MED LIFE S.A.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2017

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

(TOGETHER WITH INDEPENDENT AUDITOR'S REPORT)

Free translation from the original Romanian version.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of,
Med Life S.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the consolidated financial statements of Med Life S.A. and its subsidiaries (the Group), with registered office in in 365 Grivitei Road, Bucharest, district 1, identified by the unique tax registration code 8422035, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and notes to the consolidated financial statements.

2. The consolidated financial statements as at December 31, 2017 are identified as follows:

• Net assets / Equity	RON 167,661,959
• Net profit for the financial year	RON 8,731,625

3. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by EU.

Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and the Council (forth named The " Regulation") and Law 162/2017 ("the Law")(if PIE). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), in accordance with ethical requirements relevant for the audit of the financial statements in Romania including the Regulation and the Law and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	How our audit addressed the key audit matter
Valuation of goodwill	
Goodwill represents 11% of the total assets of the Group. 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. As disclosed in note 4, there are a number of key sensitive judgements made in determining the inputs into these models which include: >> Revenue growth >> Operating margins and >> The discount rates applied to the projected future cash flows. Accordingly, the impairment test of these assets is considered to be a key audit matter. Management have engaged specialists to assist with the determination of the discount rates for the significant Cash Generating Units to which the goodwill relates.	We focused our testing of the impairment of goodwill on the key assumptions made by management. Our audit procedures included: >> Engaging our internal specialists to assist with: –– Critically evaluating whether the model used by management to calculate the value in use of the individual Cash Generating Units complies with the requirements of IAS 36 Impairment of Assets. –– Evaluating the appropriateness of the assumptions used to calculate the discount rates and recalculating these rates. >>We evaluated the future projected cash flows used in the models to determine whether they are reasonable and supportable given the current economic climate and expected future performance of the Cash Generating Unit. >>We subjected the key assumptions to sensitivity analyses. >>We compared the projected cash flows, including the assumptions relating to revenue growth rates and operating margins, against historical performance to evaluate reasonableness of management's projections. We found that the assumptions used by management were comparable with historical performance and the expected future outlook and the discount rates used were appropriate in the circumstances.

Other information – Administrator's Report

6. The administrator is responsible for preparation and presentation of the other information. The other information comprises the Administrator's report, which includes the non-financial information declaration but does not include the consolidated financial statements and our auditors report thereon, nor the non-financial information declaration.

   Our opinion on the consolidated financial statements does not cover the other information and, unless otherwise explicitly mentioned in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements for the year ended December 31, 2017, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the Administrator's report, we read and report if this has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU, with subsequent amendments.

On the sole basis of the procedures performed within the audit of the consolidated financial statements, in our opinion:

a) the information included in the administrators' report for the financial year for which the financial statements have been prepared are consistent, in all material respects, with these financial statements;

b) the administrators' report has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU, with subsequent amendments.

Moreover, based on our knowledge and understanding concerning the Group and its environment gained during the audit on the consolidated financial statements prepared as at December 31, 2017, we are required to report if we have identified a material misstatement of this Administrator's report. We have nothing to report in this regard.

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

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

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

9. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

15. We have been appointed by the General Assembly of Shareholders on September 26, 2016 to audit the consolidated financial statements of Med Life S.A. for the financial year ended December 31, 2017. The uninterrupted total duration of our commitment is two years, covering the financial years ended December 31, 2016 and December 31, 2017.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of the Company that we issued the same date we issued and this report. Also, in conducting our audit, we have retained our independence from the audited entity.

- We have not provided for the Company the non-audit services referred to in Article 5 (1) of EU Regulation No.537 / 2014.

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

Farrukh Khan, Audit Partner

For signature, please refer to the original Romanian version.

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

On behalf of:

DELOITTE AUDIT S.R.L.

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

Sos. Nicolae Titulescu nr. 4-8, America House, Intrarea de Est,
Etajul 2 - zona Deloitte și Etajul 3, sector 1,
București, România
March 23, 2018

MED LIFE GROUP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017
(all the amounts are expressed in RON, unless otherwise specified)

	Note	December 31, 2017	January 1, 2017
ASSETS			
Long Term			
Goodwill	4	66,035,963	43,993,237
Intangible assets	5	34,299,738	26,512,923
Tangible assets	5	325,845,288	304,857,393
Financial assets	5.5	6,161,678	1,160
TOTAL NON-CURRENT ASSETS		**432,342,667**	**375,364,713**
Current Assets			
Inventories	6	20,325,330	17,373,541
Receivables	7	58,450,406	43,203,974
Other receivables		5,549,527	2,357,689
Cash and cash equivalents	8	79,227,766	20,701,850
		163,553,029	**83,637,054**
Assets classified as held for sale	9	381,665	381,665
Prepayments	10	**7,068,126**	**6,736,028**
TOTAL CURRENT ASSETS		**171,002,820**	**90,754,747**
TOTAL ASSETS		**603,345,487**	**466,119,460**
LIABILITIES & SHAREHOLDER'S EQUITY			
Current Liabilities			
Trade accounts payable	11	103,839,523	98,432,380
Overdraft	14	2,013,469	1,267,442
Current portion of lease liability	13	3,177,961	7,031,122
Current portion of long term debt	14	36,642,740	19,127,593
Current tax liabilities		1,112,707	1,099,391
Other liabilities	12	20,232,973	17,713,204
Liabilities directly associated with assets classified as held for sale	9	558,370	629,207
TOTAL CURRENT LIABILITIES		**167,577,743**	**145,300,339**
Long Term Debt			
Lease liability	13	10,111,452	10,382,639
Long term debt	14	242,797,699	202,761,616
TOTAL LONG-TERM LIABILITIES		**252,909,151**	**213,144,255**
Deferred tax liability	24	15,196,634	14,655,982
TOTAL LIABILITIES		**435,683,528**	**373,100,576**
SHAREHOLDER'S EQUITY			
Issued capital	15	81,495,470	13,932,034
Reserves	16	93,181,880	91,961,424
Retained earnings		(22,640,779)	(24,346,985)
Equity attributable to owners of the Group		**152,036,571**	**81,546,473**
Non-controlling interests	17	15,625,388	11,472,411
TOTAL EQUITY		**167,661,959**	**93,018,884**
TOTAL LIABILITIES AND EQUITY		**603,345,487**	**466,119,460**

Approved by the Board of Directors on the date of March 23, 2018 and signed on behalf of by:

Mihail Marcu,
Administrator

Vera Firu,
Director Economic

The accompanying notes are an integral part of the consolidated financial statements.
Free translation from the original Romanian version.

