

MED LIFE S.A.

Registered Office: Bucharest, Calea Grivitei, no. 365, district 1, Romania
Unique Registration Code at the National Office of Trade Registry: 8422035
Order number on the Trade Registry: J40/3709/1996
Subscribed and paid-in share capital: 5,536,270.5 RON



No. 31/9.8.2018

CURRENT REPORT

Current report drafted according to the stipulations of ASF Regulation no. 5/2018 on issuers of financial instruments and market operations and Law no. 24/2017 on issuers of financial instruments and market operations

Report Date: **9 August 2018**

Name of the issuing company:: **MED LIFE S.A.**

Registered Office: **Bucharest, Calea Grivitei, no. 365, district 1, Romania**

Fax number: **0374 180 470**

Unique Registration Code at the National Office of Trade Registry: **8422035**

Order number on the Trade Registry: **J40/3709/1996**

Subscribed and paid-in share capital: **5,536,270.5 RON**

Regulated market on which the issued securities are traded: **Bucharest Stock Exchange, Premium Category**

Significant events to report:

Availability of 2018 First Semester Report (for the period 1st of January – 30th of June period)

Med Life S.A. informs the shareholders and investors that, starting 9th of August 2018, 9:00 AM, on the company's website (www.medlifeinternational.com), at section Investor Relations / Investor Reports and Presentations / Periodic reports, the 2018 First Semester Report is available. The 2018 First Semester Report can also be consulted by accessing the link from below.

Website Link : <http://medlifeinternational.com/investors-reports/periodic> .

For additional information, please contact us at investors@medlife.ro.

Mihail Marcu
Chief Executive Officer

MEDLIFE GROUP
FIRST SEMESTER OF 2018 REPORT

MEDLIFE GROUP
First Semester of 2018 Report

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

Name of the issuing company: Med Life S.A.

Registered Office: Bucharest, 365 Calea Griviței, district 1, Romania

Fax no.: 0040 374 180 470

Unique Registration Code at the National Office of Trade Registry: 8422035

Order number on the Trade Registry: J40/3709/1996

Subscribed and paid-in share capital: RON 5,536,270.5

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Note: The following financial statements are prepared in accordance with international financial reporting standards, as adopted by European Union (“IFRS”).

Report concluded in compliance with ASF Regulation no. 5/2018 on issuers of financial instruments and capital markets and Law no. 24/2017 on issuers of financial instruments and capital markets.

The following financial statement are unaudited.

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

I. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2018
("CONSOLIDATED FS")

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ("CONSOLIDATED BS")

	<u>June 30, 2018</u>	<u>January 1, 2018</u>	<u>Variation 2018/2017</u>
ASSETS			
Long Term			
Goodwill	80,866,483	66,035,963	22.5%
Intangible assets	35,524,470	34,299,738	3.6%
Tangible assets	458,550,349	325,845,288	40.7%
Other financial assets	7,417,659	6,161,678	20.4%
TOTAL NON-CURRENT ASSETS	<u>582,358,961</u>	<u>432,342,667</u>	34.7%
Current Assets			
Inventories	23,569,069	20,325,330	16.0%
Receivables	71,566,006	58,450,406	22.4%
Other receivables	9,658,298	5,549,527	74.0%
Cash and cash equivalents	33,073,363	79,227,766	-58.3%
	<u>137,866,736</u>	<u>163,553,029</u>	-15.7%
Assets classified as held for sale	381,665	381,665	0.0%
Prepayments	9,357,236	7,068,126	32.4%
TOTAL CURRENT ASSETS	<u>147,605,637</u>	<u>171,002,820</u>	-13.7%
TOTAL ASSETS	<u>729,964,598</u>	<u>603,345,487</u>	21.0%
LIABILITIES & SHAREHOLDER'S EQUITY			
Current Liabilities			
Trade accounts payable	133,292,406	103,839,523	28.4%
Overdraft	28,698,592	2,013,469	1325.3%
Current portion of lease liability	7,321,407	3,177,961	130.4%
Current portion of long term debt	45,162,225	36,642,740	23.3%
Current tax liabilities	594,210	1,112,707	-46.6%
Provisions	2,542,600	-	100.0%
Other liabilities	35,472,662	20,232,973	75.3%
Liabilities directly associated with assets classified as held for sale	513,857	558,370	-8.0%
TOTAL CURRENT LIABILITIES	<u>253,597,959</u>	<u>167,577,743</u>	51.3%
Long Term Debt			
Lease liability	29,674,262	10,111,452	193.5%
Long term debt	256,188,355	242,797,699	5.5%
TOTAL LONG-TERM LIABILITIES	<u>285,862,617</u>	<u>252,909,151</u>	13.0%
Deferred tax liability	15,984,262	15,196,634	5.2%
TOTAL LIABILITIES	<u>555,444,838</u>	<u>435,683,528</u>	27.5%
SHAREHOLDER'S EQUITY			
Issued capital	81,495,470	81,495,470	0.0%
Reserves	93,181,880	93,181,880	0.0%
Retained earnings	(18,627,282)	(22,640,779)	-17.7%
Equity attributable to owners of the Group	<u>156,050,068</u>	<u>152,036,571</u>	2.6%
Non-controlling interests	18,469,692	15,625,388	18.2%
TOTAL EQUITY	<u>174,519,760</u>	<u>167,661,959</u>	4.1%
TOTAL LIABILITIES AND EQUITY	<u>729,964,598</u>	<u>603,345,487</u>	21.0%

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

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

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2018 ("CONSOLIDATED PL")

	6 months ended		Variation
	June 30, 2018	June 30, 2017	2018/2017
Sales	373,549,456	301,087,792	24.1%
Other operating revenues*	1,975,206	1,825,940	8.2%
Operating Income	375,524,662	302,913,732	24.0%
Operating expenses	(358,464,646)	(285,045,465)	25.8%
Operating Profit	17,060,016	17,868,267	-4.5%
Finance cost	(7,784,416)	(7,715,892)	0.9%
Other financial expenses	315,636	(730,982)	-143.2%
Financial result	(7,468,780)	(8,446,874)	-11.6%
Result Before Taxes	9,591,236	9,421,393	1.8%
Income tax expense	(3,517,089)	(3,020,245)	16.5%
Net Result	6,074,147	6,401,148	-5.1%
Owners of the Group	4,013,497	3,865,494	3.8%
Non-controlling interests	2,060,650	2,535,654	-18.7%
Other comprehensive income items that will not be reclassified to profit or loss			
Gain / Loss on revaluation of properties	-	-	0.0%
Corrections related to prior years	-	-	0.0%
Deferred tax on other comprehensive income components	-	-	0.0%
TOTAL OTHER COMPREHENSIVE INCOME	-	-	0.0%
Total other comprehensive income attributable to:			
Owners of the Group	-	-	0.0%
Non-controlling interests	-	-	0.0%
TOTAL COMPREHENSIVE INCOME	6,074,147	6,401,148	-5.1%
Total comprehensive income attributable to:			
Owners of the Group	4,013,497	3,865,494	3.8%
Non-controlling interests	2,060,650	2,535,654	-18.7%

* For the 6-month period ended June 30, 2017, the amount of RON 7,498,881 was reclassified as Operating Expenses to show net effect of the sale and leaseback transaction generated by the acquisition of the Banu Manta building.

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

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UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOW AS AT JUNE 30, 2018
("CONSOLIDATED CF")

	6 months ended	
	June 30, 2018	June 30, 2017
Net income before taxes	9,591,236	9,421,393
Adjustments for		
Depreciation	26,306,410	18,527,337
Provisions for liabilities and charges	(143,684)	-
Interest revenue	(417,295)	(235,990)
Interest expense	7,784,416	7,715,892
Allowance for doubtful debts and receivables written-off	(12,852)	-
Financial Discounts	(1,408)	-
Other non-monetary gains	(3,496,397)	-
Unrealized exchange gain / loss	3,629,887	1,014,261
Bargain gain	-	(729,165)
Operating cash flow before working capital changes	43,240,313	35,713,728
Decrease / (increase) in accounts receivable	(11,511,676)	(9,264,455)
Decrease / (increase) in inventories	1,567,137	2,652,708
Decrease / (increase) in prepayments	(1,291,457)	(3,019,466)
Increase / (decrease) in accounts payable	300,558	1,129,958
Cash generated from WC changes	(10,935,438)	(8,501,255)
Cash generated from operations	32,304,875	27,212,473
Income Tax Paid	(3,247,958)	(2,841,117)
Interest Paid	(7,237,648)	(7,742,836)
Interest received	417,295	235,990
Net cash from / (used in) operating activities	22,236,564	16,864,510
Investment in business combination	(11,095,369)	(29,903,698)
Purchase of intangible assets	(921,288)	(724,405)
Purchase of property, plant and equipment	(26,097,863)	(15,429,679)
Net cash used in investing activities	(38,114,520)	(46,057,782)
Cash flow from financing activities		
Increase in Loans	22,224,854	26,351,307
Payment of loans	(48,365,427)	(1,435,515)
Financial Lease payments	(4,135,874)	(4,451,366)
Dividends paid to NCI	-	(224,963)
Net cash from used in financing activities	(30,276,447)	20,239,463
Net change in cash and cash equivalents	(46,154,403)	(8,953,809)
Cash and cash equivalents beginning of the period	79,227,766	20,701,850
Cash and cash equivalents end of the period	33,073,363	11,748,041

Mihail Marcu,
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II. FINANCIAL ANALYSIS

ANALYSIS OF THE CONSOLIDATED PL

Sales for the 6 month period ended 30 June 2018 ("H1 2018") amounted to RON 373,549,456, higher by 24.1% compared to sales recorded in the first half of 2017 ("H1 2017"). This increase was mainly the result of significant growth in almost all of the Group's business lines, led on a percentage basis by Clinics, Hospitals, Pharmacies and Laboratories, as well as the impact of the acquisitions completed by the Group in 2017 and 2018.

Business Line	H1 2018 Sales	% of Total Sales	H1 2017 Sales	% of Total Sales	Variation 2018/2017
Clinics	107,489,756	29%	80,825,178	27%	33%
Stomatology	21,432,948	6%	18,503,131	6%	16%
Hospitals	74,386,210	20%	59,697,348	20%	25%
Laboratories	66,939,058	18%	54,929,531	18%	22%
Corporate	82,077,433	22%	68,344,498	23%	20%
Pharmacies	17,346,771	5%	13,878,256	5%	25%
Others	3,877,280	1%	4,909,850	2%	-21%
Total Sales	373,549,456	100%	301,087,792	100%	24%

Operating expenses include variable and fixed costs, as well as the cost of goods and materials used to provide the Group's services. The Group recorded operating expenses of RON 358,464,646 in H1 2018, representing an increase of 25.8%, or RON 285,045,465 as compared to H1 2017. The increase is mainly linked to overall business increase. The Group's operating expenses as a percentage of total operating income reached 95.5% in H1 2018 compared to 94.1% in H1 2017.

Operating expenses evolution

Description	6 Month ended 30 June,		Variation
	2018	2017	2018/2017
Consumable materials and repair materials	58,076,149	48,788,758	19.0%
Commodities	14,382,449	11,136,690	29.1%
Utilities	4,460,621	3,149,021	41.7%
Repairs maintenance	3,876,102	2,852,920	35.9%
Rent	21,217,514	19,615,967	8.2%
Insurance premiums	1,212,528	993,989	22.0%
Promotion expense	7,184,824	5,184,694	38.6%
Communications	1,842,591	1,569,352	17.4%
Third party expenses (including doctor's agreements)	98,284,039	79,605,050	23.5%
Salary and related expenses	111,437,123	71,927,946	54.9%
Social contributions	3,779,565	16,136,570	-76.6%
Depreciation	26,306,410	18,527,337	42.0%
Other administration and operating expenses	6,404,731	5,557,171	15.3%
Total	358,464,646	285,045,465	25.8%

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Operating profit recorded a 4.5% decrease in H1 2018 as compared to H1 2017, from RON 17,868,267 in H1 2017 to RON 17,060,016 in H1 2018.

Financial result decreased in H1 2018 with RON 978,094 from a negative RON 8,446,874 in H1 2017 to a negative RON 7,468,780 in H1 2018.

The net result for the 6-month period ended 30 June 2018 decreased with RON 327,001, or by 5.1%, as compared to the corresponding period of 2017, from RON 6,401,148 in H1 2017 to RON 6,074,147 in H1 2018.

On a pro-forma basis, sales for H1 2018 amount to RON 400,256,533 and Adjusted EBITDA to RON 48,087,035. Please refer to *chapter VI – UNAUDITED CONSOLIDATED PRO-FORMA FINANCIAL INFORMATION* for more information regarding pro-forma financial information.

ANALYSIS OF THE CONSOLIDATED BS

Non-current assets amount to RON 582,358,961 as of 30 June 2018, recording an increase of 34.7% as compared to 31 December 2017. The increase is mainly influenced by the increase in tangible assets by 40.7% as at 30 June 2018 compared to 31 December 2017.

Current assets decreased with RON 23,397,183 or by 13.7% from RON 171,002,820 as at 31 December 2017 to RON 147,605,637 as at 30 June 2018.

