MED LIFE S.A.

INDIVIDUAL 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 and Administrators' Report)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders,
Med Life S.A.

Report on the Audit of the Individual Financial Statements

Opinion

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

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

• Net assets/ Equity	RON 153,944,273
• Net loss for the financial year	RON 2,520,022

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

Basis for Opinion

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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	How our audit addressed the key audit matter
Valuation of investments	
Investments in other companies represent 26% of the total assets of the Company. Management conducts impairment tests on an annual basis or whenever there is an indication of impairment to assess the recoverability of the carrying value of investments at standalone level. This is performed using discounted cash flow models. As disclosed in note 4, there are a number of key sensitive judgements made in determining the inputs into these models which include: >> Revenue growth >> Operating margins and >> The discount rates applied to the projected future cash flows. Accordingly, the impairment test of these assets is considered to be a key audit matter. Management have engaged specialists to assist with the determination of the discount rates for the significant Cash Generating Units to which the cost of investment relates.	We focused our testing of the impairment of cost of investments on the key assumptions made by management. Our audit procedures included: >> Engaging our internal specialists to assist with: −− Critically evaluating whether the model used by management to calculate the value in use of the individual Cash Generating Units complies with the requirements of IAS 36 Impairment of Assets. −− Evaluating the appropriateness of the assumptions used to calculate the discount rates and recalculating these rates. >>We evaluated the future projected cash flows used in the models to determine whether they are reasonable and supportable given the current economic climate and expected future performance of the Cash Generating Unit. >>We subjected the key assumptions to sensitivity analyses. >>We compared the projected cash flows, including the assumptions relating to revenue growth rates and operating margins, against historical performance to evaluate reasonableness of management’s projections. We found that the assumptions used by management were comparable with historical performance and the expected future outlook and the discount rates used were appropriate in the circumstances.

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 individual financial statements and our auditors report thereon, nor the non-financial information declaration.

   Our opinion on the individual 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 individual 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 individual 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 financial statements, in our opinion:

   a) the information included in the administrators' report for the financial year for which the individual financial statements have been prepared are consistent, in all material respects, with these individual 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 Company and its environment gained during the audit on the individual 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 Individual Financial Statements

7. Management is responsible for the preparation and fair presentation of the individual 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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 financial statements of Med Life S.A. for the financial year ended December 31, 2017. The uninterrupted total duration of our commitment was 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

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 S.A.
INDIVIDUAL STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017
(all the amounts are expressed in RON, unless otherwise specified)

	Notes	December 31, 2017	January 1, 2017
ASSETS			
LONG TERM			
Intangible assets	**5**	7,660,785	7,207,187
Tangible fixed assets	**5**	168,861,934	160,173,512
Financial fixed assets	**4**	132,815,223	97,537,556
TOTAL NON-CURRENT ASSETS		**309,337,942**	**264,918,255**
Deferred tax asset		-	-
CURRENT ASSETS			
Inventories	**6**	6,668,022	6,399,887
Receivables	**7**	36,182,268	29,344,895
Loans receivable from group companies	**21**	31,440,718	25,542,850
Other receivables		1,351,116	816,077
Cash at bank and in hand	**8**	70,007,531	13,959,191
		145,649,655	**76,062,900**
PREPAYMENTS	**9**	**2,559,451**	**2,724,058**
TOTAL CURRENT ASSETS		**148,209,106**	**78,786,958**
TOTAL ASSETS		**457,547,048**	**343,705,213**
LIABILITIES &SHAREHOLDER'S EQUITY			
CURRENT LIABILITIES			
Trade accounts payable	**10**	62,556,608	65,327,621
Current portion of lease liability	**12**	515,738	4,374,976
Current portion of long term debt	**13**	25,782,427	11,214,325
Loans Payable to group companies	**21**	2,855,697	2,749,739
Current tax liabilities		337,304	1,180,971
Other liabilities	**11**	10,395,267	10,750,318
		102,443,041	**95,597,950**
LONG TERM DEBT			
Lease liability	**12**	6,045,842	5,767,198
Long term debt	**13**	184,328,369	142,653,683
TOTAL LONG-TERM LIABILITIES		**190,374,211**	**148,420,881**
Deferred tax liability	**22**	10,785,523	10,785,523
TOTAL LIABILITIES		**303,602,775**	**254,804,354**

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

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

	Notes	December 31, 2017	January 1, 2017
SHAREHOLDER'S EQUITY			
Issued capital	**14**	81,495,470	13,932,034
Reserves	**15**	72,708,768	72,708,768
Retained earnings		(259,965)	2,260,057
Equity attributable to owners of the Company		**153,944,273**	**88,900,859**
TOTAL EQUITY		**153,944,273**	**88,900,859**
TOTAL LIABILITIES AND EQUITY		**457,547,048**	**343,705,213**

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

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

	Notes	Year ended December 31, 2017	Year ended December 31, 2016
SALES	**16**	**379,664,698**	**341,731,549**
Other operating revenues	**17**	4,418,145	3,924,743
OPERATING INCOME		**384,082,843**	**345,656,292**
OPERATING EXPENSES	**18**	**(371,724,783)**	**(338,693,007)**
OPERATING PROFIT		**12,358,060**	**6,963,285**
Finance cost		(9,933,607)	(9,403,108)
Other financial expenses		(4,139,341)	(4,504,633)
NET FINANCIAL RESULT	**20**	**(14,072,948)**	**(13,907,741)**
RESULT BEFORE TAX		**(1,714,888)**	**(6,944,456)**
Income tax expense	**22**	(805,134)	(808,397)
NET RESULT		**(2,520,022)**	**(7,752,853)**
Other comprehensive income items that will not be reclassified to profit or loss			
Gain / Loss on revaluation of properties	**15**	-	7,156,888
Deferred tax on other comprehensive income components	**22**	-	(1,145,102)
TOTAL OTHER COMPREHENSIVE INCOME		**-**	**6,011,786**
TOTAL COMPREHENSIVE INCOME		**(2,520,022)**	**(1,741,067)**

