THE ROMANIAN MARKET OF PRIVATE MEDICAL SERVICES 2009

DEMO REPORT

by

FRD CENTER MARKET ENTRY SERVICES ROMANIA

SUMMARY

1. Overview of the private healthcare market in Romania

According to a report published by Raiffeisen Investment Romania, the Romanian market of private medical services reached an aggregate value of approximately 325 million EUR in 2008, posting a 30% increase compared to the previous year. The Bucharest market recorded some 150 million EUR in 2008 and represents about 45% of the total market of private medical services in Romania.

According to the same source, the private healthcare market in Romania follows a positive trend despite the global financial crisis, the majority of the large medical service providers announcing significant revenue increases for the first half of 2009 compared to 2008.

According to the National Institute of Statistics, the number of private outpatient care facilities in Romania in 2007 was as follows: 2,574 family physicians, 992 general practitioners, 6,937 health specialised offices, 241 polyclinics, 2 dispensaries, 9 hospital outpatient departments and 7,460 dentist offices.

The domestic market of private medical services is very fragmented, including small clinics with 2 - 3 consultation rooms and large clinics with 10 - 20 consultation rooms. The specialized ambulatory healthcare is currently delivered through hospital outpatient departments, centres for diagnosis and treatment and medical specialized offices.

A number of private medical services providers developed their businesses by building networks of outpatient clinics.

2. Investment funds operating on the private healthcare market in Romania

The foreign investment funds represent active players on the Romanian market, their presence on the market being simultaneous with the consolidation of the private sector. Regional funds are becoming more active compared with country funds, particularly with respect to large deals. Some of the main investment funds on the private healthcare market in Romania are presented below.

2.1 3i investment fund

The British 3i investment fund, took over some 49% in stock of Unirea Medical Center (CMU) in 2007. The stakes of 3i in Romania are administrated by **3TS Capital Partners**, one of the leading Private Equity and Venture Capital firms in Central and Eastern Europe. Over the last ten years, 3TS Capital Partners raised multiple investment funds totalling over 200 million EUR and made 26 investments into high growth companies in several countries across the region. It is operating in the whole region through offices in Bucharest, Budapest, Prague, Vienna or Warsaw.

Recently, the 3i investment fund announced its intention to sell its shares owned in the CMU private medical player. Currently, CMU operates through a maternity hospital, a stem cell bank, a surgery clinic, various clinics, five laboratories and a network of partner medical centres.

2.2 Gemisa Investments

Gemisa Investments was set up in 2004 as a private equity fund focused on financing start-ups and early stage companies in Romania. The Fund's initial capital of 6 million EUR was increased to 12 million EUR by the end of 2008.

The Fund's portfolio includes two companies in the healthcare sector in Romania: Diagnosis (that has two private medical centres in Bucharest, offering occupational medicine services and a wide range of investigations) and Oxigen Plus (a private company that sales and rentals medical equipment to cope with respiratory difficulties). Gemisa Investments acquired 45% in stock of Diagnosis Medical Center in 2007, the transaction value being evaluated at 1.5 million EUR.

2.3 Oresa Ventures

Oresa Ventures is a Swedish investment fund that has been present in Romania since 1997 and has a current net asset value of over 100 million EUR. In 1998, Oresa Ventures contributed to the development of Medicover's business in Romania. The Swedish Group Medicover owns Synevo Romania SRL, which is the biggest private provider of laboratory services on the domestic market, having 11 laboratories, and Medicover SRL, which operates through 24 own medical centres and a network of partner medical centres.

2.4 Reconstruction Capital 2 (RC2)

Reconstruction Capital 2 Limited (RC2) is a closed-ended Cayman Islands company with a net asset value in excess of 100 million EUR, created to invest in private and listed equity securities and fixed-income securities, including convertible and other mezzanine instruments, primarily in Romania, Bulgaria and Serbia. In the medium-term the RC2 will invest approximately 70% of its assets in Romania and approximately 30% of its assets in Bulgaria, Serbia and neighbouring countries.

In 2007, RC2 investment fund has taken over a 33% stake in Romar, for 3 million EUR. In 2009, the fund has expressed its intention to exit the company. Romar Medical operates a network of ten medical centres, out of which five are located in Bucharest.

2.5 Societe Generale Assset Management (SGAM)

According to market sources, Societe Generale Assset Management (SGAM), a global investment management company, part of the Societe Generale Group, will pay some 20 million EUR in order to acquire approx. 30% of the stocks in the MedLife medical operator. At the MedLife selling transactions participated both the Marcu family (that owned 80% of the medical operator) and the International Finance Corporation, the private investment division of the World Bank (that owned 20%). After the transaction, the majority shareholder of MedLife remains the Marcu family. This represents the first important transactions on the domestic private healthcare market in 2009.

