2015, the composition of the Executive Committee was as follows:

Name	Position	Date of election for the mandate underway	Term of mandate	Observations
Executive Committee:				
Isabel Maria Pereira Aníbal Vaz	Chief Executive Officer	23.01.2014	2017	
António Davide de Lima Cardoso	Director (Member)	23.01.2014	2017	Tendered resignation on 13.01.2015
Artur Aires Rodrigues de Morais Vaz	Director (Member)	23.01.2014	2017	Tendered resignation on 13.01.2015
Ivo Joaquim Antão	Director (Member)	23.01.2014	2017	
João Paulo da Cunha Leite de Abreu Novais	Director (Member)	23.01.2014	2017	
José Manuel Malheiro Holtreman Roquette	Director (Member)	23.01.2014	2017	Tendered resignation on 13.01.2015
Maria do Rosário Nunes Vicente Rebordão Sobral	Director (Member)	23.01.2014	2017	Tendered resignation on 13.01.2015
Pedro Gonçalo Costa Pinheiro Líbano Monteiro	Director (Member)	23.01.2014	2017	Tendered resignation on 13.01.2015
Tomás Leitão Branquinho da Fonseca	Director (Member)	23.01.2014	2017	

As of 9 February 2015, the composition of the Executive Committee was as follows:

Name	Position	Date of election for the mandate underway	Term of mandate	Observations
Executive Committee:				
Isabel Maria Pereira Aníbal Vaz	Chief Executive Officer	23.01.2014	2017	
Ivo Joaquim Antão	Director (Member)	23.01.2014	2017	
João Paulo da Cunha Leite de Abreu Novais	Director (Member)	23.01.2014	2017	
José Filipe de Sousa Meira	Director (Member)	09.02.2015	2017	Tendered resignation on 20.07.2015
Tomás Leitão Branquinho da Fonseca	Director (Member)	23.01.2014	2017	

Regarding the composition of the Board of Directors at the beginning of 2015 and given the criteria for the assessment of independence set out in PSCom Regulation 4/2013 and the PSCom's Corporate Governance Code of 2013, the Company's self-assessment found the following four directors to be independent out of a total of 7 non-executive directors and 16 executive and non-executive directors: Diogo José Fernandes Homem de Lucena, José Manuel Caeiro Pulido, Alexandre Carlos de Mello Vieira Costa Relvas and Nuno de Carvalho Fernandes Thomaz. Given the foregoing, the Company considered this proportion of non-executive independent directors (25%) to be appropriate given both the total number of directors and the Company's circumstances, namely its shareholder structure and free float.

It so happens the composition of the Board of Directors in the beginning of 2015 had not yet been adapted to the Company's new circumstances arising from the Change in Shareholder that took place in 2014 and because of which Fidelidade became the holder of 98.23% of the Company's share capital by the end of that year.

Therefore, in the Company's Extraordinary General Shareholders Meeting held on 9 February 2015 sought to simplify the Company's governance structure following the Change in Shareholder that took place. The composition of the Board of Directors was adapted to the Company's new circumstances, as prescribed furthermore by the PSCom's Corporate Governance Code of 2013 that stipulates in section II.1.7. that "among the non-executive directors, there should be an adequate proportion of independent members, in light of the adopted governance model, company size and shareholder structure and respective free float". The Board of Directors therefore ceased to have independent members.

19 Professional qualifications and other relevant background of each member of the Board of Directors, General and Supervisory Board and Executive Board of Directors, as applicable.

Professional qualifications and other relevant background of each member of the Board of Directors is presented below:

(a) Jorge Magalhães Correia

Jorge Magalhães Correia is Company Chairman as of 9 February 2015.

He is vice-chairman and C.E.O of the insurance companies Fidelidade, Multicare and Fidelidade Assistência.

In terms of participation in professional associations, he holds the office of vice-chairman of the Portuguese Association of Insurance Companies (Associação Portuguesa de Seguradoras) and is a member of The Geneva Association.

He has an undergraduate degree in law from the Law School of Universidade de Lisboa and began his career as a lecturer there. He was head of the General-Inspection of Finance, of the Portuguese Securities Commission. He was also a Lawyer and held various corporate positions in the finance and insurance sector, having been appointed a director and/or chairman of the insurance companies Mundial-Confiança, Fidelidade Mundial, Império Bonança and Via Directa. In the hospital sector, he was a director of USP Hospitales (Barcelona) and director and later chairman of HPP - Hospitais Privados de Portugal SGPS.

(b) Isabel Maria Pereira Aníbal Vaz

Isabel Maria Pereira Aníbal Vaz is a member of the Company's Board of Directors and Chief Executive Officer since it was founded in 2000. She was cumulatively appointed as Chairwoman of the Company's Board of Directors in 2012.

She has an undergraduate degree in chemical engineering from the Instituto Superior Técnico and an MBA from the Universidade Nova de Lisboa.

She was a researcher at Instituto de Biologia Experimental e Tecnológica (1990 to 1991) and worked as a manufacturing project engineer for the Atral Cipan pharmaceutical group in 1992. From 1992 to 1999, she was a senior consultant for McKinsey & Company.

Currently, she is also a council member of Nova School of Business and Economics of Universidade Nova de Lisboa and a member of that institution's International Advisory Board for The Lisbon MBA.

She is a director or chairwoman of several of the Group's companies, including Hospital da Luz, S.A. and Hospital da Arrábida - Gaia, S.A. and SGHL – Sociedade Gestora do Hospital de Loures, S.A. (the latter since 2009).

(c) Changzheng Ma

John Changzheng Ma is a Company director as of 9 February 2015.

He is non-executive member of the Board of Directors of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (listed under number 600196-SH, 02196-HK) (hereinafter, Fosunpharma). Fosunpharma is one of the leading companies among listed pharmaceutical companies. It is also the third listed company from the pharmaceutical and healthcare industry to be listed on both the Shanghai and Hong Kong exchanges.

He has appointed Senior Advisor to the Chairman of Shanghai Fosun High Technology (Group) Corp., Ltd. (hereinafter, Fosun Group) in December 2014. John Changzheng Ma is also Chairman of the Healthcare Holdings of the Fosun Group. The Fosun Group's business, founded in 1992, includes the pharmaceutical, real estate development, steel, mining, retail, the services industry and strategic investments. Thanks to the enormous population in China and its consumption, demand for investment, continued urbanization and China's leadership in the global manufacturing industry, all of the Fosun Group's main businesses have shown continued growth over the last years. Each sector is among the best 10 of its particular market segment. The Fosun Group as a whole is among the 100 best Chinese companies.

John Changzheng Ma was an engineer with the Shanghai Metallurgical Design and Research Institute from June 1983 to July 1990, Operational Director of the International Business Department with the Performed Line Products Company (NASDAQ: PLPC) from May 1995 to May 2000, Vice-Chairman and General Director of GE Healthcare China from May 2000 to May 2005, Chairman of Asia-Pacific of Pentair Ltd. (NYSE: PNR) from May 2005 to May 2010 and Vice-Chairman of Express Scripts Holding Company (NASDAQ: ESRX) and its Chairman in China from May 2010 to December 2012.

John Changzheng Ma has an undergraduate degree in metallurgy from the Shanghai University of Science and Technology in July 1983 and has a master's degree in Material Sciences and a PhD in Philosophy from Wayne State University in May 1992 and December 1996, respectively.

(d) José Manuel Alvarez Quintero

José Manuel Alvarez Quintero is a Company director as of 9 February 2015.

He is member of the board of directors and executive committee of the insurance companies Fidelidade and Fidelidade Assistência and chairman of Universal Seguros (Angola).

In terms of his participation in associations, he holds the office of chairman of the Automotive and Work Accident Technical Committee of the Portuguese Association of Insurance Companies (Associação Portuguesa de Seguradoras). He is also a lecturer in the Insurance master's programme at Universitat Autonoma de Barcelona.

He has a degree in economics from Universidade de Santiago de Compostela. His career has always been in the insurance sector, having been a director at Médis, Auto-Gere, Império Bonança, Seguro Directo and Multicare, among others. He was also the President of the International Motor Claims Handing Group of Eurapco from 2002 to 2005.

In Spain, he carried out roles of leadership in major companies in the insurance sector, such as Catalana Occidente and Vitalicio Seguros. He further participated in founding new companies such as Império-España and Seguros Universal Asistencia.

(e) Lingjiang Xu

Lingjiang Xu is a Company director as of 9 February 2015. He has a master's degree in finance from the London Business School and is currently the Head Executive Representative of the Lisbon office of the Fosun Group.

Lingjiang Xu held offices for more than 15 years in the Chinese Ministry of Commerce. During that time, he also worked in the Chinese diplomatic missions in the United Kingdom and Germany.

Before joining the Fosun Group, he worked in London and Shanghai in investment banking and private equity.

(f) Ivo Joaquim Antão

Ivo Joaquim Antão has been the Company's Chief Information and Technology Officer since 2000 and was first appointed to the Company's Board of Directors in 2005.

He holds an undergraduate degree in chemical engineering from the Instituto Superior Técnico and attended the master's in electronic and computer engineering at that same university. He has an MBA with a specialisation in information management from Universidade Católica Portuguesa.

He worked as an information systems consultant in the Requirements Management, Business Process Modeling and Software Configuration Management departments at Axónio (1994 to 1996). He was also a senior specialist consultant at SINFIC (1996 to 1999), a consultant with Associação Industrial Portuguesa (1999) and a director of Esumédica – Prestação de Cuidados Médicos, S.A. (2000).

He taught information technology at the School of Science and Technology of Instituto Superior Técnico (CIIST), Academia Militar, Instituto Politécnico Autónomo and Instituto Superior de Novas Profissões.

He is a director in several of the Group's companies, including Hospital da Luz, S.A., Hospital da Arrábida - Gaia, S.A. and SGHL – Sociedade Gestora do Hospital de Loures, S.A. (the latter since 2009).

(g) João Paulo da Cunha Leite de Abreu Novais

João Paulo da Cunha Leite de Abreu Novais has been the Company's Chief Financial Officer since 2000 and was first appointed to the Company's Board of Directors in 2005. He is also a member of the Board of Directors of Genomed – Diagnósticos de Medicina Molecular, S.A. and has carried out management duties in the Portuguese Association of Private Hospitals (Associação Portuguesa de Hospitalização Privada) since 2004.

He has an undergraduate degree in business management from Universidade Católica Portuguesa.

He was an analyst at Sociedade Independente Financeira de Corretagem, S.A. (1989 to 1990) and at BFE Dealer – Sociedade Financeira de Corretagem, S.A. (1991 to 1993). He was a portfolio manager at BFE – Gestão de Património, S.A. (1993 to 1997) and a senior officer at BPI – Serviços Financeiros, S.A. (1997 to 1999) and worked in the corporate finance department of Banco Português de Investimento, S.A. (1999 to 2000). He was also a senior officer with Esumédica – Prestação de Cuidados Médicos, S.A. (2000).

He is a director in several of the Group's companies, including Hospital da Luz, S.A., Hospital da Arrábida - Gaia, S.A. and SGHL – Sociedade Gestora do Hospital de Loures, S.A. (the latter since 2009).

(h) Tomás Leitão Branquinho da Fonseca

Tomás Leitão Branquinho da Fonseca has been the Company's Chief Operations Officer since 2000 and

was elected to the Company's Board of Directors for the first time in 2005.

He has an undergraduate degree in management from Universidade Católica Portuguesa and an MBA in financial and business studies from the Andersen School of the University of California, Los Angeles.

He was assistant director at Banco Finantia, S.A. (1991 to 1995). He also worked in business development at Perimeter Industries (USA) (from June to September 1996), was a consultant for McKinsey & Company (1997 to 1999) and a manager of Esumédica – Prestação de Cuidados Médicos, S.A. (1999 to 2000).

He is a director in several of the Group's companies, including Hospital da Luz, S.A., Hospital da Arrábida - Gaia, S.A., and SGHL – Sociedade Gestora do Hospital de Loures, S.A. (the latter since 2009).

(i) Rogério Miguel Antunes Campos Henriques

Rogério Miguel Antunes Campos Henriques is a Company director as of 9 February 2015.
He is member of the board of directors and executive committee of the insurance company Fidelidade and chairman of the insurance company Fidelidade Macau (Macau).

In terms of participation in professional associations, he coordinates the "Segurnet" Technical Committee - the systems platform of the Portuguese Association of Insurance Companies (Associação Portuguesa de Seguradoras). He is also part of the Advisory Board of CIONET in Portugal and of IDC CIO Council.

He has an undergraduate degree in economics from Universidade Católica Portuguesa in Lisbon and an MBA from INSEAD. Before joining Fidelidade, he worked for various years (1994-2002) with The Boston Consulting Group in Portugal and Spain, as a senior manager in the Telecommunications and Financial Services practice areas and later in the Portugal Telecom Group (2003-2008), where he was responsible for Strategy and Business Development in the holding company and was later the Chief Marketing Officer for the PT Group's African Operations.

He has been with the Fidelidade Group since 2008, initially with the Information Systems department and as a Director with Multicare, the Group's healthcare insurer. During that time, he was responsible for the implementation of the new IT Strategic Plan and led the turnaround and organizational restructuring of the Group's Information Systems Department.

(j) Wei Song

Wei Song is a Company director as of 1 December 2015 and was appointed by co-option, as ratified by the General Shareholders Meeting of 20.01.2016.

From 2012 to 2014, he attended the Oxford Brooks Global MBA and is a member of ACCA (the Association of Chartered Certified Accountants), a global entity for professional chartered accountants, and is part of a Chinese think tank.

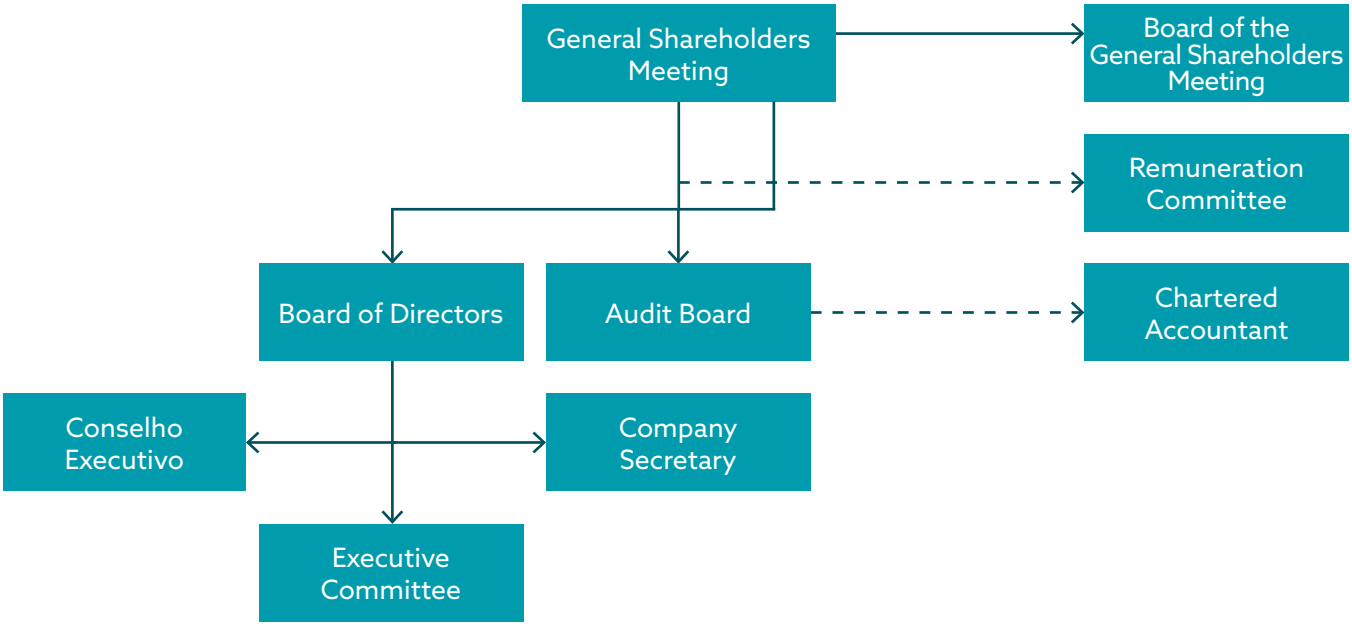
He is a director of Plata Cross (UK) Limited, Silver Cross (UK) Limited and Silver Cross (IP) Limited and is also an assistant to the CFO of Fosun International Limited.

20 Customary and significant relationships of a family, professional or commercial nature of members of the Board of Directors, General and Supervisory Board and Executive Board of Directors, as applicable, with shareholders with qualified holdings greater than 2% of voting rights.

Regarding this point, the only point worth mentioning is that some Luz Saúde directors hold corporate positions in shareholders to whom a qualified shareholding greater than 2% of Company voting rights is attributable. All such instances are referenced in section B.II.26.

21 Organisational or functional charts showing the allocation of powers among the various governing bodies, committees and/or departments within the company, including information on the delegation of powers, namely the company's day-to-day management.

The following organisational chart shows the division of powers among the various governing bodies during the financial year ended 31 December 2015, according to the changes carried out in the Extraordinary General Shareholders Meeting held on 9 February 2015, under which the Company's Advisory Board was created:



Shared services of the Company subsidiaries (i.e. human resources, finance, marketing, negotiation with Payers and suppliers, maintenance, planning and control, new business development, organisation and procedures, IT systems, certification and accreditation, legal and compliance services) are provided by a consortium (agrupamento complementar de empresas) ("ACE") of Group companies that operate healthcare units (with the exception of SGHL – Sociedade Gestora do Hospital de Loures, S.A. and HME – Gestão Hospitalar, S.A.). The ACE includes the following Central Directorates: the Quality Certification and Accreditation Directorate; the Administration and Finance Directorate; the Imaging Diagnostics Central Directorate; the Negotiation Central Directorate; the Commercial and Operational Control Directorate; the Training and Development and Innovation Directorate; the Infrastructures, Maintenance and Equipment Directorate; the Legal and Compliance Directorate; the Logistics Directorate; the Marketing and Communication Directorate; the New Business Directorate; the Organization and Procedures Directorate; the Planning and Management Control Directorate; the Human Resources Directorate; and the Information Systems and Technology Directorate; International Patient Services.

The ACE is part of the Group's Corporate Centre, which also encompasses the Company's activities.

General Shareholders Meeting

The General Shareholders Meeting is a governing body made up of the whole of the Company's shareholders. Its powers, as at 31 December 2015, were those provided for in the PCC.

Board of Directors

According to the Company's Bylaws, the Board of Directors' powers are those provided for in the PCC.

Executive Committee

Pursuant to article 18 of the Bylaws and article 407 of the PCC, the Board of Directors has the power to delegate the Company's day-to-day management to an Executive Committee. Therefore, the Board of Directors passed a resolution on 23 January 2014 to delegate the Company's day-to-day management to an Executive Committee, in order to ensure greater efficiency in managing day--to-day business. Therefore and to the greatest extent permitted by law, all day-to-day management powers of the Company that can by law be delegated to the referenced Executive Committee were delegated thereto, except for those set out in paragraphs (a) to (d), (f), (l) and (m) of article 406 of the PCC.

Supervisory Body (Audit Board)

Pursuant to the Company's Bylaws, the supervision of the Company is entrusted to the Audit Board, which is made up of three effective members and one alternate member, as well as one chartered accountant or audit firm that is not a member of the Audit Board. The Audit Board's powers are those provided for in the PCC and the PSC, concerning the verification of the content of the report on corporate governance structure and practices set out in article 245-A of the PSC. VM.

Remuneration Committee

This committee is responsible for determining the remuneration of members of the Company's governing bodies. It also has an active role in the performance assessment of executive directors, insofar as it determines the variable remuneration thereof.

Advisory Board

Following a recommendation issued by the Extraordinary General Shareholders Meeting held on 9 February 2015, the Company's Advisory Board was created on that same date by a Board of Directors resolution. Its purpose is to support the Company's and its subsidiaries' development strategy and is made up of independent persons of recognised merit. It is entrusted with analysing and reflecting on the Luz Saúde Group's overall strategy, as a part of the Fidelidade Group. It is responsible for issuing an opinion on the general aspects of the activities plan and monitoring developments in the implementation of the Luz Saúde Group's expansion and investment strategy, as a part of the Fidelidade Group. It shall assess the matters put to its consideration by the Board of Directors. The Chairman and CEO are inherently part of the Advisory Board.

Therefore, at present, the composition of the Advisory Board is as follows:

Chairman
Diogo Lucena;
Members
Jorge Magalhães Correia, Isabel Vaz, Maria de Belém Roseira, Nuno Fernandes Thomaz, José Caeiro Pulido and José Araújo e Silva.

b) Operation

22 The existence and place where the internal regulations of the Board of Directors, General and Supervisory Board and Executive Board of Directors, as applicable, are available for consultation.

As at 31 December 2015, the Company's Board of Directors did not have an Internal Regulation. The Company is currently rethinking its compliance model at the Group level and this document is being drafted therein. The Board of Directors' Internal Regulation is expected to be approved during 2016.

23 Number of meetings held by the Board of Directors, General and Supervisory Board and Executive Board of Directors, as applicable, and the level of attendance of each member thereto.

In 2015, 12 Board of Directors meetings took place.

The following table shows the number of times each of the directors was in attendance in that total of meetings:

Name	Level of Attendance (present / total meetings)
Board of Directors:	
Jorge Manuel Batista Magalhães Correia	12/12
Isabel Maria Pereira Aníbal Vaz	12/12
John Changzheng Ma	11/12
Jose Manuel Alvarez Quintero	11/12
Xiao Qiang Li	8/12 *
Lingjiang Xu	10/12
Ivo Joaquim Antão	12/12
João Paulo da Cunha Leite de Abreu Novais	12/12
José Filipe Sousa Meira	7/12 *
Tomás Branquinho da Fonseca	12/12
Rogério Miguel Antunes Campos Henriques	4/12 *
Wei Song	0/12 *

Please note that:

i. The director José Filipe de Sousa Meira tendered his resignation on 20 July 2015 and the director Xiao Qiang Li tendered his resignation on 18 September 2015;

ii. The director Rogério Miguel Antunes Campos Henriques was appointed by co-option in the Board of Directors meeting held on 30 July, and only four Board of Directors meetings were held following that date and for the remainder of 2015;

iii. The director Wei Song was appointed by co-option in the Board of Directors meeting held on 1 December. No further Board of Directors meetings were held following that date and for the remainder of 2015.

In 2015, 21 Executive Committee meetings were held. All Executive Committee members were present at all meetings (save for the director José Filipe de Sousa Meira, who was present at 9 meetings prior to tendering his resignation on 20 July 2015).

24 Governing bodies responsible for assessing the performance of executive directors.

The performance of executive directors is assessed by the Remuneration Committee under its powers to, namely, determine the variable remuneration, among others, of the executive directors. On the other hand, the non-executive directors have an effective ability to supervise, monitor and assess the activities of the executive members.

25 Predefined criteria for assessing the performance of executive directors.

The performance assessment of executive directors is done according to certain financial and non-financial criteria, as determined by the remuneration policy pre-

sented by the Remuneration Committee and approved by the General Shareholders Meeting. The predetermined criteria for the performance assessment of executive directors in the 2015 financial year are set out in number 69 in this Report.

26 The availability of each member of the Board of Directors, General and Supervisory Board and Executive Board of Directors, as applicable, positions held simultaneously in other companies in and outside the group and other relevant activities undertaken by members of those bodies during the financial year.

In addition to the information made available in B.II.17 above (other relevant activities by members of the Board of Directors), in the financial year ended on 31 December 2015, the members of the Board of Directors held the following positions:

Jorge Manuel Batista Magalhães Correia

A. Corporate positions held in other entities, in and outside the Group

A.1. Corporate positions held in entities outside the Group
Fidelidade – Companhia de Seguros, S.A. (Vice-Chairman and C.E.O.)
Fidelidade Assistência - Companhia de Seguros, S.A. (Vice-Chairman and C.E.O.)
Multicare – Seguros de Saúde, S.A. (Vice-Chairman and C.E.O.)
Fidelidade – Property Europe, S.A. (Chairman)
Fidelidade – Property International, S.A. (Chairman)
REN – Redes Energéticas Nacionais, SGPS, S.A. (Member of Board of Directors)
Via Directa – Companhia de Seguros, S.A. (Member of the Remuneration Committee)

A.2. Corporate positions held in other Group entities
Does not hold positions in other Group entities.

B. Corporate positions held in the last 5 years that are no longer held

Universal Seguros, S.A. (Chairman)
Caixa Seguros e Saúde, SGPS, S.A. (Vice-Chairman)

C. Other relevant activities

Portuguese Association of Insurance Companies (Associação Portuguesa de Seguradoras) (Vice-Chairman of the Governing Board)

Isabel Maria Pereira Aníbal Vaz

A. Corporate positions held in other entities, in and outside the Group

A.1. Corporate positions held in entities outside the Group
Genomed – Diagnósticos de Medicina Molecular, S.A. (Director)

A.2. Corporate positions held in other Group entities
Hospital da Luz – Centro Clínico da Amadora, S.A. (Chairwoman)
Hospital da Luz, S.A. (Chairwoman)
Hospital da Arrábida – Gaia, S.A. (Chairwoman)
Casas da Cidade – Residências Sénior de Carnaxide, S.A. (Chairwoman)
Surgicare – Unidades de Saúde, S.A. (Chairwoman)
Clínica Parque dos Poetas, S.A. (Chairwoman)
RML – Residência Medicalizada de Loures, SGPS, S.A. (Chairwoman)
Vila Lusitano – Unidades de Saúde, S.A. (Chairwoman)
Hospital Residencial do Mar, S.A. (Chairwoman)
Hospor – Hospitais Portugueses, S.A. (Chairwoman)
Casas da Cidade – Residências Sénior, S.A. (Chairwoman)
SGHL – Sociedade Gestora do Hospital de Loures, S.A. (Chairwoman)
CRB – Clube Residencial da Boavista, S.A. (Chairwoman)
Luz Saúde – Serviços, ACE (Chairwoman)
Cliria – Hospital Privado de Aveiro, S.A. (Chairwoman)
Luz Saúde – Unidades de Saúde e de Apoio à Terceira Idade, S.A. (Chairwoman)
Hospital da Luz - Guimarães, S.A. (Chairwoman)
GLSMED Learning Health, S.A. (Chairwoman)

B. Corporate positions held in the last 5 years that are no longer held

Esumédica – Prestação de Cuidados Médicos, S.A. (Director) – resignation tendered on 22 December 2014

C. Other relevant activities

Council member of Nova School of Business and Economics of Universidade Nova de Lisboa
Member of the International Advisory Board for The Lisbon MBA of Nova School of Business and Economics of Universidade Nova de Lisboa

Changzeng Ma

A. Corporate positions held in other entities, in and outside the Group

A.1. Corporate positions held in entities outside the Group
Shanghai Fosun High Technology (Group) Corp., Ltd. (Director)
Shanghai Fosun Pharmaceutical (Group) Co., Ltd (Member of the Board of Directors)
Alma Lasers Ltd. (Chairman)
Sisram Medical Ltd. (Chairman)

A.2. Corporate positions held in other Group entities
Does not hold positions in other Group entities.

B. Corporate positions held in the last 5 years that are no longer held
Shanghai Fosun Pharmaceutical (Group) Co., Ltd (Director)

C. Other relevant activities
Senior Advisor to the Chairman of Shanghai Fosun High Technology (Group) Corp., Ltd.

José Manuel Alvarez Quintero

A. Corporate positions held in other entities, in and outside the Group

A.1. Corporate positions held in entities outside the Group
Fidelidade – Companhia de Seguros, S.A. (Member of the Board of Directors and Executive Committee)
Fidelidade Assistência - Companhia de Seguros, S.A. (Member of the Board of Directors and Executive Committee)
Universal Seguros, S.A. (Chairman)
CETRA - Centro Técnico de Reparação Automóvel S.A. (Chairman)
EAPS - Empresa de Análise, Prevenção e Segurança, S.A. (Chairman)
GEP - Gestão de Peritagens, S.A. (Chairman)

A.2. Corporate positions held in other Group entities
Does not hold positions in other Group entities.

B. Corporate positions held in the last 5 years that are no longer held
Multicare – Seguros de Saúde, S.A. (Member of Board of Directors)

C. Other relevant activities
Portuguese Association of Insurance Companies (Associação Portuguesa de Seguradoras) (Chairman of the Automotive and Work Accident Technical Committee)

Lingjiang Xu

A. Corporate positions held in other entities, in and outside the Group

A.1. Corporate positions held in entities outside the Group
Fidelidade – Companhia de Seguros, S.A. (Member of Board of Directors)
Fidelidade Assistência - Companhia de Seguros, S.A. (Member of Board of Directors)
Multicare – Seguros de Saúde, S.A. (Member of Board of Directors)

A.2. Corporate positions held in other Group entities
Does not hold positions in other Group entities.

