

**MED LIFE S.A.**  
**FIRST SEMESTER REPORT 2018**

**MED LIFE SA**  
**First Semester Report 2018**

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

---

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

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

**Fax no.:** 0040 374 180 470

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

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

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

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

**CONTENTS:**

I. UNAUDITED STANDALONE FINANCIAL STATEMENTS AS AT JUNE 30, 2018 ("STANDALONE FS").....	3
II. FINANCIAL ANALYSIS .....	6
III. IMPORTANT EVENTS H1 2018 .....	7
IV. MAIN FINANCIAL RATIOS PERIOD ENDED AT JUNE 30, 2018 .....	8
V. EBITDA EVOLUTION .....	9

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

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

The following financial statements are unaudited.

**MED LIFE SA**  
**First Semester Report 2018**

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

**I. UNAUDITED STANDALONE FINANCIAL STATEMENTS AS AT JUNE 30, 2018**  
**(“STANDALONE FS”)**

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

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

**Mihail Marcu,**  
CEO

**Vera Firu,**  
Accounting and Tax Manager

**MED LIFE SA**  
**First Semester Report 2018**

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

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

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

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

---

**Mihail Marcu,**  
CEO

---

**Vera Firu,**  
Accounting and Tax Manager

**MED LIFE SA**  
**First Semester Report 2018**

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

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

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

**Mihail Marcu,**  
CEO

**Vera Firu,**  
Accounting and Tax Manager

**MED LIFE SA**  
**First Semester Report 2018**

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

---

## **II. FINANCIAL ANALYSIS**

### ***ANALYSIS OF THE STANDALONE PL***

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

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

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

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

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

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

### ***ANALYSIS OF THE STANALONE BS***

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

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

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

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

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

**MED LIFE SA**  
**First Semester Report 2018**

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

---

### **III. IMPORTANT EVENTS H1 2018**

#### **➤ Acquisition Polisano**

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

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

#### **➤ Acquisition Ghencea Medical Center**

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

#### **➤ Acquisition Solomed**

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

#### **➤ Other acquisitions**

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

**MED LIFE SA**  
**First Semester Report 2018**

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

---

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

**Current ratio**

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

**Debt to equity ratio**

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

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

**Trade receivables turnover (days)**

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

**Fixed assets turnover**

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



**MED LIFE SA**  
**First Semester Report 2018**

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

**V. EBITDA EVOLUTION**

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

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

---

**Mihail Marcu,**  
Director general

---

**Vera Firu,**  
Director Economic

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

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

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

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

---

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

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

**Fax no.:** 0040 374 180 470

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

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

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

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

## Contents

UNAUDITED STANDALONE INTERIM STATEMENT OF FINANCIAL POSITION	3
UNAUDITED STANDALONE INTERIM STATEMENT OF PROFIT AND LOSS AND OCI	4
UNAUDITED STANDALONE INTERIM STATEMENT OF CASH FLOW	5
UNAUDITED STANDALONE INTERIM STATEMENT OF CHANGES IN EQUITY	6 – 7
NOTES TO THE UNAUDITED STANDALONE INTERIM FINANCIAL STATEMENTS	8 – 28

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

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

The following standalone financial statements are unaudited.

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

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

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

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

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

Mihail Marcu,  
CEO

Vera Firu,  
Accounting and Tax Manager

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

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

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

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

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

\_\_\_\_\_  
**Mihail Marcu,**  
 CEO

\_\_\_\_\_  
**Vera Firu,**  
 Accounting and Tax Manager

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

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

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

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

---

Mihail Marcu,  
CEO

---

Vera Firu,  
Accounting and Tax Manager

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

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

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

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

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

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

\_\_\_\_\_  
**Mihail Marcu,**  
 CEO

\_\_\_\_\_  
**Vera Firu,**  
 Accounting and Tax Manager

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

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

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

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

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

\_\_\_\_\_  
**Mihail Marcu,**  
 CEO

\_\_\_\_\_  
**Vera Firu,**  
 Accounting and Tax Manager



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

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

**NOTES TO THE UNAUDITED INTERIM STANDALONE FINANCIAL STATEMENTS**

**1. DESCRIPTION OF THE BUSINESS**

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

Med Life is one of the leading health care services providers in Romania, having a significant market share at a national level. The registered office of Med Life is located in Bucharest, Calea Grivitei, no. 365.