MedLife, the biggest operator of private medical services on the domestic market, was set up in 1996. MedLife is the only private operator in Romania, present in all the major segments of the private medical services market (primary and speciality care, laboratories, imaging, hospital, corporate subscriptions). MedLife performs its activity in a hospital, four hyper-clinics, five laboratories and a network of partner medical centres.

3. Mergers and acquisitions on the private healthcare market in Romania

Some significant mergers and acquisitions which took place on the Romanian market of private healthcare are presented below.

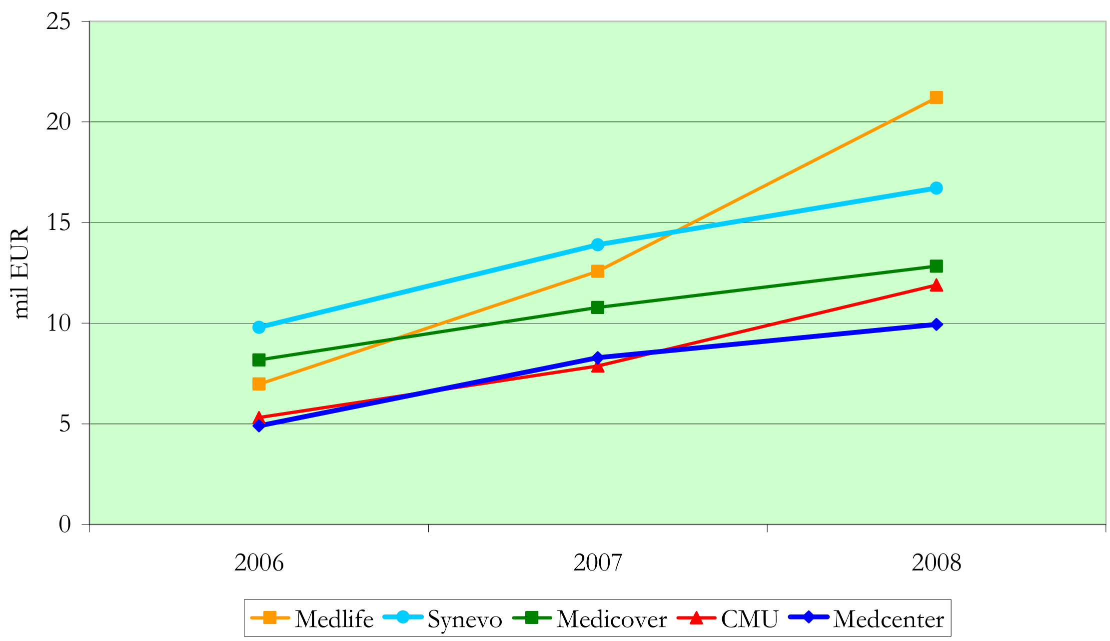
- Rombel company, specialised in laboratory services, was set up in 1995, having Belgian capital. In 1997, Rombel was acquired by the Swedish Group Medicover and a new company (Medicover Rombel SRL) was set up. In 2004, Medicover Rombel became Synevo, the most important private provider of laboratory services in Romania.
- The Romanian arm of the Dutch-registered healthcare services provider Euromedic International acquired the Nefromed company in 2008, the transaction value being evaluated at some 5 million EUR. Nefromed owned two dialysis clinics, located in Cluj-Napoca and Alba Iulia. Except for Nefromed's dialysis centres, Euromedic operates eight imaging diagnostic centres throughout the country. Euromedic invested over 30 million EUR in the development of healthcare centres and medical equipment and is planning to invest some 40 million EUR into the expansion of its network.
- CMU started to expand its activity outside Bucharest in 2008 and acquired Motilor Medical Centre that owned two medical centres in Cluj Napoca and Avamedica with three medical clinics in Constanta.

4. Turnover dynamics of the main private providers of medical services in Romania

The top ten players on the Romanian market of private medical services (Medlife, Synevo, Medicover, CMU, Medcenter, Gral Medical, Medsana, Sanador, Euromedic and Romar) accounted for some 40% of the market in 2008. The remaining market is divided between many smaller clinics, individual medical practices and independent privately owned laboratories.

The turnover dynamics of five major private providers of medical services in Romania during the period 2006 – 2008 in presented in the chart below.

The turnover dynamics of five major private providers of medical services in Romania



Source: Ministry of Finance

MedLife, the biggest operator of private medical services on the domestic market, recorded a turnover of 12.5 million EUR and an operational profit of 2.6 million EUR in the first six months of 2009. Also, the company registered a total number of over 600,000 patients in the first semester of 2009, up by 24% compared to the similar period of the previous year. The company's representatives estimate a total turnover of 31.5 million EUR in 2009. At present, MedLife has some 1,000 employees.

Synevo Romania, the biggest private provider of laboratory services in Romania and part of Medicover Group, estimates a y/y turnover increase by 16% in 2009. At present, Synevo has some 420 employees.

Medicover, the local subsidiary of the Swedish Medicover Group estimates a y/y turnover increase by 14% in 2009. At present, Medicover has some 430 employees.