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)

	Note	Year ended December 31, 2017	Year ended December 31, 2016
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / Loss before tax		**(1,714,888)**	**(6,944,456)**
Adjustments for:			
Depreciation	**5,18**	26,485,263	25,052,345
Interest expense	**20**	9,933,607	9,403,108
Interest revenues	**20**	(523,468)	(390,842)
Allowance for doubtful debts and receivables written-off	**7**	-	7,865,835
Financial discounts	**20**	-	3,052,445
Allowance for other current assets		-	109,041
Unrealized exchange gain / loss	**20**	4,662,809	1,843,030
Other non-monetary gains	**17**	(2,750,697)	(2,000,000)
Operating cash flow before working capital changes		**36,092,626**	**37,990,506**
Increase in accounts receivable		(7,372,412)	(8,415,850)
Increase in inventories		(268,135)	(1,019,565)
Decrease / (Increase) in prepayments		164,607	(619,350)
(Decrease)/Increase in accounts payable		(2,604,786)	11,311,143
Cash generated from operations		**26,011,900**	**39,246,884**
Income tax paid		(1,648,801)	(1,911,498)
Interest paid		(9,409,989)	(9,201,752)
Interest received		523,468	390,842
Net cash flow from operating activities		**15,476,578**	**28,524,476**
Cash flow from investing activities			
Purchase of shares in other companies	**4**	(35,277,667)	(35,439,932)
Purchase of intangible assets	**5**	(1,111,249)	(2,032,974)
Purchase of property, plant and equipment	**5**	(24,691,753)	(16,384,516)
Loans granted	**21**	(5,897,870)	(5,424,768)
Net cash used in investing activities		**(66,978,539)**	**(59,282,190)**

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

	Note	Year ended December 31, 2017	Year ended December 31, 2016
Cash flow from financing activities			
Share capital contribution		67,563,436	-
Increase in bank loans		64,277,364	73,205,669
Payment of bank loans		(13,221,003)	(24,354,005)
Payments of financial leasing		(11,175,454)	(4,932,732)
Increase/(decrease) in loans from group companies	**21**	105,958	(539,392)
Net cash generated by financing activity		**107,550,301**	**43,379,540**
Net change in cash and cash equivalents		**56,048,340**	**12,621,826**
Cash and cash equivalents opening balance	**8**	**13,959,191**	**1,337,365**
Cash and cash equivalents closing balance	**8**	**70,007,531**	**13,959,191**

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 S.A.
INDIVIDUAL 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	Total Equity
	Paid, registered	Paid, registered after year end**					
Balance as at January 1, 2017	**5,023,000**	**-**	**8,909,034**	**9,684,470**	**63,024,298**	**2,260,057**	**88,900,859**
Share capital contribution	-	513,271	67,050,165	-	-	-	67,563,436
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**(2,520,022)**	**(2,520,022)**
Gain or loss from revaluation	-	-	-	-	-	-	-
Deferred tax related to revaluation reserve	-	-	-	-	-	-	-
Loss of the year	-	-	-	--	-	(2,520,022)	(2,520,022)
Balance as at December 31, 2017	**5,023,000**	**513,271**	**75,959,199**	**9,684,470**	**63,024,298**	**(259,965)**	**153,944,273**

Note*: The closing balance of the revaluation reserve as of December 31, 2017 in amount of RON 63,024,298 comprises revaluation reserve in amount of RON 75,068,354 and deferred tax computed on revaluation reserve in amount of RON (12,044,056).

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

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

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

Approved by the Board of Directors on the date of March 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. ("Med Life" or the "Company") is a joint-stock company incorporated in 1996, in accordance with the laws and regulations of Romania. The Company's activity resides in the performance of healthcare services activities through medical centres located in Bucharest, Cluj, Timisoara, Iasi, Galati and Constanta. Med Life is one of the leading health care services providers in Romania, having a significant market share at a national level. The registered office of Med Life is located in Bucharest, Calea Grivitei, no. 365.

Details of Med Life SA's subsidiaries at December 31, 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 Company's 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),

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

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

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

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

- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,
- **IFRS 17 "Insurance Contracts"** (effective for annual periods beginning on or after 1 January 2021),
- **Amendments to IFRS 2 "Share-based Payment"** - Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to IFRS 9 "Financial Instruments"** - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),
- **Amendments to IAS 19 "Employee Benefits"** - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IAS 28 "Investments in Associates and Joint Ventures"** - Long-term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IAS 40 "Investment Property"** - Transfers of Investment Property (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to various standards due to "Improvements to IFRSs (cycle 2015-2017)"** resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 January 2019),
- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration"** (effective for annual periods beginning on or after 1 January 2018),
- **IFRIC 23 "Uncertainty over Income Tax Treatments"** (effective for annual periods beginning on or after 1 January 2019).

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)

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Statement of compliance

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

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

3.2 Basis of preparation

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

These financial statements have been prepared to serve the Company as statutory financial statements.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Going concern

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

3.4 Accounting estimates and judgments

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

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

3.5 Foreign currency translation

Functional and presentation currency

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

As at December 31, 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.

