MED LIFE S.A.

STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2016

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

(TOGETHER WITH INDEPENDENT AUDITOR'S REPORT)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Med Life S.A.

Opinion

1. We have audited the financial statements of Med Life S.A. (the Company), which comprise the statement of financial position as at December 31, 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

2. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") as adopted by EU.

Basis for Opinion

3. We conducted our audit in accordance with the Auditing Standards adopted by the Chamber of Auditors of Romania, which are International Standards on Auditing (ISAs). Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

KEY AUDIT MATTER	How our audit addressed the key audit matter
Valuation of investments	
Investments in other companies represent 30% of the total assets of the Company. Management conducts impairment tests on an annual basis or whenever there is an indication of impairment to assess the recoverability of the carrying value of investments at standalone level. This is performed using discounted cash flow models. As disclosed in note 4, there are a number of key sensitive judgements made in determining the inputs into these models which include: >> Revenue growth >> Operating margins and >> The discount rates applied to the projected future cash flows. Accordingly, the impairment test of these assets is considered to be a key audit matter. Management have engaged specialists to assist with the determination of the discount rates for the significant Cash Generating Units to which the cost of investment relates.	We focused our testing of the impairment of cost of investments on the key assumptions made by management. Our audit procedures included: >> Engaging our internal specialists to assist with: -- Critically evaluating whether the model used by management to calculate the value in use of the individual Cash Generating Units complies with the requirements of IAS 36 Impairment of Assets. -- Evaluating the appropriateness of the assumptions used to calculate the discount rates and recalculating these rates. >>We evaluated the future projected cash flows used in the models to determine whether they are reasonable and supportable given the current economic climate and expected future performance of the Cash Generating Unit. >>We subjected the key assumptions to sensitivity analyses. >>We compared the projected cash flows, including the assumptions relating to revenue growth rates and operating margins, against historical performance to evaluate reasonableness of management's projections. We found that the assumptions used by management were comparable with historical performance and the expected future outlook and the discount rates used were appropriate in the circumstances.

Reporting requirements concerning the administrators' report

5. The administrators are responsible for the preparation and presentation of the standalone administrators' report in accordance with the requirements of the Ministry of Public Finance Order 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU, article no. 20, which does not contain material misstatements and for such internal control as management determines is necessary to enable the preparation of administrator's report that is free from material misstatement, whether due to fraud or error.

   The administrators' report is presented from pages 1 to 9 and is not part of the financial statements.

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Our opinion on the financial statements does not cover the administrators' report.

In connection with our audit of the financial statements, we have read the administrators' report accompanying the financial statements and presented from pages 1 to 9 and we report as follows:

a) in the administrators' report, we have not identified information which is not consistent, in all material respects, with the information presented in the financial statements attached;

b) the administrators' report identified above contains, in all material respects, the required information according to the provisions of Ministry of Public Finance Order no. 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU, article no. 20 (accounting regulations regarding annual standalone financial statements and annual consolidated financial statements);

c) based on our knowledge and understanding concerning the Company and its environment gained during the audit on the financial statements prepared as at December 31, 2016, we have not identified information included in the administrators' report that contains a material misstatement of fact.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

6. Management is responsible for the preparation and fair presentation of the financial statements in accordance with Order 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

8. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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10. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Farrukh Khan.

Farrukh Khan, Audit Partner

For signature, please refer to the original Romanian version.

Registered with the Chamber of Financial Auditors of Romania under certificate no. 1533/25.11.2003

On behalf of:

DELOITTE AUDIT S.R.L.

Registered with the Chamber of Financial Auditors of Romania under certificate no. 25/25.06.2001

Bucharest, Romania
March 24, 2017

MED LIFE S.A.
INDIVIDUAL STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016
(all the amounts are expressed in RON, unless otherwise specified)

	Notes	December 31, 2016	December 31, 2015	December 31, 2014
ASSETS				
LONG TERM				
Intangible assets	5	7,207,187	9,277,713	7,540,215
Tangible fixed assets	5	160,173,512	154,874,330	137,126,470
Financial fixed assets	4	97,537,556	60,610,713	57,841,916
TOTAL NON-CURRENT ASSETS		**264,918,255**	**224,762,756**	**202,508,601**
Deferred tax asset				
CURRENT ASSETS				
Inventories	6	6,399,887	5,489,363	3,794,206
Receivables	7	29,344,895	32,797,740	29,522,684
Receivables from group companies	21	25,542,850	20,118,082	18,664,572
Other receivables		816,077	370,545	670,809
Cash at bank and in hand	8	13,959,191	1,337,365	3,563,728
		76,062,900	**60,113,095**	**56,215,999**
PREPAYMENTS	9	**2,724,058**	**2,104,708**	**2,453,817**
TOTAL CURRENT ASSETS		**78,786,958**	**62,217,803**	**58,669,816**
TOTAL ASSETS		**343,705,213**	**286,980,559**	**261,178,417**
LIABILITIES &SHAREHOLDER'S EQUITY				
CURRENT LIABILITIES				
Trade accounts payable	10	65,327,621	57,083,609	49,454,448
Overdraft	13	-	15,220,000	15,582,209
Current portion of lease liability	12	4,374,976	4,409,127	837,914
Current portion of long term debt	13	11,214,325	11,272,281	10,123,354
Payables to group companies	21	2,749,739	3,289,131	3,439,562
Current tax liabilities		1,180,971	1,093,214	79,083
Other liabilities	11	10,750,318	6,913,243	6,251,268
		95,597,950	**99,280,605**	**85,767,838**
LONG TERM DEBT				
Lease liability	12	5,767,198	9,747,072	1,631,313
Long term debt	13	142,653,683	76,479,677	83,981,224
TOTAL LONG-TERM LIABILITIES		**148,420,881**	**86,226,749**	**85,612,537**
Deferred tax liability	22	10,785,523	10,831,279	10,831,279
TOTAL LIABILITIES		**254,804,354**	**196,338,633**	**182,211,654**

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

MED LIFE S.A.
INDIVIDUAL STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016
(all the amounts are expressed in RON, unless otherwise specified)

	Notes	December 31, 2016	December 31, 2015	December 31, 2014
SHAREHOLDER'S EQUITY				
Issued capital	**14**	13,932,034	13,932,034	13,932,034
Reserves	**15**	72,708,768	66,696,982	62,983,395
Retained earnings		2,260,057	10,012,910	2,051,334
Equity attributable to owners of the Company		**88,900,859**	**90,641,926**	**78,966,763**
TOTAL EQUITY		**88,900,859**	**90,641,926**	**78,966,763**
TOTAL LIABILITIES AND EQUITY		**343,705,213**	**286,980,559**	**261,178,417**

Approved by the Board of Directors on the date of March 24, 2017 and signed on behalf of by:

Mihail Marcu,
Administrator

Vera Firu,
Director Economic

MED LIFE S.A.
INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2016
(all the amounts are expressed in RON, unless otherwise specified)

	Notes	Year ended December 31, 2016	Year ended December 31, 2015
SALES	**16**	341,731,549	291,014,966
Other operating revenues	**17**	3,924,743	3,491,875
OPERATING INCOME		**345,656,292**	**294,506,841**
OPERATING EXPENSES	**18**	**(338,693,007)**	**(269,012,931)**
OPERATING PROFIT		**6,963,285**	**25,493,910**
Finance cost		(9,403,108)	(7,528,966)
Other financial expenses		(4,504,633)	(3,729,965)
FINANCIAL RESULT	**21**	**(13,907,741)**	**(11,258,931)**
RESULT BEFORE TAXES		**(6,944,456)**	**14,234,979**
Income tax expense	**22**	(808,397)	(2,559,816)
NET RESULT		**(7,752,853)**	**11,675,163**
Other comprehensive income items that will not be reclassified to profit or loss			
Gain / Loss on revaluation of properties	**15**	7,156,888	-
Deferred tax on other comprehensive income components	**22**	(1,145,102)	-
TOTAL OTHER COMPREHENSIVE INCOME		**6,011,786**	**-**
TOTAL COMPREHENSIVE INCOME		**(1,741,067)**	**11,675,163**

Approved by the Board of Directors on the date of March 24, 2017 and signed on behalf of by:

Mihail Marcu,
Administrator

Vera Firu,
Director Economic

MED LIFE S.A.
INDIVIDUAL STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016
(all the amounts are expressed in RON, unless otherwise specified)

	Note	Year ended December 31, 2016	Year ended December 31, 2015
Cash flow from operating activities			
Profit / Loss before tax		**(6,944,456)**	**14,234,979**
Adjustments for:			
Depreciation	5,18	25,052,345	17,847,835
Interest expense	20	9,403,108	7,528,966
Interest revenues	20	(390,842)	(342,300)
Allowance for doubtful debts and receivables written-off	7	7,865,835	214,477
Financial discounts	20	3,052,445	2,804,052
Allowance for other current assets		109,041	-
Unrealized exchange gain / loss	20	1,843,030	1,268,213
Other non-monetary gains	17	(2,000,000)	(2,550,000)
Net gain on disposal of property		-	(57,292)
Operating cash flow before working capital changes		**37,990,506**	**40,948,930**
Increase in accounts receivable		(8,415,850)	(5,993,320)
Increase in inventories		(1,019,565)	(1,695,157)
Decrease / (Increase) in prepayments		(619,350)	349,109
Increase in accounts payable		11,311,143	7,409,564
Cash generated from operations		**39,246,884**	**41,019,126**
Income tax paid		(1,911,498)	(1,545,685)
Interest paid		(9,201,752)	(7,498,800)
Interest received		390,842	342,300
Net cash flow from operating activities		**28,524,476**	**32,316,941**
Cash flow from investing activities			
Purchase of shares in other companies	4	(35,439,932)	(2,668,680)
Purchase of intangible assets	5	(2,032,974)	(1,367,978)
Purchase of property, plant and equipment	5	(16,384,516)	(16,293,900)
Proceeds from sale of fixed assets		-	57,292
Loans granted	21	(5,424,768)	(1,553,627)
Net cash used in investing activities		**(59,282,190)**	**(21,826,893)**
Cash flow from financing activities			
Increase in bank loans		73,205,669	1,938,768
Payment of bank loans		(24,354,005)	(9,951,975)
Payments of financial leasing		(4,932,732)	(4,552,773)
Decrease in loans from group companies	21	(539,392)	(150,431)

MED LIFE S.A.
INDIVIDUAL STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016
(all the amounts are expressed in RON, unless otherwise specified)

	Note	Year ended December 31, 2016	Year ended December 31, 2015
Net cash generated by/ (used in) financing activity		**43,379,540**	**(12,716,411)**
Net change in cash and cash equivalents		**12,621,826**	**(2,226,363)**
Cash and cash equivalents opening balance	**8**	**1,337,365**	**3,563,728**
Cash and cash equivalents closing balance	**8**	**13,959,191**	**1,337,365**

Approved by the Board of Directors on the date of March 24, 2017 and signed on behalf of by:

Mihail Marcu,
Administrator

Vera Firu,
Director Economic

MED LIFE S.A.
INDIVIDUAL STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016
(all the amounts are expressed in RON, unless otherwise specified)

	Share Capital	Share premium	General reserves and other reserves	Revaluation Reserve*	Accumulated Results	Total Equity
Balance as at January 1, 2016	**5,023,000**	**8,909,034**	**9,684,470**	**57,012,512**	**10,012,910**	**90,641,926**
Recognition of other reserves for fiscal purposes	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**6,011,786**	**(7,752,853)**	**(1,741,067)**
Gain or loss from revaluation	-	-	-	7,156,888	-	7,156,888
Deferred tax related to revaluation reserve	-	-	-	(1,145,102)	-	(1,145,102)
Profit of the year (loss)	-	-	-	-	(7,752,853)	(7,752,853)
Balance as at December 31, 2016	**5,023,000**	**8,909,034**	**9,684,470**	**63,024,298**	**2,260,057**	**88,900,859**

Note*: The closing balance of the revaluation reserve as of December 31, 2016 in amount of RON 63,024,298 comprises revaluation reserve in amount of RON 75,068,354 and deferred tax computed on revaluation reserve in amount of RON (12,044,056). As of December 31, 2016, Med Life S.A. performed the revaluation of land and buildings owned and thus recorded a gain from revaluation of RON 7,156,888.

