MEDLIFE GROUP

PRELIMINARY FY 2018 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 5,536,270.5
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 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.

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

I. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018 ("CONSOLIDATED FS")

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

	December 31, 2018	January 1, 2018	Variation
ASSETS			
Long Term			
Goodwill	82,378,647	66,035,963	24.7%
Intangible assets	39,385,025	34,299,738	14.8%
Tangible assets	458,014,197	325,845,288	40.6%
Other financial assets	10,348,396	6,161,678	67.9%
TOTAL NON-CURRENT ASSETS	**590,126,265**	**432,342,667**	**36.5%**
Current Assets			
Inventories	31,077,226	20,325,330	52.9%
Receivables	78,971,571	58,450,406	35.1%
Other receivables	13,190,959	5,549,527	137.7%
Cash and cash equivalents	33,337,537	79,227,766	-57.9%
	156,577,293	**163,553,029**	**-4.3%**
Assets classified as held for sale	381,665	381,665	0.0%
Prepayments	6,186,462	7,068,126	-12.5%
TOTAL CURRENT ASSETS	**163,145,420**	**171,002,820**	**-4.6%**
TOTAL ASSETS	**753,271,685**	**603,345,487**	**24.8%**
LIABILITIES & SHAREHOLDER'S EQUITY			
Current Liabilities			
Trade accounts payable	140,105,096	103,839,523	34.9%
Overdraft	30,911,018	2,013,469	1435.2%
Current portion of lease liability	8,949,474	3,177,961	181.6%
Current portion of long term debt	23,162,490	36,642,740	-36.8%
Current tax liabilities	525,897	1,112,707	-52.7%
Provisions	2,458,957	-	100.0%
Other liabilities	38,207,810	20,232,973	88.8%
Liabilities directly associated with assets classified as held for sale	458,785	558,370	-17.8%
TOTAL CURRENT LIABILITIES	**244,779,527**	**167,577,743**	**46.1%**
Long Term Debt			
Lease liability	28,161,863	10,111,452	162.3%
Long term debt	253,230,196	242,797,699	18.2%
TOTAL LONG-TERM LIABILITIES	**281,392,059**	**252,909,151**	**24.0%**
Deferred tax liability	16,396,067	15,196,634	8.2%
TOTAL LIABILITIES	**558,983,074**	**435,683,528**	**31.9%**
SHAREHOLDER'S EQUITY			
Issued capital	81,495,470	81,495,470	0.0%
Acquisition of treasury shares	(6,056,105)	-	-100.0%
Reserves	93,540,770	93,181,880	0.4%
Retained earnings	(10,005,007)	(22,640,779)	-55.8%
Equity attributable to owners of the Group	**158,975,128**	**152,036,571**	**4.6%**
Non-controlling interests	19,542,092	15,625,388	25.1%
TOTAL EQUITY	**178,517,220**	**167,661,959**	**6.5%**
TOTAL LIABILITIES AND EQUITY	**753,271,685**	**603,345,487**	**24.8%**

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Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

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

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED DECEMBER 31, 2018 ("**CONSOLIDATED PL**")

	12 months ended December 31, 2018	December 31, 2017	Variation 2018/2017
Sales	794,559,077	623,219,949	27.5%
Other operating revenues	9,844,865	7,496,681	31.3%
Operating Income	**804,403,942**	**630,716,630**	**27.5%**
Operating expenses	**(766,570,787)**	**(595,857,844)**	**28.6%**
Operating Profit	**37,833,155**	**34,858,786**	**8.5%**
Finance cost	(17,567,816)	(14,201,686)	23.7%
Other financial income (expenses)	3,009,187	(6,380,555)	-147.2%
Financial result	**(14,558,629)**	**(20,582,241)**	**-29.3%**
Result Before Taxes	**23,274,526**	**14,276,545**	**63.0%**
Income tax expense	(6,847,570)	(5,544,920)	23.5%
Net Result	**16,426,956**	**8,731,625**	**88.1%**
Owners of the Group	12,994,662	4,382,702	196.5%
Non-controlling interests	3,432,294	4,348,924	-21.1%
Other comprehensive income items that will not be reclassified to profit or loss			
Gain / Loss on revaluation of properties	-	-	0.0%
Corrections related to prior years	-	-	0.0%
Deferred tax on other comprehensive income components	-	-	0.0%
TOTAL OTHER COMPREHENSIVE INCOME	**-**	**-**	**0.0%**
Total other comprehensive income attributable to:			
Owners of the Group	-	-	0.0%
Non-controlling interests	-	-	0.0%
TOTAL COMPREHENSIVE INCOME	**16,426,943**	**8,731,625**	**88.1%**
Total comprehensive income attributable to:			
Owners of the Group	12,994,662	4,382,702	196.5%
Non-controlling interests	3,432,294	4,348,924	-21.1%

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Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

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UNAUDITED PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOW

	12 months ended December 31, 2018	December 31, 2017
Net income before taxes	**23,274,526**	**14,276,545**
Adjustments for		
Depreciation	57,552,894	43,078,621
Provisions for liabilities and charges	(260,399)	-
Interest revenue	(814,477)	(613,193)
Interest expense	17,567,816	14,201,686
Allowance for doubtful debts and receivables written-off	(161,589)	(485,889)
Financial Discounts	(6,983)	-
Other non-monetary gains	(6,549,809)	(4,561,947)
Unrealized exchange gain / loss	1,407,020	7,102,716
Bargain gain	-	(729,165)
Operating cash flow before working capital changes	**92,008,999**	**72,269,374**
Decrease / (increase) in accounts receivable	(21,018,881)	(18,029,348)
Decrease / (increase) in inventories	(5,909,005)	(2,718,311)
Decrease / (increase) in prepayments	1,889,895	(155,089)
Increase / (decrease) in accounts payable	7,996,774	2,380,649
Cash generated from operations	**74,967,782**	**53,747,275**
Income Tax Paid	(6,194,673)	(5,058,217)
Interest Paid	(18,165,105)	(13,455,456)
Interest received	814,477	613,193
Net cash from operating activities	**51,422,481**	**35,846,795**
Investment in business combination	(17,217,993)	(29,388,050)
Additional participation interest acquired	-	(2,401,752)
Purchase of intangible assets	(2,722,460)	(1,534,853)
Purchase of property, plant and equipment	(49,890,384)	(40,626,665)
Net cash used in investing activities	**(69,830,837)**	**(73,951,320)**
Cash flow from financing activities		
Share capital contribution	-	67,563,436
Increase in Loans	46,683,460	65,257,781
Payment of loans	(58,474,480)	(21,661,647)
Financial Lease payments	(9,341,824)	(14,218,842)
Dividends paid to NCI	(292,924)	(310,287)
Payments for purchase of own shares	(6,056,105)	-
Net cash from / (used in) financing activities	**(27,481,873)**	**93,630,441**
Net change in cash and cash equivalents	**(45,890,229)**	**58,525,916**
Cash and cash equivalents beginning of the period	79,227,766	20,701,850
Cash and cash equivalents end of the period	**33,337,537**	**79,227,766**

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Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

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II. FINANCIAL ANALYSIS

ANALYSIS OF THE CONSOLIDATED PL

Sales for the 12 month period ended 31 December 2018 ("**Q4 2018**") amounted to RON 794,559,077, higher by 27.5% compared to sales recorded in the 12 months period ended 31 December 2017 ("**Q4 2017**"). This increase was mainly the result of significant growth in almost all of the Group's business lines, led on a percentage basis by Clinics, Hospitals, Corporate and Laboratories, as well as the impact of the acquisitions completed by the Group in 2017 and 2018.

Business Line	**Q4 2018 Sales**	**% of Total Sales**	**Q4 2017 Sales**	**% of Total Sales**	**Variation 2018/2017**
Clinics	233,339,171	29%	166,650,648	27%	40%
Stomatology	44,733,559	6%	37,565,681	6%	19%
Hospitals	167,320,772	21%	119,106,274	19%	40%
Laboratories	134,680,878	17%	115,259,329	18%	17%
Corporate	169,171,271	21%	144,621,716	23%	17%
Pharmacies	36,111,885	5%	29,526,655	5%	22%
Others	9,201,541	1%	10,489,646	2%	-12%
Total Sales	**794,559,077**	**100%**	**623,219,949**	**100%**	**27%**

Other operating revenues have increased in Q4 2018 by 31.3% compared to the previous period, reaching RON 9,844,865 in Q4 2018.

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 766,570,787 in Q4 2018, representing an increase of 28.6%, or RON 170,712,943 as compared to Q4 2017. The increase is mainly linked to overall business increase. The Group's operating expenses as a percentage of total operating income reached 95.3% in the 12 months period ended 31 December 2018 compared to 94.5% in the corresponding period of 2017.

Operating expenses evolution

	12 Month ended 31 December,		**Variation**
Description	**2018**	**2017**	**2018/2017**
Consumable materials and repair materials	126,042,260	97,974,250	28.6%
Commodities	29,367,048	24,115,025	21.8%
Utilities	9,055,571	6,573,637	37.8%
Repairs maintenance	8,984,186	6,435,809	39.6%
Rent	41,986,204	38,281,750	9.7%
Insurance premiums	2,538,221	2,103,123	20.7%
Promotion expense	15,009,240	10,976,803	36.7%
Communications	3,748,038	3,326,050	12.7%
Third party expenses (including doctor's agreements)	206,073,087	165,638,063	24.4%
Salary and related expenses	245,138,320	152,403,119	60.8%
Social contributions	8,136,153	34,608,368	-76.5%
Depreciation	57,552,894	43,078,621	33.6%
Other administration and operating expenses*	12,939,565	10,343,226	25.1%
Total	**766,570,787**	**595,857,844**	**28.6%**

* By decision of the Competition Council no. 19 / 11.04.2018, the Competition Council applied Med Life S.A. and some of the companies in the group fines as follows: RON 755,926 to Med Life S.A., RON 86,617 to Genesys Medical Clinic S.R.L. and RON 22,577 to Rur Medical S.A.

These expenses are classified as non-recurring, as they are not related to the Group's ongoing operational activity.

Operating profit recorded a 8.5% increase in Q4 2018 as compared to Q4 2017, from RON 34,858,780 in Q4 2017 to RON 37,833,155 in Q4 2018.

Financial result decreased in Q4 2018 with RON 6,023,612 from a negative RON 20,582,241 in Q4 2017 to a negative RON 14,558,629 in Q4 2018.

The net result for the 12 month period ended 31 December 2018 increased with RON 7,695,331 or by 88.1%, as compared to the corresponding period of 2017, from RON 8,731,625 in Q4 2017 to RON 16,426,956 in Q4 2018.

On a pro-forma basis, sales for Q4 2018 amount to RON 804,068,936 and Adjusted EBITDA to RON 103,446,746. Please refer to chapter VII – 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 590,126,265 as of 31 December 2018, recording an increase of 36.5% or RON 157,783,598 as compared to 31 December 2017. The increase is mainly linked to the acquisitions realised, namely Polisano, Solomed and Ghencea.

Current assets decreased with RON 7,857,400 or by 4.6% from RON 171,002,820 as at 31 December 2017 to RON 163,145,420 as at 31 December 2018.

Prepaid expenses amount to RON 6,186,462 as at 31 December 2018, lower by RON 881,664 compared to the previous period.