MED LIFE GROUP
CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2017
(all the amounts are expressed in RON, unless otherwise specified)

	Note	Year ended December 31 2017	Year ended December 31 2016
Sales	**18**	623,219,949	502,986,790
Other operating revenues	**19**	7,496,681	5,468,590
Operating Income		**630,716,630**	**508,455,380**
Operating expenses	**20,21**	**(595,857,844)**	**(488,901,027)**
Operating Profit		**34,858,786**	**19,554,353**
Finance cost	**22**	(14,201,686)	(13,336,592)
Other financial expenses	22	(6,380,555)	(5,048,649)
Financial result	**22**	**(20,582,241)**	**(18,385,241)**
Result Before Taxes		**14,276,545**	**1,169,112**
Income tax expense	**24**	(5,544,920)	(2,411,102)
Net Result		**8,731,625**	**(1,241,990)**
Owners of the Group		4,382,702	(5,109,958)
Non-controlling interests	**17**	4,348,924	3,867,968
Other comprehensive income items that will not be reclassified to profit or loss			
Gain / Loss on revaluation of properties		-	3,398,211
Corrections related to prior years		-	-
Deferred tax on other comprehensive income components	**24**	-	(543,714)
TOTAL OTHER COMPREHENSIVE INCOME		**-**	**2,854,497**
Total other comprehensive income attributable to:			
Owners of the Group		-	5,439,256
Non-controlling interests	**17**	-	(2,584,759)
TOTAL COMPREHENSIVE INCOME		**8,731,625**	**1,612,507**
Total comprehensive income attributable to:			
Owners of the Group		4,382,702	329,298
Non-controlling interests		4,348,924	1,283,209

Approved by the Board of Directors on the date of March 23, 2018 and signed on behalf of by:

Mihail Marcu,
Administrator

Vera Firu,
Director Economic

MED LIFE GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
(all the amounts are expressed in RON, unless otherwise specified)

	Note	Year ended December 31 2017	Year ended December 31 2016
Net income before taxes	**24**	**14,276,545**	**1,169,112**
Adjustments for			
Depreciation	**20**	43,078,621	36,093,805
Disposal of subsidiaries		-	714,750
Interest revenue	**22**	(613,193)	(454,439)
Interest expense	**22**	14,201,686	13,336,592
Allowance for doubtful debts and receivables written-off	**7**	(485,889)	8,175,200
Written off and allowance of other current assets	**7**	-	109,041
Financial Discounts	**22**	-	3,052,445
Other non-monetary gains	**19**	(4,561,947)	(3,300,000)
Unrealized exchange gain / loss	**22**	7,102,716	2,608,677
Bargain gain	**25**	(729,165)	-
Gain related to impairment of non-current assets	**5**	-	(970,918)
Operating cash flow before working capital changes		**72,269,374**	**60,534,265**
Decrease / (increase) in accounts receivable		(18,029,348)	(11,152,764)
Decrease / (increase) in inventories		(2,718,311)	(2,974,751)
Decrease / (increase) in prepayments		(155,089)	(446,269)
Increase / (decrease) in accounts payable		2,380,649	12,787,223
Cash generated from operations		**53,747,275**	**58,747,704**
Income Tax Paid		(5,058,217)	(2,945,862)
Interest Paid		(13,455,456)	(13,144,091)
Interest received		613,193	454,439
Net cash from / (used in) operating activities		**35,846,795**	**43,112,190**
Investment in business combination	**25**	(29,388,050)	(32,993,008)
Additional participation interest acquired	**25**	(2,401,752)	-
Purchase of intangible assets	**5**	(1,534,853)	(4,038,544)
Purchase of property, plant and equipment	**5**	(40,626,665)	(28,035,141)
Proceed from sale business combination		-	45,000
Net cash used in investing activities		**(73,951,320)**	**(65,021,693)**
Cash flow from financing activities			
Share capital contribution	**15,17**	67,563,436	137,030
Increase in Loans	**14**	65,257,781	73,824,643
Payment of loans	**14**	(21,661,647)	(30,629,749)
Financial Lease payments		(14,218,842)	(6,602,067)
Dividends paid to NCI	**17**	(310,287)	-
Net cash generated by financing activities		**96,630,441**	**36,729,857**

	Note	Year ended December 31 2017	Year ended December 31 2016
Net change in cash and cash equivalents		**58,525,916**	**14,820,354**

The accompanying notes are an integral part of the consolidated financial statements.
Free translation from the original Romanian version.

Cash and cash equivalents beginning of the period	20,701,850	5,881,496
Cash and cash equivalents end of the period	**79,227,766**	**20,701,850**

Approved by the Board of Directors on the date of March 23, 2018 and signed on behalf of by:

Mihail Marcu,
Administrator

Vera Firu,
Director Economic

MED LIFE GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017
(all the amounts are expressed in RON, unless otherwise specified)

	Share Capital								
	Paid and registered	**Paid, registered after year end**	**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	-	-	-	18,040	-	(18,040)	-	-	-
Recognition of legal reserves	-	-	-	1,202,416	-	(1,202,416)	-	-	-
Share capital contribution	-	513,271	67,050,165	-	-	-	67,563,436	-	67,563,436
Additional non-controlling interest arising as of result of business combinations	-	-	-	-	-	-	-	1,060,052	1,060,052
Subsequent acquisition of NCI	-	-	-	-	-	(1,456,040)	(1,456,040)	(945,712)	(2,401,752)
Distribution of dividends	-	-	-	-		-	-	(310,287)	(310,287)
Total comprehensive income	**-**		**-**	**-**	**-**	**4,382,702**	**4,382,702**	**4,348,924**	**8,731,626**
Gain/loss on revaluation of properties	-	-	-	-	-	-	-	-	-
Deferred tax related to revaluation reserve	-	-	-	-	-	-	-	-	-
Profit of the year (loss)	-	-	-	-	-	4,382,702	4,382,702	4,348,924	8,731,626
Balance as at December 31, 2017	**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**

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

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 in 2017. The Central Depository registered the newly subscribed shares on January 11, 2018.

Approved by the Board of Directors on the date of March 23, 2018 and signed on behalf of by:

Mihail Marcu,
Administrator

Vera Firu,
Director Economic

MED LIFE GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017
(all the amounts are expressed in RON, unless otherwise specified)

	Share Capital	Share premium	General reserves and other reserves	Revaluation Reserve*	Accumulated Results	Attributable to owners of the parent	Non-controlling interests	Total Equity
Balance as at January 1, 2016	**5,023,000**	**8,909,034**	**9,681,481**	**76,822,585**	**(19,139,252)**	**81,296,848**	**5,899,644**	**87,196,492**
Recognition of other reserves for fiscal purposes	-	-	18,102	-	(18,102)	-	-	-
Sale of subsidiaries	-	-	-	-	(79,673)	(79,673)	-	(79,673)
Share capital contribution	-	-	-	-	-	-	137,030	137,030
Additional non-controlling interest arising as of result of business combinations	-	-	-	-	-	-	4,152,528	**4,152,528**
Total comprehensive income	**-**	**-**	**-**	**5,439,256**	**(5,109,958)**	**329,298**	**1,283,209**	**1,612,507**
Gain/loss on revaluation of properties	-	-	-	6,475,305	-	6,475,305	(3,077,094)	3,398,211
Deferred tax related to revaluation reserve	-	-	-	(1,036,049)	-	(1,036,049)	492,335	(543,714)
Profit of the year (loss)	-	-	-	-	(5,109,958)	(5,109,958)	3,867,968	(1,241,990)
Balance as at December 31, 2016	**5,023,000**	**8,909,034**	**9,699,583**	**82,261,841**	**(24,346,985)**	**81,546,473**	**11,472,411**	**93,018,884**

Note*: The closing balance of the revaluation reserve as of December 31, 2016 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). As of December 31, 2016, the Group performed the revaluation of land and buildings owned. As a result, the Group recorded a net gain from revaluation of RON 2,854,497.