3.6 Comparative information

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

3.7 Investments in other companies

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

3.8 Property, plant and equipment

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

The value of land and buildings owned presented in these financial statements is based on the valuation reports which were performed as of December 31, 2016 by independent valuators certified by ANEVAR. The revaluation is performed with sufficient regularity as to ensure that the Company presents land and buildings at fair value in the financial statements. As of December 31, 2017, the Company performed the revaluation of the main building in order to identify whether there have been significant changes in fair value. Considering that the resulted fair value was not significantly different compared to the carrying value, the revaluation exercise was not extended to all the relevant assets and no revaluation was recorded as of December 31, 2017.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Property, plant and equipment (continued)

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

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

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

3.9 Assets held under finance leases

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

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

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

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

3.10 Intangible assets

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

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

De-recognition of intangible assets

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

Impairment of tangible and intangible assets other than goodwill

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Intangible assets (continued)

Impairment of tangible and intangible assets other than goodwill

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

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

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

3.11 Inventories

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

3.12 Trade receivables

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

3.13 Cash and cash equivalents

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

3.14 Financial instruments

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

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

3.15 Accounts payable

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Leasing

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

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

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

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

3.17 Borrowing costs

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

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

3.18 Taxation

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

Current tax

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

Deferred tax

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Taxation (continued)

Deferred tax (continued)

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

Current and deferred tax for the period

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

3.19 Share capital

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

3.20 Share premiums

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

3.21 Revaluation reserve

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

3.22 Provisions for risks and charges

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

3.23 Revenue recognition

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

Rendering of services

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.23 Revenue recognition (continued)

Interest revenues

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

3.24 Employee benefits

Employee benefits

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

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

3.25 Related parties

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

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

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

3.26 Fair value

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

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

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

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

3.27 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)

3.28 IFRS 8

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

An operating segment is a component of an entity:

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

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

(c) for which discrete financial information is available.

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

3.29 Subsequent events

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

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

4. FINANCIAL ASSETS

The Company holds significant investments in other companies.

Carrying amount	December 31, 2017	January 1, 2017
Cost of investments in other companies	120,447,736	85,613,408
Long-term loans granted to group companies	11,158,313	10,878,619
Other financial assets	1,209,174	1,045,529
TOTAL	**132,815,223**	**97,537,556**

Investments in other companies

Investments in other companies represent 26% of the total assets of the Company.

Movement in cost of investments

	December 31, 2017	December 31, 2016
Balance at the beginning of the year	85,613,408	48,958,069
Acquisition of social parts in other companies	34,834,328	36,655,339
Disposal of subsidiaries	-	-
Balance at year end	**120,447,736**	**85,613,408**

The Company 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

Almina Trading acquisition

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.

Anima entities acquisition

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 May 26, 2017.

4. FINANCIAL ASSETS (continued)

Valdi Medica acquisition

The Company 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%.

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.

Management conducts impairment tests on an annual basis or whenever there is an indication of impairment to assess the recoverability of the carrying value of investments at individual level. This is performed using discounted cash flow models.

There are a number of key sensitive judgements made in determining the inputs into these models which include:

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

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

Long-term loans granted to other companies

As of December 31, 2017, the Company presents long-term loans granted to Bahtco Invest SA and Medlife Ocupational SRL of RON 10,969,782 (January 1, 2017: RON 10,878,619).

Other financial assets

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

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

5. TANGIBLE AND INTANGIBLES FIXED ASSETS

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

	Intangibles	Land	Constructions	Vehicles and equipment	Construction in progress	Total
Cost						
January 1, 2017	**23,516,004**	**13,429,395**	**131,971,309**	**103,416,011**	**7,352,540**	**279,685,259**
Additions	3,861,946	-	7,553,304	17,002,843	7,535,436	35,953,529
Transfers	-	-	7,091,005	-	(7,091,005)	-
Disposals	-	-	(15,865)	(434,069)	-	(449,934)
Revaluation	-	-	-	-	-	-
December 31, 2017	**27,377,950**	**13,429,395**	**146,599,753**	**119,984,785**	**7,796,971**	**315,188,854**
Depreciation						
January 1, 2017	**16,308,817**	**-**	**25,792,716**	**70,203,027**	**-**	**112,304,560**
Charge of the year	3,408,348	-	11,471,451	11,605,464	-	26,485,263
Disposals	-	-	(15,865)	(107,823)	-	(123,688)
Revaluation	-	-	-	-	-	-
December 31, 2017	**19,717,165**	**-**	**37,248,302**	**81,700,668**	**-**	**138,666,135**
Net Book Values						
January 1, 2017	**7,207,187**	**13,429,395**	**106,178,593**	**33,212,984**	**7,352,540**	**167,380,699**
December 31, 2017	**7,660,785**	**13,429,395**	**109,351,451**	**38,284,117**	**7,796,971**	**176,522,719**