B. Corporate positions held in the last 5 years that are no longer held
Not applicable

C. Other relevant activities
Not applicable

Ivo Joaquim Antão

A. Corporate positions held in other entities, in and outside the Group

A.1. Corporate positions held in entities outside the Group
HL – Sociedade Gestora do Edifício, S.A. (Director)

A.2. Corporate positions held in other Group entities
Hospital da Luz – Centro Clínico da Amadora, S.A. (Director)
Hospital da Luz, S.A. (Director)
Hospital da Arrábida – Gaia, S.A. (Director)
Clínica Parque dos Poetas, S.A. (Director)
Hospor – Hospitais Portugueses, S.A. (Director)
Casas da Cidade – Residências Sénior, S.A. (Director)
SGHL – Sociedade Gestora do Hospital de Loures, S.A. (Director)
CRB – Clube Residencial da Boavista, S.A. (Director)

Luz Saúde – Serviços, ACE (Director)
Cliria – Hospital Privado de Aveiro, S.A. (Director)
Luz Saúde – Unidades de Saúde e de Apoio à Terceira Idade, S.A. (Director)
Hospital da Luz - Guimarães, S.A. (Director)
GLSMED Learning Health, S.A. (Director)
GLSMED Trade, S.A. (Director)

B. Corporate positions held in the last 5 years that are no longer held
Not applicable

C. Other relevant activities
Not applicable

João Paulo da Cunha Leite de Abreu Novais

A. Corporate positions held in other entities, in and outside the Group
A.1. Corporate positions held in entities outside the Group
Genomed – Diagnósticos de Medicina Molecular, S.A. (Director)

A.2. Corporate positions held in other Group entities
Hospital da Luz – Centro Clínico da Amadora, S.A. (Director)
Hospital da Luz, S.A. (Director)
Instituto de Radiologia Dr. Idálio de Oliveira – Centro de Radiologia Médica, S.A. (Chairman)
Hospital da Arrábida – Gaia, S.A. (Director)
HME – Gestão Hospitalar, S.A. (Director)
Surgicare – Unidades de Saúde, S.A. (Director)
Clínica Parque dos Poetas, S.A. (Director)
Vila Lusitano – Unidades de Saúde, S.A. (Director)
Hospital Residencial do Mar, S.A. (Director)
Hospor – Hospitais Portugueses, S.A. (Director)
Casas da Cidade – Residências Sénior, S.A. (Director)
SGHL – Sociedade Gestora do Hospital de Loures, S.A. (Director)
CRB – Clube Residencial da Boavista, S.A. (Director)
Luz Saúde – Serviços, ACE (Director)
Cliria – Hospital Privado de Aveiro, S.A. (Director)
Luz Saúde – Unidades de Saúde e de Apoio à Terceira Idade, S.A. (Director)
Hospital da Luz - Guimarães, S.A. (Director)
GLSMED Learning Health, S.A. (Director)
GLSMED Trade, S.A. (Director)

B. Corporate positions held in the last 5 years that are no longer held
Not applicable
C. Other relevant activities
Not applicable

Tomás Leitão Branquinho da Fonseca

A. Corporate positions held in other entities, in and outside the Group
A.1. Corporate positions held in entities outside the Group
DTC Imobiliária-Gestão de Imóveis Lda. (Manager)
TTT – Participações e Investimentos Lda. (Manager)

A.2. Corporate positions held in other Group entities
Hospital da Luz – Centro Clínico da Amadora, S.A. (Director)
Hospital da Luz, S.A. (Director)
Hospital da Arrábida – Gaia, S.A. (Director)
Casas da Cidade – Residências Sénior de Carnaxide, S.A. (Director)
HME – Gestão Hospitalar, S.A. (Director)
Surgicare – Unidades de Saúde, S.A. (Director)
Clínica Parque dos Poetas, S.A. (Director)
RML – Residência Medicalizada de Loures, SGPS, S.A. (Director)
Hospital Residencial do Mar, S.A. (Director)
Hospor – Hospitais Portugueses, S.A. (Director)
Casas da Cidade – Residências Sénior, S.A. (Director)
SGHL – Sociedade Gestora do Hospital de Loures, S.A. (Director)
CRB – Clube Residencial da Boavista, S.A. (Director)
Luz Saúde – Serviços, ACE (Director)
Cliria – Hospital Privado de Aveiro, S.A. (Director)
Luz Saúde – Unidades de Saúde e de Apoio à Terceira Idade, S.A. (Director)
Hospital da Luz - Guimarães, S.A. (Director)

B. Corporate positions held in the last 5 years that are no longer held
Not applicable.

C. Other relevant activities
Not applicable

Rogério Miguel Antunes Campos Henriques

A. Corporate positions held in other entities, in and outside the Group

A.1. Corporate positions held in entities outside the Group
Fidelidade – Companhia de Seguros, S.A. (Member of the Board of Directors and Executive Committee)
Fidelidade Macau – Companhia de Seguros, S.A. (Chairman)
Garantia – Companhia de Seguros de Cabo Verde, S.A. (Chairman of the Remuneration Committee)

A.2. Corporate positions held in other Group entities
Does not hold positions in other Group entities.

B. Corporate positions held in the last 5 years that are no longer held

Fidelidade Assistência - Companhia de Seguros, S.A. (Member of Board of Directors)
Multicare – Seguros de Saúde, S.A. (Member of Board of Directors)

C. Other relevant activities

Portuguese Association of Insurance Companies (Associação Portuguesa de Seguradoras) (Coordinator of the Technical Committee of "Segurnet" - the APS systems platform).
CIONET Portugal and IDC CIO Council (Member of the Advisory Board)

Wei Song

A. Corporate positions held in other entities, in and outside the Group

A.1. Corporate positions held in entities outside the Group
Plata Cross (UK) Limited (Director)
Silver Cross (UK) Limited (Director)
Silver Cross (IP) Limited (Director)

A.2. Corporate positions held in other Group entities
Does not hold positions in other Group entities.

B. Corporate positions held in the last 5 years that are no longer held

Lenovo Group (Director)

C. Other relevant activities

Assistant to CFO of Fosun International Limited

As shown in the table above, in the financial year ending on 31 December 2015, Luz Saúde's executive directors only held positions in the governing bodies of Luz Saúde's subsidiaries, in general and save for rare exceptions that are not representative. This shows their total availability and commitment to performing their duties and pursuing the interests of the Company and the Group. This is also demonstrated by their regular attendance at meetings of the Company's Board of Directors. This has continued to be the case in the current financial year.

As for Luz Saúde's non-executive directors, they have shown the necessary availability to perform their duties, as evidenced by the work they have done for Luz Saúde.

c) Committees within the management or supervisory bodies and delegated directors

27 Committees created within the Board of Directors, General and Supervisory Board and Executive Board of Directors, as applicable, and place where their internal regulations are made available for consultation.

The Board of Directors believes the performance assessment procedures are and will be undertaken in a form adequate to the Company's interests by the Company's non-executive Directors. The Company also relies on the Remuneration Committee, which has an active role in the performance assessment of Directors.

The approval of the Board of Directors' Internal Regulation is currently underway. It will contain the Executive Committee's operating rules.

Furthermore, on 9 February 2015, the Board of Directors created an Advisory Board, following a recommendation by the Extraordinary General Shareholders Meeting, to support the Company's and its subsidiaries' development strategy. It is made up of independent persons of recognised merit. The Advisory Board's internal regulation can be consulted at the Company's registered offices.

28 Composition of the executive committee and/or details of the delegated director(s), if applicable.

In the financial year ended on 31 December 2015, the executive members of the Company's Board of Directors were those indicated in B.II.18 in this Report.

29 The powers of each of the created committees and a summary of activities performed thereunder.

The powers of the Company's Executive Committee for the financial year ended on 31 December 2015 and in the financial year underway are detailed in B.II.21 in this Report.

Under those powers, the Executive Committee took on the Company's day-to-day management by conducting its business, except as set out in paragraphs (a) to (d), (f), (l) and (m) of article 406 of the PCC.

III. SUPERVISION

(Audit Board, Audit Committee or General and Supervisory Board)

a) Composition throughout the reference year

30 The supervisory body that corresponds to the adopted model.

The Company is supervised by an Audit Board and an Audit Firm.

For further detail, please see B.II.15 and B.II.21 in this Report.

31 Composition of the Audit Board, Audit Committee, General and Supervisory Board or Financial Committee, as applicable, the minimum and maximum number of members and duration of the mandate, both as provided for in the bylaws, in addition to the number of effective members, the date of first appointment and the term of the mandate of each member. Incorporation by reference to the section of the report where such information is already included can be made pursuant to section 17.

Pursuant to the Company's Bylaws, the supervision of the Company is entrusted to the Audit Board, which is made up of three effective members and one alternate member, as well as one chartered accountant or audit firm that is not a member of the Audit Board.

Regarding appointment and pursuant to article 20 of the Bylaws, the members of the Audit Board and their respective chairperson are elected by the General Shareholders Meeting. The election of the chartered accountant or audit firm that is not a part of the Audit Board is proposed by the Audit Board.

Pursuant to 414(4) of the PCC, the Company's Audit Board shall include at least one member with an undergraduate degree suitable to the required duties. In addition to being independent, such member will also have knowledge of auditing or accounting. Article 414(6) provides that the audit boards of companies whose shares have been admitted to trading on the regulated market (as is the case with the Company) should be made up of a majority of independent members.

The following table identifies the members of the Audit Board and their respective dates of appointment and the term of their mandate:

Name	Position	Date of 1st appointment	Date of election for the mandate underway
João Carlos Tovar Jalles	Chairman of the Audit Board	20.01.2014	2014-2017
António Luís Castanheira Silva Lopes	Chairman of the Audit Board	20.01.2014	2014-2017
Clara José Cruz de Sequeira Viegas Penha Ventura	Member of the Audit Board	20.01.2014	2014-2017
Luís Manuel Pereira da Silva	Alternate Member of the Audit Board	20.01.2014	2014-2017

The role of Chartered Accountant is held by the following entity:

Name	Position	Date of 1st appointment	Date of election for the mandate underway
Ernst & Young Audit & Associados – SROC, S.A. registered with the Chamber of Chartered Accountants under number 178 and registered with the PSCom under number 9011, represented by Ricardo Filipe de Frias Pinheiro, registered with the Society of Chartered Accountants under number 739	Audit Firm	01.10.2013	2014-2017

32 Members of the Audit Board, Audit Committee, General and Supervisory Board or Financial Committee, as applicable, who are considered to be independent pursuant to article 414(5) of the PCC. Incorporation by reference to the section of the report where such information is already included can be made pursuant to section 18.

All members of the Audit Board are independent pursuant to article 414(5) of the PCC and comply with all the compatibility rules set forth in article 414-A(1) of the PCC and all comply with the specialisation prerequisites provided for in article 414-A(4).

All members of the Audit Board have the duty to give immediate notice to the Company of any event during their mandate that may cause incompatibility or loss of independence, as provided for by law.

33 Professional qualifications of each member of the Audit Board, Audit Committee, General and Supervisory Board or Financial Committee, as applicable, and any other relevant back round. Incorporation by reference to the section of the report where such information is already included can be made pursuant to section 21.

(a) João Carlos Tovar Jalles

João Carlos Tovar Jalles was elected as a member of the Company's Audit Board in 2014.

He has an undergraduate degree in business management and administration from the School of Economic and Business Sciences of Universidade Católica Portuguesa. At the latter, he attended the MBA – Specialisation in Finance and Financial Investments and is currently attending courses in the undergraduate degree of philosophy.

He was an administrative and financial manager at Soravil - Sociedade de Refrigerantes e Águas do Vidago, while also being in charge of accounting at Adimagri - Administradora Imobiliária e Agrícola (1982 to 1985). In the Sumólis group, he was a financial manager (1985 to 1990) and member of the audit board of Alcobre, Condutores Eléctricos (1989 to 1991), by transformation

of the company Álvaro Pinto dos Santos e Filho, where he was also a member of the audit board and assistant to the board of directors (1988 to 1989). In the Banco Comercial Português Group (1990 to 1993), he was a manager in the marketing department of CISF Banco de Investimento, a manager in the marketing department for large companies at BCP and financial manager at Nacional Factoring (1990 to 1992), where he was appointed capital markets representative. He was chairman of the audit board of Novabase (1991 to 1993). He was a financial manager at Allianz Portugal (1993 to 1998) and at A Social and Scottish Union (1996 to 1997) under the merger of those companies into Portugal Previdente. He represented this company with Associação Portuguesa de Seguradores, in the technical committee for financial and tax matters (1993 to 1998) and was chairman of the audit board of Audatex Portugal (1994 to 1998). In the Mague Group, he was an executive director of the Hotéis Tivoli Group (1998 to 1999), while also taking on the role of vice-chairman of Associação dos Hotéis de Portugal. He was a member of the executive committee in charge of finance and organisation at IMI, Imagens Médicas Integradas (2001 to 2002). In the Caixa de Crédito Agricola Group, he was portfolio manager at NCO Gestão de Patrimónios (2003). He was an executive director of Mutuamar (2004 to 2009) where he was also initially an advisor to the board of directors.

He is currently a manager of Direct Profit, Lda., a company that provides economic, financial and management advisory services.

(b) António Luís Castanheira Silva Lopes

António Luís Castanheira Silva Lopes was elected as a member of the Company's Audit Board in 2014.

He has an undergraduate degree in accounting from Instituto Comercial de Luanda and is a Chartered Accountant (member no. 970 of the Institute of Chartered Accountants).

He headed the administrative services of the Nuclear Energy Committee in Angola (1974 to 1979), he was a technical member of the Finance Department of Caixa Geral de Depósitos (1980 to 1989), a financial analyst and manager of the Tax and Reporting Department at Chevron (in Angola) (1990 to 1993), a financial manager of Companhia de Seguros Eagle Star Insurance (1994 to 1996), a manager of the assurance and business advisory services da PricewaterhouseCoopers (1997 to 2012).

He is an independent consultant since 2013.

(c) Clara José Cruz de Sequeira Viegas Penha Ventura

Clara José Cruz de Sequeira Viegas Penha Ventura was elected as a member of the Company's Audit Board in 2014.

She has a bachelor's degree in accounting and administration from Instituto Militar dos Pupilos do Exército and an undergraduate degree in education qualification in school and educational management from Instituto Superior de Ciências Educativas.

She taught in her area of expertise in primary and high schools within the public school system (1981 to 2014). Within her teaching career, she was a class director, group delegate, secretary to the managing council, coordinator of courses and training for adult education and an advisor on night classes.

She gave accounting training in the company Santos Silva, in Setúbal.

She was an accountant at Quartex Indústria de Extração Mineira, Lda., Agro Pecuária da Dimba, Lda., Sotecma, Comércio e Carpintaria de Madeiras, Lda., Mave - Estudos e Projetos de Construção Civil, Lda., Sadirosa, Sociedade Comercial do Sul, Lda. – Armazenistas de Produtos Alimentares, Higiene - Cash and Carry and Associação sindical de professores Pró-Ordem.

(d) Luís Manuel Pereira da Silva

Luís Manuel Pereira da Silva was elected as a member of the Company's Audit Board in 2014.

He has an undergraduate degree in business management and administration from the School of Social and Human Sciences of Universidade Católica Portuguesa and an MBA from the School of Economics of Universidade Nova de Lisboa.

He was a financial controller for Logoplaste – Consultores Técnicos, Lda. (1982 to 1985), a product manager at Siemens (1985 to 1986), a capital markets sub-manager at MDM – Sociedade de Investimento, S.A. (1986 to 1989), a manager of equity research at Socifa & Beta – Sociedade Financeira de Corretagem (Dealiers), S.A. (1989 to 1990), an executive director and delegated director of IP Financeira – Sociedade de Investimentos, Estudos e Participações Financeiras, S.A. (1990 to 1992), a director, manager and senior officer at of Caixa Central de Crédito Agrícola Mútuo, C.R.L. (1992 to 2003), a director of António M. de Mello – Sociedade Gestora de Participações Sociais, S.A. and ALL2IT – Infocomunicações, S.A. (2004 to 2008), a non-executive director of Deltamarisco – Produtos Alimentares, S.A. (2006 to 2008), an advisor to the board of directors and commercial coordinating manager of Mutuamar – Mútua de Seguros dos Armadores da Pesca do Arrasto (2006 to 2009), a financial director of Riviera SGPS, S.A. (2009), a non-executive director of JLM – Consultores de Gestão, S.A. (2008 to 2010), an advisor to the board of directors of Farminveste – Investimentos, Participações e Gestão, SGPS - S.A., (2009 to 2011), a manager of Rogério Fernandes Ferreira, Associados, Lda. (2010 to 2012) and an advisor to the chairman of the board of directors of the TAVFER SGPS, S.A. group. (2009 to 2013). He was also a consultant for various companies in the corporate perimeter of the National Association of Pharmacies (ANF - Associação Nacional de Farmácias) (2009-2015).

He has taught in his area of expertise in public and private institutions, namely as a visiting assistant (1986 to 1999) and visiting assistant professor (1999 to 2013) at the School of Economics of Universidade Nova de Lisboa, a visiting professor at the School of Economic and Business Sciences of Universidade Católica Portuguesa (2004 to 2011) and gave training at JLM Consultores de Gestão (2005 to 2013) and lecturer in Tax Management at the Post-graduate programme of Instituto Superior de Gestão (2010-2013). He was a scientific coordinator and member of the jury of several master thesis dissertations at the School of Economics of Universidade Nova de Lisboa and Instituto Superior de Gestão.

He is currently a consultant to the management board of SRCF – Sociedade de Consultoria a Farmácias, Lda. and chairman of the audit board of Glintt – Global Intelligent Technologies, S.A., a public company (since 2011), managing partner of Sociedade Anglo-Portuguesa de Diatomite, Lda. (since 2002), managing partner of Fonemas Divertidos - Mediação Imobiliária, Lda. (since 2014) and an independent management consultant for economic, financial and tax matters for tax arbitration proceedings promoted by CAAD, an independent expert in tax reform committees (CIT) and a tax representative of non-resident entities in Portugal (since 1999).

b) Operation

34 The existence of internal regulations of the Audit Board, Audit Committee, General and Supervisory Board or Financial Committee, as applicable, and place where they are made available for consultation. Incorporation by reference to the section of the report where such information is already included can be made pursuant to section 22.

The Audit Board's Internal Regulation is available for consultation at the Company's registered office.

35 Number of meetings held and the level of attendance of each member of the Audit Board, Audit Committee, General and Supervisory Board or Financial Committee, as applicable. Incorporation by reference to the section of the report where such information is already included can be made pursuant to section 23.

In 2015, nine Audit Board meetings were held and the respective effective members were present at all of them.

36 The availability of each member of the Audit Board, Audit Committee, General and Supervisory Board or Financial Committee, as applicable, indicating the positions held simultaneously in other companies both inside and outside the Group and other relevant activities undertaken by members of those bodies during the financial year. Incorporation by reference to the section of the report where such information is already included can be made pursuant to section 26.

The members of the Audit Board have shown the necessary availability to perform their duties, as evidenced by the work they have done for the Company.

In the financial year ended on 31 December 2015, the members of the Audit Board held the following positions:

João Carlos Tovar Jalles

A. Corporate positions held in other entities, in and outside the Group

A.1. Corporate positions held in entities outside the Group
Direct Profit, Lda. (managing partner)
Glintt - Global Intelligent Technologies, S.A. (Public company) (Alternate Member of the Audit Board)

A.2. Corporate positions held in other Group entities
Not applicable

B. Corporate positions held in the last 5 years that are no longer held
Mutuamar - Mútua de Seguros dos Armadores de Pesca de Arrasto - Under liquidation (Director)

C. Other relevant activities
Not applicable

António Luís Castanheira Silva Lopes

A. Corporate positions held in other entities, in and outside the Group

A.1. Corporate positions held in entities outside the Group
Banco Popular Portugal, S.A. (effective member of the Audit Board)

A.2. Corporate positions held in other Group entities
Not applicable

B. Corporate positions held in the last 5 years that are no longer held
Terra Peregrin – Participações, SGPS, S.A. (effective member of the Audit Board)

C. Other relevant activities
Independent consultant

Clara José Cruz de Sequeira Viegas Penha Ventura

A. Corporate positions held in other entities, in and outside the Group

A.1. Corporate positions held in entities outside the Group
Not applicable

A.2. Corporate positions held in other Group entities
Not applicable

B. Corporate positions held in the last 5 years that are no longer held
Not applicable

C. Other relevant activities
Primary and high school teacher in the public school system

Luís Manuel Pereira da Silva

A. Corporate positions held in other entities, in and outside the Group

A.1. Corporate positions held in entities outside the Group
Glintt – Global Intelligent Technologies, S.A. (Public company) (Chairman of the Audit Board)
Sociedade Anglo-Portuguesa de Diatomite, Lda. (Manager)
Fonemas Divertidos - Mediação Imobiliária, Lda. (Managing Partner)

A.2. Corporate positions held in other Group entities
Not applicable

B. Corporate positions held in the last 5 years that are no longer held
Rogério Fernandes Ferreira, Associados, Lda. (Manager)
JLM – Consultores de Gestão, S.A. (Non-Executive Director)
Riviera SGPS, SA and its subsidiaries (Financial Director)

C. Other relevant activities
Consultant for Finanfarma - Sociedade de Factoring, S.A. and chairman of the audit board of Glintt – Global Inte-

lligent Technologies, S.A., (public company), managing partner of Sociedade Anglo-Portuguesa de Diatomite, Lda., manager of Fonemas Divertidos – Mediação Imobiliária, Lda. and independent management consultant for economic, financial and tax issues for various entities.

c) Powers and duties

37 Procedures and criteria applicable to the supervisory body for the purposes of requesting additional services from the external auditor.

Given the powers of the Audit Board, namely as concerns the supervision of the chartered accountant's independence and the provision of additional services, the Company will oversee the Audit Board's active intervention in requesting additional services from the external auditor, namely through the prior approval of such additional services.

The main goals of such intervention will be, namely, to ensure that the request for additional services does not affect the External Auditor's independence, that the tax consulting services and other services are rendered to a high standard of quality, autonomy and independence as regards those rendered under the audit process and that independence and exemption are duly safeguarded.

38 Other duties of the supervisory bodies and, if applicable, the Financial Committee.
Please see B.II.21 in this Report.

IV. CHARTERED ACCOUNTANT

39 Chartered accountant and the partner who represents the chartered accountant.
Please see B.III.31 in this Report.

40 Number of years the chartered accountant has been consecutively carrying out duties for the company and/or group.
Please see B.III.31 in this Report. Ernst & Young Audit & Associados – SROC, S.A. has been consecutively carrying out duties for the company and/or group since October 2013.

41 Description of any other services provided to the company by the chartered accountant.

In addition to carrying out the duties of chartered accountant, Ernst & Young Audit & Associados – SROC, S.A. also provided the Company with the services described in B.V.46.

V. EXTERNAL AUDITOR

42 The external auditor appointed for the purposes of article 8 and the partner who represents the external auditor in carrying out those duties and their respective PSCom registration numbers.

During the 2015 financial year, the external auditor was Ernst & Young Audit & Associados – SROC, S.A. registered with the Chamber of Chartered Accountants under number 178 and registered with the PSCom under number 9011, represented by Ricardo Filipe de Frias Pinheiro, registered at the Chamber of Chartered Accountants under number 739.

43 The number of years that the chartered accountant and the respective partner who represents the chartered accountant have been consecutively carrying out duties for the company and/or group.

The Auditor Ernst & Young Audit & Associados – SROC, S.A. and the respective partner mentioned above have carried out duties with the Company and /or Group since the last quarter of 2013.

44 Rotation policy and frequency of rotation of the external auditor and the respective partner who represents the external auditor in carrying out those duties.

The Auditor Ernst & Young Audit & Associados – SROC, S.A. and the respective partner who represents the external auditor were appointed in 2013 for the 2012-2015 mandate and appointed again for the 2014-2017 mandate. The Company therefore complies with the recommendations presently in force.

45 Name of the governing body responsible for assessing the external auditor and how often the assessment is done.

A resolution electing or removing the Chartered Accountant/External Auditor shall be passed in a General Shareholders Meeting, following a proposal by the Audit Board. The latter will further supervise the External Auditor's activities and the works carried out throughout the financial year, as well as globally assess its performance, namely as regards independence. Thereby, the Company's General Shareholders Meeting and Audit Board assess the external auditor.

46 Services, other than auditing, carried out by the external auditor for the company and/or companies in a controlling relationship with it, as well as the internal approval procedures for hiring such services and the reasons therefor.

Ernst & Young Audit & Associados – SROC, S.A., also reviewed prospective information and Model 22 statements and verified the monitoring and assessment programme for social welfare results.

Given the powers of the Audit Board, namely as concerns the supervision of the chartered accountant's independence and regarding the provision of additional non-auditing services, the Audit Board actively intervened in hiring additional services from the external auditor, namely through the prior approval of such additional services, as better described in B.III.37 above.

As for the additional services requested from the external auditor in 2015, the following facts were taken into consideration related thereto:

(i) those services did not affect the Chartered Accountant's independence and the safeguards applied;
(ii) the Chartered Accountant's position concerning the provision of those services, namely his experience and knowledge of the company;
(iii) the quality and efficiency with which those duties have been carried out;
(iv) the fact that the value of those services are in accordance with Recommendation IV.2 of the PSCom.

47. Annual remuneration paid by the company and/ or legal entities in a controlling or group relationship with the auditor and other persons or legal entities belonging to the same network and the percentage breakdown for the following services (using for this purpose the "network" concept as set out in European Commission Recommendation No. C (2002) 1873 of 16 May):

Ernst & Young Audit & Associados – SROC, S.A.[1]

By the Company(2)	
Amount for statutory auditing services	202.500,00 € / 80%
Amount for assurance services	31.500,00 € / 13%
Amount for tax consulting services	17.900,00 € / 7%
Amount for other services non-auditing services	0€ / 0%
By Group entities(2)	
Amount for statutory auditing services	281.250,00 €/ 82%
Amount for assurance services	59.793,00 € / 18%
Amount for tax consulting services	0€ / 0%
Amount for other services non-auditing services	0€ / 0%
Total	592.943,00 €

[1] Agreed amounts for 2015.
[2] Including individual and consolidated accounts

C. INTERNAL ORGANISATION

I. BYLAWS

48 Rules that apply to the amendment of the company's bylaws (art. 245-A(1)(h)).

The Company's Bylaws provide that, in a first call, the General Shareholders Meeting cannot convene unless shareholders representing at least fifty per cent of the share capital are present or represented, regardless of the items on the agenda. In a second call, the General Shareholders Meeting is allowed to pass resolutions whatever the number of shareholders present or represented and the share capital they represent.

Resolutions at a General Shareholders Meeting are approved by a majority of votes issued, unless the law or Bylaws require a qualified majority. Pursuant to article 383 of the PCC and article 15(2) of the Bylaws, in order to approve resolutions on the amendment of the company's articles of incorporation, merger, demerger, transformation, dissolution or other issues for which the law requires a qualified majority, the respective resolution shall be approved by two-thirds of the votes issued, regardless of whether the General Shareholders Meeting convenes in a first or second call.

II. WHISTLEBLOWING

49 Company whistleblowing channels and policy.

As at 31 December 2015, the Company's Board of Directors had no written whistleblowing policy or channels approved by the competent governing body, regarding the reporting of irregularities in the Company.

The Company is currently rethinking its compliance model at the Group level and this document is being drafted therein. The Board of Directors' Internal Regulation is expected to be approved during 2016.

However, some of the Company's executive directors are members of the Boards of Directors of Luz Saúde's subsidiaries and therefore attend their respective meetings. They thereby have a relevant role in reporting irregularities that occur within the Group's companies and that have an impact on the Company.

III. INTERNAL CONTROL AND RISK MANAGEMENT

50 Persons, bodies or committees responsible for the internal audit and/or implementation of the internal control systems.

The members of the Executive Committee are responsible for the internal auditing of risk control and management. The members of that committee that are simultaneously members of the Board of Directors of Luz Saúde – Serviços, A.C.E. have a particularly important role. This entity provides a set of services to the Group companies (shared services), including those of internal control. Please note that the implementation of a GRC (Governance, Risk and Compliance) system is currently under preparation, which is expected to be concluded in the present financial year (2016).

51 Explanation of the hierarchical and/or functional relationships to other company bodies or committees (an organisational chart may be used).

Please see B.II.15, B.II.18 e B.II.21 of this Report (relationship between the Board of Directors and the Executive Committee).

52 Other functional areas with risk control duties.

There are no other functional areas with risk control duties beyond those mentioned in C.III.50.

53 Main types of risk (economic, financial and legal) to which the company is exposed in its business activities.

Luz Saúde's main risks and uncertainties

In its risk management, Luz Saúde's priority is to detect and hedge risks that may have a material adverse effect on results and equity or that may significantly hinder its ability to conduct business. In order to improve the

referenced risk management, the implementation of a GRC (Governance, Risk and Compliance) system is currently under preparation, which is expected to be concluded in the present financial year (2016).

The main identified risks are of an operational and financial nature.

Operational/Economic Risks

With respect to operational risks, please note that all of Luz Saúde's income comes from operations located in Portugal and therefore operating profits are affected by financial, economic and political events in the country.

Adverse macroeconomic conditions in Portugal exacerbated budget problems in the public sector, which has led to strong pressures on the State's expenditure with the National Health Service. Although a substantial part of the Luz Saúde Group's activity is in the private healthcare segment, it is also exposed to the National Health Service, mainly through Hospital Beatriz Ângelo, which it operates in partnership with the State.