CMU targets a y/y turnover increase by 40% in 2009. The company announced an investment programme of 8 million EUR for 2009.

Medcenter, which runs a network of clinics and laboratories in eight cities in Romania, announced future expansion plans with investments of 9 million EUR in four clinics (out of which two in Bucharest) and one imaging centre.

5. Private hospitals in Romania

The majority of the hospitals in Romania are state-owned, while the new hospitals are mostly developed by private investors.

The main private hospitals in Romania are presented below.

- **Life Memorial Hospital**, opened in 2007 in Bucharest and owned by MedLife, is the biggest private hospital on the domestic market. So far, the investments in this hospital recorded some 17 million EUR. Recently, MedLife launched a mini-complex of luxury apartments in the maternity section of the hospital. The Life Memorial Hospital recorded a turnover of 2.1 million EUR in the first half of 2009 and estimates incomes of some 5 million EUR in 2009, this representing a double level compared to the previous year. At present, the hospital has over 120 permanent employees (doctors, nurses and auxiliary personnel).
- **Euroclinic Hospital**, operated by Eureko Dutch Group, was opened in Bucharest in 2005, following investments worth 14 million EUR. The hospital was designed as a private wing of the Public Floreasca Hospital. In the first semester of 2009, Euroclinic Hospital recorded a turnover growth by 45% compared to the similar period of the previous year, due to the increase of the patients number as a result of the development of the own ambulatory network. For 2008, Euroclinic budgeted incomes of 6.5 million EUR and a number of 30,000 unique patients.
- **Regina Maria Obstetrics and Gynecology Hospital**, owned by CMU, was opened in Bucharest in December 2008, following an investment of over 5 million EUR. The hospital is located in Bucharest and covers the surface of some 2,000 sqm.

Near the hospital, CMU owns the bank of stem cell (Stem-Health Unirea) with know-how support from New England Blood Cord.

- **Arcadia Hospital** is a private multi-disciplinary hospital located in Iasi. The hospital's investments amount 15 million EUR, out of which 4 million EUR for the acquisition of medical equipment. The center is seven-stories high and has a total surface of 11,000 sqm and 180-bed capacity. The center has 250 employees working in the clinic, hospital, maternity, gynecology, recovery departments.

Some future projects related to private hospitals are presented below:

- MedLife signed a partnership with Dermastyle (a prestigious dermatology clinic on the domestic market) in order to build the first private dermatology and aesthetic surgery hospital in Romania. The hospital will be constructed on a surface of 1,500 sqm in the northern area of Bucharest, with total investments of some 3 million EUR. The two companies will equally participate at this investment.
- Medsana intends to launch in 2010 a hospital with 150 beds, following an investment of 24 million EUR
- Sanador intends to launch a 100-bed hospital in Bucharest, with an investment of 29 million EUR
- International Diagnostics Centers intends to launch three hospitals in 2010, with a total of 420 beds, following investments of 100 million EUR
- Gral Medical intends to open a niche hospital in Bucharest, specialised on orthopaedics, cardiology and otolaryngology
- Medicover intends to launch in 2010 a 100-bed hospital, following an investment of 12 - 15 million EUR

6. Private clinics and medical centres in Romania

The main private clinics and medical centres in Romania are presented below:

- **MedLife** performs its activity in four hyper-clinics (three in Bucharest and one in Timisoara) and have collaboration partnership with over 100 partner medical clinics in the country.
- **Medicover** operates through 24 centers (11 Medicover medical clinics in Bucharest, Cluj, Constanta, Focsani, Iasi, Timisoara, Ploiesti and 13 Medicover on-site clinics at some big companies) and through the network of partner medical facilities, which includes some 70 medical centres all around the country.
- **CMU** owns a surgery clinic in Bucharest (Arcul de Triumf Clinic), which provides a large range of investigations and surgeries in the following specialities: obesity, arthroscopy, vascular, endocrinology, gynaecological, digestive, aesthetics, ORL, urology etc. Also CMU has ten policlinics in Bucharest, seven clinics in Cluj, Ploiesti

and Constanta and one centre of diagnosis and treatment in Bucharest. CMU has collaboration partnership with over 110 partner clinics in the country.

- **Medcenter** has 12 clinics in Bucharest, Baia Mare, Cluj-Napoca, Brasov, Focsani, Tecuci, Buzau, Iasi and Braila
- **Gral Medical** currently operates four clinics in Bucharest, Ploiesti and Sibiu.
- **Medsana** currently operates two medical centres in Bucharest and a multidisciplinary medical centre in Ploiesti.
- **Sanador** operates three clinics and several private medical reserves in the Floreasca Emergency Hospital, all located in Bucharest.
- **Romar** operates 20 medical centres, located in Bucharest, Braila, Buzau, Constanta, Galati, Hunedoara, Iasi, Ploiesti, Roman, Targoviste, Targu Jiu, Timisoara.

The recently opened large private clinics invested in new technologies and up-to-date medical equipment.