Approved by the Board of Directors on the date of March 23, 2018 and signed on behalf of by:

Mihail Marcu,
Administrator

Vera Firu,
Director Economic

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

1. DESCRIPTION OF THE BUSINESS

Med Life S.A. ("MedLife" 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. The registered office of Med Life is located in Bucharest, Calea Grivitei, no. 365. Med Life Group is offering a large range of medical service having opened 18 Hyperclinics in Bucharest, Timisoara, Brasov, Arad, Iasi, Galati, Craiova, Braila, Cluj and Constanta, 33 Clinics, 8 hospitals – located in Bucharest, Arad and Brasov, 29 Laboratories, 10 Pharmacies and 9 Dental Clinics. The Group has also more than 140 private Clinic partners around Romania. Details of Med Life SA's subsidiaries at December 31, 2017 and January 1, 2017 are as follows:

	Name of subsidiary	Principal Activity	Place of operation	December 31, 2017	January 1, 2017
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 Ocupational 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	Accipiens SA	Rental activities	Arad, Romania	58%	55%
10	Genesys Medical Clinic SRL	Medical services	Arad, Romania	58%	55%
11	Biofarm Farmec SRL	Distribution of Pharmaceutical Products in specialised stores	Arad, Romania	58%	55%
12	RUR Medical SA	Medical services	Brasov, Romania	100%	100%
13	Biotest Med SRL	Medical services	Constanta, Romania	100%	100%
14	Vital Test SRL	Medical services	Iasi, Romania	100%	100%
15	Bactro SRL (indirectly)	Other healthcare services	Deva, Romania	58%	55%
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%	60%
21	Dent Estet Clinic SA	Dental healthcare activities	Bucharest, Romania	60%	60%
22	Centrul Medical Panduri SA	Medical Services	Bucharest, Romania	90%	90%
23	Almina Trading SA	Medical services	Targoviste, Romania	80%	-
24	Anima Specialty Medical Services SRL	Medical services	Bucharest, Romania	100%	-
25	Anima Promovare si Vanzari SRL	Medical services	Bucharest, Romania	100%	-
26	Valdi Medica SRL	Medical services	Cluj, Romania	55%	-

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

1. DESCRIPTION OF THE BUSINESS (continued)

Dent Estet Clinic SA also owns the following companies as described below:

	Name of subsidiary	Principal Activity	Place of operation	December 31, 2017	January 1, 2017
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%

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 IAS 7 "Statement of Cash Flows"** - Disclosure Initiative – adopted by EU on 6 November 2017 (effective for annual periods beginning on or after 1 January 2017),

- **Amendments to IAS 12 "Income Taxes"** - Recognition of Deferred Tax Assets for Unrealised Losses – adopted by EU on 6 November 2017 (effective for annual periods beginning on or after 1 January 2017),

- **Amendments to IFRS 12 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 12 are to be applied for annual periods beginning on or after 1 January 2017).

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

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

At the date of authorization of these financial statements, the following new standards issued by IASB and adopted by the EU are not yet effective:

- **IFRS 9 "Financial Instruments"** - adopted by the EU on 22 November 2016 (effective for annual periods beginning on or after 1 January 2018),

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

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

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

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

- **Amendments to 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).

The Group has elected not to adopt these new standards and amendments to existing standards in advance of their effective dates. 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.

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

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

- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,

- **IFRS 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),

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

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

- **Amendments to 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 Group anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the consolidated financial statements of the 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 consolidated financial statements have been prepared in accordance with International Accounting Standards for Financial Reporting ("IFRSs") as adopted by the European Union ("EU").

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

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

3.4 Basis of consolidation

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Basis of consolidation (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3.7 Non-current assets held for sale

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

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

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

3.8 Accounting estimates and judgments

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

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

3.9 Foreign currency translation

Functional and presentation currency

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

As at December 31, 2017 the exchange rate was of 3.8915 RON for 1 USD and of 4.6597 RON for 1 EUR.

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

3.10 Comparative information

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 valuators certified by ANEVAR. The revaluation is performed with sufficient regularity as to ensure that the Group presents land and buildings at fair value in the consolidated financial statements. The Group performed the revaluation as of December 31, 2017 for a sample of buildings to identify whether there have been significant changes in fair value. Considering that the resulted fair values were not significantly different compared to the carrying values of the selected assets, 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 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:

	Years
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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Intangible assets (continued)

De-recognition of intangible assets

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

Impairment of tangible and intangible assets other than goodwill

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

Impairment of tangible and intangible assets other than goodwill

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. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 Accounts payable

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

3.21 Leasing

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

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

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

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

3.22 Borrowing costs

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

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

3.23 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest revenues

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

3.29 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 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, 2016 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 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

4. GOODWILL

The Group records goodwill resulting from business combinations.

Please see below the goodwill recorded as of December 31, 2017 and January 1, 2017:

	December 31, 2017	December 31, 2016
Policlinica de Diagnostic Rapid Group	11,281,899	11,281,899
Pharmalife Med SRL	138,997	138,997
Accipiens Group	10,853,416	10,853,416
Biotest Med SRL	215,289	215,289
Vital Test SRL	90,706	90,706
Centrul Medical Sama SA	1,492,537	1,492,537
Ultratest Craiova SA	9,807	9,807
Bactro	68,393	68,393
Diamed Center SRL	2,646,208	2,646,208
Prima Medical SRL	1,422,493	1,422,493
Stem Cells Bank SA	1,217,669	1,217,669
Dent Estet Clinic SA	7,576,551	7,576,551
Centrul Medical Panduri SA	6,979,272	6,979,272
Almina Trading SRL	6,354,631	-
Anima Specialty Medical Services SRL	12,863,892	-
Valdi Medica SRL	2,824,203	-
TOTAL	**66,035,963**	**43,993,237**

Movement in Goodwill

	December 31, 2017	December 31, 2016
Balance at the beginning of the year	43,993,237	24,275,015
Goodwill recognized during the year	22,042,726	19,842,193
Disposal of subsidiaries	-	(123,971)
TOTAL	**66,035,963**	**43,993,237**

During the year ended December 31, 2017, the Group obtained control over various companies and recorded a goodwill of RON 22,042,726. For further details on business combinations performed in the year ended December 31, 2017 and the year ended December 31, 2016, please see note 25.

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.