Details of Med Life SA's subsidiaries at June 30, 2018 and January 1, 2018 are as follows:

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

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

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

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

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

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

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

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

---

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

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

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

- **Amendments to IFRS 4 “Insurance Contracts”** - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – adopted by the EU on 3 November 2017 (effective for annual periods beginning on or after 1 January 2018 or when IFRS 9 “Financial Instruments” is applied first time),
- **Amendments to IFRS 15 “Revenue from Contracts with Customers”** - Clarifications to IFRS 15 Revenue from Contracts with Customers – adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2018).
- **Amendments to IFRS 1 and IAS 28 due to “Improvements to IFRSs (cycle 2014-2016)”** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording – adopted by the EU on 7 February 2018 (amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018).

On June 30, 2018, the Company did not adopt these new standards and amendments to existing standards. The Company anticipates that the adoption of these standards and amendments to existing standards will have no material impact on the financial statements of the Company in the period of initial application.

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

The following standards, amendments to the existing standards and new interpretations issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current period, but they were not yet adopted by the Company:

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

On June 30, 2018, the Company did not adopt these new standards and amendments to existing standards, but plans to adopt them starting with 31 December 2018. The Company anticipates that the adoption of these standards and amendments to existing standards will have no material impact on the financial statements of the Company in the period of initial application.

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

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

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

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

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

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

---

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

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

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

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

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

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

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

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

---

### **3. SIGNIFICANT ACCOUNTING POLICIES**

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

#### **3.1 Statement of compliance**

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

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

#### **3.2 Basis of preparation**

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

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

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

#### **3.3 Going concern**

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

#### **3.4 Accounting estimates and judgments**

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

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

#### **3.5 Foreign currency translation**

##### ***Functional and presentation currency***

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

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

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

---

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

**3.6 Comparative information**

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

**3.7 Investments in other companies**

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

**3.8 Property, plant and equipment**

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

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

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

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

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

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

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

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

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

---

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.9 Assets held under finance leases**

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

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

**3.10 Intangible assets**

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

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

***De-recognition of intangible assets***

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

***Impairment of tangible and intangible assets other than goodwill***

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

***Impairment of tangible and intangible assets other than goodwill***

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

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

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

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

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

---

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.



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

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

---

**SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**3.17 Borrowing costs**

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

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

**3.18 Taxation**

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

***Current tax***

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

***Deferred tax***

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

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

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

***Current and deferred tax for the period***

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

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

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

---

**SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.19 Share capital**

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

**3.20 Share premiums**

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

**3.21 Revaluation reserve**

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

**3.22 Provisions for risks and charges**

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

**3.23 Revenue recognition**

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

**Rendering of services**

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

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

**Interest revenues**

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

**3.24 Employee benefits**

**Employee benefits**

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

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

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

---

**SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**3.25 Related parties**

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

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

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

**3.26 Fair value**

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

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

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

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

**3.27 IAS 29**

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

**3.28 IFRS 8**

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

An operating segment is a component of an entity:

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

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

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

---

**SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

(c) for which discrete financial information is available.

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

**3.29 Subsequent events**

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

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

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

**4. FINANCIAL ASSETS**

The company has significant investments in other companies.

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

**Investments in other companies**

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

**Movement in cost of investments**

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

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

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

**Acquisition Polisano**

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

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

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

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

---

#### **4. FINANCIAL ASSETS (continued)**

##### **Acquisition Ghencea Medical Center**

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

##### **Acquisition Solomed**

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

##### **Other acquisitions**

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

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

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

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

Management have engaged specialists to assist with the determination of the discount rates for the significant Cash Generating Units to which the cost of investment relates. Following the management's assessment, it was found that there were no indications of impairment on 30 June 2018 and, consequently, the depreciation test was not carried out.

##### **Long-term loans granted to other companies**

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

##### **Other financial assets**

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

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

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

**5. TANGIBLE AND INTANGIBLES FIXED ASSETS**

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

**6. INVENTORIES**

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

**7. ACCOUNTS RECEIVABLE**

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

Trade receivables as of June 30, 2018 and as of December 31, 2017 include a receivable of RON 7,365,835 representing amounts to be collected from the National Health House of Bucharest not yet invoiced. The Company started legal actions against the National Health House of Bucharest. The management is confident that the receivable may be eventually recovered, but given the adverse court decisions in similar cases, the Company decided to record a 100% allowance starting with 31 December 2016.