Other chains of private medical clinics include: Med-As, Elim, Diagnosis, Polisano, Iowemed, Bio Terra Med etc.

7. Private laboratory services in Romania

According to market players, the Romanian market of private laboratory diagnostics is estimated at some 60 million EUR in 2007, out of the total laboratory diagnostics market of 200 million EUR in the respective year.

At present, the domestic private laboratory sector is very fragmented, including some 750 privately owned laboratories. The competition on this segment is increasing, especially in the Bucharest area where a number of private providers entered the market through greenfield projects or service agreements with local public hospital laboratories.

Some companies (i.e. Synevo) won the tenders related to the outsourcing of the hospitals' laboratory services and have at present laboratories located in Public County Hospitals. The companies invested in these locations, renovated the spaces, acquired modern equipment and implemented the EU requirements.

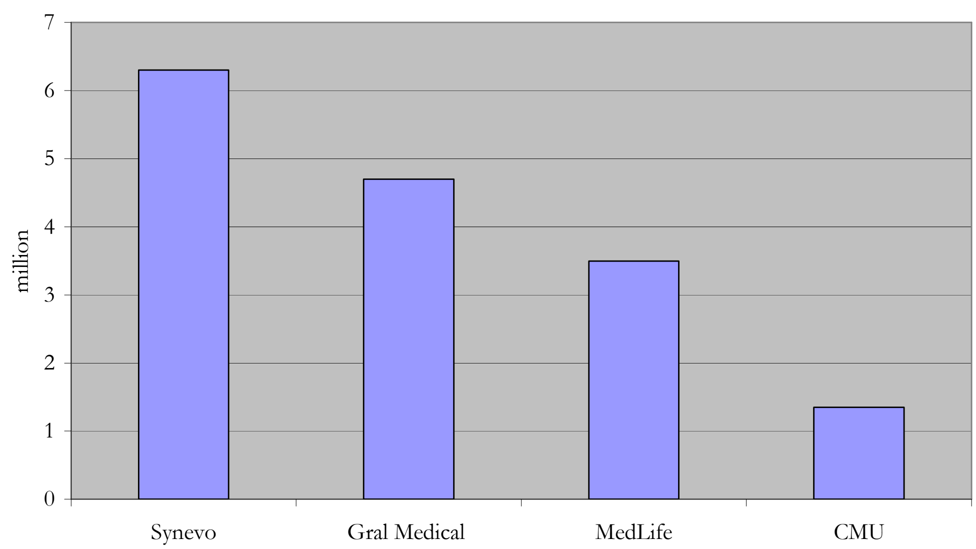
The activities of some of the main providers of laboratory services on the domestic market are presented below:

- **Synevo**, the biggest private provider of laboratory services in Romania, has 11 laboratories in Bucharest, Constanta, Cluj, Dolj, Iasi, Satu-Mare, Suceava, Timis counties. Out of these laboratories, six are located in hospitals and five in independent locations. The Synevo laboratories are ISO 15189 certified and participate at international quality control programmes: Randox-Riquas UK, Labquality Finland, Instand Germany, Bio Rad and RoEqalm Romania. The company has contacts with the National Health Insurance Houses. Synevo delivered 6.3 million tests in 2008. The company intends to expand its network with a Greenfield project in Bucharest and a new laboratory in Craiova. Also, Synevo intends to take over outsourced laboratories from large public hospitals throughout the country, if the opportunity may arise.

- **Gral Medical** currently operates ten laboratories, located in Bucharest, Ploiesti, Craiova, Pitesti, Sibiu. Gral Medical delivers some 4.7 million tests per year.
- **MedLife** is currently operating five laboratories in Romania. In the first half of 2009, MedLife registered over 1.75 million tests in its laboratories, up by 18% compared to the similar period of the previous year.
- **CMU** has five laboratories (one in Bucharest and four in the country), which are SR EN ISO 9001:2001 and SR EN ISO 15189:2007 certified. CMU participates at three international quality control programmes: Instand Germany, Biodev Italy and Roeqalm Romania. CMU delivers 4,000 – 5,000 tests per day.

The estimated number of tests delivered per year by four major private providers of laboratory services in Romania is presented in the chart below.