Prepayments recorded as at 30 June 2018 amount to RON 9,357,236. As compared to 31 December 2017, an increase of RON 2,289,110 was recorded. The increase is linked to accrued expenses and prepaid local tax liabilities.

Current liabilities (excluding interest bearing debt items) increased with RON 46,672,164, or by 37.1%, from RON 125,743,574 as at 31 December 2017, to RON 172,415,737 as at 30 June 2018.

Interest bearing debt increased with RON 72,301,520, from RON 294,743,321 as of 31 December 2017 to RON 367,044,841 as of 30 June 2018. The increase is mainly due to financing the current activity of the group and the acquisitions finalised in the current period.

III. IMPORTANT EVENTS Q1 2018

Polisano

MedLife announced in October 2017 the acquisition of the entire stake of Polisano medical services division, one of the largest private medical operators in Romania. Founded in the 1990s, Polisano is the first fully integrated medical group in Romania. It includes a series of four clinics with its own laboratories located in Bucharest and Sibiu, a private hospital - the European Polisano Hospital in Sibiu - recognized as one of the most modern and performing hospital units in Romania, one in vitro fertilization center and the largest private maternity in Transylvania. The transaction was completed in April 2018, after the validation by the Competition Council and the fulfillment of the conditions precedent.

Ghencea Medical Center

In February 2018, MedLife announced the acquisition of the 90.00% majority stake in Ghencea Medical Center in Bucharest. The medical services provider has two clinics in Bucharest and Magurele with 135 employees, medical staff and support employees, offering to its patients a

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wide range of investigations for laboratory and imaging areas, specialized treatment for medical recovery and alternative medicine. The transaction has been finalized in May 2018 following the fulfilment of the conditions precedent.

Solomed

In March 2018, MedLife announced the acquisition of the 80.00% majority stake in Solomed, a group of medical clinics present on Pitesti, Costesti and Curtea de Arges markets. The Solomed Group was founded in 1997 and is one of the leading local medical operators in the region. The group consists of five clinics - three in Pitesti, the other two in Costesti and Curtea de Arges - and a laboratory (Pitesti), offering to its patients a wide range of investigations from multidisciplinary consultations for a range of over 15 medical specialties and laboratory services, CT investigations, ultrasounds, medical recovery services and small laser interventions. All medical units are equipped with state-of-the-art medical equipment and have a medical team with over 90 specialists. The transaction has been finalized in May 2018 following the fulfilment of the conditions precedent.

SfatulMedicului.ro medical platform

In June 2018, MedLife announced the acquisition of 100% of the platform sfatulmedicului.ro, the largest medical information hub in Romania. Established 15 years ago, sfatulmedicului.ro is one of the top sites dedicated to the healthcare sector in Romania. The platform has a monthly average of over 3.2 million unique visitors and over 12 million impressions. Aside from the information service, users choose this platform to access the medical self-assessment service and online test interpretation. The transaction will be finalised following the fulfilment of the conditions precedent.

IV. MAIN FINANCIAL RATIOS AS AT 30 JUNE 2018

Current ratio	Period ended at June 30, 2018
Current assets	147,605,637
Current liabilities	253,597,960
	= 0.58

Debt to equity ratio	Period ended at June 30, 2018
Long Term Debt	285,862,617
Equity	174,519,759
	= 164%
Long Term Debt	285,862,617
Capital Assets	460,382,376
	= 62%

Trade receivables turnover (days)	Period ended at June 30, 2018
Average receivables	65,008,206
Sales	373,549,456
	= 31.33

Fixed assets turnover	Period ended at June 30, 2018
Sales	373,549,456
Net Fixed Assets	582,358,961
	= 0.64

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V. OPERATIONAL KEY PERFORMANCE INDICATORS

Business line	Info	6 month ended June 30, 2018	6 month ended June 30, 2017
Clinics	Revenue	107,489,756	80,825,178
Clinics	Visits	702,745	555,616
Clinics	Avg fee	153.0	145.5
Stomatology	Revenue	21,432,948	18,503,131
Stomatology	Visits	52,334	52,049
Stomatology	Avg fee	409.5	355.5
Hospitals	Revenue	74,386,210	59,697,348
Hospitals	Patients	33,998	30,854
Hospitals	Avg fee	2,188.0	1,934.9
Laboratories	Revenue	66,939,058	54,929,531
Laboratories	Analyses	2,898,322	2,558,139
Laboratories	Avg fee	23.1	21.5
Corporate	Revenue	82,077,433	68,344,498
Corporate	Subscriptions	614,756	560,094
Corporate	Avg fee	133.5	122.0
Pharmacies	Revenue	17,346,771	13,878,256
Pharmacies	Clients	138,632	136,218
Pharmacies	Sales per client	125.1	101.9
Others	Revenue	3,877,280	4,909,850

VI. UNAUDITED CONSOLIDATED PRO-FORMA FINANCIAL INFORMATION FOR THE 6 MONTH PERIOD ENDED JUNE 30, 2018 ("CONSOLIDATED PRO FORMA PL")

Introduction

The following Consolidated Pro Forma PL of the Consolidated PL is based on the Group's Consolidated FS for the 6 month period ended 30 June 2018, adjusted with the historical financial results of the companies acquired by the Group during the period from 1 January 2018 up to 30 June 2018 (the "**Acquired Companies**"). Details of the Acquired Companies are set out below.

The Consolidated Pro Forma PL for the 6 month period ended 30 June 2018 transposes (i) the acquisition of the Acquired Companies as if the acquisition had occurred on 1 January 2018 by combining the financial results for the period of the Acquired Companies with those of the Group and (ii) the elimination of certain expenses included in the Consolidated PL of the Group which the Group considers to be non-operational and/or non-recurring by nature.

The Consolidated Pro Forma PL provides a hypothetical illustration of the impact of the transactions on the Company's earnings. The Consolidated Pro Forma PL has been prepared for the Group as at and for the 6 month period ended 30 June 2018. The Consolidated Pro Forma PL should be read in conjunction with the Consolidated FS for the 6 month period ended 30 June 2018.

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Purpose of the Consolidated Pro Forma PL

The Consolidated Pro Forma PL set out below has been prepared to (i) illustrate the effect on the Group of the acquisitions completed in 2018 and (ii) provide an estimate of the Group's recurring EBITDA.

The Group's unaudited consolidated pro forma Adjusted EBITDA is also useful when analyzing the Group's current debt compared to its earnings capacity. Although the Consolidated BS in the Consolidated FS include the full amount of debt incurred to finance the acquisitions completed as of 30 June 2018, the Consolidated PL includes no portion of the annual earnings of the Acquired Companies. Using the unaudited consolidated pro forma Adjusted EBITDA for such comparison allows inclusion of a measure of the full period earnings that will contribute to the servicing of the debt incurred in relation to the acquisitions.

In H1 2018, the Company made the following acquisitions in pursuit of a consolidation strategy aimed at complementing the Group's service offering, expanding its national footprint and consolidating its market position:

- 100% of the shares in SC Clinica Poliano SRL, completed in April 2018;
- 90% of the shares in SC Ghencea Medical Center SA, completed in May 2018;
- 80% of the shares in SC Solomed Clinic SA, completed in May 2018.

The Consolidated Pro Forma PL has been prepared for illustrative purposes only and, because of its nature, to address a hypothetical situation and therefore, does not represent the Group's actual financial results. The Consolidated Pro Forma PL does not necessarily reflect what the combined Group's financial condition or results of operations would have been, had the acquisitions occurred on the dates indicated in the pro-forma calculations. They also may not be useful in predicting the future financial condition and results of operations of the Group with the acquired companies. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

Consolidated Pro-Forma PL

	6 Month ended June 30, 2018			
	Consolidated PL	Normalisation	One off	Consolidated Pro forma PL
SALES	373,549,456	26,707,077	-	400,256,533
Other operating revenues	1,975,206	1,495,197	-	3,470,403
OPERATING INCOME	375,524,662	28,202,274	-	403,726,936
OPERATING EXPENSES	(358,464,646)	(27,618,730)	1,450,929	(384,632,447)
OPERATING PROFIT	17,060,016	583,544	1,450,929	19,094,489
Finance cost	(7,784,416)	(924,659)	-	(8,709,075)
Other financial expenses	315,636	(2,419)	-	313,217
FINANCIAL RESULT	(7,468,780)	(927,078)	-	(8,395,858)
RESULT BEFORE TAXES	9,591,236	(343,534)	1,450,929	10,698,631
Income tax expense	(3,517,089)	(13,127)	(232,149)	(3,762,365)
NET RESULT	6,074,147	(356,661)	1,218,780	6,936,266

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Net Income to Adjusted EBITDA

	6 Month ended June 30, 2018			
	Consolidated PL	Normalisation	One off	Consolidated Pro forma PL
Net income for the period	6,074,147	(356,661)	1,218,780	6,936,266
Add back:				
Taxes on income	3,517,089	13,127	232,149	3,762,365
<i>Out of which:</i>				
Base tax expense	3,517,089	13,127	-	3,530,216
One off impact	-	-	232,149	232,149
Net financial result	7,468,780	927,078	-	8,395,858
Depreciation, amortisation and impairment, including write-ups	26,306,410	2,686,136	-	28,992,546
Adjusted EBITDA	43,366,426	3,269,680	1,450,929	48,087,035

Sales split by Business Line

	6 Month ended June 30, 2018			
	Consolidated PL	Normalisation	One off	Consolidated Pro forma PL
Clinics	107,489,756	13,875,838	-	121,365,594
Stomatology	21,432,948	-	-	21,432,948
Laboratories	66,939,058	2,722,813	-	69,661,871
Corporate	82,077,433	629,891	-	82,707,324
Hospitals	74,386,210	9,478,535	-	83,864,745
Pharmacies	17,346,771	-	-	17,346,771
Other	3,877,280	-	-	3,877,280
Total Sales	373,549,456	26,707,077	-	400,256,533

Basis for the Consolidated Pro Forma PL

The Consolidated Pro Forma PL for the 6-month period ended 30 June 2018 has been prepared starting from the Consolidated PL of the Group as of 30 June 2018. The Consolidated Pro Forma PL was prepared in a manner consistent with the accounting policies adopted by the Group in the Consolidated FS as of 30 June 2018.

The Consolidated Pro Forma PL for the 6 months ended 30 June 2018 gives effect to the acquisitions of the Acquired Companies as if the acquisitions had occurred on 1 January 2018. Also, certain expense items incurred by the Group in the relevant period which are considered to be non-operational and non-recurring by nature as detailed in the notes to the tables, are reflected in the Consolidated Pro Forma PL as one off adjustments, based on management judgment for the Group, without taking into account the Acquired Companies.

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Consolidated Pro Forma PL adjustments

Normalization adjustment

Normalization adjustments are made to include the financial results of the Acquired Companies in the Group results for the relevant period. The adjustments represent the unaudited Income Statement items for the portion of the relevant period prior to and including the month of acquisition of the companies.

The companies that were normalized and the months included in the normalization are set out below:

Entity	Date of obtaining control	Months included in Normalization (inclusive) 1 January - 31 March 2018
SC Clinica Polignano SRL	April 2018	January – March 2018
SC Ghencea Medical Center SA	June 2018	January – May 2018
SC Solomed Clinic SA	June 2018	January – May 2018

One off adjustments

The one off adjustments represent expenses which have been included in the Group's Consolidated PL but which, in the Group's opinion, represent non-recurring and/or non-operational expenses by nature. These expenses relate to costs incurred in relation to the acquisition of the Acquired Companies which were expensed rather than capitalized as part of the acquisition cost of the company, including also the costs of aborted or continuing acquisition processes, as well as the fine from the Competition Council as a consequence of Competition Council Decision no. 19/11.04.2018.

The One off expenses are presented below. The amounts calculated for each of the expenses is gross of the applicable income tax.

Type of Expense	Amount for H1 2018	Note
Cost of Acquisitions	585,809	<i>Note A</i>
Competition Council Fine	865,120	<i>Note B</i>
Total	1,450,929	

Note A

Cost of Acquisitions includes the expenses incurred in respect of external due diligence reports on target companies covering financial, taxation and legal due diligence as well as the cost of legal advisory services in relation to the signing and closing of the transactions signed or concluded in the period. The external costs of aborted acquisitions are also included.

These expenses are considered non-recurrent and non-operational, as they do not relate to the operational business of the Group.

Note B

Through the Competition Council Decision no. 19/11.04.2018, the Competition Council fined Medlife S.A. and other group entities, as follows: RON 755,926 to MedLife S.A., RON 86,617 to Genesys Medical Clinic S.R.L. and RON 22,577 to Rur Medical S.A.

These expenses are classified as one-offs as they do not relate to the on-going operational business of the Group.