Current liabilities (excluding interest bearing debt items) increased with RON 56,012,971, or by 45%, from RON 125,743,573 as at 31 December 2017, to RON 181,756,545 as at 31 December 2018.

Interest bearing debt increased with RON 81,818,257, from RON 294,743,321 as of 31 December 2017 to RON 376,561,578 as of 31 December 2018. The increase is mainly due to financing the current activity of the group and the acquisitions finalised in the current period.

III. IMPORTANT EVENTS Q4 2018

Acquisition of Solomed Clinic SA, Ghencea Medical Center SA, Clinica Polisano SRL, medical platform Sfatul Medicului and Transilvania Imagistica Oradea

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

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

- 100% of share capital in Sfatul medicului
- 100% of share capital in Centrul de Imagistica Transilvania Oradea through Genesys Medical Clinic SRL

Solomed

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

Ghencea Medical Center

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

Polisano

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

SfatulMedicului.ro medical platform

Med Life acquired 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 was completed on 14 August once the suspensive conditions were met.

Transilvania Imagistica Oradea

Medlife announced the full takeover of Transylvania Imaging Center Oradea, a provider of medical diagnostic, imaging and radiology medical services, one of the most important players in the northwest part of the country on this segment. The center is equipped with high-performance medical equipment, while investigations are carried out by a team of specialists.

Inauguration of the first hyperclinic in Oradea

Medlife announced on September 26, 2018, the inauguration of the first hyperclinic in Oradea, which provides integrated services of ambulatory, imaging and laboratory analyzes. Medlife Hyperclinic is the result of an investment of 1.2 million euros, it covers an area of 1,100 square meters and is disposed on 3 levels. The unit includes a sampling point, five investigation rooms, a post-anesthetic salon and 12 cabinets for clinical and paraclinical consultations. The team consists of over 60 doctors, nurses and ancillary staff.

Signing of syndicated credit facility between the Company and the bank syndicate

Medlife Board of Directors has signed a syndicated credit facility on October 31, 2018, with Banca Comerciala Romana, Raiffeisen Bank, BRD Groupe Societe Generale and Banca Transilvania, for refinancing its existing facilities, extending the maturity of the loans, rearranging the related terms and conditions and raising new funds up to a total amount of 66 million euros. The additional credit facility of 10 million euros will be a term facility and will be used by Medlife, along with the Company's own cash, for potential new acquisition opportunities arising on the market.

IV. IMPORTANT SUBSEQUENT EVENTS

Initiation of Share buy-back Program

Medlife announced, by decision of the Board of Directors adopted on 18 October 2018, the initiation of the share buy-back program starting on 9 November 2018. By the EGSM decision of October 8, 2018, it was approved the buy-back of a maximum number of 868,000 own shares for a maximum period of 18 months from the date of publication of the decision in the Official Gazette of Romania. Thus, Medlife will buy-back up to 868,000 own shares with a nominal value of 0.25 lei / share, not exceeding the 10% threshold of the share capital of the Company. The own shares acquired under the Program will be offered to former or current members of the management or former or current employees of some of the Company's subsidiaries in exchange for the shares held by them in the respective subsidiaries of the Company.

Increase participation in Group Sama Craiova and Group PDR Brasov

Medlife has announced the acquisition of a 35% stake in Group Sama Craiova, which is why Medlife has become the shareholder with 90% shares (from 55% of the initial package). Medlife also has acquired another 3 percent of the Group PDR Brasov (Policlinica de Diagnostic Rapid), the company currently owning 83% of the package (from 80% initial package). Additional shares of Sama and PDR groups were acquired by Medlife as a result of an exchange with Medlife's shares, a decision taken by the Board of Directors of the Company, empowered by the Extraordinary General Meeting of Shareholders on October 8, 2018. This operation aims at alignment at the group level, but is also in line with the acquisition strategy, which recognizes and encourages the contribution of the founders of the subsidiaries to the integrated activity of the Medlife Group.

Acquisition of Rozsakert Medical Center Hungary

Medlife announced the first international transaction: the purchase of 51% of the majority package of Rozsakert Medical Center in Hungary. Rozsakert Medical Center is among the top 10 private health care providers in Hungary. The company is comprised of a multidisciplinary clinic that includes a compartment equipped with a small surgery room and a dental center. Over 40,000 patients access a diverse range of outpatient clinical and paraclinical services and investigations, as well as a comprehensive range of interventions.

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

There were no other significant events after December 31, 2018.

V. MAIN FINANCIAL RATIOS AS AT 31 DECEMBER 2018

Current ratio			**Period ended at December 31, 2018**
Current assets / Current liabilities	163,145,420 / 244,779,527	=	0.67

Debt to equity ratio			**Period ended at December 31, 2018**
Long Term Debt / Equity	313,538,596 / 178,517,220	=	176%
Long Term Debt / Capital Assets	313,538,596 / 492,055,816	=	64%

Trade receivables turnover (days)			**Period ended at December 31, 2018**
Average receivables / Sales	68,710,989 / 794,559,077	=	31,13

Fixed assets turnover			**Period ended at December 31, 2018**
Sales / Net Fixed Assets	794,559,077 / 590,126,265	=	1.35

VI. OPERATIONAL KEY PERFORMANCE INDICATORS

Business line	**Info**	**12 months ended December 31, 2018**	**12 months ended December 31, 2017**
Clinics	**Revenue**	**233,339,171**	**166,650,648**
Clinics	Visits	1,478,211	1,153,218
Clinics	Avg fee	157.9	144.5
Stomatology	**Revenue**	**44,733,559**	**37,565,681**
Stomatology	Visits	102,714	99,682
Stomatology	Avg fee	435.5	376.9
Hospitals	**Revenue**	**167,320,772**	**119,106,274**
Hospitals	Patients	75,031	58,610
Hospitals	Avg fee	2,230.0	2,032.2
Laboratories	**Revenue**	**134,680,878**	**115,259,329**
Laboratories	Analyses	5,666,665	5,320,695
Laboratories	Avg fee	23.8	21.7
Corporate	**Revenue**	**169,171,271**	**144,621,716**
Corporate	Subscriptions	649,292	568,593

