MED LIFE GROUP

Q3 2017 REPORT

Name of the issuing company: Med Life S.A.
Registered Office: Bucharest, 365 Calea Griviței, district 1, Romania
Fax no.: 0040 374 180 470
Unique Registration Code at the National Office of Trade Registry: 8422035
Order number on the Trade Registry: J40/3709/1996
Subscribed and paid-in share capital: RON 5,023,000
Regulated market on which the issued securities are traded: Bucharest Stock Exchange

CONTENTS:

Note:

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

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

The following financial statement are unaudited.

I. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2017 ("CONSOLIDATED FS")

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

	September 30, 2017	December 31, 2016	Variation 2017/2016
ASSETS			
Long Term			
Goodwill	63,239,248	43,993,237	43.7%
Intangible assets	35,165,291	26,512,923	32.6%
Tangible assets	326,094,560	304,857,393	7.0%
Financial assets	3,622,515	1,160	312185.8%
TOTAL NON-CURRENT ASSETS	**428,121,614**	**375,364,713**	**14.1%**
Current Assets			
Inventories	16,012,581	17,373,541	-7.8%
Receivables	58,483,842	43,203,974	35.4%
Other receivables	5,698,679	2,357,689	141.7%
Cash and cash equivalents	22,374,171	20,701,850	8.1%
	102,569,273	**83,637,054**	**22.6%**
Assets classified as held for sale	381,665	381,665	0.0%
Prepayments	**7,819,547**	**6,736,028**	**16.1%**
TOTAL CURRENT ASSETS	**110,770,485**	**90,754,747**	**22.1%**
TOTAL ASSETS	**538,892,099**	**466,119,460**	**15.6%**
LIABILITIES & SHAREHOLDER'S EQUITY			
Current Liabilities			
Trade accounts payable	94,889,725	98,432,380	-3.6%
Overdraft	1,986,761	1,267,442	56.8%
Current portion of lease liability	3,335,172	7,031,122	-52.6%
Current portion of long term debt	35,399,231	19,127,593	85.1%
Current tax liabilities	1,785,928	1,099,391	62.4%
Other liabilities	20,413,279	17,713,204	15.2%
Liabilities directly associated with assets classified as held for sale	629,207	629,207	0.0%
TOTAL CURRENT LIABILITIES	**158,439,303**	**145,300,339**	**9.0%**
Long Term Debt			
Lease liability	10,554,152	10,382,639	1.7%
Long term debt	254,575,455	202,761,616	25.6%
TOTAL LONG-TERM LIABILITIES	**265,129,607**	**213,144,255**	**24.4%**
Deferred tax liability	15,178,504	14,655,982	3.6%
TOTAL LIABILITIES	**438,747,414**	**373,100,576**	**17.6%**
SHAREHOLDER'S EQUITY			
Issued capital	1,932,034	13,932,034	0.0%
Reserves	91,961,463	91,961,424	0.0%
Retained earnings	(20,092,036)	(24,346,985)	-17.5%
Equity attributable to owners of the Group	**85,801,461**	**81,546,473**	**5.2%**
Non-controlling interests	14,343,224	11,472,411	25.0%
TOTAL EQUITY	**100,144,685**	**93,018,884**	**7.7%**
TOTAL LIABILITIES AND EQUITY	**538,892,099**	**466,119,460**	**15.6%**

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME ("**CONSOLIDATED PL**")

	9 month ended September 30, 2017	2016	Variation 2017/2016
Sales	459,182,988	361,489,209	27.0%
Other operating revenues	4,454,435	628,470	608.8%
Operating Income	**463,637,423**	**362,117,679**	**28.0%**
Operating expenses	**(434,536,793)**	**(350,679,676)**	**23.9%**
Operating Profit	**29,100,630**	**11,438,003**	**154.4%**
Finance cost	(10,645,670)	(10,567,686)	0.7%
Other financial expenses	(3,892,282)	555,767	-800.3%
Financial result	**(14,537,952)**	**(10,011,919)**	**45.2%**
Result Before Taxes	**14,562,678**	**1,426,084**	**921.2%**
Income tax expense	(5,002,865)	(1,382,946)	261.8%
Net Result	**9,559,813**	**43,138**	**22061.0%**
Owners of the Group	5,711,029	(2,001,084)	-385.4%
Non-controlling interests	3,848,784	2,044,222	88.3%
Other comprehensive income items that will not be reclassified to profit or loss			
Gain / Loss on revaluation of properties	-	-	-
Corrections related to prior years			
Deferred tax on other comprehensive income components	-	-	-
TOTAL OTHER COMPREHENSIVE INCOME	**-**	**-**	**-**
Total other comprehensive income attributable to:			
Owners of the Group	-	-	-
Non-controlling interests	-	-	-
TOTAL COMPREHENSIVE INCOME	**9,559,813**	**43,138**	
Total comprehensive income attributable to:			
Owners of the Group	5,711,029	(2,001,084)	-385.4%
Non-controlling interests	3,848,784	2,044,222	88.3%

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOW ("**CONSOLIDATED CASH FLOW**")

	9 Month ended September 30, 2017	2016
Net income/(loss) before taxes	**14,562,678**	**1,426,084**
Adjustments for		
Depreciation	29,196,756	27,420,605
Disposal of subsidiaries	-	714,751
Interest revenue	(394,023)	-
Interest expense	10,645,670	10,567,686
Written off and allowance of other current assets	-	8,214,251
Financial Discounts	-	2,299,177
Other non-monetary gains	(2,300,697)	-
Unrealized exchange gain / loss	4,483,869	(2,384,314)
Bargain gain	(729,165)	(330,270)
Operating cash flow before working capital changes	**55,465,088**	**47,927,970**
Decrease / (increase) in accounts receivable	(12,663,485)	(14,765,408)
Decrease / (increase) in inventories	1,454,365	683,907
Decrease / (increase) in prepayments	(906,510)	(998,009)
Increase / (decrease) in accounts payable	(4,291,775)	6,068,946
Cash generated from WC changes	**(16,407,405)**	**(9,010,564)**
Cash generated from operations	**39,057,683**	**38,917,406**
Income Tax Paid	(3,793,807)	(2,485,772)
Interest Paid	(8,593,988)	(8,935,922)
Interest received	394,023	330,270
Net cash from / (used in) operating activities	**27,063,911**	**27,825,982**
Investment in business combination	(33,524,953)	(24,696,156)
Purchase of intangible assets	(940,809)	(2,618,330)
Purchase of property, plant and equipment	(34,203,333)	(16,899,878)
Proceed from sale business combination	-	45,000
Net cash used in investing activities	**(68,669,095)**	**(44,169,364)**
Cash flow from financing activities		
Share capital contribution (non-controlling interest)	-	137,030
Increase in Loans	64,909,066	49,184,795
Payment of loans	(8,091,396)	(23,839,051)
Net of Lease increase/(payments)	(13,116,775)	(3,957,886)
Dividends paid to NCI	(423,390)	-
Net cash from used in financing activities	**43,277,505**	**21,524,888**
Net change in cash and cash equivalents	**1,672,321**	**5,181,506**
Cash and cash equivalents beginning of the period	20,701,850	5,881,496
Cash and cash equivalents end of the period	**22,374,171**	**11,063,002**

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

II. FINANCIAL ANALYSIS

ANALYSIS OF THE CONSOLIDATED PL

Sales for the 9 month period ended 30 September 2017 amounted to RON 459,182,988, higher by 27% compared to sales recorded in the 9 month period ended 30 September 2016. This increase was mainly the result of significant growth in all of the Group's business lines, led on a percentage basis by Stomatology, Clinics and Hospitals as well as the impact of the acquisitions completed by the Group in 2016 and 2017.

Business Line	9 Months 2017 Sales	% of Total Sales	9 Months 2016 Sales	% of Total Sales	Variation 2017/2016
Clinics	123,033,421	27%	91,197,849	25%	35%
Stomatology	28,062,823	2%	9,645,716	3%	191%
Hospitals	88,249,720	19%	78,395,460	22%	13%
Laboratory	85,912,393	19%	69,087,896	19%	24%
Corporate	105,590,728	23%	93,766,469	26%	13%
Farmacies	21,176,009	5%	16,958,285	5%	25%
Other	7,157,894	2%	2,437,534	1%	194%
TOTAL	**459,182,988**	**100%**	**361,489,209**	**100%**	**27%**

Other operating revenues recorded a significant increase in the 9 month period ended 30 September 2017 as compared to the corresponding period of 2016, amounting to RON 7,157,894 as at 30 September 2017.

Operating expenses include variable and fixed costs, as well as the cost of goods and materials used to provide the Group's services. The Group recorded operating expenses of RON 434,536,793 in the first nine months ended 30 September 2017, representing an increase of 23.9%, or RON 83,857,117 as compared to the nine month period ended September 30, 2016. The Group's operating expenses as a percentage of total operating income reached 94.6% in the 9 month period ended 30 September 2017 compared to 97% in the corresponding period of 2016.

Operating expenses evolution

	9 month period ended		Evolution
	2017	2016	2017/2016
Consumable materials and repair materials	73,407,079	60,878,765	20.6%
Commodities	17,199,602	13,587,212	26.6%
Utilities	4,607,136	3,538,043	30.2%
Repairs maintenance	4,671,966	3,507,447	33.2%
Rent	28,697,973	19,598,060	46.4%
Insurance premiums	1,527,901	1,370,825	11.5%
Promotion expense	7,347,015	7,800,010	-5.8%
Communications	2,432,293	2,354,850	3.3%
Third party expenses (including doctor's agreements)	120,705,606	91,391,189	32.1%
Salary and related expenses	111,789,716	81,479,174	37.2%
Social contributions	25,144,892	18,427,485	36.5%
Depreciation	29,196,756	27,420,605	6.5%
Impairment of fixed assets	-	-	-
Other administration and operating expenses	7,808,858	19,326,011	-59.6%
TOTAL	**434,536,793**	**350,679,676**	**23.9%**

Operating profit recorded a 154.4% increase in the 9 month period ended 30 September 2017 as compared to the 9 month period ended 30 September 2016, from RON 11,438,003 at 30 September 2016 to RON 29,100,630 as at 30 September 2017.