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

5. TANGIBLE AND INTANGIBLES FIXED ASSETS (continued)

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

	Intangibles	Land	Constructions	Vehicles and equipment	Construction in progress	Total
Cost						
January 1, 2016	**19,483,029**	**12,800,998**	**123,072,647**	**94,871,029**	**7,411,549**	**257,639,252**
Additions	4,032,975	-	-	8,544,982	8,546,156	21,124,113
Transfers	-	-	8,605,165	-	(8,605,165)	-
Disposals	-	-	-	-	-	-
Revaluation	-	628,397	293,497	-	-	921,894
December 31, 2016	**23,516,004**	**13,429,395**	**131,971,309**	**103,416,011**	**7,352,540**	**279,685,259**
Depreciation						
January 1, 2016	**10,205,316**	**-**	**22,584,393**	**60,697,500**	**-**	**93,487,209**
Charge of the year	6,103,501	-	9,443,317	9,505,527	-	25,052,345
Disposals	-	-	-	-	-	-
Revaluation	-	-	(6,234,994)	-	-	(6,234,994)
December 31, 2016	**16,308,817**	**-**	**25,792,716**	**70,203,027**	**-**	**112,304,560**
Net Book Values						
January 1, 2016	**9,277,713**	**12,800,998**	**100,488,254**	**34,173,529**	**7,411,549**	**164,152,043**
December 31, 2016	**7,207,187**	**13,429,395**	**106,178,593**	**33,212,984**	**7,352,540**	**167,380,699**

The net book value as of December 31, 2017 of fixed assets acquired through capital lease by Med Life was RON 8,044,769 (2016: 11,721,342).

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

5. TANGIBLE AND INTANGIBLES FIXED ASSETS (continued)

5.1. Land and buildings carried at fair value

The value of land and buildings related to Med Life, presented in this financial information is based on the valuation reports which were performed as of December 31, 2016 by an independent valuator certified by ANEVAR, Mascov Ionescu Eugeniu Gabriel and other independent certified evaluators.

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

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

As of December 31, 2017, the Company performed the revaluation of the main building in order to identify whether there have been significant changes in fair value. Considering that the resulted fair value was not significantly different compared to the carrying value, the revaluation exercise was not extended to all the relevant assets and no revaluation was recorded as of December 31, 2017.

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			13,429,395	13,429,395
Buildings			106,178,593	106,178,593

	Level 1	Level 2	Level 3	Fair value as of January 1, 2017
Land	-	-	13,429,395	13,429,395
Buildings	-	-	106,178,593	106,178,593

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

Carrying amount without revaluation	December 31, 2017	January 1, 2017
Land	1,346,998	1,346,998
Buildings	42,036,881	34,538,000
TOTAL	**43,383,879**	**35,884,998**

In 2017, Med Life S.A. purchased a building located in Banu Manta Street from Telekom and performed a sale and leaseback transaction through financial leasing.

5.2. Assets pledged as securities

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

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

6. INVENTORIES

	December 31, 2017	January 1, 2017
Consumables	6,649,179	6,379,901
Materials in the form of inventory items	17,461	18,582
Inventory in transit	1,382	1,404
TOTAL	**6,668,022**	**6,399,887**

7. ACCOUNTS RECEIVABLE

	December 31, 2017	January 1, 2017
Customers	50,861,132	45,065,848
Advances to suppliers	1,517,786	475,697
Bad debt provisions	(16,196,650)	(16,196,650)
TOTAL	**36,182,268**	**29,344,895**

Trade receivables as of December 31, 2017 and as of December 31, 2016 include a receivable of RON 7,365,835 representing amounts to be collected from the National Health House of Bucharest not yet invoiced. The Company started legal actions against the National Health House of Bucharest. The management is confident that the receivable may be eventually recovered, but given the adverse court decisions in similar cases, the Company decided to record a 100% allowance during 2016.

As of December 31, 2016 and December 31, 2017, the Management of the Company performed an assessment regarding the collectability of receivables- a total allowance of RON 16,196,650 (which includes the amount of RON 7,365,835 in relation to the National Health House described above) represents management's best estimate regarding the receivables which are not to be collected. The assessment takes into consideration the collection pattern of the receivables over the last two years. The Company monitors the credit quality of its customers on an ongoing basis. Credit risk is spread over a large customer base and the Company is not dependent on the collection of receivables from a limited number of customers.

Trade receivables disclosed above are classified as receivables and are therefore measured at amortized cost. The average credit period on collection for services rendered is 95 days. No interest is charged on trade receivables for the first 95 days from the date of the invoice.

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

Ageing of past due but not impaired

	December 31, 2017	January 1, 2017
90 - 180 days	414,641	993,164
180 days - 270 days	792,228	803,784
270 - 365 days	510,414	885,078
Over 365 days	3,437,046	2,644,676
TOTAL	**5,154,329**	**5,326,702**
Average age (days)	95	90

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

7. ACCOUNTS RECEIVABLE (continued)

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	December 31, 2016
Balance at the beginning of the year	16,196,650	8,330,815
Impairment losses and reversals recognized on receivables	-	7,865,835
TOTAL	**16,196,650**	**16,196,650**

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

Ageing of impaired trade receivables	December 31, 2017	January 1, 2017
270-365 days		-
Over 365 days	8,330,815	8,330,815
TOTAL GENERAL	**8,830,815**	**8,830,815**
Other allowance (described above)	7,365,835	7,365,835
TOTAL	**16,196,650**	**16,196,650**

8. CASH AND BANKS

	December 31, 2017	January 1, 2017
Cash in bank	68,696,261	12,695,774
Cash in hand	865,344	779,627
Cash equivalents	445,926	483,790
TOTAL	**70,007,531**	**13,959,191**

9. PREPAYMENTS

As of December 31, 2017 the Company has prepayments in amount of RON 2,559,451 (RON 2,724,058 as of January 1, 2017). The prepayments balance as of December 31, 2016 consists mainly of deferred commissions for financing related to the Club loan and the IFC loan obtained in 2016 and amounts related to rent paid in advance for rented properties and other amounts such as insurance policies for professionals and tangible assets.