Approved by the Board of Directors on the date of March 24, 2017 and signed on behalf of by:

Mihail Marcu,
Administrator

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 Results	Total Equity
Balance as at January 1, 2015	**5,023,000**	**8,909,034**	**5,970,883**	**57,012,512**	**2,051,334**	**78,966,763**
Recognition of other reserves for fiscal purposes	-	-	3,713,587	-	(3,713,587)	-
Total comprehensive income	**-**	**-**	**-**	**-**	**11,675,163**	**11,675,163**
Profit of the year (loss)	-	-	-	-	11,675,163	11,675,163
Balance as at December 31, 2015	**5,023,000**	**8,909,034**	**9,684,470**	**57,012,512**	**10,012,910**	**90,641,926**

Note*: The closing balance of the revaluation reserve as of December 31, 2015 in amount of RON 57,012,512comprises revaluation reserve in amount of RON 67,911,466 and deferred tax computed on revaluation reserve in amount of RON (10,898,954).

Approved by the Board of Directors on the date of March 24, 2017 and signed on behalf of by:

Mihail Marcu,
Administrator

Vera Firu,
Director Economic

MED LIFE S.A.
INDIVIDUAL STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016
(all the amounts are expressed in RON, unless otherwise specified)

	Share Capital	Share premium	General reserves and other reserves	Revaluation Reserve*	Accumulated Result	Total Equity
Balance as at 1 January 2014	**5,023,000**	**8,909,034**	**1,004,599**	**57,219,512**	**(1,690,535)**	**70,465,610**
Recognition of other reserves for fiscal purposes	-	-	4,966,284	-	(4,966,284)	-
Total comprehensive income	**-**	**-**	**-**	**(207,000)**	**8,708,153**	**8,501,153**
Deferred tax related to revaluation reserve	-	-	-	-		
Revaluation of fixed assets	-	-	-	(207,000)		(207,000)
Profit of the year (loss)	-	-	-	-	8,708,153	8,708,153
Balance as at December 31, 2014	**5,023,000**	**8,909,034**	**5,970,883**	**57,012,512**	**2,051,334**	**78,966,763**

Note*: The closing balance of the revaluation reserve as of December 31, 2014 in amount of RON 57,012,512 comprises revaluation reserve in amount of RON 67,911,466 and deferred tax computed on revaluation reserve in amount of RON (10,898,954).

Approved by the Board of Directors on the date of March 24, 2017 and signed on behalf of by:

Mihail Marcu,
Administrator

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 "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 centres located in Bucharest, Cluj, Timisoara, Iasi, Galati and Constanta.

Med Life Group is offering a large range of medical service having opened 17 Hyperclinics in Bucharest, Timisoara, Brasov, Arad, Iasi, Galati, Craiova, Cluj and Constanta; 8 hospitals – located in Bucharest, Arad and Brasov, 19 Medical Centers and 24 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 Med Life SA's subsidiaries at December 31, 2016, December 31, 2015 and December 31, 2014 are as follows:

	Name of subsidiary	Principal Activity	Place of operation	Proportion of ownership interest and voting power held		
				December 31, 2016	December 31, 2015	December 31, 2014
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%	100%
14	Vital Test	Medical Services	Bucharest	100%	100%	100%

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

1. DESCRIPTION OF THE BUSINESS (continued)

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

				Proportion of ownership interest and voting power held		
	Name of subsidiary	**Principal Activity**	**Place of operation**	**December 31, 2016**	**December 31, 2015**	**December 31, 2014**
15	Agis 2000 SRL (indirectly)	Other healthcare services	Arad, Romania	-	55%	-
16	Bactro SRL (indirectly)	Other healthcare services	Deva, Romania	55%	55%	-
17	Centrul Medical Sama S.A.	Medical Services	Craiova, Romania	55%	55%	-
18	Ultratest S.A.	Other healthcare services	Craiova, Romania	55%	55%	-

Med Life has indirect control over Agis 2000 SRL and Bactro SRL as they were acquired by one of Med Life's subsidiaries – Genesys Medical Clinic SRL. Agis 2000 SRL was disposed of in 2016.

During the year 2016, the Company also acquired control of the following companies:

				Proportion of ownership interest and voting power held	
	Name of subsidiary	**Principal Activity**	**Place of operation**	**December 31, 2016**	**December 31, 2015**
1	Diamed Center SRL	Medical Services	Bucharest, Romania	100%	-
2	Prima Medical SRL	Medical Services	Craiova, Romania	100%	-
3	Stem Cells Bank SA	Medical Services	Timisoara, Romania	60%	-
4	Dent Estet Clinic SA	Dental healthcare activities	Bucharest, Romania	60%	-
5	Centrul Medical Panduri	Medical Services	Bucharest, Romania	90%	

One of the companies acquired in 2016, Dent Estet Clinic SA also owns the following companies as described below:

			Proportion of ownership interest and voting power held by Dent Estet Clinic SA
Name of subsidiary	**Principal Activity**	**Place of operation**	**December 31, 2016**
Green Dental Clinic SRL	Dental healthcare activities	Bucharest, Romania	51%
Dentist 4 Kids SRL	Dental healthcare activities	Bucharest, Romania	52%
Dent A Porter SRL	Dental healthcare activities	Bucharest, Romania	51.61%
Dentestet Kids	Dental healthcare activities	Bucharest, Romania	52.94%
Aspen Laborator Dentar	Dental healthcare activities	Bucharest, Romania	75 %

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 IFRS 10 "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 - adopted by the EU on 22 September 2016 (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 - adopted by the EU on 24 November 2015 (effective for annual periods beginning on or after 1 January 2016),

- **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 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 41 "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 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 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 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 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).

The adoption of these amendments to the existing standards and interpretation has not led to any material changes in the Company'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 authorization of these financial statements, the following new standards and amendments to standards issued by IASB and adopted by the EU are not yet effective:

- **IFRS 9 "Financial Instruments"** - adopted by the EU on 22 November 2016 (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 15 "Revenue from Contracts with Customers" and amendments to IFRS 15 "Effective date of IFRS 15"** - adopted by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2018).

The Company has elected not to adopt these new standards and amendments to existing standards in advance of their effective dates. The Company anticipates that the adoption of these standards and amendments to existing standards will have no material impact on the financial statements of the Company in the period of initial application.

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 for 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 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,
- **IFRS 16 "Leases"** (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IFRS 2 "Share-based Payment"** - Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to IFRS 4 "Insurance Contracts"** - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective for annual periods beginning on or after 1 January 2018 or when IFRS 9 "Financial Instruments" is applied first time),
- **Amendments to IFRS 10 "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 deferred indefinitely until the research project on the equity method has been concluded),
- **Amendments to IFRS 15 "Revenue from Contracts with Customers"** - Clarifications to IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to IAS 7 "Statement of Cash Flows"** - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017),

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 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 40 "Investment Property"** - Transfers of Investment Property (effective for annual periods beginning on or after 1 January 2018),

- **Amendments to various standards "Improvements to IFRSs (cycle 2014-2016)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording (amendments to IFRS 12 are to be applied for annual periods beginning on or after 1 January 2017 and amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018),

- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration"** (effective for annual periods beginning on or after 1 January 2018).

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

According to the Company'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 financial statements of the Company are set out below.

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Accounting Standards for Financial Reporting ("IFRSs") as adopted by the European Union ("EU").

Additionally, the financial statements have been prepared in accordance with Order 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU with subsequent amendments.

3.2 Basis of preparation

The 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 Company as statutory financial statements.

The Company 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 financial statements are based on the statutory records of the individual entities and have been adjusted to present the financial statements in accordance with IFRS.

3.3 Going concern

These financial statements have been prepared on a going concern basis, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company 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.

3.4 Accounting estimates and judgments

The preparation of the 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Foreign currency translation

Functional and presentation currency

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

As at December 31, 2016 the exchange rate was of 4.3033 RON for 1 USD and of 4.5411 RON for 1 EUR. As at December 31, 2015 the exchange rate was of RON 4.1477 for 1 USD and of RON 4.5245 for 1 EUR.

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.

3.6 Comparative information

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

3.7 Investments in other companies

Med Life has significant investments in other companies. The investments are presented at cost less impairment. Management conducts annual testing or whenever there is an indication of impairment to assess whether any impairment losses should be recognized.

3.8 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 owned presented in these financial statements is based on the valuation reports which were performed as of December 31, 2016 by independent valuators certified by ANEVAR. The revaluation is performed with sufficient regularity as to ensure that the Company presents land and buildings at fair value in the financial statements.

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 Company. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Property, plant and equipment (continued)

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.

3.9 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:

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

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

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 Company 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 Company 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Intangible assets (continued)

Impairment of tangible and intangible assets other than goodwill

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.

3.11 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 Company applies FIFO as a costing method.

3.12 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 Company 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.

3.13 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 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.

3.15 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 Company.

3.16 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 Company 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.

3.17 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)

3.18 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 Company'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 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 Company 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 Company 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.

3.19 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)

3.20 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 Company recorded share premiums as a result of the issue of shares.

3.21 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 Company presents land and buildings at fair value in the financial statements.

3.22 Provisions for risks and charges

Provisions are recognized when the Company 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.

3.23 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 Company does not operate any customer loyalty program.

The Company 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.

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. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.24 Employee benefits

Employee benefits

The Company, 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 Company are members of the Romanian State pension plan. The Company does not operate any other pension scheme.

3.25 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 Company's Board of Directors, as well as the members of their families.

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

3.26 Fair value

As described above, certain accounting policies of the Company and information presentation criteria require determination of the fair value both for the assets and the liabilities of the Company. In determining the fair value of assets and liabilities, the Company uses as much as possible observable market values. Fair values are classified on various levels based on inputs used in valuation techniques, as follows:

- Level 1: (unadjusted) quoted prices on active markets for identical assets and liabilities
- Level 2: inputs, other than the prices included in level 1,which are observable for assets and liabilities, either directly (e.g.: prices) or indirectly (e.g.: derived from prices)
- Level 3: inputs for evaluation of assets and liabilities which are not based on observable market data.

The fair values were assessed for evaluation or presentation of information based on the methods and techniques described below.

Fair value was assessed for land and buildings owned as of December 31, 2016 based on evaluators reports. The fair value of land was established based on market value approach. The fair value for buildings was established based on cost of replacement approach.

3.27 Subsequent events

The effect of significant subsequent events, after the reporting period, which supplies additional information regarding the financial position of the Company 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)

3.28. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The present financial statements are the first set of financial statements prepared by the Company in accordance with IFRS. In preparing these financial statements the opening statement of financial position was prepared as of January 1, 2014 (the transition date).

In preparing its opening IFRS balance sheet as at 1 January 2015 and the balance sheet as at 31 December 2015 and 31 December 2016, the Company has adjusted amounts reported previously in financial statements prepared with MOF 1802/2014 with subsequent amendments. An explanation of how the transition from MOF 1802/2014 with subsequent amendments to International Financial Reporting Standards ("IFRS") has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes that accompany the tables.

The effect of transition to International Financial Reporting standards ("IFRS"), are summarized below:

I. Reconciliation of equity and other comprehensive income as previously been reported under MOF 1802/2014 with subsequent amendments to International Financial Reporting Standards ("IFRS");
II. Reconciliation of statement of financial position as previously been reported under the MOF 1802/2014 with subsequent amendments to International Financial Reporting Standards ("IFRS");
III. Reconciliation of Statement of comprehensive income as previously reported under MOF 1802/2014 with subsequent amendments to International Financial Reporting Standards ("IFRS")
IV. Adjustments for Cash flow statement.