Financial loss increased in the 9 month period ended 30 September 2017 by RON 4,526,033 from a loss of RON 10,011,919 in the nine month period ended 30 September 2016 to a loss of RON 14,537,952 in the analysed period of 2017, mainly due to net foreign exchange losses recorded in the first 9 months of 2017 in amount of RON 4,490,022 compared to net foreign exchange gains of RON 2,384,314 recorded in 2016.

The net result for the 9 month period ended 30 September 2017 increased by RON 9,516,675 as compared to the corresponding period of 2016, from a profit of RON 43,138 in the 9 month period ended 30 September 2016 to a profit of RON 9,559,813 in 9 months ending 2017. The increase was mainly due to the translation of the Operating Profit increase in the net result.

On a pro-forma basis, sales for 9 month period ended 30 September 2017 amount to RON 471,975,695 and Adjusted EBITDA to RON 60,439,464. Please refer to *chapter VI – UNAUDITED CONSOLIDATED PRO-FORMA FINANCIAL INFORMATION* for more information regarding pro-forma financial information.

ANALYSIS OF THE CONSOLIDATED BS

Non-current assets amount to RON 428,121,614 as of 30 September 2017, recording an increase of RON 52,756,901 or 14.1% as compared to 31 December 2016. The increase is mainly linked to Almina Trading and Anima acquisitions.

Current assets increased by 18,932,219 RON or 22.6% from RON 83,637,054 in as at 31 December 2016 to RON 102,569,273 as of 30 September 2017.

Prepayments recorded as at 30 September 2017 amount to RON 7,819,547. As compared to 31 December 2016, an increase of 1,083,519 RON was recorded. The increase is linked to accrued expenses and prepaid local tax liabilities.

Current liabilities (excluding interest bearing debt items) decreased by RON 156,043, or 0.13%, from RON 117,874,182 as at 31 December 2016, to RON 117,718,139 as at 30 September 2017.

Interest bearing debt increased by RON 65,280,359, from RON 240,570,412 as of 31 December 2016 to RON 305,850,771 as of 30 September 2017. The increase is mainly due to financing of the Banu Manta building, Almina Trading & Anima acquisitions and refinancing of leasing contracts through a new loan agreement.

III. IMPORTANT EVENTS 1 JANUARY – 30 SEPTEMBER 2017 PERIOD

- **Banu Manta building acquisition**

The Group purchased a building located in Banu Manta street from Telekom and performed a sale and leaseback transaction through a financial leasing.

- **Companies' Acquisitions**

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

- 80% of share capital of Almina Trading SA
- 100% of share capital in Anima Specialty Medical Services SRL and Anima Promovare si Vanzari SRL
- 55% of share capital in Valdi Medica SRL the company that operates Humanitas Hospital

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 29th of March 2017.

Anima Specialty Medical Services and **Anima Promovare si Vanzari** ("**Anima**") consists of 6 clinics and a laboratory, has over 200 employees, medical specialists and support staff and is the first private healthcare provider with its own family medicine network in Romania. At the same time, Anima is one of the largest private outpatient healthcare services provider which has agreements with the Bucharest Health Insurance Fund (CASMB), covering over 15 medical specialties, including family medicine, ob-gyn, ENT, endocrinology, ophthalmology, dermatovenerology, cardiology, psychiatry, rheumatology, gastroenterology, allergology and

clinical immunology. According to the company's representatives, Anima currently has some 75,000 corporate subscribers, mostly focusing on subscriptions covering occupational health services.

Anima transaction concluded on the 26th of May 2017.

Valdi Medica the operator of Humanitas Hospital. The 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 and Genesys Medical Clinic**

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

IV. MAIN FINANCIAL RATIOS AS AT 30 SEPTEMBER 2017

CURRENT RATIO

$$\frac{\text{Current assets}}{\text{Current liabilities}} = \frac{110{,}770{,}485}{158{,}439{,}303} = 0.70$$

DEBT TO EQUITY RATIO

$$\frac{\text{Long Term Debt}}{\text{Equity}} = \frac{265{,}129{,}607}{100{,}144{,}685} = 265\%$$

$$\frac{\text{Long Term Debt}}{\text{Capital Assets}} = \frac{265{,}129{,}607}{365{,}274{,}292} = 73\%$$

TRADE RECEIVABLES TURNOVER (DAYS)

$$\frac{\text{Average receivables}}{\text{Sales}} = \frac{50{,}843{,}908}{459{,}182{,}988} = 29.9$$

FIXED ASSETS TURNOVER

$$\frac{\text{Sales}}{\text{Net Fixed Assets}} = \frac{459{,}182{,}988}{428{,}121{,}614} = 1.07$$

V. OPERATIONAL KEY PERFORMANCE INDICATORS

Business line	Info	12 Month ended 31 December, 2016	9 month ended 30 September, 2017
Clinics	**Revenue**	**130,109,363**	**123,033,421**
Clinics	Visits	909,132	853,854
Clinics	Avg fee	143.1	144
Stomatology	**Revenue**	**18,504,217**	**28,062,823**
Stomatology	Visits	69,111	76,259
Stomatology	Avg fee	267.7	368
Hospitals	**Revenue**	**104,977,229**	**88,249,720**
Hospitals	Patients	56,283	45,273
Hospitals	Avg fee	1,865.2	1,949
Laboratories	**Revenue***	**93,161,917**	**85,912,393**
Laboratories	Analyses	4,223,840	3,976,394
Laboratories	Avg fee	22.1	22
Corporate	**Revenue**	**127,988,835**	**105,590,728**
Corporate	Subscriptions	420,933	570,226
Corporate	Avg fee	304.1	185
Pharmacies	**Revenue**	**23,597,580**	**21,176,009**
Pharmacies	Clients	264,604	200,080
Pharmacies	Sales per client	89.2	106
Others	**Revenue***	**4,647,649**	**7,157,894**

* Sales obtained for stem cells bank services are classified for the 9 month period ended 30 September 2017 on Other Sales business line. Stem cells bank services sales were previously classified in Laboratories business line. In order to ensure comparison between periods, we have reclassified stem cell banks services sales for the twelve month period ended 31 December 2016 from Laboratories business line to Other Sales business line.

VI. UNAUDITED CONSOLIDATED PRO-FORMA FINANCIAL INFORMATION FOR THE 9 MONTH PERIOD ENDED SEPTEMBER 30, 2017 ("CONSOLIDATED PRO FORMA PL")

Introduction

The following Consolidated Pro Forma PL of the Consolidated PL is based on the Group's Consolidated FS for the 9 month period ended on 30 September 2017, adjusted with the historical financial results of the company acquired by the Group during the period from 1 January 2017 up to 30 September 2017 (the "**Acquired Company**"). Details of the Acquired Company are set out below.

The Consolidated Pro Forma PL for the 9 month ended 30 September 2017 transpose (i) the acquisition of the Acquired Company as if the acquisition had occurred on 1 January 2017 by combining the financial results for the period of the Acquired Company with those of the Group and (ii) the elimination of certain expenses included in the Consolidated PL of the Group which the Group considers to be non-operational and/or non-recurring in nature.

The Consolidated Pro Forma PL provide a hypothetical illustration of the impact of the transactions on the Company's earnings. The Consolidated Pro Forma PL has been prepared for the Group as at and for the 9 month period ended 30 September 2017. The Consolidated Pro Forma PL should be read in conjunction with the Consolidated FS for the 9 month period ended 30 September 2017.

Purpose of the Consolidated Pro Forma PL

The Consolidated Pro Forma PL set out below has been prepared to (i) illustrate the effect on the Group of the acquisition completed in 9 months 2017 and (ii) provide an estimate of the Group's recurring EBITDA.

The Group's unaudited consolidated pro forma Adjusted EBITDA is also useful when analyzing the Group's current debt compared to its earnings capacity. Although the Consolidated BS in the Consolidated FS include the full amount of debt incurred to finance the acquisition completed as of 30 September 2017, the Consolidated PL includes no portion of the annual earnings of the Acquired Company. Using the unaudited consolidated pro forma Adjusted EBITDA for such comparison allows inclusion of a measure of the full period earnings that will contribute to the servicing of the debt incurred in relation to the acquisition.

In the first 9 months of 2017, the Company made the following acquisition in pursuit of a consolidation strategy aimed at complementing the Group's service offering, expanding its national footprint and consolidating its market position:

- 80% of the shares in Almina Trading SA, completed in March 2017.
- 100% of the shares in Anima Specialty Medical Services SRL and Anima Promovare si Vanzari SRL ("**Anima**"), completed in May 2017.

