MED LIFE S.A.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2015

PREPARED IN ACCORDANCE WITH INTERNATIONAL
FINANCIAL REPORTING STANDARDS AS ADOPTED BY EUROPEAN UNION

(TOGETHER WITH INDEPENDENT AUDITOR'S REPORT)

CONTENTS: **PAGE:**

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To the Board of Directors and Shareholders of,
S.C. Med Life S.A.
Bucharest, Romania

INDEPENDENT AUDITOR'S REPORT

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of S.C. Med Life S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statements of profit and loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and in accordance with the accounting policies described in the notes to the consolidated financial statements , and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

Deloitte.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

7. In our opinion the consolidated financial statements present fairly, in all material respects, the consolidated financial position of S.C. Med Life S.A. and its subsidiaries as of December 31, 2015 and their consolidated financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and in accordance with the accounting policies described in the notes to the consolidated financial statements.

Other Matters

8. This report is made solely to the Board of Directors and the Group's shareholders as a body. Our audit work has been undertaken so that we might state to the Group's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

For signature, please refer to the original Romanian signed version.

Deloitte Audit S.R.L.
Bucharest, Romania
October 13, 2016

MED LIFE GROUP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015
(all the amounts are expressed in RON, unless otherwise specified)

	Notes	December 31, 2015	December 31, 2014	December 31, 2013
ASSETS				
LONG TERM				
Goodwill	26	24,275,015	22,580,306	22,274,311
Intangible assets	4	13,811,734	12,396,599	10,204,994
Tangible fixed assets	4	280,210,741	255,817,347	246,304,029
Financial fixed assets		871	840	840
TOTAL NON-CURRENT ASSETS		**318,298,361**	**290,795,092**	**278,784,174**
Deferred tax asset		-	-	-
CURRENT ASSETS				
Inventories	5	13,969,838	10,553,737	9,943,471
Receivables	6	41,799,756	39,898,398	35,316,243
Current tax assets	25	-	-	-
Other receivables		256,414	1,344,125	1,127,113
Cash at bank and in hand	7	5,881,496	7,583,358	6,993,189
		61,907,504	**59,379,618**	**53,380,016**
Assets classified as held for sale	8	381,665	381,665	464,392
PREPAYMENTS	9	**4,145,435**	**3,666,828**	**3,113,509**
TOTAL CURRENT ASSETS		**66,434,604**	**63,428,111**	**56,957,917**
TOTAL ASSETS		**384,732,965**	**354,223,203**	**335,742,091**
LIABILITIES &SHAREHOLDER'S EQUITY				
CURRENT LIABILITIES				
Trade accounts payable	10	73,170,998	64,808,736	51,128,897
Overdraft	13	15,513,594	15,582,209	12,254,524
Current portion of lease liability	12	7,032,056	1,255,341	1,211,206
Current portion of long term debt	13	17,907,388	13,918,290	29,109,791
Current tax liabilities		919,814	84,649	81,767
Other liabilities	11	11,673,569	9,262,150	6,985,331
Liabilities directly associated with assets classified as held for sale	8	690,640	745,267	799,829
		126,908,059	**105,656,642**	**101,571,345**
LONG TERM DEBT				
Lease liability	12	12,294,667	1,666,461	65,263
Long term debt	13	143,524,638	155,022,740	152,040,326
TOTAL LONG-TERM LIABILITIES		**155,819,305**	**156,689,201**	**152,105,589**
Deferred tax liability	25	14,809,109	15,059,481	15,317,264
TOTAL LIABILITIES		**170,628,414**	**171,748,682**	**167,422,853**

MED LIFE GROUP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015
(all the amounts are expressed in RON, unless otherwise specified)

	Notes	December 31, 2015	December 31, 2014	December 31, 2013
SHAREHOLDER'S EQUITY				
Issued capital	**14**	13,932,034	13,932,034	13,932,034
Reserves	**15**	86,504,066	83,128,282	78,279,472
Retained earnings		(19,139,252)	(24,014,725)	(25,627,588)
Equity attributable to owners of the Group		**81,296,848**	**73,045,591**	**66,583,918**
Non-controlling interests	**16**	5,899,644	3,772,288	163,975
TOTAL EQUITY		**87,196,492**	**76,817,879**	**66,747,893**
TOTAL LIABILITIES AND EQUITY		**384,732,965**	**354,223,203**	**335,742,091**

Approved by the Board of Directors on the date of October 13, 2016 and signed on behalf of by:

Mihail Marcu,
Chairman of Board of Directors

Vera Firu,
Director Economic

MED LIFE GROUP
CONSOLIDATEDSTATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2015
(all the amounts are expressed in RON, unless otherwise specified)

	Notes	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013
SALES	17	390,978,897	332,602,460	296,187,022
Other operating revenues	18	4,591,826	4,623,353	9,593,198
OPERATING INCOME		**395,570,723**	**337,225,813**	**305,780,220**
OPERATING EXPENSES	19	**(366,579,247)**	**(310,914,057)**	**(285,702,635)**
OPERATING PROFIT		**28,991,476**	**26,311,756**	**20,077,585**
Finance cost		(11,270,696)	(12,674,545)	(12,792,946)
Other financial expenses		(4,722,017)	(3,672,730)	(9,391,934)
FINANCIAL RESULT	22	**(15,992,713)**	**(16,347,275)**	**(22,184,880)**
RESULT BEFORE TAXES		**12,998,763**	**9,964,481**	**(2,107,295)**
Income tax expense	25	(3,093,994)	(2,308,529)	(2,215,025)
NET RESULT		**9,904,769**	**7,655,952**	**(4,322,320)**
Owners of the Group		8,580,871	6,546,639	(3,818,594)
Non-controlling interests		1,323,898	1,109,313	(503,726)
Other comprehensive income items that will not be reclassified to profit or loss				
Gain / Loss on revaluation of properties	15	-	(101,150)	13,530,874
Corrections related to prior years		(391,949)	-	-
Deferred tax on other comprehensive income components	25	62,335	16,184	(2,164,981)
TOTAL OTHER COMPREHENSIVE INCOME		**(329,614)**	**(84,966)**	**11,365,893**
Total other comprehensive income attributable to:				
Owners of the Group		(329,614)	(84,966)	9,033,871
Non-controlling interests		-	-	2,332,022
TOTAL COMPREHENSIVE INCOME		**9,575,155**	**7,570,986**	**7,043,573**
Total comprehensive income attributable to:				
Owners of the Group		8,251,257	6,461,673	5,215,277
Non-controlling interests		1,323,898	1,109,313	1,828,296

Approved by the Board of Directors on the date of October 13, 2016 and signed on behalf of by:

Mihail Marcu
Chairman of Board of Directors

Vera Firu
Director Economic

MED LIFE GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015
(all the amounts are expressed in RON, unless otherwise specified)

	Note	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013
			(Restated)	*(Restated)*
Cash flow from operating activities				
Profit / Loss before tax		**12,998,763**	**9,964,481**	**(2,107,295)**
Adjustments for:				
Depreciation	19	26,748,141	25,701,817	26,153,608
Interest expense	22	11,270,696	12,674,545	12,792,946
Interest revenues	22	(385,938)	(249,829)	(146,821)
Allowance for doubtful debts and receivables written-off	6	214,477	(163,247)	4,836,005
Financial discounts	22	2,804,052	3,422,588	6,935,391
Gain / (Loss) with impairment of non-current assets	19	-	78,443	(236,000)
Unrealized exchange gain / loss	22	2,357,932	548,279	2,685,129
Other non-monetary gains	18	(3,300,000)	(3,762,989)	(1,981,000)
Net gain / (loss) on disposal of property		(57,292)	(87,464)	(6,708,798)
Operating cash flow before working capital changes		**52,650,831**	**48,126,624**	**42,223,165**
Increase in accounts receivable		(3,242,399)	(8,012,264)	(7,375,789)
Increase in inventories		(3,390,778)	(563,174)	(192,413)
Decrease / (Increase) in prepayments		(422,694)	(553,319)	11,299
Increase in accounts payable		9,447,452	11,995,406	1,067,075
Cash generated from operations		**55,042,412**	**50,993,273**	**35,733,337**
Income tax paid		(2,470,547)	(2,544,718)	(524,887)
Interest paid		(11,316,966)	(12,779,919)	(12,844,019)
Interest received		385,938	249,829	146,821
Net cash flow from operating activities		**41,640,837**	**35,918,465**	**22,511,252**
Cash flow from investing activities				
Investments in business combinations	26	(3,107,334)	(187,913)	-
Purchase of intangible assets		(1,831,817)	(2,528,137)	(2,005,405)
Purchase of property, plant and equipment		(23,194,914)	(25,237,615)	(13,394,362)
Proceeds from sale of fixed assets		57,292	89,782	6,681,780
Net cash used in investing activities		**(28,076,773)**	**(27,863,883)**	**(8,717,987)**
Cash flow from financing activities				
Share capital contribution (non-controlling interest)		-	2,499,000	-
Increase in loans		1,633,867	10,154,562	7,603,356
Payment of loans		(13,110,964)	(18,925,454)	(15,120,123)
Payments of financial leasing		(3,788,829)	(1,192,521)	(2,625,763)

The accompanying notes are an integral part of the consolidated financial statements.

(all the amounts are expressed in RON, unless otherwise specified)

	Note	Year ended December 31, 2015	Year ended December 31, 2014 *(Restated)*	Year ended December 31, 2013 *(Restated)*
Net cash generated by financing activity		**(15,265,926)**	**(7,464,413)**	**(10,142,530)**
Effect of changes in exchange rates over cash		-	-	-
Net change in cash and cash equivalents		**(1,701,862)**	**590,169**	**3,650,735**
Cash and cash equivalents opening balance	7	**7,583,358**	**6,993,189**	**3,342,454**
Cash and cash equivalents closing balance	7	**5,881,496**	**7,583,358**	**6,993,189**

During the year ended December 31, 2015, the Group re-assessed the non-monetary items and decided to restate the cash flow presented for the year ended December 31, 2014 and December 31, 2013 in order to ensure comparability.

Approved by the Board of Directors on the date of October 13, 2016 and signed on behalf of by:

Mihail Marcu,
Chairman of Board of Directors

Vera Firu,
Director Economic

MED LIFE GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2015
(all the amounts are expressed in RON, unless otherwise specified)

	Share Capital	Share premium	General reserves and other reserves	Revaluation Reserve*	Accumulated Results	Attributable to owners of the parent	Non-controlling interests	Total Equity
Balance as at January 1, 2015	**5,023,000**	**8,909,034**	**5,976,083**	**77,152,199**	**(24,014,725)**	**73,045,591**	**3,772,288**	**76,817,879**
Recognition of other reserves for fiscal purposes	-	-	3,705,398	-	(3,705,398)	-	-	-
Additional non-controlling interest arising as of result of business combinations	-	-	-	-	-	-	803,458	**803,458**
Total comprehensive income	**-**	**-**	**-**	**(329,614)**	**8,580,871**	**8,251,257**	**1,323,898**	**9,575,155**
Deferred tax related to revaluation reserve	-	-	-	62,335	-	62,335	-	62,335
Correction of prior year errors	-	-	-	(391,949)	-	(391,949)	-	(391,949)
Profit of the year (loss)	-	-	-	-	8,580,871	8,580,871	1,323,898	9,904,769
Balance as at December 31, 2015	**5,023,000**	**8,909,034**	**9,681,481**	**76,822,585**	**(19,139,252)**	**81,296,848**	**5,899,644**	**87,196,492**

Note*: The closing balance of the revaluation reserve as of December 31, 2015 in amount of RON 76,822,585 comprises revaluation reserve in amount of RON 91,455,907 and deferred tax computed on revaluation reserve in amount of RON (14,633,322). During the year 2015, the Group identified as a result of a change in estimate that the value of properties before recorded revaluation should have been higher by RON 391,949. As a result, the Group decided to adjust current year other comprehensive income related to the revaluation reserve and to correct the deferred tax recorded.