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

10. ACCOUNTS PAYABLE

	December 31, 2017	January 1, 2017
Suppliers	55,432,020	58,212,463
Fixed assets suppliers	6,118,887	6,640,165
Advances paid by customers	1,005,701	474,993
TOTAL	**62,556,608**	**65,327,621**

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

11. OTHER SHORT TERM LIABILITIES

	December 31, 2017	January 1, 2017
Salary and related liabilities (incl. contributions)	8,834,260	8,861,943
Other liabilities	1,561,007	1,888,375
TOTAL	**10,395,267**	**10,750,318**

12. LEASING LIABILITIES

	December 31, 2017	January 1, 2017
Current portion – Leasing	515,738	4,374,976
Non-current portion – Leasing	6,045,842	5,767,198
TOTAL	**6,561,580**	**10,142,174**

Obligations under finance lease

	December 31, 2017	January 1, 2017
Minimum Lease Payments		
Short-term (less than one year)	574,919	6,605,477
Long-term (between 2 and 5 years)	8,590,997	10,660,078
Total	**9,165,916**	**17,265,555**
Less: future finance charges	(2,604,336)	(7,123,381)
Present value of lease obligations		
Analysed as follows:		
Maturing within one year	515,738	4,374,976
Maturing after more than one year but not later than five year	6,045,842	5,767,198
TOTAL	**6,561,580**	**10,142,174**

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

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

13. FINANCIAL DEBT

Loan agreements

	December 31, 2017	January 1, 2017
Current-portion of long-term loans	25,782,427	11,214,325
Non-current portion of long-term loans	184,328,369	142,653,683
TOTAL	**210,110,796**	**153,868,008**

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

In August 2014, the Group signed a refinancing agreement with BCR for the total amount of EUR 30,398,901 representing EUR 28,298,901 of the Amended and Restated Loan Agreement with IFC and an additional EUR 2,100,000 representing the amount of the initial B loan available as of the dated of this agreement. As of December 31, 2017 the outstanding balance is the equivalent of EUR 2,619,048 (RON 12,203,974).

On September 30, 2016, Med Life (together with the co-borrowers- Policlinica de Diagnostic Rapid SA, Bahtco Invest SA and Accipiens SA) signed a new loan agreement with IFC in amount of EUR 10,000,000. The purpose of the facility is to refinance part of the club loan agreement mentioned above related to the financing of acquisitions of shares in new companies. As well, through signing this new agreement with IFC, the Group refinanced the existing contract with IFC described above in (b).
According to the new loan agreement, the outstanding balance will be repaid through 12 consecutive installments of EUR 238,095 starting November 15, 2017.

As of December 31, 2016, the outstanding balance related to the new facility obtained from IFC is RON 18,164,400, the equivalent of EUR 4,000,000. As of December 31, 2017, the outstanding balance related to the new facility obtained from IFC is RON 42,713,917, the equivalent of EUR 9,166,667 (RON 42,713,917).

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

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

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

The IFC loan is secured through the following guarantees:

- immovable mortgage on land and buildings situated on 365 Calea Grivitei
- immovable mortgage on land and buildings owned by Bahtco Invest SA (Pediatrics Hospital)
- immovable mortgage on land and buildings owned by Policlinica de Diagnostic Rapid SA (PDR Clinic and Hospital)
- immovable mortgage on land and buildings owned by RUR Medical SA
- a first ranking mortgage on Med Life's shares held by the Sponsors (Mr. Mihail Marcu, Ms. Mihaela Gabriela Cristescu and Mr. Nicolae Marcu) from time to time in favour of IFC securing IFC Equity, as amended from time to time
- a second ranking on all the Borrower's shares held by the Sponsors from time to time in favour of IFC securing the obligations of the Borrower under the agreement
- a mortgage on Med Life's cash accounts opened with BCR, as amended from time to time
- a mortgage on each of the Co-Borrower's cash accounts opened with BCR
- mortgage on shares owned by the Borrower in the share capital of each the Co-Borrowers, Centrul Medical Sama SA, RUR Medical SA, Ultratest SA, Prima Medical SRL, Diamed Center SRL, Stem Cells Bank SA, Centrul Medical Panduri SA, Dent Estet Clinic SA and any other material company or accession borrower

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

13. FINANCIAL DEBT (continued)

- movable mortgage agreement: certain movable assets: medical equipment (including future medical equipment), insurances related to tangible assets mortgaged in relation to the transaction documents, bank and treasury accounts, commercial receivables of Borrower
- movable mortgage agreement: certain movable assets: medical equipment (including future medical), insurances related to tangible assets mortgaged in relation to the transaction documents, bank and treasury accounts of Bahtco Invest SA, Policlinica de Diagnostic Rapid SA, Accipiens SA
- movable mortgage of Target Shares owned by the Borrower in favor of IFC.
- movable mortgage agreement over certain commercial receivables of Med Life (including receivables against the National Health House of Romania, the Health Insurance House of the Defense, Public Order, National Safety and Judicial Authority in Romania or any similar entity and receivables arising under large commercial contracts).

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

(c) On August 28, 2014, the Med Life signed a refinancing agreement with BCR related to the A and B loan obtained from IFC and Erste Bank (parties to a participation agreement dated 11 August 2011 according to which Erste Group Bank AG has purchased all the participations in the initial loan B).

According to the agreement with IFC, the Group shall maintain a set of financial indicators. The indicators are to be computed based on the IFRS consolidated financial statements.