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

Consolidated Pro Forma PL

	9 Month ended September 30, 2017			
	Consolidated PL	**Normalisation**	**One off**	**Consolidated Pro forma PL**
SALES	**459,182,988**	**12,792,707**	**-**	**471,975,695**
Other operating revenues	4,454,435	133,974	-	4,588,409
OPERATING INCOME	**463,637,423**	**12,926,681**	**-**	**476,564,104**
OPERATING EXPENSES	**(434,536,793)**	**(13,006,529)**	**830,757**	**(446,712,565)**
OPERATING PROFIT	**29,100,630**	**(79,848)**	**830,757**	**29,851,539**
Net finance cost	(10,645,670)	(175,611)	-	(10,821,281)
Other financial expenses	(3,892,282)	17,650	-	(3,874,632)
FINANCIAL RESULT	**(14,537,952)**	**(157,961)**	**-**	**(14,695,913)**
RESULT BEFORE TAXES	**14,562,678**	**(237,809)**	**830,757**	**15,155,626**
Income tax expense	(5,002,865)	(68,393)	(132,921)	(5,204,179)
NET RESULT	**9,559,813**	**(306,202)**	**697,836**	**9,951,447**

Net Income to Adjusted EBITDA

	9 Month ended September 30, 2017			
	Consolidated PL	**Normalisation**	**One off**	**Consolidated Pro forma PL**
Net income/(loss) for the period	**9,559,813**	**(306,202)**	**697,836**	**9,951,447**
Add back:				
Taxes on income	**5,002,865**	**68,393**	**132,921**	**5,204,179**
Out of which:				
Base tax expense	5,002,865	68,393	-	5,071,258
One off impact	-	-	132,921	132,921
Net financial result	14,537,952	157,961	-	14,695,913
Depreciation, amortisation and impairment, including write-ups	29,196,756	1,391,169	-	30,587,925
Adjusted EBITDA	**58,297,386**	**1,311,321**	**830,757**	**60,439,464**

Sales split by Business Line

	9 Month ended September 30, 2017			
	Consolidated PL	**Normalisation**	**One off**	**Consolidated Pro forma PL**
Clinics	123,033,421	6,188,147	-	129,221,568
Stomatology	28,062,823	-	-	28,062,823
Laboratories	88,249,720	3,141,301	-	91,391,021
Corporate	85,912,393	3,013,672	-	88,926,065
Hospitals	105,590,728	-	-	105,590,728
Pharmacies	21,176,009	-	-	21,176,009
Other	7,157,894	449,587	-	7,607,481
Total Sales	**459,182,988**	**12,792,707**	**-**	**471,975,695**

Basis for the Consolidated Pro Forma PL

The Consolidated Pro Forma PL for the 9 month period ended 30 September 2017 have been prepared starting from the Consolidated PL of the Group as of 30 September 2017. The Consolidated Pro Forma PL was prepared in a manner consistent with the accounting policies adopted by the Group in the Consolidated FS as of 30 September 2017.

The Consolidated Pro Forma PL for the 9 months ended 30 September 2017 give effect to the acquisition of the Acquired Company as if the acquisition had occurred on 1 January 2017. Also, certain expense items incurred by the Group in the relevant period but considered to be non-operational and non-recurring in nature, as detailed in the notes to the tables, are reflected in the Consolidated Pro Forma PL as one off adjustments, based on management judgment for the Group, without taking into account the Acquired Company.

Consolidated Pro Forma PL adjustments

Normalization adjustment

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

The company that was normalized and the months included in the normalization are presented below:

Entity	Date of obtaining control	Months included in Normalization (inclusive) 1 January - 30 September 2017
Almina Trading SA	March 2017	January – March 2017
Anima	May 2017	January – May 2017

One off adjustments

The one off adjustments represent expenses which have been included in the Group's Consolidated PL but which, in the Group's opinion, represent non-recurring and/or non-operational expenses. These expenses relate to costs incurred in relation to the acquisition of the Acquired Company which were expensed rather than capitalized as part of the acquisition cost of the company, including the costs of aborted or continuing acquisition processes.

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

Type of Expense	Amount for 9M 2017	Note
Cost of Acquisitions	830,757	*Note A*
Total	**830,757**	

Note A

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

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

VII. EBITDA EVOLUTION

	9 month ended September 30,		Variation
	2017	**2016**	**2017/2016**
	Pro Forma	**IFRS**	
Sales	471,975,695	361,489,209	30.6%
Other operating revenues	4,588,409	628,470	630.1%
Operating Income	**476,564,104**	**362,117,679**	**31.6%**
Operating expenses	**(446,712,565)**	**(350,679,676)**	**27.4%**
Operating Profit	**29,851,539**	**11,438,003**	**161.0%**
EBITDA	**60,439,464**	**38,858,608**	**55.5%**
Finance cost	(10,821,281)	(10,567,686)	2.4%
Other financial expenses	(3,874,632)	555,767	-797.2%
Financial result	**(14,695,913)**	**(10,011,919)**	**46.8%**
Result Before Taxes	**15,155,626**	**1,426,084**	**962.7%**
Income tax expense	(5,204,179)	(1,382,946)	276.3%
Net Result	**9,951,447**	**43,138**	**22968.9%**
Owners of the Group	42,979	(2,001,084)	-102.1%
Non-controlling interests	5,711,029	2,044,222	179.4%

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

MED LIFE GROUP

CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AS AT 30 SEPTEMBER, 2017

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

Name of the issuing company: Med Life S.A.
Registered Office: Bucharest, 365 Calea Griviței, district 1, Romania
Fax no.: 0040 374 180 470
Unique Registration Code at the National Office of Trade Registry: 8422035
Order number on the Trade Registry: J40/3709/1996
Subscribed and paid-in share capital: RON 5,023,000
Regulated market on which the issued securities are traded: Bucharest Stock Exchange

Contents

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

The following consolidated interim financial statement are unaudited.

I. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2017

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	September 30, 2017	December 31, 2016
ASSETS		
Long Term		
Goodwill	63,239,248	43,993,237
Intangible assets	35,165,291	26,512,923
Tangible assets	326,094,560	304,857,393
Financial assets	3,622,515	1,160
TOTAL NON-CURRENT ASSETS	**428,121,614**	**375,364,713**
Current Assets		
Inventories	16,012,581	17,373,541
Receivables	58,483,842	43,203,974
Other receivables	5,698,679	2,357,689
Cash and cash equivalents	22,374,171	20,701,850
	102,569,273	**83,637,054**
Assets classified as held for sale	381,665	381,665
Prepayments	**7,819,547**	**6,736,028**
TOTAL CURRENT ASSETS	**110,770,485**	**90,754,747**
TOTAL ASSETS	**538,892,099**	**466,119,460**
LIABILITIES & SHAREHOLDER'S EQUITY		
Current Liabilities		
Trade accounts payable	94,889,725	98,432,380
Overdraft	1,986,761	1,267,442
Current portion of lease liability	3,335,172	7,031,122
Current portion of long term debt	35,399,231	19,127,593
Current tax liabilities	1,785,928	1,099,391
Other liabilities	20,413,279	17,713,204
Liabilities directly associated with assets classified as held for sale	629,207	629,207
TOTAL CURRENT LIABILITIES	**158,439,303**	**145,300,339**
Long Term Debt		
Lease liability	10,554,152	10,382,639
Long term debt	254,575,455	202,761,616
TOTAL LONG-TERM LIABILITIES	**265,129,607**	**213,144,255**
Deferred tax liability	15,178,504	14,655,982
TOTAL LIABILITIES	**438,747,414**	**373,100,576**
SHAREHOLDER'S EQUITY		
Issued capital	13,932,034	13,932,034
Reserves	91,961,463	91,961,424
Retained earnings	(20,092,036)	(24,346,985)
Equity attributable to owners of the Group	**85,801,461**	**81,546,473**
Non-controlling interests	14,343,224	11,472,411
TOTAL EQUITY	**100,144,685**	**93,018,884**
TOTAL LIABILITIES AND EQUITY	**538,892,099**	**466,119,460**

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

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

	9 month ended September 30, 2017	**2016**
Sales	459,182,988	361,489,209
Other operating revenues	4,454,435	628,470
Operating Income	**463,637,423**	**362,117,679**
Operating expenses	**(434,536,793)**	**(350,679,676)**
Operating Profit	**29,100,630**	**11,438,003**
Finance cost	(10,645,670)	(10,567,686)
Other financial expenses	(3,892,282)	555,767
Financial result	**(14,537,952)**	**(10,011,919)**
Result Before Taxes	**14,562,678**	**1,426,084**
Income tax expense	(5,002,865)	(1,382,946)
Net Result	**9,559,813**	**43,138**
Owners of the Group	5,711,029	(2,001,084)
Non-controlling interests	3,848,784	2,044,222
Other comprehensive income items that will not be reclassified to profit or loss		
Gain / Loss on revaluation of properties	-	-
Corrections related to prior years		
Deferred tax on other comprehensive income components	-	-
TOTAL OTHER COMPREHENSIVE INCOME	**-**	**-**
Total other comprehensive income attributable to:		
Owners of the Group	-	-
Non-controlling interests	-	-
TOTAL COMPREHENSIVE INCOME	**9,559,813**	**43,138**
Total comprehensive income attributable to:		
Owners of the Group	5,711,029	(2,001,084)
Non-controlling interests	3,848,784	2,044,222

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOW

	9 Month ended September 30, 2017	2016
Net income/(loss) before taxes	**14,562,678**	**1,426,084**
Adjustments for		
Depreciation	29,196,756	27,420,605
Disposal of subsidiaries	-	714,751
Interest revenue	(394,023)	-
Interest expense	10,645,670	10,567,686
Allowance for doubtful debts and receivables written-off	-	-
Written off and allowance of other current assets	-	8,214,251
Financial Discounts	-	2,299,177
Other non-monetary gains	(2,300,697)	-
Unrealized exchange gain / loss	4,483,869	(2,384,314)
Bargain gain	(729,165)	(330,270)
Net gain on disposal of property	-	-
Operating cash flow before working capital changes	**55,465,088**	**47,927,970**
Decrease / (increase) in accounts receivable	(12,663,485)	(14,765,408)
Decrease / (increase) in inventories	1,454,365	683,907
Decrease / (increase) in prepayments	(906,510)	(998,009)
Increase / (decrease) in accounts payable	(4,291,775)	6,068,946
Cash generated from WC changes	**(16,407,405)**	**(9,010,564)**
Cash generated from operations	**39,057,683**	**38,917,406**
Income Tax Paid	(3,793,807)	(2,485,772)
Interest Paid	(8,593,988)	(8,935,922)
Interest received	394,023	330,270
Net cash from / (used in) operating activities	**27,063,911**	**27,825,982**
Investment in business combination	(33,524,953)	(24,696,156)
Purchase of intangible assets	(940,809)	(2,618,330)
Purchase of property, plant and equipment	(34,203,333)	(16,899,878)
Proceed from sale business combination	-	45,000
Proceed from sale of fixed assets	-	-
Net cash used in investing activities	**(68,669,095)**	**(44,169,364)**
Cash flow from financing activities		
Share capital contribution (non-controlling interest)	-	137,030
Increase in Loans	64,909,066	49,184,795
Payment of loans	(8,091,396)	(23,839,051)
Net of Lease increase/(payments)	(13,116,775)	(3,957,886)
Dividends paid to NCI	(423,390)	-
Net cash from used in financing activities	**43,277,505**	**21,524,888**
Net change in cash and cash equivalents	**1,672,321**	**5,181,506**
Cash and cash equivalents beginning of the period	20,701,850	5,881,496
Cash and cash equivalents end of the period	**22,374,171**	**11,063,002**