Approved by the Board of Directors on the date of October 13, 2016 and signed on behalf of by:

Mihail Marcu,
Chairman of Board of Directors

Vera Firu,
Director Economic

(all the amounts are expressed in RON, unless otherwise specified)

	Share Capital	Share premium	General reserves and other reserves	Revaluation Reserve*	Accumulated Result	Attributable to owners of the parent	Non-controlling interests	Total Equity
Balance as at 1 January 2014	**5,023,000**	**8,909,034**	**1,042,307**	**77,237,165**	**(25,627,588)**	**66,583,918**	**163,975**	**66,747,893**
Recognition of other reserves for fiscal purposes	-	-	4,933,776	-	(4,933,776)	-	-	-
Additional non-controlling interest (PDR)	-	-	-	-	-	-	2,499,000	**2,499,000**
Total comprehensive income	**-**	**-**	**-**	**(84,966)**	**6,546,639**	**6,461,673**	**1,109,313**	**7,570,986**
Deferred tax related to revaluation reserve	-	-	-	16,184	-	16,184	-	16,184
Revaluation of fixed assets	-	-	-	(101,150)	-	(101,150)	-	(101,150)
Profit of the year (loss)	-	-	-	-	6,546,639	6,546,639	1,109,313	7,655,952
Balance as at December 31, 2014	**5,023,000**	**8,909,034**	**5,976,083**	**77,152,199**	**(24,014,725)**	**73,045,591**	**3,772,288**	**76,817,879**

Note*: The closing balance of the revaluation reserve as of December 31, 2014 in amount of RON 77,152,199 comprises revaluation reserve in amount of RON 91,847,856 and deferred tax computed on revaluation reserve in amount of RON (14,695,657).

Approved by the Board of Directors on the date of October 13, 2016 and signed on behalf of by:

Mihail Marcu,
Chairman of Board of Directors

Vera Firu,
Director Economic

(all the amounts are expressed in RON, unless otherwise specified)

	Share Capital	Share premium	General reserves and other reserves	Revaluation Reserve*	Accumulated Result	Attributable to owners of the parent	Non-controlling interests	Total Equity
Balance as at 1 January 2013	**5,023,000**	**8,909,034**	**1,037,015**	**68,203,294**	**(21,803,702)**	**61,368,641**	**(1,664,321)**	**59,704,320**
Total comprehensive income	**-**	**-**	**5,292**	**9,033,871**	**(3,823,886)**	**5,215,277**	**1,828,296**	**7,043,573**
Deferred tax related to revaluation reserve	-	-	-	(1,720,738)	-	(1,720,738)	(444,243)	(2,164,981)
Revaluation of fixed assets	-	-	-	10,754,609	-	10,754,609	2,776,265	13,530,874
Profit of the year (loss)	-	-	5,292	-	(3,823,886)	(3,818,594)	(503,726)	(4,322,320)
Balance as at December 31, 2013	**5,023,000**	**8,909,034**	**1,042,307**	**77,237,165**	**(25,627,588)**	**66,583,918**	**163,975**	**66,747,893**

The closing balance of the revaluation reserve as of December 31, 2013 in amount of RON 77,237,165 comprises revaluation reserve in amount of RON 91,949,006 and deferred tax computed on revaluation reserve in amount of RON (14,711,841).

Approved by the Board of Directors on the date of October 13, 2016 and signed on behalf of by:

Mihail Marcu,
Chairman of Board of Directors

Vera Firu,
Director Economic

(all the amounts are expressed in RON, unless otherwise specified)

1. DESCRIPTION OF THE BUSINESS

Med Life S.A. ("Med Life" or the "Parent Company") is a joint-stock company incorporated in 1996, in accordance with the laws and regulations of Romania. The Company's activity resides in the performance of healthcare services activities through medical centers located in Bucharest, Cluj, Timisoara, Iasi, Galati and Constanta.

The Group is offering a large range of medical service heaving opened 17 Hyperclinics, in Bucharest, Timisoara, Brasov, Arad, Iasi, Galati, Craiova and Constanta; 8 hospitals – located in Bucharest, Arad and Brasov, 13 Medical Centers and 18 Laboratories for analysis, as well as 3 maternity hospitals. The Group has also more than 140 private Clinic partners around Romania.

Med Life is one of the leading health care services providers in Romania, having a significant market share at a national level.

The registered office of Med Life is located in Bucharest, Calea Grivitei, no. 365.

Details of the Company's subsidiaries at December 31, 2015, December 31, 2014 and December 31, 2013 are as follows:

	Name of subsidiary	Principal Activity	Place of operation	Proportion of ownership interest and voting power held		
				December 31, 2015	December 31, 2014	December 31, 2013
1	Policlinica de Diagnostic Rapid SA	Medical Services	Brasov, Romania	80.01%	80.01%	80.01%
2	Medapt SRL	Medical Services	Brasov, Romania	80.01%	80.01%	80.01%
3	Histo SRL	Medical Services	Brasov, Romania	48.01%	48.01%	48.01%
4	Policlinica de Diagnostic Rapid Medis SRL	Medical Services	Sfantu Gheorge, Romania	64.01%	64.01%	64.01%
5	Bahtco Invest S.A.	Development of building projects	Bucharest, Romania	100%	100%	100%
6	Medsanrom SRL (Med Life Ocupational SRL)	Medical Services	Bucharest, Romania	100%	100%	100%
7	Pharmalife Med SRL	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%	100%
8	Asilife Insurance Broker SRL	Insurance broker	Bucharest, Romania	95%	95%	95%
9	Accipiens	Rental activities	Bucharest, Romania	55%	55%	55%
10	Genesys SRL	Medical services	Bucharest, Romania	55%	55%	55%
11	Biofarm Farmec SRL	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	55%	55%	55%
12	RUR Medical Services	Medical services	Bucharest, Romania	100%	100%	100%
13	Biotest Med	Medical Services	Bucharest	100%	100%	-
14	Vital Test	Medical Services	Bucharest	100%	100%	-

(all the amounts are expressed in RON, unless otherwise specified)

1. DESCRIPTION OF THE BUSINESS (continued)

During the year 2015, the Group also acquired control of the following companies:

	Name of subsidiary	Principal Activity	Place of operation	Proportion of ownership interest and voting power held		
				December 31, 2015	December 31, 2014	December 31, 2013
15	Agis 2000 SRL	Other healthcare services	Arad, Romania	55%	-	-
16	Bactro SRL	Other healthcare services	Deva, Romania	55%	-	-
17	Centrul Medical Sama S.A.	Medical Services	Craiova, Romania	55%	-	-
18	Ultratest S.A.	Other healthcare services	Craiova, Romania	55%	-	-

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 Initial application of new amendments to the existing standards and interpretation effective for the current reporting period

The following standards, amendments to the existing standards and new interpretations issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current period:

- **Amendments to various standards "Improvements to IFRSs (cycle 2011-2013)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 July 2014).

Amendments to various standards "Improvements to IFRSs (cycle 2011-2013)" was issued by IASB on 12 December 2013. Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording. The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. The most important changes include new or revised requirements regarding: (i) meaning of effective IFRSs in IFRS 1; (ii) scope of exception for joint ventures; (iii) scope of paragraph 52 if IFRS 13 (portfolio exception) and (iv) clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

- **IFRIC 21 "Levies"** adopted by the EU on 13 June 2014 (effective for annual periods beginning on or after 17 June 2014).

IFRIC 21 "Levies" was issued by IASB on 20 May 2013. IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

The adoption of these amendments to the existing standards and interpretation has not led to any material changes in the Group's financial statements.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)

2.2 Amendments to the existing standards issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements the following standards, amendments to existing standards and interpretations standards issued by IASB and adopted by the EU were in issue, but not yet effective:

- **Amendments to IFRS 11 "Joint Arrangements" – Accounting for Acquisitions of Interests in Joint Operations** - adopted by the EU on 24 November 2015 (effective for annual periods beginning on or after 1 January 2016);

Amendments to IFRS 11 "Joint Arrangements" – Accounting for Acquisitions of Interests in Joint Operations was issued by IASB on 6 May 2014. The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

- **Amendments to IAS 1 "Presentation of Financial Statements" - Disclosure Initiative** - adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016),

Amendments to IAS 1 "Presentation of Financial Statements" - Disclosure Initiative was issued by IASB on 18 December 2014. The amendments to IAS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Clarification of Acceptable Methods of Depreciation and Amortisation** - adopted by the EU on 2 December 2015 (effective for annual periods beginning on or after 1 January 2016),

Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Clarification of Acceptable Methods of Depreciation and Amortisation was issued by IASB on 12 May 2014. Amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. Amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Agriculture: Bearer Plants** - adopted by the EU on 23 November 2015 (effective for annual periods beginning on or after 1 January 2016),

Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Agriculture: Bearer Plants was issued by IASB on 30 June 2014. The amendments bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)

2.2 Amendments to the existing standards issued by IASB and adopted by the EU but not yet effective (continued)

- **Amendments to IAS 19 "Employee Benefits" - Defined Benefit Plans: Employee Contributions** - adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015),

Amendments to IAS 19 "Employee Benefits" - Defined Benefit Plans: Employee Contributions was issued by IASB on 21 November 2013. The narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

- **Amendments to IAS 27 "Separate Financial Statements" - Equity Method in Separate Financial Statements** - adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016).

Amendments to IAS 27 "Separate Financial Statements" - Equity Method in Separate Financial Statements was issued by IASB on 12 August 2014. The amendments reinstate the equity method as an accounting option for investments in in subsidiaries, joint ventures and associates in an entity's separate financial statements.

- **Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)"** resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 17 December 2014 (amendments are to be applied for annual periods beginning on or after 1 February 2015),

Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)" was issued by IASB on 12 December 2013. Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording. The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. The most important changes include new or revised requirements regarding: (i) definition of 'vesting condition'; (ii) accounting for contingent consideration in a business combination; (iii) aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets; (iv) measuring short-term receivables and payables; (v) proportionate restatement of accumulated depreciation application in revaluation method and (vi) clarification on key management personnel.

Amendments to various standards "Improvements to IFRSs (cycle 2012-2014)" resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 15 December 2015 (amendments are to be applied for annual periods beginning on or after 1 January 2016). Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) was issued primarily with a view to removing inconsistencies and clarifying wording. The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. Changes include new or revised requirements regarding: (i) changes in methods of disposal; (ii) servicing contracts; (iii) applicability of the amendments to IFRS 7 to condensed interim financial statements; (iv) discount rate: regional market issue; (v) disclosure of information 'elsewhere in the interim financial report'.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)

2.3 New Standards and amendments to the existing standards issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except from the following new standards and amendments to the existing standards, which were not endorsed for use in EU as at the date of publication of financial statements (the effective dates stated below is for IFRS in full):

- **IFRS 9 "Financial Instruments"** (effective for annual periods beginning on or after 1 January 2018),

IFRS 9 "Financial Instruments" issued on 24 July 2014 is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.