MEDLIFE GROUP
First Semester of 2018 Report

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

VII. EBITDA EVOLUTION

	6 Month ended June 30,		Variatie 2018/2017
	2018	2017	
	Pro-Forma	IFRS	
Sales	400,256,533	301,087,792	32.9%
Other operating revenues	3,470,403	1,825,940	90.1%
Operating income	403,726,936	302,913,732	33.3%
Operating expenses less depreciation	355,639,901	266,518,128	33.4%
EBITDA	48,087,035	36,395,604	32.1%
<i>EBITDA margin</i>	12.0%	12.1%	-0.6%

	6 Month ended June 30, 2018	% out of Total
Adjusted Pro-forma EBITDA	48,087,035	100%
<i>Attributable to:</i>		
Owners of the Group	42,480,217	88.3%
Non-controlling interests	5,606,818	11.7%

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

MEDLIFE GROUP
CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST SEMESTER OF 2018
PREPARED IN ACCORDANCE WITH INTERNATIONAL
FINANCIAL REPORTING STANDARDS AS ADOPTED BY EUROPEAN UNION

MEDLIFE GROUP
CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST SEMESTER OF 2018

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

Name of the issuing company: MED LIFE S.A.

Registered Office: Bucharest, 365 Calea Griviței, district 1, Romania

Fax no.: 0040 374 180 470

Unique Registration Code at the National Office of Trade Registry: 8422035

Order number on the Trade Registry: J40/3709/1996

Subscribed and paid-in share capital: RON 5,536,270.5

Regulated market on which the issued securities are traded: Bucharest Stock Exchange

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Note: The following interim consolidated financial statements are prepared in accordance with international financial reporting standards, as adopted by European Union ("IFRS")

Report concluded in compliance with ASF Regulation no. 5/2018 on issuers of financial instruments and capital markets and Law no. 24/2017 on issuers of financial instruments and capital markets.

The following consolidated interim financial statement are unaudited.

MEDLIFE GROUP
CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST SEMESTER OF 2018

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

I. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2018
UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>June 30, 2018</u>	<u>January 1, 2018</u>	<u>Variation 2018/2017</u>
ASSETS			
Long Term			
Goodwill	80,866,483	66,035,963	22.5%
Intangible assets	35,524,470	34,299,738	3.6%
Tangible assets	458,550,349	325,845,288	40.7%
Other financial assets	7,417,659	6,161,678	20.4%
TOTAL NON-CURRENT ASSETS	582,358,961	432,342,667	34.7%
Current Assets			
Inventories	23,569,069	20,325,330	16.0%
Receivables	71,566,006	58,450,406	22.4%
Other receivables	9,658,298	5,549,527	74.0%
Cash and cash equivalents	33,073,363	79,227,766	-58.3%
	137,866,736	163,553,029	-15.7%
Assets classified as held for sale	381,665	381,665	0.0%
Prepayments	9,357,236	7,068,126	32.4%
TOTAL CURRENT ASSETS	147,605,637	171,002,820	-13.7%
TOTAL ASSETS	729,964,598	603,345,487	21.0%
LIABILITIES & SHAREHOLDER'S EQUITY			
Current Liabilities			
Trade accounts payable	133,292,406	103,839,523	28.4%
Overdraft	28,698,592	2,013,469	1325.3%
Current portion of lease liability	7,321,407	3,177,961	130.4%
Current portion of long term debt	45,162,225	36,642,740	23.3%
Current tax liabilities	594,210	1,112,707	-46.6%
Provisions	2,542,600	-	100.0%
Other liabilities	35,472,662	20,232,973	75.3%
Liabilities directly associated with assets classified as held for sale	513,857	558,370	-8.0%
TOTAL CURRENT LIABILITIES	253,597,959	167,577,743	51.3%
Long Term Debt			
Lease liability	29,674,262	10,111,452	193.5%
Long term debt	256,188,355	242,797,699	5.5%
TOTAL LONG-TERM LIABILITIES	285,862,617	252,909,151	13.0%
Deferred tax liability	15,984,262	15,196,634	5.2%
TOTAL LIABILITIES	555,444,838	435,683,528	27.5%
SHAREHOLDER'S EQUITY			
Issued capital	81,495,470	81,495,470	0.0%
Reserves	93,181,880	93,181,880	0.0%
Retained earnings	(18,627,282)	(22,640,779)	-17.7%
Equity attributable to owners of the Group	156,050,068	152,036,571	2.6%
Non-controlling interests	18,469,692	15,625,388	18.2%
TOTAL EQUITY	174,519,760	167,661,959	4.1%
TOTAL LIABILITIES AND EQUITY	729,964,598	603,345,487	21.0%

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

MEDLIFE GROUP
CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST SEMESTER OF 2018

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

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	6 months ended		Variation 2018/2017
	June 30, 2018	June 30, 2017	
Sales	373,549,456	301,087,792	24.1%
Other operating revenues*	1,975,206	1,825,940	8.2%
Operating Income	375,524,662	302,913,732	24.0%
Operating expenses	(358,464,646)	(285,045,465)	25.8%
Operating Profit	17,060,016	17,868,267	-4.5%
Finance cost	(7,784,416)	(7,715,892)	0.9%
Other financial expenses	315,636	(730,982)	-143.2%
Financial result	(7,468,780)	(8,446,874)	-11.6%
Result Before Taxes	9,591,236	9,421,393	1.8%
Income tax expense	(3,517,089)	(3,020,245)	16.5%
Net Result	6,074,147	6,401,148	-5.1%
Owners of the Group	4,013,497	3,865,494	3.8%
Non-controlling interests	2,060,650	2,535,654	-18.7%
Other comprehensive income items that will not be reclassified to profit or loss			
Gain / Loss on revaluation of properties	-	-	0.0%
Corrections related to prior years	-	-	0.0%
Deferred tax on other comprehensive income components	-	-	0.0%
TOTAL OTHER COMPREHENSIVE INCOME	-	-	0.0%
Total other comprehensive income attributable to:			
Owners of the Group	-	-	0.0%
Non-controlling interests	-	-	0.0%
TOTAL COMPREHENSIVE INCOME	6,074,147	6,401,148	-5.1%
Total comprehensive income attributable to:			
Owners of the Group	4,013,497	3,865,494	3.8%
Non-controlling interests	2,060,650	2,535,654	-18.7%

Note: *For the 6-month period ended June 30, 2017, the amount of RON 7,498,881 was reclassified as Operating Expenses to show net effect of the sale and leaseback transaction generated by the acquisition of the Banu Manta building.

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

MEDLIFE GROUP
CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST SEMESTER OF 2018

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

UNAUDITED INTERIM CONSOLIDATED CONSOLIDATED STATEMENT OF CASH FLOW

	6 months ended	
	June 30, 2018	June 30, 2017
Net income before taxes	9,591,236	9,421,393
Adjustments for		
Depreciation	26,306,410	18,527,337
Provisions for liabilities and charges	(143,684)	-
Interest revenue	(417,295)	(235,990)
Interest expense	7,784,416	7,715,892
Allowance for doubtful debts and receivables written-off	(12,852)	-
Financial Discounts	(1,408)	-
Other non-monetary gains	(3,496,397)	-
Unrealized exchange gain / loss	3,629,887	1,014,261
Bargain gain	-	(729,165)
Operating cash flow before working capital changes	43,240,313	35,713,728
Decrease / (increase) in accounts receivable	(11,511,676)	(9,264,455)
Decrease / (increase) in inventories	1,567,137	2,652,708
Decrease / (increase) in prepayments	(1,291,457)	(3,019,466)
Increase / (decrease) in accounts payable	300,558	1,129,958
Cash generated from WC changes	(10,935,438)	(8,501,255)
Cash generated from operations	32,304,875	27,212,473
Income Tax Paid	(3,247,958)	(2,841,117)
Interest Paid	(7,237,648)	(7,742,836)
Interest received	417,295	235,990
Net cash from / (used in) operating activities	22,236,564	16,864,510
Investment in business combination	(11,095,369)	(29,903,698)
Purchase of intangible assets	(921,288)	(724,405)
Purchase of property, plant and equipment	(26,097,863)	(15,429,679)
Net cash used in investing activities	(38,114,520)	(46,057,782)
Cash flow from financing activities		
Increase in Loans	22,224,854	26,351,307
Payment of loans	(48,365,427)	(1,435,515)
Financial Lease payments	(4,135,874)	(4,451,366)
Dividends paid to NCI	-	(224,963)
Net cash from used in financing activities	(30,276,447)	20,239,463
Net change in cash and cash equivalents	(46,154,403)	(8,953,809)
Cash and cash equivalents beginning of the period	79,227,766	20,701,850
Cash and cash equivalents end of the period	33,073,363	11,748,041

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MEDLIFE GROUP
CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST SEMESTER OF 2018

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

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED JUNE 30, 2018

	<u>Share Capital</u>		Share premium	General reserves and other reserves	Revaluation Reserve*	Accumulated Results	Attributable to owners of the parent	Non-controlling interests	Total Equity
	Paid and registered	Paid, registered after year end**							
Balance as at January 1, 2018	5,023,000	513,271	75,959,199	10,920,039	82,261,841	(22,640,779)	152,036,571	15,625,388	167,661,959
Recognition of other reserves for fiscal purposes	-	-	-	-	-	-	-	-	-
Recognition of legal reserves	-	-	-	-	-	-	-	-	-
Share capital contribution	-	-	-	-	-	-	-	-	-
Additional non-controlling interest arising as of result of business combinations	-	-	-	-	-	-	-	783,654	783,654
Subsequent acquisition of NCI	-	-	-	-	-	-	-	-	-
Distribution of dividends	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	4,013,497	4,013,497	2,060,650	6,074,147
Deferred tax related to other elements of the overall result	-	-	-	-	-	-	-	-	-
Corrections related to previous years	-	-	-	-	-	-	-	-	-
Profit of the year	-	-	-	-	-	4,013,497	4,013,497	2,060,650	6,074,147
Balance as at June 30, 2018	5,023,000	513,271	75,959,199	10,920,039	82,261,841	(18,627,282)	156,050,068	18,469,692	174,519,760

Notes:

* The closing balance of the revaluation reserve as of June 30, 2018 in amount of RON 82,261,841 comprises revaluation reserve in amount of RON 97,438,877 and deferred tax computed on revaluation reserve in amount of RON (15,177,036).

** In 2017, as a result of a Second Public Offering, Med Life S.A. issued 2,053,082 new shares with a nominal value of RON 0.25 per share, increasing the share capital from RON 5,023,000 to RON 5,536,271. The subscribers of the share increase will benefit from full rights related to the acquired shares starting from the date of the registration by the Central Depository. The shares were subscribed in 2017. The Central Depository registered the newly subscribed shares on January 11, 2018.

Mihail Marcu,
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MEDLIFE GROUP
CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST SEMESTER OF 2018

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

UNAUDITED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED JUNE 30, 2017

	Share Capital	Share premium	General reserves and other reserves	Revaluation Reserve	Accumulated Results	Attributable to owners of the parent	Non- controlling interests	Total Equity
Balance as at January 1, 2017	5,023,000	8,909,034	9,699,583	82,261,841	(24,346,985)	81,546,473	11,472,411	93,018,884
Recognition of other reserves for fiscal purposes	-	-	40	-	-	40	-	40
Sale of subsidiaries	-	-	-	-	-	-	-	-
Share capital contribution	-	-	-	-	-	-	-	-
Additional non-controlling interest arising as of result of business combinations	-	-	-	-	-	-	391,132	391,132
Subsequent acquisition of NCI	-	-	-	-	(1,456,040)	(1,456,040)	(945,712)	(2,401,752)
Distribution of dividends	-	-	-	-	-	-	(224,963)	(224,963)
Total comprehensive income	-	-	-	-	3,865,494	3,865,494	2,535,654	6,401,148
Deferred tax related to other elements of the overall result	-	-	-	-	-	-	-	-
Corrections related to previous years	-	-	-	-	-	-	-	-
Profit of the year	-	-	-	-	3,865,494	3,865,494	2,535,654	6,401,148
Balance as at June 30, 2017	5,023,000	8,909,034	9,699,623	82,261,841	(21,937,531)	83,955,967	13,228,521	97,184,488

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

MEDLIFE GROUP
CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST SEMESTER OF 2018

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

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF THE BUSINESS

Med Life S.A. ("Med Life" or the "Parent Company" 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, Brasov, Cluj, Timisoara, Iasi, Galati and Constanta.

Medlife Group is offering a large range of medical service having opened 18 Hyperclinics in Bucharest, Timisoara, Brasov, Arad, Iasi, Galati, Craiova, Cluj and Constanta, 44 Clinics, 9 hospitals – located in Bucharest, Arad and Brasov, 33 Laboratories, 10 Pharmacies and 9 Dental Clinics. 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.

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 4 "Insurance Contracts"** - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – adopted by the EU on 3 November 2017 (effective for annual periods beginning on or after 1 January 2018 or when IFRS 9 "Financial Instruments" is applied first time),
- **Amendments to IFRS 15 "Revenue from Contracts with Customers"** - Clarifications to IFRS 15 Revenue from Contracts with Customers – adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2018).
- **Amendments to IFRS 1 and IAS 28 due to "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 – adopted by the EU on 7 February 2018 (amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018).

As at June, 30 2018, the Group did not adopt these new standards and amendments to existing standards.

The Group expects that the adoption of these new standards and amendments to existing standards will not have a material impact on the Group's financial statements during the initial period of application.