I. Reconciliation of equity and other comprehensive income and other comprehensive income as previously been reported under MOF 1802/2014 with subsequent amendments to International Financial Reporting Standards ("IFRS")

Reconciliation of equity	**Note**	**December 31, 2015**	**December 31, 2014**	**January 1, 2014**
Equity reported in accordance with MOF 1802/2014 as amended		101,896,181	90,221,017	81,160,364
Adjustments arising from the transition to IFRS:				
Adjustments required by IAS 12	a)	(10,088,661)	(10,088,661)	(10,088,661)
Reclassification adjustments related to reserves	b)	(1)	-	(9,541)
Timing differences	c)	(1,165,593)	(1,165,593)	(596,552)
Equity reported in accordance with International Financial Reporting Standards ("IFRS")		90,641,926	78,966,763	70,465,610

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

3.28 TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

I. Reconciliation of equity and other comprehensive income and other comprehensive income as previously been reported under MOF 1802/2014 with subsequent amendments to International Financial Reporting Standards ("IFRS") (continued)

Reconciliation of other comprehensive income	**Note**	**December 31, 2015**	**December 31, 2014**
		RON	**RON**
Comprehensive income presented in accordance with MOF 1802/2014 as amended		67,101,173	67,308,173
Adjustments resulting from recognition of deferred tax	a)	(10,088,661)	(10,088,661)
Comprehensive income presented in accordance with International Financial Reporting Standards ("IFRS")		57,012,512	57,012,512

Notes

a) The Company's accounting policy is to record land and buildings owned at fair value and thus recorded on IFRS retrospectively the revaluation reserve related to land and buildings at fair value. This generated a temporary difference and according to IAS 12 a deferred tax for revaluation reserve was recorded (impact of RON 10,898,954). Additionally, since the Company capitalised additional items for IFRS purposes, the different carrying value generated a difference in terms of revaluation reserves (impact of RON 810,293).

b) For IFRS purposes, the Company transferred the reserve of RON 9,541 to retained earnings retrospectively before January 1, 2014.

c) The Company capitalised for IFRS purposes certain items which met IAS 16 capitalization criteria. This generated a difference in terms of retained earnings and a difference in depreciation.

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

3.28. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

ii. Reconciliation of statement of financial position as previously been reported under the MOF 1802/2014 with subsequent amendments to International Financial Reporting Standards ("IFRS")

	January 1, 2014	Transition to IFRS,	January 1, 2014	Comment
	Local GAAP		IFRS	
ASSETS				
LONG TERM				
Intangible assets	6,504,072	-	6,504,072	
Tangible fixed assets	126,371,287	102,156	126,473,443	Items capitalized
Financial fixed assets	47,673,766	-	47,673,766	
TOTAL NON-CURRENT ASSETS	**180,549,125**	**102,156**	**180,651,281**	
CURRENT ASSETS				
Inventories	4,043,741	(129,514)	3,914,227	Reclassification
Receivables	30,563,119	(19,086)	30,544,033	Reclassification
Receivables from group companies	20,867,533	-	20,867,533	
Other receivables	224,284	174,504	398,788	Reclassification
Cash at bank and in hand	4,789,238	(418)	4,788,820	
	60,487,915	**25,486**	**60,513,401**	
PREPAYMENTS	**2,029,520**	**-**	**2,029,520**	
TOTAL CURRENT ASSETS	**62,517,435**	**25,486**	**62,542,921**	
TOTAL ASSETS	**243,066,560**	**127,642**	**243,194,202**	

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

3.28. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

ii. Reconciliation of statement of financial position as previously been reported under the MOF 1802/2014 with subsequent amendments to International Financial Reporting Standards ("IFRS") (continued)

	January 1, 2014	Transition to IFRS	January 1, 2014	Comment
	Local GAAP		IFRS	
CURRENT LIABILITIES				
Trade accounts payable	38,857,784	-	38,857,784	
Overdraft	11,952,358	-	11,952,358	
Current portion of lease liability	312,438	(11,105)	301,333	Reclassification
Current portion of long term debt	17,756,145	(419)	17,755,726	
Payables to group companies	6,806,425	-	6,806,425	
Current tax liabilities	402,801	-	402,801	
Other liabilities	3,728,416	(115,036)	3,613,380	Reclassification
	79,816,367	**(126,560)**	**79,689,807**	
LONG TERM DEBT				
Lease liability	19,009	11,106	30,115	Reclassification
Long term debt	82,070,820	-	82,070,820	
TOTAL LONG-TERM LIABILITIES	**82,089,829**	**11,106**	**82,100,935**	
Deferred tax liability	-	10,937,850	10,937,850	Deferred tax booked only for IFRS purposes
TOTAL LIABILITIES	**161,906,196**	**10,822,396**	**172,728,592**	
SHAREHOLDER'S EQUITY				
Issued capital	13,932,034	-	13,932,034	
Reserves	68,322,313	(10,098,202)	58,224,111	Deferred tax booked for OCI
Retained earnings	(1,093,983)	(596,552)	(1,690,535)	Different capitalization policy
Equity attributable to owners of the Company	**81,160,364**	**(10,694,754)**	**70,465,610**	
TOTAL EQUITY	**81,160,364**	**(10,694,754)**	**70,465,610**	
TOTAL LIABILITIES AND EQUITY	**243,066,560**	**127,642**	**243,194,202**	

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

3.28. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

ii. Reconciliation of statement of financial position as previously been reported under the MOF 1802/2014 with subsequent amendments to International Financial Reporting Standards ("IFRS") (continued)

	December 31, 2014	Transition to IFRS	December 31, 2014	Comment
	Local GAAP		IFRS	
ASSETS				
LONG TERM				
Intangible assets	7,540,215	-	7,540,215	
Tangible fixed assets	137,851,828	(725,358)	137,126,470	Different capitalization policy
Financial fixed assets	57,835,795	6,121	57,841,916	Reclassification
TOTAL NON-CURRENT ASSETS	**203,227,838**	**(719,237)**	**202,508,601**	
CURRENT ASSETS				
Inventories	3,842,156	(47,950)	3,794,206	Reclassification
Receivables	29,474,735	47,949	29,522,684	Reclassification
Receivables from group companies	18,664,572	-	18,664,572	
Other receivables	346,264	324,545	670,809	Reclassification
Cash at bank and in hand	3,564,147	(419)	3,563,728	Reclassification
	55,891,874	**324,125**	**56,215,999**	
PREPAYMENTS	**2,453,817**	**-**	**2,453,817**	
TOTAL CURRENT ASSETS	**58,345,691**	**324,125**	**58,669,816**	
TOTAL ASSETS	**261,573,529**	**(395,112)**	**261,178,417**	

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

3.28. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

ii. Reconciliation of statement of financial position as previously been reported under the MOF 1802/2014 with subsequent amendments to International Financial Reporting Standards ("IFRS") (continued)

	December 31, 2014	Transition to IFRS	December 31, 2014	Comments
	Local GAAP		IFRS	
CURRENT LIABILITIES				
Trade accounts payable	49,454,448	-	49,454,448	
Overdraft	15,582,209	-	15,582,209	
Current portion of lease liability	837,914	-	837,914	
Current portion of long term debt	10,123,773	(419)	10,123,354	Reclassification
Payables to group companies	3,439,562	-	3,439,562	
Current tax liabilities	79,083	-	79,083	
Other liabilities	6,222,986	28,282	6,251,268	Reclassification
	85,739,975	**27,863**	**85,767,838**	
LONG TERM DEBT				
Lease liability	1,631,313	-	1,631,313	
Long term debt	83,981,224	-	83,981,224	
TOTAL LONG-TERM LIABILITIES	**85,612,537**	**-**	**85,612,537**	
Deferred tax liability	-	10,831,279	10,831,279	Deferred tax booked only for IFRS
TOTAL LIABILITIES	**171,352,512**	**10,859,142**	**182,211,654**	
SHAREHOLDER'S EQUITY				
Issued capital	13,932,034	-	13,932,034	
Reserves	73,072,056	(10,088,661)	62,983,395	Deferred tax booked for OCI
Retained earnings	3,216,927	(1,165,593)	2,051,334	Different capitalization policy
Equity attributable to owners of the Company	**90,221,017**	**(11,254,254)**	**78,966,763**	
TOTAL EQUITY	**90,221,017**	**(11,254,254)**	**78,966,763**	
TOTAL LIABILITIES AND EQUITY	**261,573,529**	**(395,112)**	**261,178,417**	

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

3.28. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

ii. Reconciliation of statement of financial position as previously been reported under the MOF 1802/2014 with subsequent amendments to International Financial Reporting Standards ("IFRS") (continued)

	December 31, 2015	Transition to IFRS	December 31, 2015	Comments
	Local GAAP		IFRS	
ASSETS				
LONG TERM				
Intangible assets	9,277,713	-	9,277,713	
Tangible fixed assets	155,586,852	(712,522)	154,874,330	Different capitalization policy
Financial fixed assets	60,610,713	-	60,610,713	
TOTAL NON-CURRENT ASSETS	**225,475,278**	**(712,522)**	**224,762,756**	
CURRENT ASSETS				
Inventories	5,603,071	(113,708)	5,489,363	Reclassification
Receivables	32,684,031	113,709	32,797,740	Reclassification
Receivables from group companies	20,118,082	-	20,118,082	
Other receivables	80,999	289,546	370,545	Reclassification
Cash at bank and in hand	1,337,365	-	1,337,365	
	59,823,548	**289,547**	**60,113,095**	
PREPAYMENTS	**2,104,708**	**-**	**2,104,708**	
TOTAL CURRENT ASSETS	**61,928,256**	**289,547**	**62,217,803**	
TOTAL ASSETS	**287,403,534**	**(422,975)**	**286,980,559**	

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

3.28. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

ii. Reconciliation of statement of financial position as previously been reported under the MOF 1802/2014 with subsequent amendments to International Financial Reporting Standards ("IFRS") (continued)

	December 31, 2015	Transition to IFRS	December 31, 2015	Comments
	Local GAAP		IFRS	
CURRENT LIABILITIES				
Trade accounts payable	57,083,609	-	57,083,609	
Overdraft	15,220,000	-	15,220,000	
Current portion of lease liability	4,409,127	-	4,409,127	
Current portion of long term debt	11,272,281	-	11,272,281	
Payables to group companies	3,289,131	-	3,289,131	
Current tax liabilities	1,093,214	-	1,093,214	
Other liabilities	6,913,242	1	6,913,243	Reclassification
	99,280,604		**99,280,605**	
LONG TERM DEBT				
Lease liability	9,747,072	-	9,747,072	
Long term debt	76,479,677	-	76,479,677	
TOTAL LONG-TERM LIABILITIES	**86,226,749**	**-**	**86,226,749**	
Deferred tax liability	-	10,831,279	10,831,279	Deferred tax booked for IFRS purposes
TOTAL LIABILITIES	**185,507,353**	**10,831,280**	**196,338,633**	
SHAREHOLDER'S EQUITY				
Issued capital	13,932,034	-	13,932,034	
Reserves	76,785,644	(10,088,661)	66,696,982	Deferred tax booked for OCI
Retained earnings	11,178,503	(1,165,593)	10,012,910	Different capitalization policy
Equity attributable to owners of the Company	**101,896,181**	**(11,254,255)**	**90,641,926**	
TOTAL EQUITY	**101,896,181**	**(11,254,255)**	**90,641,926**	
TOTAL LIABILITIES AND EQUITY	**287,403,534**	**(422,975)**	**286,980,559**	

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

3.28 TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

III. Reconciliation of Statement of comprehensive income as previously reported under MOF 1802/2014 with subsequent amendments to International Financial Reporting Standards ("IFRS")

	Notes	Year ended December 31, 2015	Transition to IFRS	Year ended December 31, 2015
		Local GAAP		IFRS
SALES		291,014,966	-	291,014,966
Other operating revenues		3,491,875	-	3,491,875
OPERATING INCOME		**294,506,841**	**-**	**294,506,841**
OPERATING EXPENSES	**d), e)**	**(271,206,140)**	**2,193,209**	**(269,012,931)**
OPERATING PROFIT		**23,300,701**	**2,193,209**	**25,493,910**
Finance cost	**d)**	(5,943,466)	(1,585,500)	(7,528,966)
Other financial expenses		(3,729,965)	-	(3,729,965)
FINANCIAL RESULT		**(9,673,431)**	**(1,585,500)**	**(11,258,931)**
RESULT BEFORE TAXES	**e)**	**13,627,270**	**607,709**	**14,234,979**
Income tax expense		(2,559,816)		(2,559,816)
NET RESULT		**11,067,454**	**607,709**	**11,675,163**
Other comprehensive income items that will not be reclassified to profit or loss		-	-	-
Gain / Loss on revaluation of properties		-	-	-
Deferred tax on other comprehensive income components		-	-	-
TOTAL OTHER COMPREHENSIVE INCOME		**-**	**-**	**-**
TOTAL COMPREHENSIVE INCOME		**11,067,454**	**-**	**11,675,163**

Notes

d) According to statutory purposes, the bank commissions are considered as operating expenses. For IFRS purposes, they are considered as part of effective interest for the loans obtained (impact RON 1,585,500).

e) Depreciation booked for statutory purposes as a correction to retained earnings, while for IFRS purposes, it was included the related financial year (impact RON 607,709).