On the other hand, and taking into account that an important part of the Luz Saúde Group's income comes from private healthcare plans for civil servants, a reduction in the State's expenditure with these beneficiaries' healthcare plans (which include civil servants, retired civil servants and their dependents) could have an impact on the Group's business. However, recent changes to the plan's contribution scheme and a reduction of the prices in place over the last few years have made it self-sustainable based on beneficiary contributions.

In addition to the economic downturn's direct impact on the State, it may result in a sharp increase in unemployment, a downturn in public and private sector income and greater difficulty in obtaining credit, among other effects.

However and contrary to macroeconomic trends, the Luz Saúde Group's units have shown great resilience in light of the country's adverse climate. Moreover, throughout this period, the private health insurance market has continued to show real growth.

Competition in the Portuguese healthcare services sector

Competition for patients and clients between hospitals and other healthcare providers has intensified over the last few years, due mainly to a certain level of consolidation in the sector. The Group also faces competition from other healthcare providers, such as public hospitals, independent clinics, outpatient centres, diagnostic centres and could face further competition from international healthcare companies offering healthcare services in Portugal in the future.

Hospitals compete based on reputation, clinical excellence, technology, client satisfaction and price. The ability to recruit experienced doctors and other healthcare professionals, such as high-quality nurses and technicians, is crucial to the Group's ability to attract and retain clients.

To reinforce its market leadership in a climate of increased competition, the Group must continue to (1) recruit high-quality experienced doctors and other healthcare professionals; as well as to (2) continually improve its facilities with the most technologically advanced diagnostic and surgical equipment.

On the other hand, the transposition of the European directive on cross-border healthcare into Portuguese law may pose an opportunity for the Luz Saúde Group, insofar as its units may cater to European Union citizens to which it can offer quality medical care at competitive prices, especially when compared to the main European healthcare benchmarks. This directive establishes rules of access and creates a right to reimbursement of healthcare costs incurred in another Member State, up to the limit of the costs that State would have borne if the care had been provided within its borders.

Pressure on prices from health insurance companies and healthcare plans

In order to mitigate the pressure from insurance companies and private employers, the Luz Saúde Group seeks to remain updated on the most recent technological and medical advances, in order to endow its clinical portfolio with differentiated services, products, equipment and

technology of greater added value. This positioning, coupled with the Group's size and wide geographic breadth, are part of the value proposition it offers its client base. This has enabled the Group to minimise price cuts that have occurred in some of its business areas over the last few years.

Luz Saúde manages Hospital Beatriz Ângelo in partnership with the State

Luz Saúde manages Hospital Beatriz Ângelo through its subsidiary Sociedade Gestora do Hospital de Loures, SA ("SGHL") under a Public-Private Partnership agreement with the Portuguese State ("PPP Agreement"). HL – Sociedade Gestora do Edifício, S.A., in which the Company has a 10% shareholding, is also a party to the PPP agreement and is responsible for the (now completed) construction and the management of Hospital Beatriz Ângelo's building and facilities.

Under the PPP Agreement, SGHL has undertaken to provide healthcare services within the National Health Service, through Hospital Beatriz Ângelo, for a 10-year period as of the Hospital's opening date (19 January 2012). The term of the PPP agreement may be renewed for successive periods by mutual agreement and each period cannot exceed 10 years. Notwithstanding, the total duration of the PPP Agreement, including the initial period and any additional periods, cannot exceed 30 years, as of the PPP agreement's effective date (31 December 2009).

With respect to the Hospital's management, the PPP Agreement governs the relationship between the State and SGHL, sets prices and payment methods, establishes quality standards, notice and information duties, compliance levels (clinical and non-clinical), hospital operating rules (e.g. human resources) and other duties and undertakings for each party, as well as consequences for default on the contractual obligations.

In addition, the PPP Agreement establishes that annual volumes of patient treatment at Hospital Beatriz Ângelo (defined with reference to doctor consultations, emergency room visits and inpatient and outpatient surgical and non-surgical services) shall be agreed by annual negotiation between the Ministry of Health and the Hospital's management, based on historical data for public healthcare demands by the population in Hospital's catchment area. However, it should be noted that the aforementioned production level is determined based on historical data on the demand for public healthcare by the population living in the Hospital's catchment area.

On the other hand, the prices charged by the hospital to the National Health Service have been contractually defined and are adjusted annually according to the growth of the inflation rate.

The PPP Agreement further provides that, at the end of each month, the State must pay 90% of 1/12 of the agreed annual production value (regardless of the actual production value reached). The adjustment amount (which may include the remaining 10%, plus any additional production above the agreed amount, given that there are areas where the set production limit can be surpassed, such as emergency room visits and hospitalisation) is settled over the course of the following financial year.

Financial Risks

As regards financial risks, the Group is exposed to the following types of risk because of its use of financial instruments: (i) Credit risk; (ii) Liquidity risk; (iii) Market risk.

Credit Risk

Credit risk arises from the possibility that financial losses may occur due to a debtor's default on contractual obligations with the Group in the course of its business.

The Group's credit risk exposure essentially arises from accounts receivable from its business activities and funds managed under Group's treasury operations.

Credit risk arising from business activities is monitored through the on-going oversight of debtor portfolios and their outstanding balances. This approach is supplemented by guideline procedures for risk assessment when vetting and classifying new clients and setting related credit limits, as well as for debt collection procedures and cycles.

The Group's credit risk profile, namely with respect to changes in credit exposure and monitoring default losses, is monitored on an on-going basis by the Operations and Finance Departments of each unit. Monitoring at the Group-level is undertaken by the Finance and Management Control Directorates.

As regards cash management, the Group has adopted a guideline whereby the counterparty where it deposits its funds is aligned with financial entities with which it has drawn credit facilities, in order to create a natural hedge in the event of a credit event that may occur in the entity with which the funds are deposited.

Liquidity Risk

Liquidity risk arises from the possible inability to finance the Group's assets or to satisfy contractual undertakings when due. Liquidity management is centralised in the Finance and Management Control Directorates and seeks to maintain an adequate amount of funds to meet the Group's short-term, medium and long-term financial needs.

To assess overall exposure to this type of risk, reports are drawn up that enable the Group to not only identify occasional cash shortages, but also activate mechanisms intended to cover them.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates or developments in the capital markets may affect the Group's results and financial position. Because the Group is not exposed to foreign exchange or capital market risks, the goals of its market risk management focus mainly on monitoring changes in interest rates that affect interest-bearing liabilities with floating interest rates that vary depending on market evolution.

All facilities set-up by the company are remunerated through floating rates stipulated by the reference index plus a spread. For the present financial year and in order to balance the exposure to floating interest rates, the Group arranged for some cash flow hedging instruments, in order to fix the interest rates on some of its facilities. These instruments shall only become effective in the fourth quarter of 2016. Because of the Group's financial debt as at 31 December 2015 and the level of effectiveness these instruments are expected to have (due to expected positive developments in future interest rates), nearly 60% of the Group's financial debt will become exposed to a fixed interest rate.

Legal Risk

Certain financing agreements entered into by the Company and some of its subsidiaries contain change of control provisions that may be enforced if there is a change of direct or indirect control in the Company (and which include, albeit tacitly, changes of control arising from takeover bids).

Certain financing agreements entered into by the Company and some of its subsidiaries contain change of control provisions that require direct or indirect control of the Company to be maintained. As at 31 December 2015, the total amount of debt under these agreements was 183.25 million Euros. Some of these change of control provisions may be enforced if the direct or indirect shareholding drops below 51% of the Company's share capital or if the direct or indirect shareholding drops below 51% of the Company's share capital and voting rights or if a majority of the Company's share capital and voting rights are no longer directly or indirectly held. Only one agreement contains a change of control provision, whereby the agreement may be terminated if the current majority shareholder ceases to directly or indirectly hold at least two-thirds of Luz Saúde's share capital and/or voting rights.

If these provisions are enforced and the Company is unable to obtain financing to make early repayment thereon, this could have a material adverse effect on the Company's business, financial condition, operational results or future outlook. Furthermore, the change of control provisions in these agreements may limit the

Company's ability to raise funds in the future or to seek additional financing, which may limit the Company's operational flexibility and its future outlook of expansion.

54 Procedure for identifying, assessing, monitoring, controlling and managing risks.
Please see C.III. 50 above.

On 31 December 2015, there was not yet a procedure for the identification, assessment, monitoring, control and management of the Company's risks. The implementation of a GRC (Governance, Risk and Compliance) system is currently under preparation, which is expected to be concluded in the present financial year (2016).

55 Key elements of the internal control and risk management systems implemented in the company with respect to the procedure for reporting financial information (article 245-A(1)(m)).

Notwithstanding C.III. 50 above, on 31 December 2015 there was not yet a procedure for the identification, assessment, monitoring, control and management of the Company's risks whose transparency and reliability would enable the identification and improvement of the preparation and disclosure of financial information. The implementation of a GRC (Governance, Risk and Compliance) system is currently under preparation, which is expected to be concluded in the present financial year (2016).

IV. INVESTOR RELATIONS

56 Department responsible for investor relations, its composition, duties, information provided by the department and contact details.

The Company has an Investor Relations Desk ("IRD") responsible for assisting investors. This department is dedicated to preparing, managing and coordinating all the Company's activities in order to achieve its objectives with respect to shareholders, investors and analysts. The Investor Relations Desk is entrusted with the task of ensuring adequate communication with the latter in order to facilitate the investment decision-making process and the sustained creation of value for the shareholder, as well as financial markets. The IRD is also responsible for responding to information requests in a timely fashion and clarifying relevant facts about the Company's business that have been disclosed as required by law, as well as for communicating effectively with shareholders, investors, analysts and financial markets, particularly with Euronext Lisbon and the PSCom.

The IRD contacts are as follows:
Jorge Santos
Telephone: +351 21 313 82 60

E-mail: investors@luzsaude.pt
Address: Luz Saúde, S.A.
To the attention of: Investors Relations Desk
Rua Carlos Alberto da Mota Pinto, 17, 9th floor (Edifício Amoreiras Square)
1070-313 Lisbon, Portugal
Telephone: +351 21 313 82 60 I Fax: +351 21 353 02 92

The Investor Relations Desk is primarily responsible for:

a) Acting as a Company liaison with shareholders, capital market investors and financial analysts and ensuring the equal treatment of shareholders;
b) Ensuring full compliance with duties pertaining to the PSCom and other entities;
c) Disclosing information made available by the Group's companies as regards the disclosure of privileged information and other communications to the market and the publication of periodic financial statements;
d) Keeping the Executive Committee informed of feedback from institutional investors;
e) Monitoring the results of analyst research in order to ensure the correct assessment of the Company's strategy and results;
f) Preparing and continually monitoring financial and operating benchmarks of competitors and peer groups;
g) Attracting the interest of potential institutional investors, as well as a greater number of financial analysts;
h) Planning and preparing IRD activities, such as road shows and visits to investors;

i) Ensuring that the Investor Relations webpage on the Company's website is kept permanently up-to-date.

57 Market Relations Representative

The Market Relations Representative is João Novais (telephone: +351 21 313 82 60 and e-mail: investors@luzsaude.pt).

58 Proportion and waiting time for information requests made in the year or pending from previous years.

For the financial year ended on 31 December 2015, nearly 90% of information requests received were answered within an average of one business day.

V. WEBSITE

59 Address(es).

Company's website: www.luzsaude.pt

60 Place where information is available about the name, public company status, registered office and other details referred to in article 171 of the Portuguese Company Code.

The mentioned information is available on the Company's website at www.luzsaude.pt and at the Company's registered office.

61 Place where the bylaws and internal regulations of the bodies and/or committees are available.

The Company's Bylaws are available on the Company's website at www.luzsaude.pt (link http://www.luzsaude.pt/pt/luz-saude/governo-da-sociedade/estatutos-da--sociedade/) and at the Company's registered office. The internal regulations of the Company's Audit Board and Advisory Board are available for consultation at the Company's registered office. On the present date, there are no other internal regulations for the Company's bodies and/or committees. As referenced above, the mentioned documents are presently under discussion and are expected to the approved and implemented during the 2016 financial year.

62 Place where information is available on the names of members of the governing bodies, the market relations representative, the investor representative desk or equivalent structure, their respective duties and contact details.

The information mentioned herein is available on the Company's website at www.luzsaude.pt, (link www.luzsaude.pt/en/luz-saude/governo-da-sociedade/) and at the Company's registered office.

63 Place where financial reporting documents are available, which should be accessible for at least five years, as well as the half-yearly calendar of Company events, as disclosed at the beginning of each six-month period, including, among others, general shareholder meetings and disclosure of annual, half-yearly and where applicable, quarterly financial statements.

These documents are available on the Company's website at www.luzsaude.pt (linkhttp://www.luzsaude.pt/pt/investidores/informacao-financeira/) and at the Company's registered office.

64 Place where convening notices for the general shareholders meetings and all preparatory and subsequent information related thereto are available.

The information mentioned herein is available on the Company's website at www.luzsaude.pt (linkhttp://www.luzsaude.pt/pt/investidores/informacao-acionista/assembleias-gerais/) and at the Company's registered office.

65 Place where the historical archive of resolutions passed at the company's general shareholder meetings, the share capital represented and voting results for the preceding three years is available.

The information mentioned herein is available on the Company's website at www.luzsaude.pt (linkhttp://www.luzsaude.pt/pt/investidores/informacao-acionista/assembleias-gerais/) and at the Company's registered office.

D. REMUNERATION

I. Power for determining remuneration

66. Powers for determining the remuneration for the Company's governing bodies, members of the executive committee or delegated director and senior officers.

The Remuneration Committee is the body responsible for determining the remuneration of the governing bodies (Board of Directors, Audit Board and members of the Board of the General shareholders meeting), notwithstanding other benefits approved by the shareholders in the General Shareholders Meeting.

II. Remuneration committee

67. Composition of the remuneration committee, including the persons or legal entities hired to provide support services thereto and a statement on the independence of each of its members and advisors.

Article 23 of the Company's Bylaws provides that the remuneration of members of the governing bodies is set by a Remuneration Committee made up of three members elected for 4-year period by the General Shareholders Meeting. The latter will appoint the respective chairperson from among the committee members. In the case of members of the Board of Directors, a variable remuneration may be added to the fixed remuneration. All or a portion of the variable remuneration may correspond to a percentage of the Company's consolidated profits. In the latter case, the overall percentage allocated to Directors may not exceed, in each financial year, 10% of the consolidated results of that financial year. Remuneration Committee resolutions will be passed by a simple majority of votes.

Regarding the composition of this body at the beginning of 2015, given the criteria for the assessment of independence set out in PSCom Regulation 4/2013 and the PSCom's Corporate Governance Code of 2013, the Company's self-assessment found all members of the Remuneration Committee to be independent.

It so happens that the composition of this body in the beginning of 2015 had not yet been adapted to the Company's new circumstances arising from the Change in Shareholder that took place in 2014 and because of which Fidelidade became the holder of 98.23% of the Company's share capital by the end of that year.

Therefore, in the Company's Extraordinary General Shareholders Meeting held on 9 February 2015 sought to simplify the Company's governance structure following the Change in Shareholder that took place. The composition of the Remuneration Committee was adapted to the Company's new circumstances, namely as regards its governance model, shareholder structure and free float. Following this change, this body ceased to have independent members. Its members are now as follows:

- Chairman of the Remuneration Committee: Lan Kang
- Member of the Remuneration Committee: Rogério Campos Henriques
- Member of the Remuneration Committee: Jose M. Alvarez Quintero

The Remuneration Committee therefore came to include two members of another governing body for which it stipulates the respective remuneration.

The three members thereof did not have any family ties with members of those governing bodies, whether as spouses, relatives by blood, marriage or similar, up to and including third-degree relatives.

In the work already undertaken by the Remuneration Committee, namely as regards defining the remuneration policy, the Committee enlisted the help of an external consultant, "Heidrick & Struggles". This entity has not

provided services in the last three years to any satellite structure of the management body, to the Company's management body itself or to any structure that has a current relationship with the Company or with a Company consultant. Neither the external consultant "Heidrick & Struggles" nor any of its employees who provide consultancy services to the Company's Remuneration Committee have a current relationship with the Company or with a Company consultant through an employment or services agreement.

68 Knowledge and experience of the members of the Remuneration Committee in matters relating to remuneration policy.

The members of the Remuneration Committee have the necessary and adequate knowledge to reflect, manage and decide on all matters entrusted to the Remuneration Committee, given the mentioned below.

The Remuneration Committee is made up of three members with vast professional experience, namely in insurance, finance and consulting. In effect, the members of the Remuneration Committee have held corporate positions in several companies, including listed companies.

III. REMUNERATION STRUCTURE

69 Remuneration policy for the management and supervisory bodies referenced in article 2 of Law 28/2009 of 19 June.

The Company's Remuneration Committee passed a resolution in its meeting held on 30 March 2015 whereby it will adapt the Company's remuneration policy to its new circumstances, with the assistance of the external consultant "Heidrick & Struggles", whereby one shareholder now holds approximately 98% of the share capital and voting rights.

Therefore, the Remuneration Committee approved a new remuneration policy for the Company in its meeting held on 27 November 2015 and was put to the approval of the Company's General Shareholders Meeting.

Therefore, the Extraordinary General Shareholders Meeting, that took place on 20 January 2016, approved the Luz Saúde Governing Body Remuneration Policy found below.

Remuneration policy of the governing bodies of Luz Saúde, S.A., a public company ("Luz Saúde")1

1. Approval process for the Remuneration Policy

a) Approval

The Remuneration Policy for Luz Saúde's governing bodies ("Remuneration Policy") was approved by the Remuneration Committee on 27 November 2015.

b) Remuneration Committee's Mandate

Pursuant to article 23 of the Bylaws, the Remuneration Committee is responsible for determining the remuneration of the members of Luz Saúde's governing bodies.

Under the Short-Term Variable Remuneration and Medium-Term Variable Remuneration schemes, hereinafter Schemes, the Remuneration Committee is entrusted with:

Stipulating the rules of the remuneration schemes and the terms and conditions of the amounts granted thereunder;

Stipulating the criteria for the allocation of Restricted Stock Units (RSUs) and Performance Stock Units (PSUs) on the vesting date;

Setting and verifying that performance goals are met in order for RSUs and PSUs to be granted and vested;

Promoting training to make the terms and intentions of the remuneration scheme rules effective.

The Remuneration Committee is currently made up of 3 members, appointed by the General Shareholders Meeting of 9 February 2015, to carry out their duties until the end of the 2014/2017 mandate.

c) Composition of the Remuneration Committee

Lan Kang - Chairwoman
Lan Kang is Senior Advisor to the Chairman and Head of Human Resources of the Fosun Group.

Rogério Campos Henriques
Currently, Chief Information Officer and an Executive Member of the Board of Directors of Fidelidade – Companhia de Seguros, S.A.. In addition to Information Technology (IT), he is responsible for Human Resources, Process Improvement and various support areas in the organization. In APS (Portuguese Association of Insurance Companies (Associação Portuguesa de Seguradoras)), he coordinates the Technical Committee of "Segurnet" - the APS systems platform that provides services to Portugal's insurance companies.

Jose M. Alvarez Quintero
He is an Executive Member of the Board of Directors of Fidelidade – Companhia de Seguros, S.A. and Fidelidade Assistência – Companhia de Seguros, S.A. and Chairman of other Group companies. He is also Chairman of the Permanent Committee of the Auto Insurance and Accidents of the Portuguese Association of Insurance Companies (Associação Portuguesa de Seguradoras).

A Remuneration Committee representative shall be present in every General Shareholders Meeting in which matters of governing body remuneration are dealt with.

d) External consultants

The external consultant used in 2014 to assist the Remuneration Committee in determining the Remuneration Policy was Heidrick & Struggles.
The referenced consultant does not provide additional human resource services to Luz Saúde.

Heidrick & Struggles performed a study based on its market knowledge and information available from Annual Reports and Corporate Governance Reports of listed PSI 20 companies, in light of the following factors - EBITDA, Net results, Net assets and Market capitalization. This analysis enabled it to determine the salary principles and benchmark that may be applied to executive and non-executive members of management bodies, as well as to members of the supervisory bodies and the Board of the General Shareholders Meeting.

Heidrick & Struggles performed a detailed analysis of the referenced policies, segmenting them according to the following assumptions:
The payment package allocated and the weight of the various captions on remuneration;

The assessment criteria of the remuneration's variable component;

The limitation mechanisms of the variable remuneration;

The possible deferral of the variable component of the remuneration;

The payment method of the variable remuneration: in cash and the existence of a share allocation plan or stock options;

The existence of conditions intended to limit or eliminate the payment of the variable remuneration.

e) Company groups used for purposes of comparison

When passing resolution on the Remuneration Policy, the Remuneration Committee took into account the study performed by Heidrick & Struggles, as well as the salary benchmark referenced therein and the remuneration policy assumptions adopted by comparable companies in Portugal, both listed and unlisted PSI 20 companies.

2. Remuneration of members of the Board of the General Shareholders Meeting

The members of the Board of the General Shareholders Meeting earn a fixed monthly remuneration paid twelve times a year.

3. Members of the Audit Board

The members of the Audit Board earn a fixed monthly remuneration paid twelve times a year.

4. Chairperson and Non-executive Members of the Board of Directors

Currently, the Chairman and non-executive members of the Board of Directors are remunerated by other Group companies, or related entities, and therefore do not awarded any remuneration, without prejudice to the right to be reimbursed for costs borne for the purpose of performing their duties.

5. Members of the Executive Committee

a) Remuneration

Members of the Executive Committee can earn different remunerations, depending on the relevance of the duties performed.

The members that perform executive duties in management bodies of companies in a controlling and/or group relationship with Luz Saúde or that perform specific duties by indication of the Board of Directors may be remunerated by those companies, depending on the relevance of the duties performed.

b) Remuneration composition

The annual remuneration is made up of a fixed component and a variable component.

The remuneration of members of the Executive Committee is fixed annually by the Remuneration Committee, until the end of April of each year, based on the performance assessment of the prior financial year.

c) Limitations to remuneration

The fixed portion will be limited as determined by the Remuneration Committee and will represent a minimum of 55% of the Total Annual Remuneration.

As set out in the Bylaws, the variable portion will be limited to a maximum of 10% of Luz Saúde's consolidated profits in the year it is granted.

d) Balance in the remuneration

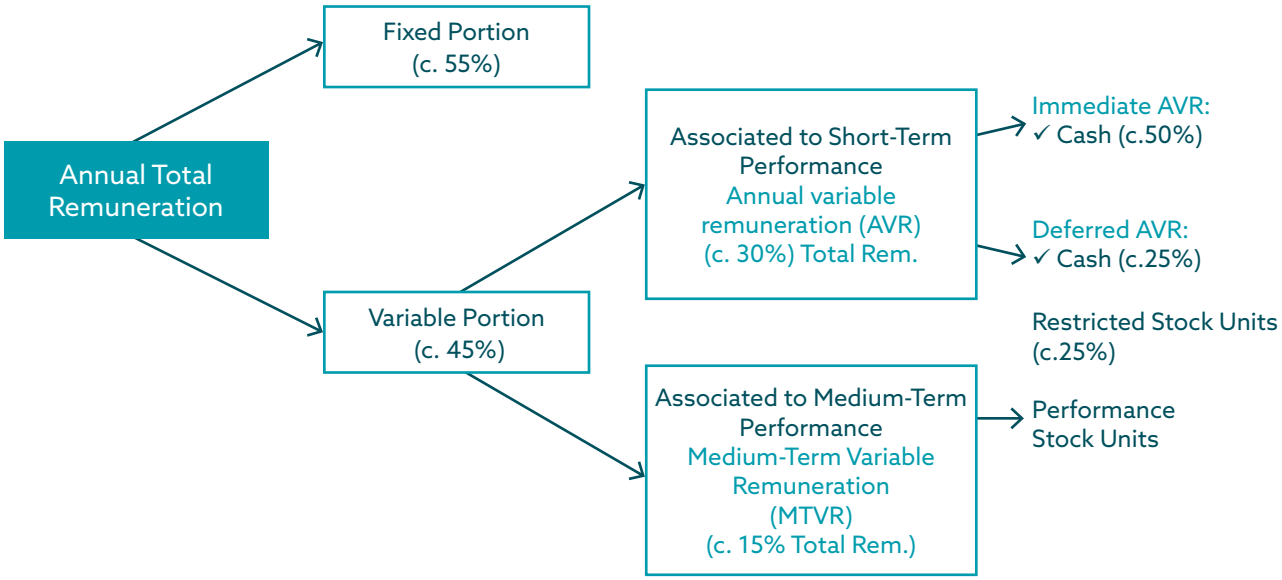
The fixed portion will represent nearly 55% of the total remuneration. The remaining percentage will be allocated as a variable portion, when the conditions for the respective allocation have been met.

When the variable portion is allocated, the exact amount and its relative weight in the total remuneration will fluctuate in each year depending on the level of compliance with the annual goals, detailed in the annual budget, as approved by the Board of Directors.

e) When remuneration is stipulated

Remuneration, in the variable and fixed components indicated below, shall be stipulated by the Remuneration Committee and disclosed to each recipient following the individual performance assessments and always within thirty days as of the approval of the accounts relative to the prior financial year by the General Shareholders Meeting.

f) Criteria for determining the variable component and time of payment



The variable component is divided into two sub-components.

A) Short-Term Variable Remuneration ("STVR")

The STVR pertains to Short-Term Performance and will weigh-in at approximately 30% of the Total Annual Remuneration.

The STVR shall be calculated by the Remuneration Committee, in light of the following factors:

Fulfilment of the main overall goals set out in the Annual Budget approved by the Board of Directors for the year to which the STVR, taking into account consolidated EBITDA, the Net Results for the financial year, the Consolidated Revenue and Capital Employed (Net fixed assets + Working capital). These goals will weigh-in at 80% in determining the fulfilment of the annual goals;

Performance according to non-financial criteria, including the individual performance of each member of the Executive Committee according to the CEO's qualitative appraisal of his/her colleagues in the Executive Committee and the Remuneration Committee's appraisal of the CEO. This qualitative assessment will weigh-in at 20% in determining the fulfilment of the annual goals and will be assessed on a scale of percentages (0%-110%). Under this assessment criteria, variable factors, such as the fulfilment of goals set out in the strategic plan, company reputation, organisational environment and business sustainability indicators, among others, can be taken into account. The factors that shall be assessed shall be reviewed and disclosed every year by the Remuneration Committee, in light of the challenges Luz Saúde has faced in that year.

The STVR amount shall be determined in light of the assessment carried out on this set of factors. Possible extraordinary constraints that may have affected these factors will be taken into consideration.
The STVR may vary with the degree of fulfilment of the goals and a mathematical conversion algorithm is applied over the individual fixed remuneration. In this regard, a cap for goal fulfilment levels equal to or greater than 110% and a floor for goal fulfilment levels lower than 90% are provided for. In short:

Thresholds for Level of Fulfilment of Goals		STVR Multiplier (discreet values)
>=	<	
	90.0%	0
90.0%	92.5%	40%
92.5%	95.0%	45%
95.0%	97.5%	50%
97.5%	102.5%	55%
102.5%	105.0%	58%
105.0%	107.5%	62%
107.5%	110.0%	72%
110.0%		75%

All STVR amounts shall be paid within thirty days as of the passing of a resolution to approve Luz Saúde's annual accounts by the General Shareholders Meeting.

The STVR is divided into equal parts between an immediate portion ("Immediate STVR"), paid in cash, following the approval of that year's annual accounts, and a portion deferred for a 3-year period (the Deferred Variable Remuneration ("Deferred STVR ").

Deferred STVR shall be divided into two parts of approximate equal weight, one part in cash, the other in Restricted Stock Units ("RSUs").

The number of RSUs to be granted is the result of the value associated with this component of the Deferred STVR over the value of the Unit on the granting date. The value of each RSU on the granting date shall be calculated with reference to the Book Value per Luz Saúde share based on the consolidated accounts for the last year.

Each member is given notice of the granting of RSUs by way of a Certificate issued by the Company, describing the following:

- The granting date;
- The total number of RSUs awarded;
- The vesting date;

Any other terms and conditions that, in the Remuneration Committee's opinion, are pertinent.

At the time of granting, members of the Executive Committee may choose to convert the deferred cash amounts into RSUs. The conversion value shall be calculated with reference to the Book Value per Luz Saúde share based on the consolidated accounts for the last year.

The Remuneration Committee shall be given notice of this intention by the interested party within thirty days following the date on which the latter becomes aware of the RSUs granted to him/her.

In each of the following three years, 1/3 of the RSUs granted shall vest on the date of approval of the year-end accounts by the General Shareholders Meeting. The value of each RSU on the vesting dates shall be calculated with reference to the Book Value per Luz Saúde share based on the consolidated accounts for the year prior to vesting, approved by the General Shareholders Meeting. This value shall be adjusted to reflect any possible profit distributions that have been made and other events with an impact on capital between the date of granting and the date of vesting. The RSUs shall be paid in cash within the abovementioned period of thirty days following the approval of Luz Saúde's annual accounts by the General Shareholders Meeting.

B) Medium-Term Variable Remuneration ("MTVR")

The goal of MTVR is to:

Align directors' interests with those of the Company by making them holders of Performance Stock Units ("PSUs");

Retain and incentivise directors to contribute to the Company's long-term growth and results.