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

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

	Share Capital	Share premium	General reserves and other reserves	Revaluation Reserve*	Accumulated Results	Attributable to owners of the parent	Non-controlling interests	Total Equity
Balance as at January 1, 2017	**5,023,000**	**8,909,034**	**9,699,583**	**82,261,841**	**(24,346,985)**	**81,546,473**	**11,472,411**	**93,018,884**
Recognition of other reserves for fiscal purposes			40		(40)	-		-
Sale of subsidiaries						-		-
Share capital contribution						-		-
Additional non-controlling interest arising as of result of business combinations						-	391,132	391,132
Subsequent acquisition of NCI					(1,456,040)	(1,456,040)	(945,712)	(2,401,752)
Distribution of dividends						-	(423,390)	(423,390)
Total comprehensive income	**-**	**-**	**-**	**-**	**5,711,029**	**5,711,029**	**3,848,784**	**9,559,813**
Deferred tax related to revaluation reserve						-		-
Correction related to prior years						-		-
Profit of the year (loss)					5,711,029	5,711,029	3,848,784	9,559,813
Balance as at September 30, 2017	**5,023,000**	**8,909,034**	**9,699,623**	**82,261,841**	**(20,092,036)**	**85,801,462**	**14,343,224**	**100,144,687**

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

UNAUDITED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED SEPTEMBER 30, 2016

	Share Capital	Share premium	General reserves and other reserves	Revaluation Reserve*	Accumulated Results	Attributable to owners of the parent	Non-controlling interests	Total Equity
Balance as at January 1, 2016	**5,023,000**	**8,909,034**	**9,681,481**	**76,822,585**	**(19,139,252)**	**81,296,848**	**5,899,644**	**87,196,492**
Recognition of other reserves for fiscal purposes						-		-
Sale of subsidiaries					(79,673)	(79,673)		(79,673)
Share capital contribution						-	137,030	137,030
Additional non-controlling interest arising as of result of business combinations						-	3,960,625	3,960,625
Total comprehensive income	**-**	**-**	**-**		**(2,001,084)**	**(2,001,084)**	**2.044.222**	**43,138**
Deferred tax related to revaluation reserve								
Correction related to prior years								
Profit of the year (loss)					(2,001,084)	(2,001,084)	2,044,222	43,138
Balance as at September 30, 2016	**5,023,000**	**8,909,034**	**9,681,481**	**76,822,585**	**(21,220,013)**	**79,216,087**	**12,041,521**	**91,257,608**

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

II. NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF THE BUSINESS

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

Med Life Group is offering a large range of medical service having opened 17 Hyperclinics in Bucharest, Timisoara, Brasov, Arad, Iasi, Galati, Craiova, Cluj and Constanta, 33 Clinics, 8 hospitals – located in Bucharest, Arad and Brasov, 29 Laboratories, 10 Pharmacies and 9 Dental Clinics. The Group has also more than 140 private Clinic partners around Romania.

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.

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

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

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

- **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures"** - Investment Entities: Applying the Consolidation Exception - adopted by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2016),

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

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

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

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

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

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

- **Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)"** resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and

IAS 38) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 17 December 2014 (amendments are to be applied for annual periods beginning on or after 1 February 2015),

- **Amendments to various standards "Improvements to IFRSs (cycle 2012-2014)"** resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 15 December 2015 (amendments are to be applied for annual periods beginning on or after 1 January 2016).

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

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

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

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

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

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

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

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

- **Amendments to IFRS 2 "Share-based Payment"** - Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018),

- **Amendments to IFRS 4 "Insurance Contracts"** - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective for annual periods beginning on or after 1 January 2018 or when IFRS 9 "Financial Instruments" is applied first time),

- **Amendments to IFRS 10 "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 IFRS 15 "Revenue from Contracts with Customers"** - Clarifications to IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018),

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Statement of compliance

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

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

3.2 Basis of preparation

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

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

3.3 Going concern

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

3.4 Basis of consolidation

The unaudited consolidated interim financial statements incorporate the financial statements of the Parent

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

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

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

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

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

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

3.5 Business combinations

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

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

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

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

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

3.6 Goodwill

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

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

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

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

3.7 Non-current assets held for sale

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

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

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

3.8 Accounting estimates and judgments

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

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

3.9 Foreign currency translation

Functional and presentation currency

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

As at September 30, 2017 the exchange rate was of 3.8977 RON for 1 USD and of 4.5991 RON for 1 EUR. As at December 31, 2016 the exchange rate was of RON 4,3033 for 1 USD and of RON 4,5411 for 1 EUR. The average exchange rate for the nine months period ended 30 september 2017 was of 4.0956 RON for 1 USD (nine months period ended 30 September 2016 : 4.0202 for 1 USD) and 4.5513 RON for 1 EUR (nine months period ended 30 September 2017: 4.4853 RON for 1 EUR).

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

The profit and loss incurred before the transaction date of the acquired businesses in 2017 and in 2016 was eliminated.

3.10 Comparative information

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

3.11 Property, plant and equipment

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

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

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

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

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

3.12 Assets held under finance leases

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

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

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

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

3.13 Intangible assets

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

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

Intangible assets acquired in a business combination

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

De-recognition of intangible assets

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

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which

the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Impairment of tangible and intangible assets other than goodwill

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

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

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

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

3.14 Investments in subsidiaries

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

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

3.15 Investments in associates

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

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

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

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

3.16 Inventories

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

3.17 Trade receivables

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

3.18 Cash and cash equivalents

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

3.19 Financial instruments

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

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

3.20 Accounts payable

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

3.21 Leasing

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

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

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

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

3.22 Borrowing costs

All loans and borrowings are initially recognized at the fair value of the consideration received less

directly attributable transaction costs. The transaction costs incurred in issuing the liability are amortized over the life of the loan.

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

3.23 Taxation

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

Current tax

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

Deferred tax

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

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

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

Current and deferred tax for the period

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

3.24 Share capital

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

3.25 Share premiums

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

3.26 Revaluation reserve

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

3.27 Provisions for risks and charges

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

3.28 Revenue recognition

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

Rendering of services

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

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

Interest revenues

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

3.29 Employee benefits

Employee benefits

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

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

3.30 Related parties

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

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

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

3.31 Fair value

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

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

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

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

3.32 Subsequent events

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

4. GOODWILL

The Group records goodwill resulting from business combinations.

During the nine months period ended September 30, 2017, the Group obtained control over various companies and recorded a goodwill of RON 19,246,011. For further details on business combinations performed in the nine months period ended September 30, 2017 and the year ended December 31, 2016, please see note 22.

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

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

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

Management have engaged specialists to assist with the impairment analysis. No impairment of goodwill was identified as of December 31, 2016.

As per management assessment, there are no indications of impairment as at September 30, 2017, and consequently, no impairment test was performed.

5. TANGIBLE AND INTANGIBLES FIXED ASSETS

	30-Sep 2017	**31-Dec 2016**
Gross book value	566,820,263	494,897,152
Accumulated depreciation	(205,560,412)	(163,526,836)
Net book value	**361,259,851**	**331,370,316**

6. INVENTORIES

	30-Sep 2017	31-Dec 2016
Consumable	8,233,102	11,149,639
Materials in the form of inventory items	245,682	222,067
Commodities	7,531,820	6,000,816
Inventory in transit	1,977	1,019
TOTAL	**16,012,581**	**17,373,541**

7. ACCOUNTS RECEIVABLE

	30-Sep 2017	31-Dec 2016
Customers	73,745,737	57,352,607
Advances to suppliers	2,116,589	2,522,169
Allowance for bad debt	(17,378,484)	(16,670,802)
TOTAL	**58,483,842**	**43,203,974**

Trade receivables as of September 30, 2017 and 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 Group started legal actions against the National Health House of Bucharest. The management is confident that the receivable may be eventually recovered, but given the adverse court decisions in similar cases, the Group decided to record a 100% allowance during 2016.

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

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

As of September 30, 2017, the Management of the Group performed an assessment regarding the collectability of receivables- a total allowance of RON 17.378.484 (which includes the amount of RON 7,365,835 in relation to the National Health House described above) represents management's best estimate regarding the receivables which are not to be collected. The assessment takes into consideration the collection pattern of the receivables over the last two years. The Group monitors the credit quality of its customers on an ongoing basis. Credit risk is spread over a large customer base and the Group is not dependent on the collection of receivables from a limited number of customers.

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

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

8. CASH AND BANKS

	30-Sep 2017	31-Dec 2016
Cash in bank	19,912,512	18,022,894
Cash in hand	1,849,159	1,810,985
Cash equivalents	612,500	867,971
TOTAL	**22,374,171**	**20,701,850**

9. ASSETS CLASSIFIED AS HELD FOR SALE

	30-Sep 2017	31-Dec 2016
Apartament held by MedLife Ocupational	381,665	381,665
TOTAL	**381,665**	**381,665**

10. PREPAYMENTS

As of September 30, 2017 the Group has prepayments in amount of RON 7,819,547 (RON 6,736,028 at December 31, 2016). The prepayments balance as of September 30, 2017 consists mainly of deferred commissions for financing related to the Club loan and the IFC loan obtained in 2016 and amounts related to rent paid in advance for rented properties and other amounts such as insurance policies for professionals and tangible assets.