The estimated number of tests delivered per year by four major private providers of laboratory services in Romania



Source: Companies' statements

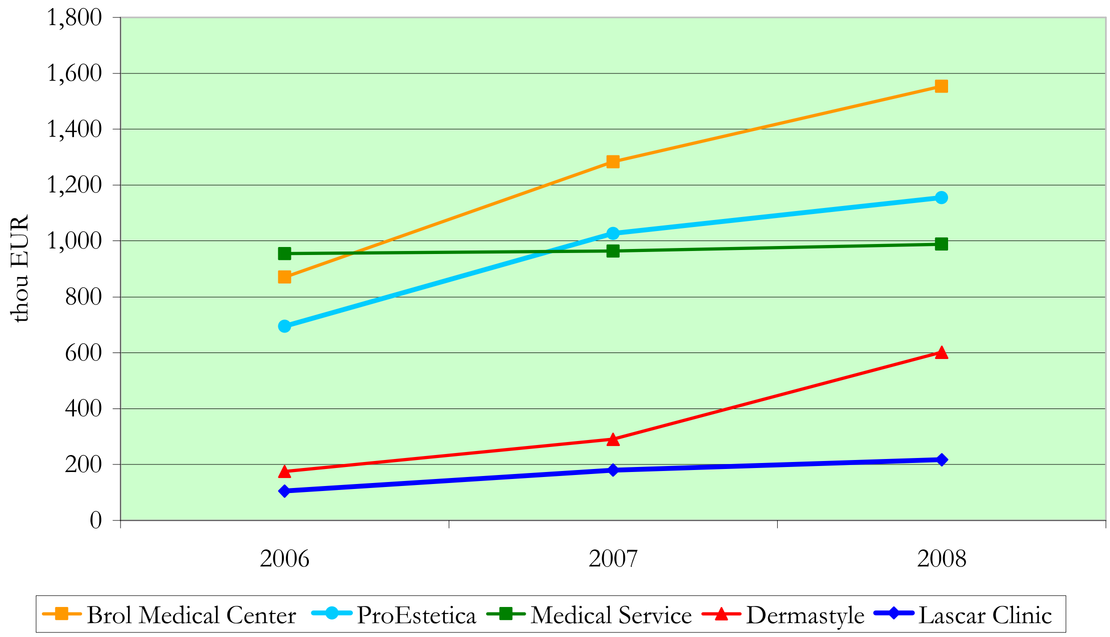
8. Private aesthetics centres in Romania

Some of the main private centres in Romania, specialised in aesthetic medical treatments and surgery services, are presented below:

- **Brol Medical Center** was set up in 1996 in Timisoara. The clinic is owned by Prof. Dr. Tiberiu Bratu, the Vice-President of the Romanian Aesthetic Surgery Society. The clinic offers plastic and reconstructive surgery services (especially cosmetic surgery). The procedures includes: face surgery, breast surgery, body contouring, other procedures (i.e. hair replacement).
- **ProEstetica** was set up in 1994 in Bucharest and is owned by Dr. Dana Jianu (Senior Plastic Surgeon) and Dr. Stefan Jianu (Senior General Surgeon). The centre offers: aesthetic surgery (breast, facial, silhouette, plastic, reconstruction surgery), aesthetic medicine (injectable treatments, balding mesotherapy treatment, libioplasty etc).
- **Medical Service** was set up in 1991 in Bacau by Dr. Constantin Stan, who is member of the Romanian Plastic and Re-constructive Surgery Society. Medical Service Clinic performs the following interventions: breast augmentation, eyelid surgery, frontal lifting, facial lifting, nose reshaping, micro-injections with botulin toxin.
- **Dermastyle** was set up in 1996 in Bucharest by Dr. Mihaela Leventer, who is the President of the Romanian Society for Aesthetic Medicine and Dermatologic Surgery. The clinic uses up-to-date medical equipment: Fraxel, Accent, Duolith, UVB, IPL, Nd-Yag, Q-switched etc.
- **Lascar Clinic** was set up in 2004 in Bucharest. The clinic is owned by Prof. Dr. Ioan Lascar, who is the Head of the Plastic Surgery and Reconstructive Microsurgery Department in Bucharest Emergency Hospital and the President of the Romanian Association of Plastic Surgeons. The clinic offers plastic surgery services (abdominoplasty, blepharoplasty, face lift, liposuction, breast surgery, rhinoplasty etc) and non-surgical aesthetic treatments (injectable aesthetic treatments, non-invasive aesthetic treatments).
- **Medestet** was set up in 2007 in Cluj Napoca. The clinic is owned by Prof. Dr. Toma Mugea, the President of the Romanian Aesthetic Surgery Society. The clinic's services include: face aesthetic treatments, breast surgery, etc.

The turnover dynamics of five major private providers of aesthetic medical services in Romania during the period 2006 – 2008 in presented in the chart below.

The turnover dynamics of five major private providers of aesthetic medical services in Romania



Source: Ministry of Finance

Some private centres that provide general medical services (e.g. CMU, Medsana) are also active of the aesthetic services segment.

9. Private dental medicine centres in Romania

The Romanian market of dental medicine centers is very fragmented, consisting of around 11,600 practices throughout the country. Many stomatologists started their activities with one single dental chair and subsequently hired new staff and extended their individual practices.