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

3.28. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

iv. Adjustments for Cash Flow statement (continued)

	Note	Year ended December 31, 2015 Local GAAP	Transition to IFRS	Year ended December 31, 2015 IFRS
Cash flow from operating activities				
Profit / Loss before tax	e)	**13,627,270**	**607,709**	**14,234,979**
Adjustments for:				
Depreciation	e)	18,455,545	(607,710)	17,847,835
Interest expense	d)	5,943,466	1,585,500	7,528,966
Interest revenues		(342,300)	-	(342,300)
Allowance for doubtful debts and receivables written-off		214,477	-	214,477
Financial discounts	f)	-	2,804,052	2,804,052
Unrealized exchange gain / loss		1,186,578	81,635	1,268,213
Other non-monetary gains		(2,550,000)	-	(2,550,000)
Net gain / (loss) on disposal of property		(57,292)	-	(57,292)
Operating cash flow before working capital changes		**36,477,744**	**4,471,186**	**40,948,930**
Increase in accounts receivable	g)	(4,589,856)	(1,403,464)	(5,993,320)
Increase in inventories		(1,760,915)	65,758	(1,695,157)
Decrease / (Increase) in prepayments		349,109	-	349,109
Increase in accounts payable		7,258,714	150,850	7,409,564
Cash generated from operations		**37,734,796**	**3,284,330**	**41,019,126**
Income tax paid		(1,545,685)	-	(1,545,685)
Interest paid		(5,913,300)	(1,585,500)	(7,498,800)
Interest received		342,300	-	342,300
Net cash flow from operating activities		**30,618,111**	**1,698,830**	**32,316,941**
Cash flow from investing activities				
Purchase of shares in other companies		(2,668,680)	-	(2,668,680)
Purchase of intangible assets		(1,367,979)	1	(1,367,978)
Purchase of property, plant and equipment		(16,281,063)	(12,837)	(16,293,900)
Proceeds from sale of fixed assets		57,292	-	57,292
Loans granted		(100,117)	(1,453,510)	(1,553,627)
Net cash used in investing activities		**(20,360,547)**	**(1,466,346)**	**(21,826,893)**

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

3.28. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

IV. Adjustments for Cash Flow statement (continued)

	Note	Year ended December 31, 2015	Transition to IFRS	Year ended December 31, 2015
		Local GAAP		IFRS
Cash flow from financing activities				
Increase in bank loans		2,492,571	(553,803)	1,938,768
Payment of bank loans		(10,424,144)	472,169	(9,951,975)
Payments of financial leasing		(4,552,773)	-	(4,552,773)
Decrease in loans from group companies		-	(150,431)	(150,431)
Net cash generated by/ (used in) financing activity		**(12,484,346)**	**(232,065)**	**(12,716,411)**
Net change in cash and cash equivalents		**(2,226,782)**	**419**	**(2,226,363)**
Cash and cash equivalents opening balance		**3,564,147**	**(419)**	**3,563,728**
Cash and cash equivalents closing balance		**1,337,365**	**-**	**1,337,365**

Notes

f) Financial discounts were considered non-monetary for statutory purposes.
g) The Company reclassified the loans to group companies from operating to investing cash flows.

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

4. Financial assets

The Company holds significant investments in other companies.

Carrying amount	December 31, 2016	December 31, 2015	December 31, 2014
Cost of investments in other companies	85,613,408	48,958,069	46,289,389
Long-term loans granted to group companies	10,878,619	10,839,539	10,811,252
Other financial assets	1,045,529	813,105	735,154
TOTAL	**97,537,556**	**60,610,713**	**57,841,916**

Investments in other companies

Investments in other companies represent 25% of the total assets of the Company.

Movement in cost of investments

	December 31, 2016	December 31, 2015
Balance at the beginning of the year	48,958,069	46,289,389
Acquisition of social parts in other companies	36,655,339	2,668,680
Disposal of subsidiaries	-	-
Balance at year end	**85,613,408**	**48,958,069**

Management conducts impairment tests on an annual basis or whenever there is an indication of impairment to assess the recoverability of the carrying value of investments at standalone level. This is performed using discounted cash flow models.
There are a number of key sensitive judgements made in determining the inputs into these models which include:

- Revenue growth
- Operating margins and
- The discount rates applied to the projected future cash flows.

Management have engaged specialists to assist with the determination of the discount rates for the significant Cash Generating Units to which the cost of investment relates.

Long-term loans granted to other companies

As of December 31, 2016, the Company presents long-term loans granted to Bahtco Invest SA and Medlife Ocupational SRL of RON 10,878,619 (December 31, 2015: RON 10,839,539; December 31, 2014: RON 10,811,252).

Other financial assets

Other financial assets represent mainly rent deposits with a maturity longer than one year.

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

5. TANGIBLE AND INTANGIBLES FIXED ASSETS

As of December 31, 2016, the Company's tangible and intangible assets' structure was the following:

	Intangibles	Land	Constructions	Vehicles and equipment	Construction in progress	Total
January 1, 2016	19,483,029	12,800,998	123,072,647	94,871,029	7,411,549	257,639,252
Additions	4,032,975	-	-	8,544,982	8,546,156	21,124,113
Transfers	-	-	8,605,165	-	(8,605,165)	-
Disposals	-	-	-	-	-	-
Revaluation	-	628,397	293,497	-	-	921,894
December 31, 2016	23,516,004	13,429,395	131,971,309	103,416,011	7,352,540	279,685,259

Depreciation	Intangibles	Land	Constructions	Vehicles and equipment	Construction in progress	Total
January 1, 2016	10,205,316	-	22,584,393	60,697,500	-	93,487,209
Charge of the year	6,103,501	-	9,443,317	9,505,527	-	25,052,345
Disposals	-	-	-	-	-	-
Revaluation	-	-	(6,234,994)	-	-	(6,234,994)
December 31, 2016	16,308,817	-	25,792,716	70,203,027	-	112,304,560
Net Book Values						
January 1, 2016	9,277,713	12,800,998	100,488,254	34,173,529	7,411,549	164,152,043
December 31, 2016	7,207,187	13,429,395	106,178,593	33,212,984	7,352,540	167,380,699

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

5. TANGIBLE AND INTANGIBLES FIXED ASSETS (continued)

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

	Intangibles	Land	Constructions	Vehicles and equipment	Construction in progress	Total
January 1, 2015	**15,565,050**	**12,800,998**	**108,151,668**	**76,707,025**	**7,407,403**	**220,632,144**
Additions	3,917,979	-	-	18,502,926	14,925,125	37,346,030
Transfers	-	-	14,920,979	-	(14,920,979)	-
Disposals	-	-	-	(338,922)	-	(338,922)
December 31, 2015	**19,483,029**	**12,800,998**	**123,072,647**	**94,871,029**	**7,411,549**	**257,639,252**
	Intangibles*	**Land**	**Constructions**	**Vehicles and equipment**	**Construction in progress**	**Total**
Depreciation						
January 1, 2015	**8,024,835**	**-**	**16,721,889**	**51,218,735**	**-**	**75,965,459**
Charge of the year	2,180,481	-	5,862,504	9,804,851	-	17,847,836
Disposals	-	-	-	(326,086)	-	(326,086)
December 31, 2015	**10,205,316**	**-**	**22,584,393**	**60,697,500**	**-**	**93,487,209**
Net Book Values						
January 1, 2015	**7,540,215**	**12,800,998**	**91,429,779**	**25,488,290**	**7,407,403**	**144,666,685**
December 31, 2015	**9,277,713**	**12,800,998**	**100,488,254**	**34,173,529**	**7,411,549**	**164,152,043**

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

5. TANGIBLE AND INTANGIBLES FIXED ASSETS (continued)

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

	Intangibles	Land	Constructions	Vehicles and equipment	Construction in progress	Total
January 1, 2014	**10,978,675**	**14,192,998**	**97,133,077**	**62,937,327**	**5,623,574**	**190,865,651**
Additions	4,586,375	-	-	14,071,486	12,802,420	31,460,281
Transfers	-	(1,122,000)	11,018,591	-	(11,018,591)	(1,122,000)
Disposals	-	-	-	(301,788)	-	(301,788)
Revaluation	-	(270,000)	-	-	-	(270,000)
December 31, 2014	**15,565,050**	**12,800,998**	**108,151,668**	**76,707,025**	**7,407,403**	**220,632,144**

	Intangibles	Land	Constructions	Vehicles and equipment	Construction in progress	Total
Depreciation						
January 1, 2014	**4,474,603**	**-**	**10,711,983**	**42,701,550**	**-**	**57,888,136**
Charge of the year	3,550,232	-	6,009,906	8,787,603	-	18,347,741
Disposals	-	-		(270,418)	-	(270,418)
Revaluation	-	-		-	-	-
December 31, 2014	**8,024,835**	**-**	**16,721,889**	**51,218,735**	**-**	**75,965,459**
Net Book Values						
January 1, 2014	**6,504,072**	**14,192,998**	**86,421,094**	**20,235,777**	**5,623,574**	**132,977,515**
December 31, 2014	**7,540,215**	**12,800,998**	**91,429,779**	**25,488,290**	**7,407,403**	**144,666,685**

The net book value as of December 31, 2016 of fixed assets acquired through capital lease by Med Life was RON 11,721,342 (2015: 13,768,686; 2014: RON 1,792,840).

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

5. TANGIBLE AND INTANGIBLES FIXED ASSETS (continued)

5.1. Land and buildings carried at fair value

The value of land and buildings related to Med Life, presented in this financial information is based on the valuation reports which were performed as of December 31, 2016 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 Company'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, 2016	December 31, 2015	December 31, 2014
Land	1,346,998	1,346,998	1,346,998
Buildings	34,538,000	36,412,582	30,550,078
TOTAL	**35,884,998**	**37,759,580**	**31,897,076**

5.2. Assets pledged as securities

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

6. INVENTORIES

	December 31, 2015	December 31, 2014	December 31, 2013
Consumables	6,379,901	5,413,196	3,715,198
Materials in the form of inventory items	18,582	74,536	76,974
Inventory in transit	1,404	1,631	2,034
TOTAL	**6,399,887**	**5,489,363**	**3,794,206**

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

7. ACCOUNTS RECEIVABLE

	December 31, 2015	December 31, 2014	December 31, 2013
Customers	45,065,848	40,686,413	35,981,310
Advances to suppliers	475,697	442,142	1,872,189
Bad debt provisions	(16,196,650)	(8,330,815)	(8,330,815)
TOTAL	**29,344,895**	**32,797,740**	**29,522,684**

Trade receivables as of December 31, 2015 and as of December 31, 2014 include a receivable of RON 7,365,835 representing amounts to be collected from the National Health House of Bucharest not yet invoiced. The Company started legal actions against the National Health House of Bucharest. The management is confident that the receivable may be eventually recovered, but given the adverse court decisions in similar cases, the Company decided to record a 100% allowance during 2016.

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, 2016, the Management of the Company performed an assessment regarding the collectability of receivables- a total allowance of RON 16,196,650 (which includes the amount of RON 7,365,835 in relation to the National Health House described above) represents management's best estimate regarding the receivables which are not to be collected. The assessment takes into consideration the collection pattern of the receivables over the last two years. The Company monitors the credit quality of its customers on an ongoing basis. Credit risk is spread over a large customer base and the Company is not dependent on the collection of receivables from a limited number of customers.

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 Company 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 Company 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 Company to the counterparty.