Classification and Measurement - IFRS 9 introduces new approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements under IAS 39. The new model also results in a single impairment model being applied to all financial instruments.

Impairment - IFRS 9 has introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

Hedge accounting - IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities.

Own credit - IFRS 9 removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.

- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016),

IFRS 14 "Regulatory Deferral Accounts" was issued by IASB on 30 January 2014. This Standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)

2.3. New Standards and amendments to the existing standards issued by IASB but not yet adopted by the EU (continued)

- **IFRS 15 "Revenue from Contracts with Customers**" and further amendments (effective for annual periods beginning on or after 1 January 2018),

IFRS 15 "Revenue from Contracts with Customers" was issued by IASB on 28 May 2014 (on 11 September 2015 IASB deferred effective date of IFRS 15 to 1 January 2018 and on 12 April 2016 IASB made clarifications to this Standard). IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. The core principle of the new Standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

- **IFRS 16 "Leases"** (effective for annual periods beginning on or after 1 January 2019),

IFRS 16 "Leases" issued by IASB on 13 January 2016. Under IFRS 16 a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate. As with IFRS 16's predecessor, IAS 17, lessors classify leases as operating or finance in nature. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise a lease is classified as an operating lease. For finance leases a lessor recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the net investment. A lessor recognises operating lease payments as income on a straight-line basis or, if more representative of the pattern in which benefit from use of the underlying asset is diminished, another systematic basis.

- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date was deferred indefinitely until the research project on the equity method has been concluded),

Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture was issued by IASB on 11 September 2014 (on 17 December 2015 IASB deferred indefinitely effective date). The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)

2.3. New Standards and amendments to the existing standards issued by IASB but not yet adopted by the EU (continued)

- **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures"** - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016),

Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" - Investment Entities: Applying the Consolidation Exception was issued by IASB on 18 December 2014. The narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28 introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances.

- **Amendments to IAS 7 "Statement of Cash Flows"** - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017),

Amendments to IAS 7 "Statement of Cash Flows" - Disclosure Initiative was issued by IASB on 29 January 2016. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

- **Amendments to IAS 12 "Income Taxes"** - Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017),

Amendments to IAS 12 "Income Taxes" - Recognition of Deferred Tax Assets for Unrealised Losses was issued by IASB on 19 January 2016. The amendments to IAS 12 clarify how to account for deferred tax assets related to debt instruments measured at fair value.

The Group anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of Group in the period of initial application.

According to the Group's estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to IAS 39: "Financial Instruments: Recognition and Measurement" would not significantly impact the financial statements, if applied as at the balance sheet date.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements of the Group are set out below.

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Accounting Standards for Financial Reporting as adopted by the European Union.

As of December 31, 2015, the Group also prepared financial statements in accordance with International Accounting Standards for Financial Reporting in EUR as presentation currency. The standards which have not yet been adopted by the European Union or have been adopted but are not effective yet do not have a material impact over the presented financial statements of the Group.

3.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets and financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

These financial statements have been prepared to serve the Group in the process of listing on the Bucharest Stock Exchange through the Initial Public Offering.

The consolidated financial statements of Med Life S.A ("the Group") have been prepared as of December 31, 2015 and for the twelve months then ended showing comparatives as of December 31, 2014 and December 31, 2013 and for the twelve months periods then ended.

The Group maintains its accounting records in Romanian Lei ("RON") and prepares its statutory financial statements in accordance with the Regulations on Accounting and Reporting issued by the Ministry of Finance in Romania. The accompanying consolidated financial statements are based on the statutory records and have been adjusted to present the consolidated financial statements in accordance with IFRS.

The same accounting policies, presentation and methods of computation have been followed in these consolidated financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2014 and for the year ended December 31, 2013.

3.3 Going concern

These consolidated financial statements have been prepared on a going concern basis, which assumes the Group will be able to realize its assets and discharge its liabilities in the normal course of business. The Group will continue its activity according to the normal course of business in the foreseeable future without encountering the impossibility of continuing its activity or without the significant decrease of its activity.

3. SIGNIFICANT ACCOUNTING POLICIES

3.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company (Med Life S.A.) and entities controlled by the Company (its subsidiaries). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Non-controlling interests in subsidiaries are identified separately from the Group's equity therein.

The interests of non-controlling shareholders are initially measured at the non-controlling interests' proportionate share of the fair value of the acquired company's identifiable net assets.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3.5 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method.

The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognized at their fair value at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see 3.5 above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated [statement of comprehensive income/income statement]. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.7 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3.8 Accounting estimates and judgments

The preparation of the consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities as of the date of the balance sheet and revenue and expenses for the period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(all the amounts are expressed in RON, unless otherwise specified)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Foreign currency translation

Functional and presentation currency

These consolidated financial statements are presented in Romanian Leu ("RON"), which is the currency of the primary economic environment in which the Group operates (its "functional currency").

The monetary assets and liabilities in foreign currency as of reporting date have been converted from EUR to RON at the closing exchange rate as announced by the National Bank of Romania.

The following exchange rates were used for the presentation of these consolidated financial statements:

	1 EUR = RON
Average for the period January 1, 2013 – December 31, 2013	4.4190
Closing as of December 31, 2013	4.4847
Average for the period January 1, 2014 – December 31, 2014	4.4446
Closing as of December 31, 2014	4.4821
Average for the period January 1, 2015 – December 31, 2015	4.4450
Closing as of December 31, 2015	4.5245

The profit and loss incurred before the transaction date of the acquired businesses in 2015 was eliminated.

3.10 Comparative information

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3.11 Property, plant and equipment

Land and buildings held for use in the supply of services, or for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The value of land and buildings presented in these consolidated financial information is based on the valuation reports which were performed as of December 31, 2013 by independent valuators certified by ANEVAR. The revaluation is performed with sufficient regularity as to ensure that the Group presents land and buildings at fair value in the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Property, plant and equipment (continued)

Repairs and maintenance are charged to the statement of income during the financial period in which they incur. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset. Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the amounts of property, plant and equipment on a straight-line basis down to the assets' estimated residual values. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

3.12 Assets held under finance leases

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The following useful lives are used in the calculation of depreciation:

Buildings	10 – 50 years
Plant and equipment	3 – 15 years
Fixtures and fittings	3 – 15 years

3.13 Intangible assets

Intangible assets acquired are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The Group's intangible assets are represented by software licenses which are amortized straight-line over a period of three years.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Intangible assets (continued)

De-recognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.14 Investments in subsidiaries

A subsidiary is an entity, including an unincorporated entity such as a partnership, which is controlled by another entity (known as the parent). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Investments in subsidiaries (continued)

A parent company, shall present consolidated financial statements in which it consolidates its investments in subsidiaries in accordance with this IAS 27 Consolidated and Separate Financial Statements.

3.15 Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.* Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss. Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

3.16 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories comprises of all the costs incurred in bringing the inventories to their present location and condition, being valued on a first in first out basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. The group applies FIFO as a costing method.

3.17 Trade receivables

Receivables are stated in the balance sheet at anticipated realizable value. An allowance for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the collection terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the allowance is determined based on Management risk assessment of the trade receivables collectability.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, cash held at call with banks with original maturities of three months or less.

3.19 Financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are initially recognized at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction cost. Fair value is the amount for which a financial instrument could be exchanged between knowledgeable and willing parties in an arm's length transaction.

3.20 Accounts payable

Liabilities for trade payables are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

3.21 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

3.22 Borrowing costs

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. The transaction costs incurred in issuing the liability are amortized over the life of the loan.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method; any difference between fair value of the proceeds (net of transaction costs) and the redemption amount is recognized as interest expense over the period of the borrowings.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.23 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the combined income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, in which case the tax is also recognized directly in equity.

3.24 Share capital

Ordinary shares are classified as equity. Dividends on ordinary shares are recognized in equity in the period in which they are declared.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.25 Share premiums

Share premiums are own funds created as a result of the difference between the issue value of the shares and the nominal value of the shares. The Group recorded share premiums as a result of the issue of shares.

3.26 Revaluation reserve

The increases in the fair value of land and buildings are recorded against revaluation reserves. Any decreases in the fair value of land and buildings are first deducted from the revaluation reserves and then the difference is recorded through profit and loss accounts. The revaluation is performed with sufficient regularity as to ensure that the Group presents land and buildings at fair value in the consolidated financial statements.

3.27 Correction of errors from prior periods

In accordance with IAS no. 8 (revised) "Accounting Policies, Changes in Accounting Estimates and Errors", Med Life SA has corrected material prior period errors retrospectively in the consolidated financial statements authorized for issue after their discovery by restating the opening balances of retained earnings for the earliest prior period presented.

These consolidated financial statements, including the comparative information for the prior period, are presented as if the prior period error was corrected in the period when occurred, as required by IAS no. 8 (revised). Therefore the cumulative effect of the corrections of each period presented is included in the net profit/loss related to that period. The cumulative effect of the corrections related to periods prior to those included in the comparative information in these consolidated financial statements is adjusted in the opening balance of the retained earnings in the earliest prior period presented.

3.28 Provisions for risks and charges

Provisions are recognized when the Group has a legal or constructive obligation, as a result of a past event and it is probable that there will be a future outflow of resources in order to extinguish this liability. Provisions for risks and charges are assessed at the end of each period and adjusted in order to present management's best estimate.

3.29 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Rendering of services

Sales of services are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. The Group does not operate any customer loyalty program.

The Group is rendering health care medical services to corporate and retail customers. Corporate customers revenues are recognized based on monthly prevention packages at the end of the month at the level of the agreed value for the each prevention package. Revenues for retail customers are recognized when the services are actually rendered.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.29 Revenue recognition (continued)

Interest revenues

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

3.30 Employee benefits

Employee benefits

The Group, in the normal course of business, makes payments to the Romanian State on behalf of its employees for pensions, health care and unemployment cover. The cost of these payments is charged to the income statement in the same period as the related salary cost.

All employees of the Group are members of the Romanian State pension plan. The Group does not operate any other pension scheme.

3.31 Related parties

The relationships between the entities and the company are special when one of the parties has the ability to directly control or significantly influence the other party, by using ownership, contractual rights, family relationships or any other means.

Related parties also include individuals which are principal owners, management or members of the Group's Board of Directors, as well as the members of their families.

These consolidated financial statements have been prepared based on the fact that the parties have entered into arm's length transactions with the entities within the group and according to objectively established prices.

3.32 Subsequent events

The effect of significant subsequent events, after the reporting period, which supplies additional information regarding the financial position of the Group and require adjustments are reflected in the balance sheet or profit and loss, if the case. The significant events that do not require adjustments are disclosed in the notes of the separate financial statements.

(all the amounts are expressed in RON, unless otherwise specified)

4. TANGIBLE AND INTANGIBLES FIXED ASSETS

As of December 31, 2015 the Group's tangible and intangible assets' structure was the following:

	Intangibles	Land	Constructions	Vehicles and equipment	Construction in progress	Total
December 31, 2014	**23,574,905**	**28,076,286**	**199,239,735**	**114,999,865**	**7,665,356**	**373,556,147**
Additions	5,157,652	-	198,239	27,487,226	15,166,608	48,009,725
Transfers	-	-	14,733,124	245,566	(14,978,690)	-
Disposals	(24,479)	-	(80,645))	(503,306)	(2,061)	(610,491)
Additions from business combinations	22,710	552,631	1,677,009	4,532,592	28,881	6,813,823
December 31, 2015	**28,730,788**	**28,628,917**	**215,767,462**	**146,761,943**	**7,880,094**	**427,769,204**

For details regarding additions from business combinations - please see further details in Note 26.