Some of the main private centres in Romania, specialised in dental medical services, are presented below:

- **Dent Estet**, owed by Dr. Oana Taban, has at present four dental clinics in Bucharest, out oh which on is the first clinic in Romania dedicated exclusively to kids and teenagers. The company estimates 1.5 million EUR in turnover in 2009. The company's procedures include: dental aesthetics, implantology, surgery, orthodontics, complete reconstruction, prosthetics, odontotherapy, endodontics, periodontics, oral pathology, radiology

- **Velvet Dental**, owned by Dr. Cristi Costachescu and Dr. Cristi Misailescu, has three dental clinics (two in Bucharest and one in Timisoara). Velvet Dental offers complete dental services, including surgery, dental implant, (laser) teeth whitening, orthodontics or radiology. Velvet Dental together with Dent Estet opened Green Dental, an eco clinic located in Bucharest, which has mainly attracted expats. Green Dental is affiliated to Green Dentistry, a project initiated and funded in 2004 by the European Union, with its main concern being eco-friendly management of dental waste.

- **Trident Dental**, owned by Dr. Florin Lazarescu has one dental clinic in Bucharest. The clinic's dental treatments include: cosmetic dentistry, odontology, prosthetics, endodontics, ortodontics, dental prophylaxis, surgery and dental implantology, dental radiology. Trident hosts the headquarters of the Society of Aesthetic Dentistry in Romania.

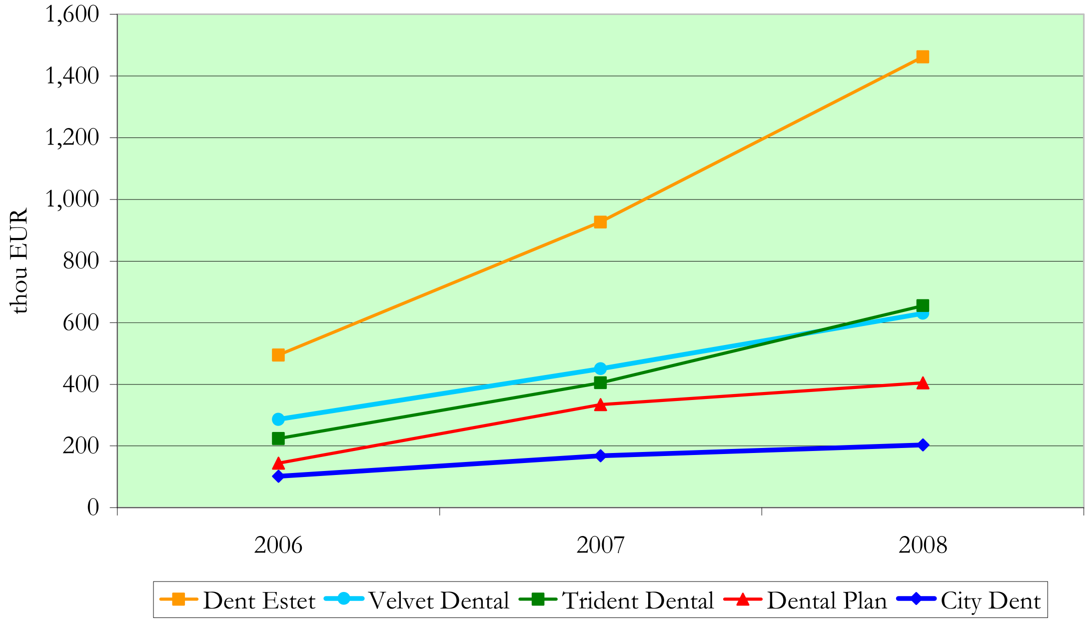
- **Dental Plan**, owned by Dr. Michaell Shkurko, is specialised on the segment of corporate clients in Romania. The company has two clinics located in Bucharest. Dental Plan has some 5,000 subscribers via contracts signed with significant corporations on the domestic market (i.e Petromservice). Dental Plan posted some 500,000 EUR in turnover in 2008.

- **City Dent** has one dental clinic in Bucharest. The clinic offers: regular dental check-ups, professional dental whitening, cavity treatment, orthodontics, paradontology, dental implants etc

Some private centres that provide general medical services (e.g. Gral Medical, Sanador, Medsana) are also active of the dental services segment.

The turnover dynamics of these five private providers of dental medicine services in Romania during the period 2006 – 2008 in presented in the chart below.

The turnover dynamics of five major private providers of dental medical services in Romania



Source: Ministry of Finance

10. Private health insurance market in Romania

Due to the absence of clear regulations in this field and the limited tax deductibility of such services, the percentage of the private health insurance in the general insurance market is negligible in Romania. The gross written premiums for private health insurance recorded 9 million EUR in 2008, this representing only 0.5% of the total insurance market in Romania.

Most of the insurance policies paid in Romania are for overseas travels.

The private health insurance market, estimated at 15,000 contributors in 2008, could be invigorated through the introduction by the Ministry of Health of the general medical service package and of co-payment. The main incentive, however, would be to increase the deductible amount for the employer.

According to market experts, the private health insurance will become more sizeable during the next years, as informal payments would be gradually phased out and replaced by, inter alia, health insurance premium.