The MTVR pertains to Medium-Term Performance and will weigh-in at approximately 15% of the whole of the Total Annual Remuneration.

The possible granting of MTVR shall be stipulated by the Remuneration Committee within the period indicated in e) above and will require an overall positive performance assessment with reference to the previous year. MTVR shall be granted by way of PSUs with a 3-year vesting

period for the whole of them. This entails cost recognition until the time of vesting.

Notwithstanding their different vesting mechanisms, the value of PSUs shall be calculated on the dates of granting and vesting and the payment of the amount inherent thereto shall be the same as for RSUs, stated above.

Each member is given notice of the granting of MTVR by way of a Certificate issued by the Company, describing the following:

- The granting date;
- The total number of PSUs awarded;
- The performance conditions underlying the exercise of the PSUs on the vesting date;
- The performance period underlying the PSUs;
- The vesting date;

Any other terms and conditions that, in the Remuneration Committee's opinion, are pertinent.

The number of PSUs to be granted at the end of the performance period (3 years) shall be calculated in terms of average ROE throughout that period. The performance multiplier shall be linked to the degree of fulfilment of the performance goal previously defined in the Company's business plan.

Average ROE at the end of the performance period (3 years)	Performance Multiplier
[140% target; +∞]	1,5
[120% target; 139% target	1,2
[90% target; 119% target]	1,0
[-∞; 89% target]	0

The Company shall, within the period stipulated by the Board of Directors, but never later than 3 months as of the vesting date, pay the holder in cash the value of the PSUs, based on their value on the vesting date.

g) Mechanisms to Limit Variable Remuneration

Deferred STVR and MTVR are subject to two general limitations:

a) Their payment is deferred for a 3-year period; and

b) They shall only be granted if sustainable given Luz Saúde's financial situation.

If any member of the Executive Committee terminates his/her appointment in that body during the Deferred STVR or MTVR deferral period (vesting period), for reasons outside his/her control (namely, illness, death, disability, or non-renewal of the mandate as an executive director), the granted amounts will become due on the date of termination of his/her appointment and the previously granted RSUs and PSUs shall be converted and paid in cash on that date.

If during the Deferred STVR or MTVR deferral period, any member of the Executive Committee tenders resignation on his/her initiative or if he/she is liable for the termination of his/her appointment, the components shall no longer be due.

In the event of a change of control that results in a change in the Group that encompasses Luz Saúde, the members of the Executive Committee may opt for early payment of the accumulated amounts to the date on which that change takes place and previously granted RSUs and PSUs shall be converted and paid in cash on that date.

It is the Remuneration Committee's duty to verify that the sustainability conditions of the financial situation are met, thereby allowing payment of the deferred portion of the STVR and MTVR to be carried out.

The payment of PSUs is further limited by Return on Equity (ROE) throughout the 3-year performance period according to the previously detailed rule.

h) Rules that apply to the Variable remuneration

Any decisions under the regulation for Deferred STVR and MTVR, including on the interpretation of its rules, shall be made by the Remuneration Committee.
The RSUs and PSUs or any rights related thereto cannot be sold, assigned, transferred, pledged or encumbered.
The STVR and MTVR schemes do not apply in the context of any employment arrangement that may exist

between any member of the Executive Committee and Luz Saúde or any of its subsidiaries. The rights and obligations of any holder of STVR or MTVR, arising from his/her carrying out executive management duties, shall not be affected by his/her participation in the STVR or MTVR Scheme, save as regards the application of the Scheme's rules.

i) Performance assessment criteria

The performance assessment of executive directors is based on the following financial and non-financial criteria:

"EBITDA", an indicator that shows Luz Saúde's operational profitability and measures the ability to generate results before interest, tax, depreciations and amortizations of the financial year;

Net Profit of the Financial Year, an indicator that shows the contribution to shareholders, already with the deduction of elements not captured by EBITDA;

"Capital Employed" (Net fixed assets + Working capital), an indicator that measures the levels of capital invested in the operation;

Individual Performance of each member of the Executive Committee, in order to identify the relative contribution of each executive director to Luz Saúde's overall results. Under this assessment criteria, variable factors such as the fulfilment of goals set out in the strategic plan, proactivity in promoting the company's reputation and organisational environment, contribution to business sustainability, among others can be taken into account. The factors that shall be assessed shall be reviewed and disclosed every year by the Remuneration Committee, in light of the challenges Luz Saúde has faced in that year.

Whenever there are significant changes to the annual budget and/or Company Business Plan, those same changes, when deemed justified, should be reflected in the indicators and goals used to asses performance of the members of the Executive Committee.

j) The main parameters and rationale for any annual bonus scheme and any other non-monetary benefits

There are no other forms of remuneration in addition to the fixed and variable remuneration described in the present Remuneration Policy.

k) Remuneration paid in the form of profit sharing or the payment of bonuses and the reasons for which such bonuses and/or share in profits are granted

Notwithstanding the possibility that shares in profits may be granted, which would be calculated for payment of the stipulated STVR and MTVR, there are no other forms of remuneration in addition to the fixed and variable remuneration described in the present Remuneration Policy.

l) Compensations paid or due to former executive members of the management body related to the termination of their appointment during the financial year

No compensation was paid or is due to former members of the Executive Committee due to the termination of their appointment.

m) Contractual limitations to compensation paid for the dismissal without just cause of a director and its relationship with the variable component of the remuneration

Except for the award of recognition referenced below approved in the Company's General Shareholders Meeting of 22 January 2014, there are no other agreements that stipulate amounts to be paid to Executive Committee members in the case of dismissal without just cause.

In effect, in that Shareholders General shareholders meeting and taking into account the continuous management positions in the Group held for nearly 15 years by Isabel Maria Pereira Aníbal Vaz, in addition to her role in the promotion of the Group's business development, an award of €850,000 to the latter was approved in recognition of professional services rendered to the Group. This amount will be paid in one lump sum at the time Isabel Maria Pereira Aníbal Vaz terminates her role as member of the Company's Board of Directors, for any reason outside her responsibility.

n) Estimate of the amount of relevant non-monetary benefits considered as remuneration that is not covered by the paragraphs above

No relevant non-monetary benefits are attributed to directors.

6. Rules that apply to all members of the management body

a) Payments related to the dismissal or termination by mutual agreement from the duties of director

With the exception mentioned in paragraph (m) of the previous number, there are no other payments or compensations provided for in the case of the termination of appointment of a director and any termination by mutual agreement requires prior approval of the Remuneration Committee regarding amounts involved.

70 Information on how remuneration is structured so as to align the interests of the management body members with the company's long-term interests, how it is based on the performance assessment and how it discourages excessive risk taking.

As mentioned in D.II.69 above, non-executive directors are not remunerated by the Company. As a result and as regards these directors, there are no payments dependent either on Luz Saúde's performance or value. This complies with the applicable recommendations pertaining to these matters.

The executive director remuneration structure is comprised of a fixed component and a variable component. The latter is calculated according to financial and non-financial criteria and there is an adequate proportion between the two components, as detailed in D.III.69 above.

71 Reference, if applicable, to the existence of a variable remuneration component and information on the impact that the performance assessment will have on this component.

The executive director remuneration structure is comprised of a fixed component and a variable component. The executive directors' performance weighs-in on the variable component. For further detail, please see D.III.69 above.

72 Deferred payment of the variable remuneration component and length of the deferral period.

The structure of executive director remuneration is comprised of a fixed component and variable component. The latter is split into two sub-components: the annual variable remuneration and the medium-term variable remuneration.

One of the portions of the annual variable remuneration is deferred for a 3-year period (deferred annual variable remuneration). For further detail, please see D.III.69 above.

73 The criteria used for allocating variable remuneration in the form of shares, as well as the holding period of those shares by executive directors, agreements related to those shares, including hedging or risk transfer agreements, respective limit, and its relationship to the total amount of annual remuneration.

Compare with D.III.69 above.

Members of the company's management body have not entered into agreements with the Company or third parties intended to mitigate the risks inherent to the variability of their remuneration.

74 Criteria on which the allocation of the variable remuneration in the form of stock options is based, the deferral period and strike price.

Please see D.III.69 above.

75 The main parameters and rationale for any annual bonus scheme and any additional non-financial benefits.

There are no other forms of remuneration, in addition to the fixed and variable remuneration described in the present remuneration policy, save for those referenced in D.III.77.

76 The main characteristics of supplementary pension or early retirement schemes for directors and the date these schemes were individually approved at the general shareholders meeting.

The Company has no supplementary regimes for pensions or early retirement for directors. This point is therefore not applicable.

IV. Remuneration disclosure

77 Annual amount of overall and individual remuneration paid by the company to members of its management body, including fixed and variable remuneration and various components on which the latter is based.

In 2015, all the remunerations paid to members of the Company's management body (including remunerations paid by the Company, Group companies or the ACE) are listed in the following table*:

2015	Base Annual Remuneration	Variable remuneration	Insurance and benefits	Total
		(€ milhares)		
Jorge Manuel Batista Magalhães Correia	Not remunerated	Not remunerated	Not remunerated	Not remunerated
Isabel Maria Pereira Aníbal Vaz	398.4	383.10	3.1	784.5
Changzeng Mai	Not remunerated	Not remunerated	Not remunerated	Not remunerated
José Manuel Alvarez Quintero	Not remunerated	Not remunerated	Not remunerated	Not remunerated
Lingjiang Xu	Not remunerated	Not remunerated	Not remunerated	Not remunerated
Xiao Qiang Li	Not remunerated	Not remunerated	Not remunerated	Not remunerated
Ivo Joaquim Antão	283.4	291.0	2.6	577.0
João Paulo da Cunha Leite de Abreu Novais	283.4	291.0	2.8	577.2
José Filipe de Sousa Meira	58.0	0.0	0.4	58.4
Tomás Leitão Branquinho da Fonseca	283.4	291.0	2.9	577.3
Rogério Miguel Antunes Campos Henriques	Not remunerated	Not remunerated	Not remunerated	Not remunerated
Wei Song	Not remunerated	Not remunerated	Not remunerated	Not remunerated

* The previous Company directors Diogo José Fernandes Homem de Lucena, Pedro Guilherme Beauvillain de Brito e Cunha, Luís Espírito Santo Ricciardi, Pedro Gonçalo Costa Pinheiro Líbano Monteiro, Maria do Rosário Nunes Vicente Rebordão Sobral, António Davide de Lima Cardoso, Artur Aires Rodrigues de Morais Vaz, José Manuel Caeiro Pulido, Alexandre Carlos de Melo Vieira Costa Relvas and Nuno de Carvalho Fernandes Thomaz tendered their resignations on 13.01.2015.

78 Any amounts paid, for any reason whatsoever, by other companies in a controlling or group relationship or which are under common control.

All of the amounts mentioned in D.IV.77 above were paid by Luz Saúde subsidiaries or by the ACE, except for the following remunerations, which were directly paid by Luz Saúde:

Part of the fixed remuneration of Isabel Maria Pereira Aníbal Vaz (134.68 thousand Euros);

Part of the fixed remuneration of Ivo Joaquim Antão (97.16 thousand Euros);

Part of the fixed remuneration of João Paulo da Cunha Leite de Abreu Novais (97.16 thousand Euros);

Part of the fixed remuneration of Tomás Leitão Branquinho da Fonseca (97.16 thousand Euros);

The entire fixed remuneration of José Filipe de Sousa Meira (58 thousand Euros);

Part of the variable remuneration of Isabel Maria Pereira Aníbal Vaz (217.05 thousand Euros);

Part of the variable remuneration of Ivo Joaquim Antão (158.54 thousand Euros);

Part of the variable remuneration of João Paulo da Cunha Leite de Abreu Novais (158.54 thousand Euros);

Part of the variable remuneration of Tomás Leitão Branquinho da Fonseca (158.54 thousand Euros).

79 Remuneration paid in the form of profit sharing and/or the payment of bonuses and the reasons for which such bonuses and/or share in profits are granted.

No remuneration payments to members of the Company's governing bodies in the form of profit sharing and/or bonuses were made, beyond the variable component of the remuneration described in D. III.69, D.IV.77 and D.IV. 78.

80 Compensation paid or due to former executive directors due to the termination of their appointment during the financial year.

No compensation was paid or is due to former executive directors due to the termination of their appointment during the 2015 financial year.

81 Annual amount of overall and individual remuneration paid to members of the company's supervisory body, for the purposes of Law 28/2009 of 19 June.

The aggregate remuneration paid to members of the Audit Board in 2015, as set by the Remuneration Committee, was € 51,000.00.

The individual remuneration paid to effective members of the Audit Board in 2014 is as follows:

João Carlos Tovar Jalles: € 1,750.00 per month;

António Luís Castanheira Silva Lopes: € 1,250.00 per month;

Clara José Cruz de Sequeira Viegas Penha Ventura: € 1,250.00 per month.

The alternate member of the Audit Board was not awarded any remuneration (Luís Manuel Pereira da Silva).

82 Remuneration of the chairman of the board of the general shareholders meeting for the reference year.

For the financial year ended on 31 December 2015, the Chairman of the Board of the General Shareholders Meeting was awarded as remuneration for those duties €2,000.00 in the month of January and €1,000.00 per month as of February, having been awarded a total of €13,000.00 in 2015.

V. Agreements with effects on remuneration

83 Contractual limitations to compensation paid for the dismissal without just cause of a director and its relationship with the variable component of the remuneration.

Except for the award of recognition approved in the Company's General Shareholders Meeting of 22 January 2014, there are no other agreements that set amounts to be paid to Executive Committee members in the case of dismissal without just cause.

In that Shareholders General shareholders meeting and taking into account the continuous management positions held for nearly 15 years by Isabel Maria Pereira Aníbal Vaz, in addition to her role in the promotion of the Group's business development, an award of €850,000 to the latter was approved in recognition of professional services rendered to the Group. This amount will be paid in one lump sum at the time Isabel Maria Pereira Aníbal Vaz terminates her role as member of the Company's Board of Directors, for any reason outside her responsibility.

84 The existence and description, including sums involved, of any agreements between the company and members of the management body and senior officers, pursuant to article 248-B(3) of the Portuguese Securities Code, that provide for compensation in the event of resignation, dismissal without just cause or termination of employment following a change in the control of the company (article 245-A(1)(l)).

To the best of the Company's knowledge, there are no agreements between the Company and members of the management body or senior officers (pursuant to article 248-B(3) of the PSC) that provide for compensation in the event of resignation or dismissal without just cause or termination of employment following a change in the control of the Company or following a takeover bid.

VI. Share allocation or stock option plans

85 The plan and its respective beneficiaries.

Please see D.III.69 above.

86 Characteristics of the plan (allocation conditions, share lock-up clauses, share price and strike price criteria, exercise period for the options, characteristics of the shares or options to be allocated, incentives to purchase shares and/or exercise options).

The description of the plan is detailed in D.III.69 above.

87 Stock options for company employees and staff.

The Company did not approve any stock option plans for company employees and staff.

88 Control mechanisms provided for in any employee--share ownership scheme, in as much as the voting rights are not directly exercised by those employees (article 245-A(1)(e)).

There are no control mechanisms for employee ownership of Company share capital.

E. RELATED PARTY TRANSACTIONS

I. Control mechanisms and procedures

89 Mechanisms implemented by the company to control related-party transactions (using for this purpose the concept as set out in IAS 24).

According to IFRS, the Company must disclose all transactions with related entities, as defined in IAS 24 ("Related Party Disclosures"), which may show that the Company's business activities, financial position, operating income, profit or loss were affected by the existence of related parties and by transactions and outstanding balances involving these entities. In addition, the Company and its subsidiaries must comply with laws governing these transactions. During the 2015 financial year, Group members entered into transactions with related third parties. The Company believes its transactions with related third parties were conducted under normal market conditions in all material respects.

The Company endeavours to conduct transactions with related parties according to principles of accuracy,

transparency and strict observance of market competition rules. These transactions are subject to specific administrative procedures that arise from compulsory laws, namely transfer pricing rules.

On 31 December 2015, the Company had not yet drawn-up a Regulation for Company transactions with qualified shareholders (pursuant to articles 16 and 20 of the Portuguese Securities Code) and their related parties (as defined in article 20(1) of the Portuguese Securities Code). The Company is currently rethinking its compliance model at the Group level and this document is being drafted therein. The mentioned document is expected to be approved during the 2016 financial year.

90 Transactions that were subject to control during the respective year.

Please see E.I.89 above. In 2015, given that the Company had not yet drawn-up a Regulation for Company transactions with qualified shareholders and their related parties, there is nothing to report hereunder.

91 A description of the procedures and criteria applicable to the supervisory body's intervention in the prior assessment of business transactions to be carried out between the company and qualified shareholders or entities related to them in any way, pursuant to article 20 of the Portuguese Securities Code.

Please see E.I.89 above. In 2015, given that the Company had not yet drawn-up a Regulation for Company transactions with qualified shareholders and their related parties, there is nothing to report hereunder.

II. Information on business transactions

92 Place in the financial reporting documents where information on business transactions with related parties, pursuant to IAS 24, is available or, alternatively, where a copy of this information is available.

The main elements of business transactions with related parties, pursuant to IAS 24, are described in the note 29 of the annex to the consolidated financial statements in the 2015 Annual Report.

PART II – CORPORATE GOVERNANCE ASSESSMENT

1. Adopted corporate governance model

The Corporate Governance Code that governs the company or that it has voluntarily adhered to, pursuant to article 2 of the present Regulation.

The Company's Shares were admitted to trading in the regulated market in 2014 and, as provided by law and PSCom Regulation 4/2013, the Company is now required to prepare an annual report on its corporate governance structure and practices, to be disclosed as a chapter of the annual management report or as an annex thereto, within four months of the close of the Company's financial year.

Thereby, in 2014 and after a resolution was passed by the General Shareholders Meeting on 20 January 2014, as proposed by the Board of Directors, the Company adopted the PSCom Corporate Governance Code, because it considers this corporate governance code not only enables strict compliance with the applicable rules, but is also in line with the PSCom's stated goal of standardising these reports in order to facilitate their analysis and consultation by the market, given that it is the corporate governance code most commonly adopted by issuers of shares admitted to trading on the regulated market.

In 2015, the Company continued to be subject to this Code.

Place where the relevant Corporate Governance Code to which the issuer is subject is publically available (article 245-A(1)(p)).

The PSCom Corporate Governance Code adopted by the Company is available online at www.cmvm.pt.

2. Compliance analysis of the adopted corporate governance code

Pursuant to article 245-A(1)(o), a statement should be included on the adherence to the selected corporate governance code, specifying any divergence from said code and the reasons for such divergence.

The presented information shall include, for each recommendation:

a) Information that enables a judgment on compliance with the recommendation or reference to the section of the report where the issue is discussed in detail (chapter, title, paragraph, page);

b) Grounds for any non-compliance or partial compliance thereof;

c) In the event of non-compliance or partial compliance, any alternative mechanism adopted by the company in pursuit of the same objective as the recommendation.

No.	Recommendation	Compliance during the financial year beginning on 1 January 2015	Section
	Voting and Company Control		
I.1.	Companies shall encourage shareholders to attend and vote at general shareholders meetings, namely by not requiring too high a number of shares to be entitled to one vote, and shall implement the means necessary for voting by correspondence and electronically.	Adopted The Company Bylaws provide that each 100 shares are entitled to one voting right. The General Shareholders Meeting is comprised of all shareholders with voting rights. Given that the ownership of 100 shares currently corresponds to an approximate shareholding of 0.0001% in the Company's share capital, the Bylaws do not require too high a number of shares to be entitled to a voting right. Voting by correspondence is allowed.	B.I.12
I.2.	Companies shall not adopt mechanisms that hinder shareholder approval of resolutions, namely by requiring majorities higher than those prescribed by law.	Adopted Although the Bylaws provide for a constitutive quorum higher than prescribed by law: the Bylaws provide that, in a first call for a General Shareholders Meeting, the meeting cannot be held unless shareholders representing at least fifty per cent of the share capital are present or represented, regardless of the items on the agenda, while the law provides that the General Shareholders Meeting may pass resolutions whatever the number of shareholders present or represented, except to pass resolutions on certain matters, in which case the law requires a quorum of one-third of the share capital.	B.I.14
I.3.	Companies shall not create mechanisms intended to cause a mismatch between the right to receive dividends or subscribe new securities and the voting right of each ordinary share, unless duly justified in light of the long-term interests of shareholders.	Adopted	B.I.12

No.	Recommendation	Compliance during the financial year beginning on 1 January 2015	Section
I.4.	Company bylaws that limit the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also provide that the general shareholders meeting reassess such bylaw provision at least every five years – without majorities higher than those prescribed by law – and, for that resolution, all votes issued shall be counted regardless of said limitation.	Adopted	B.I.13
I.5.	Measures shall not be adopted that require the company to make payments or incur fees in the event of a change of control or a change in the composition of the management body and which are deemed likely to impair the free transferability of shares and the free assessment by shareholders of the performance of members of the management body.	Adopted	A.I.4
II.1.			
II.1.1.	Within the legal limits and unless the company is small in size, the board of directors shall delegate the day-to-day management of the company and those delegated powers shall be identified in the annual report on Corporate Governance.	Adopted	B.II.15 B.II.18 B.II.21
II.1.2.	The Board of Directors shall ensure the company acts in accordance with its objectives and shall not delegate its powers as regards the following: i) the definition of the company's strategy and general policies; ii) the definition of the group's corporate structure; iii) decisions that should be regarded as strategic due to their amount, risk or specific characteristics.	Adopted Although delegation is done "to the greatest extent permitted by law", the Company believes that the Board of Directors retains powers concerning: i) definition of the company's strategy and general policies; ii) definition of the group's corporate structure; iii) decisions that should be regarded as strategic due to their amount, risk or specific characteristics, given that these strategic matters go beyond the Company's "day-to-day management" for which powers are delegated to the Executive Committee.	B.II.21
II.1.3.	The General and Supervisory Board, in addition to its supervisory duties, shall take full responsibility for corporate governance, whereby, through a bylaw provision or its equivalent, it shall be required to issue a statement on the company's strategy and main policies, the definition of the group's corporate structure and the decisions considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the implementation of the company's key policies.	Not applicable.	Not applicable

No.	Recommendation	Compliance during the financial year beginning on 1 January 2015	Section
II.1.4.	Unless the company is small in size, the Board of Directors and the General and Supervisory Board, depending on the adopted model, shall create the necessary committees in order to: Ensure a competent and independent assessment of the executive directors' performance and its own overall performance, as well as of other committees that may exist; Reflect on the system structure and governance practices adopted, verify their effectiveness and propose measures for their improvement to the competent bodies.	Not adopted The Board of Directors considers that performance assessment procedures, as well as reflections on the governance system, are and will be carried out in a form adequate to the Company's interests by the Company's non-executive Directors. The Company also relies on the Remuneration Committee that has an active role in the assessment of Director performance.	B.II.27
II.1.5.	The Board of Directors or the General and Supervisory Board, depending on the adopted model, shall set risk-taking goals and create control systems to ensure that the risks effectively incurred are consistent with those goals.	Not adopted The implementation of a GRC (Governance, Risk and Compliance) system is currently under preparation, which is expected to be concluded in the present financial year (2016)	C.III.54
II.1.6.	The Board of Directors shall include a number of non-executive members that ensure the effective monitoring, supervision and assessment of the activities of the remaining members of the management body.	Adopted	B.II.18 B.II.24
II.1.7.	Non-executive directors shall include an appropriate number of independent members, taking into account the adopted governance model, the size of the company, its shareholder structure and the respective free floati.	Adopted, with the caveat set out in section B.II.18, given the Company's current circumstances	B.II.18 B.II.24
II.1.8.	Directors with executive duties, when so requested by other governing body members, shall provide any information requested in a timely and appropriate manner.	Adopted Executive directors provide timely and adequate responses to all information requests from other members of the Company's governing bodies.	
II.1.9.	The chairperson of the executive management body or of the executive committee shall submit, as applicable, to the Chairperson of the Board of Directors, the Chairperson of the Audit Board, the Chairperson of the Audit Committee, the Chairperson of the General and Supervisory Board and the Chairperson of the Financial Committee, the convening notices and minutes of the respective meetings.	Adopted The Executive Committee made timely pertinent information on the meetings held available to the Chairman of the Board of Directors and to the Chairman of the Audit Board.	

No.	Recommendation	Compliance during the financial year beginning on 1 January 2015	Section
II.1.10.	If the chairperson of the management body carries out executive duties, that body shall appoint from among its members an independent director to ensure the coordination of the work of other non-executive members, the conditions necessary for them to make independent and informed decisions or the existence of an equivalent mechanism for such coordination.	Not applicable.	B.II.18
II.2.			
II.2.1.	Depending on the adopted model, the Chairman of the Audit Board, the Audit Committee and the Financial Committee shall be independent under the terms defined by law and shall be suitably qualified to carry out his/her duties.	Adopted The Chairman of the Audit Board is independent and meets the legal qualification prerequisites.	B.III.32
II.2.2.	The supervisory body shall be the main liaison of the external auditor and the first recipient of the respective reports, and is responsible, namely, for proposing the respective remuneration and ensuring that the proper conditions for the provision of services are provided within the company.	Adopted	B.III.37 B.V.45
II.2.3.	The supervisory board shall annually assess the external auditor and propose his/her dismissal or the termination of the services agreement to the competent body whenever there is just cause therefor.	Adopted	B.V.45
II.2.4.	The supervisory body shall assess the operation of the internal control and risk management systems and propose adjustments as deemed necessary.	Not adopted The implementation of a GRC (Governance, Risk and Compliance) system is currently under preparation, which is expected to be concluded in the present financial year (2016)	C.III.55
II.2.5.	The Audit Committee, General and Supervisory Board and Audit Board shall issue an opinion on the work plans and resources allocated to internal audit services and services that ensure compliance with the rules applicable to the company (compliance services) and should be recipients of reports issued by these services at least when related to matters of financial reporting, the identification or resolution of conflicts of interest and the detection of potential illegalities.	Not adopted The implementation of a GRC (Governance, Risk and Compliance) system is currently under preparation, which is expected to be concluded in the present financial year (2016)	C.III.55

No.	Recommendation	Compliance during the financial year beginning on 1 January 2015	Section
II.3.			
II.3.1.	All members of the Remuneration Committee or its equivalent shall be independent in regard to the executive members of the management bodies and such committee shall include at least one member with knowledge and experience in remuneration policy matters.	Not adopted, with the caveat set out in section B.II.18, given the Company's current circumstances	D.II.67
II.3.2.	Any person or legal entity that provides or has provided services in the past three years to any structure under the management body, to the management body of the company itself or who has a current relationship with the company or company consultant shall not be hired to assist the Remuneration Committee in carrying out its duties. This recommendation also applies to any person or legal entity that is related thereto by an employment or services agreement.	Adopted	D.II.67
II.3.3.	A statement on the remuneration policy of the management and supervisory bodies referred to in article 2 of Law No. 28/2009 of 19 June, shall also contain the following: (a) Identification and details of the criteria for determining the remuneration to be paid to the members of governing bodies; Information on the maximum potential amount, in individual terms, and the maximum potential amount, overall, to be paid to members of governing bodies, and the circumstances whereby these maximum amounts may be payable; Information on the whether or not payments for the dismissal or termination of appointment of directors is due.	Adopted	D.III.69
II.3.4.	A proposal for the approval of share allocation and/or stock option plans or plans based on share price variation for members of governing bodies shall be submitted to the General Shareholders Meeting. The proposal shall contain all the necessary information in order to correctly assess said plan.	Adopted	D.VI.85

No.	Recommendation	Compliance during the financial year beginning on 1 January 2015	Section
II.3.5.	A proposal for the approval of any retirement benefit scheme established for members of governing bodies shall be submitted to the General Shareholders Meeting. The proposal shall contain all the necessary information in order to correctly assess said system.	Not applicable	D.III.76
III.			
III.1.	The remuneration of the executive members of the management body shall be based on effective performance and shall discourage excessive risk-taking.	Adopted	D.III.69 D.III.70 D.III.71
III.2.	The remuneration of non-executive members of the management body and the remuneration of the members of the supervisory body shall not include any component whose value depends on the performance of the company or of its value.	Adopted	D.III.69 D.IV.77 D.IV.81
III.3.	The variable component of remuneration shall be reasonable overall in relation to the fixed component of the remuneration and maximum limits should be set for all components.	Adopted	D.III.69
III.4.	A significant part of the variable remuneration shall be deferred for no less than three years and the right to payment shall depend on the continued positive performance of the company throughout that period.	Adopted	D.III.69 D.III.72 D.III.74
III.5.	Members of the management body shall not enter into agreements with the company or with third parties, which intend to mitigate the risk inherent to variability of the remuneration set by the company.	Adopted	D.III.73
III.6.	Executive directors shall hold until the term of their mandate the company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the total annual remuneration, except for those that need to be disposed of to pay taxes arising from the benefit of said shares.	Adopted	D.III.69 D.III.73
III.7.	When the variable remuneration includes the allocation of stock options, the beginning of the exercise period shall be deferred for no less than three years.	Adopted	D.III.69 D.III.86

No.	Recommendation	Compliance during the financial year beginning on 1 January 2015	Section
III.8.	When the dismissal of a director is not due to a serious breach of their duties nor to their unsuitability for the normal exercise of their duties, but is nonetheless due to inadequate performance, the company shall be endowed with the adequate and necessary legal mechanisms so that any damages or compensation, beyond that which is legally due, are not required.	Adopted	D.V.83
IV.			
IV.1.	The external auditor shall, within the scope of its powers, verify the implementation of the governing body's remuneration policies and systems, as well as the efficiency and effectiveness of internal control mechanisms and report any shortcomings to the company's supervisory body.	Not adopted The external auditor's powers are limited to the legal powers set out in article 420 of the PCC and, by reference, to article 446(3) of the PCC.	
IV.2.	The company or any entity with which it maintains a controlling relationship shall not engage the external auditor or any entity in a group relationship with the external auditor or that is part of the same network, for services other than auditing services. If there are reasons for hiring such services - which shall be approved by the supervisory body and detailed in the Annual Report on Corporate Governance - said services should not exceed 30% of the total value of services rendered to the company.	Adopted	B.III.37 B.V.46
IV.3.	Companies shall promote auditor rotation after two or three mandates, depending on whether those mandates are four or three years long. The auditor's permanence beyond this period shall be justified in a specific statement issued by the supervisory body where it explicitly addresses the auditor's independence and the benefits and costs of its replacement.	Adopted	B.IV.40

No.	Recommendation	Compliance during the financial year beginning on 1 January 2015	Section
V.			
V.1.	The company's business with qualified shareholders or entities with which they are in any relationship pursuant to article 20 of the Portuguese Securities Code, shall be conducted under normal market conditions.	Adopted	E.I.89
V.2.	The supervisory or oversight body shall establish procedures and criteria to define the level of relevance of business with holders of qualified shareholdings - or entities with which they are in any of the relationships described in article 20(1) of the Portuguese Securities Code. Entering into relevant business transactions is dependent upon a prior statement issued by that body.	Not adopted. Given the Company's shareholder structure (and specially since the Change in Shareholder, the respective free float), the referenced procedure was not implemented.	
VI.1.	Companies shall provide access to information on their progress and their current economic, financial and governance situation via their websites in both Portuguese and English.	Adopted	C.V.59 C.V.60 C.V.61 C.V.62 C.V.63 C.V.64 C.V.65
VI.2.	Companies shall ensure the existence of an investor relations desk and market liaison office, which responds to requests from investors in a timely fashion and shall keep a record of the submitted requests and their processing.	Adopted	C.IV.56 C.IV.58

3. Other information

The company shall provide any additional data or information that is not included in the foregoing and is relevant to understanding the adopted model and governance practices.