(all the amounts are expressed in RON, unless otherwise specified)

4. TANGIBLE AND INTANGIBLES FIXED ASSETS (continued)

	Intangibles	Land	Constructions	Vehicles and equipment	Construction in progress	Total
Depreciation						
December 31, 2014	**11,178,306**	**84,120**	**22,975,452**	**71,104,323**	**-**	**105,342,201**
Charge of the year	3,732,125	-	8,071,134	14,944,882	-	26,748,141
Disposals	(13,600)	-	-	(466,822)	-	(480,422)
Additions from business combinations	22,223	-	266,087	1,848,499	-	2,136,809
Impairment losses recognized in profit or loss	-	-	-	-	-	-
December 31, 2015	**14,919,054**	**84,120**	**31,312,673**	**87,430,882**	**-**	**133,746,729**
Net Book Values						
December 31, 2014	**12,396,599**	**27,992,166**	**176,264,283**	**43,895,542**	**7,665,356**	**268,213,946**
December 31, 2015	**13,811,734**	**28,544,797**	**184,454,789**	**59,331,061**	**7,880,094**	**294,022,475**

The net book value as of December 31, 2015 of fixed assets acquired through capital lease by Med Life was RON 17,223,794 (2014: RON 1,792,840).

(all the amounts are expressed in RON, unless otherwise specified)

4. TANGIBLE AND INTANGIBLES FIXED ASSETS (continued)

As of December 31, 2014 the Group's tangible and intangible assets' structure was the following:

	Intangibles	Land	Constructions	Vehicles and equipment	Construction in progress	Total
December 31, 2013	**17,097,005**	**28,076,286**	**187,865,790**	**97,534,776**	**5,722,549**	**336,296,406**
Additions	6,471,933	-	535,702.00	17,383,371	12,638,213	37,029,219
Transfers	-	-	10,752,571	-	(10,752,571)	-,
Disposals	-	-	-	(421,162)	-	(421,162)
Additions from business combinations	5,967	-	85,672	502,880	57,165	651,684
December 31, 2014	**23,574,905**	**28,076,286**	**199,239,735**	**114,999,865**	**7,665,356**	**373,556,147**

Additions include additions from business combinations - please see further details in Note 26.

(all the amounts are expressed in RON, unless otherwise specified)

4. TANGIBLE AND INTANGIBLES FIXED ASSETS (continued)

	Intangibles	Land	Constructions	Vehicles and equipment	Construction in progress	Total
Depreciation						
December 31, 2013	**6,892,011**	**84,120**	**14,809,534**	**58,001,718**	**-**	**79,787,383**
Charge of the year	4,280,991	-	8,164,088	13,256,738	-	25,701,817
Disposals	-	-	-	(317,801)	-	(317,801)
Additions from business combinations	5,304		1,830	163,668		170,802
Revaluation	-	-	-	-	-	-
December 31, 2014	**11,178,306**	**84,120**	**22,975,452**	**71,104,323**	**-**	**105,342,201**
Net Book Values						
December 31, 2013	**10,204,994**	**27,992,166**	**173,056,256**	**39,533,058**	**5,722,549**	**256,509,023**
December 31, 2014	**12,396,599**	**27,992,166**	**176,264,283**	**43,895,542**	**7,665,356**	**268,213,946**

(all the amounts are expressed in RON, unless otherwise specified)

4. TANGIBLE AND INTANGIBLES FIXED ASSETS (continued)

As of December 31, 2013 the Group's tangible and intangible assets' structure was the following:

	Intangibles	Land	Constructions	Vehicles and equipment	Construction in progress	Total
December 31, 2012	**13,110,640**	**28,771,020**	**173,719,351**	**99,179,491**	**2,607,637**	**317,388,139**
Additions	3,986,408	189,260	507,855	6,065,939	5,329,918	16,079,380
Transfers	-	-	2,194,087	20,919	(2,215,006)	-,
Disposals	(43)	-	-	(7,731,573)	-	(7,731,616)
Revaluation	-	(883,994)	11,444,497	-	-	10,560,503
December 31, 2013	**17,097,005**	**28,076,286**	**187,865,790**	**97,534,776**	**5,722,549**	**336,296,406**

(all the amounts are expressed in RON, unless otherwise specified)

4. TANGIBLE AND INTANGIBLES FIXED ASSETS (continued)

	Intangibles	Land	Constructions	Vehicles and equipment	Construction in progress	Total
Depreciation						
December 31, 2012	**4,608,170**	**320,120**	**13,284,564**	**46,194,694**	**-**	**64,407,548**
Charge of the year	2,283,885	-	4,499,727	14,775,943	-	21,559,555
Disposals	(44)	-	-	(2,968,919)	-	(2,968,963)
Revaluation	-	-	(2,974,757)	-	-	(2,974,757)
Impairment losses recognized in profit or loss	-	(236,000)	-	-	-	(236,000)
December 31, 2013	**6,892,011**	**84,120**	**14,809,534**	**58,001,718**	**-**	**79,787,383**
Net Book Values						
December 31, 2012	**8,502,470**	**28,450,900**	**160,434,787**	**52,984,797**	**2,607,637**	**252,980,591**
December 31, 2013	**10,204,994**	**27,992,166**	**173,056,256**	**39,533,058**	**5,722,549**	**256,509,023**

(all the amounts are expressed in RON, unless otherwise specified)

4. TANGIBLE AND INTANGIBLES FIXED ASSETS (continued)

4.1. Land and buildings carried at fair value

The value of land and buildings related to Med Life, PDR, Accipiens, Rur Medical and Bahtco Invest presented in this consolidated financial information is based on the valuation reports which were performed as of December 31, 2013 by an independent valuator certified by ANEVAR, Mascov Ionescu Eugeniu Gabriel and other independent certified evaluators.

The plots of land subject to the revaluation reports were valued using the market comparison approach as well as the residual method. The value conclusion was based on the market comparison approach.

The buildings were valued by using both the cost approach and the income approach (capitalization of net rental income). The final value conclusion is the one derived from the application of the cost approach.

Had the Group's land and buildings been measured on a historical cost basis, their carrying amount would have been as presented below:

Carrying amount without revaluation	**December 31, 2015**	**December 31, 2014**	**December 31, 2013**
Land	4,705,086	4,102,883	4,102,883
Buildings	110,221,566	107,505,584	103,265,581
TOTAL	**114,926,653**	**111,608,467**	**107,368,464**

4.2. Assets pledged as securities

Land and buildings (property on 365, Calea Grivitei) have been pledged to secure borrowings of the Group (see note 13). The land and buildings have been pledged as security for bank loans under a mortgage. The Group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

Freehold land and buildings, namely apartments 9 and 10 situated in Brasov, Livada Vulturului 10, and construction in progress located in Brasov, Turnului Street 5A as well as medical equipment have been pledged to secure borrowings of the PDR subsidiary. The land and buildings have been pledged as security for bank loans under a mortgage. The Group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

The plot of land and buildings comprising the pediatrics hospital located in Bucharest, 7 Zagazului Street has been pledged in favor of IFC and BCR (with subsequent ranking for BCR).

Genesys Clinic situated in Arad, was pledged in the favor of Banca Transilvania. For further details please see note 13.

Eva Clinic situated in Brasov, was pledged in the favor of IFC, as part of the amended agreement in 2011 and now pledged also in favor of BCR as a result of the refinancing agreement from 2014 (with subsequent ranking for BCR). For further details please see note 13.

(all the amounts are expressed in RON, unless otherwise specified)

4. TANGIBLE AND INTANGIBLES FIXED ASSETS (continued)

4.3. Intangible assets

Carrying amount	December 31, 2015	December 31, 2014	December 31, 2013
Set-up and development costs	18,007	11,053	515,598
Customer lists	1,431,177	2,116,855	2,576,460
Contract advantage	183,038	267,277	219,992
Concessions, patents, licenses, trademarks and similar rights and assets	1,480,722	2,095,991	961,004
Other intangible assets	10,698,790	7,905,423	5,931,940
TOTAL	**13,811,734**	**12,396,599**	**10,204,994**

Within other intangible assets category, the Group presents the value of acquired software and the value of implementing the software through own resources. During 2011, the Group acquired licenses in order to implement a new ERP system (Charisma). The investments in the new ERP system continued in 2014 and 2015 as well.

Cost	December 31, 2015	December 31, 2014	December 31, 2013
Set-up and development costs	37,458	35,694	551,291
Customer lists	2,977,094	2,977,094	2,977,094
Contract advantage	380,750	380,748	346,708
Concessions, patents, licenses, trademarks and similar rights and assets	3,080,157	3,066,870	2,070,417
Other intangible assets	22,255,328	16,082,481	10,590,247
TOTAL	**28,730,787**	**22,542,887**	**16,535,757**

Accumulated amortization	December 31, 2015	December 31, 2014	December 31, 2013
Set-up and development costs	(19,451)	(24,640)	(35,693)
Customer lists	(1,545,917)	(860,240)	(400,634)
Contract advantage	(197,712)	(113,471)	(126,716)
Concessions, patents, licenses, trademarks and similar rights and assets	(1,599,435)	(970,879)	(1,109,413)
Other intangible assets	(11,556,538)	(8,177,058)	(4,658,307)
TOTAL	**(14,919,053)**	**(10,146,288)**	**(6,330,763)**

(all the amounts are expressed in RON, unless otherwise specified)

4. TANGIBLE AND INTANGIBLES FIXED ASSETS (continued)

4.4. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

The fair value of intangible assets was assessed by CMF Consulting (independent evaluator) at acquisition date.

Subsidiary	Customer List	Contract Advantage
Policlinica de Diagnostic Rapid (2010)	2,335,446	282,163
Med Life Ocupational (2010)	10,427	64,546
Genesys Clinic (2011)	631,221	-
Vital Test (2014)	-	8,462
Biotest (2014)	-	25,579
Total	**2,977,094**	**380,750**

5. INVENTORIES

	December 31, 2015	December 31, 2014	December 31, 2013
Consumables	8,063,708	5,591,030	5,364,259
Materials in the form of inventory items	373,116	367,668	362,569
Commodities	5,531,383	4,593,004	4,216,643
Inventory in transit	1,631	2,035	-
TOTAL	**13,969,838**	**10,553,737**	**9,943,471**

6. ACCOUNTS RECEIVABLE

	December 31, 2015	December 31, 2014	December 31, 2013
Customers	48,476,389	46,124,498	42,148,899
Advances to suppliers	1,888,959	2,339,492	1,833,183
Bad debt provisions	(8,565,592)	(8,565,592)	(8,665,839)
TOTAL	**41,799,756**	**39,898,398**	**35,316,243**

Trade receivables as of December 31, 2013, December 31, 2014 and December 31, 2015 include a receivable of RON 7 million representing amounts to be collected from the National Health House of Bucharest and not yet invoiced. The Group started legal actions against the National Health House of Bucharest.

(all the amounts are expressed in RON, unless otherwise specified)

6. ACCOUNTS RECEIVABLE (continued)

During the Court hearings which took place until the date of approval of the financial statements, the decisions of the Court were not in the favour of Med Life Group, however, the management continues the pursuit to recover the receivables and intends to appeal the Court's decision and Group is confident that the amount is fully recoverable based on similar cases which have been solved in the favour of the medical operators.

Trade receivables disclosed above are classified as receivables and are therefore measured at amortized cost.