2.2 Amendments to the existing standards issued by IASB and adopted by the EU, but not yet adopted by Group, as at June,30 2018

At the date of authorization of these consolidated financial statements, the following new standards and amendments to standards issued by IASB and adopted by the EU, but not yet adopted by Group:

- **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).

MEDLIFE GROUP
CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST SEMESTER OF 2018

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

As at June 30, 2018, the Group did not adopt these new standards and amendments to existing standards and will adopt them for the first time at December 31, 2018.

The Group expects that the adoption of these new standards and amendments to existing standards will not have a material impact on the Group's financial statements during the initial period of application.

2.3 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 issued by IASB and adopted by the EU are not yet effective:

- **IFRS 16 "Leases"** – adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2019).

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

2.4 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 17 "Insurance Contracts"** (effective for annual periods beginning on or after 1 January 2021),
- **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 9 "Financial Instruments"** - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),
- **Amendments to IAS 19 "Employee Benefits"** - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IAS 28 "Investments in Associates and Joint Ventures"** - Long-term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019),
- **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 due to "Improvements to IFRSs (cycle 2015-2017)"** resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 January 2019),

MEDLIFE GROUP
CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST SEMESTER OF 2018

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

- **IFRIC 22 “Foreign Currency Transactions and Advance Consideration”** (effective for annual periods beginning on or after 1 January 2018),
- **IFRIC 23 “Uncertainty over Income Tax Treatments”** (effective for annual periods beginning on or after 1 January 2019).

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Statement of compliance

The unaudited consolidated interim financial statements have been prepared in accordance with International Accounting Standards for Financial Reporting (“IFRSs”) as adopted by the European Union (“EU”), with the exception of the standards and amendments specified in paragraph 2.2, issued by the IASB and adopted by the European Union (“EU”), which entered into force for the current period, but will apply for the first time from 31 December 2018.

Additionally, the unaudited consolidated interim 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 unaudited consolidated interim 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 unaudited consolidated interim financial statements have been prepared to serve the Group as statutory consolidated financial statements.

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

3.3 Going concern

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

3.4 Basis of consolidation

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

MEDLIFE GROUP
CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST SEMESTER OF 2018

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

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

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

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

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

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

3.5 Business combinations

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

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

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

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

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

3.6 Goodwill

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

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

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

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

3.7 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be

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

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

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

3.8 Accounting estimates and judgments

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

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

3.9 Foreign currency translation

Functional and presentation currency

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

As at June 30, 2018 the exchange rate was of 4.0033 RON for 1 USD and of 4.6611 RON for 1 EUR. As at December 31, 2017 the exchange rate was of RON 3.8915 for 1 USD and of RON 4.6597 for 1 EUR. The average exchange rate for first semester of 2018 was of 3.8440 RON for 1 USD (first semester of 2017: 4.1926 for 1 USD) and 4.6537 RON for 1 EUR (first semester of 2017: 4.5362 RON 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.

The profit and loss incurred before the transaction date of the acquired businesses in 2018 and in 2017 was eliminated.

3.10 Comparative information

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

3.11 Property, plant and equipment

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

The value of land and buildings owned presented in these consolidated financial statements is based on the valuation reports which were performed as of December 31, 2016 by independent valuers certified by ANEVAR. The revaluation is performed with sufficient regularity as to ensure that the Group presents land and buildings at fair value in the consolidated financial statements. As at December 31, 2017, the Group carried out a revaluation of a building sample to see if there were significant differences in fair value. Since the resulting fair value was not significantly different from net book value as at 31 December

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2017, the revaluation exercise was not extended to all relevant assets and no revaluation was recorded at 31 December 2017.

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

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

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

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

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

3.12 Assets held under finance leases

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

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

3.13 Intangible assets

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

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

Intangible assets acquired in a business combination

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

De-recognition of intangible assets

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

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the

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extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

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

3.14 Investments in subsidiaries

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

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

3.15 Investments in associates

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

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

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss. Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

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3.16 Inventories

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

3.17 Trade receivables

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

3.18 Cash and cash equivalents

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

3.19 Financial instruments

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

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

3.20 Accounts payable

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

3.21 Leasing

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

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

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

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

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3.22 Borrowing costs

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

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

3.23 Taxation

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

Current tax

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

Deferred tax

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

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

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

Current and deferred tax for the period

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

3.24 Share capital

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

3.25 Share premiums

Share premiums are own funds created as a result of the difference between the issue value of the

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shares and the nominal value of the shares. The Group recorded share premiums as a result of the issue of shares.

3.26 Revaluation reserve

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

3.27 Provisions for risks and charges

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

3.28 Revenue recognition

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

Rendering of services

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

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

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.

3.29 Employee benefits

Employee benefits

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

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

3.30 Related parties

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

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

These consolidated financial statements have been prepared based on the fact that the parties have

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entered into arm's length transactions with the entities within the group and according to objectively established prices.

3.31 Fair value

As described above, certain accounting policies of the Group and information presentation criteria require determination of the fair value both for the assets and the liabilities of the Group. In determining the fair value of assets and liabilities, the Group 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, 2017 based on independent 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.

3.32 IAS 29

Med Life S.A. was created in 1996. The development of the Company was continuous throughout the years. The significant additions to non-current assets and the material share capital subscriptions and the share premiums were recorded after Romania stopped being considered a hyperinflationary economy. As such, no inflation adjustments have been applied to equity and the Company did not have to apply IAS 29 requirements.

3.33 IFRS 8

IFRS 8 disclosures are meant to enable users of financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

An operating segment is a component of an entity:

- (a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- (c) for which discrete financial information is available.

The Group considers that all the business activities from which it earns revenues are intertwined and that the main business activity represents one segment- the rendering of medical services. In order to enable users of the financial statements to evaluate the nature and financial effects of the business, the Group decided to present the revenues split on the main business lines.

3.34 Subsequent events

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

4. GOODWILL

The Group records goodwill resulting from business combinations.

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During the six months period ended June 30, 2018, the Group obtained control over various companies and recorded a goodwill of RON 80,866,483 (December 31, 2017: RON 66,035,963).

During the six months ended June 30, 2018, the Group gained control over several companies and recognized goodwill in the amount of RON 14,830,520. For further details on business combinations performed in the six months period ended June 30, 2018 please see note 22.

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 goodwill. 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 impairment analysis. No impairment of goodwill was identified as of December 31, 2017.

As per management assessment, there are no indications of impairment as at June 30, 2018, and consequently, no impairment test was performed.

5. TANGIBLE AND INTANGIBLES FIXED ASSETS

	June 30, 2018	January 1, 2018
Gross book value	798,916,482	579,082,770
Accumulated depreciation and amortization	(304,841,663)	(218,937,744)
Net book value	494,074,819	360,145,026

6. INVENTORIES

	June 30, 2018	January 1, 2018
Consumable	14,130,462	10,981,134
Materials in the form of inventory items	209,996	112,671
Merchandise	9,228,366	9,230,143
Inventory in transit	245	1,382
TOTAL	23,569,069	20,325,330

7. ACCOUNTS RECEIVABLE

	June 30, 2018	January 1, 2018
Customers	83,938,887	71,761,034
Advances to suppliers	5,183,284	3,581,967
Allowance for bad debt	(17,556,165)	(16,892,595)
TOTAL	71,566,006	58,450,406

Trade receivables as of June 30, 2018 and December 31, 2017 include a receivable of RON 7,365,835 representing amounts to be collected from the National Health House of Bucharest not yet invoiced. The Group 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 Group decided to record a 100% allowance as at December 31, 2017.

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

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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 June 30, 2018, the Management of the Group performed an assessment regarding the collectability of receivables- a total allowance of RON 17,556,165 (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 Group monitors the credit quality of its customers on an ongoing basis. Credit risk is spread over a large customer base and the Group is not dependent on the collection of receivables from a limited number of customers.

The corporate receivables are spread over a large pool of clients. The main state budget customer is The National Health Insurance House

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

8. CASH AND BANKS

	June 30, 2018	January 1, 2018
Cash in bank	30,204,345	76,956,322
Cash in hand	2,206,366	1,683,744
Cash equivalents	662,652	587,700
TOTAL	33,073,363	79,227,766

9. ASSETS CLASSIFIED AS HELD FOR SALE

	June 30, 2018	January 1, 2018
Apartment owned by Medsanrom	381,665	381,665
TOTAL	381,665	381,665

The Group intends to dispose of the above assets within a twelve month period. The disposal of the apartment held by Medsanrom (Med Life Occupational) is directly linked to advance payment made by the former shareholders, recorded as a liability as of June 30, 2018 and December 31, 2017 in Medlife Group's consolidated financial statements and to a loan from Bancpost, contracted to buy this apartment.

10. PREPAYMENTS

As of June 30, 2018 the Group has prepayments in amount of RON 9,357,236 (RON 7,068,126 at December 31, 2017). The prepayments balance as of June 30, 2018 consists mainly of deferred commissions for syndicated loan financing and the amounts of rent paid in advance for rented properties, as well as other amounts such as insurance policies for professionals and tangible fixed assets.

11. ACCOUNTS PAYABLE

	June 30, 2018	January 1, 2018
Suppliers	113,394,934	88,686,385
Fixed assets suppliers	18,399,363	13,667,285
Advances paid by customers	1,498,109	1,485,853
TOTAL	133,292,406	103,839,523

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12. OTHER SHORT TERM LIABILITIES

	June 30, 2018	January 1, 2018
Salary and related liabilities (incl. contributions)	15,500,335	14,985,699
Other liabilities	19,972,327	5,247,274
TOTAL	35,472,662	20,232,973

13. LEASING LIABILITIES

	June 30, 2018	January 1, 2018
Long term portion – Leasing	29,674,262	10,111,452
Current portion – Leasing	7,321,407	3,177,961
TOTAL	36,995,669	13,289,413

14. FINANCIAL DEBT

	June 30, 2018	January 1, 2018
Current portion of long-term loans	73,860,817	38,656,209
Non-current portion of long-term loans	256,188,355	242,797,699
TOTAL	330,049,172	281,453,908

As at June 30, 2018, the Group's drawn and undrawn financing facilities included the following:

- a secured club loan agreement entered into between the Med Life S.A., Accipiens S.A., Bahtco Invest S.A., Policlinica de Diagnostic Rapid S.A. and BCR, BRD, ING and Raiffeisen for a maximum amount of EUR 48,764,589.98 and RON 27,000,000. The loan matures on 15 November 2023. The outstanding amount as at June 30, 2018 is EUR 38,743,496, equivalent of RON 180,587,309 and RON 27,000,000;
- a secured loan agreement entered into between International Finance Corporation, member of the World Bank Group and Med Life S.A., amended and restated as at 30 September 2016. The balance as at June 30, 2018 is EUR 2,380,953, with the last due date on May 15, 2023;
- a secured loan agreement entered into between International Finance Corporation, member of the World Bank Group and Med Life S.A., in the amount of EUR 10,000,000 signed at 30 September 2016. The amount in balance on 30 June, 2018 is EUR 8,333,333;
- a guaranteed overdraft facility between Garanti Bank S.A. and Med Life S.A., the amount drawn on June 30, 2018 is RON 9,322,200;
- seven secured loan agreements entered into between Banca Transilvania S.A. and Centrul Medical Sama S.A. for the acquisition of medical equipment and the construction of a clinic, having a total outstanding amount of RON 964,715, as at June 30, 2018;
- an overdraft facility between Banca Transilvania S.A. and Sama Medical Center S.A. signed in September 2016, having a balance of RON 584,122 as at June 30, 2018;
- three secured loan agreements entered into between Banca Transilvania S.A. and Genesys Medical Center S.R.L, having at June 30, 2018 a balance of EUR 2,228,064 and RON 196,587 RON;
- an overdraft facility entered into between Unicredit Tirioc Bank and Prima Medical S.R.L. having a maximum credit limit of RON 800,000, fully drawn as at June 30, 2018;
- a credit facility concluded between Garanti Bank and Dent Estet Clinic S.A. with the remaining amount to be reimbursed on 30 June, 2018 is RON 866,642;

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- three secured agreement between Garanti Bank S.A. and Anima Specialty Medical Services S.R.L.; the outstanding amount as at June 30, 2018 is RON 3,867,617;
- an overdraft facility entered into between Garanti Bank S.A. and Anima Specialty Medical Services S.R.L. with a maximum limit of RON 1,500,000; the amount drawn as at June 30, 2018 is RON 1,000,000;
- three secured agreement between Banca Transilvania S.A. and Almina Trading S.A., with an outstanding balance as at June 30, 2018 is RON 512,083;
- a secured agreement between Bancpost and Med Life Occupational S.R.L. in amount of EUR 225,000; the outstanding amount as at June 30, 2018 is EUR 110,244;
- 2 guaranteed loan contracts concluded between Libra Internet Bank and Valdi Medica S.R.L., the balance outstanding on June 30, 2018 is RON 1,314,499;
- 2 guaranteed loan contracts concluded between Banca Transilvania S.A. and Ghencea Medical Center, the balance outstanding on June 30, 2018 is RON 826,327;
- a loan agreement and a guaranteed overdraft facility between CEC Bank S.A. and Polisano Clinic S.R.L., the balance outstanding on June 30, 2018 is RON 39,647,427.