Ageing of past due but not impaired

	December 31, 2016	December 31, 2015	December 31, 2014
90 - 180 days	993,164	145,431	1,207,962
180 days - 270 days	803,784	630,195	786,505
270 - 365 days	885,078	678,670	961,370
Over 365 days	2,644,676	1,121,592	2,352,479
TOTAL	**5,326,702**	**2,575,888**	**5,308,316**
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)

7. ACCOUNTS RECEIVABLE (continued)

Movement in the allowance for doubtful debts	**December 31, 2016**	**December 31, 2015**	**December 31, 2014**
Balance at the beginning of the year	8,330,815	8,330,815	8,431,062
Impairment losses and reversals recognized on receivables	7,865,835	-	(100,247)
TOTAL	**16,196,650**	**8,330,815**	**8,330,815**

In determining the recoverability of trade receivables, the Company 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 Company is not dependent on the collection of receivables from a limited number of customers.

Ageing of impaired trade receivables	**December 31, 2016**	**December 31, 2015**	**December 31, 2014**
270-365 days	-	-	346,165
Over 365 days	8,330,815	8,330,815	7,984,650
TOTAL GENERAL	**8,830,815**	**8,330,815**	**8,330,815**
Other allowance (described above)	7,365,835	-	-
TOTAL	**16,196,650**	**8,330,815**	**8,330,815**

8. CASH AND BANKS

	December 31, 2016	**December 31, 2015**	**December 31, 2014**
Cash in bank	12,695,774	1,000,859	3,132,793
Cash in hand	779,627	244,234	361,917
Cash equivalents	483,790	92,272	69,018
TOTAL	**13,959,191**	**1,337,365**	**3,563,728**

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

9. PREPAYMENTS

As of December 31, 2016 the Company has prepayments in amount of RON 2,724,058 (RON 2,104,708 as of December 31, 2015 and RON 2,453,817 as of December 31, 2014). The prepayments balance as of December 31, 2016 consists mainly of deferred commissions for financing related to the Club loan and the IFC loan obtained in 2016 and amounts related to rent paid in advance for rented properties and other amounts such as insurance policies for professionals and tangible assets.

10. ACCOUNTS PAYABLE

	December 31, 2016	December 31, 2015	December 31, 2014
Suppliers	58,212,463	49,190,555	42,726,080
Fixed assets suppliers	6,640,165	6,846,753	5,970,678
Advances paid by customers	474,993	1,046,301	757,690
TOTAL	**65,327,621**	**57,083,609**	**49,454,448**

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, 2016	December 31, 2015	December 31, 2014
Salary and related liabilities	2,895,120	2,275,539	1,807,515
Social contributions	5,966,823	3,701,411	3,994,730
Other liabilities	1,888,375	936,293	449,023
TOTAL	**10,750,318**	**6,913,243**	**6,251,268**

12. LEASING LIABILITIES

	December 31, 2016	December 31, 2015	December 31, 2014
Non-current portion – Leasing	5,767,198	9,747,072	1,631,313
Current portion – Leasing	4,374,976	4,409,127	837,914
TOTAL	**10,142,174**	**14,156,199**	**2,469,227**

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

12. LEASING LIABILITIES (continued)

Obligations under finance lease

	December 31, 2016	December 31, 2015	December 31, 2014
Minimum Lease Payments			
Short-term (less than one year)	6,605,477	6,041,276	977,252
Long-term (between 2 and 5 years)	10,660,078	12,941,146	1,768,340
Total	**17,265,555**	**18,982,421**	**2,745,592**
Less: future finance charges	(7,123,381)	(4,826,222)	(276,365)
Present value of lease obligations			
Analysed as follows:			
Maturing within one year	4,374,976	4,409,127	837,914
Maturing after more than one year but not later than five year	5,767,198	9,747,072	1,631,313
TOTAL	**10,142,174**	**14,156,199**	**2,469,227**

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

13. FINANCIAL DEBT

Loan agreements

	December 31, 2016	December 31, 2015	December 31, 2014
Current-portion of long-term loans	11,214,325	11,272,281	10,123,354
Non-current portion of long-term loans	142,653,683	76,479,677	83,981,224
Overdraft	-	15,220,000	15,220,000
TOTAL	**153,868,008**	**102,971,958**	**109,686,787**

(a) As of December 31, 2015, the Company had two loans outstanding from International Finance Corporation ("IFC"), member of World Bank Group. The first agreement was signed in 2006 for a total amount of EUR 5,000,000. The interest rate was sum of the relevant spread and six-month EURIBOR.

In May 2016, the last installment was paid and the outstanding amount as of December 31, 2016 regarding this specific loan is nil.

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).

13. FINANCIAL DEBT (continued)

(b) In 2010, the Med Life SA concluded a second loan agreement with IFC with a total value of EUR 10,000,000 (Loan A) and then, in 2011 Med Life and co-borrowers (Accipiens SA, Bahtco Invest SA and Policlinica de Diagnostic Rapid SA) signed an Amended and Restated Loan Agreement with IFC and Erste and additional funding of EUR 40,000,000 (Loan B) was obtained.

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.

As of December 31, 2015, the outstanding balance related to this loan is RON 14,543,034, equivalent of EUR 3,214,285 (December 31, 2014: RON 17,608,249, the equivalent of EUR 3,928,572). As of December 31, 2016, the outstanding balance is RON 12,974,571, the equivalent of EUR 2,857,143.

On September 30, 2016, Med Life (together with the co-borrowers- Policlinica de Diagnostic Rapid SA, Bahtco Invest SA and Accipiens SA) 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 above in (b).

As of December 31, 2016, the outstanding balance related to the new facility obtained from IFC is RON 18,164,400, the equivalent of EUR 4,000,000.

According to the new loan agreement, the outstanding balance as of December 31, 2016 will be repaid through 12 consecutive installments of EUR 238,095 starting November 15, 2017.

According to the new loan agreement, the repayment of EUR 10,000,000 will be performed through 12 consecutive installments of EUR 833,333 starting November 15, 2017.

The set of indicators that have to be maintained by the Group were modified and will be calculated semi-annually on basis of Adjusted Equity, Adjusted Prospective Debt Service Coverage Ratio and adjusted EBITDA.

The interest to be charged will be charged based on EURIBOR plus relevant spread.

The IFC loan is secured through the following guarantees:

- immovable mortgage on land and buildings situated on 365 Calea Grivitei
- immovable mortgage on land and buildings owned by Bahtco Invest SA (Pediatrics Hospital)
- immovable mortgage on land and buildings owned by Policlinica de Diagnostic Rapid SA (PDR Clinic and Hospital)
- immovable mortgage on land and buildings owned by RUR Medical SA
- a first ranking mortgage on Med Life's shares held by the Sponsors (Mr. Mihail Marcu, Ms. Mihaela Gabriela Cristescu and Mr. Nicolae Marcu) from time to time in favour of IFC securing IFC Equity, as amended from time to time
- a second ranking on all the Borrower's shares held by the Sponsors from time to time in favour of IFC securing the obligations of the Borrower under the agreement

13. FINANCIAL DEBT (continued)

- a mortgage on Med Life's cash accounts opened with BCR, as amended from time to time
- a mortgage on each of the Co-Borrower's cash accounts opened with BCR
- mortgage on shares owned by the Borrower in the share capital of each the Co-Borrowers, Centrul Medical Sama SA, RUR Medical SA, Ultratest SA, Prima Medical SRL, Diamed Center SRL, Stem Cells Bank SA, Centrul Medical Panduri SA, Dent Estet Clinic SA and any other material company or accession borrower
- movable mortgage agreement: certain movable assets: medical equipment (including future medical equipment), insurances related to tangible assets mortgaged in relation to the transaction documents, bank and treasury accounts, commercial receivables of Borrower
- movable mortgage agreement: certain movable assets: medical equipment (including future medical), insurances related to tangible assets mortgaged in relation to the transaction documents, bank and treasury accounts of Bahtco Invest SA, Policlinica de Diagnostic Rapid SA, Accipiens SA
- movable mortgage of Target Shares owned by the Borrower in favor of IFC.
- movable mortgage agreement over certain commercial receivables of Med Life (including receivables against the National Health House of Romania, the Health Insurance House of the Defense, Public Order, National Safety and Judicial Authority in Romania or any similar entity and receivables arising under large commercial contracts).

c) 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 financial statements, the Shareholders have approved only the maximum amount of EUR 4,000,000. 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). In 2016, as part of the Club Loan Agreement, Med Life refinanced this facility with facility B of the Club Loan agreement.

d) On August 28, 2014, the Med Life 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 according to which Erste Group Bank AG has purchased all the participations in the initial loan B).

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).

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 Med Life SA signed a club loan agreement with four banks (the Finance Parties-Banca Comerciala Romana SA, BRD- Groupe Societe Generale SA, ING Bank N.V. Amsterdam-Bucharest Branch and Raiffeisen Bank SA) 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.

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

13. FINANCIAL DEBT (continued)

The Club loan granted to the Group three facilities. As of December 31, 2016, the outstanding amounts for each facility are presented below:

Facility	Amount in EUR	Amount in RON
Facility A	26,386,295	119,822,804
Facility B	-	27,000,000
Facility C	6,517,723	29,597,633
Total	**32,904,018**	**176,420,437**

As of December 31, 2016, the outstanding amounts for each facility related to Med Life SA are presented below:

Facility	Amount in EUR	Amount in RON
Facility A	14,412,001	65,446,338
Facility B	-	27,000,000
Facility C	6,517,723	29,597,633
Total	**19,182,495**	**122,043,971**

The Group shall repay Facility A and Facility C pro rata with the amount made available in semi-annual installments according to the agreed schedule.

The Group shall repay each Facility B loan drawn on the last day of its Interest Period. Without prejudice on the Group's obligation, one or more Facility B loans are to be made available to the Group on the same day that a maturing Facility B loan is due to be repaid by the Group, in whole or in part for the purpose of refinancing the maturing Facility B loan.

The rate of interest on each loan for each interest period is the percentage rate per annum which is the aggregate of the applicable margin and in relation to any loan in EUR, EURIBOR or, in relation to any loan in RON, ROBOR.

The following 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 a plot of land and the buildings thereon comprising Pediatrics Hospital located in Bucharest, 7 Zagazului street - land book 218010
- immoveable 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
- moveable mortgage over certain moveable assets (large medical equipment) owned by each of Med Life, Bahtco Invest SA and Policlinica de Diagnostic Rapid SA
- moveable mortgage over future medical equipment to be acquired by each original borrower created in favor of Finance Parties and securing as regards Med Life and Bahtco Invest SA, the obligations of Med Life and Bahtco Invest SA under the Finance documents and as regards other original borrower, its obligations under Finance Documents.
- moveable mortgage over the insurances of each borrower related to tangible assets mortgaged in favor of the Finance Parties
- movable mortgage over the shares owned by the Company in the share capital of the other original borrowers and Centrul Medical Sama SA, Ultratest SA, Rur Medical SA and any other material company or accession borrower if case, respectively created by the Company in favor of the Finance Parties and securing the obligations of the Company and Bahtco under finance agreements.

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

13. FINANCIAL DEBT (continued)

- moveable mortgage over the bank and treasury accounts of each original borrowers
- moveable mortgage over certain commercial receivables of the Company (including receivables against the National Health House of Romania, the Health Insurance House of the Defense, Public Order, National Safety and Judicial Authority in Romanian or any similar entity and receivables arising under commercial contracts created in the favor of the Finance Parties)
- 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

14. ISSUED CAPITAL

As of December 31, 2016, December 31, 2015 and December 31, 2014, 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 and December 31, 2014 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**

In December 2016, Med Life SA, the parent company of Med Life Group was listed on the Bucharest Stock Exchange. The shareholders' structure as of December 31, 2016 is presented below:

	No. of shares	%	Value
Marcu Mihail	4,219,320	21.00%	1,054,830
Marcu Nicolae	3,013,800	15.00%	753,450
Cristescu Mihaela Gabriela	3,013,800	15.00%	753,450
Other shareholders	9,845,080	49.00%	2,461,270
TOTAL	**20,092,000**	**100%**	**5,023,000**

15. RESERVES

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

	December 31, 2016	December 31, 2015	December 31, 2014
General reserves	1,004,600	1,004,600	1,004,600
Other reserves	8,679,871	8,679,871	4,966,283
Revaluation reserves	63,024,298	57,012,512	57,012,512
TOTAL	**72,708,768**	**66,696,982**	**62,983,395**

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

15. RESERVES (continued)

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.