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

The Club loan granted to the Group four facilities. As of December 31, 2017, the outstanding amounts for each facility are presented below:

Facility	**Amount in EUR**	**Amount in RON**
Facility A	23,485,695	109,436,293
Facility B	-	27,000,000
Facility C	9,750,000	45,432,075
Facility D	4,673,872	21,778,841
Total	**37,909,567**	**203,647,209**

As of December 31, 2017, the outstanding amounts for each facility related to Med Life SA are presented below:

Facility	**Amount in EUR**	**Amount in RON**
Facility A	12,827,715	59,773,302
Facility B	-	27,000,000
Facility C	9,750,000	45,432,075
Facility D	4,673,872	21,778,841
Total	**27,251,587**	**153,984,218**

13. FINANCIAL DEBT (continued)

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

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

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

The following security was requested:

- immovable mortgage over (i) a plot of land located at 365 Calea Grivitei sector 1, Bucharest Romania (cadastral number 13183/1) and the buildings related
- immovable mortgage over a plot of land and the buildings thereon comprising Pediatrics Hospital located in Bucharest, 7 Zagazului street - land book 218010
- immoveable mortgage over a plot of land and the buildings thereon comprising PDR Clinic and Hospital located in Brasov 5, Turnului Street - land book no 127854
- moveable mortgage over certain moveable assets (large medical equipment) owned by each of Med Life, Bahtco Invest SA and Policlinica de Diagnostic Rapid SA
- moveable mortgage over future medical equipment to be acquired by each original borrower created in favor of Finance Parties and securing as regards Med Life and Bahtco Invest SA, the obligations of Med Life and Bahtco Invest SA under the Finance documents and as regards other original borrower, its obligations under Finance Documents.
- moveable mortgage over the insurances of each borrower related to tangible assets mortgaged in favor of the Finance Parties
- movable mortgage over the shares owned by the Company in the share capital of the other original borrowers and Centrul Medical Sama SA, Ultratest SA, Rur Medical SA and any other material company or accession borrower if case, respectively created by the Company in favor of the Finance Parties and securing the obligations of the Company and Bahtco under finance agreements.
- moveable mortgage over the bank and treasury accounts of each original borrowers
- moveable mortgage over certain commercial receivables of the Company (including receivables against the National Health House of Romania, the Health Insurance House of the Defense, Public Order, National Safety and Judicial Authority in Romanian or any similar entity and receivables arising under commercial contracts created in the favor of the Finance Parties)
- moveable mortgage over the shares of the sponsors in the borrower to be created under ta moveable mortgage agreement over shares to be entered into between the sponsors, the lender and IFC

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

14. 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 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 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%**

15. RESERVES

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

	December 31, 2017	January 1, 2017
General reserves	1,004,600	1,004,600
Other reserves	8,679,871	8,679,871
Revaluation reserves	63,024,298	63,024,298
TOTAL	**72,708,768**	**72,708,768**

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. These amounts are still in balance of other reserves as of December 31, 2017 and January 1, 2017. This reserve will be taxed when it will be used under any form.

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

15. RESERVES (continued)

General reserves and other reserves

	December 31, 2017	January 1, 2017
Balance at beginning of the year	**9,684,470**	**9,684,470**
Movements	-	-
Balance at the end of the year	**9,684,470**	**9,684,470**

Revaluation reserves	December 31, 2017	January 1, 2017
Balance at beginning of the year	**63,024,298**	**57,012,512**
Decrease arising revaluation correction	-	-
Increase due to revaluation	-	7,156,888
Deferred tax related to revaluation	-	(1,145,102)
Balance at the end of the year	**63,024,298**	**63,024,298**

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

The effects of taxes on income, if any, resulting from the revaluation of property, plant and equipment are recognized and disclosed in accordance with IAS 12 Income Taxes (please see note 22).

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

16. SALES

Turnover for the year ended December 31, 2016 is of RON 379,664,698 (for the year ended December 31, 2016 - RON 341,731,549) consisting of medical services, net of VAT, including revenues from health packages of corporate customers and fees for services rendered within Med Life's clinics and various hospitals within Romania.

17. OTHER OPERATING REVENUES

Other operating revenues caption comprises:

	December 31, 2017	December 31, 2016
Other operating income	1,667,448	1,924,743
Capitalized costs of intangible assets	2,750,697	2,000,000
TOTAL	**4,418,145**	**3,924,743**

18. OPERATING EXPENSES

	December 31, 2017	December 31, 2016
Consumable materials & repair materials	58,161,825	53,655,550
Commodities expenses	-	-
Utilities	3,678,013	3,198,546
Repairs maintenance	3,763,115	3,129,423
Rent	29,378,167	25,293,007
Insurance premiums	1,610,809	1,525,181
Promotion expense	8,162,091	8,267,548
Communications	2,284,860	2,527,362
Third party expenses (including doctor's agreements)	112,726,980	97,392,878
Salary and related expenses	96,227,329	80,966,844
Social contributions	22,167,473	18,347,671
Depreciation	26,485,263	25,052,345
Impairment losses recognized in profit and loss	-	-
Other administration & operating exp.	7,078,858	19,336,652
TOTAL	**371,724,783**	**338,693,007**

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

19. KEY MANAGEMENT PERSONNEL EXPENSES

The structure of Med Life personnel is described below:

	December 31, 2017	December 31, 2016
Management	43	30
Staff	2,067	2,154
Total	**2,110**	**2,184**

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

	December 31, 2017	December 31, 2016
Management	15,288,448	10,609,628
Staff	80,938,881	70,357,216
Total	**96,227,329**	**80,966,844**

20. NET FINANCIAL RESULT

	December 31, 2017	December 31, 2016
Other financial expenses	-	(3,052,445)
Net foreign exchange rate impact	(4,662,809)	(1,843,030)
Net finance cost – interest expense	(9,933,607)	(9,403,108)
Interest income	523,468	390,842
NET FINANCIAL RESULT	**(14,072,948)**	**(13,907,741)**

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

21. RELATED PARTIES

The related parties identified are all the companies in Med Life Group, Nautic Life SRL, DR. CRISTESCU I. MIHAELA-GABRIELA and Marcu Nicolae (shareholder).