The average credit period on collection for services rendered is 90 days. No interest is charged on trade receivables for the first 90 days from the date of the invoice.

As of December 31, 2015, the Management of the Group performed an assessment regarding the collectability of receivables- a total allowance of RON 8,565,592 represents management's best estimate regarding the receivables which are not to be collected. The Group records an 85% allowance for receivables past due over 365 related to clients which are considered to have become inactive. A client is considered inactive if there were no collections over a period of 6 months and with whom there are no other business relationships. The assessment takes into consideration the collection pattern of the receivables over the last two years.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period but against which the Group has not recognized an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Ageing of past due but not impaired	**December 31, 2015**	**December 31, 2014**	**December 31, 2013**
90 - 180 days	145,431	1,207,962	1,359,976
180 days - 270 days	630,195	786,505	1,075,500
270 - 365 days	678,670	961,370	3,623,805
Over 365 days	1,121,592	2,352,479	8,653,319
TOTAL	**2,575,888**	**5,308,316**	**14,712,600**
Average age (days)	90	90	90

The corporate receivables are spread over a large pool of clients. The main state budget customers are: The National Health Insurance House (6% of the total receivable balance).

(all the amounts are expressed in RON, unless otherwise specified)

6. ACCOUNTS RECEIVABLE (continued)

Movement in the allowance for doubtful debts

	December 31, 2015	December 31, 2014	December 31, 2013
Balance at the beginning of the year	8,565,592	8,665,839	3,829,834
Impairment losses and reversals recognized on receivables	-	(100,247)	4,836,005
TOTAL	**8,565,592**	**8,565,592**	**8,665,839**

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. The Group is not dependent on the collection of receivables from a limited number of customers.

Ageing of impaired trade receivables

	December 31, 2015	December 31, 2014	December 31, 2013
180-270 days	-	-	-
270-365 days	346,165	346,165	-
Over 365 days	8,219,427	8,219,427	8,665,839
TOTAL	**8,565,592**	**8,565,592**	**8,665,839**

7. CASH AND BANKS

	December 31, 2015	December 31, 2014	December 31, 2013
Cash in bank	4,892,954	6,676,734	6,386,141
Cash in hand	773,611	759,672	540,813
Cash equivalents	214,931	146,952	66,235
TOTAL	**5,881,496**	**7,583,358**	**6,993,189**

8. ASSETS CLASSIFIED AS HELD FOR SALE

	December 31, 2015	December 31, 2014	December 31, 2013
Apartment owned by Medsanrom	381,665	381,665	464,392
TOTAL	**381,665**	**381,665**	**464,392**

(all the amounts are expressed in RON, unless otherwise specified)

8. ASSETS CLASSIFIED AS HELD FOR SALE (continued)

The Group intends to dispose of the above assets within a twelve month period. The disposal of the apartment held by Medsanrom (Med Life Ocupational) is directly linked to advance payment made by the former shareholders, recorded as a liability as of December 31, 2015 in Med Life Group's consolidated financial statements and to a loan from Bancpost, contracted to buy this apartment. During 2014, the Group identified a loss in terms of the appartment and recorded in the profit and loss account an amount of RON 78,443.

The amount of liabilities directly linked to assets held for sale as of December 31, 2015 is RON 690,640 (December 31, 2014: RON 745,267; December 31, 2013: RON 799,829).

9. PREPAYMENTS

As of December 31, 2015 the Group has prepayments in amount of RON 4,145,435 (RON 3,666,828 as of December 31, 2014 and RON 3,113,509 as of December 31, 2013). The prepayments balance as of December 31, 2015 consists mainly of deferred commissions for financing related to BCR and amounts related to rent paid in advance for rented properties and other amounts such as insurance policies for malpractice for doctors and fixed assets owned.

10. ACCOUNTS PAYABLE

	December 31, 2015	December 31, 2014	December 31, 2013
Suppliers	64,242,355	55,603,280	44,972,644
Fixed assets suppliers	7,699,865	8,299,864	5,302,519
Advances paid by customers	1,228,778	905,592	853,734
TOTAL	**73,170,998**	**64,808,736**	**51,128,897**

The balance of the suppliers account consists of debts for the acquisition of reagents, laboratory equipment, office equipment, stationery, cleaning products and food.

11. OTHER SHORT TERM LIABILITIES

	December 31, 2015	December 31, 2014	December 31, 2013
Salary and related liabilities	3,135,988	2,326,865	1,990,437
Social contributions	4,042,148	4,211,023	2,335,129
Other liabilities	4,495,433	2,724,262	2,659,765
TOTAL	**11,673,569**	**9,262,150**	**6,985,331**

(all the amounts are expressed in RON, unless otherwise specified)

12. LEASING LIABILITIES

	December 31, 2015	December 31, 2014	December 31, 2013
Non-current portion – Leasing	12,294,667	1,666,461	65,263
Current portion – Leasing	7,032,056	1,255,341	1,211,206
TOTAL	**19,326,723**	**2,921,802**	**1,276,469**

Leasing facilities refer to medical equipment and vehicles acquired through BancaTransilvania, Capital Leasing, Raiffeisen Leasing, Banca Italo Romena, Capital Fleet, BRD Sogealease, Unicredit Tiriac Leasing and BCR Leasing.

Obligations under finance lease	**December 31, 2015**	**December 31, 2014**	**December 31, 2013**
Minimum Lease Payments			
Short-term (less than one year)	8,791,239	1,394,921	1,355,219
Long-term (between 2 and 5 years)	15,696,504	1,803,509	70,896
Total	**24,487,743**	**3,198,430**	**1,426,115**
Less: future finance charges	(5,161,020)	(276,628)	(149,646)
Present value of lease obligations			
Analyzed as follows:			
Maturing within one year	7,032,056	1,255,341	1,211,206
Maturing after more than one year but not later than five year	12,294,667	1,666,461	65,263
TOTAL	**19,326,723**	**2,921,802**	**1,276,469**

The fair value of the finance lease liabilities is approximately equal to their carrying amount.

(all the amounts are expressed in RON, unless otherwise specified)

13. FINANCIAL DEBT

Loan agreements	**December 31, 2015**	**December 31, 2014**	**December 31, 2013**
Non-current portion IFC loan (a) and (b)	11,272,579	16,032,127	138,883,737
Current portion IFC loan (a) and (b)	4,911,209	6,452,256	28,484,900
Current portion Transilvania loan granted to Genesys (c)	991,562	752,992	624,888
Non-current portion Transilvania loan granted to Genesys (c)	11,568,219	12,446,792	13,156,592
Current portion BCR loan granted to Med Life (f)	11,536,493	6,800,305	-
Non-current portion BCR loan granted to Med Life (f)	119,384,887	126,456,558	-
Non-current portion of loans from Banca Transilvania (g)	1,298,957	-	-
Current portion of loans from Banca Transilvania (g)	468,120	-	-
TOTAL	**161,432,026**	**168,941,030**	**181,150,117**

Overdraft	**December 31, 2015**	**December 31, 2014**	**December 31, 2013**
Short term loan BCR (d)	15,220,002	15,582,209	11,952,358
Short term loan Transilvania Bank (e)	293,592	-	302,166
TOTAL	**15,513,594**	**15,582,209**	**12,254,524**

(a) On October 16, 2006, a loan agreement was concluded between International Finance Corporation (IFC), member of World Bank Group, and Med Life SA; according to this loan agreement, IFC agreed to lend Med Life an amount of EUR 5,000,000. The interest rate shall be the rate which is the sum of the relevant spread and six-month EURIBOR.

As per contractual agreement, Med Life shall repay the loan in 14 approximately equal semi-annual installments, beginning on November 16, 2010. During 2007, Med Life SA received EUR 4,000,000 from the above mentioned amount. During 2010, on November 16, 2010 an additional withdrawal of EUR 1,000,000 was performed.

The outstanding balance of the loan received from IFC as at December 31, 2015 is in amount of RON 1,640,753, the equivalent of EUR 362,638 (December 31, 2014: RON 4,876,131, the equivalent of EUR 1,087,912; December 31, 2013: RON 8,131,600, the equivalent of EUR 1,813,187) to be reimbursed in a period less than one year.

Accrued interest as at December 31, 2015 is nil (December 31, 2014 – nil; December 31, 2013: RON 55,947, equivalent of EUR 12,475).

According to the Loan Agreement with IFC the minimum insurance requirements are:

- *for construction / expansion phase*: riot and strike, debris removal, extra expenses, maintenance, third party liability;

13. FINANCIAL DEBT (continued)

- *for ongoing / operational phase*: fire and named perils or all risks, based on new replacement cost of assets, business interruption, third party liability, medical malpractice;
- *at all times*: all insurances required by local legislation.

Warranties

According to the IFC the Group's security according to the loan agreement consist of a first ranking mortgage on the land and building situated in Calea Grivitei, 365, Bucharest.

Covenants

According to the agreement with IFC, the Group shall maintain a set of financial indicators. The indicators are to be computed based on the IFRS consolidated financial statements. As of December 31, 2015, the management of the Group computed these indicators according to the loan agreement. The creditor waived the right to recall the loan as a result of the breach of certain covenants.

(b) On June 30, 2010, the Med Life SA concluded a second loan agreement with IFC with a total value of EUR 10,000,000 (Loan A).

The interest charged is EURIBOR 6 months plus the relevant spread.

As per contractual agreement, Med Life shall repay the loan in 14 approximately equal semi-annual installments (EUR 714,286), starting on November 15, 2013.

On August 11, 2011, signed an Amended and Restated Loan agreement with IFC and Erste Bank. The borrower and co-borrowers (Med Life Group subsidiaries - Accipiens, Bahtco Invest and PDR), requested IFC to provide a B loan to finance the expansion, construction, completion, ownership and initial operation of the project (develop new hospitals and hyper clinics in Bucharest and cities across the Country, develop laboratories and target acquisition of smaller outpatient clinics, laboratories and hospitals) and certain other costs and expenditures associated. As a result, the agreement was amended and IFC agreed to lend the total loan consisting of:

- A loan, being EUR 10,000,000;
- B loan, being EUR 40,000,000.

Both loans were to be repaid in 14 approximately equal semi-annual installments (EUR 714,286 for A loan and EUR 2,001,099 for B loan considering that the amounts available according to B loan are withdrawn up to EUR 27,900,000), starting on November 15, 2013.

In August 2014, the Group signed a refinancing agreement with BCR for the total amount of EUR 30,398,901 representing EUR 28,298,901 of the Amended and Restated Loan Agreement with IFC and an additional EUR 2,100,000 representing the amount of the initial B loan available as of the dated of this agreement. Please see below additional details on the refinancing agreement.

As of December 31, 2013, the outstanding balance related to this loan is RON 158,309,910, equivalent of EUR 35,300,000. As of December 31, 2014, the outstanding balance related to this loan is RON 17,608,249, equivalent of EUR 3,928,572. As of December 31, 2015, the outstanding balance related to this loan is RON 14,543,034, equivalent of EUR 3.214.285.

13. FINANCIAL DEBT (continued)

According to the agreement with IFC, the Group shall maintain a set of financial indicators. The indicators are to be computed based on the IFRS consolidated financial statements. As of December 31, 2015, the management of the Group computed these indicators according to the loan agreement. The creditor waived the right to recall the loan as a result of the breach of certain covenants.