11. ACCOUNTS PAYABLE

	30-Sep 2017	31-Dec 2016
Suppliers	80,734,591	80,920,609
Fixed assets suppliers	12,467,894	16,429,728
Advances paid by customers	1,687,240	1,082,043
TOTAL	**94,889,725**	**98,432,380**

12. OTHER SHORT TERM LIABILITIES

	30-Sep 2017	31-Dec 2016
Salary and related liabilities (incl. contributions)	14,145,418	11,346,075
Other liabilities	6,267,861	6,367,049
TOTAL	**20,413,279**	**17,713,124**

13. LEASING LIABILITIES

	30-Sep 2017	31-Dec 2016
Long term portion – Leasing	10,554,152	10,382,639
Current portion – Leasing	3,335,172	7,031,122
TOTAL	**13,889,324**	**17,413,761**

14. FINANCIAL DEBT

	30-Sep 2017	31-Dec 2016
Current portion of long-term loans	37,385,992	20,395,035
Non-current portion of long-term loans	254,575,455	202,761,616
TOTAL	**291,961,447**	**223,156,651**

As at September 30, 2017, the Group's drawn and undrawn financing facilities included the following:

- a secured club loan agreement entered into between the Company and BCR, BRD, ING and Raiffeisen for a maximum amount of EUR 48,764,589.98 and RON 27,000,000. The loan matures on 15 November 2023. The outstanding amount as at 30 September 2016 was EUR 32,725,202, equivalent to

RON 145,702,418, and RON 27,000,000. The balance as at September, 30 2017 is of EUR 34,950,780, equivalent of RON 160,742,132, and RON 27,000,000;

- a secured loan agreement with the International Finance Corporation, member of the World Bank Group, amended and restated as at 30 September 2016, with an outstanding amount of EUR 2,857,142.25, having the last repayment date on 15 May 2023;
- a secured loan agreement with the International Finance Corporation, member of the World Bank Group, in the amount of EUR 10,000,000 signed at 30 September 2016. The entire amount was drawn as at September 30, 2017;
- seven secured loan agreements entered into between Banca Transilvania and Centrul Medical Sama for the acquisition of medical equipment and the construction of a clinic, having a total outstanding amount of RON 1,306,283, as at September 30, 2017;
- three secured loan agreements entered into between Banca Transilvania and Genesys Medical Center S.R.L, having at September 30, 2017 a balance of EUR 2,392,429 and RON 248,625 RON;
- an overdraft facility entered into between Unicredit Tiriac Bank and Prima Medical S.R.L. having a maximum credit limit of RON 800,000, fully drawn as at September 30, 2017;
- a credit facility entered into between Garanti and Dent Estet having an oustanding amount as at September 30, 2017 is of RON 1,217,829;
- two secured agreement between Banca Transilvania and Anima Specialty Medical Services; the outstanding amount as at September 30, 2017 is of RON 4,313,720;
- three secured agreement between Banca Transilvania and Almina Trading, having an outstanding amount as at September 30, 2017 is of RON 833,690;
- a secured agreement between Bancpost and Medlife Ocupational in amount of EUR 225,000; the outstanding amount as at September 30, 2017 is of EUR 124,385;
- a secured loan agreement between Libra Internet Bank and Biotest Med with an outstanding amount as at September 30, 2017 in amount of RON 39,695;
- an overdraft facility between Banca Transilvania and Anima Specialty with a limit of 1,000,000 RON until november 2017; the outstanding amount as at September 30, 2017 is 857,718 RON;
- a credit facility entered between Banca Transilvania and Sama from September 2016, having an oustanding amount 13,050 RON as at September 30, 2017.

As at September 30, 2017, none of the Group members was in breach of any applicable term of the financing facilities.

15. ISSUED CAPITAL

As of September 30, 2017 the shareholders' structure of Med Life SA, the parent company of Med Life Group, is as presented below:

	Nr. acțiuni	%	Valoare
Marcu Mihail	4,219,320	21,00%	1,054,830
Marcu Nicolae	3,013,800	15,00%	753,450
Cristescu Mihaela Gabriela	3,028,892	15,08%	757,223
Altii	9,829,988	48,92%	2,457,497
TOTAL	**20,092,000**	**100%**	**5,023,000**

16. RESERVES

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

	30-Sep 2017	31-Dec 2016
General reserves	1,028,182	1,028,142
Other reserves	8,671,441	8,671,441
Revaluation reserves	82,261,841	82,261,841
TOTAL	**91,961,464**	**91,961,424**

17. NON-CONTROLLING INTEREST

	30-Sep 2017	30-Sep 2016
Balance at beginning of year	**11,472,411**	**5,899,644**
Share of profit for the year	3,848,784	2,044,222
Share of other comprehensive income	-	-
Share capital contribution	-	137,030
Non-controlling interests arising on the acquisition of subsidiaries	391,132	3,960,625
Subsequent acquisition of NCI	(945,712)	-
Distribution of dividends	(423,390)	-
TOTAL	**14,343,224**	**12,041,521**

18. SALES

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

Business Line	9 months 2017 Sales	% of Total Sales	9 months 2016 Sales	% of Total Sales	Variation 2017/2016
Clinics	123,033,421	27%	91,197,849	25%	35%
Stomatology	28,062,823	2%	9,645,716	3%	191%
Hospitals	88,249,720	19%	78,395,460	22%	13%
Laboratories	85,912,393	19%	69,087,896	19%	24%
Corporate	105,590,728	23%	93,766,469	26%	13%
Pharmacies	21,176,009	5%	16,958,285	5%	25%
Other revenue	7,157,894	2%	2,437,534	1%	194%
TOTAL	**459,182,988**	**100%**	**361,489,209**	**100%**	**27%**

The main operational indicators of the Group.

Business Line	Info	9 months ending September 30, 2017	12 months ending December 31, 2016
Clinics	**Sales**	**123,033,421**	**130,109,363**
Clinics	Visits	853,854	909,132
Clinics	Avg fee	144.1	143.1
Stomatology	**Sales**	**28,062,823**	**18,504,217**
Stomatology	Visits	76,259	69,111
Stomatology	Avg fee	368.0	267.7
Hospitals	**Sales**	**88,249,720**	**104,977,229**
Hospitals	Pacients	45,273	56,283
Hospitals	Avg fee	1,949.3	1,865.2
Laboratories	**Sales ***	**85,912,393**	**93,161,917**
Laboratories	Analyses	3,976,394	4,223,840
Laboratories	Avg fee	21.6	22.1
Corporate	**Sales**	**105,590,728**	**127,988,835**
Corporate	PPM	570,226	420,933
Corporate	Avg fee	185.2	304.1
Farmacies	**Sales**	**21,176,009**	**23,597,580**
Farmacies	Clients	200,080	264,604
Farmacies	Avg fee	105.8	89.2
Other	**Sales**	**7,157,894**	**4,647,649**

* Sales obtained for stem cells bank services are classified for the 9 month period ended 30 September, 2017 on Other Sales business line. Stem cells bank services sales were previously classified in Laboratories business line. In order to ensure comparison between periods, we have reclassified stem cell banks services sales for the twelve month period ended 31 December 2016 from Laboratories business line to Other Sales business line.

19. OTHER OPERATING REVENUES

	9 month period ended	
	30 September 2017	**30 September 2016**
Other operating revenues	4,454,435	628,470
TOTAL	**4,454,435**	**628,470**

This item mainly includes the capitalized costs of intangible assets as a result of the Group's investment of its own resources in the further development of its IT platform.

20. OPERATING EXPENSES EVOLUTION

	9 month period ended	
	30 September 2017	**30 September 2016**
Consumable materials and repair materials	73,407,079	60,878,765
Commodities	17,199,602	13,587,212
Utilities	4,607,136	3,538,043
Repairs maintenance	4,671,966	3,507,447
Rent	28,697,973	19,598,060
Insurance premiums	1,527,901	1,370,825
Promotion expense	7,347,015	7,800,010
Communications	2,432,293	2,354,850
Third party expenses (including doctor's agreements)	120,705,606	91,391,189
Salary and related expenses	111,789,716	81,479,174
Social contributions	25,144,892	18,427,485

Depreciation	29,196,756	27,420,605
Impairment of fixed assets	-	-
Other administration and operating expenses	7,808,858	19,326,011
TOTAL	**434,536,793**	**350,679,676**

The increase recorded on "Other administration and operating expenses" is mainly linked to Banu Manta sales and leaseback transaction.

21. FINANCIAL NET RESULT

	9 month period ended	
	2017	**2016**
Other financial expenses	-	(2,299,177)
(Loss)/Gain from foreign exchange rate impact	(4,490,022)	2,384,314
Finance cost	(10,645,670)	(10,567,686)
Other income	203,717	140,360
Interest income	394,023	330,270
FINANCIAL NET PROFIT/(LOSS)	**(14,537,952)**	**(10,011,919)**

22. BUSINESS COMBINATIONS

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

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

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 29th of March 2017.

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

Anima transaction concluded on the 26th of May 2017.

Stake increase Stem Cells Bank and Genesys Medical Clinic

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

Valdi Medica

The Group finalised in september 2017 the acquisition of a 55% stake in Valdi Medica SRL. Valdi Medica SRL operates the Humanitas hospital from Cluj. Humanitas Hospital was opened at the end of 2016 and it is the newest private hospital in Cluj-Napoca; it provides a wide range of services and advanced surgical treatments, including: endocrine surgery, oncological and reconstructive surgery, plastic surgery, reparative surgery of the abdominal wall and aesthetic surgery, which are performed by physicians with

great professional training and who are dedicated to their work. At the same time, the hospital is fitted with state-of-the-art equipment, and the operating theatre includes 2 operating rooms and an anaesthesia and intensive care department.