As at June 30, 2018 none of the Group members was in breach of any applicable term of the financing facilities.

15. ISSUED CAPITAL

As of June 30, 2018 the shareholders' structure of Med Life S.A., the parent company of Medlife Group, is as presented below:

	Number of shares	%	Value
Marcu Mihail	4,119,320	18.60%	1,029,830.00
Cristescu Mihaela Gabriela	3,055,115	13.80%	763,778.75
Marcu Nicolae	2,913,800	13.16%	728,450.00
Others	12,056,847	54.44%	3,014,211.75
TOTAL	22,145,082	100%	5,536,270.50

16. RESERVES

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

	June 30, 2018	January 1, 2018
General reserves	1,867,202	1,867,202
Other reserves	9,052,837	9,052,837
Revaluation reserves	82,261,841	82,261,841
TOTAL	93,181,880	93,181,880

17. NON-CONTROLLING INTEREST

	June 30, 2018	January 1, 2018
Balance at beginning of year	15,625,388	11,472,411
Share of profit for the period	2,060,650	4,348,924
Share of other comprehensive income	-	-
Share capital contribution	-	-
Non-controlling interests arising on the acquisition of subsidiaries	783,654	1,060,052
Subsequent acquisition of NCI	-	(945,712)
Distribution of dividends	-	(310,287)
TOTAL	18,469,692	15,625,388

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18. SALES

Sales consist of medical services, net of VAT, including revenues from prevention packages of corporate customers and fees for services rendered within Medlife's clinics and various hospitals within Romania. Please see breakdown below.

Business Line	H1 2018 Sales	% of Total Sales	H1 2017 Sales	% of Total Sales	Variation 2018/2017
Clinics	107,489,756	29%	80,825,178	27%	33%
Stomatology	21,432,948	6%	18,503,131	6%	16%
Hospitals	74,386,210	20%	59,697,348	20%	25%
Laboratories	66,939,058	18%	54,929,531	18%	22%
Corporate	82,077,433	22%	68,344,498	23%	20%
Pharmacies	17,346,771	5%	13,878,256	5%	25%
Others	3,877,280	1%	4,909,850	2%	-21%
TOTAL SALES	373,549,456	100%	301,087,792	100%	24%

The main operational indicators of the Group.

Business line	Info	6 month ended June 30, 2018	6 month ended June 30, 2017
Clinics	Revenue	107,489,756	80,825,178
Clinics	Visits	702,745	555,616
Clinics	Avg fee	153.0	145.5
Stomatology	Revenue	21,432,948	18,503,131
Stomatology	Visits	52,334	52,049
Stomatology	Avg fee	409.5	355.5
Hospitals	Revenue	74,386,210	59,697,348
Hospitals	Patients	33,998	30,854
Hospitals	Avg fee	2,188.0	1,934.9
Laboratories	Revenue	66,939,058	54,929,531
Laboratories	Analyses	2,898,322	2,558,139
Laboratories	Avg fee	23.1	21.5
Corporate	Revenue	82,077,433	68,344,498
Corporate	Subscriptions	614,756	560,094
Corporate	Avg fee	133.5	122.0
Pharmacies	Revenue	17,346,771	13,878,256
Pharmacies	Clients	138,632	136,218
Pharmacies	Sales per client	125.1	101.9
Others	Revenue	3,877,280	4,909,850

19. OTHER OPERATING REVENUES

	June 30, 2018	June 30, 2017
Other operating revenues*	752,822	1,825,940
Income from operating grants	1,222,384	-
TOTAL	1,975,206	1,825,940

Note: *For the 6-month period ended June 30, 2017, the amount of RON 7,498,881 was reclassified as Operating Expenses to show net effect of the sale and leaseback transaction generated by the acquisition of the Banu Manta building.

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FOR THE FIRST SEMESTER OF 2018

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20. OPERATING EXPENSES EVOLUTION

	June 30, 2018	June 30, 2017
Consumable materials and repair materials	58,076,149	48,788,758
Commodities	14,382,449	11,136,690
Utilities	4,460,621	3,149,021
Repairs and maintenance expenses	3,876,102	2,852,920
Rent	21,217,514	19,615,967
Insurance premiums	1,212,528	993,989
Promotion expense	7,184,824	5,184,694
Communications	1,842,591	1,569,352
Third party expenses (including doctor's agreements)	98,284,039	79,605,050
Salary and related expenses	111,437,123	71,927,946
Social contributions	3,779,565	16,136,570
Depreciation	26,306,410	18,527,337
Other administration and operating expenses*	6,404,731	5,557,171
TOTAL	358,464,646	285,045,465

Notes *:

- For the 6-month period ended June 30, 2017, the amount of RON 7,498,881 was reclassified as Operating Expenses to show net effect of the sale and leaseback transaction generated by the acquisition of the Banu Manta building.
- By decision of the Competition Council no. 19/ 11.04.2018, the Competition Council applied fines to Med Life S.A. and some of group companies as follows: 755,926 RON to Med Life S.A., 86,617 RON to Genesys Medical Clinic S.R.L. and 22,577 RON to Rur Medical S.A. These expenses are classified as non-recurring, not related to the Group's ongoing operational activity.

21. FINANCIAL NET RESULT

	June 30, 2018	June 30, 2017
Other financial expenses	1,408	-
Net loss from foreign exchange rate impact	(3,630,565)	(1,019,949)
Net financing cost - interest expense	(7,784,416)	(7,715,892)
Other income	3,527,498	52,977
Interest income	417,295	235,990
NET FINANCIAL RESULT- LOSS	(7,468,780)	(8,446,874)

22. BUSINESS COMBINATIONS

Subsidiaries acquired in H1 2018:

Acquisition of Solomed Clinic SA , Ghencea Medical Center SA and Clinica Polisano SRL

The Group signed the Sales Purchase Agreement for the acquisition of shares in the following companies:

- 80% of share capital of Solomed Clinic SA
- 90% of share capital of Ghencea Medical Center SA
- 100% of share capital in Clinica Polisano SRL

Solomed Clinic („Solomed“) In March 2018, Medlife announced the acquisition of the 80.00% majority stake in Solomed, a group of medical clinics present on Pitesti, Costesti and Curtea de Arges markets. The Solomed Group was founded in 1997 and is one of the leading local medical operators in the region. The group consists of five clinics - three in Pitesti, the other two in Costesti and Curtea de Arges - and a

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laboratory (Pitesti), offering to its patients a wide range of investigations from multidisciplinary consultations for a range of over 15 medical specialties and laboratory services, CT investigations, ultrasounds, medical recovery services and small laser interventions. All medical units are equipped with state-of-the-art medical equipment and have a medical team with over 90 specialists. The transaction has been concluded on 14th of May 2018, following the fulfillment of the conditions precedent.

Ghencea Medical Center („Ghencea“) In February 2018, Medlife announced the acquisition of the 90.00% majority stake in Ghencea Medical Center in Bucharest. The medical services provider has two clinics in Bucharest and Magurele with 135 employees, medical staff and support employees, offering to its patients a wide range of investigations for laboratory and imaging areas, specialized treatment for medical recovery and alternative medicine. The transaction has been concluded on 24th of May 2018, following the fulfillment of the conditions precedent.

Clinica Polissano („Polissano“) In October 2017 Medlife announced the acquisition of the entire stake of Polissano medical services division, one of the largest private medical operators in Romania. Founded in the 1990s, Polissano is the first fully integrated medical group in Romania. It includes a series of four clinics with its own laboratories located in Bucharest and Sibiu, a private hospital - the European Polissano Hospital in Sibiu - recognized as one of the most modern and performing hospital units in Romania, one in vitro fertilization center and the largest private maternity in Transylvania. The transaction has been concluded on 4th of April 2018, following the fulfillment of the conditions precedent.

23. SUBSEQUENT EVENTS

Acquisition of companies

Medlife announced the purchase of 100% of the medical platform SfatulMedicului.ro, the largest medical information hub in Romania. Established 15 years ago, sfatulmedicului.ro is one of the top sites dedicated to the healthcare sector in Romania. The platform has a monthly average of over 3.2 million unique visitors and over 12 million impressions. Aside from the information service, users choose this platform to access the medical self-assessment service and online test interpretation.

There were no other significant events after June 30, 2018.

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

Declaratia persoanelor responsabile din cadrul Med Life S.A.

Dupa cunostintele noastre, Situatiile Financiare Interimare Consolidate la 30 iunie 2018 care au fost intocmite in conformitate cu standardele contabile aplicabile (Standardul International de Contabilitate 34 – “Raportarea financiara interimara”) ofera o imagine corecta si conforma cu realitatea activelor, obligatiilor, pozitiei financiare, contului de profit si pierdere al societatii, iar Raportului Semestrial aferent primului semestru 2018 ofera o imagine corecta si conforma cu realitatea principalelor evenimente care au avut loc in decursul primelor sase luni ale anului financiar 2018 si a impactului acestora asupra Situatiilor Financiare Interimare Consolidate.



Mihail Marcu,
Director General



Vera Firu,
Director Economic

MED LIFE S.A.
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(all the amounts are expressed in RON, unless otherwise specified)

Name of the issuing company: Med Life S.A.

Registered Office: Bucharest, 365 Calea Griviței, district 1, Romania

Fax no.: 0040 374 180 470

Unique Registration Code at the National Office of Trade Registry: 8422035

Order number on the Trade Registry: J40/3709/1996

Subscribed and paid-in share capital: RON 5,536,270.50

Regulated market on which the issued securities are traded: Bucharest Stock Exchange

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Note: The following financial statements are prepared in accordance with international financial reporting standards, as adopted by European Union ("IFRS").

Semester report concluded in compliance with ASF Regulation no. 5/2018 on issuers of financial instruments and capital markets and Law no. 24/2017 on issuers of financial instruments and capital markets.

The following financial statements are unaudited.

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

I. UNAUDITED STANDALONE FINANCIAL STATEMENTS AS AT JUNE 30, 2018
("STANDALONE FS")

UNAUDITED STANDALONE STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED
JUNE 30, 2018 ("STANDALONE BS")

	<u>June 30, 2018</u>	<u>January 1, 2018</u>	<u>Variation 2018/2017</u>
ASSETS			
Long Term			
Intangible assets	6,408,229	7,660,785	-16.4%
Tangible assets	188,700,598	168,861,934	11.7%
Financial assets	146,098,514	132,815,223	10.0%
TOTAL NON-CURRENT ASSETS	<u>341,207,341</u>	<u>309,337,942</u>	<u>10.3%</u>
Current Assets			
Inventories	5,283,811	6,668,022	-20.8%
Receivables	43,408,602	36,182,268	20.0%
Receivables with group companies	67,907,169	31,440,718	116.0%
Other receivables	2,940,879	1,351,116	117.7%
Cash and cash equivalents	21,326,231	70,007,531	-69.5%
	<u>140,866,692</u>	<u>145,649,655</u>	<u>-3.3%</u>
Prepayments	3,194,807	2,559,451	24.8%
TOTAL CURRENT ASSETS	<u>144,061,499</u>	<u>148,209,106</u>	<u>-2.8%</u>
TOTAL ASSETS	<u>485,268,840</u>	<u>457,547,048</u>	<u>6.1%</u>
LIABILITIES & SHAREHOLDER'S EQUITY			
Current Liabilities			
Trade accounts payable	68,961,306	62,556,608	10.2%
Overdraft	9,322,200	-	100.0%
Current portion of lease liability	541,828	515,738	5.1%
Current portion of long term debt	33,858,835	25,782,427	31.3%
Intercompany payables	2,724,996	2,855,697	-4.6%
Current tax liabilities	523,439	337,304	55.2%
Other liabilities	8,069,373	10,395,267	-22.4%
TOTAL CURRENT LIABILITIES	<u>124,001,977</u>	<u>102,443,041</u>	<u>21.0%</u>
Long Term Debt			
Lease liability	17,956,110	6,045,842	197.0%
Long term debt	178,764,694	184,328,369	-3.0%
TOTAL LONG-TERM LIABILITIES	<u>196,720,804</u>	<u>190,374,211</u>	<u>3.3%</u>
Deferred tax liability	10,785,523	10,785,523	0.0%
TOTAL LIABILITIES	<u>331,508,304</u>	<u>303,602,775</u>	<u>9.2%</u>
SHAREHOLDER'S EQUITY			
Issued capital	81,495,470	81,495,470	0.0%
Reserves	72,708,768	72,708,768	0.0%
Retained earnings	(443,702)	(259,965)	70.7%
Equity attributable to owners of the Co	<u>153,760,536</u>	<u>153,944,273</u>	<u>-0.1%</u>
TOTAL EQUITY	<u>153,760,536</u>	<u>153,944,273</u>	<u>-0.1%</u>
TOTAL LIABILITIES AND EQUITY	<u>485,268,840</u>	<u>457,547,048</u>	<u>6.1%</u>

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

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

UNAUDITED STANDALONE STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED JUNE 30, 2018 ("STANDALONE PL")

	6 Month ended June 30,		Variation
	2018	2017	2018/2017
Sales	210.247.942	189.017.051	11,2%
Other operating revenues*	170.974	905.764	-81,1%
Operating Income	210.418.916	189.922.815	10,8%
Operating expenses*	(202.349.813)	(181.287.701)	11,6%
Operating Profit	8.069.103	8.635.114	-6,6%
Finance cost	(5.065.862)	(5.745.446)	-11,8%
Other financial expenses	(2.214.974)	(360.166)	515,0%
Financial result	(7.280.836)	(6.105.612)	19,2%
Result Before Taxes	788.267	2.529.502	-68,8%
Income tax expense	(972.004)	(702.020)	38,5%
Net Result	(183.737)	1.827.482	-110,1%
Other comprehensive income items that will not be reclassified to profit or loss			
Gain / Loss on revaluation of properties	-	-	0%
Deferred tax on other comprehensive income components	-	-	0%
TOTAL OTHER COMPREHENSIVE INCOME	-	-	0%
TOTAL COMPREHENSIVE INCOME	(183.737)	1.827.482	-110%

*For the 6-month period ended June 30, 2017, the amount of RON 7,498,881 was reclassified from „Other operating revenues” as „Operating Expenses” to show net effect of the sale and leaseback transaction generated by the acquisition of the Banu Manta building.