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

5. TANGIBLE AND INTANGIBLES FIXED ASSETS

As of December 31, 2017 the Group's tangible and intangible assets' structure was the following:

	Intangibles*	Land	Constructions	Vehicles and equipment	Construction in progress	Total
January 1, 2017	**49,662,705**	**27,114,136**	**220,255,015**	**187,925,500**	**9,939,797**	**494,897,153**
Additions	6,096,799	-	10,376,979	26,149,889	10,531,607	53,155,274
Transfers	-	-	8,516,418	-	(8,516,418)	-
Disposals	-	-	(15,865)	(1,890,496)	-	(1,906,361)
Additions from business combinations	10,642,257	-	4,426,302	17,733,504	134,641	32,936,704
Disposals from business combinations	-	-	-	-	-	
Revaluation	-	-	-	-	-	
December 31, 2017	**66,401,761**	**27,114,136**	**243,558,849**	**229,918,397**	**12,089,627**	**579,082,770**

For details regarding additions from business combinations – please see further details in Note 25.

	Intangibles*	Land	Constructions	Vehicles and equipment	Construction in progress	Total
Depreciation						
January 1, 2017	**23,149,782**	**84,120**	**28,880,616**	**111,412,319**	**-**	**163,526,837**
Charge of the year	5,792,478	-	16,874,941	20,411,202	-	43,078,621
Disposals	-	-	(15,865)	(1,564,250)	-	(1,580,115)
Additions from business combinations	3,159,763	-	11,761	10,740,877	-	13,912,401
Disposals from business combinations	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Impairment losses recognized in profit or loss	-	-	-	-	-	-
December 31, 2017	**32,102,023**	**84,120**	**45,751,453**	**141,000,148**	**-**	**218,937,744**
Net Book Values						
January 1, 2017	**26,512,923**	**27,030,016**	**191,374,399**	**76,513,181**	**9,939,797**	**331,370,316**
December 31, 2017	**34,299,738**	**27,030,016**	**197,807,396**	**88,918,249**	**12,089,627**	**360,145,026**

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

6. TANGIBLE AND INTANGIBLES FIXED ASSETS

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

	Intangibles*	Land	Constructions	Vehicles and equipment	Construction in progress	Total
January 1, 2016	**28,730,788**	**28,628,917**	**215,767,462**	**146,761,943**	**7,880,094**	**427,769,204**
Additions	7,339,081	-	51,490	25,697,241	13,447,401	46,535,213
Transfers	-	-	11,579,861	-	(11,579,861)	-
Disposals	(279,976)	-	-	(956,679)	-	(1,236,655)
Additions from business combinations	13,874,703	148,542	246,713	18,335,310	209,763	32,815,031
Disposals from business combinations	(1,891)			(1,912,315)	(17,600)	(1,931,806)
Revaluation	-	(1,663,323)	(7,390,511)	-	-	(9,053,834)
December 31, 2016	**49,662,705**	**27,114,136**	**220,255,015**	**187,925,500**	**9,939,797**	**494,897,153**

For details regarding additions from business combinations – please see further details in Note 25. During 2016, the Group disposed of the shares held regarding Agis 2000 SRL as disclosed in Note 4.

	Intangibles*	Land	Constructions	Vehicles and equipment	Construction in progress	Total
Depreciation						
January 1, 2016	**14,919,054**	**84,120**	**31,312,673**	**87,430,882**	**-**	**133,746,729**
Charge of the year	8,230,727		10,979,864	16,883,214		36,093,805
Disposals	(279,707)	-	-	(921,028)	-	(1,200,735)
Additions from business combinations	281,330	-	11,042	8,910,226	-	9,202,598
Disposals from business combinations	(1,622)	-	-	(890,975)	-	(892,597)
Revaluation	-	-	(12,452,045)	-	-	(12,452,045)
Impairment losses recognized in profit or loss	-	-	(970,918)	-	-	(970,918)
December 31, 2016	**23,149,782**	**84,120**	**28,880,616**	**111,412,319**	**-**	**163,526,837**
Net Book Values						
January 1, 2016	**13,811,734**	**28,544,797**	**184,454,789**	**59,331,061**	**7,880,094**	**294,022,475**
December 31, 2016	**26,512,923**	**27,030,016**	**191,374,399**	**76,513,181**	**9,939,797**	**331,370,316**

The carrying value of assets purchased through financial leasing is RON 13,566,709 (2016: RON 17,691,057).

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

5. TANGIBLE AND INTANGIBLES FIXED ASSETS (continued)

5.1. Land and buildings carried at fair value

The value of land and buildings related to Med Life, PDR, Accipiens, Rur Medical and Bahtco Invest presented in this consolidated financial information is based on the valuation reports which were performed as of December 31, 2016 by independent valuators certified by ANEVAR. The Group performed the revaluation as of December 31, 2017 for a sample of buildings to identify whether there have been significant changes in fair value. Considering that the resulted fair values were not significantly different compared to the carrying values of the selected assets, the revaluation exercise was not extended to all the relevant assets and no revaluation was recorded as of December 31, 2017.

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

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

Information regarding the fair value as of December 31, 2017 and January 1, 2017:

	Level 1	Level 2	Level 3	Fair value as of December 31, 2017
Land			28,544,797	28,544,797
Buildings			184,454,789	184,454,789

	Level 1	Level 2	Level 3	Fair value as of January 1, 2017
Land	-	-	27,030,016	27,030,016
Buildings	-	-	191,374,399	191,374,399

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

Carrying amount without revaluation	**December 31, 2017**	**January 1, 2017**
Land	4,705,086	4,705,086
Buildings	130,019,084	122,520,203
TOTAL	**134,724,170**	**127,225,289**

5.2. Assets pledged as securities

Land and buildings (property on 365, Calea Grivitei) have been pledged to secure borrowings of the Group (see note 14). The land and buildings have been pledged as security for bank loans under a mortgage. The Group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

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

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

5. TANGIBLE AND INTANGIBLES FIXED ASSETS (continued)

5.2. Assets pledged as securities (continued)

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

Genesys Clinic situated in Arad, was pledged in the favor of Banca Transilvania. For further details please see note 14.

Eva Clinic situated in Brasov, was pledged in the favor of IFC, as part of the amended agreement in 2011. For further details please see note 14.

5.3. Intangible assets

Carrying amount	December 31, 2017	January 1, 2017
Set-up and development costs	13,758	10,789
Customer lists	3,683,529	2,553,529
Contract advantage	4,088,463	1,435,896
Trademark	12,655,595	10,948,595
Concessions, patents, licenses, trademarks and similar rights and assets	4,572,641	2,061,316
Other intangible assets	9,285,752	9,502,798
TOTAL	**34,299,738**	**26,512,923**

5.4. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). The fair value of intangible assets was assessed by an independent appraiser at acquisition date.