23. SUBSEQUENT EVENTS

Acquisition of companies:

MedLife signed in October the acquisition of the 100% stake in Polisano medical services, one of the largest private medical operators in Romania. Founded in the 90's, Polisano is the first fully integrated medical group in Romania. It includes a series of four clinics with its own laboratories located in Bucharest and Sibiu, a private hospital – Polisano European Hospital in Sibiu – recognized as one of the most modern and performing hospital units in Romania, one in vitro fertilization centre and the biggest private maternity in Transylvania. The transaction will be completed following the validation by the Competition Council and approval of the condition precedents.

MED LIFE S.A.

THIRD QUARTER OF 2017 REPORT

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

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

Fax no.: 0040 374 180 470

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

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

Subscribed and paid-in share capital: RON 5,023,000

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

CONTENTS:

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

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

The following financial statement are unaudited

I. UNAUDITED STANDALONE FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2017 ("STANDALONE FS")

UNAUDITED STANDALONE STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED SEPTEMBER 30, 2017 ("**STANDALONE BS**")

	September 30, 2017	December 31, 2016	Variation 2017/2016
ASSETS			
Long Term			
Intangible assets	10,308,625	7,207,187	43.0%
Tangible assets	169,952,344	160,173,512	6.1%
Financial assets	132,448,760	97,537,556	35.8%
TOTAL NON-CURRENT ASSETS	**312,709,729**	**264,918,255**	**18.0%**
Current Assets			
Inventories	4,721,435	6,399,887	-26.2%
Receivables	33,909,414	29,344,895	15.6%
Receivables with group companies	27,923,457	25,542,850	9.3%
Other receivables	2,108,942	816,077	158.4%
Cash and cash equivalents	11,970,508	13,959,191	-14.2%
	80,633,756	**76,062,900**	**6.0%**
Prepayments	**3,637,329**	**2,724,058**	**33.5%**
TOTAL CURRENT ASSETS	**84,271,085**	**78,786,958**	**7.0%**
TOTAL ASSETS	**396,980,814**	**343,705,213**	**15.5%**
LIABILITIES & SHAREHOLDER'S EQUITY			
Current Liabilities			
Trade accounts payable	56,265,447	65,327,621	-13.9%
Overdraft	0	0	0.0%
Current portion of lease liability	499,170	4,374,976	-88.6%
Current portion of long term debt	24,573,454	11,214,325	119.1%
Intercompany payables	2,117,277	2,749,739	-23.0%
Current tax liabilities	932,562	1,180,971	-21.0%
Other liabilities	10,455,623	10,750,318	-2.7%
TOTAL CURRENT LIABILITIES	**94,843,533**	**95,597,950**	**-0.8%**
Long Term Debt			
Lease liability	6,098,231	5,767,198	5.7%
Long term debt	193,969,034	142,653,683	36.0%
TOTAL LONG-TERM LIABILITIES	**200,067,265**	**148,420,881**	**34.8%**
Deferred tax liability	10,785,523	10,785,523	0.0%
TOTAL LIABILITIES	**305,696,321**	**254,804,354**	**20.0%**
SHAREHOLDER'S EQUITY			
Issued capital	13,932,034	13,932,034	0.0%
Reserves	72,708,768	72,708,768	0.0%
Retained earnings	4,643,691	2,260,057	105.5%
TOTAL EQUITY	**91,284,493**	**88,900,859**	**2.7%**
TOTAL LIABILITIES AND EQUITY	**396,980,814**	**343,705,213**	**15.5%**

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

UNAUDITED STANDALONE STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THER PERIOD ENDED SEPTEMBER 30, 2017 ("**STANDALONE PL**")

	9 month ended September 30,		**Variation 2017/2016**
	2017	**2016**	
Sales	283,229,916	251,127,487	12.8%
Other operating revenues	3,475,967	478,796	626.0%
Operating Income	**286,705,883**	**251,606,283**	**14.0%**
Operating expenses	**(272,343,197)**	**(247,811,084)**	**9.9%**
Operating Profit	**14,362,686**	**3,795,199**	**278.4%**
Finance cost	(7,537,629)	(7,211,718)	4.5%
Other financial expenses	(3,041,031)	(1,534,409)	98.2%
Financial result	**(10,578,660)**	**(8,746,127)**	**21.0%**
Result Before Taxes	**3,784,026**	**(4,950,928)**	**-176.4%**
Income tax expense	(1,400,392)	(1,509,325)	-7.2%
Net Result	**2,383,634**	**(6,460,253)**	**-136.9%**

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

UNAUDITED STANDALONE STATEMENT OF CASH FLOW FOR THER PERIOD ENDED SEPTEMBER 30, 2017 ("**STANDALONE CF**")

	9 Month ended September 30,	
	2017	**2016**
Net income/(loss) before taxes	**3,784,026**	**(4,950,928)**
Adjustments for		
Depreciation	16,926,285	19,650,178
Interest expense	7,537,629	7,211,718
Allowance for doubtful debts and receivables written-off	-	7,935,825
Financial discounts	-	2,299,177
Other non-monetary gains	(2,300,697)	-
Unrealised exchange gain / loss on interest bearing obligations	3,377,045	(478,576)
Interest revenue	(336,014)	(286,192)
Operating cash flow before working capital changes	**28,988,274**	**31,381,202**
Decrease / (increase) in accounts receivable	(8,237,991)	(16,368,591)
Decrease / (increase) in inventories	1,678,452	979,081
Decrease / (increase) in prepayments	(913,271)	(663,413)
Increase / (decrease) in accounts payable	(7,521,502)	8,475,882
Cash generated from WC changes	**(14,994,312)**	**(7,577,041)**
Cash generated from operations	**13,993,962**	**23,804,161**
Income tax paid	(1,648,801)	(1,911,498)
Interest received	336,014	286,192
Interest paid	(5,974,326)	(6,053,464)
Net cash from / (used in) operating activities	**6,706,849**	**16,125,391**
Purchase of investments	(34,911,204)	(27,928,649)
Purchase of intangible assets	(800,741)	(1,026,520)
Purchase of property, plant and equipment	(21,578,086)	(7,946,888)
Net cash used in investing activities	**(57,290,031)**	**(36,902,057)**
Cash flow from financing activities		
Payment of loans	(3,567,508)	(22,885,869)
(Payments)/Increase of financial leasing	(11,139,633)	(3,901,719)
Increase in loans	63,301,640	50,184,016
Net cash from/ (used in) financing activities	**48,594,499**	**23,396,428**
Net change in cash and cash equivalents	**(1,988,683)**	**2,619,762**
Cash and cash equivalents beginning of the year	13,959,191	1,337,365
Cash and cash equivalents end of the year	**11,970,508**	**3,957,127**

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

II. FINANCIAL ANALYSIS

ANALYSIS OF THE STANDALONE PL

Sales for the 9 month period ended September 30, 2017 amounted to RON 283,229,916, higher by 12.8% compared to sales recorded in the 9 month period ended September 30, 2016. This increase was mainly the result of a growth in all of the business lines determined by a mixture of increase in prices and volume.

Other operating revenues recorded a significant increase in 2017 as compared to 2016, amounting to RON 2,997,171 as at September 2017. The increase is linked to the capitalized costs of intangible assets as a result of the Group's investment of its own resources in the further development of its IT platform.

Operating expenses include variable and fixed costs, as well as the cost of goods and materials used to provide services. Medlife SA recorded operating expenses of RON 272,343,197 in the nine month period ended 30 September 2017, representing an increase of 9.9%, or RON 24,532,113, as compared the nine month period ended 30 September 2016.

Operating profit recorded a 278.4% increase in nine month period ended 30 September 2017 as compared to the coreponding period of 2016, from RON 3,795,199 in the period ende 30 September 2016 to RON 14,362,686 in the first nine months of 2017.

Financial loss increased in the first nine months of 2017 by RON 1,832,533 from a loss of RON 8,746,127 in the coresponding period of 2016 to a loss of RON 10,578,660 in the first nine months of 2017, mainly due to net foreign exchange losses recorded in the first 9 months of 2017 in amount of RON 3,377,045 compared to net foreign exchange gains of RON 478,576 recorded in the corresponding period of 2016.

ANALYSIS OF THE STANDALONE BS

Non-current assets amount to RON 312,709,729 as of 30 September 2017, recording an increase of 18% as compared to 31 December 2016. The increase is mainly linked to financial assets recorded as at 30 September 2017 in relation to Almina Trading and Anima acquisitions.

Current assets increased by RON 4,570,856 or 6% from RON 76,062,900 in 31 December 2016 to RON 80,633,756 in 30 September 2017.

Prepayments recorded as at 30 september 2017 amount to RON 3,637,329. As compared to 31 December 2016, an increase of RON 913,271 was recorded. The increase is linked to accrued expenses and prepaid local tax liabilities.

Current liabilities (excluding interest bearing debt items), decreased by RON 10,237,740, or 14.7%, from RON 80,008,647 as at 31 December 2016, to RON 69,770,909 as at 30 september 2017.

Interest bearing debt increased by RON 61,129,707, from RON 164,010,182 as of 31 December 2016 to RON 225,139,889 as of 30 September 2017. The increase is mainly due to financing of the Banu Manta building, Almina Trading & Anima acquisitions, refinancing of leasing contracts through a new loan agreement.

III. IMPORTANT EVENTS 1 JANUARY – 30 SEPTEMBER 2017 PERIOD

- **Banu Manta building acquisition**

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

- **Companies' Acquisitions**

Med Life SA 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 Speciality Medical Services SRL and Anima Promovare si Vanzari SRL
- 55% of share capital of Valdi Medica SRL

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

Almina Trading transaction concluded on the 29th of March 2017.