Closing balances	**December 31, 2017**	**January 1, 2017**
Payables		-
Almina Trading SRL	264,693	-
ANIMA SPECIALITY MEDICAL SERVICES SRL	342,767	-
NAUTIC LIFE	-	140,440
DR. CRISTESCU I. MIHAELA-GABRIELA	52,400	-
Pharmalife Med SRL	2,560	708,420
Policlinica de Diagnostic Rapid SA	1,133,266	730,756
Policlinica de Diagnostic Rapid Medis SRL	562,724	638,067
BAHTCO INVEST SA	944,176	803,275
Medapt SRL	832,033	832,033
RUR Medical SA	833,890	1,956,053
Genesys Medical Clinic SRL	2,197,980	3,255,207
Histo SRL	93,578	59,328
Biofarm Farmec SRL	8,887	8,848
Bactro	4,081	-
BIOTEST MED SRL	1,549,830	549,834
VITAL TEST SRL,	1,538,551	252,112
Centrul Medical Sama	1,552,948	575,059
Ultratest Craiova SA	5,106	2,359
Prima Medical SRL	52,638	17,045
Diamed Center SRL	61,414	133
Dent Estet Clinic SA	16,616	-
Aspen Laborator Dentar SRL	19,044	31,281
TOTAL	**12,069,182**	**10,560,250**

Receivables		
Centrul Medical Panduri SA	18,521	-
Almina Trading SRL	17,416	-
ANIMA SPECIALITY MEDICAL SERVICES SRL	8,750	-
Pharmalife Med SRL	1	55,282
Policlinica de Diagnostic Rapid SA	255,432	174,866
Histo SRL	70	70
Genesys Medical SRL	1,012,753	849,337
Policlinica de Diagnostic Rapid Medis SRL	125,834	21,019
Accipiens SA	6,692	6,692
BIOTEST MED SRL	403,665	356,921
VITAL TEST SRL,	387,100	298,273
Centrul Medical Sama SA	457,365	238,657
Ultratest Craiova SA	18,139	10,951
RUR Medical SA	130,889	130,889
Diamed Center SRL	329,593	92,153
Stem Cells Bank SA	62,089	16,317
Dent Estet Clinic SA	4,500	-
TOTAL	**3,238,809**	**2,251,427**

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

21. RELATED PARTIES (continued)

Transactions during the year	December 31, 2017	December 31, 2016
Expenses		
NAUTIC LIFE	-	-
MARCU NICOLAE	-	-
DR. CRISTESCU I. MIHAELA-GABRIELA	466,835	-
Policlinica de Diagnostic Rapid SA	2,094,342	1,876,470
Policlinica de Diagnostic Rapid Medis SRL	174,656	88,493
BAHTCO INVEST SA	2,195,100	2,156,792
Histo SRL	34,250	22,733
Medapt SRL	-	-
RUR Medical SA	185,434	238,407
Genesys Medical Clinic SRL	1,696,947	1,544,146
Bactro SRL	4,081	-
BIOTEST MED SRL	2,445,175	1,558,438
VITAL TEST SRL	2,126,747	1,074,438
Centrul Medical Sama SA	1,927,889	1,405,610
Ultratest Craiova SA	2,747	2,359
Prima Medical SRL	35,593	17,045
Diamed Center SRL	318,203	44,246
ASPEN LABORATOR DENTAR SRL	116,451	-
ALMINA TRADING S.A.	335,831	-
ANIMA SPECIALITY MEDICAL SERVICES SRL	442,767	-
Total	**14,603,048**	**10,029,177**
Acquisition of fixed assets		
NAUTIC LIFE	-	1,201,835
Acquisition of inventories		
Pharmalife Med SRL	53,977	95,063
BAHTCO INVEST SA	8,195,900	7,036,306
Biofarm Farmec SRL	39	7,854
Total	**8,249,916**	**7,139,223**
Sales		
Centrul Medical Panduri SA	158,358	-
Almina Trading SA	68,150	-
ANIMA SPECIALITY MEDICAL SERVICES SRL	8,560	-
Policlinica de Diagnostic Rapid SA	951,308	995,608
Histo SRL	-	-
Policlinica de Diagnostic Rapid Medis SRL	104,512	92,546
Rur Medical SA	-	-
Genesys Medical Clinic SRL	799,781	847,712
Accipiens SA	-	-
BIOTEST MED SRL	592	38,104
VITAL TEST SRL	8,451	11,049
Centrul Medical Sama SA	207,272	160,130
Ultratest Craiova SA	7,188	7,098
Biofarm Farmec SRL	-	-
Bahtco Invest SA	-	-
Diamed Center SRL	239,740	92,153
Stem Cells Bank SA	117,758	65,608
Total	**2,671,670**	**2,310,009**

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

21. RELATED PARTIES (continued)

Loans granted	**December 31, 2017**	**January 1, 2017**
VITAL TEST SRL	-	17,098
PDR SA	-	904,509
BAHTCO INVEST SA	23,398,167	17,566,953
MedLife Ocupational SRL	2,417,380	2,041,892
Vital Test SRL	269	-
Accipiens SA	-	1,921,773
Genesys Medical Clinic SRL	-	274,588
Rur Medical SRL	-	1,285,260
Stem Cells Bank SA	2,092,576	532,355
Diamed Center SRL	3,532,326	998,422
Total	**31,440,718**	**25,542,850**

As of December 31, 2017, Med Life SA records long term loans to be collected from Bahtco Invest SA (RON 10,969,782) and Med Life Ocupational SRL (RON 188,531).