Some of the most important players active on the domestic private health insurance market are:

- **Eureko Asigurari**, part of the Eureko Dutch Group, recorded gross underwritten premiums of 1.1 million EUR on the health insurance segment in the first five months of 2009, up by 16% compared to the similar period of the previous year. At the end of May 2009, the company had some 11,000 clients on the health insurance segment. Eureko Asigurari offers individual and family health insurance.
- **Allianz-Tiriac Asigurari** entered the health insurance market in 2005. In 2009, the company launched together with Mondial Assistance, the Multitravel health insurance policy. This policy covers the risks for clients who travel abroad and has 1-year validity.
- **Generali Asigurari**, part of Generali Holding, has a health insurance policy, named Focus Plus, in three categories: standard, economic and business.
- **Signal Iduna**, the subsidiary of the Signal Iduna German Group, launched its activity on the domestic market in 2008. In the first nine months of 2009, the company recorded gross underwritten premiums of some 450,000 EUR, out of which some 400,000 EUR represented health insurance and the rest life insurance. The company intends to invest in the development of its own networks of consultants and to hire 200 new financial consultants by the end of 2009. The company targets to become the leader on the domestic market of health insurance by 2012, with a market share of 20 - 25%.

11. Corporate subscriptions to private healthcare system in Romania

In 2002, the Ministry of Health issued an Order regarding the mandatory occupational health services, requiring the public and private employers to provide their employees with medical examination at signup date and on a regular basis. These costs are fully deductible at the employers' level. This Order represented an important driver for the development of the healthcare subscription market in Romania.

According to Raiffeisen Investment Romania, the domestic healthcare subscription market recorded a significant development during the past five years, reaching an estimated size of 35 million EUR in 2008 (including the occupational health subscriptions).

According to the same source, the number of subscribers and the corporate subscription incomes registered by some of the most important providers of private healthcare services are:

- **MedLife** recorded some 150,000 subscribers and corporate subscription incomes of 7.5 million EUR in 2008. In the first six months of 2009, MedLife recorded on the segment of corporate subscriptions a sale increase by 36% compared to the similar period of the previous year. Some of the biggest clients in 2009 are: Avon, BRD, Cadbury, Ceprocim, Cesarom - Lasselsberger, Linde Gaz Romania, Moeller Electric - Eaton, Vodafone, Volvo Trucks

- **CMU** recorded some 72,000 subscribers and corporate subscription incomes of 9.5 million EUR in 2008. CMU has big clients, such as: Coca - Cola, Citibank, Danone, DHL, GlaxoSmithKline, ING, Nestle, Procter&Gamble, Porsche, Raiffeisen Bank, Romtelecom, Toyota Romania, Wrigley, Tetrapak
- **Medicover** recorded some 70,000 subscribers and corporate subscription incomes of 9.8 million EUR in 2008
- **Medsana** recorded over 10,000 subscribers and corporate subscription incomes of 5.0 million EUR in 2008

12. Providers of medical equipment in Romania

Some of the main providers of medical equipment, devices and technology on the Romanian healthcare market are:

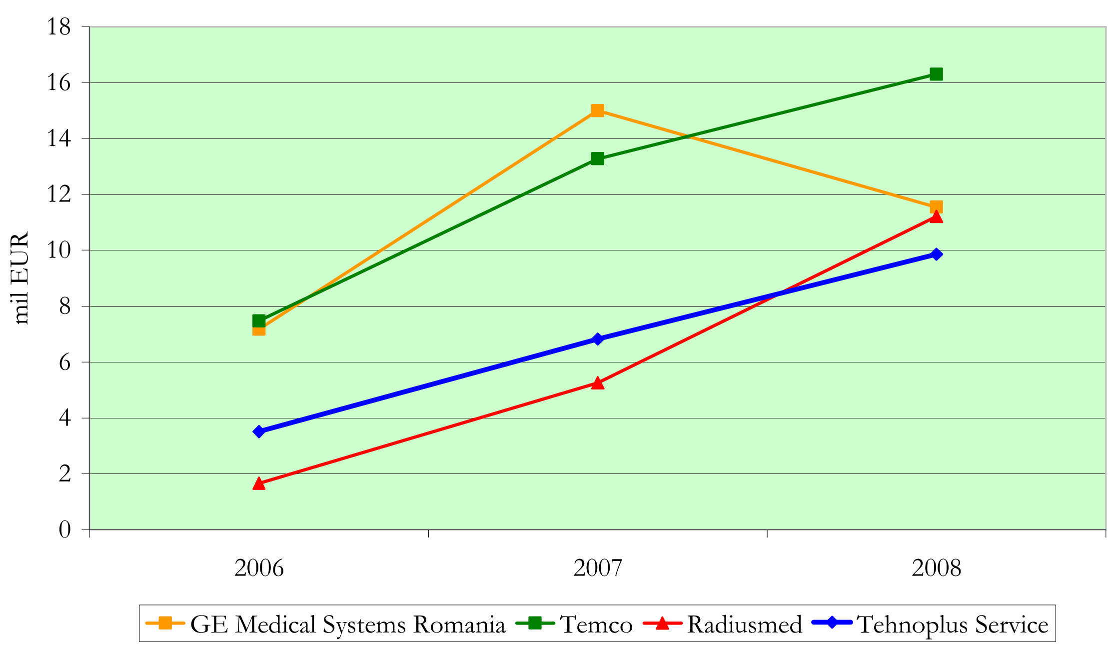
- **GE Medical Systems Romania**, the local office of GE Healthcare, is the biggest provider of medical technologies on the domestic market. The company recorded an estimated turnover of some 45 - 50 million EUR in 2008. GE launched the GE Healthymagination, a new equity fund that will make investments of 250 million USD in healthcare technology companies, including Romanian companies. The fund will target the following areas for investment: broad-based diagnostics, including imaging, patient monitoring, molecular diagnostics, pathology, novel imaging agents, healthcare information technology, including electronic medical records, clinical information systems, healthcare information exchanges and life sciences, including tools for research and development in biopharmaceuticals and stem cells and technologies for manufacturing of biopharmaceuticals and vaccines
- **Siemens Healthcare** provides clinical solutions, IT solutions and services in healthcare. In October 2009, the University of Medicine and Pharmacy "Gr. T. Popa: in Iasi, together with the Institute of Cardiovascular Diseases "Prof. Dr. George I.M. Georgescu" in Iasi and Siemens launched the newest solution of hybrid surgery room in Romania. The investment project has the total value of 1.5 million EUR.
- **Tehno Electro Medical Company (Temco)** imports the following brands: Olympus, Vygon, Schiller, Nucletron. Temco recorded a turnover of 14 million EUR in 2008. In the private system, Temco equipped the laboratory of Avamedica Clinic in Constanta (acquired last year by CMU), the orthopedics clinic Ortomed AB in Cluj Napoca, the imaging laboratory Anaman Medical in Caransebes, the diagnosis and endoscopy laboratory within OVMA - Dent in Alexandria.
- **Radius Medical (Radiusmed)** is the authorized distributor of the Philips medical systems, Hill-Rom, A-dec, Instrumentarium Dental, CISA, Beacon Medaes, Masimo,

Fisher&Paykel, Medela Healthcare, Cardinal Health brands. Radiusmed provides healthcare technology in various clinical specialties, such as radiology and imaging, dental care, intensive care, medical infrastructure, surgery, assistance services in project management and integration that assure installation, and maintenance of the medical solutions. In 2007, the company underwent a repositioning process, changing its name from HTP Medical to Radiusmed and now benefits of a new corporate image, unitary and adapted to company's medium and long-term objectives. Radiusmed supplied medical systems to Arcadia Medical Center, Biotteramed, CMU, Euroclinic, Euromaterna, Explora, Nefromed, Promedica Diagnostic, Sanotim or Diamond Dent. The value of the medical system supplied to the Medical Imaging Center Arcadia in Iasi reached 4 million EUR.

- **Tehnoplus Service** produces medical equipment (aseptic basins, stations of medical compressed air, medical vacuum stations, systems of tubes for the distribution of medical gases). Also, the company is the distributor of the following brands: Trumpf, Cheiron, Trulife, Schmidt, Rimsa, TSCI, Ata etc.

The turnover dynamics of these major providers of medicine equipment in Romania during the period 2006 – 2008 in presented in the chart below.

The turnover dynamics of four major providers* of medical services in Romania



Source: Ministry of Finance

**Siemens Romania not included as the turnover from their medical equipment line of business is not separate from the other company divisions turnover*

13. Expected evolution of the private healthcare market in Romania

According to MedLife representatives, the domestic market of private medical services is estimated to record over 430 million EUR in 2009, up by some 32% compared to 2008.

According to market experts, the Romanian market of private medical services will continue to record significant y/y growths of 35 - 45% during the next years, the estimated value for 2011 being of some 800 million EUR. This forecast is based on the increasing overall demand and the need to align with the European healthcare spending average, the Romanian healthcare expenditure having at present the lowest weight in the GDP compared to other CEE or EU countries.

It is expected that, during the next period, the private providers of medical services will develop their activities in the entire country, and not only in the Bucharest area, with the purpose to meet the overall demand.

The factors that influence the development of the Romanian market of private medical services are recognised to be:

- the continuous deterioration of the public health services in Romania due to lower funds allocated to the Ministry of Health
- lack of efficient management in the public hospital sector
- the insufficient number of public ambulatory centres
- the development of the private hospitals infrastructure
- the current regulatory developments regarding the basic medical services covered by mandatory health insurance
- the establishment of fair levels of co-payment for medical services
- a higher demand for better medical services due to the increase in health awareness and the growing needs of an ageing population
- the demand for more sophisticated laboratory tests which require the use of the latest technological developments
- development of the prepaid medical services by the private providers of medical services

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