(c) On August 24, 2010, Accipiens SA (one of the subsidiaries of the Group) signed a loan agreement with Transilvania Bank. The purpose of the loan was the construction of a medical institution. The loan is to be repaid by August 15, 2028. In 2012, the loan payable was transferred to another fully owned subsidiary by Accipiens SA - Genesys Medical Clinic SRL. As of December 31, 2015, the outstanding balance is RON 12,559,781 equivalent of EUR 2,775,949 (December 31, 2014 – RON 13,199,785 equivalent of EUR 2,945,000; December 31, 2013: RON 13,781,483 equivalent of EUR 3,073,000).

The applied interest is EURIBOR at 6 months plus relevant spread per annum until June 15, 2016, recomputed each semester starting August 6, 2010 on a 360 days basis.

According to the agreement, there is a pledge on the present and future collections in Transilvania Bank accounts for Accipiens SA and Genesys SRL. There is a pledge on the shares of Accipiens and on part of the subsidiary's fixed assets. All fixed assets under pledge shall be insured with an agreed insurance company.

(d) Med Life SA concluded in 2011 another contract for a multi-product facility with BCR with as maximum amount of EUR 5,000,000. At the date of the consolidated financial statements, the Shareholders have approved only the maximum amount of EUR 4,000,000. The outstanding balance as of December 31, 2013 is EUR 2,665,358 (RON 11,952,358). The outstanding balance as of December 31, 2014 is EUR 3,476,542 (RON 15,582,209). The outstanding balance as of December 31, 2015 is EUR 3,363,908 (RON 15,220,000).

The facility has a two years maturity from the date of fulfillment of withdraw conditions but no later than June 30, 2017. The interest charged was EURIBOR 3 month + relevant spread p.a. or ROBOR 3 month +relevant spread p.a.

Guarantees offered are:

- Real guarantee on current accounts and sub-accounts opened at BCR;
- Receivables cease over the contract portfolio for a number of specified clients;
- Real guarantee over mobile tangible assets.

The contract specifies that a certain percentage of the Med Life's turnover is to pass through the bank, as well as the fact that approval should be obtained regarding the financing of other legal entities, the opening of bank accounts at other banks, change of the object of activity or sale of shares and other restructuring.

e) Genesys SRL obtained an overdraft facility from Transilvania Bank. The outstanding balance as of December 31, 2013 is EUR 67,377 (RON 302.166). The outstanding balance as of December 31, 2014 is nil. The interest to be applied is between 7% and 10% per annum. The outstanding balance as of December 31, 2015 is EUR 64,890 (RON 293,595).

13. FINANCIAL DEBT (continued)

The subsidiary granted as guarantees:

- Second class mortgage on the building and land CF nr. 301842 Arad - Accipiens Clinic;
- Real mobile guarantee on the present and future collections and balance of the current accounts opened at Transilvania Bank by Accipiens SA;
- Real mobile guarantee on the present and future collections and balance of the current accounts opened at Transilvania Bank by Genesys Medical Clinic;
- Real mobile guarantee on the present and future collections and balance of the current accounts opened at Transilvania Bank by Genesys Medical Clinic related to the contract signed with the National Health House Arad.

(f) On August 28, 2014, the Group signed a refinancing agreement with BCR related to the A and B loan obtained from IFC and Erste Bank (parties to a participation agreement dated 11 August 2011 acccording to which Erste group ank AG has purchased all the participations in the initaial loan B).

BCR has made available to the borrower and co-borrowers a euro term loan facility in an aggregate amount equal to EUR 28,298,901 consisting of:

- EUR 4,285,714 representing 1/2 of the outstanding amount of the initial A loan as of the date of this agreement
- EUR 24,013,187 representing the outstanding amount of the Initial B Loan as of the dated of this agreement

Additionally, BCR made available to the Group an euro term loan facility in an aggregate amount equal to EUR 2,100,000 representing the amount of the initial B loan available as of the dated of this agreement. The total amount agreed upon was EUR 30,398,901. The outstanding balance as of December 31, 2015 is EUR 28,936,099, equivalent of RON 130,921,380 (December 31, 2014: EUR 29,730,899, equivalent of RON 133,256,863).

The loan shall be repaid by November 15, 2023 according to the agreed schedule. Starting with year 2017 and thereafter, the Borrower and the Co-borrowers must procure that an amount at least equal to any additional Capital Expenditure spent in access of EUR 4,130,000 is applied towards prepaying the Utilisation in inverse chronological order. The interest shall be computed as applicable margin + EURIBOR 6M rounded upward to the nearest three decimal.

The following additional security was requested:

- immovable mortgage over (i) a plot of land located at 365 Calea Grivitei sector 1, Bucharest Romania (cadastral number 13183/1) and the buildings related
- immovable mortgage over aplot of land and the buildings thereon comprising Pediatrics Hospital located in Bucharest, 7 Zagazului street - land book 218010
- immovable mortgage over a plot of land and the buildings thereon comprising PDR Clinic and Hospital located in Brasov 5, Turnului Street - land book no 127854
- immovable mortgage over two plots of land and the buildings thereon comprising Eva maternity hospital located in 15 Paltinis street Brasov – 5811
- movable mortgage over certain moveable assets owned by the borrower - created underthe moveable assets pledge agreement dated September 29, 2011 as amended by the first amendment agreement dated December 21, 2012

(all the amounts are expressed in RON, unless otherwise specified)

13. FINANCIAL DEBT (continued)

- movable mortgage over certain moveable assets owned by the Bahtco - created under the moveable assets pledge agreement dated September 29, 2011 as amended by the first amendment agreement dated December 21, 2012
- movable mortgage over certain moveable assets owned by the PDR - created under the moveable assets pledge agreement dated September 29, 2011
- moveable mortgage over the borrower and the co-borrowers accounts opened with the lender, created under the accounts pledge agreements dated 29 sept 2011
- moveable mortgage over future medical equipment to be acquired by the borrower to be created under a moveable mortgage agreement to be entered into between the borrower and the lender and IFC
- moveable mortgage over the shares of the sponsors in the borrower to be created under ta moveable mortgage agreement over shares to be entered into between the sponsors, the lender and IFC
- moveable mortgage over the borrower's, Bahtco's, PDR's and RUR Medical's insurances related to the tangible assets mortgaged under the other security documents to be created under movable mortgage agreements to be entered into between each of the borrower, Bahtco, PDR and RUR Medical and the lender and IFC.

According to the agreement with IFC, the Group shall maintain a set of financial indicators. The indicators are to be computed based on the IFRS consolidated financial statements. As of December 31, 2015, the management of the Group computed these indicators according to the loan agreement. The creditor waived the right to recall the loan as a result of the breach of certain covenants.

In 2016, the Group signed a club loan agreement with four banks (Banca Comerciala Romana, BRD, ING and Raiffeisen Bank) for the total amount of EUR 48,764,590 and RON 27,000,000, through which the Group refinanced the entire long-term loan from BCR (described above) and the short-term credit facility from BCR, in order to continue the investing activities.

(g) In 2015, Med Life Group gained control over four companies. As of December 31, 2015, the Group presents also the long-term loans obtained by two of these companies.

1. Centrul Medical Sama SA obtained five long-term loans from Banca Transilvania for purchasing medical equipment and for construction of the clinic. The total amount payable as of December 31, 2015 is EUR 288,492, equivalent of RON 1,305,282. The charged interest is between 4% and 9%.

	Year of granting	Year of repayment	Total amount
Loan 1	2013	2018	EUR 105,000
Loan 2	2015	2020	EUR 90,164
Loan 3	2013	2018	RON 151,960
Loan 4	2013	2021	EUR 150,000
Loan 5	2011	2021	EUR 150,000

(all the amounts are expressed in RON, unless otherwise specified)

13. FINANCIAL DEBT (continued)

The building and the land are pledged according to the loan contracts above, as well as the acquired equipment and the future collections in the bank's current accounts.

2. Agis 2000 SRL obtained two long-term loans from Banca Transilvania for purchasing medical equipment. The loans were obtained in 2013 (payable in 2017) and in 2014 (payable in 2021). The interest charged for both loans is between 6% and 10%. The total amount payable as of December 31, 2015 is EUR 90,986, the equivalent of RON 411,666.

14. ISSUED CAPITAL

As of December 31, 2015, December 31, 2014 and December 31, 2013, the total issued capital of Med Life was RON 13,932,034 divided in share capital of RON 5,023,000 and share premium of RON 8,909,034.

As of December 31, 2015, December 31, 2014 and December 31, 2013 the shareholders' structure is as presented below:

	No. of shares	%	Value
Marcu Mihail	105,483	21.00%	1,054,830
Marcu Nicolae	75,345	15.00%	753,450
Cristescu Mihaela Gabriela	75,345	15.00%	753,450
IFC	64,043	12.75%	640,433
SGAM Eastern Europe Holding V. Limited/ Value 4 Capital	182,084	36.25%	1,820,838
TOTAL	**502,300**	**100%**	**5,023,000**

15. RESERVES

The structure of the Group's reserves is presented below:

	December 31, 2015	December 31, 2014	December 31, 2013
General reserves	1,010,040	1,009,800	1,000,260
Other reserves	8,671,441	4,966,283	42,047
Revaluation reserves	76,822,585	77,152,199	77,237,165
TOTAL	**86,504,066**	**83,128,282**	**78,279,472**

As of December 31, 2014, Med Life SA used a fiscal facility available starting 2014 for re-invested profit and increased its reserves according to the fiscal rules by RON 4,933,776 based on the profit obtained in 2014. As of December 31, 2015, Med Life SA used the fiscal facility of re-invested profit and increased its reserves by RON 3,705,398. This reserve will be taxed when it will be used under any form.

(all the amounts are expressed in RON, unless otherwise specified)

15. RESERVES (continued)

General reserves and other reserves

	December 31, 2015	December 31, 2014	December 31, 2013
Balance at beginning of the year	**5,976,083**	**1,042,307**	**1,037,015**
Movements	3,705,398	4,933,776	5,292
Balance at the end of the year	**9,681,481**	**5,976,083**	**1,042,307**

Revaluation reserves

	December 31, 2015	December 31, 2014	December 31, 2013
Balance at beginning of the year	**77,152,199**	**77,237,165**	**68,203,294**
Decrease arising revaluation correction	(391,949)	(101,150)	
Increase due to revaluation	-	-	10,754,609
Deferred tax related to revaluation	62,335	16,184	(1,720,738)
Balance at the end of the year	**76,822,585**	**77,152,199**	**77,237,165**

The properties revaluation reserve arises on the revaluation of land and buildings. When revalued land or buildings are sold, the portion of the properties revaluation reserve that relates to that asset, and that is effectively realized, is transferred directly to general reserves.

The effects of taxes on income, if any, resulting from the revaluation of property, plant and equipment are recognized and disclosed in accordance with IAS 12 Income Taxes (please see note 25).

16. NON-CONTROLLING INTEREST

	December 31, 2015	December 31, 2014	December 31, 2013
Balance at beginning of year	**3,772,288**	**163,975**	**(1,664,321)**
Additional non-controlling interest arising from the increase in share capital of Policlinica de Diagnostic Rapid	-	2,499,000	-
Share of profit for the year	1,323,898	1,109,313	(503,726)
Share of other comprehensive income	-	-	2,332,022
Non-controlling interests arising on the acquisition of subsidiaries	803,458	-	
TOTAL	**5,899,644**	**3,772,288**	**163,975**

(all the amounts are expressed in RON, unless otherwise specified)

17. SALES

Turnover for the year ended December 31, 2015 is of RON 390,978,897 (for the year ended December 31, 2014 - RON 332,602,460 and for the year ended December 31, 2013- RON 296,187,022) consisting of medical services, net of VAT, including revenues from prevention packages of corporate customers and fees for services rendered within Med Life's clinics and various hospitals within Romania. Please see breakdown below.