Subsidiary	Customer List	Contract Advantage	Trademark	Total
Policlinica de Diagnostic Rapid (2010)	2,335,446	282,163	-	2,617,609
Med Life Ocupational (2010)	10,427	64,546	-	74,973
Genesys Clinic (2011)	631,221	-	-	631,221
Vital Test (2014)	-	8,462	-	8,462
Biotest (2014)	-	25,579	-	25,579
Diamed (2016)	-	839,438	605,153	1,444,591
Prima Medical (2016)	-	115,865	688,850	804,715
Stem Cells Bank (2016)	338,056	-	-	338,056
Dent Estet Clinic (2016)	930,189	-	9,654,592	10,584,781
Centrul Medical Panduri (2016)	-	318,179	-	318,179
Almina Trading SRL (2017)	-	632,000	321,000	953,000
Anima S (2017)	1,130,000	1,150,000	1,288,000	3,568,000
Anima P (2017)		870,567		870,567
Valdi Medica SRL (2017)	-	-	98,000	98,000
Total	**5,375,339**	**4,306,799**	**12,655,595**	**22,337,733**

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

5. TANGIBLE AND INTANGIBLES FIXED ASSETS (continued)

5.5. Financial assets

Carrying amount	December 31, 2017	January 1, 2017
Long-term receivables for stem cells processing	6,160,418	-
Other receivables	1,260	1,160
TOTAL	**6,161,678**	**1,160**

As of December 31, 2017, the Group presents RON 6,160,418 as long-term receivables for stem cells processing.

6. INVENTORIES

	December 31, 2017	January 1, 2017
Consumables	10,981,134	11,149,639
Materials in the form of inventory items	112,671	222,067
Commodities	9,230,143	6,000,816
Inventory in transit	1,382	1,019
TOTAL	**20,325,330**	**17,373,541**

7. ACCOUNTS RECEIVABLE

	December 31, 2017	January 1, 2017
Customers	71,761,034	57,352,607
Advances to suppliers	3,581,967	2,522,169
Bad debt provisions	(16,892,595)	(16,670,802)
TOTAL	**58,450,406**	**43,203,974**

Trade receivables as of December 31, 2017 and as of January 1, 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 during 2016.

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

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

As of December 31, 2017 and January 1, 2017, the Management of the Group performed an assessment regarding the collectability of receivables- a total allowance of RON 16,670,802 (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.

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

7. ACCOUNTS RECEIVABLE (continued)

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

Ageing of past due but not impaired

	December 31, 2017	January 1, 2017
90 - 180 days	488,216	1,252,714
180 days - 270 days	973,664	952,544
270 - 365 days	2,271,282	1,185,080
Over 365 days	3,874,936	3,158,676
TOTAL	**7,608,098**	**6,549,014**
Average age (days)	90	90

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

Movement in the allowance for doubtful debts	December 31, 2017	January 1, 2017
Balance at the beginning of the year	16,670,802	8,565,592
Additions from business combinations	707,682	-
Impairment losses and reversals recognized on receivables	(485,889)	8,105,210
TOTAL	**16,892,595**	**16,670,802**

During 2016, the Group has written off advances to suppliers in amount of RON 305,600.

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

Ageing of impaired trade receivables

	December 31, 2017	January 1, 2017
270-365 days	-	988,647
Over 365 days	9,526,760	8,316,320
TOTAL GENERAL	**9,526,760**	**9,304,967**
Other allowance (described above)	7,365,835	7,365,835
TOTAL	**16,892,595**	**16,670,802**

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

8. CASH AND BANKS

	December 31, 2017	January 1, 2017
Cash in bank	76,956,322	18,022,894
Cash in hand	1,683,744	1,810,985
Cash equivalents	587,700	867,971
TOTAL	**79,227,766**	**20,701,850**

As of December 31, 2017, the cash at bank increased materially as a result of the subscription of the new shares. Please see note 15 for more details.

9. ASSETS CLASSIFIED AS HELD FOR SALE

	December 31, 2017	January 1, 2017
Apartment owned by Med Life Ocupational	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 Med Life Occupational is directly linked to advance payment made by the former shareholders, recorded as a liability as of December 31, 2017 and January 1, 2017 in Med Life Group's consolidated financial statements and to a loan from Bancpost, contracted to buy this apartment.

The amount of liabilities directly linked to assets held for sale as of December 31, 2017 is RON 558,370 (January 1, 2017: RON 629,207).

10. PREPAYMENTS

As of December 31, 2017 the Group has prepayments in amount of RON 7,068,126 (RON 6,736,028 as of January 1, 2017. The prepayments balance as of December 31, 2017 and January 1, 2017 consists mainly of deferred commissions for financing related to the Club loan and the IFC loan obtained in 2016 and amounts related to rent paid in advance for rented properties and other amounts such as insurance policies for professionals and tangible assets.

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

11. ACCOUNTS PAYABLE

	December 31, 2017	January 1, 2017
Suppliers	88,686,385	80,920,609
Fixed assets suppliers	13,667,285	16,429,728
Advances paid by customers	1,485,853	1,082,043
TOTAL	**103,839,523**	**98,432,380**

12. OTHER SHORT TERM LIABILITIES

	December 31, 2017	January 1, 2017
Salary and related liabilities (including social contributions)	14,985,699	11,346,075
Other liabilities	5,247,274	6,367,129
TOTAL	**20,232,973**	**17,713,204**

13. LEASING LIABILITIES

	December 31, 2017	January 1, 2017
Current portion – Leasing	3,177,961	7,031,122
Non-current portion – Leasing	10,111,452	10,382,639
TOTAL	**13,289,413**	**17,413,761**

Leasing facilities refer to medical equipment and vehicles acquired.

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

13. LEASING LIABILITIES (continued)

Obligations under finance lease

	December 31, 2017	January 1, 2017
Minimum Lease Payments		
Short-term (less than one year)	3,977,222	9,502,879
Long-term (between 2 and 5 years)	12,828,762	15,551,753
Total	**16,805,984**	**25,054,632**
Less: future finance charges	(3,516,571)	(7,640,871)
Present value of lease obligations		
Analyzed as follows:		
Maturing within one year	3,177,961	7,031,122
Maturing after more than one year but not later than five year	10,111,452	10,382,639
TOTAL	**13,289,413**	**17,413,761**

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

14. FINANCIAL DEBT

	December 31, 2017	January 1, 2017
Current portion of long term debt	38,656,209	20,395,035
Long term debt	242,797,699	202,761,616
TOTAL	**281,453,908**	**223,156,651**

Overdraft

	December 31, 2017	January 1, 2017
Short term loan Transilvania Bank and others	2,013,469	1,267,442
TOTAL	**2,013,469**	**1,267,442**

As at December 31, 2017, the Group's drawn and undrawn financing facilities included the following:

- a secured club loan agreement entered into between the Company 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 31 December 2016 was EUR 32,904,018, equivalent to RON 176,420,437, and RON 27,000,000. The balance as at December, 31 2017 is of EUR 37,909,567, equivalent of RON 176,647,209, and RON 27,000,000;

- a secured loan agreement with the International Finance Corporation, member of the World Bank Group, amended and restated as at 30 September 2016, with an outstanding amount of EUR 2,619,048, having the last repayment date on 15 May 2023;

14. FINANCIAL DEBT (continued)

- a secured loan agreement with the International Finance Corporation, member of the World Bank Group, in the amount of EUR 10,000,000 signed at 30 September 2016. The outstanding amount as at December 31, 2017 is EUR 9,166,667;