As of June 30, 2018, the Management of the Company performed an assessment regarding the collectability of receivables - a total allowance of RON 16,196,650 (which includes the amount of RON 7,365,835 in relation to the National Health House described above) represents management's best estimate regarding the receivables that are not to be collected. The assessment takes into consideration the collection pattern of the receivables over the last two years. The Company monitors the credit quality of its customers on an ongoing basis. Credit risk is spread over a large customer base and the Company is not dependent on the collection of receivables from a limited number of customers.

Trade receivables disclosed above are classified as receivables and are therefore measured at amortized cost. The average credit period on collection for services rendered is 90 days. No interest is charged on trade receivables for the first 90 days from the date of the invoice.

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

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

**8. CASH AND BANKS**

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

**9. PREPAYMENTS**

As of June 30, 2018 the Company has prepayments in amount of 3,194,807 RON (2,559,451 RON as of December 31, 2017). The prepayments balance as of June 30, 2018 consists mainly of deferred commissions for financing related to the Club loan and the IFC loan and amounts related to rent paid in advance for rented properties and other amounts such as insurance policies for professionals and tangible assets.

**10. ACCOUNTS PAYABLE**

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

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**

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

**12. LEASING LIABILITIES**

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

**13. FINANCIAL DEBT**

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



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

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

---

**13. FINANCIAL DEBT (continued)**

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

In August 2014, the Group signed a refinancing agreement with BCR for the total amount of EUR 30,398,901 representing EUR 28,298,901 of the Amended and Restated Loan Agreement with IFC and an additional EUR 2,100,000 representing the amount of the initial B loan available as of the dated of this agreement. As of June 30, 2018 the outstanding balance is RON 11,097,859 the equivalent of EUR 2,380,953.

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

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

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

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

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

The IFC loan is secured through the following guarantees:

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

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

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

**13. FINANCIAL DEBT (continued)**

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

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

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

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

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

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

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

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

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

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

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

The following security was requested:

- immovable mortgage over (i) a plot of land located at 365 Calea Grivitei sector 1, Bucharest Romania (cadastral number 13183/1) and the buildings related
- immovable mortgage over a plot of land and the buildings thereon comprising Pediatrics Hospital located in Bucharest, 7 Zagazului street - land book 218010
- immovable mortgage over a plot of land and the buildings thereon comprising PDR Clinic and Hospital located in Brasov 5, Turnului Street - land book no 127854

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

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

**13. FINANCIAL DEBT (continued)**

- moveable mortgage over certain moveable assets (large medical equipment) owned by each of Med Life, Bahtco Invest SA and Policlinica de Diagnostic Rapid SA
- moveable mortgage over future medical equipment to be acquired by each original borrower created in favor of Finance Parties and securing as regards Med Life and Bahtco Invest SA, the obligations of Med Life and Bahtco Invest SA under the Finance documents and as regards other original borrower, its obligations under Finance Documents.
- moveable mortgage over the insurances of each borrower related to tangible assets mortgaged in favor of the Finance Parties
- movable mortgage over the shares owned by the Company in the share capital of the other original borrowers and Centrul Medical Sama SA, Ultratest SA, Rur Medical SA and any other material company or accession borrower if case, respectively created by the Company in favor of the Finance Parties and securing the obligations of the Company and Bahtco under finance agreements.
- moveable mortgage over the bank and treasury accounts of each original borrowers
- moveable mortgage over certain commercial receivables of the Company (including receivables against the National Health House of Romania, the Health Insurance House of the Defense, Public Order, National Safety and Judicial Authority in Romanian or any similar entity and receivables arising under commercial contracts created in the favor of the Finance Parties)
- moveable mortgage over the shares of the sponsors in the borrower to be created under a moveable mortgage agreement over shares to be entered into between the sponsors, the lender and IFC

**14. ISSUED CAPITAL**

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

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

**15. RESERVES**

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

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

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

**16. SALES**

Turnover for the six months period ended June 30, 2018 is of RON 210,247,942 (for the six months period ended June 30, 2017 - RON 189,017,051) consisting of medical services, net of VAT, including revenues from health packages of corporate customers and fees for services rendered within Med Life's clinics and various hospitals within Romania.

**17. OTHER OPERATING REVENUES**

	<b>H1 2018</b>	<b>H1 2017</b>
Other operating revenues*	170,974	905,764
<b>TOTAL</b>	<b>170,974</b>	<b>905,764</b>

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

**18. OPERATING EXPENSES**

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

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

**19. NET FINANCIAL RESULT**

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

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

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

---

**20. SUBSEQUENT EVENTS**

**Acquisition of companies**

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

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

---

**Mihail Marcu,**  
CEO

---

**Vera Firu,**  
Accounting and Tax Manager