General reserves and other reserves

	December 31, 2016	December 31, 2015	December 31, 2014
Balance at beginning of the year	9,684,470	5,970,883	1,004,599
Movements	-	3,713,587	4,966,284
Balance at the end of the year	**9,684,470**	**9,684,470**	**5,970,883**

Revaluation reserves	December 31, 2016	December 31, 2015	December 31, 2014
Balance at beginning of the year	**57,012,512**	**57,012,512**	**57,219,512**
Decrease arising revaluation correction	-	-	(207,000)
Increase due to revaluation	7,156,888	-	-
Deferred tax related to revaluation	(1,145,102)	-	-
Balance at the end of the year	**63,024,298**	**57,012,512**	**57,012,512**

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 22).

16. SALES

Turnover for the year ended December 31, 2016 is of RON 341,731,549 (for the year ended December 31, 2015 - RON 291,014,966and for the year ended December 31, 2014- RON 251,092,044) consisting of medical services, net of VAT, including revenues from health packages of corporate customers and fees for services rendered within Med Life's clinics and various hospitals within Romania.

17. OTHER OPERATING REVENUES

Other operating revenues caption comprises:

	December 31, 2016	December 31, 2015
Other operating income	1,924,743	941,875
Capitalized costs of intangible assets	2,000,000	2,550,000
TOTAL	**3,924,743**	**3,491,875**

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

18. OPERATING EXPENSES

	December 31, 2016	December 31, 2015
Consumable materials & repair materials	53,655,550	48,892,065
Commodities expenses	-	-
Utilities	3,198,546	2,956,357
Repairs maintenance	3,129,423	2,522,514
Rent	25,293,007	18,060,439
Insurance premiums	1,525,181	1,342,243
Promotion expense	8,267,548	6,210,721
Communications	2,527,362	2,781,510
Third party expenses (including doctor's agreements)	97,392,878	82,756,467
Salary and related expenses	80,966,844	62,831,839
Social contributions	18,347,671	14,126,665
Depreciation	25,052,345	17,847,835
Impairment losses recognized in profit and loss	-	-
Other administration & operating exp.	19,336,652	8,684,276
TOTAL	**338,693,007**	**269,012,931**

19. KEY MANAGEMENT PERSONNEL EXPENSES

The structure of Med Life personnel is described below:

	December 31, 2016	December 31, 2015
Management	30	29
Staff	2,154	1,860
Total	**2,184**	**1,889**

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

	December 31, 2016	December 31, 2015
Management	10,609,628	6,219,517
Staff	70,357,216	56,612,322
Total	**80,966,844**	**62,831,839**

As of December 31, 2016, the Company performed the analysis of management salaries and determined a new method of defining key personnel, which is more relevant from Company perspective. As a result, the Company restated the disclosure for the year ended December 31, 2015 for salaries expenses for key management to present comparative figures.

20. FINANCIAL NET RESULT

	December 31, 2016	December 31, 2015
Other financial expenses	(3,052,445)	(2,804,052)
Net foreign exchange rate impact	(1,843,030)	(1,268,213)
Net finance cost – interest expense	(9,403,108)	(7,528,966)
Other income	-	-
Interest income	390,842	342,300
FINANCIAL NET RESULT-LOSS	**(13,907,741)**	**(11,258,931)**

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

21. RELATED PARTIES

The related parties identified are all the companies in Med Life Group, Nautic Life SRL and Marcu Nicolae (shareholder).

Closing balances	December 31, 2016	December 31, 2015	December 31, 2014
Payables			
MARCU NICOLAE		5,084	5,084
NAUTIC LIFE	140,440	-	55,030
Pharmalife Med SRL	708,420	757,504	551,663
PDR SA	730,756	4,547,304	3,163,848
PDR Medis SRL	638,067	549,574	455,984
BAHTCO INVEST SA	803,275	549	2,224,323
Medapt SRL	832,033	899,369	899,369
RUR Medica SAI	1,956,053	2,920,133	2,616,106
Genesys Medical Clinic SRL	3,255,207	2,661,400	1,734,704
Histo SRL	59,328	36,595	16,124
Biofarm Farmec SRL	8,848		
BIOTEST MED SRL	549,834	280,291	25,034
VITAL TEST S,R,L,	252,112	177,224	64,123
Centrul Medical Sama	575,059	129,449	-
Ultratest	2,359	-	-
Prima Medical SRL	17,045	-	-
Diamed Center SRL	133	-	-
Aspen Laborator Dentar SRL	31,281	-	-
TOTAL	**10,560,250**	**12,964,476**	**11,811,392**
Receivables			
NAUTIC LIFE	-	-	-
MARCU NICOLAE	-	-	-
Pharmalife Med SRL	55,282	67,400	335,247
PDR SA	174,866	380,256	154,591
Histo SRL	70	70	70
Genesys Medical SRL	849,337	895,256	395,108
PDR Medis SRL	21,019	291,299	216,221
Accipiens SA	6,692	6,692	6,692
BIOTEST MED SRL	356,921	136,977	22,862
VITAL TEST SRL,	298,273	165,363	10,888
Centrul Medical Sama SA	238,657	100,875	-
Ultratest Craiova SA	10,951	4,640	-
RUR Medical SA	130,889	130,889	126,774
Diamed Center SRL	92,153		
Stem Cells Bank SA	16,317		
TOTAL	**2,251,427**	**2,179,717**	**1,268,454**

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

21. RELATED PARTIES (continued)

Transactions during the year	December 31, 2016	December 31, 2015	December 31, 2014
Expenses			
NAUTIC LIFE	-	-	-
MARCU NICOLAE	-	-	-
PDR SA	1,876,470	1,783,432	1,701,374
PDR Medis SRL	88,493	93,590	162,933
BAHTCO INVEST SA	2,156,792	2,643,221	2,639,305
Histo SRL	22,733	20,471	16,124
Medapt SRL		-	-
RUR Medical SA	238,407	304,027	280,000
Genesys Medical Clinic SRL	1,544,146	1,340,696	1,062,140
BIOTEST MED SRL	1,558,438	933,610	215,859
VITAL TEST SRL	1,074,438	616,489	96,730
Centrul Medical Sama	1,405,610	627,127	-
Ultratest Craiova SA	2,359	-	-
Prima Medical SRL	17,045	-	-
Diamed Center SRL	44,246	-	-
	-	-	-
Total	**10,029,177**	**8,362,663**	**6,174,465**
Acquisition of fixed assets			
NAUTIC LIFE	1,201,835	3,511,265	4,403,469
Acquisition of inventories			
Pharmalife Med SRL	95,063	122,153	289,963
BAHTCO INVEST SA	7,036,306	9,115,205	10,348,282
Biofarm Farmec SRL	7,854	-	-
Total	**7,139,223**	**9,237,358**	**10,638,245**
Sales			
Pharmalife Med SRL	-	122,153	202,149
PDR SA	995,608	802,641	678,319
Histo SRL	-	-	70
PDR Medis SRL	92,546	78,568	90,237
Rur Medical SA	-	4,114	5,342
Genesys Medical Clinic SRL	847,712	660,148	354,370
Accipiens SA	-	-	
BIOTEST MED SRL	38,104	225,893	34,531
VITAL TEST SRL	11,049	157,193	10,888
Centrul Medical Sama SA	160,130	108,012	-
Ultratest Craiova SA	7,098	5,494	-
Biofarm Farmec SRL	-	-	-
Bahtco Invest SA	-	-	-
Diamed Center SRL	92,153	-	-
Stem Cells Bank SA	65,608	-	-
Total	**2,310,009**	**2,164,216**	**1,375,906**

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

21. RELATED PARTIES (continued)

Loans granted	December 31, 2016	December 31, 2015	December 31, 2014
VITAL TEST SRL	17,098	-	13,319
PDR SA	904,509	2,059,234	2,552,617
BAHTCO INVEST SA	17,566,953	12,094,879	11,986,600
MedLife Ocupational SRL	2,041,892	1,446,383	1,094,987
Accipiens SA	1,921,773	117,294	117,294
Genesys Medical Clinic SRL	274,588	435,774	514,039
Rur Medical SRL	1,285,260	2,165,402	2,399,035
Stem Cells Bank SA	532,355		
Diamed Center SRL	998,422	-	
Total	**25,542,850**	**20,118,082**	**18,664,572**

As of December 31, 2016, Med Life SA records long term loans to be collected from Bahtco Invest SA (RON 10,690,576) and Med Life Ocupational SRL (RON 188,043).

Loans obtained	December 31, 2016	December 31, 2015	December 31, 2014
Genesys Medical Clinic SRL	270,678	-	-
Pharmalife Med SRL	159,379	1,601,959	1,524,147
PDR SA	47,645	-	-
Accipiens SA	1,660,659	1,387,172	1,603,108
Asilife SA	177,854	300,000	312,307
Prima Medical SRL	433,524		
	2,749,739	**3,289,131**	**3,439,562**

22. TAXATION

	December 31, 2016	December 31, 2015	December 31, 2014
Current income tax expense	(1,999,255)	(2,559,816)	(1,784,665)
Deferred tax expense	1,190,858	-	106,571
Total tax income	**(808,397)**	**(2,559,816)**	**(1,678,094)**

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

22. TAXATION (continued)

	December 31, 2016	December 31, 2015	December 31, 2014
Profit / (loss) before tax	**(6,944,456)**	**14,234,979**	**10,386,247**
Income tax expense calculated at 16%	-	2,277,597	1,661,800
Effect of expenses that are not deductible in determining taxable profit	1,999,255	282,219	16,294
Effect of temporary differences	(1,190,858)	-	-
Income tax expense recognized in profit or loss	**(808,397)**	**(2,559,816)**	**(1,678,094)**

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

The components of deferred tax as of December 31, 2016 are presented below:

Components of deferred tax	December 31, 2016	Change in deferred tax	December 31, 2015
Deferred tax assets			
Non-current assets	-	(67,676)	67,676
Trade receivables	1,258,534	1,258,534	-
Total deferred tax asset	**1,258,534**	**1,190,858**	**67,676**

Deferred tax liability	December 31, 2016	Change in deferred tax	December 31, 2015
Receivables	-		
Non-current assets	-		
Revaluation reserve	12,044,056	1,145,102	10,898,954
Total deferred tax liability	**12,044,056**	**1,145,102**	**10,898,954**
Net deferred income tax liability / (assets)	**10,785,523**		**10,831,279**

The net effect of the change on deferred tax balances recognized as at December 31, 2016, 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)

22. TAXATION (continued)

The components of deferred tax as of December 31, 2015 are presented below:

Components of deferred tax	December 31, 2015	Change in deferred tax	December 31, 2014
Deferred tax assets			
Non-current assets	67,676	-	67,676
Trade receivables	-	-	-
Total deferred tax asset	**67,676**	**-**	**67,676**

Deferred tax liability	December 31, 2015	Change in deferred tax	December 31, 2014
Receivables	-	-	-
Non-current assets	-	-	-
Revaluation reserve	10,898,954	-	10,898,954
Total deferred tax liability	**10,898,954**	**-**	**10,898,954**
Net deferred income tax liability / (assets)	**10,831,279**		**10,831,279**

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.

The components of deferred tax as of December 31, 2014 are presented below:

Components of deferred tax	December 31, 2014	Change in deferred tax	December 31, 2013
Deferred tax assets			
Non-current assets	67,676	67,676	-
Trade receivables	-	(23,777)	23,777
Total deferred tax asset	**67,676**		**23,777**

Deferred tax liability	December 31, 2014	Change in deferred tax	December 31, 2013
Receivables	-	-	-
Non-current assets	-	(62,672)	62,672
Revaluation reserve	10,898,954	-	10,898,954
Total deferred tax liability	**10,898,954**	**(62,672)**	**10,961,627**
Net deferred income tax liability / (assets)	**10,831,279**		**10,937,850**

The net effect of the change on deferred tax balances recognized as at December 31, 2014, 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.