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

Corporate	Avg fee	260.5	254.4
Pharmacies	**Revenue**	**36,111,885**	**29,526,655**
Pharmacies	Clients	269,737	269,104
Pharmacies	Sales per client	133.9	109.7
Others	**Revenue**	**9,201,541**	**10,489,645**

VII. UNAUDITED CONSOLIDATED PRO-FORMA FINANCIAL INFORMATION FOR THE 12 MONTHS PERIOD ENDED DECEMBER 31, 2018 ("CONSOLIDATED PRO FORMA PL")

Introduction

The following Consolidated Pro Forma PL of the Consolidated PL is based on the Group's Consolidated FS for the 12 month period ended 31 December 2018, adjusted with the historical financial results of the companies acquired by the Group during the period from 1 January 2018 up to 31 December 2018 (the "**Acquired Companies**"). Details of the Acquired Companies are set out below.

The Consolidated Pro Forma PL for the 12 month period ended 31 December 2018 transposes (i) the acquisition of the Acquired Companies as if the acquisition had occurred on 1 January 2018 by combining the financial results for the period of the Acquired Companies with those of the Group and (ii) the elimination of certain expenses included in the Consolidated PL of the Group which the Group considers to be non-operational and/or non-recurring by nature.

The Consolidated Pro Forma PL provides a hypothetical illustration of the impact of the transactions on the Company's earnings. The Consolidated Pro Forma PL has been prepared for the Group as at and for the 12 month period ended 31 December 2018. The Consolidated Pro Forma PL should be read in conjunction with the Consolidated FS for the 12 month period ended 31 December 2018.

Purpose of the Consolidated Pro Forma PL

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

The Group's unaudited consolidated pro forma Adjusted EBITDA is also useful when analyzing the Group's current debt compared to its earnings capacity. Although the Consolidated BS in the Consolidated FS include the full amount of debt incurred to finance the acquisitions completed as of 31 December 2018, the Consolidated PL includes no portion of the annual earnings of the Acquired Companies. Using the unaudited consolidated pro forma Adjusted EBITDA for such comparison allows inclusion of a measure of the full period earnings that will contribute to the servicing of the debt incurred in relation to the acquisitions.

In Q4 2018, the Company made the following acquisitions in pursuit of a consolidation strategy aimed at complementing the Group's service offering, expanding its national footprint and consolidating its market position:

- 100% of the shares in SC Clinica Polisano SRL, completed in April 2018;
- 90% of the shares in SC Ghencea Medical Center SA, completed in May 2018;
- 80% of the shares in SC Solomed Clinic SA, completed in May 2018;
- 100% of the shares in SC Sfatul Medicului SA, completed in August 2018;
- 100% of the shares in SC Transilvania Imagistica SA, completed in September 2018 through SC Genesys Medical Clinic SRL.

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

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

Consolidated Pro-Forma PL

	12 Months ended December 31, 2018			
	Consolidated PL	Normalisation	One off	Consolidated Pro forma PL
SALES*	**794,559,077**	**9,509,859**	**-**	**804,068,936**
Other operating revenues	9,844,865	3,772,574	-	13,617,439
OPERATING INCOME	**804,403,942**	**13,282,433**	**-**	**817,686,375**
OPERATING EXPENSES*	**(766,570,787)**	**(11,683,330)**	**3,151,145**	**(775,102,973)**
PERATING PROFIT	**37,833,155**	**1,599,103**	**3,151,145**	**42,583,402**
Finance cost	(17,567,816)	(970,850)	-	(18,538,666)
Other financial income	3,009,187	17,058	-	3,026,245
FINANCIAL RESULT	**(14,558,629)**	**(953,792)**	**-**	**(15,512,421)**
RESULT BEFORE TAXES	**23,274,526**	**645,311**	**3,151,145**	**27,070,981**
Income tax expense	(6,847,570)	(20,760)	(504,183)	(7,372,513)
NET RESULT	**16,426,956**	**624,551**	**2,646,962**	**19,698,468**

Net Income to Adjusted EBITDA

	12 Month ended December 31, 2018			
	Consolidated PL	Normalisation	One off	Consolidated Pro forma PL
Net income / (loss) for the period	**16,426,955**	**624,551**	**2,646,962**	**19,698,468**
Add back:				
Taxes on income	**6,847,570**	**20,760**	**504,183**	**7,372,513**
Out of which:				
Base tax expense	6,847,570	20,760	-	6,868,330
One off impact	-	-	504,183	504,183
Net financial result	**14,558,629**	**953,792**	**-**	**15,512,421**
Depreciation, amortisation and impairment, including write-ups	**57,552,894**	**3,310,450**	**-**	**60,863,344**
Adjusted EBITDA	**95,386,048**	**4,909,553**	**3,151,145**	**103,446,746**

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

Sales split by Business Line

	12 Month ended December 31, 2018			
	Consolidated PL	**Normalisation**	**One off**	**Consolidated Pro forma PL**
Clinics	233,339,171	15,494,907	-	248,834,078
Stomatology	44,733,559	-	-	44,733,559
Hospitals*	167,320,772	(9,460,243)	-	157,860,529
Laboratories	134,680,878	2,722,813	-	137,403,691
Corporate	169,171,271	629,891	-	169,801,162
Pharmacies	36,111,885	-	-	36,111,885
Other	9,201,541	122,491	-	9,324,032
Total Sales	**794,559,077**	**9,509,859**	**-**	**804,068,936**

*Nota:**
In the normalisation adjustments the subsidies received from the NHIH which refer to National Health Program have had its corresponding revenues and expenses reclassified.