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

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UNAUDITED STANDALONE STATEMENT OF CASH FLOW FOR THE PERIOD ENDED JUNE 30,
2018 ("STANDALONE CF")

	June 30, 2018	June 30, 2017
Net income before taxes	788,267	2,529,503
Adjustments for		
Depreciation	14,169,508	10,921,665
Interest expense	5,065,862	5,745,446
Unrealized exchange gain / loss on interest bearing obligations	3,090,440	566,125
Interest revenue	(875,466)	(205,959)
Operating cash flow before working capital changes	22,238,611	19,556,780
Decrease / (increase) in accounts receivable	(8,816,097)	(5,574,374)
Decrease / (increase) in inventories	1,384,211	1,508,695
Decrease / (increase) in prepayments	(635,356)	(1,950,040)
Increase / (decrease) in accounts payable	1,902,767	(5,782,181)
Cash generated from WC changes	(6,164,475)	(11,797,900)
Cash generated from operations	16,074,136	7,758,880
Income tax paid	(785,869)	(1,648,801)
Interest received	875,466	205,959
Interest paid	(4,616,290)	(5,733,817)
Net cash from operating activities	11,547,443	582,221
Purchase of investments	(13,283,291)	(29,796,766)
Purchase of intangible assets	(651,408)	(590,008)
Purchase of property, plant and equipment	(16,825,034)	(6,290,098)
Loans granted	(36,466,451)	-
Net cash used in investing activities	(67,226,184)	(36,676,872)
Cash flow from financing activities		
Payment of loans	(10,006,575)	(1,435,515)
Payments of financial leasing	(1,166,779)	(3,194,315)
Increase in loans	18,301,496	29,451,087
Decrease in loans granted to group companies	(130,701)	-
Net cash from financing activities	6,997,441	24,821,257
Net change in cash and cash equivalents	(48,681,300)	(11,273,394)
Cash and cash equivalents beginning of the year	70,007,531	13,959,191
Cash and cash equivalents end of the year	21,326,231	2,685,797

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

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II. FINANCIAL ANALYSIS

ANALYSIS OF THE STANDALONE PL

Sales for the 6 month period ended 30 June 2018 (“**H1 2018**”) amounted to RON 210,247,942, higher by 11.2 % compared to sales recorded in the first semester of 2017 (“**H1 2017**”). This increase was mainly the result of a growth in all of the business lines determined by a mixture of increase in prices and volume.

Other operating revenues recorded a decrease in H1 2018 as compared to H1 2017, amounting to RON 734,790 as at 30 June 2018.

Operating expenses include variable and fixed costs, as well as the cost of goods and materials used to provide services. Med Life SA recorded operating expenses of RON 202,349,813 in H1 2018, representing an increase of 11.6%, or RON 21,062,112, as compared to H1 2017. The increase is mainly linked to overall business increase.

Operating profit recorded a 6.6% decrease in H1 2018 as compared to H1 2017, from RON 8,635,114 in H1 2017 to RON 8,069,103 in H1 2018.

Financial loss increased in H1 2018 by RON 1,175,224 from a loss of RON 6,105,612 in H1 2017 to a loss of RON 7,280,836 in H1 2018.

Net result decreased in H1 2018 by RON 2,011,219 from a profit of RON 1,827,482 in H1 2017 to a loss of RON 183,737 in H1 2018.

ANALYSIS OF THE STANALONE BS

Non-current assets amount to RON 341,207,341 as of 30 June 2018, recording an increase of 10.3% as compared to 31 December 2017. The increase is mainly linked to financial assets recorded as at 30 June 2018 in relation to Polisano, Solomed and Ghencea Medical Center acquisitions. Also, the increase is due to the variation in amount of RON 19,838,664 on tangible assets as a result of an acquisition of 4 MRIs.

Current assets decreased by RON 4,147,607 or 2.8% from RON 148,209,106 in 31 December 2017 to RON 144,061,499 in 30 June 2018.

Prepayments recorded as at 30 June 2018 amount to RON 3,194,807. As compared to 31 December 2017, an increase of RON 635,356 was recorded. The increase is linked to accrued expenses and prepaid local tax liabilities.

Current liabilities (excluding interest bearing debt items), increased by RON 21,558,936, or 21.0%, from RON 102,443,041 as at 31 December 2017, to RON 124,001,977 as at 30 June 2018.

Interest bearing debt increased by RON 23,771,291, from RON 216,672,376 as of 31 December 2017 to RON 240,443,667 as of 30 June 2018. The increase is mainly due to financing of the main activity of the company.

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III. IMPORTANT EVENTS H1 2018

➤ Acquisition Polisano

Med Life announced in October the acquisition of the 100% stake in Polisano medical services, one of the largest private medical operators in Romania. Founded in the 90's, Polisano is the first fully integrated medical group in Romania.

It includes a series of four clinics with its own laboratories located in Bucharest and Sibiu, a private hospital – Polisano European Hospital in Sibiu – recognized as one of the most modern and performing hospital units in Romania, one in vitro fertilization centre and the biggest private maternity in Transylvania. The transaction was completed on 4 April 2018, after the validation by the Competition Council and approval of the condition precedents.

➤ Acquisition Ghencea Medical Center

In February 2018, Med Life announced the acquisition of the 90.00% majority stake in Ghencea Medical Center in Bucharest. The medical services provider has two clinics in Bucharest and Magurele with 135 employees, medical staff and support employees, offering to its patients a wide range of investigations for laboratory and imaging areas, specialized treatment for medical recovery and alternative medicine. The transaction was completed on 24 May 2018, after the conditions precedent were met.

➤ Acquisition Solomed

In March 2018, Med Life announced the acquisition of the 80.00% majority stake in Solomed, a group of medical clinics present on Pitesti, Costesti and Curtea de Arges markets. The Solomed Group was founded in 1997 and is one of the leading local medical operators in the region. The group consists of five clinics - three in Pitesti, the other two in Costesti and Curtea de Arges - and a laboratory (Pitesti), offering to its patients a wide range of investigations from multidisciplinary consultations for a range of over 15 medical specialties and laboratory services, CT investigations, ultrasounds, medical recovery services and small laser interventions. All medical units are equipped with state-of-the-art medical equipment and have a medical team with over 90 specialists. The transaction was finalized on 14 May 2018, after the fulfilment of the conditions precedent.

➤ Other acquisitions

Med Life announced on June 13, 2018, the acquisition of the 100% majority stake in sfatulmedicului.ro platform, the largest medical information hub in Romania. Established 15 years ago, sfatulmedicului.ro is among the top sites dedicated to the Romanian health segment. The platform has a monthly average of more than 3.2 million unique users and over 12 million views. In addition to the information service, users access the medical self-evaluation service and online analysis of the analyzes on this platform. As a result of this transaction, Sfatulmedicului.ro will retain the team that has carried out the project all these years, and in order to preserve its independence and impartiality towards the market, the management will be completely independent from Med Life and the current directors. The transaction will be completed once the suspensive conditions are met.

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

IV. MAIN FINANCIAL RATIOS PERIOD ENDED AT JUNE 30, 2018

Current ratio

$$\frac{\text{Current assets}}{\text{Current liabilities}} = \frac{144,061,499}{124,001,977} = 1.16$$

Debt to equity ratio

$$\frac{\text{Long Term Debt}}{\text{Equity}} = \frac{196,720,804}{153,760,536} = 128\%$$

$$\frac{\text{Long Term Debt}}{\text{Capital Assets}} = \frac{196,720,804}{350,481,340} = 56\%$$

Trade receivables turnover (days)

$$\frac{\text{Average receivables}}{\text{Sales}} = \frac{39,795,435}{210,247,942} = 34.07$$

Fixed assets turnover

$$\frac{\text{Sales}}{\text{Net Fixed Assets}} = \frac{210,247,942}{341,207,341} = 0.62$$

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

V. EBITDA EVOLUTION

	6 Month ended 30 June,		Variation 2018/2017
	2018	2017	
Sales	210,247,942	189,017,051	11.2%
Other operating revenues	170,974	905,764	-81.1%
Operating Income	210,418,916	189,922,815	10.8%
Operating expenses	(202,349,813)	(181,287,701)	11.6%
Operating Profit	8,069,103	8,635,114	-6.6%
EBITDA	22,238,611	19,556,779	13.7%
Finance cost	(5,065,862)	(5,745,446)	-11.8%
Other financial expenses	(2,214,974)	(360,166)	515.0%
Financial result	(7,280,836)	(6,105,612)	19.2%
Result Before Taxes	788,267	2,529,502	-68.8%
Income tax expense	(972,004)	(702,020)	38.5%
Net Result	(183,737)	1,827,482	-110.1%

*For the 6-month period ended June 30, 2017, the amount of RON 7,498,881 was reclassified from „Other operating revenues” as „Operating Expenses” to show net effect of the sale and leaseback transaction generated by the acquisition of the Banu Manta building.

Mihail Marcu,
Director general

Vera Firu,
Director Economic

MED LIFE S.A.
STANDALONE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST SEMESTER OF 2018

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

MED LIFE SA
STANDALONE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST SEMESTER OF 2018

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

Name of the issuing company: Med Life S.A.

Registered Office: Bucharest, 365 Calea Griviței, district 1, Romania

Fax no.: 0040 374 180 470

Unique Registration Code at the National Office of Trade Registry: 8422035

Order number on the Trade Registry: J40/3709/1996

Subscribed and paid-in share capital: RON 5,536,270.50

Regulated market on which the issued securities are traded: Bucharest Stock Exchange

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Note: The following standalone interim financial statements are prepared in accordance with international financial reporting standards, as adopted by European Union ("IFRS").

Semester report concluded in compliance with: Law no. 24/2017 regarding the capital market and CNVM Regulation no. 1/2006 regarding the issuers and the securities operations

The following standalone financial statements are unaudited.

MED LIFE SA
STANDALONE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST SEMESTER OF 2018

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

I. UNAUDITED STANDALONE INTERIM FINANCIAL STATEMENTS AS AT JUNE 30, 2018

UNAUDITED STANDALONE INTERIM STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED JUNE 30, 2018

	<u>June 30, 2018</u>	<u>January 1, 2018</u>	<u>Variation 2018/2017</u>
ASSETS			
Long Term			
Intangible assets	6,408,229	7,660,785	-16.4%
Tangible assets	188,700,598	168,861,934	11.7%
Financial assets	146,098,514	132,815,223	10.0%
TOTAL NON-CURRENT ASSETS	<u>341,207,341</u>	<u>309,337,942</u>	<u>10.3%</u>
Current Assets			
Inventories	5,283,811	6,668,022	-20.8%
Receivables	43,408,602	36,182,268	20.0%
Receivables with group companies	67,907,169	31,440,718	116.0%
Other receivables	2,940,879	1,351,116	117.7%
Cash and cash equivalents	21,326,231	70,007,531	-69.5%
	<u>140,866,692</u>	<u>145,649,655</u>	<u>-3.3%</u>
Prepayments	3,194,807	2,559,451	24.8%
TOTAL CURRENT ASSETS	<u>144,061,499</u>	<u>148,209,106</u>	<u>-2.8%</u>
TOTAL ASSETS	<u>485,268,840</u>	<u>457,547,048</u>	<u>6.1%</u>
LIABILITIES & SHAREHOLDER'S EQUITY			
Current Liabilities			
Trade accounts payable	68,961,306	62,556,608	10.2%
Overdraft	9,322,200	-	100.0%
Current portion of lease liability	541,828	515,738	5.1%
Current portion of long term debt	33,858,835	25,782,427	31.3%
Intercompany payables	2,724,996	2,855,697	-4.6%
Current tax liabilities	523,439	337,304	55.2%
Other liabilities	8,069,373	10,395,267	-22.4%
TOTAL CURRENT LIABILITIES	<u>124,001,977</u>	<u>102,443,041</u>	<u>21.0%</u>
Long Term Debt			
Lease liability	17,956,110	6,045,842	197.0%
Long term debt	178,764,694	184,328,369	-3.0%
TOTAL LONG-TERM LIABILITIES	<u>196,720,804</u>	<u>190,374,211</u>	<u>3.3%</u>
Deferred tax liability	10,785,523	10,785,523	0.0%
TOTAL LIABILITIES	<u>331,508,304</u>	<u>303,602,775</u>	<u>9.2%</u>
SHAREHOLDER'S EQUITY			
Issued capital	81,495,470	81,495,470	0.0%
Reserves	72,708,768	72,708,768	0.0%
Retained earnings	(443,702)	(259,965)	70.7%
Equity attributable to owners of the Co	<u>153,760,536</u>	<u>153,944,273</u>	<u>-0.1%</u>
TOTAL EQUITY	<u>153,760,536</u>	<u>153,944,273</u>	<u>-0.1%</u>
TOTAL LIABILITIES AND EQUITY	<u>485,268,840</u>	<u>457,547,048</u>	<u>6.1%</u>