- seven secured loan agreements entered into between Banca Transilvania and Centrul Medical Sama for the acquisition of medical equipment and the construction of a clinic, having a total outstanding amount of RON 1,194,480, as at December 31, 2017;

- three secured loan agreements entered into between Banca Transilvania and Genesys Medical Center S.R.L, having at December 31, 2017 a balance of EUR 2,337,641 and RON 231,279 RON;

- an overdraft facility entered into between Unicredit Tiriac Bank and Prima Medical S.R.L. having as maximum credit limit of RON 800,000, fully drawn as at December 31, 2017;

- a credit facility entered into between Garanti Bank and Dent Estet having an outstanding amount as at December 31, 2017 is of RON 1,099,974;

- two secured agreement between Banca Transilvania and Anima Specialty Medical Services; the outstanding amount as at December 31, 2017 is of RON 4,060,384;

- three secured agreement between Banca Transilvania and Almina Trading, having an outstanding amount as at December 31, 2017 is of RON 700,759;

- a secured agreement between Bancpost and Medlife Ocupational in amount of EUR 225,000; the outstanding amount as at December 31, 2017 is of EUR 119,810;

- an overdraft facility between Banca Transilvania and Anima Specialty with a limit of 1,000,000 RON until June 2018; the outstanding amount as at December 31, 2017 is 420,188 RON;

- a credit facility entered between Banca Transilvania and Sama from September 2016, having an outstanding amount 166,648 RON as at December 31, 2017;

- a credit facility entered between Banca Transilvania and Genesys, having an outstanding amount 310,640 RON as at December 31, 2017;

As at December 31, 2017, none of the Group members was in breach of any applicable term of the financing facilities.

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

15. ISSUED CAPITAL

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.

As of December 31, 2017 the shareholders' structure of Med Life SA, the parent company of Med Life Group, is as presented below:

	No. of shares	%
Marcu Mihail	4,219,320	21.00%
Marcu Nicolae	3,013,800	15.00%
Cristescu Mihaela Gabriela	3,028,892	15.08%
Others	9,829,988	48.92%
TOTAL	**20,092,000**	**100%**

The shareholders' structure of Med Life SA in place following the share capital increase process, as presented in the Central Depository notification, dated January 11, 2018, is as presented below:

	No. of shares	%
Marcu Mihail	4,219,320	19.05%
Marcu Nicolae	3,013,800	13.61%
Cristescu Mihaela Gabriela	3,243,892	14.65%
Others	11,668,070	52.69%
TOTAL	**22,145,082**	**100%**

As of December 31, 2016 the shareholders' structure of Med Life SA, the parent company of Med Life Group, is as presented below:

	No. of shares	%
Marcu Mihail	4,219,320	21.00%
Marcu Nicolae	3,013,800	15.00%
Cristescu Mihaela Gabriela	3,013,800	15.00%
Others	9,845,080	49.00%
TOTAL	**20,092,000**	**100%**

16. RESERVES

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

	December 31, 2017	January 1, 2017
General reserves	1,867,202	1,028,142
Other reserves	9,052,837	8,671,441
Revaluation reserves	82,261,841	82,261,841
TOTAL	**93,181,880**	**91,961,424**

As of December 31, 2014, Med Life SA used a fiscal facility available starting 2014 for re-invested profit and increased its reserves according to the fiscal rules by RON 4,933,776 based on the profit obtained in 2014. As of December 31, 2015, Med Life SA used the fiscal facility of re-invested profit and increased its reserves by RON 3,705,398. This reserve will be taxed when it will be used under any form. These are included in Other reserves as of December 31, 2017 and January 1, 2017.

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

16. RESERVES (continued)

General reserves and other reserves

	December 31, 2017	January 1, 2017
Balance at beginning of the year	**9,699,583**	**9,681,481**
Movements	1,220,456	18,102
Balance at the end of the year	**10,920,039**	**9,699,583**

Revaluation reserves	December 31, 2017	January 1, 2017
Balance at beginning of the year	**82,261,841**	**76,822,585**
Decrease arising revaluation correction	-	-
Increase due to revaluation	-	6,475,305
Deferred tax related to revaluation	-	(1,036,049)
Balance at the end of the year	**82,261,841**	**82,261,841**

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

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

17. NON-CONTROLLING INTEREST

	December 31, 2017	January 1, 2017
Balance at beginning of year	**11,472,411**	**5,899,644**
Decrease in non-controlling interest as a result of group acquisition of additional interest	(945,712)	-
Share of profit for the year	4,348,924	3,867,968
Share of other comprehensive income	-	(2,584,759)
Share capital contribution	-	137,030
Non-controlling interests arising on the acquisition of subsidiaries	1,060,052	4,152,528
Distribution of dividends	(310,287)	
TOTAL	**15,625,388**	**11,472,411**

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

18. SALES

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

Business Line	12 months 2017 Sales	% of Total Sales	12 months 2016 Sales	% of Total Sales
Clinics	166,650,648	26.7%	130,109,363	25.9%
Stomatology	37,565,681	6.0%	18,504,217	3.7%
Hospitals	119,106,274	19.1%	104,977,229	20.9%
Laboratories	115,259,329	18.5%	93,161,917	18.5%
Corporate	144,621,716	23.2%	127,988,835	25.4%
Pharmacies	29,526,655	4.7%	23,597,580	4.7%
Other revenue	10,489,645	1.7%	4,647,649	0.9%
TOTAL	**623,219,949**	**100%**	**502,986,790**	**100%**

Sales obtained for stem cells bank services are classified for the twelve month period ended December 31, 2017 on Other Revenues business line. Stem cells bank services sales were previously classified in Laboratories business line. In order to ensure comparison between periods, we have reclassified stem cell banks services sales for the twelve month period ended December 31, 2016 from Laboratories business line to Other Sales business line.

19. OTHER OPERATING REVENUES

Other operating revenues caption comprises:

	December 31, 2017	December 31, 2016
Other operating income	2,934,734	2,168,590
Capitalized costs of intangible assets	4,561,947	3,300,000
TOTAL	**7,496,681**	**5,468,590**

20. OPERATING EXPENSES

	December 31, 2017	December 31, 2016
Consumable materials & repair materials	97,974,250	83,701,521
Commodities expenses	24,115,025	18,908,567
Utilities	6,573,637	5,074,199
Repairs maintenance	6,435,809	5,133,520
Rent	38,281,750	28,055,943
Insurance premiums	2,103,123	1,868,261
Promotion expense	10,976,803	10,371,665
Communications	3,326,050	3,249,114
Third party expenses (including doctor's agreements)	165,638,063	133,552,240
Salary and related expenses	152,403,119	113,810,954
Social contributions	34,608,368	25,748,024
Depreciation	43,078,621	36,093,805
Impairment gains recognized in profit and loss	-	(970,918)
Other administration & operating exp.	10,343,226	24,304,132
TOTAL	**595,857,844**	**488,901,027**

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

21. KEY MANAGEMENT PERSONNEL EXPENSES

The structure of Med Life personnel is described below:

	December 31, 2017	December 31, 2016
Management	93	77
Staff	3,511	3,351
Total	**3,604**	**3,428**

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

	December 31, 2017	December 31, 2016
Management	22,805,657	16,664,561
Staff	129,597,462	97,146,393
Total	**152,403,119**	**113,810,954**

22. NET FINANCIAL RESULT

	December 31, 2017	December 31, 2016
Other financial expenses	-	(3,052,445)
Net foreign exchange rate impact	(7,109,598)	(2,608,878)
Net finance cost – interest expense	(14,201,686)	(13,336,592)
Other income	115,850	158,235
Interest income	613,193	454,439
NET FINANCIAL RESULT	**(20,582,241)**	**(18,385,241)**

23. RELATED PARTIES

The related parties identified are: Nautic Life SRL, DR. CRISTESCU I. MIHAELA-GABRIELA and Marcu Nicolae (shareholder).