	December 31, 2015	December 31, 2014	December 31, 2013
Revenues from medical services rendered	370,437,646	312,500,332	278,879,636
Revenues from selling commodities	20,235,474	19,520,000	16,935,242
Revenues from broker commission	176,779	242,077	244,285
Other revenues	128,998	340,051	127,859
TOTAL	**390,978,897**	**332,602,460**	**296,187,022**

	December 31, 2015	December 31, 2014	December 31, 2013
Clinics	101,014,108	85,770,273	78,360,020
Stomatology	1,973,307	930,250	479,546
Laboratories	76,187,985	63,378,774	54,999,925
Corporate	111,190,772	96,821,851	86,611,529
Hospitals	80,483,227	66,216,466	58,251,462
Pharmacies	19,573,149	18,572,490	16,666,468
Other revenues	556,349	912,355	818,072
TOTAL	**390,978,897**	**332,602,460**	**296,187,022**

18. OTHER OPERATING REVENUES

Other operating revenues caption comprises:

	December 31, 2015	December 31, 2014	December 31, 2013
Other operating income	1,291,826	860,364	7,612,198
Capitalized costs of tangible assets	3,300,000	3,762,989	1,981,000
TOTAL	**4,591,826**	**4,623,353**	**9,593,198**

(all the amounts are expressed in RON, unless otherwise specified)

19. OPERATING EXPENSES

	December 31, 2015	December 31, 2014	December 31, 2013
Consumable materials & repair materials	67,341,375	59,106,844	50,946,643
Commodities expenses	16,567,264	14,795,168	14,489,152
Utilities	4,548,024	4,068,569	4,488,620
Repairs maintenance	3,717,021	3,130,308	2,801,491
Rent	18,015,043	13,489,834	10,728,086
Insurance premiums	1,557,943	1,308,594	1,223,638
Promotion expense	7,220,996	3,629,919	2,407,728
Communications	3,307,332	2,805,613	2,440,382
Third party expenses (including doctor's agreements)	105,249,949	90,915,681	76,881,704
Salary and related expenses	82,369,499	65,346,280	63,549,139
Social contributions	18,574,414	16,996,494	17,296,631
Depreciation	26,748,141	25,701,817	26,153,608
Impairment losses recognized in profit and loss	-	78,443	(236,000)
Other administration & operating exp.	11,362,246	9,540,493	12,531,813
TOTAL	**366,579,247**	**310,914,057**	**285,702,635**

20. RESEARCH AND DEVELOPMENT EXPENSES

During 2015, 2014 and 2013 the Group has incurred the following research and development expenses (included above in operating expenses):

	December 31, 2015	December 31, 2014	December 31, 2013
Research and development expenses	143,094	58,210	24,877

21. KEY MANAGEMENT PERSONNEL EXPENSES

The structure of Med Life personnel is described below:

	December 31, 2015	December 31, 2014	December 31, 2013
Management	41	37	36
Staff	2,358	1,724	1,788
Total	**2,399**	**1,761**	**1,824**

(all the amounts are expressed in RON, unless otherwise specified)

21. KEY MANAGEMENT PERSONNEL EXPENSES (continued)

The short-term benefits (salary expenses) paid by the Group, by type of personnel are described below:

	December 31, 2015	December 31, 2014	December 31, 2013
Management	2,336,584	1,724,941	3,645,485
Staff	98,607,329	80,617,833	77,200,285
Total	**100,943,913**	**82,342,774**	**80,845,770**

22. FINANCIAL NET RESULT

	December 31, 2015	December 31, 2014	December 31, 2013
Other financial expenses	(2,804,052)	(3,422,588)	(6,935,391)
Foreign exchange losses	(19,017,679)	(11,701,486)	(17,172,220)
Net finance cost – interest expense	(11,270,696)	(12,674,545)	(12,792,946)
Foreign exchange gains	16,646,017	11,130,488	14,487,091
Other income	67,759	71,027	81,765
Interest income	385,938	249,829	146,821
FINANCIAL NET RESULT-LOSS	**(15,992,713)**	**(16,347,275)**	**(22,184,880)**

23. RELATED PARTIES

The related parties identified are: Nautic Life SRL and Marcu Nicolae (shareholder).

Closing balances	December 31, 2015	December 31, 2014	December 31, 2013
Payables			
MARCU NICOLAE	5,084	5,084	-
NAUTIC LIFE	-	55,030	-
Receivables			
NAUTIC LIFE	-	-	-
MARCU NICOLAE	-	-	-

(all the amounts are expressed in RON, unless otherwise specified)

23. RELATED PARTIES (continued)

Transactions during the year	December 31, 2015	December 31, 2014	December 31, 2013
Expenses			
NAUTIC LIFE	-	-	-
MARCU NICOLAE	-	-	-
Total	**-**	**-**	**-**
Acquisition of fixed assets			
NAUTIC LIFE	3,511,265	4,403,469	1,510,027

24. TAXATION

	December 31, 2015	December 31, 2014	December 31, 2013
Current income tax expense	3,268,300	2,536,641	1,557,627
Deferred tax expense	(174,306)	(228,112)	657,398
Total tax income	**3,093,994**	**2,308,529**	**2,215,025**

	December 31, 2015	December 31, 2014	December 31, 2013
Profit / (loss) before tax	**12,998,763**	**9,964,481**	**(2,107,295)**
Income tax expense calculated at 16%	2,079,802	1,594,317	-
Effect of expenses that are not deductible in determining taxable profit	1,188,498	942,324	1,557,627
Effect of temporary differences	(174,306)	(228,112)	657,398
Income tax expense recognized in profit or loss	**3,093,994**	**2,308,529**	**2,215,025**

Med Life accrues income taxes at the rate of 16% on profits computed in accordance with the Romanian tax legislation.

(all the amounts are expressed in RON, unless otherwise specified)

24. TAXATION (continued)

Profit before taxation for financial reporting purposes is reconciled to tax expenses as follows:

Components of deferred tax	December 31, 2015	Change in deferred tax	December 31, 2014
Deferred tax assets	-	-	-
Non-current assets	371,104	174,306	196,798
Trade payables	-	-	-
Total deferred tax asset	**371,104**	**174,306**	**196,798**
Deferred tax liability	**December 31, 2015**	**Change in deferred tax**	**December 31, 2014**
Receivables	13,546	-	13,546
Non-current assets	-	-	-
Revaluation reserve	15,166,667	(62,335)	15,229,002
Total deferred tax liability	**15,180,213**	**(62,335)**	**15,242,548**
Net deferred income tax liability / (assets)	**14,809,109**		**15,059,481**

Profit before taxation for financial reporting purposes is reconciled to tax expenses as follows:

Components of deferred tax	December 31, 2014	Change in deferred tax	December 31, 2013
Deferred tax assets			
Non-current assets	196,798	196,798	-
Trade payables	-	-	-
Total deferred tax asset	**196,798**	**196,798**	**-**
Deferred tax liability	**December 31, 2014**	**Change in deferred tax**	**December 31, 2013**
Receivables	13,546	2	13,544
Non-current assets	-	(58,534)	58,534
Revaluation reserve	15,229,002	(16,184)	15,245,186
Total deferred tax liability	**15,242,548**	**(74,716)**	**15,317,264**
Net deferred income tax liability / (assets)	**15,059,481**	**(271,514)**	**15,317,264**

The net effect of the change on deferred tax balances recognized as at December 31, 2015, except for the deferred tax related to the revaluation reserve which is recognized in equity, is reflected in the statement of comprehensive income for the year then ended.

(all the amounts are expressed in RON, unless otherwise specified)

24. TAXATION (continued)

Components of deferred tax	December 31, 2013	Change in deferred tax	December 31, 2012
Deferred tax assets			
Non-current assets	-	(444,241)	444,241
Trade payables	-	(140,833)	140,833
Total deferred tax asset	**-**	**(585,074)**	**585,074**

Deferred tax liability	December 31, 2013	Change in deferred tax	December 31, 2012
Receivables	13,544		13,544
Non-current assets	58,534	58,534	-
Revaluation reserve	15,245,186	1,720,738	13,524,448
Total deferred tax liability	**15,317,264**	**1,779,272**	**13,537,992**
Net deferred income tax liability / (assets)	**15,317,264**	**2,364,346**	**12,952,918**

25. BUSINESS COMBINATIONS

25.1. Subsidiaries acquired and consideration transferred

Subsidiaries acquired in 2014

Name of subsidiary	Principal Activity	Date of acquisition	Proportion of voting equity interests acquired
Biotest MED SRL	Other activities related to human health	February 21, 2014	100%
Vital Test SRL	Specialized Medical Assistance	April 3, 2014	100%
Total			

BIOTEST MED SRL acquisition

On February 21, 2014, the Group acquired 100% share of BIOTEST MED SRL. 75% of shares are held directly by Med Life SA and the rest of 25% is held indirectly through Bahtco Invest SA (wholly owned subsidiary of Med Life Group).

VITAL TEST SRL acquisition

On April 3, 2014, the Group acquired 100% share of VITAL TEST SRL. 60% of shares are held directly by Med Life SA and the rest of 40% is held indirectly through Bahtco Invest SA (wholly owned subsidiary of Med Life Group).

(all the amounts are expressed in RON, unless otherwise specified)

25. BUSINESS COMBINATIONS (continued)

25.1. Subsidiaries acquired and consideration transferred (continued)

Subsidiaries acquired in 2015

Name of subsidiary	Principal activity	Date of acquisition	Proportion of voting equity interests acquired
Agis 2000 SRL	Other healthcare services	November 30, 2015	55%
Bactro SRL	Other healthcare services	November 30, 2015	55%
Centrul Medical Sama S.A.	Medical Services	February 28, 2015	55%
Ultratest S.A.	Other healthcare services	February 28, 2015	55%
Total			

CENTRUL MEDICAL SAMA SA acquisition

On February 28, 2015, the Group acquired 55% shares of Centrul Medical Sama SA.

ULTRATEST SA acquisition

On February 28, 2015, the Group acquired 55% shares of Ultratest SA.

AGIS 2000 SRL acquisition

On November 30, 2015, the Group acquired 55% shares of Agis 2000 SRL. The shares are held 100% directly by Genesys Medical SRL, which is a subsidiary of Med Life Group.

By the date of the approval of the financial statements, Med Life Group sold Agis 2000 SRL in June 2016 as a result of a strategic decision. At the reporting date, there was no plan set-up to sell the business and as such the Group did not classify the assets and liabilities of Agis 2000 SRL as a held for sale unit.

BACTRO SRL acquisition

On November 30, 2015, the Group acquired 55% shares of Bactro SRL. The shares are held 100% directly by Genesys Medical SRL, which is a subsidiary of Med Life Group.