Basis for the Consolidated Pro Forma PL

The Consolidated Pro Forma PL for the 12-month period ended 31 December 2018 has been prepared starting from the Consolidated PL of the Group as of 31 December 2018. The Consolidated Pro Forma PL was prepared in a manner consistent with the accounting policies adopted by the Group in the Consolidated FS as of 31 December 2018.

The Consolidated Pro Forma PL for the 12 months ended 31 December 2018 gives effect to the acquisitions of the Acquired Companies as if the acquisitions had occurred on 1 January 2018. Also, certain expense items incurred by the Group in the relevant period which are considered to be non-operational and non-recurring by nature as detailed in the notes to the tables, are reflected in the Consolidated Pro Forma PL as one off adjustments, based on management judgment for the Group, without taking into account the Acquired Companies.

Consolidated Pro Forma PL adjustments

Normalization adjustment

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

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

Entity	Date of obtaining control	Months included in Normalization (inclusive) 1 January - 31 December 2018
SC Clinica Polisano SRL	April 2018	January – March 2018
SC Ghencea Medical Center SA	June 2018	January – May 2018
SC Solomed Clinic SA	June 2018	January – May 2018
SC Sfatul Medicului SA	September 2018	January – August 2018
SC Transilvania Imagistica SA	October 2018	January – September 2018

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

One off adjustments

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

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

Type of Expense	Amount for Q4 2018	Note
Cost of Acquisitions	959,638	*Note A*
Competition Council Fine	1,216,451	*Note B*
Other costs	497,551	*Note C*
Finance Cost	477,505	*Note D*
Total	**3,151,145**	

Note A

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

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

Note B

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

The rest of the RON 351,331 represent legal charges in relation to fine.

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

Note C

Includes other expenses considered non-recurring and not having any connection with the operational activity of the Group.

Note D

The cost of financing includes the expenses incurred in connection with legal assistance regarding the Group's financing, covering the costs related to the mortgage and the fees related to the land book.

These expenses are considered non-recurring and non-operational because they are not related to the Group's ongoing operational activity.

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

VIII. EBITDA EVOLUTION

	12 Month ended December 31,		Variatie
	2018	2017	2018/2017
	Pro-Forma	IFRS	
Sales	**804,068,936**	**623,219,949**	**29.0%**
Other operating revenues	13,617,439	7,496,681	81.6%
Operating income	**817,686,375**	**630,716,630**	**29.6%**
Operating expenses less depreciation	**(714,239,629)**	**(552,779,223)**	**29.2%**
EBITDA	**103,446,746**	**77,937,407**	**32.7%**
EBITDA margin	*12,87%*	*12,51%*	

	12 Month ended December 31, 2018	% out of Total
Adjusted Pro-forma EBITDA	**103,446,746**	**100%**
Attributable to:		
Owners of the Group	93,817,112	90.69%
Non-controlling interests	9,629,634	9.31%

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Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

MEDLIFE GROUP

CONSOLIDATED UNAUDITED PRELIMINARY FINANCIAL STATEMENTS

FOR THE PERIOD ENDED AS AT 31 DECEMBER 2018

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 5,536,270.5
Regulated market on which the issued securities are traded: Bucharest Stock Exchange

Contents

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

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

The following consolidated preliminary financial statements are unaudited.

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

I. UNAUDITED PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

UNAUDITED PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	December 31, 2018	January 1, 2018	Variation 2018/2017
ASSETS			
Long Term			
Goodwill	82,378,647	66,035,963	24.7%
Intangible assets	39,385,025	34,299,738	14.8%
Tangible assets	458,014,197	325,845,288	40.6%
Other financial assets	10,348,396	6,161,678	67.9%
TOTAL NON-CURRENT ASSETS	**590,126,265**	**432,342,667**	**36.5%**
Current Assets			
Inventories	31,077,226	20,325,330	52.9%
Receivables	78,971,571	58,450,406	35.1%
Other receivables	13,190,959	5,549,527	137.7%
Cash and cash equivalents	33,337,537	79,227,766	-57.9%
	156,577,293	**163,553,029**	**-4.3%**
Assets classified as held for sale	381,665	381,665	0.0%
Prepayments	6,186,462	7,068,126	-12.5%
TOTAL CURRENT ASSETS	**163,145,420**	**171,002,820**	**-4.6%**
TOTAL ASSETS	**753,271,685**	**603,345,487**	**24.8%**
LIABILITIES & SHAREHOLDER'S EQUITY			
Current Liabilities			
Trade accounts payable	140,105,096	103,839,523	34.9%
Overdraft	30,911,018	2,013,469	1,435.2%
Current portion of lease liability	8,949,474	3,177,961	181.6%
Current portion of long term debt	23,162,490	36,642,740	-36.8%
Current tax liabilities	525,897	1,112,707	-52.7%
Provisions	2,458,957	-	100.0%
Other liabilities	38,207,810	20,232,973	88.8%
Liabilities directly associated with assets classified as held for sale	458,785	558,370	-17.8%
TOTAL CURRENT LIABILITIES	**244,779,527**	**167,577,743**	**46.1%**
Long Term Debt			
Lease liability	26,525,231	10,111,452	162.3%
Long term debt	287,013,365	242,797,699	18.2%
TOTAL LONG-TERM LIABILITIES	**313,538,596**	**252,909,151**	**24.0%**
Deferred tax liability	16,436,342	15,196,634	8.2%
TOTAL LIABILITIES	**574,754,465**	**435,683,528**	**31.9%**
SHAREHOLDER'S EQUITY			
Issued capital	81,495,470	81,495,470	0.0%
Own shares	(6,056,105)	-	-100.0%
Reserves	93,540,770	93,181,880	0.4%
Retained earnings	(10,005,007)	(22,640,779)	-55.8%
Equity attributable to owners of the Group	**158,975,128**	**152,036,571**	**4.6%**
Non-controlling interests	19,542,092	15,625,388	25.1%
TOTAL EQUITY	**178,517,220**	**167,661,959**	**6.5%**
TOTAL LIABILITIES AND EQUITY	**753,271,685**	**603,345,487**	**24.8%**