Closing balances	December 31, 2017	January 1, 2017
Payables		
MARCU NICOLAE	-	-
DR. CRISTESCU I. MIHAELA-GABRIELA	52,400	-
NAUTIC LIFE	-	140,440

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

23. RELATED PARTIES (continued)

Transactions during the year	**December 31, 2017**	**December 31, 2016**
Expenses		
NAUTIC LIFE	-	-
DR. CRISTESCU I. MIHAELA-GABRIELA	466,835	-
MARCU NICOLAE	-	-
Total	**466,835**	**-**
Acquisition of fixed assets		
NAUTIC LIFE	-	4,237,180

24. TAXATION

	December 31, 2017	**December 31, 2016**
Current income tax expense	5,004,268	3,107,943
Deferred tax expense/release	540,652	(696,841)
Total income tax	**5,544,920**	**2,411,102**

	December 31, 2017	**December 31, 2016**
Profit / (loss) before tax	**14,276,545**	**1,169,112**
Income tax expense calculated at 16%	2,284,247	187,058
Effect of expenses that are not deductible in determining taxable profit	2,720,021	2,920,885
Effect of temporary differences	540,652	(696,841)
Income tax expense recognized in profit or loss	**5,544,920**	**2,411,102**

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

24. TAXATION (continued)

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

The components of deferred tax as of December 31, 2017 are presented below:

Components of deferred tax	December 31, 2017	Change in deferred tax	January 1, 2017
Deferred tax assets			
Non-current assets	-	-	-
Trade receivables	1,332,184	-	1,332,184
Total deferred tax asset	**1,332,184**	**-**	**1,332,184**

Deferred tax liability	December 31, 2017	Change in deferred tax	January 1, 2017
Non-current assets new acquisitions	818,437	540,652	277,785
Revaluation reserve	15,710,381		15,710,381
Total deferred tax liability	**16,528,818**	**540,652**	**15,988,166**
Net deferred tax liability	**15,196,634**		**14,655,982**

The net effect of the change on deferred tax balances recognized as at December 31, 2017, except for the deferred tax related to the revaluation reserve which is recognized in equity, is reflected in the statement of comprehensive income for the year then ended.

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

Components of deferred tax	December 31, 2016	Change in deferred tax	January 1, 2016
Deferred tax assets			-
Non-current assets	-	(371,104)	371,104
Trade receivables	1,332,184	1,332,184	-
Total deferred tax asset	**1,332,184**	**961,080**	**371,104**

Deferred tax liability	December 31, 2016	Change in deferred tax	January 1, 2016
Receivables	-	(13,546)	13,546
Non-current assets new acquisitions	277,785	277,785	-
Revaluation reserve	15,710,381	543,714	15,166,667
Total deferred tax liability	**15,988,166**	**807,953**	**15,180,213**
Net deferred income tax liability / (assets)	**14,655,982**		**14,809,109**

25. BUSINESS COMBINATIONS

25.1. Subsidiaries acquired and consideration transferred

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

- 80% of share capital of Almina Trading SA
- 100% of share capital in Anima Specialty Medical Services SRL and Anima Promovare si Vanzari SRL
- 55% of share capital in Valdi Medica SRL

Acquisition of Almina Trading SRL

Almina Trading ("Almina") has an activity of 20 years on the local market and it is the largest healthcare operator in Dambovita County. The company has eight medical centers – five in Targoviste, two in Pucioasa and one in Buftea – and two laboratories (Targoviste and Buftea), providing its patients with integrated outpatient, imaging and laboratory analysis services. The eight units are fitted with high-performing medical equipment and they are staffed with a medical team of over 125 specialists. Almina Trading transaction concluded on the March 29, 2017.

Acquisition of Anima entities

Anima Specialty Medical Services and Anima Promovare si Vanzari ("Anima") consists of 6 clinics and a laboratory, has over 200 employees, medical specialists and support staff and is the first private healthcare provider with its own family medicine network in Romania. At the same time, Anima is one of the largest private outpatient healthcare services provider which has agreements with the Bucharest Health Insurance Fund (CASMB), covering over 15 medical specialties, including family medicine, ob-gyn, ENT, endocrinology, ophthalmology, dermatovenerology, cardiology, psychiatry, rheumatology, gastroenterology, allergology and clinical immunology. According to the company's representatives, Anima currently has some 75,000 corporate subscribers, mostly focusing on subscriptions covering occupational health services. Anima transaction concluded on the May 26, 2017.

Acquisition of Valdi Medica SRL

The Group finalised in September 2017 the acquisition of a 55% stake in Valdi Medica SRL. Valdi Medica SRL operates the Humanitas hospital from Cluj. Humanitas Hospital was opened at the end of 2016 and it is the newest private hospital in Cluj-Napoca; it provides a wide range of services and advanced surgical treatments, including: endocrine surgery, oncological and reconstructive surgery, plastic surgery, reparative surgery of the abdominal wall and aesthetic surgery, which are performed by physicians with great professional training and who are dedicated to their work. At the same time, the hospital is fitted with state-of-the-art equipment, and the operating theatre includes 2 operating rooms and an anaesthesia and intensive care department.

Stake increase Stem Cells Bank SA and Accipiens SA

The Company acquired in June, a new stake of 40% in Stem Cells Bank SA in Timișoara, one of the most modern and well-equipped stem cells bank in south-eastern Europe. In addition, in June, MedLife took over another 3% in Accipiens SA, which controls 100% of Genesys Medical Clinic SRL in Arad, one of the largest private healthcare operators in the western Romania, with the Company currently owning a stake of 58%.

Other acquisition of companies:

MedLife signed 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 will be completed following the validation by the Competition Council and approval of the condition precedents.