There is no other information or data to report.

06
CORPORATE SOCIAL RESPONSIBILITY

06 Corporate Social Responsibility

6.1 Context

Luz Saúde Group's social and corporate responsibility is in line with the principles outlined in the European Social Responsibility Strategy, defined since 2012. The defined strategy identifies as its objective a more cohesive and sustainable society, promoting innovation and integration of social, environmental, ethical and human rights concerns in the organizations, recognizing the maximization of the organization's value as fundamental and it measures Social Responsibility through the impacts the organizations have on their stakeholders.

The European Strategy includes the adoption of the ten principles defined by the United Nations Global Compact by the companies as a guideline and it identifies the following as priority areas of intervention in Social and Corporate Responsibility (SCR): raising awareness and promoting good practices; supporting multistakeholder initiatives; cooperating with the Member States; promoting the SCR in an international perspective; informing the consumer; acting with transparency; and promoting Research, Education and Innovation.

6.2 Luz Saúde Group's commitment to Social Responsibility

Luz Saúde's social responsibility commitment is based on the transparency of its activity, on respect for the established Mission, Vision and Values and on:

- the development of an ethical and "positive capitalization" relationship with its stakeholder (employees, customers and families, suppliers, community and shareholders),
- the continuous promotion of innovation, integrating social, environmental, ethical and human rights concerns;
- the protection of the environment and the pursuit of policies that preserve environmental sustainability, actively promoting resource saving, energy efficiency, reduction in CO2 emissions and suitable sorting of waste.

Reflecting the need to communicate reliable and consistent information regarding the organizations' social and corporate responsibility, Luz Saúde uses the GRI (Global Report Initiative / version G3.1) indicators, considered to be the most suitable to its activity.

6.2.1 Employees

Luz Saúde's approximately 10 thousand employees, with their skills, engagement and dedication, are a key part in the quality of the service provided to the customers.

It is a permanent challenge to ensure a work environment that is stimulating and innovative, that fosters both continuous improvement and the offer of excellence in care, seeking to attract, develop and retain the best professionals. For this, we have promoted agile communication and a work culture based on multidisciplinary teams, as well as the transfer of knowledge and good practices among employees and units.

The Informação Luz Saúde and Luz Saúde HBA magazines (449,500 copies distributed in 2015), Casos Clínicos (Clinical Cases) books (3,000 copies distributed in 2015), the intranets, the websites (2.7 million visits in 2015) and the Annual Conference (750 participants from first-line and second-line departments) continue to be

instruments and times for communication of projects, innovation, experiences, knowledge and good practices, promoting a Group culture and the improvement of a trust-based relationship with all Partners.

Training and developing our employees, as well as investing in research and innovation, are increasingly a strategic commitment of the Group, having created the GLSMED Learning Health company at the end of 2015. This is the most recent company in the Group and is exclusively dedicated to the advanced training of professionals, translational research, and innovation in the healthcare service and management areas. Its mission is to promote the syndication of knowledge, technologies and state-of-the-art practices in healthcare service, inside and outside Luz Saúde Group, contributing to the improvement of the patient's safety and to the quality of the assistance.

In 2015, the training promoted internally for groups of employees in the different units continued in several specialized topics. In addition to the training promoted exclusively for internal employees, we offered 134 activities available to internal employees and to healthcare professionals from outside the Group. These activities were attended by a total of 5,603 participants (62% medical doctors and 17% nurses), 2,371 of which were internal employees from the Group (42%) and 3,232 were external to the Group (58%).

Concerning initiatives that promote well-being and team spirit for the employees, the following are noteworthy:

- Enabling healthcare access: employees (and their family members) have access to health insurance, or to the healthcare services of the units where they work, at special prices;
- Granting, at the beginning of each school year, of a subsidy to compensate for school fees to all employees with dependants;
- Execution in 2015 of an encompassing study with the socioeconomic characterization of the employees in the healthcare units, in order to be able to promote suitable intervention and support measures;
- Enhancement of informal support networks/value-creation and solidarity and mutual assistance initiatives for the most vulnerable employees in some units.

Among these initiatives, we should note the Social Support Office in Hospital da Luz, with funding raised among the Hospital's employees, supporting the employees most in need and their respective families. The support is materialized by payment of summer camps, distribution of Christmas baskets, sporadic support for urgent and compelling needs, enabling and streamlining of access to Private Social Welfare Institutions specializing in differentiated support and also through a time bank – a few of the employees provide specialized technical support, such as tutoring, education support and psychological support to other employees.

6.2.2 Customers

The relationship with the customers and families is defined by a permanent effort to improve the assistance provided, based on effectiveness, integrity, trust and service quality. We seek to establish and maintain long-term relationships, ensuring, in every moment of life, in health and sickness, the offer of suitable service, information, and support to patients, family members and carers.

The operational indicators show a positive evolution, which translated into a growth of 5% and 6% in 2015, revealing the positive response our customers had to the effort we developed:

LUZ SAÚDE Operational Indicators	2014	2015	Var (%)
Healthcare service units (No.)	18	18	
Outpatient consultations (thousands)	1,639,720	1,728,00	5.4%
Urgency care (thousands)	540,300	552,300	2.2%
Surgeries and births (thousands)	57,400	60,300	5.0%
ADTMs specialties (thousands)	2,568,329	2,714,222	5.7%
Imaging tests (thousands)	978,500	1,023,2	4.6%
Beds (No.)	1,179	1,179	

In addition to the information present in the websites and in the Informação Luz Saúde magazines, we acknowledge the importance of providing services and information via the Customer Portal, of providing proof in terms of evaluating customer satisfaction, of complying with the Quality and Safety parameters and of the participation of Luz Saúde's units in indices and ratings / performance indicators.

In 2015, the following initiatives are noteworthy for their positive impact on the relationship with the customers:

Customer portal

An online area of personal access, created so our customers can access their health information securely and confidentially, as well to provide them with a set of online administrative services, such as requesting scheduling of consultations and tests, consulting their appointments and accessing results of some of the tests. It is available in Portuguese and in English and it can be accessed via computer, mobile phone and tablet. The Customer Portal is currently available in four of Luz Saúde Group's units (Hospital da Luz Lisboa, Hospital da Luz Arrábida, Hospital da Luz Clínica de Oeiras, Hospital da Luz Clínica da Amadora), with extension to other units and development of additional features to support our customers in managing their health currently in progress.

Quality and safety parameters

The presentation of proof regarding compliance with the Quality and Safety parameters recognized both nationally and internationally by external accredited entities is a permanent concern in the Group, with a continued effort to obtain accreditation and certification for units and services from accredited national and international organizations.

In 2015, we must note the expansion of the Quality certification's scope, according to the regulatory requirement 9001:2008, to the Imaging services in Hospital da Luz Lisboa, Hospital da Luz Clínica de Oeiras, Hospital da Luz Clínica da Amadora and Hospital da Luz Clínica de Cerveira, as well as to the Lithotripsy service in Hospital da Luz Lisboa.

Concerning the classification of Luz Saúde Group's units in hospital activity's rankings in Portugal in 2015, we should note Hospital Beatriz Ângelo's second place ranking in the Performance Evaluation in Public Hospitals, under the purview of the Escola Nacional de Saúde Pública and third place in Group C of the TOP 2015, promoted by IASIST.

Evaluation of customer satisfaction

Monitoring of customer satisfaction continues via the execution of satisfaction studies in in-patient care and

collection and analysis of complaints, suggestions and compliments, with the extension of customer satisfaction monitoring to the Évora unit in 2015.

With the customer satisfaction evaluation project, Luz Saúde Group seeks to: (i) evaluate customer satisfaction regarding services provided in the units; (ii) identify strengths and areas to improve; (iii) design and implement improvement actions; (iv) conduct a benchmark internal and external to the organization (international best practices); (v) identify the satisfaction index's impact in the performance evaluation of the Unit and its employees.

To evaluate the customer satisfaction, we use the HCAPHS (Hospital Consumer Assessment of Healthcare Providers and Systems) model in the Group's private units, since it is a reference at the international level. This model focuses on the customers' perspective regarding provided hospital care and allows for comparisons among the group's units (internal benchmark) and to external units (international benchmark).

In Hospital Beatriz Ângelo, since it is a public unit, we adopted the ECSI (European Customer Satisfaction Index) model, that allows for the inclusion of the results from the System for Evaluation of Perceived Quality and Customer Satisfaction in the National Health System's Hospitals (ECSI-Hospitals), not only globally, but also at the regional level, as well as comparability to other satisfaction indicators available internationally that use a methodology compatible with ECSI and ACSI (American Customer Satisfaction Index).

The following table shows the weighted average of the customers' satisfaction in Luz Saúde's units and the comparison to the American hospitals' average. In 2015, as in the previous years, the evaluation from customers who were hospitalised was extremely positive, with values higher than 90% in all of Luz Saúde Group's units, showing a customer satisfaction level considerably higher than the one observed in the average of the American hospitals:

	Weighted average of the satisfaction of customers in LUZ SAÚDE's hospitals (GRI PR)				Average from Hospitals in the USA
	2012	2013	2014	2015	04/2014 a 03/2015
% of customers with high global satisfaction – Private Hospitals	94.9%	95.5%	96.9%	96.8%	71%
% of customers with high global satisfaction – PPP	90.1%	91.6%	90.0%	89.8%	NA

Participation of Luz Saúde's units in indices and ratings / performance indicators

The participation in national and international indices and ratings allows for the comparison between the Group's different units and national and international external units.

In 2015, we continued the process of joining SINAS (Sistema Nacional de Avaliação em Saúde) – a system to evaluate the global quality of healthcare providers by the Portuguese Health Regulation Authority (Entidade Reguladora da Saúde – ERS) – in a partnership with the International Joint Commission) –, in the module dedicated to providers with in-patient care – SINAS@ Hospitais where four dimensions of quality are evaluated: clinical excellence, customer safety, suitability and comfort of the facilities and customer focus.

The evaluation system, via "ratings system" is translated into the regular presentation of each provider's results regarding a "reference value", common to all the providers and crafted from the values supplied by each. The objective of the ratings calculation is the comparison of each provider's results with the reference value.

At the end, each evaluated area in each provider is categorized with its corresponding performance le-

vel: superior performance level (3 stars), medium performance level (2 stars) and basic performance level (1 star), thus highlighting the corresponding performance level.

The performance monitoring is carried out through the application of evaluation checklists created by the ERS (allowing for the comparison with the national average).

In the following subparagraphs we present the latest available results for several specialty areas in Luz Saúde's units, finding a very positive performance from Luz Saúde's units in the different Quality dimensions.

"Clinical Excellence Quality Dimension"

This dimension seeks to evaluate the quality of healthcare (assessing the organizational compliance of guidelines and good practices), where the organizations' performance is evaluated in several clinical areas, using a set of specific indicators for each of the areas under analysis. The following table shows the latest available results for several specialty areas in several of Luz Saúde's units:

Area under Analysis	H. Luz Lisboa	H. Luz Arrábida	H. Luz Póvoa do Varzim	H. Luz Aveiro	H. Luz Setúbal	Hospital Beatriz Ângelo
Orthopaedics	●●●	●●●	●●●	●●	●●●	●●●
Gynaecology	●●●	●●●	●●●	–	–	–
Obstetrics	●●	●●	●●	–	–	–
Paediatrics	●●	–	–	–	–	●●
Neurology	●●	–	–	–	–	–
Cardiology	●●	–	–	–	–	–
Cardiac surgery (MRVS)	–	●●	–	–	–	–
Colon C.	–	●●●	–	–	–	●●●

Results for the period between 01/01/2014 and 31/12/2014

(Fonte: relatórios ERS, novembro 2014 – dados referentes ao ano 2013)

Customer Safety Quality Dimension

This dimension seeks to ensure healthcare with quality and good outcomes, including the search for a high level of customer safety:

Area under	H. Luz Lisboa	H. Luz Arrábida	H. Luz Póvoa do Varzim	H. Luz Aveiro	H. Luz Setúbal	H. Beatriz Ângelo	H.M. Évora	**National Average**
Safety rating	0.968	1.000	1.000	0.984	0.953	1.000	0.992	**0.935**

Comparative ratings and % of LUZ SAÚDE's units and national average for the period between 01/01/2014 and 31/12/2014

Suitability and Comfort of the Facilities Quality Dimension

This dimensions seeks to evaluate the level of suitability to healthcare services provision of the spaces and (non-medical) equipment of the hospital facilities and their management and maintenance. The comfort item considers the area named "hospital accommodation", understood as the set of services supporting the performance of a hospital's main functions:

Area under analysis	H. Luz Lisboa	H. Luz Arrábida	H. Luz Póvoa do Varzim	H. Luz Aveiro	H. Luz Setúbal	H. Beatriz Ângelo	H.M. Évora	**National Average**
Suitability and comfort of the facilities rating	0.991	1.000	0.991	0.991	0.927	1.000	0.916	**0.909**

Comparative ratings and % of LUZ SAÚDE's units and national average for the period between 01/01/2014 and 31/12/2014

Costumer Focus Quality Dimension

This dimension seeks to objectively evaluate the healthcare services' level of orientation towards the needs and expectations of the customers and the people accompanying them:

Area under analysis	H. Luz Lisboa	H. Luz Arrábida	H. Luz Póvoa do Varzim	H. Luz Aveiro	H. Luz Setúbal	H. Beatriz Ângelo	H.M. Évora	**National Average**
Customer focus rating	0.973	1.000	1.000	0.918	0.896	1.000	0.817	**0.877**

Comparative ratings and % of LUZ SAÚDE's units and national average for the period between 01/01/2014 and 31/12/2014

6.2.3 Suppliers

The relationship with the suppliers is centred on transparency and information sharing, seeking permanent adjustment of supply to demand in a stance of effective partnership and long-term relationship, defined by a rigorous and transparent selection, carried out in centralized annual tenders, through an electronic platform and with quarterly evaluation meetings.

In this closer relationship we include cooperation in initiatives that seek fulfilment of common objectives (namely in the areas of training and research, prevention and promotion in health, chronic illness, screenings and communication of good clinical practices), which in 2015 involved 85 out of the approximately 560 closest suppliers of the Group.

6.2.4 Community

The Group's units relationship with the Community was only characterized by openness, cooperation and continued interaction.

The prevention of illness and the promotion of health in the populations we serve has always been a concern of Luz Saúde Group.

Articulation with the community of healthcare professionals external to the Group

Openness and interaction with the community of healthcare professionals and with the national scientific community has always been a part of the Group's strategic positioning.

The following policies have made a contribution to that articulation:

- Short and medium-term internships (often following agreements established with Universities and Healthcare Professional Schools): 1,400 internships conducted in 2015 (21% more than in 2014), 38% by medical doctors, 48% by nurses and 21% by other professional classes.

- Acknowledgment of the training reputability in areas of medical specialty, in three of the Group's units:
  > In Hospital Beatriz Ângelo – General Surgery, Vascular Surgery, Intensive Care, Gastroenterology, Gynaecology/Obstetrics, Imaging, Internal Medicine, Neurology, Neuroradiology, Oncology, Orthopaedics, Medical Paediatrics, Psychiatry, Child and Adolescent Psychiatry, Pulmonology.
  > In Hospital da Luz Lisboa – Anaesthesiology, Pathological Anatomy, Internal Medicine, Molecular Medicine and Oncology
  > In Hospital da Luz Arrábida – Internal Medicine.

- Hosting of Medical Residents: in 2015 we received 79 medical resident: in Hospital Beatriz Ângelo (68), in Hospital da Luz (9) and in Hospital da Luz Arrábida (2).

Between Medical Doctors in their Residency and other Interns, 1,479 healthcare professionals external to the Group (1,208 in 2014) were in Luz Saúde's units in 2015.

Simultaneously, we continued to host Seminars, Conferences, Symposiums, Courses, Workshops and Meetings (in articulation with suppliers and external healthcare professionals, both national and international), open to internal employees and external healthcare professionals.

In 2015 we conducted 134 Seminars, Conferences, Symposiums, Courses, Workshops and Meetings, open to internal employees and to healthcare professionals from outside the Group, with a total of 5,603 participants (62% medical doctors and 17% nurses), 2,371 (42%) of which were employees from the Group and 3,232 (58%) were from outside the Group. The numbers illustrate the technical and scientific interest of the topics discussed and the quality of the selected speakers.

As a result, the number of external healthcare professionals involved in the Group's activity throughout 2015 amounted to 4,711 people.

Articulation with the community at large

Prevention of illness and intervention of the corresponding risk factors, namely the promotion of healthy lifestyles (healthy eating and physical exercise), empowerment of the patient by providing information concerning the illness, allowing for better cooperation and personal control of its evolution, support to the carer, promotion of active and healthy ageing and communication of good practices in prevention and control of infection, are the strategic vectors of the social responsibility initiatives of Luz Saúde's units, in their relationship with their Communities.

It is in this context that we have been carrying out, with different partners in the Community, initiatives for early diagnosis of illness (screenings) and actions, initiatives, lectures and workshops open to citizens, dealing with the defined strategic orientations and putting the experience of the units' professionals at our Communities' service.

The execution of screenings to identify risk factors and to promote early diagnosis of chronic illness (allowing for the proper follow-up in detected risk cases), constitute a very important measure in this area of intervention.

In 2015, Luz Saúde Group's units hosted 4,895 screenings, 73% of which were cardiovascular screenings (blood sugar, blood pressure, cholesterol and body mass index).

Concerning initiatives promoted by Luz Saúde's units which were open to the citizens, in 2015 we conducted twenty-two open events, with a total number of around 3,000 participants (41% more than in the previous year), and with clear focus in the abovementioned priority intervention areas, in addition to parenting and health education actions directed at parents and future parents.

The sessions carried out in elementary and secondary schools had 39% of the total number of participants and focused especially on the promotion of healthy lifestyles (eating and physical exercise), information for parents and teachers concerning topics that affect their children and students (hyperactivity, aggressive behaviours, lack of attention) and infection prevention and control (correct hand washing).

The sessions focusing on information and prevention of chronic illness, healthy lifestyles (eating and physical exercise), active ageing and support to carers accounted for 41% of the 3,000 participants.

In addition to the screenings and to the initiatives open to the community, we continued our voluntary-work initiatives and initiatives with Private Social Welfare Institutions, with which special bonds of cooperation and effective support are developed.

6.3 Environmental Sustainability

The environmental impact of hospitals is globally acknowledged as being significant. Luz Saúde Group has always carried out a strategy of sustainable environmental development, energy efficiency, economy of resources and fighting waste, seeking to minimize the negative environmental impacts of power, gas and water usage and to manage hospital waste.

The concern for sustainability materialized in the phases of design, and construction or acquisition of the buildings where the units are installed, through their corresponding energy certification.

The implementation of effective evaluation, monitoring, waste fighting, consumption reduction and proper waste management practices, with support from a specialized and accredited company in this area, along with raising the employees' awareness regarding these issues, has been translating into very positive results in terms of environmental sustainability, achieving significant reductions in consumption and CO2 emissions throughout the years.

It is clear from the following summary table that the energy consumption, the CO2 emissions and the usage of water have evolved at a considerably lower rate than the increases in hospital production:

GRI (EN) indicators for the set of Luz Saúde's units

GRI		Luz Saúde Total		
		2014	2015	15/14
EN 4	Power consumption (kwh)	38.932.180	38.823.223	-0,3%
EN 15 and 16	Direct and indirect gas emissions (CO2) (ton) (with 2015 EDP coefficient)	17.293	16.378	-5,3%
EN 8	Water consumption (total m3)	274.130	259.125	-5,5%
EN 22	Hospital waste (ton) – hazardous and non-hazardous	3.183	3.383	6,3%

Energy certification of the buildings

The energy certification was started in 2008 with the internal creation of Luz Saúde project and maintenance manuals and almost all of the buildings where the Group's units are installed are certified (with only the unit in Póvoa do Varzim currently undergoing certification):

A	B	C	D
Hospital da Luz Lisboa (A+)	Hospital da Luz Arrábida (B-)	Hospital da Luz Clinica do Porto	
Casas da Cidade Residência Sénior Lisboa (A)	Hospital da Luz Aveiro (ed.2) (B-) Hospital da Luz Clínica Águeda (B-)	Hospital da Luz Aveiro (ed.1)	Hospital da Luz Clínica Amarante Hospital da Luz Clínica .Cerveira
	Hospital da Luz Clínica de Oiã (B-)	H Luz - Clínica de Oeiras	
	Hospital do Mar Cuidados Especializados Lisboa (B-)	H Luz – Clínica da Amadora	Hospital da Luz Instituto de Radioterapia de Lisboa
	H. Beatriz Ângelo (B-)	Hospital da Luz Setúbal	
	Casas da Cidade Residência Sénior Carnaxide	Hospital M. Évora	

Environmental certification (ISO 14001) for Hospital Beatriz Ângelo

Hospital Beatriz Ângelo, the largest of Luz Saúde's hospital units, with 424 beds, exploited in a PPP model, received the ISO 14001 Environmental Certification in 2013.

Gas and Power consumption and corresponding CO2 emissions levels

Gas consumption

Measures to fight waste, reduce gas consumption and replace propane gas by natural gas have been adopted in all of the units, with the following being especially noteworthy: installation of hot water supply (AQS) preheating systems, use of renewable energy via usage of solar panels and thermal panels that feed the AQS systems and Chillers (air conditioning), recovery of the AQS from chillers and usage of Centralized Technical Management (CTM) systems suitable to each building's operational profile.

With the adopted measures we have been achieving a significant reduction of average gas consumption, in spite of the increase in hospital production that took place in the past few years and of a climate that was considered extreme versus the usual conditions, with significant warm and cold peaks.

Power consumption

We have been applying a coordinated monitoring effort in all of the units (using local commands, circuit timings, or via CTM) and fighting waste, both in terms of lighting and air conditioning, highlighting the following measures:

- timing of lighting circuits, namely in circulation areas and parking structures; replacement of incandescent, fluorescent and halogen lamps, both by others with better performance and by LEDs;
- timing of recirculation pumps both in AQS and in Chillers (HVAC);
- Timing of the operation in HVAC system's components, such as chillers and Air Treatment Units (ATU), in the air-conditioning area.

As a result of the adopted power consumption reduction measures, we have achieved usage levels much lower than those which would match the verified production increase: in 2015 we achieved a 0.3% reduction.

CO2 emissions as a result of gas and power consumption

CO2 emissions are calculated by applying a "transformation coefficient" to the consumption (in m3) of gas and power; while the coefficient applicable to the consumption of gas is constant, for power the "transformation coefficient" is supplied annually by EDP and varies according EDP's own consumption in the production of power each year.

In 2015, the CO2 emission was significantly reduced in comparison with the previous year (-5%), notwithstanding the increase in service activity.

Water consumption

We have been implementing a coordinated effort in all the units regarding monitoring measures, fighting waste and reducing water consumption, namely by applying flow reducers in taps, optimizing working hours for the AQS and chiller (HVAC) pumps and controlling leaks in consumption, fire and irrigation pipes. In previous years we carried out, in some units, drills and water capture mainly for irrigation, with significant water savings. The water consumption reduction achieved in 2015 was of 5.5%, in spite of the increase in production. In the previous years, the consumption variation was always much lower than the variation in hospital production.

Production and management of Waste

Some types of waste generated in healthcare units may present a risk to the safety of patients, employees and to society in general.

The management of hospital waste is a complex subject given the waste's different characteristics (types I, II and III, IV), as well as the high amounts involved; this

management is carried out in all of Luz Saúde's units in coordination with an organization certified in this area of intervention, following the standards and directives applied to the different categories of waste produced and ensuring a waste triage, monitoring and reduction policy.

Concerning waste in Group I (equivalent to urban solid waste) and Group II (non-hazardous waste), the collection and later treatment are under the City Council's purviews, with each unit promoting active policies in waste reduction, triage and recycling promotion, carrying out proper packaging for later delivery to the council services.

Concerning waste in Group III (hazardous hospital waste) and Group IV (specific hospital waste), each unit internally promotes active and safe policies to reduce waste and proper, rigorous triage and packaging for later delivery to the company certified in waste management, which is also the entity in charge of the corresponding pickup and later treatment and final destination (composting, incineration or landfill).

In 2015, a 6.3% increase was observed; this value is close to the registered variation in production.

Concerning food waste, all units are carrying out active policies to fight waste, with a special note to the previously mentioned action performed at Hospital da Luz-Lisbon of sending daily food surpluses, with ensured hygiene and safety conditions, to a neighbouring private social solidarity organization that operates a social canteen.