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Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

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

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

	12 months ended December 31, 2018	12 months ended December 31, 2017	Variation 2018/2017
Sales	794,559,077	623,219,949	27.5%
Other operating revenues	9,844,865	7,496,681	31.3%
Operating Income	**804,403,942**	**630,716,630**	**27.5%**
Operating expenses	**(766,570,787)**	**(595,857,844)**	**28.6%**
Operating Profit	**37,833,155**	**34,858,786**	**8.5%**
Finance cost	(17,567,816)	(14,201,686)	23.7%
Other financial (income) expenses	3,009,187	(6,380,555)	-147.2%
Financial result	**(14,558,629)**	**(20,582,241)**	**-29.3%**
Result Before Taxes	**23,274,526**	**14,276,545**	**63.0%**
Income tax expense	(6,847,570)	(5,544,920)	23.5%
Net Result	**16,426,956**	**8,731,625**	**88.1%**
Owners of the Group	12,994,662	4,382,702	196.5%
Non-controlling interests	3,432,294	4,348,924	-21.1%
Other comprehensive income items that will not be reclassified to profit or loss			
Gain / Loss on revaluation of properties	-	-	0.0%
Corrections related to prior years	-	-	0.0%
Deferred tax on other comprehensive income components	-	-	0.0%
TOTAL OTHER COMPREHENSIVE INCOME	**-**	**-**	**0.0%**
Total other comprehensive income attributable to:			
Owners of the Group	-	-	0.0%
Non-controlling interests	-	-	0.0%
TOTAL COMPREHENSIVE INCOME	**16,426,956**	**8,731,625**	**88.1%**
Total comprehensive income attributable to:			
Owners of the Group	12,994,662	4,382,702	196.5%
Non-controlling interests	3,432,294	4,348,924	-21.1%

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Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

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

UNAUDITED PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOW

	12 months ended December 31, 2018	December 31, 2017
Net income before taxes	**23,274,526**	**14,276,545**
Adjustments for		
Depreciation	57,552,894	43,078,621
Provisions for liabilities and charges	(260,399)	-
Interest revenue	(814,477)	(613,193)
Interest expense	17,567,816	14,201,686
Allowance for doubtful debts and receivables written-off	(161,589)	(485,889)
Financial Discounts	(6,983)	-
Other non-monetary gains	(6,549,809)	(4,561,947)
Unrealized exchange gain / loss	1,407,020	7,102,716
Bargain gain	-	(729,165)
Operating cash flow before working capital changes	**92,008,999**	**72,269,374**
Decrease / (increase) in accounts receivable	(21,018,881)	(18,029,348)
Decrease / (increase) in inventories	(5,909,005)	(2,718,311)
Decrease / (increase) in prepayments	1,889,895	(155,089)
Increase / (decrease) in accounts payable	7,996,774	2,380,649
Cash generated from operations	**74,967,782**	**53,747,275**
Income Tax Paid	(6,194,673)	(5,058,217)
Interest Paid	(18,165,105)	(13,455,456)
Interest received	814,477	613,193
Net cash from operating activities	**51,422,481**	**35,846,795**
Investment in business combination	(17,217,993)	(29,388,050)
Additional participation interest acquired	-	(2,401,752)
Purchase of intangible assets	(2,722,460)	(1,534,853)
Purchase of property, plant and equipment	(49,890,384)	(40,626,665)
Net cash used in investing activities	**(69,830,837)**	**(73,951,320)**
Cash flow from financing activities		
Share capital contribution	-	67,563,436
Increase in Loans	46,683,460	65,257,781
Payment of loans	(58,474,480)	(21,661,647)
Financial Lease payments	(9,341,824)	(14,218,842)
Dividends paid to NCI	(292,924)	(310,287)
Payments for purchase of own shares	(6,056,105)	-
Net cash from / (used in) financing activities	**(27,481,873)**	**93,630,441**
Net change in cash and cash equivalents	**(45,890,229)**	**58,525,916**
Cash and cash equivalents beginning of the period	79,227,766	20,701,850
Cash and cash equivalents end of the period	**33,337,537**	**79,227,766**

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Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

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

UNAUDITED PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED DECEMBER 31, 2018

	Share Capital									
	Paid and registered	**Paid, registered after year end***	**Treasury Shares**	**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, 2018	**5,023,000**	**513,271**	**-**	**75,959,199**	**10,920,039**	**82,261,841**	**(22,640,779)**	**152,036,571**	**15,625,388**	**167,661,959**
Recognition of other reserves for fiscal purposes	-	-	-	-	256,236	-	(256,236)	-	-	-
Recognition of legal reserves	-	-	-	-	102,654	-	(102,654)	-	-	-
Share capital contribution	-	-	-	-	-	-	-	-	-	-
Additional non-controlling interest arising as of result of business combinations	-	-	-	-	-	-	-	-	777,335	777,335
Subsequent acquisition of NCI	-	-	-	-	-	-	-	-	-	-
Distribution of dividends	-	-	-	-	-	-	-	-	(292,924)	(292,924)
Acquisition of own shares	-	-	(6,056,105)	-	-	-	-	(6,056,105)		(6,056,105)
	-	-	-	-	-	-	-	-	-	
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**12,994,662**	**12,994,662**	**3,432,294**	**16,426,956**
Deferred tax related to other elements of the overall result	-	-	-	-	-	-	-	-	-	-
Corrections related to previous years	-	-	-	-	-	-	-	-	-	-
Profit of the year	-	-	-	-	-	-	12,994,662	12,994,662	3,432,294	16,426,956
Balance as at December 31, 2018	**5,023,000**	**513,271**	**(6,056,105)**	**75,959,199**	**11,278,929**	**82,261,841**	**(10,005,007)**	**158,975,128**	**19,542,092**	**178,517,220**