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

MED LIFE SA
STANDALONE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST SEMESTER OF 2018

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

UNAUDITED STANDALONE INTERIM STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED JUNE 30, 2018

	6 Month ended June 30,		Variation
	2018	2017	2018/2017
Sales	210.247.942	189.017.051	11,2%
Other operating revenues*	170.974	905.764	-81,1%
Operating Income	210.418.916	189.922.815	10,8%
Operating expenses*	(202.349.813)	(181.287.701)	11,6%
Operating Profit	8.069.103	8.635.114	-6,6%
Finance cost	(5.065.862)	(5.745.446)	-11,8%
Other financial expenses	(2.214.974)	(360.166)	515,0%
Financial result	(7.280.836)	(6.105.612)	19,2%
Result Before Taxes	788.267	2.529.502	-68,8%
Income tax expense	(972.004)	(702.020)	38,5%
Net Result	(183.737)	1.827.482	-110,1%
Other comprehensive income items that will not be reclassified to profit or loss			
Gain / Loss on revaluation of properties	-	-	0%
Deferred tax on other comprehensive income components	-	-	0%
TOTAL OTHER COMPREHENSIVE INCOME	-	-	0%
TOTAL COMPREHENSIVE INCOME	(183.737)	1.827.482	-110%

*For the 6-month period ended June 30, 2017, the amount of RON 7,498,881 was reclassified from „Other operating revenues” as „Operating Expenses” to show net effect of the sale and leaseback transaction generated by the acquisition of the Banu Manta building.

Mihail Marcu,
 CEO

Vera Firu,
 Accounting and Tax Manager

MED LIFE SA
STANDALONE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST SEMESTER OF 2018

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

UNAUDITED STANDALONE INTERIM STATEMENT OF CASH FLOW FOR THE PERIOD ENDED
JUNE 30, 2018

	June 30, 2018	June 30, 2017
Net income before taxes	788,267	2,529,503
Adjustments for		
Depreciation	14,169,508	10,921,665
Interest expense	5,065,862	5,745,446
Unrealized exchange gain / loss on interest bearing obligations	3,090,440	566,125
Interest revenue	(875,466)	(205,959)
Operating cash flow before working capital changes	22,238,611	19,556,780
Decrease / (increase) in accounts receivable	(8,816,097)	(5,574,374)
Decrease / (increase) in inventories	1,384,211	1,508,695
Decrease / (increase) in prepayments	(635,356)	(1,950,040)
Increase / (decrease) in accounts payable	1,902,767	(5,782,181)
Net cash used in WC changes	(6,164,475)	(11,797,900)
Cash generated from operations	16,074,136	7,758,880
Income tax paid	(785,869)	(1,648,801)
Interest received	875,466	205,959
Interest paid	(4,616,290)	(5,733,817)
Net cash from operating activities	11,547,443	582,221
Purchase of investments	(13,283,291)	(29,796,766)
Purchase of intangible assets	(651,408)	(590,008)
Purchase of property, plant and equipment	(16,825,034)	(6,290,098)
Loans granted	(36,466,451)	-
Net cash used in investing activities	(67,226,184)	(36,676,872)
Cash flow from financing activities		
Payment of loans	(10,006,575)	(1,435,515)
Payments of financial leasing	(1,166,779)	(3,194,315)
Increase in loans	18,301,496	29,451,087
Decrease in loans granted to group companies	(130,701)	-
Net cash from financing activities	6,997,441	24,821,257
Net change in cash and cash equivalents	(48,681,300)	(11,273,394)
Cash and cash equivalents beginning of the year	70,007,531	13,959,191
Cash and cash equivalents end of the year	21,326,231	2,685,797

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

MED LIFE SA
STANDALONE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST SEMESTER OF 2018

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

UNAUDITED STANDALONE INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018

	Share Capital		Share premium	General reserves and other reserves	Revaluation Reserve*	Accumulated Results	Total Equity
	Paid, registered	Paid, registered after year end**					
Balance as at January 1, 2018	5,023,000	513,271	75,959,199	9,684,470	63,024,298	(259,965)	153,944,273
Share capital contribution	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	(183,737)	(183,737)
Gain or loss from revaluation	-	-	-	-	-	-	-
Deferred tax related to other comprehensive income	-	-	-	-	-	-	-
Loss of the year	-	-	-	-	-	(183,737)	(183,737)
Balance as at June 30, 2018	5,023,000	513,271	75,959,199	9,684,470	63,024,298	(443,702)	153,760,536

Note*: The closing balance of the revaluation reserve as of December 31, 2017 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).

Note:** In 2017, as a result of a Second Public Offering, Med Life S.A. issued 2,053,082 new shares with a nominal value of RON 0.25 per share, increasing the share capital from RON 5,023,000 to RON 5,536,271. The subscribers of the share increase will benefit from full rights related to the acquired shares starting from the date of the registration by the Central Depository. The shares were subscribed and paid in 2017. The Central Depository registered the newly subscribed shares on January 11, 2018.

Mihail Marcu,
 CEO

Vera Firu,
 Accounting and Tax Manager

MED LIFE SA
STANDALONE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST SEMESTER OF 2018

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

UNAUDITED STANDALONE INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

	Share Capital	Share premium	General reserves and other reserves	Revaluation Reserve*	Accumulated Results	Total Equity
Balance as at January 1, 2017	5,023,000	8,909,034	9,684,470	63,024,298	2,260,057	88,900,859
Profit of the year	-	-	-	-	1,827,482	1,827,482
Balance as at June 30, 2017	5,023,000	8,909,034	9,684,470	63,024,298	4,087,539	90,728,342

Note*: The closing balance of the revaluation reserve as of June 30, 2017 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).

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

MED LIFE SA
STANDALONE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST SEMESTER OF 2018

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

NOTES TO THE UNAUDITED INTERIM STANDALONE FINANCIAL STATEMENTS

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 centers located in Bucharest, Brasov, Cluj, Timisoara, Iasi, Galati and Constanta.

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 June 30, 2018 and January 1, 2018 are as follows:

	Name of subsidiary	Principal Activity	Place of operation	June 30, 2018	January 1, 2018
1	Policlinica de Diagnostic Rapid SA	Medical Services	Brasov, Romania	80.01%	80.01%
2	Medapt SRL	Medical Services	Brasov, Romania	80.01%	80.01%
3	Histo SRL	Medical Services	Brasov, Romania	48.01%	48.01%
4	Policlinica de Diagnostic Rapid Medis SRL	Medical Services	Sfantu Gheorge, Romania	64.01%	64.01%
5	Bahtco Invest SA	Development of building projects	Bucharest, Romania	100%	100%
6	Medsanrom SRL (Med Life Occupational SRL)	Medical Services	Bucharest, Romania	100%	100%
7	Pharmalife Med SRL	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
8	Asilife Insurance Broker SRL	Insurance broker	Bucharest, Romania	99%	99%
9	Accapiens	Rental activities	Bucharest, Romania	58%	58%
10	Genesys SRL	Medical services	Bucharest, Romania	58%	58%
11	Biofarm Farmec SRL	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	58%	58%
12	RUR Medical Services	Medical services	Bucharest, Romania	100%	100%
13	Biotest Med	Medical services	Bucharest, Romania	100%	100%
14	Vital Test	Medical services	Bucharest, Romania	100%	100%
15	Bactro SRL (indirectly)	Other healthcare services	Deva, Romania	58%	58%
16	Centrul Medical Sama S.A.	Medical Services	Craiova, Romania	55%	55%
17	Ultratest S.A.	Other healthcare services	Craiova, Romania	55%	55%
18	Diamed Center SRL	Medical Services	Bucharest, Romania	100%	100%
19	Prima Medical SRL	Medical Services	Craiova, Romania	100%	100%
20	Stem Cells Bank SA	Medical Services	Timisoara, Romania	100%	100%
21	Dent Estet Clinic SA	Dental healthcare activities	Bucharest, Romania	60%	60%
22	Centrul Medical Panduri	Medical Services	Bucharest, Romania	90%	90%
23	Almina Trading SA	Medical services	Targoviste, Romania	80%	80%
24	Anima Specialty Medical Services SRL	Medical services	Bucharest, Romania	100%	100%

MED LIFE SA
STANDALONE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST SEMESTER OF 2018

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

25	Anima Promovare si Vanzari SRL	Medical services	Bucharest, Romania	100%	100%
26	Valdi Medica SRL	Medical services	Cluj, Romania	55%	55%
27	Clinica Polissano SRL	Medical services	Sibiu, Romania	100%	0%
28	Solomed Clinic SA	Medical services	Pitesti, Romania	80%	0%
30	Ghencea Medical Center SA	Medical services	Bucharest, Romania	90%	0%

Dent Estet Clinic SA and Solomed Clinic SRL also own the following companies as described below:

	Name of subsidiary	Principal Activity	Place of operation	June 30, 2018	January 1, 2018
1	Green Dental Clinic SRL	Dental healthcare activities	Bucharest, Romania	51%	51%
2	Dentist 4 Kids SRL	Dental healthcare activities	Bucharest, Romania	52%	52%
3	Dent A Porter SRL	Dental healthcare activities	Bucharest, Romania	51.61%	51.61%
4	Dentestet Kids	Dental healthcare activities	Bucharest, Romania	52.94%	52.94%
5	Aspen Laborator Dentar	Dental healthcare activities	Bucharest, Romania	75%	75%
6	Solomed Plus SRL (held by Solomed Clinic SA)	Medical services	Pitesti, Romania	100%	0%

MED LIFE SA
STANDALONE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST SEMESTER OF 2018

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

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 4 “Insurance Contracts”** - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – adopted by the EU on 3 November 2017 (effective for annual periods beginning on or after 1 January 2018 or when IFRS 9 “Financial Instruments” is applied first time),
- **Amendments to IFRS 15 “Revenue from Contracts with Customers”** - Clarifications to IFRS 15 Revenue from Contracts with Customers – adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2018).
- **Amendments to IFRS 1 and IAS 28 due to “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 – adopted by the EU on 7 February 2018 (amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018).

On June 30, 2018, the Company did not adopt these new standards and amendments to existing standards. 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.

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

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, but they were not yet adopted by the Company:

- **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),

On June 30, 2018, the Company did not adopt these new standards and amendments to existing standards, but plans to adopt them starting with 31 December 2018. 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 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 16 “Leases”** – adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2019),

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.

MED LIFE SA
STANDALONE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST SEMESTER OF 2018

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

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

2.4 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 17 “Insurance Contracts”** (effective for annual periods beginning on or after 1 January 2021),
- **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 9 “Financial Instruments”** - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),
- **Amendments to IAS 19 “Employee Benefits”** - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IAS 28 “Investments in Associates and Joint Ventures”** - Long-term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019),
- **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 due to “Improvements to IFRSs (cycle 2015-2017)”** resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 January 2019),
- **IFRIC 22 “Foreign Currency Transactions and Advance Consideration”** (effective for annual periods beginning on or after 1 January 2018),
- **IFRIC 23 “Uncertainty over Income Tax Treatments”** (effective for annual periods beginning on or after 1 January 2019).

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.

MED LIFE SA
STANDALONE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST SEMESTER OF 2018

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

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these standalone interim financial statements of the Company are set out below.

3.1 Statement of compliance

The unaudited standalone interim financial statements have been prepared in accordance with International Accounting Standards for Financial Reporting ("IFRSs") as adopted by the European Union ("EU"), with the exception of the standards and amendments specified in paragraph 2.2, issued by the IASB and adopted by the European Union ("EU"), which entered into force for the current period, but will apply for the first time from 31 December 2018.

Additionally, the unaudited standalone interim 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 unaudited standalone interim 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 unaudited standalone interim 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 Company and have been adjusted to present the financial statements in accordance with IFRS.

3.3 Going concern

These unaudited standalone interim 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 unaudited standalone interim 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.

3.5 Foreign currency translation

Functional and presentation currency

These unaudited standalone interim 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").