23. FINANCIAL INSTRUMENTS (IFRS 7)

(a) Capital risk management

The Company 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 Company consists of debt, which includes the borrowings disclosed in note 13, cash and cash equivalents disclosed in note 8 and equity, comprising issued capital, reserves and retained earnings as disclosed in notes 14 and 15.

The Company'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 Company 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 financial statements.

(c) Financial risk management objectives

The Company'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 Company 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 Company'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 Company'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 Company's short, medium and long-term funding and liquidity management requirements. The Company 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)

23. 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 Company's maximum exposure to credit risk for existing receivables.

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

2016	**1 EUR = RON 4.5411 RON**	**EUR**	**Total**
ASSETS			
Cash and cash equivalents	6,369,984	7,589,207	13,959,191
Trade receivables	29,344,895	-	29,344,895
Receivables from group companies	25,542,850	-	25,542,850
Long-term loans to group companies	-	10,878,619	10,878,619
LIABILITIES			
Trade payables	65,327,621	-	65,327,621
Short-Term and Long-Term portions of loans	27,000,000	126,868,008	153,868,008
Short-Term and Long-Term portions of financial leasing	-	10,142,174	10,142,174
Payables to group companies	2,749,739	-	2,749,739

2015	**1 EUR = RON 4.5245 RON**	**EUR**	**Total**
ASSETS			
Cash and cash equivalents	5,707,887	173,609	1,337,365
Trade receivables	32,797,740	-	32,797,740
Receivables from group companies	20,118,082	-	20,118,082
Long-term loans to group companies	-	10,839,539	10,839,539
LIABILITIES			
Trade payables	57,083,609	-	57,083,609
Overdraft	15,220,000	-	15,220,000
Short-Term and Long-Term portions of loans	-	87,151,958	87,151,958
Short-Term and Long-Term portions of financial leasing	-	14,156,199	14,156,199
Payables to group companies	-	3,289,131	3,289,131

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

23. FINANCIAL INSTRUMENTS (IFRS 7) (continued)

(g) Fair value of financial instruments (continued)

2014	**1 EUR = RON 4.4821 RON**	**EUR**	**Total**
ASSETS			
Cash and cash equivalents	7,234,934	348,424	3,563,728
Trade receivables	29,522,684	-	29,522,684
Receivables from group companies	18,664,572	-	18,664,572
Long term loans to group companies	-	10,811,252	10,811,252
LIABILITIES			
Trade payables	49,454,449	-	49,454,449
Overdraft	15,582,209	-	15,582,209
Short-Term and Long-Term portions of loans	-	94,104,578	94,104,578
Short-Term and Long-Term portions financial leasing	-	2,469,227	2,469,227
Payables from group companies	3,439,562		3,439,562

The Company is mainly exposed in respect of the exchange rate of the RON versus EUR. The above table details the Company'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 Company.

	December 31, 2016	**December 31, 2015**	**December 31, 2014**
Profit or loss	11,854,236	9,358,414	8,541,413

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

23. FINANCIAL INSTRUMENTS (IFRS 7) (continued)

(g) Fair value of financial instruments (continued)

The following table details the Company's remaining contractual maturity for financial liabilities as of December 31, 2016. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company 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		65,327,621	65,327,621	-	-
Interest bearing instruments					
IFC loans	EURIBOR 6M + relevant spread %	31,138,971	2,594,913	20,759,305	7,784,753
Club Loan	EURIBOR 6M + relevant spread %	122,729,039	8,619,412	86,550,218	27,559,409
Lease contracts		10,142,174	4,374,976	5,767,198	-
Total		**229,337,805**	**80,916,922**	**113,076,721**	**35,344,162**

The following table details the Company'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 Company 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		57,083,609	57,083,609	-	-
Interest bearing instruments					
IFC loans	EURIBOR 6M + relevant spread %	16,183,788	4,911,209	11,272,579	-
BCR Loan	EURIBOR 6M + relevant spread %	71,568,170	6,361,072	42,580,572	22,626,526
BCR Overdraft	Relevant spread	15,220,000	15,220,000	-	-
Lease contracts		14,156,199	4,409,127	9,747,072	-
Total		**174,211,766**	**87,985,017**	**63,600,223**	**22,626,526**

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

23. Fair value of financial instruments

(g) Fair value of financial instruments (continued)

The following table details the Company'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 Company 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	-	49,454,448	49,454,448	-	-
Interest bearing instruments					
IFC loan	EURIBOR (6 month) + relevant spread % p,a,	22,484,383	6,452,256	16,032,127	-
BCR Loans	EURIBOR 6 month + relevant spread p,a,	71,620,195	3,671,098	35,038,940	32,910,157
BCR Overdraft	EURIBOR 1 month + relevant spread	15,582,209	15,582,209	-	-
Lease contracts		2,469,227	837,914	1,631,313	-
Total		**161,610,462**	**75,997,925**	**52,702,380**	**32,910,157**

24. COMMITMENTS AND CONTINGENCIES

Contingent liabilities are not recognized in the 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 financial statements but disclosed when an inflow of economic benefits is probable.

IFC related commitments

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.

The shareholders of the Company 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.

24. COMMITMENTS AND CONTINGENCIES (continued)

Club loan related commitments

In accordance with the Club loan facilities agreement, the Med Life SA shall ensure that it shall not incur any additional Capital Expenditure except for any acquisition financed from Facility C and capital expenditures up to the aggregate amounts agreed in the contract for the years 2016-2023.

Med Life SA shall not enter into any agreement which will amend, novate, modify or vary the provisions of Med Life's Shareholders' Agreement without the prior written consent of the lenders.

Other commitments

As at December 31, 2016 and December 31, 2015, the Med Life SA holds insurance policies to cover possible liabilities towards doctors for malpractice as well as insurance contracts related to buildings and medical equipment.

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

BCR issued letters of warranties in the favor of Med Life S,A, in amount of RON 2,972,900 , equivalent of EUR 654,665 as of December 31, 2016 (December 31, 2015:RON 2,468,400,equivalent of EUR 545,463; December 31, 2014: RON 2,023,834, equivalent of EUR 451,537).

Fiscal environment

The taxation system in Romania is still developing and is subject to various interpretations and constant changes, which may sometimes be retroactive. Although the actual tax due for a transaction may be minimum, delay interests may be significant, as they can be calculated at the value of the transaction and at a rate of 0,03% per day (interest) and 0,02% (penalties) per day in 2015. Starting with January 2016, the level of interest charged was reduced to 0,02% per day and the level of penalties charged was reduced 0,01% per day.

In Romania the statute of limitation for tax controls (audits) is of 5 years, Management believes that the tax obligations included in these financial statements are adequate.

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 Company 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.

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

24. COMMITMENTS AND CONTINGENCIES (continued)

Litigation

The Company is involved in various litigations as part of normal course of business, Management has assessed the legal status together with the Company's legal advisors and all necessary adjustments have been recorded in the financial statements.

25. AUDITORS 'FEES

The auditor of the Group is Deloitte Audit SRL.

The fee for the audit of the consolidated financial statements as of December 31, 2016 of the Group prepared in accordance with IFRS as adopted by EU and the standalone financial statements as of December 31, 2016 of the Group prepared in accordance with IFRS as adopted by EU of Med Life SA was EUR 78,100, excluding VAT and out of pocket expenses.

The fee for the review of the consolidated financial statements as of September 30, 2016 of the Group prepared in accordance with IFRS as adopted by EU was EUR 25,000 excluding VAT and out of pocket expenses.

The fee for the IPO related assurance services has been according to the engagement letter agreed between the parties.

The total fees for fiscal consulting services was :

Supplier	Description	Amount in RON
TXHOUSE	Fiscal consulting services	82,777
PWC ADVISORS	Fiscal opinion	240,745
DELOITTE TAX SRL	Fiscal consulting services	351,795

26 EVENTS AFTER THE BALANCE SHEET DATE

Med Life SA purchased a building located in Banu Manta Street from Telekom and performed a sale and leaseback through financial leasing.

Med Life SA signed the Sales Purchase Agreement for the acquisition of shares/social parts of the share capital of the following companies:

- 80% of share capital of Almina Trading SRL
- 100% of share capital in Anima Speciality Medical Services SRL,

Neither transaction has been closed by the approval of the financial statements.

There were no other significant subsequent events after December 31, 2016.

Approved by the Board of Directors on the date of March 24, 2017 and signed on behalf of by:

Mihail Marcu, **Administrator**	**Vera Firu,** **Director Economic**

ADMINISTRATORS' REPORT
MED LIFE S.A.

YEAR ENDED DECEMBER 31, 2016

1. Presentation of the Company

Med Life S.A. ("MedLife" or the "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 centres located in Bucharest, Cluj, Timisoara, Iasi, Galati and Constanta.

Med Life Group is offering a large range of medical service having opened 17 Hyperclinics in Bucharest, Timisoara, Brasov, Arad, Iasi, Galati, Craiova, Cluj and Constanta; 8 hospitals – located in Bucharest, Arad and Brasov, 19 Medical Centers and 24 Laboratories for analysis, as well as 3 maternity hospitals. The Group has also more than 140 private Clinic partners around Romania.

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

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

Details of the Med Life's subsidiaries at December 31, 2016, December 31, 2015 and December 31, 2014 are as follows:

				Proportion of ownership interest and voting power held		
	Name of subsidiary	**Principal Activity**	**Place of operation**	**December 31, 2016**	**December 31, 2015**	**December 31, 2014**
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 (Mec 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%	100%
14	Vital Test	Medical Services	Bucharest	100%	100%	100%

During the year 2015, the Med Life SA 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, 2016	December 31, 2015	December 31, 2014
15	Agis 2000 SRL (indirectly)	Other healthcare services	Arad, Romania	-	55%	-
16	Bactro SRL (indirectly)	Other healthcare services	Deva, Romania	55%	55%	-
17	Centrul Medical Sama S.A.	Medical Services	Craiova, Romania	55%	55%	-
18	Ultratest S.A.	Other healthcare services	Craiova, Romania	55%	55%	-

Agis 2000 SRL was disposed of in 2016.

During the year 2016, Med Life SA 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, 2016	December 31, 2015
1	Diamed Center SRL	Medical Services	Bucharest, Romania	100%	-
2	Prima Medical SRL	Medical Services	Craiova, Romania	100%	-
3	Stem Cells Bank SA	Medical Services	Timisoara, Romania	60%	-
4	Dent Estet Clinic SA	Dental healthcare activities	Bucharest, Romania	60%	-
5	Centrul Medical Panduri	Medical Services	Bucharest, Romania	90%	

One of the companies acquired in 2016, Dent Estet Clinic SA also owns the following companies as described below:

Name of subsidiary	Principal Activity	Place of operation	Proportion of ownership interest and voting power held by Dent Estet Clinic SA December 31, 2016
Green Dental Clinic SRL	Dental healthcare activities	Bucharest, Romania	51%
Dentist 4 Kids SRL	Dental healthcare activities	Bucharest, Romania	52%
Dent A Porter SRL	Dental healthcare activities	Bucharest, Romania	51.61%
Dentestet Kids	Dental healthcare activities	Bucharest, Romania	52.94%
Aspen Laborator Dentar	Dental healthcare activities	Bucharest, Romania	75 %

MedLife's business model focuses on servicing corporations and private clients. The Company seeks to capture the private healthcare spending of these clients throughout all stages of a medical condition: prevention, diagnosis and treatment, by offering a wide range of medical services delivered in modern, high quality facilities by professional teams of doctors, nurses and support personnel. The Company puts considerable emphasis on client service, operating an IT infrastructure and customer service and sales operation that has served over 5 million unique patients, representing over 1 in 4 Romanians.

The Company divides its operations into four business lines:

- Corporate: The Corporate business line offers HPP to corporate clients as part of their employee benefit packages. These programmes, which focus on prevention through regular check-ups and access to diagnostic services, complement the legally required occupational health services that corporate clients also contract from MedLife under the HPP offering.