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 transaction concluded on the 26th of May 2017.

Valdi Medica

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

Stake increase Stem Cells Bank and Genesys Medical Clinic

The Group acquired in June, a new stake of 40% in Stem Cells Bank in Timișoara, one of the most modern and well-equipped stem cells bank in south-eastern Europe. In addition, also in

June, MedLife also took over another 3% in Genesys Medical Clinic group in Arad, one of the largest private healthcare operators in the western Romania, with the Group currently owning a stake of 58%.

IV. MAIN FINANCIAL RATIOS PERIOD ENDED AT SEPTEMBER 30, 2017

Current ratio

$$\frac{\text{Current assets}}{\text{Current liabilities}} = \frac{84{,}271{,}085}{94{,}843{,}533} = 0.9$$

Debt to equity ratio

$$\frac{\text{Long Term Debt}}{\text{Equity}} = \frac{200{,}067{,}265}{91{,}284{,}493} = 219\%$$

$$\frac{\text{Long Term Debt}}{\text{Capital Assets}} = \frac{200{,}067{,}265}{291{,}351{,}758} = 69\%$$

Trade receivables turnover (days)

$$\frac{\text{Average receivables}}{\text{Sales}} = \frac{31{,}627{,}155}{283{,}229{,}916} = 30.1$$

Fixed assets turnover

$$\frac{\text{Sales}}{\text{Net Fixed Assets}} = \frac{283{,}229{,}916}{312{,}709{,}729} = 0.9$$

V. EBITDA EVOLUTION

	9 Month ended 30 September, 2017	2016	Variation 2017/2016
Sales	283,229,916	251,127,487	12.8%
Other operating revenues	3,475,967	478,796	626.0%
Operating Income	**286,705,883**	**251,606,283**	**14.0%**
Operating expenses	**(272,343,197)**	**(247,811,084)**	**9.9%**
Operating Profit	**14,362,686**	**3,795,199**	**278.4%**
EBITDA	**31,288,971**	**23,445,377**	**33.5%**
Finance cost	(7,537,629)	(7,211,718)	4.5%
Other financial expenses	(3,041,031)	(1,534,409)	98.2%
Financial result	**(10,578,660)**	**(8,746,127)**	**21.0%**
Result Before Taxes	**3,784,026**	**(4,950,928)**	**-176.4%**
Income tax expense	(1,400,392)	(1,509,325)	-7.2%
Net Result	**2,383,634**	**(6,460,253)**	**-136.9%**

Mihail Marcu,
Director general

Vera Firu,
Director Economic

MED LIFE S.A.

STANDALONE UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED AS AT 30 SEPTEMBER 2017

PREPARED IN ACCORDANCE WITH INTERNATIONAL

FINANCIAL REPORTING STANDARDS AS ADOPTED BY EUROPEAN UNION

Name of the issuing company: Med Life S.A.
Registered Office: Bucharest, 365 Calea Griviței, district 1, Romania
Fax no.: 0040 374 180 470
Unique Registration Code at the National Office of Trade Registry: 8422035
Order number on the Trade Registry: J40/3709/1996
Subscribed and paid-in share capital: RON 5,023,000
Regulated market on which the issued securities are traded: Bucharest Stock Exchange

Contents

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

The following standalone financial statement are unaudited.

I. UNAUDITED STANDALONE INTERIM FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2017

UNAUDITED STANDALONE INTERIM STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED SEPTEMBER 30, 2017

	September 30, 2017	**December 31, 2016**
ASSETS		
Long Term		
Intangible assets	10,308,625	7,207,187
Tangible assets	169,952,344	160,173,512
Financial assets	132,448,760	97,537,556
TOTAL NON-CURRENT ASSETS	**312,709,729**	**264,918,255**
Current Assets		
Inventories	4,721,435	6,399,887
Receivables	33,909,414	29,344,895
Receivables with group companies	27,923,457	25,542,850
Other receivables	2,108,942	816,077
Cash and cash equivalents	11,970,508	13,959,191
	80,633,756	**76,062,900**
Prepayments	**3,637,329**	**2,724,058**
TOTAL CURRENT ASSETS	**84,271,085**	**78,786,958**
TOTAL ASSETS	**396,980,814**	**343,705,213**
LIABILITIES & SHAREHOLDER'S EQUITY		
Current Liabilities		
Trade accounts payable	56,265,447	65,327,621
Overdraft	-	-
Current portion of lease liability	499,170	4,374,976
Current portion of long term debt	24,573,454	11,214,325
Intercompany payables	2,117,277	2,749,739
Current tax liabilities	932,562	1,180,971
Other liabilities	10,455,623	10,750,318
TOTAL CURRENT LIABILITIES	**94,843,533**	**95,597,950**
Long Term Debt		
Lease liability	6,098,231	5,767,198
Long term debt	193,969,034	142,653,683
TOTAL LONG-TERM LIABILITIES	**200,067,265**	**148,420,881**
Deferred tax liability	10,785,523	10,785,523
TOTAL LIABILITIES	**305,696,321**	**254,804,354**
SHAREHOLDER'S EQUITY		
Issued capital	13,932,034	13,932,034
Reserves	72,708,768	72,708,768
Retained earnings	4,643,691	2,260,057
TOTAL EQUITY	**91,284,493**	**88,900,859**
TOTAL LIABILITIES AND EQUITY	**396,980,814**	**343,705,213**

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

UNAUDITED STANDALONE INTERIM STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THER PERIOD ENDED SEPTEMBER 30, 2017

	9 month ended September 30,	
	2017	**2016**
Sales	283,229,916	251,127,487
Other operating revenues	3,475,967	478,796
Operating Income	**286,705,883**	**251,606,283**
Operating expenses	**(272,343,197)**	**(247,811,084)**
Operating Profit	**14,362,686**	**3,795,199**
Finance cost	(7,537,629)	(7,211,718)
Other financial expenses	(3,041,031)	(1,534,409)
Financial result	**(10,578,660)**	**(8,746,127)**
Result Before Taxes	**3,784,026**	**(4,950,928)**
Income tax expense	(1,400,392)	(1,509,325)
Net Result	**2,383,634**	**(6,460,253)**

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

UNAUDITED STANDALONE INTERIM STATEMENT OF CASH FLOW FOR THER PERIOD ENDED SEPTEMBER 30, 2017

	9 Month ended September 30,	
	2017	**2016**
Net income/(loss) before taxes	**3,784,026**	**(4,950,928)**
Adjustments for		
Depreciation	16,926,285	19,650,178
Interest expense	7,537,629	7,211,718
Allowance for doubtful debts and receivables written-off	-	7,935,825
Financial discounts	-	2,299,177
Other non-monetary gains	(2,300,697)	-
Unrealised exchange gain / loss on interest bearing obligations	3,377,045	(478,576)
Interest revenue	(336,014)	(286,192)
Operating cash flow before working capital changes	**28,988,274**	**31,381,202**
Decrease / (increase) in accounts receivable	(8,237,991)	(16,368,591)
Decrease / (increase) in inventories	1,678,452	979,081
Decrease / (increase) in prepayments	(913,271)	(663,413)
Increase / (decrease) in accounts payable	(7,521,502)	8,475,882
Cash generated from WC changes	**(14,994,312)**	**(7,577,041)**
Cash generated from operations	**13,993,962**	**23,804,161**
Income tax paid	(1,648,801)	(1,911,498)
Interest received	336,014	286,192
Interest paid	(5,974,326)	(6,053,464)
Net cash from / (used in) operating activities	**6,706,849**	**16,125,391**
Purchase of investments	(34,911,204)	(27,928,649)
Purchase of intangible assets	(800,741)	(1,026,520)
Purchase of property, plant and equipment	(21,578,086)	(7,946,888)
Net cash used in investing activities	**(57,290,031)**	**(36,902,057)**
Cash flow from financing activities		
Payment of loans	(3,567,508)	(22,885,869)
(Payments)/Increase of financial leasing	(11,139,633)	(3,901,719)
Increase in loans	63,301,640	50,184,016
Net cash from/ (used in) financing activities	**48,594,499**	**23,396,428**
Net change in cash and cash equivalents	**(1,988,683)**	**2,619,762**
Cash and cash equivalents beginning of the year	13,959,191	1,337,365
Cash and cash equivalents end of the year	**11,970,508**	**3,957,127**

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

UNAUDITED STANDALONE INTERIM STATEMENT OF CHANGES IN EQUITY AS AT SEPTEMBER 30, 2017

	Share Capital	Share premium	General reserves and other reserves	Revaluation Reserve*	Accumulated Results	Total Equity
Balance as at January 1, 2017	**5,023,000**	**8,909,034**	**9,684,470**	**63,024,298**	**2,260,057**	**88,900,859**
Profit of the year (loss)	-	-	-	-	2,383,634	**2,383,634**
Balance as at September 30, 2017	**5,023,000**	**8,909,034**	**9,684,470**	**63,024,298**	**4,643,691**	**91,284,493**

Note*: The closing balance of the revaluation reserve as of September 30, 2017 in amount of RON 63,024,298 comprises revaluation reserve in amount of RON 75,068,354 and deferred tax computed on revaluation reserve in amount of RON (12,044,056).