MED LIFE SA
STANDALONE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST SEMESTER OF 2018

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

As at June 30, 2018 the exchange rate was of 4.0033 RON for 1 USD and of 4.6611 RON for 1 EUR. As at December 31, 2017 the exchange rate was of RON 3.8915 for 1 USD and of RON 4.6597 for 1 EUR. The average exchange rate for first semester of 2018 was of 3.8440 RON for 1 USD (first semester of 2017 : 4.1926 for 1 USD) and 4.6537 RON for 1 EUR (first semester of 2017 : 4.5362 RON 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 valutors 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. As of December 31, 2017, the Company performed the revaluation of the main building in order to identify whether there have been significant changes in fair value. Considering that the resulted fair value was not significantly different compared to the carrying value, the revaluation exercise was not extended to all the relevant assets and no revaluation was recorded as of December 31, 2017.

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.

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.

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

	<u>Years</u>
Buildings	10 – 50 years
Plant and equipment	3 – 15 years
Fixtures and fittings	3 – 15 years

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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.

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3.14 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.

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SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3.18 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.

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SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3.20 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.

3.24 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.

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SIGNIFICANT ACCOUNTING POLICIES (continued)

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 IAS 29

Med Life SA was created in 1996. The development of the Company was continuous throughout the years. The significant additions to non-current assets and the material share capital subscriptions and the share premiums were recorded after Romania stopped being considered a hyperinflationary economy. As such, no inflation adjustments have been applied to equity and the Company did not have to apply IAS 29 requirements.

3.28 IFRS 8

IFRS 8 disclosures are meant to enable users of financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

An operating segment is a component of an entity:

(a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),

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SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and

(c) for which discrete financial information is available.

Med Life considers that all the business activities from which it earns revenues are intertwined and that the main business activity represents one segment- the rendering of medical services.

3.29 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.

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4. FINANCIAL ASSETS

The company has significant investments in other companies.

Carrying amount	30 June 2018	1 January 2018
Cost of investments in other companies	133,501,676	120,447,736
Long-term loans granted to group companies	11,161,609	11,158,313
Other financial assets	1,435,229	1,209,174
TOTAL	146,098,514	132,815,223

Investments in other companies

Investments in other companies represent 28% of the total assets of the Company.

Movement in cost of investments

	June 30, 2018	January 1, 2018
Balance at the beginning of the year	120,447,736	85,613,408
Acquisition of social parts in other companies	13,053,940	34,834,328
Disposal of subsidiaries	-	-
Balance at year end	133,501,676	120,447,736

In 2017 and 2018, the Company signed the Sales Purchase Agreement for the acquisition of shares in the following companies:

- 100% of share capital of Clinica Polisano SRL
- 80% of share capital in Solomed Clinic and Solomed Plus
- 90% of share capital in Ghencea Medical Center.

Acquisition Polisano

Med Life announced in October 2017 the acquisition of the 100% stake in Polisano medical services, one of the largest private medical operators in Romania. Founded in the 90's, Polisano is the first fully integrated medical group in Romania.

It includes a series of four clinics with its own laboratories located in Bucharest and Sibiu, a private hospital – Polisano European Hospital in Sibiu – recognized as one of the most modern and performing hospital units in Romania, one in vitro fertilization centre and the biggest private maternity in Transylvania. The transaction was completed on 4 April 2018, after the validation by the Competition Council and approval of the condition precedents.

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4. FINANCIAL ASSETS (continued)

Acquisition Ghencea Medical Center

In February 2018, Med Life announced the acquisition of the 90.00% majority stake in Ghencea Medical Center in Bucharest. The medical services provider has two clinics in Bucharest and Magurele with 135 employees, medical staff and support employees, offering to its patients a wide range of investigations for laboratory and imaging areas, specialized treatment for medical recovery and alternative medicine. The transaction was completed on 24 May 2018, after the conditions precedent were met.

Acquisition Solomed

In March 2018, Med Life announced the acquisition of the 80.00% majority stake in Solomed, a group of medical clinics present on Pitesti, Costesti and Curtea de Arges markets. The Solomed Group was founded in 1997 and is one of the leading local medical operators in the region. The group consists of five clinics - three in Pitesti, the other two in Costesti and Curtea de Arges - and a laboratory (Pitesti), offering to its patients a wide range of investigations from multidisciplinary consultations for a range of over 15 medical specialties and laboratory services, CT investigations, ultrasounds, medical recovery services and small laser interventions. All medical units are equipped with state-of-the-art medical equipment and have a medical team with over 90 specialists. The transaction was finalized on 14 May 2018, after the fulfilment of the conditions precedent.

Other acquisitions

Med Life announced on June 13, 2018, the acquisition of the 100% majority stake in sfatulmedicului.ro platform, the largest medical information hub in Romania. Established 15 years ago, sfatulmedicului.ro is among the top sites dedicated to the Romanian health segment. The platform has a monthly average of more than 3.2 million unique users and over 12 million views. In addition to the information service, users access the medical self-evaluation service and online analysis of the analyzes on this platform. As a result of this transaction, Sfatulmedicului.ro will retain the team that has carried out the project all these years, and in order to preserve its independence and impartiality towards the market, the management will be completely independent from Med Life and the current directors. The transaction will be completed once the suspensive conditions are met.

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 individual 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. Following the management's assessment, it was found that there were no indications of impairment on 30 June 2018 and, consequently, the depreciation test was not carried out.

Long-term loans granted to other companies

As of June 30, 2018, the Company presents long-term loans granted to Bahtco Invest SA and Med Life Occupational SRL of RON 11,161,609 (January 1, 2018: RON 11,158,313).

Other financial assets

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

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5. TANGIBLE AND INTANGIBLES FIXED ASSETS

	30 June 2018	1 January 2018
Gross book value	347,940,720	315,188,854
Accumulated depreciation	(152,831,893)	(138,666,135)
Net book value	195,108,827	176,522,719

6. INVENTORIES

	30 June 2018	1 January 2018
Consumable	5,232,887	6,649,179
Othet inventory items	50,679	17,461
Inventory in transit	245	1,382
TOTAL	5,283,811	6,668,022

7. ACCOUNTS RECEIVABLE

	30 June 2018	1 January 2018
Customers	57,571,878	50,861,132
Advances to suppliers	2,033,374	1,517,786
Allowance for bad debt	(16,196,650)	(16,196,650)
TOTAL	43,408,602	36,182,268

Trade receivables as of June 30, 2018 and as of December 31, 2017 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 starting with 31 December 2016.

As of June 30, 2018, 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 that 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 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.

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8. CASH AND BANKS

	30 June 2018	1 January 2018
Cash in bank	19,811,343	68,696,261
Cash in hand	1,065,356	865,344
Cash equivalents	449,532	445,926
TOTAL	21,326,231	70,007,531

9. PREPAYMENTS

As of June 30, 2018 the Company has prepayments in amount of 3,194,807 RON (2,559,451 RON as of December 31, 2017). The prepayments balance as of June 30, 2018 consists mainly of deferred commissions for financing related to the Club loan and the IFC loan 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

	30 June 2018	1 January 2018
Suppliers	59,846,906	55,432,020
Fixed assets suppliers	8,294,924	6,118,887
Advances paid by customers	819,476	1,005,701
TOTAL	68,961,306	62,556,608

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

	30 June 2018	1 January 2018
Salary and related liabilities (incl. contributions)	7,019,507	8,834,260
Other liabilities	1,049,866	1,561,007
TOTAL	8,069,373	10,395,267

12. LEASING LIABILITIES

	30 June 2018	1 January 2018
Current term portion – Leasing	541,828	515,738
Non-current portion – Leasing	17,956,110	6,045,842
TOTAL	18,497,938	6,561,580

13. FINANCIAL DEBT

	30 June 2018	1 January 2018
Current portion of long-term loans	33,858,835	25,782,427
Non-current portion of long-term loans	178,764,694	184,328,369
TOTAL	212,623,529	210,110,796

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13. FINANCIAL DEBT (continued)

(a) 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 (Acciapiens 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 June 30, 2018 the outstanding balance is RON 11,097,859 the equivalent of EUR 2,380,953.

On September 30, 2016, Med Life (together with the co-borrowers- Policlinica de Diagnostic Rapid SA, Bahtco Invest SA and Acciapiens 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.

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

As of December 31, 2017, the outstanding balance related to the new facility obtained from IFC is RON 42,713,917, the equivalent of EUR 9,166,667. As of June 30, 2018, the outstanding balance related to the new facility obtained from IFC is RON 38,842,500, the equivalent of EUR 8,333,333.

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
- 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, Acciapiens 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).

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13. FINANCIAL DEBT (continued)

(b) Med Life SA concluded in 2011 another contract for a multi-product facility with BCR with as maximum amount of EUR 5,000,000. In 2016, as part of the Club Loan Agreement, Med Life refinanced this facility with facility B of the Club Loan agreement.

(c) 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).

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.

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.

The Club loan granted to the Group four facilities. As of June 30, 2018, the outstanding amounts for each facility are presented below:

Facility	Amount in EUR	Amount in RON
Facility A	21,971,725	102,412,407
Facility B	-	27,000,000
Facility C	9,500,000	44,280,450
Facility D	7,271,771	33,894,452
Total	38,743,496	207,587,309

As of June 30, 2018, the outstanding amounts for each facility related to Med Life SA are presented below:

Facility	Amount in EUR	Amount in RON
Facility A	12,000,795	55,936,907
Facility B	-	27,000,000
Facility C	9,500,000	44,280,450
Facility D	7,271,771	33,894,452
Total	28,772,566	161,111,808

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
- immovable mortgage over a plot of land and the buildings thereon comprising PDR Clinic and Hospital located in Brasov 5, Turnului Street - land book no 127854

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13. FINANCIAL DEBT (continued)

- 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.
- 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 a moveable mortgage agreement over shares to be entered into between the sponsors, the lender and IFC

14. ISSUED CAPITAL

As of June 30, 2018 the shareholders' structure is as presented below:

	No. of shares	%	Amount
Marcu Mihail	4,119,320	18.60%	1,029,830.00
Cristescu Mihaela Gabriela	3,055,115	13.80%	763,778.75
Marcu Nicolae	2,913,800	13.16%	728,450.00
Others	12,056,847	54.44%	3,014,211.75
TOTAL	22,145,082	100%	5,536,270.50

15. RESERVES

	30 June 2018	1 January 2018
General reserves	1,004,600	1,004,600
Other reserves	8,679,871	8,679,871
Revaluation reserves	63,024,297	63,024,297
TOTAL	72,708,768	72,708,768

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16. SALES

Turnover for the six months period ended June 30, 2018 is of RON 210,247,942 (for the six months period ended June 30, 2017 - RON 189,017,051) 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

	H1 2018	H1 2017
Other operating revenues*	170,974	905,764
TOTAL	170,974	905,764

*For the 6-month period ended June 30, 2017, the amount of RON 7,498,881 was reclassified from „Other operating revenues“ as „Operating Expenses“ to show net effect of the sale and leaseback transaction generated by the acquisition of the Banu Manta building.

18. OPERATING EXPENSES

	H1 2018	H1 2017
Consumable materials and repair materials	30,490,353	29,635,575
Utilities	2,181,077	1,726,697
Repairs maintenance	2,230,777	1,657,045
Rent	14,623,602	15,452,706
Insurance premiums	809,185	765,153
Promotion expense	5,341,501	4,035,808
Communications	1,159,531	1,093,818
Third party expenses (including doctor's agreements)	61,703,354	54,579,050
Salary and related expenses	63,581,195	46,893,427
Social contributions	2,250,281	10,685,021
Depreciation	14,169,508	10,921,665
Other administration and operating expenses*	3,809,449	3,841,736
TOTAL	202,349,813	181,287,701

*For the 6-month period ended June 30, 2017, the amount of RON 7,498,881 was reclassified from „Other operating revenues“ as „Operating Expenses“ to show net effect of the sale and leaseback transaction generated by the acquisition of the Banu Manta building.

19. NET FINANCIAL RESULT

	H1 2018	H1 2017
Net foreign exchange rate impact	(3,090,440)	(566,125)
Net finance cost – interest expense	(5,065,862)	(5,745,446)
Interest income	875,466	205,959
NET FINANCIAL RESULT	(7,280,836)	(6,105,612)

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20. SUBSEQUENT EVENTS

Acquisition of companies

Med Life announced on June 13, 2018, the acquisition of the 100% majority stake in sfatulmedicului.ro platform, the largest medical information hub in Romania.

There were no other significant events after June 30, 2018.

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

Declaratia persoanelor responsabile din cadrul Med Life S.A.

Dupa cunostintele noastre, Situatiile Financiare Interimare Individuale la 30 iunie 2018 care au fost intocmite in conformitate cu standardele contabile aplicabile (Standardul International de Contabilitate 34 – “Raportarea financiara interimara”) ofera o imagine corecta si conforma cu realitatea activelor, obligatiilor, pozitiei financiare, contului de profit si pierdere al societatii, iar Raportului Semestrial aferent primului semestru 2018 ofera o imagine corecta si conforma cu realitatea principalelor evenimente care au avut loc in decursul primelor sase luni ale anului financiar 2018 si a impactului acestora asupra Situatiilor Financiare Interimare Individuale.



Mihail Marcu,
Director General



Vera Firu,
Director Economic