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07
INDIVIDUAL FINANCIAL STATEMENTS

07
Individual Financial Statements

(free translation from the original version in portuguese)

Statement of comprehensive income for the years ended 31 December 2015 and 2014

In Euros

	Notes	31-dec-15	31-dec-14
Income and gains			
Revenue from services rendered	5	953,433	395,193
Other operating income		79,899	33,150
Financial income	6	20,829,257	25,242,998
Total income and gains		**21,862,589**	**25,671,341**
Expenses and losses			
Inventories consumed and sold		(98,179)	-
Costs of services and materials	8	(1,462,579)	(2,304,095)
Personnel expenses	9	(1,395,340)	(3,365,075)
Depreciation and amortisation	11 / 12	(433,523)	(267,013)
Other operating expenses		(135,966)	(95,466)
Provisions, net of reversals	20	1,532,337	383,333
Impairment of receivables, net of reversals	14	(355,443)	(84,952)
Impairment of investments in subsidiaries, net of reversals	13	(8.192.000)	(16,860,000)
Finance expenses	7	(4,496,331)	(4,027,205)
Total expenses and losses		**(15,037,024)**	**(26,620,473)**
Profit before income tax		**6,825,565**	**(949,132)**
Income tax expense	10	82,135	1,855,207
Profit for the year		**6,907,700**	**906,075**
Other comprehensive income:			
Items that maybe reclassified to results:			
Cash flow hedges		(170,662)	-
Other comprehensive income for the year		**(170,662)**	**-**
Comprehensive income for the year		**6,737,038**	**906,075**

Notes are an integral part of these financial statements

(free translation from the original version in portuguese)

Statement of financial position as at 31 December 2015 and 2014

In Euros

	Notes	31-dec-15	31-dec-14
Assets			
Non-current assets			
Property, plant and equipment	11	538,324	836,956
Intangible assets	12	663,044	834,404
Investments in associates	13	327,256,102	320,474,122
Deferred tax assets	10	3,022,820	4,035,201
Total non-current assets		**331,480,290**	**326,180,683**
Current assets			
Trade receivables	14	2,205,740	2,173,516
Other receivables	14	13,395,872	15,412,225
Cash and cash equivalents	15	12,719,904	3,092,711
Total current assets		**28,321,516**	**20,678,452**
Total assets		**359,801,806**	**346,859,135**
Shareholders' Equity			
Equity and reserves			
Share capital		95,542,254	95,542,254
Treasury shares		(1,312,777)	(205,804)
Share premium		61,795,793	61,795,793
Retained earnings and reserves		43,938,660	37,400,493
Total equity attributable to equity holders of the parent	16	**199,963,930**	**194,532,736**
Liabilities			
Non-current liabilities			
Provisions	20	1,267,663	2,800,000
Trade payables	17	-	399,061
Borrowings	18	134,966,780	98,790,430
Derivative financial instruments	19	233,355	-
Total non-current liabilities		**136,467,798**	**101,989,491**
Current liabilities			
Trade payables	17	1,562,093	1,658,249
Other payables	17	5,829,409	13,305,596
Borrowings and bank overdrafts	18	13,747,854	33,942,547
Current income tax payable		2,230,722	1,430,516
Total current liabilities		**23,370,078**	**50,336,908**
Total liabilities		**159,837,876**	**152,326,399**
Total shareholders' equity and liabilities		**359,801,806**	**346,859,135**

Notes are an integral part of these financial statements

(free translation from the original version in portuguese)

Statement of cash flows for the years ended 31 December 2015 and 2014

In Euros

	Notes	31-dec-15	31-dec-14
Operating activities			
Receipts from customers		7,133,664	7,850,385
Payments to suppliers		(7,943,515)	(8,768,765)
Payments to employees		(669,477)	(610,505)
Cash flow used in operations		**(1,479,328)**	**(1,528,885)**
Income tax paid		3,956,077	(350,564)
Other receipts/(payments) related with operating activities		(1,294,054)	(728,069)
Net cash flow used in operating activities		**1,182,695**	**(2,607,518)**
Investing activities			
Proceeds from:			
Investments in associates		250,000	-
Loans to associates		30,314,561	18,245,000
Interest received		2,959,784	3,062,822
Dividends		16,000,000	21,000,000
Payments related with:			
Purchase of property, plant and equipment		(136,750)	(311,533)
Purchase of intangible assets		(124,927)	(21,452)
Investments in associates		(380,001)	(135,000)
Loans to associates		(44,500,000)	(48,504,784)
Net cash flow used in investing activities		**4,382,667**	**(6,664,947)**
Financing activities			
Proceeds from:			
Borrowings		383,326,666	350,155,010
Share capital increase		-	22,535,213
Other financing proceeds		3,200,000	-
Payments related with:			
Repayment of borrowings		(372,381,193)	(354,894,327)
Interest and other similar expenses paid		(5,124,462)	(3,768,353)
Purchase of treasury shares		(1,759,180)	(282,854)
Other financing payments		(3,200,000)	(1,427,083)
Net cash flow used in financing activities		**4,061,831**	**12,317,606**
Change in cash and cash equivalents		**9,627,193**	**3,045,141**
Cash and cash equivalents at the beginning of the year		**3,092,711**	**47,570**
Cash and cash equivalents at the end of the year		**12,719,904**	**3,092,711**

Notes are an integral part of these financial statements

(free translation from the original version in portuguese)

Statement of changes in equity for the years ended 31 December 2015 and 2014

Em Euros

	Notes	Share capital	Treasury shares	Share premium	Reserves and retained earnings	Total
Balance as at 1 January 2014		**88,500,000**	**-**	**47,729,918**	**35,497,085**	**171,727,003**
Issue of share capital		7,042,254	-	15,492,959	-	22,535,213
Purchase of treasury shares		-	(205,804)	-	-	(205,804)
Other increases / (decreases) in reserves		-	-	(1,427,084)	997,333	(429,751)
Total direct change in shareholders' equity		**7,042,254**	**(205,804)**	**14,065,875**	**997,333**	**21,899,658**
Profit for the year		-	-	-	906,075	906,075
Other comprehensive income for the year		-	-	-	-	-
Balance as at 31 December 2014	16	**95,542,254**	**(205,804)**	**61,795,793**	**37,400,493**	**194,532,736**
Balance as at 1 January 2015		**95,542,254**	**(205,804)**	**61,795,793**	**37,400,493**	**194,532,736**
Purchase of treasury shares		-	(1,759,181)	-	-	(1,759,181)
Share-based payments						
Vesting of shares granted		-	652,208	-	(652,208)	-
Fair value of the services of the year		-	-	-	453,337	453,337
Total direct change in shareholders' equity		**-**	**(1,106,973)**	**-**	**(198,871)**	**(1,305,844)**
Profit for the year		-	-	-	6,907,700	6,907,700
Other comprehensive income for the year		-	-	-	(170,662)	(170,662)
Balance as at 31 December 2015	16	**95,542,254**	**(1,312,777)**	**61,795,793**	**43,938,660**	**199,963,930**

Notes are an integral part of these financial statements

Notes to the Individual Financial Statements
(Amounts in Euros)

1. Reporting Entity

Luz Saúde, SA (hereinafter Luz Saúde or Company, previously known as Espírito Santo Saúde – SGPS, SA) is a limited liability company, with registered office in Lisbon. It's corporate purpose is the development and participation in healthcare businesses.

Luz Saúde's shares were admitted to trading on the Lisbon Stock Exchange on 11 February 2014.

Espírito Santo Control, SA, with registered office in Luxembourg, was the ultimate beneficial owner of Luz Saúde until 15 October 2014. On that date, Fidelidade – Companhia de Seguros, SA acquired control of Luz Saúde through a takeover bid it had launched (note 23).

Fidelidade – Companhia de Seguros, SA is owned in 84.986% by Longrun Portugal, SGPS, SA which is fully owned by Millennium Gain Limited headquartered in Hong Kong. This company is held in 100% by Fosun Financial Holdings Limited (Hong Kong), which is owned by Fosun International Limited, a company listed on the Hong Kong Stock Exchange (00656.HK). This company is owned in 71.37% by Fosun Holdings Limited, which is owned by Fosun International Holdings, Ltd. Whose ultimate beneficial owner is Mr. Guo Guangchang, with an interest of 64.45% of the share capital.

In a General Shareholders Meeting held on 9 February 2015, the company amended its name from Espírito Santo Saúde – SGPS, SA to Luz Saúde, S.A., thereby abandoning the legal form of "Sociedade Gestora de Participações Sociais" (holding company) pursuant to Decree Law 495/88 of 30 December.

On 28 April 2016, the Board of Directors approved and authorised the disclosure of these financial statements.

2. Basis Of Presentation Of Financial Statements

The financial statements have been prepared on a going concern basis from the company's books and accounting records and based on historical cost, pursuant to International Financial Reporting Standards, as adopted by the European Union on 31 December 2015, modified by the application of the fair value of the derivative financial instruments. These standards include both the IFRS issued by the International Accounting Standards Board (IASB) and the IAS issued by the International Accounting Standards Committee (IASC) and their respective interpretations – IFRIC and SIC, respectively issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC). These standards and interpretations are together known as IFRS.

The financial statements are expressed in euros.

Preparing the financial statements according to IFRS requires the Company to make judgments, estimates and assumptions that affect how accounting policies are applied and the amounts obtained under income, expenses, assets and liabilities. Changes to these assumptions or differences they may show with respect to the actual reality may have an impact on current estimates and judgments.

During the year of 2015, accounting standards and interpretations were approved and published in the Official Journal of the European Union (OJ). These apply to subsequent financial years, although its early adoption is permitted. The standards and amendments adopted by the Group in preparing its consolidated financial statements, as well as the standards not early adopted are summarised below.

2.1 New standards, amendments or interpretations applicable to financial years beginning on or after 1 January 2015

Following endorsement by the European Union, the Company adopted (when applicable) the following standards, revisions, amendments and improvements to the Standards and Interpretations as of 1 January 2015:

Issued	IASB Standard or IFRIC Interpretation adopted by the EU	Mandatory application in the financial years beginning on or after
May 2013	IFRIC 21 – Levies	17 June 2014
December 2013	IFRS 3 – Business Combinations (improvements to the 2011–2013 cycle)	1 January 2015
December 2013	IFRS 13 – Fair Value Measurement (improvements to the 2011–2013 cycle)	1 January 2015
December 2013	IAS 40 – Fair Value Measurement (improvements to the 2011–2013 cycle)	1 January 2015

The adoption of these standards, interpretations and amendments to standards did not have a material impact on the Company's financial statements.

2.2 New standards, amendments and interpretations issued by the IASB, endorsed by the European Union and applicable to the financial years beginning after 1 January 2015

On 31 December 2015, the following improvements to the Standards and Interpretations issued by the IASB had already been endorsed by the EU. However, their application only becomes mandatory for the financial years beginning after 1 January 2015.

Issued (IASB)	IASB Standard or IFRIC Interpretation	Mandatory application in the financial years beginning on or after
November 2013	IAS 19 – Defined Benefit Plans: Employee Contributions (amendment)	1 February 2015
December 2013	IFRS 2 – Share-based Payment (improvements to the 2010–2012 cycle)	1 February 2015
December 2013	IFRS 3 – Business Combinations (improvements to the 2010–2012 cycle)	1 February 2015
December 2013	IFRS 8 – Operating Segments (improvements to the 2010–2012 cycle)	1 February 2015
December 2013	IAS 16 – Property, Plant and Equipment (improvements to the 2010–2012 cycle)	1 February 2015
December 2013	IAS 24 – Related Party Disclosures (improvements to the 2010–2012 cycle)	1 February 2015
December 2013	IAS 38 – Intangible Assets (improvements to the 2010–2012 cycle)	1 February 2015
June 2014	IAS 16 and IAS 41 – Agriculture: Bearer Plants (amendment)	1 January 2016
May 2014	IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations (amendment)	1 January 2016
May 2014	IAS 16 and 38 – Clarification of Acceptable Methods of Depreciation and Amortisation (amendment)	1 January 2016
September 2014	IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations (improvements to the 2012–2014 cycle)	1 January 2016
September 2014	IFRS 7 – Financial Instruments: Disclosures (improvements to the 2012–2014 cycle)	1 January 2016
September 2014	IAS 19 – Employee Benefits (improvements to the 2012–2014 cycle)	1 January 2016
September 2014	IAS 34 – Interim Financial Reporting (improvements to the 2012–2014 cycle)	1 January 2016
August 2014	IAS 27 – Equity Method in Separate Financial Statements (amendment)	1 January 2016
December 2014	IAS 1 – Clarifications on financial reporting disclosure (amendment)	1 January 2016

The Company has not early adopted the mentioned amendments, and the adoption is not expected to have a material impact on the financial statements.

2.3 New standards, amendments and interpretations issued by the IASB and not endorsed by the European Union by 31 December 2015

On 31 December 2015, the following standards, revisions, amendments and improvements to the Standards and Interpretations, issued by the IASB were still pending approval by the EU:

Issued (IASB)	IASB Standard or IFRIC Interpretation	Mandatory application in the financial years beginning on or after
January 2014	IFRS 14 - Regulatory Deferral Accounts (new)	1 January 2016
May 2014	IFRS 15 – Revenue from Contracts with Customers (new)	1 January 2018
December 2014	IFRS 10, IFRS 12 and to IAS 28 – Investment Entities: Applying the Consolidation Exception (amendment)	1 January 2016
July 2014	IFRS 9 – Financial Instruments	1 January 2018
January 2016	IFRS 16 – Leases	1 January 2019
January 2016	IAS 12 – Income tax: Recognition of deferred tax assets for unrealised losses	1 January 2017

The impact of the adoption of these standards and amendments is currently under analysis by the Company, no material impacts are expected to the financial statements.

3. Main Accounting Principles

The presented accounting policies were applied consistently in all periods covered by the present financial statements.

3.1 Property, plant and equipment

3.1.1 Recognition and valuation

Tangible assets are valued at cost less the respective accumulated depreciations and impairment losses.

Acquisition/construction costs include the invoice price, transport and instalment costs, financing costs and other related expenses, occurring during the construction period, as well as indirect costs attributable to it during the construction period.

Subsequent expenses with property, plant and equipment are only recognised if the company is likely to obtain economic benefits therefrom in the future. All ongoing maintenance and repair expenses are recognised as costs incurred, in keeping with the principles of accrual accounting.

When there are indications that an asset may be impaired, IAS 36 requires its recoverable amount to be estimated and an impairment loss recognised whene-

ver the book value of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement

The recoverable amount is the higher of the asset's sales price less any sales costs and its value in use. The value in use is calculated based on the current value of the future estimated cash flow that can be expected from the asset's continued use and its disposal at the end of its useful life.

Gains or losses arising from the write-off or disposal of property, plant and equipment are measured as the difference between the asset's proceeds of sale, less transaction costs, and the asset's carrying value. They are recorded in the income statement under the caption "Other operating income and gains" or "Other operating expenses".

Property, plant and equipment underway represent tangible assets that are still being constructed or installed and are recorded at acquisition cost. Depreciation of these assets begins in the month they become available for use for their intended purpose.

3.1.2 Depreciation

Depreciation of tangible assets is calculated using the straight-line method, from the month the assets available for use. The depreciation rates used reflect, on average, the estimated useful lives of the assets:

	Years
Basic equipment	3-10
Other tangible assets	5-10

Depreciation ceases when the assets are classified as assets held for sale.

3.2 Intangible assets

Intangible assets are recognised at the acquisition cost less accumulated amortisation and impairment losses, if any. Intangible assets are recognised only when it is likely Luz Saúde will obtain economic benefits therefrom in the future that can be reliably measured. Intangible assets with a definite useful life are amortised using the straight-line method from the month they become available for use and over the life of the agreement. Intangible assets with indefinite useful lives (goodwill) are not amortised, but are tested for impairment in the last quarter of each financial year or whenever there is an indicator of impairment.

3.3 Impairment of tangible and intangible assets

Luz Saúde tests its tangible and intangible fixed assets for impairment whenever an event or change occurs that indicates that the carrying value of an asset may not be recoverable. Should such indications arise, Luz Saúde determines the recoverable amount of the asset in order to determine the possible extent of the impairment loss. When it is impossible to determine the recoverable amount of a given asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated.

The recoverable amount of the asset or the cash-generating unit is the greater of (i) its nets sales price and (ii) its value in use. The net sales price is the amount that would be obtained from the disposal of the asset in a transaction between independent and knowledgeable parties, less the direct sales costs. The value in use is derived from the asset's future estimated discounted cash flows during its expected useful life. The discount rate used to update discounted cash flows reflects the time value of money and the specific risk of the asset.

Whenever the carrying value of the asset or cash-generating unit is higher than its recoverable amount, an impairment loss is recognised. The impairment loss is recorded in the comprehensive income statement for the applicable financial year under the caption "Other operating expenses".

When an impairment loss is subsequently reversed, the carrying value of the asset is updated to its estimated value and is recognised in the comprehensive income statement as a deduction under the caption "Other operating expenses and losses". However, reversing the impairment loss is limited to the amount that would have been recognised (net of amortisation or depreciation) had the impairment loss not been recognised in previous years.

3.4 Financial investments in subsidiaries

Financial investments in subsidiaries are presented at their acquisition cost less impairment losses, when applicable.

3.5 Financial assets and liabilities

Financial assets and liabilities are recognised in the financial position statement when the Company becomes a party to the corresponding contractual provisions. A financial asset is any asset that is cash, a contractual right to receive cash or an equity instrument of another entity. A financial liability is a liability that entails a contractual obligation to deliver cash. The Company's financial assets are shown in the financial position statement under the captions "Trade receivable", "Other receivables" and "Cash and cash equivalents". Financial liabilities are presented under "Trade payable", "Bank loans and overdrafts", "Other payables" and "Derivative financial instruments".

Financial assets are initially recognised at their fair value plus transaction costs, except for financial assets at fair value through profit and loss, in which case these transaction costs are directly recognised in the income statement. Financial assets are derecognised when: (i) the Company's contractual rights to receive their future cash flows expire, (ii) the Company has substantially transferred all the risks and benefits related to their ownership, or (iii) the Company has transferred control of the assets, although it retains a non-substantial part of the risks and benefits associated with their ownership.

Financial liabilities are recorded: (i) initially at their fair value less the transaction costs incurred and (ii) subsequently at their amortised cost based on the effective interest method; or at fair value if the Company decides, when the liability is initially recognised, to record this financial liability at fair value through profit and loss, under the fair value option.

3.5.1 Trade and other receivables

Balances on trade and other receivables classified as current assets have no implicit interest and are presented using the amortised cost method. This is equal to the carrying value, less any related impairment losses, which is calculated based on two assumptions: the seniority of the receivable and the debtor's credit profile. If collection is expected within one year or less, the receivable is classified as a current asset. Otherwise, it is classified as a non-current asset. Impairment losses are recorded in the income statement when there is objective evidence that the Company will not collect the full amount due. If there is a decrease in the amount of the estimated loss, the write-down is reversed in a later period. Trade and other receivables classified as

non-current assets are measured at their respective amortised cost, which is determined according to the effective interest rate method. When there is evidence of impairment, the corresponding loss is recognised in the income statement.

3.5.2 Cash and cash equivalents

The amounts included in the caption "Cash and cash equivalents" represent cash, bank deposits, term deposits and others, that mature in or in less than three months and are immediately available, with an insignificant risk of change in value. For the purpose of the cash flow statement, cash and its equivalents include the amounts recorded in the financial position statement that mature within three months of the date of their contract/acquisition. These include cash and funds with credit institutions.

3.5.3 Bank loans

Loans are recognised under liabilities at their cost or amortised cost. Amortised cost is calculated according to the effective interest rate method. They are shown in current or non-current liabilities, depending on their maturity date. A loan that matures within one year is classified as a current liability and when the loan matures in more than one year it is treated as a non-current liability. The liabilities are derecognised when the contractual obligations cease to exist, namely at the time of repayment.Financial costs are calculated according to the effective interest rate method and are recorded on an accrual basis in the income statement.

3.5.4 Trade and other payables

The caption "Trade payables" and "Other payables" shows liabilities related to goods or services acquired by the company during the normal course of its business. If the payment falls due in one year or less, they are classified as current liabilities; otherwise, they are classified as non-current liabilities.

Balances from "Trade and other payables", which are considered current liabilities, are measured at their amortised cost, which is identical to their carrying value, i.e. at cost.

3.5.5 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, wich is presumed to be equal to its acquisition cost on that date, and are subsequently re-measured at their fair value, being the gains or losses generated in the remeasurement recognized in the profit and loss, except for derivatives designated as a cash flow hedging instruments.

The fair value of derivative financial instruments is the market value of the instrument, when available, or determined by external entities based on valuations methods generally accepted in the market.

The Company uses financial instruments to hedge the interest rate risk from its financing activity. The derivative that don't qualify for hdging in accordance with IAS 39 are registered as trading instruments.

A hedging relationship exists when:

- At the date of inception there is formal documentation of the hedging relationship;
- The hedge is expected to be highly effective;
- The effectivenss of the hedge can be reliably measured;
- The hedge is assessed on an ongoing basis and determined actually to have been higly effective thoughout the financial reporting period;
- In relation to the hedge of a future transaction, the transaction must be highly probable and must present an exposure to variations in cash flows that could ultimately affect net profit or loss.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'Other operating income/(expenses)'. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

When a hedging instrument related to a forecast transaction is discontinued, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

3.6 Revenue

Revenue is recognised whenever it is likely that the company will obtain economic benefits that can be reliably measured.

Revenue is recognised with reference to its stage of completion as at the transaction date, based on the activities performed in the period, valued in accordance with the prices established for each service, independently of the moment of invoicing.

As a service Company and the Parent Company of a Group, the Company enters into agreements with suppliers that provide services across the various Group companies. Costs invoiced by suppliers directly to Luz Saúde under these agreements are entirely transferred to the subsidiaries and are recorded in the income statement as a reduction of Luz Saúde's costs.

Dividends are recognised from the moment in which the right to receive payment is granted.

3.7 Accrual basis

The Group companies recognise their revenue and expenses on an accrual basis. Therefore, revenue and expenses are recognised when generated regardless of when they are collected or paid. Differences between the amounts collected and paid and the corresponding expenses and revenue are reported in the statement of financial position under the captions "Other receivables" or "Other payables", respectively.

3.8 Employee benefits

3.8.1 Liabilities with holidays, subsidies and bonuses

Pursuant to Portuguese legislation, employees are currently entitled to one-month holiday and one-month holiday subsidy. This right is earned in the year prior to the year payment is made.

Under the performance assessment system in place, employees may come to earn a bonus should they attain certain goals. This right is usually earned in the year prior to the year payment is made.

Liabilities are recognised in the consolidated profit and loss in the period in which the employees earn the referred right, regardless of the date of payment. The obligation is recognised under liabilities in the caption "Other payables".

3.8.2 Share-based payment

The Company remunerates some of its employees through a share-based payment plan, settled through equity instruments. The fair value of the services received is recognised as a cost in the profit and loss against an increase in equity, throughout the period in which employees earn those rights. The total amount to be recorded as an expense is calculated based on the fair value of the instruments granted on the granting date.

The vesting conditions are taken into consideration when estimating the number of instruments that will have acquired rights at the end of the vesting period. On each reporting date, the Company reviews the estimate for the number of instruments expected to meet the defined conditions and recognises the impact of the revision of the original estimate in the consolidated profit and loss with the corresponding effect on equity.

3.9 Finance income and costs

Finance income includes interest and financial discounts obtained from third parties and are recognised in the period in which they occur.

Finance costs include interest expenses and other banking expense, being recognised in the financial period in which they occur, using the amortised cost method, through which the initial costs, commissions and stamp duty incurred with medium/long term loans are deferred for the period estimated of the loans and recognized according to the respective interest.

3.10 Income tax

Income tax for the financial period is recognised according to IAS 12 – Income Taxes and includes both current and deferred tax. Taxes on profits are recognised in the income statement, except when related to items directly recognised as equity, in which case they are also reported as equity.

Current taxes are those expected to be paid based on taxable income, calculated according to the tax laws in force and the tax rate approved or substantially approved in each jurisdiction.

Deferred taxes are calculated by using the balance sheet liability method on temporary differences between the carrying values of assets and liabilities and their tax base, using the tax rates approved or substantially approved as at the balance sheet date in each jurisdiction and which are expected to be applied when the temporary differences are reversed.

Deferred tax liabilities are recognised for all temporary taxable differences with the exception of non-deductible goodwill (for tax purposes), for differences arising

from the initial recognition of assets and liabilities that affect neither accounting nor taxable profits, and for differences related to investments in subsidiaries to the extent they are unlikely to be reversed in the future. Deferred tax assets are recognised only to the extent it is likely that future taxable profit will be able to absorb the temporary deductible differences.

Luz Saúde is a parent company falls under the special tax regime for corporate groups, which covers all the companies in which Luz Saúde directly or indirectly holds at least 75% of the respective share capital and as long as these companies meet the requirements established in the Corporate Income Tax Code.

Current taxes are determined based on the accounting results adjusted according to the tax law in force. Currently, companies resident in Portugal are subject to a corporate income tax rate of 21%, plus a municipal surtax of up to a maximum of 1.5% of taxable profits, and a State surtax of 3% of taxable profits between €1.5 million and €7.5 million and 5% on taxable profits greater than €7.5 million and 7% on taxable profits above €35 million.

Pursuant to IAS 12, the company offsets assets and liabilities against deferred tax whenever: (i) the respective company has a legally enforceable right to offset assets against current taxes and liabilities against current taxes; ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority and on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in future periods in which deferred taxes are expected to the settled or recovered.

3.11 Provisions, contingent assets and contingent liabilities

Provisions are recognised when (i) Luz Saúde has a present obligation (legal or constructive), (ii) it is likely that its payment will be required and (iii) when the amount of the obligation can be reliably estimated.

When one of these conditions is not met, the Company discloses the event as a contingent liability, unless the possibility of an outflow of funds is highly unlikely.

The amount of provisions corresponds to the present value of the obligation. The updating of the financial effect is recorded as a financial expense under the caption "Financial expenses".

Provisions are revised on the reporting date and are adjusted to reflect the best estimate on that date.

A provision is accrued for litigation underway when the costs that will be incurred due to legal proceedings filed by third parties can be reliably estimated. The estimate is based on an assessment of the likelihood of having to make payment, based on the opinion of the Company's legal advisors.

Contingent assets are not recognised in the financial statements, but are disclosed when it is likely they will generate a future economic benefit.

3.12 Share capital

Share capital refers to the nominal value of ordinary share issued. Share premiums are recognised, when the share issue value exceeds the nominal value of each share, by the amount of the excess referred, net of the expenses related with the new shares issued.

Treasury shares acquired are valued at their acquisition price and recorded as a decrease in equity. At the time of disposal, the amount received, less any direct transaction costs, is recognised directly in equity.

3.13 Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to the company shareholders by the weighted average number of ordinary shares outstanding during the period, excluding the average number of own shares held.

To calculate diluted earnings per share, the weighted average number of ordinary shares outstanding is adjusted to reflect the impact of all potential diluting effects, such as those resulting from convertible debt or options over own shares granted to employees. The dilution results in lower earnings per share, due to the assumption that convertible instruments are converted or the granted options are exercised.

3.14 Dividend distribution

The distribution of dividends is recognised as a liability from the time they are approved by the Company's General Shareholders Meeting until they are paid to the shareholder.

3.15 Cash flow statement

The Cash flow statement is prepared using the direct method, by which cash inflows and outflows relative to operating, investment and financing activities are reported.

3.16 Subsequent events

Events that occur between the closing date and the date in which the financial statements are approved by the Board of Directors and which provide additional information about conditions that existed as at the reporting date are reflected in the financial statements. Any events that occur after the closing date that are indicative of conditions that arose after the financial reporting date are disclosed in the notes to the financial statements, if considered material.

4. Main Estimates and Judgments Used in Preparing the Financial Statments

IFRS establish a number of accounting options and require the Board of Directors make the necessary judgments, estimates and decide the most suitable accounting option according to the Company's operations.The main accounting estimates and judgments used by the Company when applying accounting policies are presented in this note not only for their disclosure, but to improve the understanding of how their application affects the Company's reported financial position and results.

Considering that in many situations there are alternatives to the accounting treatments adopted by the Board of Directors, the financial position and the results reported by the Company could have been different had a different treatment been chosen. The Board of Directors believes the choices made are appropriate and the financial statements adequately show the Company's financial position, the results and cash flows of its operations in all material respects.

The options presented are only for a better understanding of the financial statements and are not intended to suggest that other options or estimates would be more appropriate.

4.1 Tangible and intangible assets / estimated useful lives

Depreciations and amortisations are calculated on the acquisition cost on a straight-line basis, as of the month the asset becomes available for use. The depreciation and amortisation rates applied reflect the best estimate of their useful life. Residual asset values and the respective useful lives are revised and adjusted when deemed necessary.

4.2 Impairment on accounts receivable

Impairment losses on doubtful debts are based on Luz Saúde's assessment of the probability of recovering the balances owed. This assessment is based on the duration of the default, the counterparties' credit history and the deterioration of credit standings of the main debtors. Should the debtors' financial conditions deteriorate, impairment losses may be greater than expected.

4.3 Provisions

The Company exercises considerable judgement in measuring and recognising provisions. Judgment is indispensable to assess the probability of a successful outcome for certain pending litigation. Provisions are accrued when the Company considers an unfavourable outcome in pending litigation to be likely and thereby a reasonably estimated outflow of funds plausible. Due to uncertainties inherent to the assessment process, actual losses may be different from those estimated in the provision. These estimates are subject to change as new information about the proceedings becomes available. Revisions of these estimated losses may affect future results.

4.4 Corporate income tax and differed taxes

Certain interpretations and estimates must be made in order to determine the amount of tax on profits and deffered taxes.

There are a number of transactions and calculations for which the determination of the final amount of tax to be paid is uncertain during the normal business cycle.

Other interpretations and estimates could result in a different level of taxes on profits, both current and deferred, being recognised in the period.

The Tax Authorities are entitled to review the Company's calculation of taxable income for a period of four to twelve years, if there are tax losses carried forward (five years for Social Security). Corrections may therefore be made to taxable income, mainly due to differing interpretations of tax laws. The Board of Directors believes, however, there will be no significant corrections to the income tax reported in the financial statements.

4.5 Variable remuneration

The Company recognizes on a monthly basis an accrued expense for bonuses and other variable remuneration, considering the objectives agreed with employees, the achievement of said objectives and the Company's business performance. The cost estimated for the period is recorded as a liability under 'Other payables' , and is prepared based on the best estimate of management considering the performance of the current period, being the final amount known in the following year.

4.6 Impairment on financial investments and loans to subsidiaries

Usually and according to IFRS, impairment of a financial investment is recorded when the value of that investment exceeds the present value of future cash flows. The calculation of the present value of estimated cash flows and the decision to consider the impairment permanent requires judgment and greatly depends on the analysis of the future progress of the companies invested in. For the purposes of impairment testing, available market prices or other assessment standards are used, based on the information available concerning the companies invested in. In order to determine whether the impairment is permanent, Luz Saúde takes into consideration its ability and intention of maintaining the investment for a reasonable period of time that is

sufficient for a forecast on the recoverability of the fair value up to (or above) the carrying value, including an analysis of such factors as the subsidiary's expected results, the economic and regulatory framework and the state of the sector and market where they operate.