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

Loans obtained	**December 31, 2017**	**January 1, 2017**
Genesys Medical Clinic SRL	-	270,678
Pharmalife Med SRL	1,224,083	159,379
PDR SA	386,455	47,645
Policlinica de Diagnostic Medis SRL	453,517	
Accipiens SA	-	1,660,659
Asilife SA	180,636	177,854
Prima Medical SRL	611,006	433,524
	2,855,697	**2,749,739**

22. TAXATION

	December 31, 2017	**December 31, 2016**
Current income tax expense	(805,134)	(1,999,255)
Deferred tax expense	-	1,190,858
Total tax expense	**(805,134)**	**(808,397)**

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

22. TAXATION (continued)

	December 31, 2017	December 31, 2016
Loss before tax	**(1,714,888)**	**(6,944,456)**
Income tax expense calculated at 16%	-	-
Effect of expenses that are not deductible in determining taxable profit	(805,134)	1,999,255
Effect of temporary differences	-	(1,190,858)
Income tax expense recognized in profit or loss	**(805,134)**	**(808,397)**

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	1,258,534	-	1,258,534
Total deferred tax asset	**1,258,534**	**-**	**1,258,534**

Deferred tax liability	December 31, 2017	Change in deferred tax	January 1, 2017
Receivables	-	-	-
Non-current assets	-	-	-
Revaluation reserve	12,044,056	-	12,044,056
Total deferred tax liability	**12,044,056**	**-**	**12,044,056**
Net deferred tax liability	**10,785,523**		**10,785,523**

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

22. TAXATION (continued)

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	-	(67,676)	67,676
Trade receivables	1,258,534	1,258,534	-
Total deferred tax asset	**1,258,534**	**1,190,858**	**67,676**

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

The net effect of the change on deferred tax balances recognized as at December 31, 2016, except for the deferred tax related to the revaluation reserve which is recognized in equity, is reflected in the statement of comprehensive income for the year then ended.

23. FINANCIAL INSTRUMENTS (IFRS 7)

(a) Capital risk management

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

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

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

(b) Significant accounting policies

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

(c) Financial risk management objectives

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

(d) Market risk

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

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

(e) Interest rate risk management

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

(f) Liquidity risk management

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

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

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

23. FINANCIAL INSTRUMENTS (IFRS 7) (continued)

(g) Fair value of financial instruments

The carrying amounts of the Company'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	65,199,832	4,807,699	70,007,531
Trade receivables	36,182,268	-	36,182,268
Receivables from group companies	21,954,037	9,486,681	31,440,718
Long-term loans to group companies	-	11,158,313	11,158,313
LIABILITIES			
Trade payables	62,556,608	-	62,556,608
Short-Term and Long-Term portions of loans	27,000,000	183,110,796	210,110,796
Short-Term and Long-Term portions of financial leasing	-	6,561,580	6,561,580
Payables to group companies	2,855,697	-	2,855,697

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

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

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

	December 31, 2017	**December 31, 2016**
Profit or loss	16,421,968	11,854,236

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

23. FINANCIAL INSTRUMENTS (IFRS 7) (continued)

(g) Fair value of financial instruments (continued)

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

	Weighted average effective interest rate	Carrying amount	Less than 1 year	1 to 5 years	More than 5 years
Non-interest bearing instruments					
Trade payables		62,556,608	62,556,608	-	-
Interest bearing instruments					
IFC loans	EURIBOR 6M + relevant spread %	54,917,894	9,985,069	39,940,276	4,992,549
Club Loan	EURIBOR 6M + relevant spread %	153,984,218	14,588,672	95,796,278	43,599,268
Lease contracts		6,561,580	515,738	6,045,842	-
Total		**278,020,300**	**87,646,087**	**141,782,397**	**48,591,816**

The following table details the Company's remaining contractual maturity for financial liabilities as of January 1, 2017. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay, The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Carrying Amount	Less than 1 year	1 to 5 years	More than 5 years
Non-interest bearing instruments					
Trade payables		65,327,621	65,327,621	-	-
Interest bearing instruments					
IFC loans	EURIBOR 6M + relevant spread %	31,138,971	2,594,913	20,759,305	7,784,753
Club Loan	EURIBOR 6M + relevant spread %	122,729,039	8,619,412	86,550,218	27,559,409
Lease contracts		10,142,174	4,374,976	5,767,198	-
Total		**229,337,805**	**80,916,922**	**113,076,721**	**35,344,162**

24. COMMITMENTS AND CONTINGENCIES

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

IFC related commitments

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

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

Club loan related commitments

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

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

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 Med Life SA holds insurance policies to cover possible liabilities towards doctors for malpractice as well as insurance contracts related to buildings and medical equipment.

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

BCR issued letters of warranties in the favor of Med Life S,A, in amount of RON 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 RON, unless otherwise specified)

24. 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 Company is confident that, if required, they will submit the necessary information in due time to the fiscal authorities. The transactions with related parties and group companies are performed based on the market value principle.

Litigation

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

25. AUDITORS 'FEES

The auditor of the Group is Deloitte Audit SRL.

The fee for the audit of the consolidated financial statements as of December 31, 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.

26 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, **Administrator**	**Vera Firu,** **Director Economic**