- Clinics: The Clinics business line includes the Company's ambulatory clinics and diagnostic imaging services. Clinics offer general practitioner and specialist consultations and include the Company's 140 outpatient diagnostic imaging services. Certain of its clinics also undertake day hospitalisation services.

- Laboratories: The Laboratories business line provides biochemistry, haematology, coagulation, immunology, microbiology, anatomy, pathology, cytology, molecular biology and toxicology laboratories tests.

- Hospitals: The Hospitals business line covers the Company's inpatient activities, which consist of a wide range of medical and surgical specializations.

2. Developments in 2016

Organic growth

During 2016, the Med Life SA opened in Ploiesti the 17^{th} Hyperclinic from MedLife portfolio. The new unit offers patients investigation and treatment for 22 medical specialties, including pediatrics, ENT, gastroenterology, orthopedics, dermatology, general surgery and neurosurgery. The new facility covers an area of 700 square meters, is located on two levels and includes 14 medical offices for consultations, clinical and laboratory investigations. The medical team consists of more than 50 doctors and support staff.

Acquisitions completed in 2016

During 2016, the Med Life SA completed the purchase of:

- Dent Estet, which has provided to MedLife Group ("the Group") a strong platform for the further development of a standalone Stomatology business line, following the opening of the Group's first standalone stomatology clinic in May 2015. The acquisition makes the Group the leader in this highly fragmented segment. The Group has already identified and is assessing further potential acquisitions in the Stomatology business line.
- Diamed Center, a laboratory operator, which is being used as a launching base for the "Sfânta Maria" laboratories brand.
- Prima Medical, an imagistic center located in Craiova, which complements the Group's existing footprint in the region.
- Stem Cells Bank, a complementary activity to the Group's maternity services. The Group had previously outsourced this activity and the addition of Stem Cells Bank allows the Group to capture additional revenue and profit.
- Centrul Medical Panduri S.A., a medical company operating two clinics and one laboratory in Bucharest, which further expands the Group's position in Bucharest.

Credit facilities contracted by the Company

1. **Club Loan**

Med Life SA, together with Bahtco Invest SA, Accipiens SA and Policlinica de Diagnostic Rapid SA ("PDR") (as borrowers) concluded on March 2, 2016 a Club Loan, a credit facility agreement with a club of credit institutions composed of the Banca Comercială Română S.A., BRD – Groupe Société Générale S.A., ING Bank N.V. Amsterdam – Bucharest Branch and Raiffeisen Bank S.A.. The financing parties have provided to borrowers three credit facilities with maximum limits of EUR 48,764,589.89 and RON 27,000,000, as follows:

(a) Term facility in EUR, amounting to 28,764,589.98, allocated as follows:
- Up to EUR 15,711,008.29 to the Company,
- Up to EUR 972,937.81 to Accipiens,
- Up to EUR 6,486,252.13 to Bahtco Invest,
- Up to EUR 5,594,391.75 to PDR,
intended for the total refinancing of the sums owed by each of the above entities under a credit facility agreement concluded with BCR on August 28, 2014.

(b) Revolving type facility in RON, amounting to RON 27,000,000, granted to the Company in order to refinance in full the amounts owed by it under a credit facility agreement concluded with BCR on August 28, 2014 and financing current needs of the Company;

(c) A term facility in euro, amounting to EUR 20,000,000, granted to the Company for the acquisition of shareholdings in companies with similar or complementary activities to those of borrowers (**"Target companies covered by the Club Loan**"), respectively, within EUR 3,000,000 to the Companies Targeted by the Club Loan that will join as borrowers to the credit facility agreement to refinance their financial debts.

2. **Loans from International Finance Corporation, a member of World Bank Group**

The Company (as borrower) together with Accipiens SA, Bahtco Invest SA and PDR (as co-debtors) concluded the term loan agreement dated September 30, 2016, in the maximum amount of EUR 10,000,000 intended to finance the investment plan of the Company and of co-borrowers to expand their operations, both organically and through acquisitions of holdings in companies with activities similar or complementary to those of the borrowers.

3. Listing and Trading

Starting from 21th of December 2016, the shares issued by Med Life SA are traded on the stock market managed by the Bucharest Stock Exchange, Premium Category, with the "M" trading symbol.

The listing was made through the initial public offering initiated by V4C Eastern Europe Holding V Limited and International Finance Corporation, member of the World Bank Group through the sale of 8,840,480 ordinary shares owned by the selling shareholders, as follows : a number of 7,283,360 Shares owned by V4C Eastern Europe Holdings V Limited and a number of up to 1,557,120 Shares owned by International Finance Corporation.

5. Corporate governance

The corporate governance statement

During 11 months of 2016, the shares were not admitted to trading on a regulated market. Thus, the Company was required to comply with corporate governance regime established mainly by the Companies Law.

The Company and its board members comply with the corporate governance regime established by the Companies Law with the following exceptions:

- The Company has not entered into management contracts with current members of the Board of Directors and mandate contracts with executive managers. Some executive managers have concluded labour contracts. According to the Companies Law, labour contracts concluded by members of the Board of Directors or executive managers are suspended during the period in which such persons hold this position;
- Because some members of the Board of Directors and some executive managers hold various positions in the administration, management or control bodies in the subsidiaries of the Company, any lending by the Company to such subsidiaries can be considered a loan by the Company to its directors which is prohibited under the Companies Law;
- Because some members of the Board of Directors and some executive managers hold various positions in the administration, management or control bodies in the subsidiaries of the Company and other positions within the Company (e.g. executive managers, legal advisors, employees) there is the possibility of occurrence of conflicts of interests.

As of 4 January 2016, a new corporate governance code issued by the Bucharest Stock Exchange entered into force and is applicable to all issuers of securities traded on the spot regulated market operated by the Bucharest Stock Exchange. The new Corporate Governance Code is be applicable to the Company after the admission of its shares to trading on the spot regulated market managed by the Bucharest Stock Exchange.

The Company intends to take measures to ensure that within a 12-month period as of the admission of shares on the spot regulated market operated by the Bucharest Stock Exchange, at least two independent members will be appointed in the Board of Directors.

1. **Shareholding structure**

The shareholders' structure as of December 31, 2016 is presented below:

	No. of shares	%	Value
Marcu Mihail	4,219,320	21.00%	1,054,830
Marcu Nicolae	3,013,800	15.00%	753,450
Cristescu Mihaela Gabriela	3,013,800	15.00%	753,450
Other shareholders	9,845,080	49.00%	2,461,270
TOTAL	**20,092,000**	**100%**	**5,023,000**

Information regarding shareholders' rights is public and can be found in the published Prospectus of the Company.

2. Company Management

The Company is managed in one tier system by the Board of Directors that delegated management of the Company to the managers. The Board of Directors consists of seven (7) members appointed by the Ordinary General Meeting of Shareholders for a term of 4 years, with the possibility of re-election for subsequent 4 years terms of office. The Chairman and Vice-Chairman of the Board of Directors are elected by the Board of Directors among its members.
The Board of Directors is responsible for all useful and necessary acts to fulfil the object of activity of the Company, except for the duties that are allocated by law to the shareholders' meetings.

Board of Directors
As at the date of December 31, 2016, the Board of Directors consists of the following members:

Name	Date of Birth	Title
Mihail Marcu	30.09.1970	Member and Chairman of the Board of Directors
Mihaela-Gabriela Cristescu	28.02.1942	Member of the Board of Directors
Ion Nicolae Scorei	22.12.1974	Member of the Board of Directors
Dimitrie Pelinescu-Onciul	11.08.1947	Member of the Board of Directors
Dorin Preda	03.04.1976	Member of the Board of Directors
Marius-Leonard Gherghina	21.02.1964	Member of the Board of Directors
Nicolae Marcu	26.10.1968	Member of the Board of Directors

The venue where the members of the Board of Directors carry out their duties is the registered office of the Company.

Executives

The individuals holding positions of executive manager in the Company as at December 31, 2016 or the persons to whom management of the Company has been delegated pursuant to the Articles of Association, are presented in the table below. As at December 31, 2016, all these persons fulfil these functions based on labour contracts of indefinite duration, although, according to the applicable law, while holding the position of executive manager, labour contracts are suspended, and the Company is obliged to conclude with the executive managers mandate contracts. The executive managers carry out their duties at the registered office of the Company.

Name	Title
Mihail Marcu	Chief Executive Officer (CEO)
Nicolae Marcu	Chief Healthcare and Operations Officer
Dorin Preda	Chief Finance and Treasury
Adrian Lungu	Chief Financial Officer
Adrian Stanese	Human Resoource Manager
Geanina Durigu	Laboratory Manager
Mariana Brates	Purchasing Manager
Mihai-Stelian Vârciu	Medical Manager
Vera Firu	Accounting and Tax Manager
Mirela Dogaru	Corporate Manager

3. Internal Control

MedLife established a system of internal control. Internal control is an activity of objective and independent evaluation with consultative purpose performed in order to increase value added and improving the activity of the Company.

Internal control supports the Company to reach the objectives agreed upon through systematic and disciplined approach of evaluation and improvement of risk management efficiency, internal controls systems efficiency and general management efficiency.

The objectives of the internal control are:

- Assessment and evaluation of the accuracy of realized tasks
- Evaluation of conformity with internal procedures
- Detection of inefficiency, waste, abuse and other irregularities
- Presentation to the Board of Directors of objective information from areas covered by internal control and of recommendations in order to eliminate identified issues and follow-up
- Rendering of services in terms of assessments, evaluations, recommendations for the Board of Directors

The Company's internal control checked: compliance with the laws in force; application of the decisions made by the management; good operation of the internal activity; efficient use of resources; prevention and control of the risk of failing to reach the goals set; ensuring an accounting management and financial monitoring of the Company's activities.

Internal control is applicable:

- prior to conducting the operations, upon the preparation of the budget, which would allow subsequently to conducting the operations, the budget control;
- during the operations and after their completion, a case where it is analysed the profitability of the operations and it is ascertained the existence of the conformity or possible irregularities, which need to be adjusted.

6. Risk exposures

Capital risk

The Company 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 Company consists of debt, which includes borrowings from bank and IFC and also financial leasing, cash and cash equivalents and equity, comprising issued capital, reserves and retained earnings.

The Company'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 Company 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.

Financial risk management objectives

The Company'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 Company 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.

Foreign exchange risk

The Company conducts its business and makes transactions expressed in various currencies. As at December 31, 2016 the exchange rate was of 4.3033 RON for 1 USD and of 4.5411 RON for 1 EUR. As at December 31, 2015 the exchange rate was of RON 4.1477 for 1 USD and of RON 4.5245 for 1 EUR.

Management analyzes the exposure to currency risks.

Credit risk

The financial assets that might expose the Company to a credit risk concentration mainly consist of receivables (trade receivables and similar receivables). Given the large number of clients of the Company, credit risk is rather limited.

Liquidity risk

The Company's policy is to maintain sufficient liquidities to pay for its obligations when such become due.

Fiscal environment

The taxation system in Romania is still developing and is subject to various interpretations and constant changes, which may sometimes be retroactive. Although the actual tax due for a transaction may be minimum, delay interests may be significant, as they can be calculated at the value of the transaction and at a rate of 0.03% per day (interest) and 0.02% (penalties) per day in 2015. Starting with January 2016, the level of interest charged was reduced to 0.02% per day and the level of penalties charged was reduced 0.01% per day.

In Romania the statute of limitation for tax controls (audits) is of 5 years. Management believes that the tax obligations included in these financial statements are adequate.

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 Company 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.

Litigation

The Company is involved in various litigations as part of normal course of business. Management has assessed the legal status together with the Company's legal advisors and all necessary adjustments have been recorded in the financial statements.

7. Subsequent events

Med Life SA purchased a building located in Banu Manta Street from Telekom and performed a sale and leaseback through financial leasing.

Med Life SA signed the Sales Purchase Agreement for the acquisition of shares/social parts of the share capital of the following companies:

- 80% of share capital of Almina Trading SRL
- 100% of share capital in Anima Speciality Medical Services SRL.

Neither transaction has been closed by the approval of the financial statements.

There were no other significant subsequent events after December 31, 2016.

Mihail Marcu,
Administrator