5. Revenue for Services Rendered

	31-dec-15	31-dec-14
Luz Saúde - Unidades de Saúde e de Apoio à Terceira Idade, SA ("USATI")	240,389	164,384
Hospital da Arrábida - Gaia, SA ("HAG")	176,618	42,518
HOSPOR - Hospitais Portugueses, SA ("HOSPOR")	158,629	38,452
Hospital da Luz, SA ("HL")	99,593	10,699
SGHL - Sociedade Gestora do Hospital de Loures, SA ("SGHL")	81,325	52,587
Surgicare - Unidades de Saúde, SA ("SURGICARE")	34,293	21,338
CLIRIA - Hospital Privado de Aveiro, SA ("CLIRIA")	32,994	13,042
Luz Saúde - Serviços, ACE ("ACE")	32,546	27,546
Hospital da Luz - Centro Clínico da Amadora, SA ("HL-CCA")	28,174	15,861
Clínica Parque dos Poetas, SA ("CPP")	14,110	1,080
HME - Gestão Hospitalar, SA ("HME")	13,857	3,674
Vila Lusitano - Unidades de Saúde, SA ("VLUSITANO")	10,357	4,012
Hospital Residencial do Mar, SA ("HRM")	5,173	-
RML - Residência Medicalizada de Loures, SGPS, SA ("RML")	4,875	-
Casas da Cidade - Residências Sénior de Carnaxide, SA ("CASAS CARNAXIDE")	3,875	-
Hospital da Luz - Guimarães, SA ("HLG")	3,875	-
Casas da Cidade - Residências Sénior, SA ("CASAS")	3,375	-
Instituto de Radiologia Dr. Idálio de Oliveira - Centro de Radiologia Médica, SA ("IRIO")	3,125	-
GLSMED LEARNING HEALTH, SA ("GLSLH")	2,875	-
GLSMED TRADE, SA ("GLST")	1,875	-
CRB - Clube Residencial da Boavista, SA ("CRB")	1,500	-
	953,433	**395,193**

The amount of revenue for services provided comes entirely from services provided direct and indirectly to Luz Saúde's subsidiaries (note 13 and 23).

6. Other Financial Income and Gains

	31-dec-15	31-dec-14
Dividends received	16,000,000	21,000,000
Interest from loans to subsidiaries	4,826,474	4,236,790
Interest from banks	2,783	6,208
	20,829,257	**25,242,998**

The amount of dividends received refers to dividends received from the subsidiaries Hospital da Luz, S.A. in the amount of €10 million (2014: €16.5 million) and Hospital da Arrábida – Gaia, S.A. in the amount of €6 million (2014: €4.5 million).

The amount of interest from loans to subsidiaries can be detailed as follows:

	31-dec-15	31-dec-14
HOSPOR	2,557,825	2,807,342
USATI	1,416,666	771,306
HME	344,753	311,477
HL-CCA	198,757	115,138
SURGICARE	149,953	133,940
HL-CCA	58,561	-
HAG	50,548	-
RML	33,702	61,961
CLIRIA	5,701	27,008
HLG	5,049	-
CASAS CARNAXIDE	3,866	8,618
GLST	1,093	-
	4,826,474	**4,236,790**

7. Financial Expenses

	31-dec-15	31-dec-14
Interest expenses	3,915,072	3,257,868
Other financial expenses and losses	581,259	769,337
	4,496,331	**4,027,205**

The caption "Interest expenses" includes interest paid to Luz Saúde subsidiaries in the amount of €106 thousand (2014: €206 thousand) (note 23).

The caption "Other financial expenses and losses" mainly includes expenses incurred with commissions from financing agreements.

8. Materials And Services Consumed

	31-dec-15	31-dec-14
Specialised work	963,291	1,972,873
Advertising	101,885	122,148
Travel expenses	57,165	14,887
Insurance	54,822	8,237
Rent and leases	47,263	32,567
Banking services	39,105	15,381
Representation expenses	21,417	28,510
Litigation and public notaries	19,402	6,506
Professional fees	11,790	7,808
Maintenance and repair	3,432	12,589
Communications	1,366	3,359
Cleaning services	1,817	3,054
Fuel	2,417	1,533
Materials	529	7,281
Electricity	733	1,709
Water	83	61
Other materials and services consumed	136,062	65,592
	1,462,579	**2,304,095**

The decrease in the caption "Specialised work" is mainly due (i) to expenses incurred with external advisory services related to the takeover bids that targeted the company in the second half of 2014, and (ii) the non-recurring effect of related with the value added tax (VAT) from prior years.

9. Personnel Expenses

	31-dec-15	31-dec-14
Corporate body remunerations	532,271	1,920,630
Personnel wages and salaries	189,304	174,077
Payroll related expenses	205,402	189,501
Other personnel expenses	468,363	1,080,867
	1,395,340	**3,365,075**

The average number of company employees at the close of the 2015 financial year was 4 (2014: 2).

The decrease in the amount of corporate body remunerations reflects the effect in 2015 of the reversal of a liability recognized in 2014 to face the possible payment of attributed benefits, which in 2015 did not materialize.

The caption "Other personnel expenses" reflects the cost of the share-based payment plan (note 16.4.1.1).

The remuneration of the Statutory Auditor can be presented as follows:

	31-dec-15	31-dec-14
Audit	202,500	167,500
Other assurance related services	31,500	-
Tax consultancy	17,900	18,450
	251,900	**185,950**

10. Income Tax

The detail of income tax can be presented as follows:

	31-dec-15	31-dec-14
Current tax	69,606	10,914
Tax from previous years	350,164	(209,872)
Deferred tax	(501,905)	(1,656,249)
Total tax carried forward in the income statement	**(82,135)**	**(1,855,207)**

Reconciliation of the tax rate is shown below:

	31-dec-15	31-dec-14
Profit for the year	6,907,700	906,075
Income tax expense	(82,135)	(1,855,207)
Profit before income tax	**6,825,565**	**(949,132)**
Tax rate	21.00%	23.00%
	1,433,369	**(218,300)**
Change in nominal tax rate	49,507	146,650
Non-deductible expenses	95,201	2,984
Untaxed dividends	(3,360,000)	(4,830,000)
Non-deductible provisions	1,178,520	3,726,000
Tax from previous years	350,164	(209,872)
Autonomous taxation	69,606	10,913
Other changes	101,498	(483,582)
	(82,135)	**(1,855,207)**

Deferred taxes on tax losses are expected to be recovered during the maturity period, because of the integration in the special tax regime for corporate groups and have been recognised for this reason.

The company elected to be taxed under the special tax regime for corporate groups (tax Group). As of that date, the tax Group gradually integrated the various associated companies as shown in the table below:

Associated companies	Year of inclusion in the tax Group
CLIRIA	2006
USATI	2006
HAG	2006
HL	2006
SURGICARE	2006
CPP	2007
CASAS CARNAXIDE	2007
IRIO	2008
HOSPOR	2008
CASAS	2009
HL-CCA	2009
SGHL	2009
CRB	2012
RML	2014
HRM	2014
VLUSITANO	2014

Changes in the caption "Deferred tax assets" in 2015 can be shown as follows:

	31-dec-14	Income statement	Other	31-dec-15
Deferred tax assets				
Impairment on financial investments	1,271,048	1,035,861	-	2,306,909
Tax losses carried forward	1,559,651	480,074	(1,559,651)	480,074
Provisions and adjustments	995,062	(994,990)	-	72
Share-based payments	209,440	(19,040)	-	190,400
Fair-value adjustments	-	-	45,365	45,365
	4,035,201	**501,905**	**(1,514,286)**	**3,022,820**

11. Property, Plant and Equipment

The changes in property, plant and equipment can be presented as follows:

	Basic and transport equipment	Other	In progress	Total
Acquisition cost				
Balance as at 1 January 2014	1,165,457	1,956	350,919	1,518,332
Additions	285,596	-	-	285,596
Disposals and write-offs	(102,202)	(1,156)	-	(103,358)
Transfer and adjustments	350,919	-	(350,919)	-
Balance as at 31 December 2014	**1,699,770**	**800**	**-**	**1,700,570**
Balance as at 1 January 2015	1,699,770	800	-	1,700,570
Disposals and write-offs	(44,148)	-	-	(44,148)
Balance as at 31 December 2015	**1,655,622**	**800**	**-**	**1,656,422**
Accumulated depreciation				
Balance as at 1 January 2014	735,535	1,857	-	737,392
Depreciation for the financial year	229,520	59	-	229,579
Disposals and write-offs	(102,201)	(1,156)	-	(103,357)
Balance as at 31 December 2014	**862,854**	**760**	**-**	**863,614**
Balance as at 1 January 2015	862,854	760	-	863,614
Depreciation for the financial year	275,762	37	-	275,799
Disposals and write-offs	(21,315)	-	-	(21,315)
Balance as at 31 December 2015	**1,117,301**	**797**	**-**	**1,118,098**
Net book value				
As at 31 December 2014	**836,916**	**40**	**-**	**836,956**
As at 31 December 2015	**538,321**	**3**	**-**	**538,324**

12. Intangible Assets

	Software	In progress	Total
Acquisition costs			
Balance as at 1 January 2014	2,281,613	916,116	3,197,729
Additions	-	21,452	21,452
Write-offs	-	(66,990)	(66,990)
Adjustments and transfers	745,011	(745,011)	-
Balance as at 31 December 2014	**3,026,624**	**125,567**	**3,152,191**
Balance as at 1 January 2015	3,026,624	125,567	3,152,191
Write-offs	-	(13,636)	(13,636)
Balance as at 31 December 2015	**3,026,624**	**111,931**	**3,138,555**
Accumulated amortisation			
Balance as at 1 January 2014	2,280,353	-	2,280,353
Amortisation of the financial year	37,434	-	37,434
Balance as at 31 December 2014	**2,317,787**	**-**	**2,317,787**
Balance as at 1 January 2015	2,317,787	-	2,317,787
Amortisation of the financial year	157,724	-	157,724
Balance as at 31 December 2015	**2,475,511**	**-**	**2,475,511**
Net book value			
As at 31 December 2014	**708,837**	**125,567**	**834,404**
As at 31 December 2015	**551,113**	**111,931**	**663,044**

13. Financial Investments

The caption of financial investments can be presented as follows:

	Financial investments	Supplementary capital contributions	Loans to subsidiaries and associates	Total
Acquisition cost				
Balance as at 1 January 2014	99,650,465	107,307,872	105,491,000	312,449,337
Additions	135,000	4,659,900	43,709,884	48,504,784
Decrease	-	(250,000)	(17,995,000)	(18,245,000)
Transfers and adjustments	14,104	-	-	14,104
Balance as at 31 December 2014	**99,799,569**	**111,717,772**	**131,205,884**	**342,723,225**
Balance as at 1 January 2014	99,799,569	111,717,772	131,205,884	342,723,225
Additions	160,001	8,550,000	44,500,000	53,210,001
Decrease	-	(250,000)	(37,986,021)	(38,236,021)
Balance as at 31 December 2014	**99,959,570**	**120,017,772**	**137,719,863**	**357,697,205**
Accumulated impairment				
Balance as at 1 January 2014	525,000	-	4,850,000	5,375,000
Additions	3,137,317	9,848,376	3,874,307	16,860,000
Transfers and adjustments	14,103	-	-	14,103
Balance as at 31 December 2014	**3,676,420**	**9,848,376**	**8,724,307**	**22,249,103**
Balance as at 1 January 2015	3,676,420	9,848,376	8,724,307	22,249,103
Additions	-	8,192,000	-	8,192,000
Decrease	-	137,999	(137,999)	-
Balance as at 31 December 2015	**3,676,420**	**18,178,375**	**8,586,308**	**30,441,103**
Net book value				
As at 31 December 2014	**96,123,149**	**101,869,396**	**122,481,577**	**320,474,122**
As at 31 December 2015	**96,283,150**	**101,839,397**	**129,133,555**	**327,256,102**

13.1 Financial Investments by Subsidiary

	Registered office	% of shareholding	Financial investments	Supplementary capital contributions	Loans	Total 31-dec-15	Total 31-dec-14
Subsidiaries							
Casas da Cidade - Residências Sénior de Carnaxide, SA ("CASAS CARNAXIDE")	Oeiras	100.00%	3,349,659	3,000,000	2,261,000	8,610,659	8,610,659
Casas da Cidade - Residências Sénior, SA ("CASAS")	Lisbon	100.00%	200,000	220,000	-	420,000	200,000
Clínica Parque dos Poetas, SA ("CPP")	Oeiras	100.00%	250,000	-	-	250,000	250,000
CLIRIA - Hospital Privado de Aveiro, SA ("CLIRIA")	Aveiro	90.59%	4,274,151	-	500,000	4,774,151	4,815,172
GLSMED LEARNING HEALTH, SA ("GLSLH")	Lisbon	100.00%	50,000	-	-	50,000	-
GLSMED TRADE, SA ("GLST")	Lisbon	100.00%	50,000	-	150,000	200,000	-
HME - Gestão Hospitalar, SA ("HME")	Évora	100.00%	149,104	-	8,090,000	8,239,104	5,649,103
Hospital da Arrábida - Gaia, SA ("HAG")	V. N. Gaia	100.00%	6,240,113	-	3,000,000	9,240,113	6,240,113
Hospital da Luz - Centro Clínico da Amadora, SA ("HL-CCA")	Amadora	100.00%	100,000	8,500,000	4,848,863	13,448,863	12,998,863
Hospital da Luz - Guimarães, SA ("HLG")	Lisbon	100.00%	50,000	-	895,000	945,000	-
Hospital da Luz, SA ("HL")	Lisbon	100.00%	1,000,000	-	2,400,000	3,400,000	1,000,000
HOSPOR - Hospitais Portugueses, SA ("HOSPOR")	Póvoa de Varzim	100.00%	33,450,000	6,500,000	66,000,000	105,950,000	99,150,000
Luz Saúde - Unidades de Saúde e de Apoio à Terceira Idade, SA ("USATI")	Lisbon	100.00%	39,800,000	75,200,000	36,800,000	151,800,000	148,900,000
RML - Residência Medicalizada de Loures, SGPS, SA ("RML")	Lisbon	75.00%	5,362,500	-	1,325,000	6,687,500	5,362,500
SGHL - Sociedade Gestora do Hospital de Loures, SA ("SGHL")	Lisbon	99.99%	1,287,318	18,178,375	7,400,000	26,865,693	33,380,693
Surgicare - Unidades de Saúde, SA ("SURGICARE")	Lisbon	100.00%	4,087,500	7,500,000	4,050,000	15,637,500	14,737,500
			99,700,345	**119,098,375**	**137,719,863**	**356,518,583**	**341,294,603**
Associated companies							
GENOMED - Diagnósticos de Medicina Molecular, SA ("GENOMED")	Lisbon	37.50%	244,825	-	-	244,825	244,825
HL - Sociedade Gestora do Edifício, SA ("HL-SGE")	Oeiras	10.00%	14,400	919,397	-	933,797	1,183,797
			259,225	**919,397**	**-**	**1,178,622**	**1,428,622**
Impairment (note 13.5)			**(3,676,420)**	**(18,178,375)**	**(8,586,308)**	**(30,441,103)**	**(22,249,103)**
Total financial investments			**96,283,150**	**101,839,397**	**129,133,555**	**327,256,102**	**320,474,122**

13.2 Changes in Financial Investments

	31-dec-14	Increases	Decreases	31-dec-15
Subsidiaries				
CASAS CARNAXIDE	3,349,659	-	-	3,349,659
CASAS	200,000	-	-	200,000
CPP	250,000	-	-	250,000
CLIRIA	4,274,151	-	-	4,274,151
GLSLH	-	50,000	-	50,000
GSLT	-	50,000	-	50,000
HME	139,103	10,001	-	149,104
HAG	6,240,113	-	-	6,240,113
HL-CCA	100,000	-	-	100,000
HLG	-	50,000	-	50,000
HL	1,000,000	-	-	1,000,000
HOSPOR	33,450,000	-	-	33,450,000
USATI	39,800,000	-	-	39,800,000
RML	5,362,500	-	-	5,362,500
SGHL	1,287,318	-	-	1,287,318
SURGICARE	4,087,500	-	-	4,087,500
	99,540,344	**160,001**	**-**	**99,700,345**
Associated companies				
GENOMED	244,825	-	-	244,825
HL-SGE	14,400	-	-	14,400
	259,225	**-**	**-**	**259,225**
Total financial investments	**99,799,569**	**160,001**	**-**	**99,959,570**

13.3 Changes in Supplementary Capital Contributions

	31-dec-14	Increases	Decreases	31-dec-15
Subsidiaries				
CASAS CARNAXIDE	3,000,000	-	-	3,000,000
CASAS	-	220,000	-	220,000
HL-CCA	8,500,000	-	-	8,500,000
HOSPOR	6,500,000	-	-	6,500,000
USATI	75,200,000	-	-	75,200,000
SGHL	9,848,375	8,330,000	-	18,178,375
SURGICARE	7,500,000	-	-	7,500,000
	110,548,375	**8,550,000**	**-**	**119,098,375**
Associated companies				
HL-SGE	1,169,397	-	(250,000)	919,397
	1,169,397	**-**	**(250,000)**	**919,397**
Total supplementary capital contributions	**111,717,772**	**8,550,000**	**(250,000)**	**120,017,772**

13.4 Changes in Loans

	31-dec-14	Increases	Decreases	31-dec-15
Subsidiaries				
CASAS CARNAXIDE	2,261,000	-	-	2,261,000
CLIRIA	541,021	500,000	(541,021)	500,000
GLST	-	150,000	-	150,000
HME	5,510,000	2,580,000	-	8,090,000
HAG	-	3,000,000	-	3,000,000
HL-CCA	4,398,863	450,000	-	4,848,863
HLG	-	895,000	-	895,000
HL	-	2,400,000	-	2,400,000
HOSPOR	59,200,000	9,800,000	(3,000,000)	66,000,000
USATI	33,900,000	3,900,000	(1,000,000)	36,800,000
RML	-	1,325,000	-	1,325,000
SGHL	22,245,000	18,600,000	(33,445,000)	7,400,000
SURGICARE	3,150,000	900,000	-	4,050,000
Total loans	**131,205,884**	**44,500,000**	**(37,986,021)**	**137,719,863**

Concerning the subsidiary SGHL, the column decreases includes a value of € 8,330 thousand which was transferred to supplementary capital contributions.

13.5 Changes In Impairment Of Financial Investments

	31-dec-14	Increases	Decreases	31-dec-15
Subsidiaries				
CASAS CARNAXIDE	2,250,000	-	-	2,250,000
HME	5,649,103	2,580,000	-	8,229,103
SGHL	14,350,000	5,612,000	-	19,962,000
	22,249,103	**8,192,000**	**-**	**30,441,103**

13.6 Summarised Financial Information on the Main Subsidiaries

	CASAS CARNAXIDE	CASAS	CPP	CLIRIA	HME	HAG	HL-CCA	HL	HOSPOR	USATI	SGHL	SURGICARE
Summarised net assets												
Current assets	132,081	96,591	5,627,243	6,550,182	2,628,676	22,715,420	1,270,270	55,894,146	31,413,138	5,015,195	32,029,066	1,091,378
Current liabilities	(3,623,401)	(579,808)	(4,242,494)	(10,347,116)	(4,803,913)	(13,052,519)	(1,907,282)	(31,269,114)	(18,612,936)	(20,604,338)	(26,336,107)	(1,144,452)
Current net assets/ (liabilities)	**(3,491,320)**	**(483,217)**	**1,384,749**	**(3,796,934)**	**(2,175,237)**	**9,662,901**	**(637,012)**	**24,625,032**	**12,800,203**	**(15,589,143)**	**5,692,959**	**(53,074)**
Non-current assets	7,699,406	61,602	32,803	14,599,998	235,110	30,389,917	6,199,582	29,204	129,338,023	130,168,856	13,607,363	10,998,206
Shareholder loans	(2,261,000)	(938,742)	-	(500,000)	(8,090,000)	(3,000,000)	(4,965,358)	(2,400,000)	(66,000,000)	(36,800,000)	(7,400,000)	(4,050,000)
Non-current liabilities	(640,022)	-	-	(486,939)	(44,039)	(10,412,374)	-	-	(20,310,094)	(2,169,909)	(16,027,813)	(119,487)
Net assets/(liabilities)	**1,307,064**	**(1,360,357)**	**1,417,552**	**9,816,126**	**(10,074,166)**	**26,640,444**	**597,212**	**22,254,236**	**55,828,132**	**75,609,804**	**(4,127,491)**	**6,775,645**
Summarised results												
Total revenue	1,711,712	2,042,159	17,418,699	19,490,267	6,607,667	54,246,085	5,363,647	146,935,987	73,440,324	14,505,719	93,500,581	1,476,138
Profit before income tax	(80,543)	(308,162)	1,377,115	1,143,529	(93,675)	8,991,498	(1,092,917)	22,472,098	6,360,258	(1,658,304)	(4,167,038)	(102,188)
Expenses	19,542	49,218	(305,653)	(296,137)	(8,669)	(2,394,642)	171,038	(5,592,607)	(1,624,978)	328,902	1,524,490	20,882
Net profit	**(61,001)**	**(258,944)**	**1,071,462**	**847,392**	**(102,344)**	**6,596,856**	**(921,879)**	**16,879,491**	**4,735,280**	**(1,329,402)**	**(2,642,548)**	**(81,306)**
Summarised cash flows												
Operating cash flow	196,381	(322,607)	509,987	2,407,422	(710,937)	6,671,712	(288,795)	9,040,297	6,499,412	7,454,784	11,313,293	1,085,997
Investment cash flow	14	170	1,151	(295,928)	(75,273)	(615,836)	(90,202)	7,976	(3,325,140)	(9,300,452)	(670,686)	(1,170,456)
Financing cash flow	(192,953)	220,000	(34,296)	(2,625,895)	785,960	(4,764,270)	322,828	(10,110,061)	(3,414,831)	1,532,126	(10,331,491)	355,075
Change in cash and cash equivalents	**3,442**	**(102,437)**	**476,842**	**(514,401)**	**(250)**	**1,291,606**	**(56,169)**	**(1,061,788)**	**(240,559)**	**(313,542)**	**311,116**	**270,616**

14. Trade and Other Receivables

The caption trade and other receivables can be presented as follows:

	31-dec-15	31-dec-14
Trade receivables (note 14.1)	2,474,830	2,416,673
Impairment of trade receivables (note 14.2)	(269,090)	(243,157)
	2,205,740	**2,173,516**
Advances to suppliers	22,194	2,425
State and other public entities	749,075	-
Other receivables (note 14.1)	7,487,471	5,485,285
Impairment of other receivables (note 14.2)	(1,708,529)	(1,379,019)
Group companies – tax Group (note 14.1)	5,520,833	10,285,754
Accrued income	372,571	-
Deferred expenses	952,257	1,017,780
	13,395,872	**15,412,225**
	15,601,612	**17,585,741**

Considering the short maturities associated to these financial instruments, their carrying value is deemed to be a reasonable estimate of the respective fair value.

14.1 Trade and Other Receivables Related Parties

	31-dec-15				31-dec-14			
	Trade receivables	Tax group	Other debtors	Total	Trade receivables	Tax group	Other debtors	Total
Subsidiaries								
CASAS CARNAXIDE	2,571	582	3,866	7,019	3,267	1,153	8,618	13,038
CASAS	4,151	12,342	-	16,493	3,507	10,906	-	14,413
CPP	11,528	153,891	-	165,419	22,281	351,353	450	374,084
CLIRIA	130,094	231,452	168,557	530,103	113,794	76,045	27,308	217,147
CRB	1,845	16,509	-	18,354	-	26,788	-	26,788
GLSLH	3,536	-	448	3,984	-	-	-	-
GLST	15,777	-	1,988	17,765	-	-	-	-
HME	269,090	-	1,708,528	1,977,618	243,157	-	1,379,019	1,622,176
HAG	253,053	1,349,008	-	1,602,061	378,438	2,237,234	505	2,616,177
HL-CCA	277,649	3,954	314,346	595,949	270,534	3,069	240,664	514,267
HLG	4,766	-	5,199	9,965	-	-	-	-
HL	105,597	2,807,122	58,562	2,971,281	106,991	5,732,333	-	5,839,324
HRM	12,638	180,767	-	193,405	15,569	17,892	-	33,461
HOSPOR	163,127	679,146	2,738,133	3,580,406	279,267	1,698,934	2,807,642	4,785,843
IRIO	4,159	-	-	4,159	-	94,779	-	94,779
ACE	127,637	-	150	127,787	485,957	34,882	1,279	522,118
USATI	661,408	-	2,187,972	2,849,380	117,583	-	771,306	888,889
RML	5,996	-	95,663	101,659	-	-	61,961	61,961
SGHL	231,366	79,829	-	311,195	231,003	-	-	231,003
SURGICARE	65,171	395	149,953	215,519	69,037	386	133,940	203,363
VLUSITANO	15,907	5,836	-	21,743	5,302	-	-	5,302
	2,367,066	**5,520,833**	**7,433,365**	**15,321,264**	**2,345,687**	**10,285,754**	**5,432,692**	**18,064,133**
Other	107,764	-	54,106	161,870	70,986	-	52,593	123,579
Total	**2,474,830**	**5,520,833**	**7,487,471**	**15,483,134**	**2,416,673**	**10,285,754**	**5,485,285**	**18,187,712**

14.2 Impairment of Trade and Other Receivables

	31-dec-15	31-dec-14
Impairment of receivables as at 1 January	1,622,176	1,537,224
Effect in profit and loss		
Increase	355,443	84,952
Impairment of receivables as at 31 December	**1,977,619**	**1,622,17**
Trade receivables	269,090	243,157
Other receivables	1,708,529	1,379,019

15. Cash and Cash Equivalents

	31-dec-15	31-dec-14
Cash	500	500
Immediately available bank deposits	12,719,404	3,092,211
	12,719,904	**3,092,711**

Considering the short maturities associated to these financial instruments, their carrying value is deemed to be a reasonable estimate of the respective fair value.

16. Share Capital, Reserves and Retained Earnings

16.1 Share capital

Luz Saúde's Share Capital is comprised of 95,542,254 ordinary registered shares with a nominal value of €1 (31 December 2014: 95,542,254 shares). On 11 February 2014, a share capital increase took place by issuing 7,042,254 new shares fully paid up in cash. This transaction took place at the same time as a public offering of shares on the Lisbon Stock Exchange of up to 49% of the company's share capital.

16.2 Treasury shares

Under the share-based payment plan changes in Luz Saúde' treasury shares caption, can be presented as follows:

	Amount	
	31-dec-15	31-dec-14
Balance as at 1 January	**54,385**	**-**
Acquired shares	455,615	91,486
Shares vested in the share-based payment plan	(170,000)	(37,101)
Balance as at 31 December	**340,000**	**54,385**

16.3 Share premiums

Share premiums are related to the share capital increases undertaken by the company in 2004, 2005 and 2006 in the amounts of €12,500 thousand, €7,500 thousand and €61,600 thousand, respectively. During the 2011 financial year, these funds were partially used €33,870,082, following a Shareholder resolution, to cover losses carried forward, leaving a balance of €47,729,918.

In the share capital increase that took place in February 2014, €15,492,959 was recorded as share premiums from which €1,427,084 were deduced for transaction costs with the share capital increase. The caption therefore presents a total balance of €61,795,793.

16.4 Reserves and retained earnings

As at 31 December 2015 and 2014 the amount in reserves and retained earnings (which include also the comprehensive income for the year) can be presented as follows:

	31-dec-15	31-dec-14
Non-distributable reserves		
Legal reserve	1,908,804	1,863,500
Treasury shares reserve	1,312,777	205,804
Share-based payment plan reserve	906,669	997,333
Other reserves	33,181,580	33,427,781
Retained earnings	(108,208)	-
Comprehensive income for the year	6,737,038	906,075
	43,938,660	**37,400,493**

16.4.1 Non-distributable reserves

The non-distributable reserves include:

- the legal reserve created by allocation of results from the parent company until the 2014 financial year;
- the reserve for treasury shares equal to the book value thereof;
- the reserve related with the share based plan, which refers to the part not yet settled for services provided, by eligible employees, under the plan in place.

16.4.1.1 Share-based payments

In the Company's General Shareholders Meeting held on 22 January 2014, a share-based plan for Company directors was created. The beneficiaries of this plan are members of the Company's Board of Directors that have worked with the Company under an employment agreement or as members of its corporate bodies, since its incorporation on 6 July 2000 and that are Directors on each share granting date. As at the date of this Report, directors that meet the referred conditions are Isabel Maria Pereira Aníbal Vaz, João Paulo da Cunha Leite de Abreu Novais, Tomás Leitão Branquinho da Fonseca and Ivo Joaquim Antão.

510,000 previously issued shares will be granted by the Company under the referred share-based plan, by transfer to the securities account indicated by the beneficiary-directors of the share-based plan. One third of the shares will vest on the first business day of 2015, 2016 and 2017.

Given that the implementation of the share-based plan requires that the Company acquire treasury shares, to deliver to the beneficiary-directors on the first business day of 2015, 2016 and 2017, the General Shareholders Meeting of 22 January 2014 and 21 May 2015 has approved the acquisition by the Board of Directors the total of 510,000 shares in the regulated market needed to execute the plan, as well as the free disposal of such treasury shares for the purpose of the physical settlement of the granting made under the share-based plan.

The vesting of the first third of the shares granted has occurred during the first half of 2015, consequently 170,000 shares were given to the persons covered by the plan, as at 31 December 2015, 340,000 shares granted will vest after the reporting date.