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

25. BUSINESS COMBINATIONS (continued)

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

Assets acquired and liabilities recognized at the date of acquisition	**2017**	**2016**
Non-current assets	19,024,403	23,613,873
Current assets	9,389,426	8,748,200
Current liabilities	9,945,796	11,629,782
Non-current liabilities	6,438,004	-
Net assets	**12,030,029**	**20,732,291**

25.3. Goodwill arising on acquisition

	2017	**2016**
Consideration transferred	32,283,538	36,421,956
Less: fair value of identifiable net assets acquired	(12,030,029)	(20,732,291)
Plus non-controlling interest	1,060,052	4,152,528
Goodwill arising on acquisition	**22,042,726**	**19,842,193**
Bargain gain arising on acquisition	**(729,165)**	**-**

25.4. Net cash outflow on acquisition of subsidiaries

	December 31, 2017	**December 31, 2016**
Consideration paid in cash	32,283,538	36,421,956
Less: cash and cash equivalent balances acquired at acquisition date	(2,895,488)	(3,428,948)
	29,388,050	**32,993,008**

26. FINANCIAL INSTRUMENTS (IFRS 7)

(a) Capital risk management

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

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 14, cash and cash equivalents disclosed in note 8 and equity, comprising issued capital, reserves and retained earnings as disclosed in note 15 and note 16.

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

(b) Significant accounting policies

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

(c) Financial risk management objectives

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

(d) Market risk

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

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

(e) Interest rate risk management

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

(f) Liquidity risk management

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

(g) Fair value of financial instruments

Financial instruments in the balance sheet include trade receivables and other receivables, cash and cash equivalents, short-term and long-term loans and trade and other payables. The estimated fair values of these instruments approximate their carrying amounts. The carrying amounts represent the Group's maximum exposure to credit risk for existing receivables.

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

26. FINANCIAL INSTRUMENTS (IFRS 7) (continued)

(g) Fair value of financial instruments (continued)

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

2017	**1 EUR = RON 4.6597 RON**	**EUR**	**Total**
ASSETS			
Cash and cash equivalents	79,227,766	-	79,227,766
Trade receivables	58,450,406	-	58,450,406
Financial assets	-	6,161,678	6,161,678
LIABILITIES			
Trade payables	103,839,523	-	103,839,523
Liabilities held for sale	-	558,370	558,370
Overdraft	-	2,013,469	2,013,469
Short-Term and Long-Term portions of loans	27,000,000	252,440,439	279,440,439
Short-Term and Long-Term portions of financial leasing	2,036,525	11,252,888	13,289,413

2016	**1 EUR = RON 4.5411 RON**	**EUR**	**Total**
ASSETS			
Cash and cash equivalents	13,021,363	7,680,487	20,701,850
Trade receivables	43,203,974	-	43,203,974
LIABILITIES			
Trade payables	98,432,380	-	98,432,380
Liabilities held for sale	-	629,207	629,207
Overdraft	-	1,267,442	1,267,442
Short-Term and Long-Term portions of loans	27,999,797	193,889,412	221,889,209
Short-Term and Long-Term portions of financial leasing	1,948,983	15,464,778	17,413,761

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

26. FINANCIAL INSTRUMENTS (IFRS 7) (continued)

(g) Fair value of financial instruments (continued)

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

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

	December 31, 2017	December 31, 2016
Profit or loss	25,529,579	20,357,035

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

26. FINANCIAL INSTRUMENTS (IFRS 7) (continued)

(g) Fair value of financial instruments (continued)

The following table details the Group's remaining contractual maturity for financial liabilities as of December 31, 2017. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Carrying amount	Less than 1 year	1 to 5 years	More than 5 years
Non-interest bearing instruments					
Trade payables		103,839,523	103,839,523	-	-
Interest bearing instruments					
IFC loans	EURIBOR 6M + relevant spread %	54,917,894	9,985,069	39,940,276	4,992,549
Liabilities directly linked to assets held for sale		558,370	558,370	-	-
Transilvania Loans	EURIBOR 6M + relevant spread %	11,123,985	1,090,575	10,033,410	-
Club Loan	EURIBOR 6M + relevant spread %	203,647,209	21,060,274	129,067,901	53,519,033
Transilvania overdraft and others		2,013,469	2,013,469	-	-
Lease contracts		13,289,413	3,177,961	10,111,452	-
Total		**389,389,863**	**141,725,241**	**189,153,040**	**58,511,582**

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

26. FINANCIAL INSTRUMENTS (IFRS 7) (continued)

(g) Fair value of financial instruments (continued)

The following table details the Group's remaining contractual maturity for financial liabilities as of December 31, 2016. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Carrying amount	Less than 1 year	1 to 5 years	More than 5 years
Non-interest bearing instruments					
Trade payables		98,432,380	98,432,380	-	-
Interest bearing instruments					
IFC loans	EURIBOR 6M + relevant spread %	31,138,971	2,594,913	20,759,305	7,784,753
Liabilities directly linked to assets held for sale		629,207	629,207	-	-
Transilvania Loans	EURIBOR 6M + relevant spread %	13,361,402	1,652,426	11,708,976	-
Club Loan	EURIBOR 6M + relevant spread %	177,388,836	14,880,254	112,051,957	50,456,625
Transilvania overdraft and others		1,267,442	1,267,442	-	-
Lease contracts		17,413,761	7,031,122	10,382,639	-
Total		**339,631,999**	**126,487,744**	**154,902,877**	**58,241,378**

27. COMMITMENTS AND CONTINGENCIES

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

IFC related commitments

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

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

Club loan related commitments

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

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

Acquisition of other companies:

MedLife signed 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 will be completed following the validation by the Competition Council and approval of the condition precedents.

Other commitments

As at December 31, 2017 and December 31, 2016, the Group holds insurance policies to cover possible liabilities towards doctors for malpractice as well as insurance contracts related to buildings and medical equipment.

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

BCR issued letters of warranties in the favor of Med Life S,A, in amount of RON 1,710,563, out of which in EUR 323,559 as of December 31, 2017 (December 31, 2017:RON 2,972,900,equivalent of EUR 654,665.

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

27. COMMITMENTS AND CONTINGENCIES (continued)

Fiscal environment

The taxation system in Romania is still developing and is subject to various interpretations and constant changes, which may sometimes be retroactive. Although the actual tax due for a transaction may be minimum, delay interests may be significant, as they can be calculated at the value of the transaction and at a rate of 0.02% per day (interest) and 0.01% (penalties) per day in 2017.

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

Transfer pricing

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

Litigation

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

28. AUDITORS 'FEES

The auditor of the Group is Deloitte Audit SRL.

The fee for the audit of the consolidated financial statements as of December 31, 2017 of the Group prepared in accordance with IFRS as adopted by EU and the individual financial statements as of December 31, 2017 of the Group prepared in accordance with IFRS as adopted by EU of Med Life SA was EUR 78,100, excluding VAT and out of pocket expenses.

The fee for other audit related services performed in 2017 (in accordance with ISAE 3000 and ISAE 3,240) was EUR 15,000, excluding VAT.

29. EVENTS AFTER THE BALANCE SHEET DATE

In February 2018, Med Life SA acquired 90% of the share capital of Ghencea Medical Center.

In March 2018, Med Life SA acquired 80% of the share capital of Solomed Group, a group of medical clinics in Pitesti, Costesti and Curtea de Arges.

There were no other significant subsequent events after December 31, 2017.

Approved by the Board of Directors on the date of March 23, 2018 and signed on behalf of by:

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