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

UNAUDITED STANDALONE INTERIM STATEMENT OF CHANGES IN EQUITY AS AT SEPTEMBER 30, 2016

	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	**-**	**-**	**-**	**-**	**(6,460,253)**	**(6,460,253)**
Profit of the year (loss)	-	-	-	-	(6,460,253)	(6,460,253)
Balance as at September 30, 2016	**5,023,000**	**8,909,034**	**9,684,470**	**57,012,512**	**3,552,657**	**84,181,673**

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

NOTES TO THE UNAUDITED INTERIM STANDALONE FINANCIAL STATEMENTS

1. DESCRIPTION OF THE BUSINESS

Med Life S.A. ("Med Life" or the "Company") is a joint-stock company incorporated in 1996, in accordance with the laws and regulations of Romania. The Company's activity resides in the performance of healthcare services activities through medical 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 September 30, 2017 and December 31, 2016 are as follows:

	Name of subsidiary	Principal Activity	Place of operation	September 30, 2017	December 31, 2016
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	95%	95%
9	Accipiens	Rental activities	Bucharest, Romania	55%	55%
10	Genesys SRL	Medical services	Bucharest, Romania	58%	55%
11	Biofarm Farmec SRL	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	55%	55%
12	RUR Medical Services	Medical services	Bucharest, Romania	100%	100%
13	Biotest Med	Medical services	Bucharest, Romania	100%	100%
14	Vital Test	Medical services	Bucharest, Romania	100%	100%
15	Bactro SRL (indirectly)	Other healthcare services	Deva, Romania	55%	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	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%	-

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

	Name of subsidiary	Principal Activity	Place of operation	September 30, 2017	December 31, 2016
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 IFRS 10 "Financial statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures"** - Investment Entities: Applying the Consolidation Exception - adopted by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2016),

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

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

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

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

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

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

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

- **Amendments to various standards "Improvements to IFRSs (cycle 2012-2014)"** resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 15 December 2015 (amendments are to be applied for annual periods beginning on or after 1 January 2016).

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

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

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

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

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

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

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

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

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

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

- **Amendments to IFRS 2 "Share-based Payment"** - Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018),

- **Amendments to IFRS 4 "Insurance Contracts"** - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective for annual periods beginning on or after 1 January 2018 or when IFRS 9 "Financial Instruments" is applied first time),

- **Amendments to IFRS 10 "Financial statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),
- **Amendments to IFRS 15 "Revenue from Contracts with Customers"** - Clarifications to IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018),

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Statement of compliance

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

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

3.2 Basis of preparation

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

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

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

3.3 Going concern

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

3.4 Accounting estimates and judgments

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

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

3.5 Foreign currency translation

Functional and presentation currency

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

As at September 30, 2017 the exchange rate was of 3.8977 RON for 1 USD and of 4.5991 RON for 1 EUR. As at December 31, 2016 the exchange rate was of RON 4,3033 for 1 USD and of RON 4,5411 for 1 EUR. The average exchange rate for the nine months period ended 30 september 2017 was of 4.0956 RON for 1 USD (nine months period ended 30 September 2016 : 4.0202 for 1 USD) and 4.5513 RON for 1 EUR (nine months period ended 30 September 2017: 4.4853 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.

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.

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.

3.16 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.

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.

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 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.

4. FINANCIAL ASSETS

Carrying amount	**30 September 2017**	**31 December 2016**
Cost of investments in other companies	120,311,983	85,613,408
Long-term loans granted to group companies	11,015,649	10,878,619
Other financial assets	1,121,128	1,045,529
TOTAL	**132,448,760**	**97,537,556**

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

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

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

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

As per management assessment, there are no indications of impairment as at September 30, 2017, and consequently, no impairment test was performed.

5. TANGIBLE AND INTANGIBLES FIXED ASSETS

	30 September 2017	31 December 2016
Gross book value	309,368,126	279,685,258
Accumulated depreciation	(129,107,157)	(112,304,560)
Net book value	**180,260,969**	**167,380,698**

6. INVENTORIES

	30 September 2017	31 December 2016
Consumable	4,612,497	6,379,901
Materials in the form of inventory items	106,961	18,582
Inventory in transit	1,977	1,403
TOTAL	**4,721,435**	**6,399,886**

7. ACCOUNTS RECEIVABLE

	30 September 2017	31 December 2016
Customers	49,701,679	45,065,848
Advances to suppliers	404,385	475,697
Allowance for bad debt	(16,196,650)	(16,196,650)
TOTAL	**33,909,414**	**29,344,896**

Trade receivables as of September 30, 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.

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

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

As of September 30, 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 include amounts 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.

8. CASH AND BANKS

	30 September 2017	31 December 2016
Cash in bank	10,616,469	12,790,476
Cash in hand	873,708	779,627
Cash equivalents	480,331	389,089
TOTAL	**11,970,508**	**13,959,192**

9. PREPAYMENTS

As of September 30, 2017 the Company has prepayments in amount of de RON 3,637,329 (RON 2,724,058 la December 31, 2016). The prepayments balance as of September 30, 2017 consists mainly of deferred commissions for financing related to the Club loan and the IFC loan obtained in 2016 and amounts related to rent paid in advance for rented properties and other amounts such as insurance policies for professionals and tangible assets.

10. ACCOUNTS PAYABLE

	30 September 2017	31 December 2016
Suppliers	51,060,593	58,212,463
Fixed assets suppliers	4,172,336	6,640,165
Advances paid by customers	1,032,518	474,993
TOTAL	**56,265,447**	**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

	30 September 2017	31 December 2016
Salary and related liabilities (incl. contributions)	8,413,089	8,861,943
Other liabilities	2,042,534	1,888,375
TOTAL	**10,455,623**	**10,750,318**

12. LEASING LIABILITIES

	30 September 2017	31 December 2016
Long term portion – Leasing	6,098,231	5,767,198
Current portion – Leasing	499,170	4,374,976
TOTAL	**6,597,401**	**10,142,174**

13. FINANCIAL DEBT

	30 September 2017	31 December 2016
Current portion of long-term loans	24,573,454	11,214,325
Non-current portion of long-term loans	193,969,034	142,653,683
TOTAL	**218,542,488**	**153,868,008**

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

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

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

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

As of September 30, 2017 and December 31, 2016, the outstanding balance is the equivalent of EUR 2,857,143.

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

According to the new loan agreement, the outstanding balance as of September 30, 2017 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 September 30, 2017, the outstanding balance related to the new facility obtained from IFC is RON 45,991,000, the equivalent of EUR 10,000,000.

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

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

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

The IFC loan is secured through the following guarantees:

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

- movable mortgage agreement over certain commercial receivables of Med Life (including receivables against the National Health House of Romania, the Health Insurance House of the Defense, Public Order, National Safety and Judicial Authority in Romania or any similar entity and receivables arising under large commercial contracts).

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

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

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

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

The Club loan granted to the Group three facilities. As of September 30, 2017, the outstanding amounts for each facility are presented below:

Facility	**Amount in EUR**	**Amount in RON**
Facility A	24,950,780	114,751,132
Facility B	-	27,000,000
Facility C	10,000,000	45,991,000
Facility D	4,673,872	21,495,605
Total	**39,624,652**	**209,237,737**

As of September 30, 2017, the outstanding amounts for each facility related to Med Life SA are presented below:

Facility	**Amount in EUR**	**Amount in RON**
Facility A	13,627,933	62,676,228
Facility B	-	27,000,000
Facility C	10,000,000	45,991,000
Facility D	4,673,872	21,495,605
Total	**28,301,805**	**157,162,833**

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

14. ISSUED CAPITAL

As of September 30, 2017 the shareholders' structure is as presented below:

	No. of shares	%	Amount
Marcu Mihail	4,219,320	21,00%	1,054,830
Marcu Nicolae	3,013,800	15,00%	753,450
Cristescu Mihaela Gabriela	3,028,892	15,08%	757,223
Others	9,829,988	48,92%	2,457,497
TOTAL	**20,092,000**	**100%**	**5,023,000**

15. RESERVES

	30 September 2017	31 December 2016
General reserves	1,004,600	1,004,600
Other reserves	8,679,871	8,679,871
Revaluation reserves	63,024,297	63,024,297
TOTAL	**72,708,768**	**72,708,768**

16. SALES

Turnover for the nine month period ended September 30, 2017 is of RON 283,229,916 (for the nine month period ended September 30, 2016 - RON 251,127,487) 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

	For the 9 month period ended,	
	30 September 2017	**30 September 2016**
Other operating revenues	3,475,967	478,796
TOTAL	**3,475,967**	**478,796**

This item mainly includes the capitalized costs of intangible assets as a result of the Group's investment of its own resources in the further development of its IT platform.

18. OPERATING EXPENSES

	For the 9 month period ended,	
	30 September 2017	**30 September 2016**
Consumable materials and repair materials	44,323,503	39,982,059
Utilities	2,522,030	2,238,753
Repairs maintenance	2,645,095	2,221,426
Rent	22,542,953	18,197,484
Insurance premiums	1,163,790	1,134,914
Promotion expense	5,683,219	6,599,816
Communications	1,657,989	1,869,158
Third party expenses (including doctor's agreements)	82,010,617	67,817,153
Salary and related expenses	71,286,996	59,165,645
Social contributions	16,317,453	13,396,357
Depreciation	16,926,285	19,650,178
Other administration and operating expenses	5,263,267	15,538,141
TOTAL	**272,343,197**	**247,811,084**

19. FINANCIAL NET RESULT

	For the 9 month period ended,	
	30 September 2017	**30 September 2016**
Other financial expenses	-	(2,299,177)
(Loss)/Gain from foreign exchange rate impact	(3,377,045)	478,576
Finance cost	(7,537,629)	(7,211,718)
Interest income	336,014	286,192
FINANCIAL NET PROFIT/(LOSS)	**(10,578,660)**	**(8,746,127)**

20. SUBSEQUENT EVENTS

Acquisition of companies :

MedLife signed in October the acquisition of the 100% stake in Polisano medical services, one of the largest private medical operators in Romania. Founded in the 90's, Polisano is the first fully integrated medical group in Romania. It includes a series of four clinics with its own laboratories located in Bucharest and Sibiu, a private hospital – Polisano European Hospital in Sibiu – recognized as one of the most modern and performing hospital units in Romania, one in vitro fertilization centre and the biggest private maternity in Transylvania. The transaction will be completed following the validation by the Competition Council and approval of the condition precedents.