Expenses with the share-based plan are recognised using the straight-line method over time, beginning on the granting date and ending on the estimated date of

fulfilment of the vesting conditions defined in the plan. The plan's valuation was calculated with the share price of €3.2 per share on the granting date (in this case, the date of the company's admission to trading). As at 31 December 2015, the estimated impact of the share based plan, based on the valuation used on the granting date, is of €907 thousand (December 2014: €997 thousand), during the current year the cost registered in the income statement is about €453 thousand (2014: €997 thousand).

16.4.2. Other reserves

Other reserves relate to the reserves created by the allocation of profits from the parent company from previous years.

16.4.2.1 Appropriation of results

According to the proposal presented and approved at the General Meeting held on May 21, 2015, the individual results Luz Saúde, for the year 2014, had the following application:

	2014 Year-end	2013 Year-end
Legal reserve	45,304	860,200
Unrestricted reserves	860,771	16,343,713
Statutory profit allocation	**906,075**	**17,203,913**

16.4.3 Retained earnings

The caption retained earnings includes the impact of the transactions of treasury shares in 2015, performed in the scope of the share based plan (€180 thousand).

17. Trade and Other Payables

	31-dec-15	31-dec-14
Trade payables - current	1,562,093	1,658,249
State and other public entities	84,973	46,363
Group companies – tax Group (note 24)	2,929,804	5,163,827
Personnel	1,194,534	1,402,612
Other accruals	916,264	335,120
Other payables	703,834	6,357,674
Total other payables	**5,829,409**	**13,305,596**
Trade payables - non-current	-	399,061
	7,391,502	**15,362,906**

In light of the maturities associated to these financial instruments, their carrying value is deemed to be a reasonable estimate of the respective fair value.

The decrease of the caption Other creditors results mainly from the full payment of the balance with Banco Espirito Santo which in 31 December 2014 amounted to €5.05 million.

18. Borrowings and Bank Overdrafts

	Maturity	Rate	31-dec-15	31-dec-14
Current				
HAITONG - commercial paper	2016	Eur3M + spread	5,041,464	9,694,693
BST - commercial paper	2016	Eur6M + spread	6,107,054	10,222,717
BES - commercial paper	-	-	-	4,025,137
BST - current account	-	-	-	5,000,000
BPI - current account	2016	Eur3M + spread	200,000	5,000,000
POPULAR - commercial paper	2016	Eur12M + spread	1,997,420	-
BCP - commercial paper	2016	Eur6M + spread	401,916	-
			13,747,854	**33,942,547**
Não corrente				
BCP - commercial paper	2021-2025	Eur6M + spread	100,000,000	87,518,361
BST - commercial paper	2018-2022	Eur6M + spread	30,000,000	6,283,027
CGD - commercial paper	2017	Eur + spread	4,966,780	4,989,042
			134,966,780	**98,790,430**

The fair value of these financial instruments is estimated by updating the expected principal and interest cash flow, assuming that payments occur on the contractually defined dates. The discount rate used is the one that reflects the current rates obtained by the Group for instruments with similar characteristics. Taking into account that the applicable interest rates are floating and the maturity in place, there are no material differences between the carrying value and the fair value of these financial liabilities.

The main credit lines financing that the Group has in place are as follows:

i) 6 commercial paper programs with guarantee of underwriting subscription, negotiated with four banks (Millennium BCP, Banco Santander, Banco Popular and Caixa BI) with a maximum amount of € 183 million, of which are used about € 170 million.

ii) 1 commercial paper program with no guaranteed subscription, negotiated with Haitong bank with a maximum amount of € 20 million of which are used about € 5 million.

iii) 2 short term bank loans with BPI and Novo Banco amounting to € 8.5 million, of which are used in 31 december 2015 €200 thousand.

Commercial paper program that does not contain an underwriting provision is registered under current liabilities, although it is expected that the arranging and dealing bank will be able to obtain the necessary funds through their distribution channels.

Commercial paper programs are classified as non-current when have a maturity of 12 months after the reporting date, the Group has the ability to unilaterally renew the current emissions until the maturity of the programs and they have guarantee of underwriting subscription by the organizer. Thus although the instalments active as at 31 December 2015 have a maturity less than 12 months, were classified as non-current for presentation purposes in the statement of financial position.

Most of the financing mentioned above contains financial restrictions/covenants that are standard to financing agreements. Typical non-financial restrictions include negative pledge provisions, guarantees provided by members of the Group and by the Company, in particular restrictions applying to the use of capital resources, acquisition and disposal of assets, pari passu obligations, events of default that include cross default clauses for companies controlled by or in a group relationship with the respective borrower. In terms of financial restrictions, some contracts include obligations to ensure certain debt to equity ratios for working capital.

Some of the Company's financing agreements contain change of control provisions that require the shareholder Fosun maintain a direct or indirect controlling position in the Company. Some of these change of control provisions may be enforced if (i) Fosun's direct or indirect interest falls below 51% of the Company's share capital, (ii) Fosun's direct or indirect interest falls below 51% of the Company's share capital and voting rights or (iii) Fosun ceases to hold, directly or indirectly, a majority of the Company's share capital and voting rights without the consent of the relevant creditors.

The commercial papper programmes with Millennium BCP and Santander bank have collateral given by the subsidiaries USATI and HOSPOR through the mortage of the Hospital da Luz building and in respect of the BCP and the buildings of Clipóvoa and Hospital de Santiago in respect of Santander.

19. Derivative Financial Instruments

The Company began the use of derivative financial instruments to hedge interest rate risks affecting the value of the expected future cash flows. The hedged risk is the change in the index that the floating rate incorporates, being applicable to all the Company's credit lines.

The derivative financial instruments contracted for hedging purposes of interest rate changes in respect of credit lines are considered effective in terms of cash flow hedge.

The fair value of these instruments have been determined by banking entities based on observable inputs on the market and used in models and techniques generally accepted valuation (Level 2), can be presented as follows:

	31-dec-15	31-dec-14
Interest rate swap contracts - cash flow hedges	233,355	-
Interest rate swap contracts - held for trading	-	-
Total	**233,355**	**-**

The fair value of these derivatives was determined by banking entities based on models and valuation techniques generally accepted based on observable inputs in the market.

Trading derivatives are classified in current assets or current liabilities according to their fair value at the reporting date.

The fair value of the hedging derivative is classified in non-current assets or non-current liabilities when the maturity of the hedge target operation is more than 12 months of the reporting date and as current assets or current liabilities if the maturity of the hedge target operation is less than 12 months of the reporting date.

The notional of the interest rate swap contracts outstanding at December 31, 2015 amounted to €180 million (of these €180 million are considered as cash flow hedge), which have originated the recognition of a change in fair value in Other comprehensive income of the Company, in respect of the effective part of the hedging derivatives, of some €216 thousand. The portion considered as inefficient in term of hedging was recognized in the income statement in the amount of €17 thousand.

20. Provisions

Changes in the the caption provisions during 2015 and 2014 can be presented as follows:

	Operational and financial risks
Provisions	
Balance as at 1 January 2014	3,183,333
Effect on results	
Reversals	(383,333)
	(383,333)
Balance as at 31 December 2014	**2,800,000**
Balance as at 1 January 2015	2,800,000
Charged/(credited) to the income statement:	
Additional provisions	1,250,000
Unused amounts reversed	(2,782,337)
	(1,532,337)
Balance as at 31 December 2015	**1,267,663**

The Company registered in the current year a provision to cover risks associated with regulatory responsibilities that affect its activity and which may result financial flows.

21. Contingent Liabilities

As disclosed in the prospectus for the Initial Public Offering and admission to trading on Euronext, in the Company's Shareholders General Meeting held on 22 January 2014 and taking into account the continuous management positions held for nearly 15 years by Isabel Maria Pereira Aníbal Vaz, in addition to her role in the promotion of the Group's business development, an award of €850,000 to the latter was approved in recognition of professional services rendered to the Group. This amount will be paid in one lump sum at the time Isabel Maria Pereira Aníbal Vaz terminates her role as member of the Company's Board of Directors, for any reason outside her responsibility. The payment of the proposed award is autonomous and is not intended to substitute any monetary compensations that may be legally or contractually due as a result of the termination of corporate management positions by Isabel Maria Pereira Aníbal Vaz, including in the Company, whatever the cause and the moment of termination thereof.

22. Guarantees

As at 31 December 2015, the break down of securities granted to banks to the benefit of third parties is as follows:

Company	Bank	Beneficiary	Amount
Luz Saúde	CGD	HL-SGE	105,000
			105,000

Some of the Commercial Paper agreements are entered into both by the Company and some of its subsidiaries. There is joint responsibility of issuers for the payment of amounts underwritten by any of the parties under those programmes. On 31 December 2015, the programmes in force, respective issuers and amounts used by the subsidiaries, were the following:

Programme participants	Bank	Amount used by subsidiaries	Total amount used
Luz Saúde, HL and USATI	Santander	2,000,000	8,000,000
Luz Saúde, HL and USATI	Santander	-	30,000,000
Luz Saúde, HOSPOR, HAG and CLIRIA	Santander	10,500,000	10,500,000
Luz Saúde, HAG and HOSPOR	BPI	-	200,000
Luz Saúde, HL, HOSPOR and USATI	CGD	15,000,000	20,000,000
Luz Saúde, HAG, HLUZ, HOSPOR and USATI	Popular	-	2,000,000
		27,500,000	**70,700,000**

Additionally, the following securities were granted for subsidiaries:

- Guarantee of the loan to the subsidiary Hospital da Arrábida – Gaia, S.A. granted by CGD in the amount of €10,000 thousand (amount used as at the reporting date);
- Guarantee of the loan to the subsidiary RML – Residência Medicalizada de Loures, SGPS, S.A. granted by BPI in the amount of €5,250 thousand (amount used as at the reporting date);
- Financial pledge over the shares of the subsidiary SGHL – Sociedade Gestora do Hospital de Loures, S.A., to secure a credit line of €2,500 thousand granted to this subsidiary by Barclays Bank, and that as at 31 December 2015 has not been used;
- Comfort letter to Banco BCP, for the satisfaction of obligations under a €216 thousand loan (amount used as at the reporting date), granted to the subsidiary HOSPOR – Hospitais Portugueses, S.A.;
- Comfort letter to CGD for the satisfaction of obligations under a €235 thousand loan (amount used as at the reporting date) granted to the subsidiary Casas da Cidade – Residências Sénior de Carnaxide, SA;
- Comfort letter to Banco BPI for the satisfaction of obligations under the loans granted to RML – Residência Medicalizada de Loures, SGPS, S.A. in the amount of €725 thousand (amount used as at the reporting date);
- Comfort letter to Banco BPI for the satisfaction of obligations under loans granted to Vila Lusitano – Unidades de Saúde, S.A. in the amount of €79 thousand (amount used as at the reporting date), as at 31 December 2015;

Some of the loans granted to subsidiaries contain Luz Saúde ownership clauses, whereby the banks may request early repayment of the respective loans although there are no financial obligations for Luz Saúde thereunder;

The company is guarantor of some of its subsidiaries in respect of finance leases established by these entities.

23. Related Parties

The Company's financial statements will be included into the consolidated financial statements of Fidelidade – Companhia de Seguros, SA with its headquarters in Largo do Calhariz nr 30, in Lisbon.

Until 15 October 2014, Espírito Santo Control, with registered office in Luxembourg, was ultimate beneficial owner of the Luz Saúde Group.

On 17 October 2014, and following the takeover bid for Luz Saúde's share capital, Fidelidade – Companhia de Seguros S.A. has taken control over Luz Saúde.

Fosun International Limited, a company listed on the Hong Kong Stock Exchange, established in Hong Kong, based in Room 808, ICBC Tower , 3 Garden Road, Central, Hong Kong, registered in the Commercial Register of Hong Kong under number 942 079 and the registered capital of HK $17,687,332,114.00, controls Fidelidade. Fosun Group is controlled by Mr. Guo Guangchang.

In the following tables are presented the balances and transactions as of December 31, 2015 and 2014 with the companies in the Fosun Group, performed with companies of Fosun Group for the 12 months of 2015 and the last 2 months of 2014, and the transactions with companies in the Espírito Santo Group held until 31/10/2014.

Remuneration paid to corporate bodies is detailed in note 9.

For this purpose the balances and transactions with the companies included in Luz Saúde Group are presented in a separate section for the full years of 2015 and 2014.

Balances and transactions with Group related entities as at December 31 are as follows:

Fosun Group	31-dec-15			
	Current assets	Current liabilities	Revenue	Costs
Fidelidade - Companhia de Seguros, SA	2,998	2,148	-	9,818
	2,998	**2,148**	**-**	**9,818**

Espírito Santo Group	31-dec-14			
	Current assets	Current liabilities	Revenue (2 months)	Costs (2 months)
Grupo Espírito Santo				
BES - Banco Espírito Santo, SA	-	5,044,918	-	676,035
BES Investimento	-	65,635	-	1,103,846
Edenred	-	22	-	35
ES Resources	-	10	-	16,913
Esumédica	-	-	-	163
Locarent	-	-	-	7,562
SGL	-	4,730	-	-
Tranquilidade	-	-	-	7,775
Tranquilidade	-	185	-	462
	-	**5,115,500**	**-**	**1,812,791**

Luz Saúde Group

	31-dec-15				31-dec-14			
	Current assets	Current liabilities	Revenue	Costs	Current assets	Current liabilities	Revenue	Costs
Grupo Luz Saúde								
CASAS CARNAXIDE	7,019	-	7,741	-	13,037	41,444	8,618	-
CASAS	16,493	-	3,375	-	14,413	-	-	-
CPP	165,419	-	10,965	-	374,085	240	1,080	240
CLIRIA	530,103	-	84,001	-	217,146	-	40,050	-
CRB	18,354	539,416	1,500	106,126	26,788	508,290	-	128,564
GLSLH	3,984	-	2,875	-	-	-	-	-
GLST	17,765	-	2,968	-	-	-	-	-
HME	1,977,618	-	357,561	-	1,622,176	-	315,151	-
HAG	1,602,061	-	6,171,900	-	2,616,177	49,808	4,542,518	49,808
HL-CCA	595,949	-	225,358	-	514,266	-	130,999	-
HLG	9,965	-	8,924	-	-	-	-	-
HL	2,971,281	-	10,113,417	-	5,839,324	522,062	16,510,701	28,017
HRM	193,405	-	4,125	-	33,462	-	-	-
HOSPOR	3,580,406	180,308	2,706,283	-	4,785,843	-	2,845,793	-
IRIO	4,159	14,554	3,125	-	94,779	-	-	-
ACE	127,787	-	32,546	-	522,118	-	27,546	-
USATI	2,849,380	10,072	1,657,054	-	888,890	12,281	935,690	-
RML	101,659	6	38,577	-	61,961	6,225	61,961	-
SGHL	311,195	-	54,830	-	231,003	-	52,587	-
SURGICARE	215,519	-	184,245	-	203,363	-	155,277	-
VLUSITANO	21,743	-	10,357	-	5,302	835	4,012	-
	15,321,264	**744,356**	**21,681,727**	**106,126**	**18,064,133**	**1,141,185**	**25,631,983**	**206,629**

The amounts reported as income are the services rendered to related entitites within the normal business, at normal market rates. The amounts reported as expenses are related to the normal business of the respective entities and are related to materials and services consumed and from interests related with the loans to the subsidiaries.

The balances are due to regular maturity or as established in the financing ageements.

In addition to the information presented above, balances and transactions with Group entities are presented in the notes 5, 6, 7, 9, 13, 14, 16, 17 and 23.

24. Financial Risk Management

The Company is exposed to the following types of risk as a result of its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note provides information the Company's exposure to each of the aforementioned risks, as well as its goals, proceadures and practices for measuring and managing these risks. Further disclosures of a quantitative nature are presented throughout these financial statements.

The indentified risks are reviewed regularly to ensure they reflect real market conditions and are consistent with the Company's activities.

24.1 Credit risk

Credit risk arises from the possibility that financial losses may occur due to a client's default on contractual obligations with Luz Saúde in the course of its business.

The Group's credit risk exposure essentially arises from accounts receivable from its business activities and from and monetary funds managed under the Group's treasury activity.

The following table presents the maximum exposure of the Group to the credit risk:

	31-dec-15	31-dec-14
Trade receivables and accrued income	2,578,311	2,173,516
Financial investments - loans to associates	129,133,555	122,481,577
Other receivables	11,299,775	14,392,020
	143,011,641	**139,047,113**
Bank deposits and cash equivalents	12,719,404	3,092,211
	155,731,045	**142,139,324**

24.1.1. Trade receivables and accrued income

In terms of monitoring of the credit risk arising from operating and investment activities, relevant credit risk is limited to transactions with affiliated entities of the Company, as these entities represent 99.9% of the balance of the receivable balance in the amount of €153,306 thousand.

The monitoring the activity of the subsidiaries by the Company's management, enables a detailed monitoring of this risk.

24.1.2. Bank deposits and cash equivalents

The breakdown of the balance of bank and equivalent deposits, according to the credit risk quality of the financial institutions where assets were deposited, can be presented as follows (taking as based on Moody's rating observable in the market):

	31-dec-15	31-dec-14
Rating		
A3	1,098,430	321,275
B1	5,171,397	459,805
Caa1	6,198,702	1,618,875
Other	250,875	692,256
	12,719,404	**3,092,211**

As principle, the company tries to maintain an alignment between the financial institutions which deposits its cash equivalents, and the financial institutions with used credit lines to finance the operations, in order to create a natural hedge to prevent the risk of a potential credit event that may occur at the level of entity where the funds are deposited.

24.2 Liquidity risk

Liquidity risk arises from the possible inability to finance the Company's assets or to satisfy contractual undertakings when due. Liquidity management is centralised in the Finance Department. The management goal is to maintain an adequate amount of funds to meet the Group's short-term, medium and long-term financial needs. To assess overall exposure to this type of risk, reports are drawn up that enable the company to identify occasional cash shortages and activate mechanisms intended to cover them.

To finance its business, the Company has the credit lines referred to in note 18.

The liquidity of the financial liabilities will give rise to the following non-discounted cash flows, based on the period remaining until contractual maturity on the reporting date:

	31-dec-15				31-dec-14
	Bank Loans	Commercial paper	Other liabilities (*)	Total	Total
Under 12 months	200,000	13,547,854	7,391,502	21,139,355	49,305,453
12 to 24 months	-	4,966,780	-	4,966,780	11,115,699
24 to 36 months	-	6,000,000	-	6,000,000	20,586,379
36 to 48 months	-	6,000,000	-	6,000,000	18,597,338
49 to 60 months	-	6,000,000	-	6,000,000	48,491,014
Over 60 months	-	112,000,000	-	112,000,000	-
	200,000	**148,514,634**	**7,391,502**	**156,106,135**	**148,095,883**

(*) Excludes non-financial liabilities and advances from clients

24.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates or developments in the capital markets, may affect the Company's results and financial position. Because the Company is not exposed to foreign exchange or capital market risks, the goals of its market risk management policies focus mainly on monitoring changes in interest rates that affect interest-bearing liabilities with floating interest rates.

All credit lines contracted by the Company are exposed to floating interest rates, given by the market index contracted plus a spread. In the current year and in order to balance the exposure to changes in interest rates, the Company has contracted hedging instruments to address the cash flow risk, in order to fix the interest rates of some of the credit lines that are in place.

The instruments employed will only take effect in the fourth quarter of 2016. With these instruments the level of financial debt that the Company has on 31 December 2015 and considering the effectiveness that these instruments may have (considering a positive evolution for future interest rates in the European Union), the Company will have about 87.5% of its financial debt exposed to fixed interest rate.

25. Financial Instruments by Category

As at 31 December 2015	Receivable balances	Fair value of assets / liabilities	Other financial liabilities	Non-financial assets / liabilities	Total
Assets					
Other non current assets	129,133,555	-	-	202,346,735	331,480,290
Trade ans other receivables	13,878,086	-	-	1,723,526	15,601,612
Cash and cash equivalents	12,719,904	-	-	-	12,719,904
	155,731,545	**-**	**-**	**204,070,261**	**359,801,806**
Liabilities					
Other non current liabilities	-	-	-	1,267,663	1,267,663
Borrowings	-	-	148,714,634	-	148,714,634
Trade and other payables	-	-	7,306,529	84,973	7,391,502
Derivative financial instruments	-	233,355	-	-	233,355
Other current liabilities	-	-	-	2,230,722	2,230,722
	-	**233,355**	**156,021,163**	**3,583,358**	**159,837,876**

As at 31 December 2014	Receivable balances	Fair value of assets / liabilities	Other financial liabilities	Non-financial assets / liabilities	Total
Assets					
Other non current assets	122,481,577	-	-	203,699,106	326,180,683
Trade ans other receivables	16,565,536	-	-	1,020,205	17,585,741
Cash and cash equivalents	3,092,711	-	-	-	3,092,711
	142,139,824	**-**	**-**	**204,719,311**	**346,859,135**
Liabilities					
Other non current liabilities	-	-	-	2,800,000	2,800,000
Borrowings	-	-	132,732,977	-	132,732,977
Trade and other payables	-	-	15,316,543	46,363	15,362,906
Other current liabilities	-	-	-	1,430,516	1,430,516
	-	**-**	**148,049,520**	**4,276,879**	**152,326,399**

The hierarchy for the purpose of determining fair value should have the following levels and measurement bases:

- Level 1 – inputs based in quoted prices in active markets for identical assets or liabilities that the entity can access at the reporting date;
- Level 2 – inputs based in other than quoted market prices included within Level 1 that are observable in the market;
- Level 3 - valuation models, whose main inputs are not observable in the market.

The only group of financial instruments carried at fair value are disclosed in note 19.

26. Subsequent Events

Since the reporting date until the date of of approval, there were no significant events with potential impact in the Company's financial statements.

The Certified Accountant

Sónia Amoedo Matos

The Board of Directors

Jorge Manuel Batista Magalhães Correia

Isabel Maria Pereira Aníbal Vaz

Changzeng Ma

José Manuel Alvarez Quintero

Lingjiang Xu

Rogério Miguel Antunes Campos Henriques

Wei Song

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Tomás Leitão Branquinho da Fonseca

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(Translation of a report originally issued in Portuguese)

Statutory and Auditor's Report

Introduction

1. In accordance with applicable legislation, we present the Statutory and Auditor's Report on the financial information contained in the Directors' Report and the financial statements as at 31 December 2015 of Luz Saúde, S.A., comprising the Statement of financial position as at 31 December 2015 (which shows a total of 359.801.806 Euros and shareholders' equity of 199.963.930 Euros, including a net income for the year of 6.907.700 Euros), the Income statement and other comprehensive income, the Statement of changes in equity and the Statement of cash flows, for the year then ended, and the related Notes to the financial statements.

Responsibilities

2. The Company's Board of Directors is responsible for:

   a) the preparation of the financial statements that present a true and fair view of the financial position of the Company, the results and comprehensive income of its operations, the changes in equity and cash flows;
   b) the historical financial information prepared in accordance with the International Financial Reporting Standards, as endorsed by the European Union, that is complete, accurate, current, clear, objective and complies with regulations, as determined by the Securities Exchange Code ("Código dos Valores Mobiliários");
   c) the adoption of appropriate accounting policies and accounting methods;
   d) the maintenance of an adequate system of internal control; and
   e) the disclosure of all significant facts which have had an impact on its activity, financial position, results and comprehensive income.

3. Our responsibility is to audit the financial information contained in these documents, to ascertain if it is complete, accurate, current, clear, objective and compliant with applicable regulations established by the Securities Exchange Code ("Código dos Valores Mobiliários"), with the

objective of expressing a professional and independent opinion, on such information, based on our audit.

Scope

4. Our audit was conducted in accordance with the auditing and technical standards issued by the Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"), which require an audit to be planned and performed with the objective of obtaining an acceptable level of assurance as to whether the Financial Statements are free of material misstatement. As such, our audit included:
   - the verification, on a test basis, of evidence supporting the amounts and disclosures in the financial statements, and the assessment of the estimates and judgements made by the Board of Directors in the preparation of the financial statements;
   - the assessment as to whether the accounting policies adopted and their disclosure are appropriate, under the circumstances;
   - the verification of the appropriateness of the going concern principle;
   - the assessment as to whether the overall presentation of the financial statements is reasonable; and
   - the assessment as to whether the financial information is complete, accurate, current, clear, objective and complies with regulations.

5. Our examination also covered the verification of the consistency of the financial information included in the Directors' Report with the other documents comprising the financial statements, as well as the verifications set out in paragraphs 4 and 5 of Article 451 of the Companies Code ("Código das Sociedades Comerciais").

6. We believe that this examination provides an acceptable basis for the expression of our opinion.

Opinion

7. In our opinion, the financial statements referred to above present a true and fair view, in all material respects, of the financial position of Luz Saúde, S.A. at 31 December 2015, the results and comprehensive income of its operations, changes in equity and cash flows for the year then ended in conformity with International Financial Reporting Standards as endorsed by the

European Union and the information contained therein is complete, accurate, current, clear, objective and compliant with regulations.

Report on other legal requirements

8. It is also our opinion that the financial information presented in the Directors' Report is in agreement with the financial statements for the period and that the Corporate Governance Report satisfies the requirements of Article 245 - A of the Securities Exchange Code.

Lisbon, 28 April 2016

Ernst & Young Audit & Associados - SROC, S.A.
Sociedade de Revisores Oficiais de Contas (nº 178)
Represented by:

(Signed)

Ricardo Filipe de Frias Pinheiro (ROC nº 739)

HOSPITAL DA LUZ
GUIMARÃES
HOSPITAL DA L
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08
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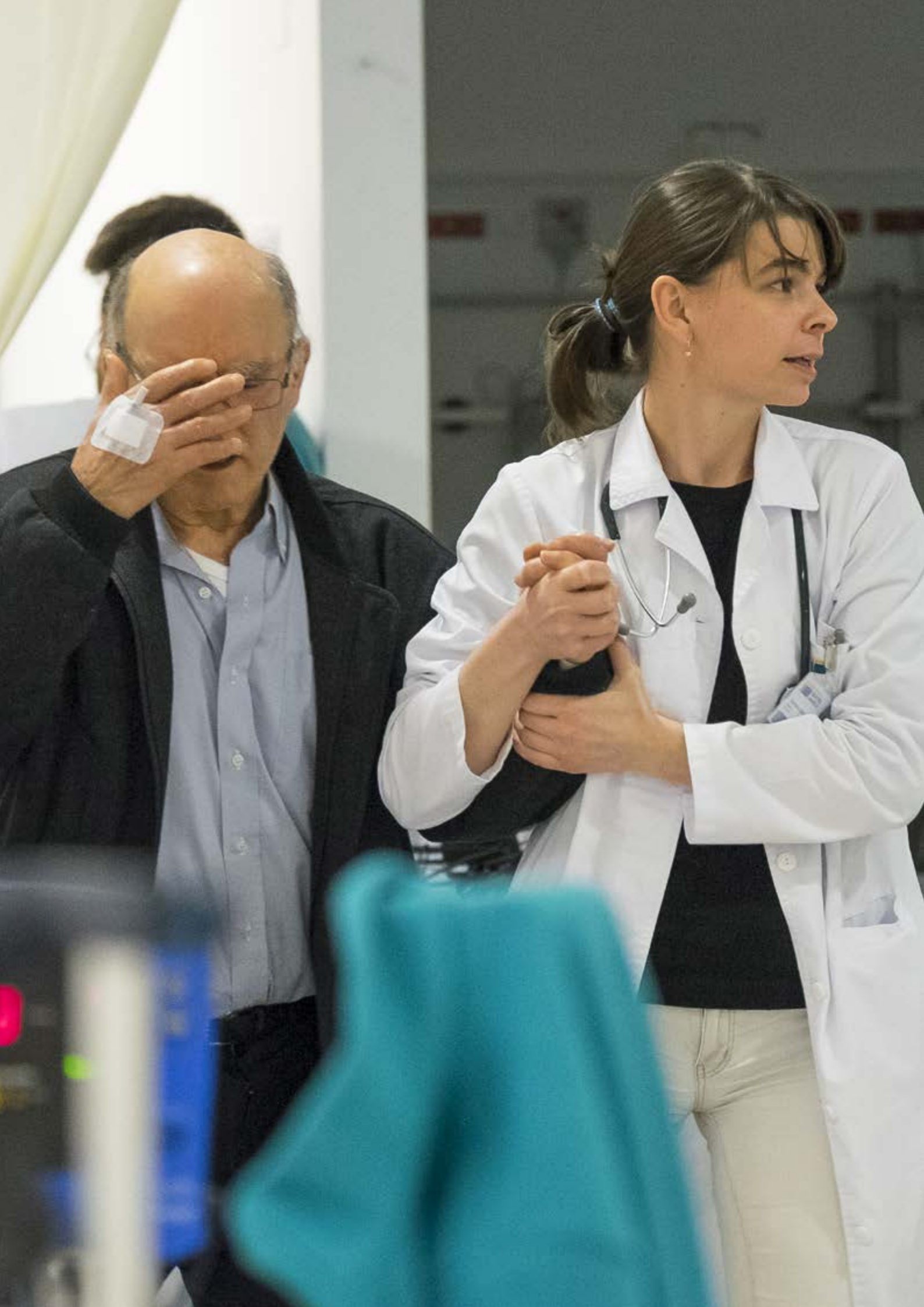

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