Notes: * In 2017, as a result of a Second Public Offering, Med Life S.A. issued 2,053,082 new shares with a nominal value of RON 0.25 per share, increasing the share capital from RON 5,023,000 to RON 5,536,271. The subscribers of the share increase will benefit from full rights related to the acquired shares starting from the date of the registration by the Central Depository. The shares were subscribed in 2017. The Central Depository registered the newly subscribed shares on January 11, 2018. **** The closing balance of the revaluation reserve as of December 31, 2018 in amount of RON 82,261,841 comprises revaluation reserve in amount of RON 97,438,877 and deferred tax computed on revaluation reserve in amount of RON (15,177,036).

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Mihail Marcu,
CEO

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Vera Firu,
Accounting and Tax Manager

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED DECEMBER 31, 2017

	Share Capital								
	Paid and registered	**Paid, registered after year end**	**Share premium**	**General reserves and other reserves**	**Revaluation Reserve***	**Accumulated Results**	**Attributable to owners of the parent**	**Non-controlling interests**	**Total Equity**
Balance as at January 1, 2017	**5,023,000**	**-**	**8,909,034**	**9,699,583**	**82,261,841**	**(24,346,985)**	**81,546,473**	**11,472,411**	**93,018,884**
Recognition of other reserves for fiscal purposes	-	-	-	18,040	-	(18,040)	-	-	-
Recognition of legal reserves	-	-	-	1,202,416	-	(1,202,416)	-	-	-
Share capital contribution	-	513,271	67,050,165	-	-	-	67,563,436	-	67,563,436
Additional non-controlling interest arising as of result of business combinations	-	-	-	-	-	-	-	1,060,052	1,060,052
Subsequent acquisition of NCI	-	-	-	-	-	(1,456,040)	(1,456,040)	(945,712)	(2,401,752)
Distribution of dividends	-	-	-	-		-	-	(310,287)	(310,287)
Total comprehensive income	**-**		**-**	**-**	**-**	**4,382,702**	**4,382,702**	**4,348,924**	**8,731,626**
Gain/loss on revaluation of properties	-	-	-	-	-	-	-	-	-
Deferred tax related to revaluation reserve	-	-	-	-	-	-	-	-	-
Profit of the year (loss)	-	-	-	-	-	4,382,702	4,382,702	4,348,924	8,731,626
Balance as at December 31, 2017	**5,023,000**	**513,271**	**75,959,199**	**10,920,039**	**82,261,841**	**(22,640,779)**	**152,036,571**	**15,625,388**	**167,661,959**

Notes: * In 2017, as a result of a Second Public Offering, Med Life S.A. issued 2,053,082 new shares with a nominal value of RON 0.25 per share, increasing the share capital from RON 5,023,000 to RON 5,536,271. The subscribers of the share increase will benefit from full rights related to the acquired shares starting from the date of the registration by the Central Depository. The shares were subscribed in 2017. The Central Depository registered the newly subscribed shares on January 11, 2018. ****** The closing balance of the revaluation reserve as of December 31, 2017 in amount of RON 82,261,841 comprises revaluation reserve in amount of RON 97,438,877 and deferred tax computed on revaluation reserve in amount of RON (15,177,036).

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Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

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, Braila, Sibiu, Timisoara, Iasi, Galati and Constanta.

Medlife Group is offering a large range of medical service having opened 20 Hyperclinics in Bucharest, Timisoara, Brasov, Arad, Iasi, Galati, Craiova, Braila, Sibiu, Cluj and Constanta, one Hyperclinic recently opened in Oradea, 47 Clinics, 10 hospitals – located in Bucharest, Sibiu, Arad and Brasov, 33 Laboratories, 10 Pharmacies and 9 Dental Clinics. The Group has also more than 140 private Clinic partners around Romania.

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

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

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

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

- **Amendments to IFRS 4 "Insurance Contracts"** - Applying IFRS 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 1 and IAS 28 due to "Improvements to IFRSs (cycle 2014-2016)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording – adopted by the EU on 7 February 2018 (amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018).

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

2.2 Amendments to the existing standards issued by IASB and adopted by the EU, adopted by Group, as at December 31, 2018

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

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

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

- **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).

As at December 31, 2018, the Group has adopted these new standards and amendments to existing standards.

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

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

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

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 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 preliminary financial statements of the Group are set out below.

3.1 Statement of compliance

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

The accounting policies applied in these financial statements are the same as those applied in the Group's annual consolidated financial statements as at and for the year ended 31 December 2017, except for the adoption of new standards effective as of January 1st 2018.

Starting with January 1st 2018, the Group has applied for the first time two new standards, IFRS 9 „Financial instruments" and IFRS 15 „Revenues from contracts with customers".

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

As at December 31, 2018 the exchange rate was of 4.0736 RON for 1 USD (31 December 2017: RON 3.8915 for 1 USD) and of 4.6639 RON for 1 EUR (31 December 2017: RON 4.6597 for 1 EUR). The average exchange rate for the period of 12 months ended 31 December 2018 was of 3.9416 RON for 1 USD (12 months period ended 31 December 2017 : 4.0525 for 1 USD) and 4.6535 RON for 1 EUR (12 months period ended 31 December 2017 : 4.5681 RON for 1 EUR).