(all the amounts are expressed in RON, unless otherwise specified)

25. BUSINESS COMBINATIONS (continued)

25.2. Assets acquired and liabilities recognized at the date of acquisition

Assets acquired and liabilities recognized at the date of acquisition

	2015	2014
Non-current assets	4,731,014	538,521
Current assets	1,073,606	227,879
Current liabilities	1,586,011	756,743
Non-current liabilities	1,565,194	-
Net assets	**2,653,415**	**9,656**

26.3. Goodwill arising on acquisition

	2015	2014
Consideration transferred	3,498,857	315,646
Less: fair value of identifiable net assets acquired	(2,607,606)	(9,656)
Plus non-controlling interest	803,458	-
Goodwill arising on acquisition	**1,694,709**	**305,995**

Movement in Goodwill

	December 31, 2015	December 31, 2014	December 31, 2013
Balance at the beginning of the year	22,580,306	22,274,311	22,274,311
Goodwill recognized during the year	1,694,709	305,995	-
Impairment losses recognized	-	-	-
TOTAL	**24,275,015**	**22,580,306**	**22,274,311**

26.4. Net cash outflow on acquisition of subsidiaries

	December 31, 2015	December 31, 2014	December 31, 2013
Consideration paid in cash	3,498,857	315,646	-
Less: cash and cash equivalent balances acquired at acquisition date	(391,523)	(127,733)	-
	3,107,334	**187,913**	**-**

27. FINANCIAL INSTRUMENTS (IFRS 7)

(a) Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 13, cash and cash equivalents disclosed in note 7 and equity, comprising issued capital, reserves and retained earnings as disclosed in note 15.

The Group's risk management reviews the capital structure regularly. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the consolidated financial statements.

(c) Financial risk management objectives

The Group's Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

(d) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see (g) below).

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

(e) Interest rate risk management

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

(f) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

(all the amounts are expressed in RON, unless otherwise specified)

27. FINANCIAL INSTRUMENTS (IFRS 7) (continued)

(g) Fair value of financial instruments

Financial instruments in the balance sheet include trade receivables and other receivables, cash and cash equivalents, short-term and long-term loans and trade and other payables. The estimated fair values of these instruments approximate their carrying amounts. The carrying amounts represent the Group's maximum exposure to credit risk for existing receivables. The Group has taken into account in its assessment the credit risk associated to the receivables related to the National Health House of EUR 1.6 million disclosed in Note 6 to the financial statements.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

2015	1 EUR = RON 4.5245 RON	EUR	Total
ASSETS			
Cash and cash equivalents	5,707,887	173,609	5,881,496
Trade receivables	41,799,756	-	41,799,756
LIABILITIES			
Trade payables	73,170,998	-	73,170,998
Liabilities held for sale	-	690,640	690,640
Overdraft	15,513,594	-	15,513,594
Short-Term and Long-Term portions of loans	-	161,432,026	161,432,026
Short-Term and Long-Term portions of financial leasing	1,711,216	17,615,507	19,326,723

2014	1 EUR = RON 4.4821 RON	EUR	Total
ASSETS			
Cash and cash equivalents	7,234,934	348,424	7,583,358
Trade receivables	39,898,398	-	39,898,398
LIABILITIES			
Trade payables	64,808,736	-	64,808,736
Liabilities held for sale	-	745,267	745,267
Overdraft	15,582,209	-	15,582,209
Short-Term and Long-Term portions of loans	-	168,941,030	168,941,030
Short-Term and Long-Term portions financial leasing	-	2,921,802	2,921,802

(all the amounts are expressed in RON, unless otherwise specified)

27. FINANCIAL INSTRUMENTS (IFRS 7) (continued)

(g) Fair value of financial instruments (continued)

2013	1 EUR = RON 4.4821 RON	EUR	Total
ASSETS			
Cash and cash equivalents	3,126,554	3,866,635	6,993,189
Trade receivables	35,316,243	-	35,316,243
LIABILITIES			
Trade payables	51,128,897	-	51,128,897
Liabilities held for sale	-	799,829	799,829
Overdraft	-	12,254,524	12,254,524
Short-Term and Long-Term portions of loans	-	181,150,117	181,150,117
Short-Term and Long-Term portions of financial leasing	-	1,276,469	1,276,469

The Group is mainly exposed in respect of the exchange rate of the RON versus EUR. The above table details the Group's sensitivity to a 10% increase and decrease in RON against EUR. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

A negative number below indicates a decrease in profit where EUR is weakening 10% against RON. For a 10% strengthening of EUR against the RON there would be an equal and opposite impact on the profit and other equity, and the balances below would be positive. Change is mainly attributable to the exposure outstanding on RON cash and cash equivalents at year end in the Group.

	December 31, 2015	December 31, 2014	December 31, 2013
Profit or loss	15,081,758	14,469,639	15,644,262

(all the amounts are expressed in RON, unless otherwise specified)

27. FINANCIAL INSTRUMENTS (IFRS 7) (continued)

(g) Fair value of financial instruments (continued)

The following table details the Group's remaining contractual maturity for financial liabilities as of December 31, 2015. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Carrying amount	Less than 1 year	1 to 5 years	More than 5 years
Non-interest bearing instruments					
Trade payables		73,170,998	73,170,998	-	-
Interest bearing instruments					
IFC loans	EURIBOR 6M + relevant spread %	16,183,788	4,911,209	11,272,579	-
Liabilities directly linked to assets held for sale		690,640	690,640	-	-
Transilvania Loans	EURIBOR 6M + relevant spread %	14,326,858	1,459,682	12,867,176	-
BCR Loan	EURIBOR 6M + relevant spread %	130,921,380	11,536,493	77,959,538	41,425,349
BCR Overdraft	Relevant spread	15,220,002	15,220,002	-	-
Transilvania overdraft		293,595	293,595	-	-
Lease contracts		19,326,723	7,032,056	12,294,667	-
Total		**270,133,982**	**114,314,675**	**114,393,960**	**41,425,349**

(all the amounts are expressed in RON, unless otherwise specified)

27. FINANCIAL INSTRUMENTS (IFRS 7) (continued)

(g) Fair value of financial instruments (continued)

The following table details the Group's remaining contractual maturity for financial liabilities as of December 31, 2014. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Carrying amount	Less than 1 year	1 to 5 years	More than 5 years
Non-interest bearing instruments					
Trade payables	-	64,808,737	64,808,737	-	-
Interest bearing instruments					
IFC loan	EURIBOR (6 month) + relevant spread % p.a.	22,484,383	16,032,127	6,452,256	-
Transilvania Loan	EURIBOR 6M + relevant spread % p.a.	13,199,784	752,992	12,446,792	-
BCR Loans	EURIBOR 6 month + relevant spread p.a.	133,256,863	6,800,305	66,203,616	60,252,942
BCR Overdraft	EURIBOR 1 month + relevant spread	15,582,209	15,582,209		-
Lease contracts		2,921,802	1,255,341	1,666,461	-
Total		**252,253,778**	**105,231,711**	**86,769,125**	**60,252,942**

(all the amounts are expressed in EUR, unless otherwise specified)

27. FINANCIAL INSTRUMENTS (IFRS 7) (continued)

(g) Fair value of financial instruments (continued)

	Weighted average effective interest rate	Carrying amount	Less than 1 year	1 to 5 years	More than 5 years
Non-interest bearing instruments					
Trade payables		51,128,897	51,128,897	-	-
Interest bearing instruments					
IFC loan	EURIBOR (6 month) + relevant spread % p.a.	167,368,637	28,484,900	102,350,680	36,533,057
Transilvania loan	EURIBOR 6M + relevant spread % p.a.	13,781,483	624,888	13,156,592	-
BCR Overdraft	Relevant spread	12,254,524	12,254,524	-	-
Lease contracts		1,276,469	1,211,206	65,263	-
Total		**245,810,007**	**93,704,415**	**115,572,535**	**36,533,057**

28. COMMITMENTS AND CONTINGENCIES

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is probable. A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

In accordance with Share retention agreement concluded with IFC - the Shareholders should not sell or in any manner dispose of, pledge or encumber, or permit any encumbrance to exist over, all or any portion of the shares in the capital of the Company which they own at the moment of the agreement as long as any part of the principal of or interest or any other amounts owned by Med Life to IFC under the Loan Agreement remain outstanding and unpaid.

In accordance with the Subscription agreement concluded with IFC- the shareholder, other than IFC have the obligation to maintain at least 51% of the Group's share capital, as far as IFC is a shareholder, prior to a qualify IPO and any time free and clear of any liens other than security. The IFC agreements stipulate the lender's right to terminate the contract if a change of ownership occurs, unless prior written consent from IFC obtained.

28. COMMITMENTS AND CONTINGENCIES (continued)

The shareholders of the Group agreed to pledge to IFC as security all shares, security, rights, money or property either accruing or acquired including any proceeds from disposal of shares until all obligations are paid or discharged. Med Life may be obliged to buy back all or part of these shares hold by IFC as it may deem and in a commercially reasonable manner, if either the company or the other shareholder fails to meet certain covenants specified in the agreement or the provisions of the Share Retention agreement.

In conformity with the concluded agreement with the National House of Health Insurance, the company has to provide primary medical services to National House's insured citizens.

As at December 31, 2013, December 31, 2014 and December 31, 2015, the Group holds insurance policies to cover possible liabilities towards doctors for malpractice as well as insurance contracts related to buildings and medical equipment.

BCR issued letters of warranties in the favor of Med Life S.A. in amount of RON 2,468,400 (equivalent of EUR 545,463) as of December 31, 2015 (December 31, 2014: RON 2,023,834, equivalent of EUR 451,537).

Fiscal environment

The taxation system in Romania is continuously developing and is subject to various interpretations and to constant changes, which may be retroactive. Although the actual tax due on a transaction may be minimal, interest can be significant as they may be calculated based on the value of the transaction and can be as high as 0.03% per day starting March 2014. Starting January 2011, the penalty for late payments of taxes is 0.04% per day and starting July 1, 2013 the penalty for late payments of taxes is 0.02% per day. In Romania, tax periods remain open for tax audits for 5 years.

29. RISK MANAGEMENT

Transfer pricing

The fiscal legislation from Romania includes the "market value" principle, according to which the transactions between related parties have to be performed at the market value. The local tax payers, who carry transactions with related parties, have to prepare and make available to the tax authorities from Romania, at their written request, the transfer pricing documentation file. If the companies do not prepare the documentation or they present an incomplete transfer pricing file may attract penalties for non-conformity, and additionally to the information presented in the transfer pricing file, the fiscal authorities may have a different interpretation of the transactions and the circumstances compared to the management's assessment and, as a result, they may impose additional fiscal obligations as a result of adjusting transfer prices. The management of the Group is confident that, if required, they will submit the necessary information in due time to the fiscal authorities. The transactions with related parties and group companies are performed based on the market value principle.

30. EVENTS AFTER THE BALANCE SHEET DATE

In 2016, the Group signed a club loan agreement with four banks (Banca Comerciala Romana, BRD, ING and Raiffeisen Bank) for the total amount of EUR 48,764,590 and RON 27,000,000, through which the Group refinanced the entire long-term loan from BCR (described above) and the short-term credit facility from BCR, in order to continue the investing activities.

On September 30, 2016, Med Life signed a new loan agreement with IFC in amount of EUR 10,000,000. The purpose of the facility is to refinance part of the club loan agreement mentioned above related to the financing of acquisitions of shares in new companies. As well, through signing this new agreement with IFC, the Group refinanced the existing contract with IFC described within Note 13.

By the date of the approval of the financial statements, Med Life Group sold Agis 2000 SRL in June 2016 as a result of a strategic decision.

During 2016, the Group acquired:

- 100% of shares in Prima Medical
- 100% of shares in Diamed Center
- 60% of shares in Stem Cells Bank
- 60% of shares in Dent Estet
- 90% of shares in CM Panduri

There were no other significant subsequent events after December 31, 2015.

Approved by the Board of Directors on the date of October 13, 2016 and signed on behalf of by:

Mihail Marcu,
Chairman of Board of Directors

Vera Firu,
Director Economic