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

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

3.10 Comparative information

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

3.11 Property, plant and equipment

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

The value of land and buildings owned presented in these consolidated financial statements is based on the valuation reports which were performed as of December 31, 2016 by independent 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. As at December 31, 2018, the Group carried out a revaluation of a building sample to see if there were significant differences in fair value. Since the resulting fair value was not significantly different from net book value as at 31 December 2018, the revaluation exercise was not extended to all relevant assets and no revaluation was recorded at 31 December 2018.

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

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

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

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

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

3.12 Assets held under finance leases

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

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

3.13 Intangible assets

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

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

Intangible assets acquired in a business combination

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

De-recognition of intangible assets

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

Impairment of tangible and intangible assets other than goodwill

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

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

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

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

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

3.14 Investments in subsidiaries

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

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

3.15 Investments in associates

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

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

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

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, 2018 based on independent evaluators reports. The fair value of land was established based on market value approach. The fair value for buildings was established based on cost of replacement approach.

3.32 IAS 29

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

3.33 IFRS 8

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

An operating segment is a component of an entity:

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

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

(c) for which discrete financial information is available.

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

3.34 IFRS 9 „Financial instruments"

Starting with January 1st 2018, the Group has applied for the first time the new standard IFRS 9 „Financial instruments". IFRS 9 introduces changes regarding the recognition and measurement of financial assets and results in an earlier recognition of bad debt allowances for receivables. Being permitted by the standard, the Group adopted IFRS 9 starting with January 1st 2018 using the modified retrospective method, with cumulated adjustments from the initial application recognised in equity as of January 1st 2018 and without restating the figures of the comparative period. For the Group's trade receivables, there are no significant differences between the initial evaluation method according to IAS 39 and the new evaluation criteria under IFRS 9.

3.35 IFRS 15 „Revenues from contracts with customers"

IFRS 15 „Revenues from contracts with customers" introduces a comprehensive model for revenue recognition and measurement. The standard replaces the existing criteria for revenue recognition, replacing the standards IAS 18 "Revenue", IAS 11 "Construction Contracts" and IFRIC 13 "Customer Loyalty Programmes". Under the new standard, revenue is recognized when or as the customer acquires control over the goods or services rendered, at the amount which reflects the price at which the Group is expected to be entitled to receive in exchange of those goods or services.

Being permitted by the standard, the Group adopted IFRS 15 starting with January 1st 2018 using the modified retrospective method, with cumulated adjustments from the initial application recognised in equity as of January 1st 2018 and without restating the figures of the comparative periods. The initial application has no impact on the Group's Retained Earnings.

In respect to the timing of the revenue recognition, all of the Group's services provided are transferred to the customer when the services are rendered. Based on internal assessment of the possible impact resulting from the application of IFRS 15 not significant effect was identified on these consolidated financial statements.

Also, a number of other amendments and interpretations have been effective starting with January 1st 2018, but do not have a significant effect on these consolidated financial statements.

3.36 IFRS 16 „Leases"

Starting with January 1st 2019, the Group will adopt the new standard IFRS 16 „Leases". IFRS 16 is effective for annual periods beginning on or after January, 1st 2019. IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The Group is currently performing a detailed assessment of the impact resulting from the application of IFRS 16.

3.37 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 period ended 31 December, 2018, the Group obtained control over various companies and recorded a goodwill of RON 82,378,647 (December 31, 2017: RON 66,035,963).

During the period ended December 31, 2018, the Group gained control over several companies and recognized goodwill in the amount of RON 16,342,684. For further details on business combinations performed in the 12 months period ended December 31, 2018 please see note 22.

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

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

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

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

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

As per management assessment, there are no indications of impairment as at December 31, 2018, and consequently, no impairment test was performed.

5. TANGIBLE AND INTANGIBLES FIXED ASSETS

	December 31, 2018	January 1, 2018
Gross book value	831,818,654	579,082,770
Accumulated depreciation and amortization	(334,419,432)	(218,937,744)
Net book value	**497,399,222**	**360,145,026**

6. INVENTORIES

	December 31, 2018	January 1, 2018
Consumable	20,125,766	10,981,134
Materials in the form of inventory items	254,737	112,671
Merchandise	10,695,284	9,230,143
Inventory in transit	1,439	1,382
TOTAL	**31,077,226**	**20,325,330**

7. ACCOUNTS RECEIVABLE

	December 31, 2018	January 1, 2018
Customers	91,044,240	71,761,034
Advances to suppliers	5,336,209	3,581,967
Allowance for bad debt	(17,408,878)	(16,892,595)
TOTAL	**78,971,571**	**58,450,406**

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

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

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

As of December 31, 2018, the Management of the Group performed an assessment regarding the collectability of receivables- a total allowance of RON 17,408,878 (which includes the amount of RON 7,365,835 in relation to the National Health House described above. The Group monitors the credit quality of its customers on an ongoing basis. Credit risk is spread over a large customer base and the Group is not dependent on the collection of receivables from a limited number of customers.

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

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

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

8. CASH AND BANKS

	December 31, 2018	January 1, 2018
Cash in bank	30,568,167	76,956,322
Cash in hand	2,036,471	1,683,744
Cash equivalents	732,899	587,700
TOTAL	**33,337,537**	**79,227,766**

9. ASSETS CLASSIFIED AS HELD FOR SALE

	December 31, 2018	January 1, 2018
Apartment owned by Medsanrom	381,665	381,665
TOTAL	**381,665**	**381,665**

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

10. PREPAYMENTS

As of 31 December 2018, the Group has prepayments in amount of RON 6,186,462 (RON 7,068,126 at December 31, 2017). The prepayments balance as of December 31, 2018 consists mainly of deferred commissions for syndicated loan financing and the amounts of rent paid in advance for rented properties, as well as other amounts such as insurance policies for professionals and tangible fixed assets.

11. ACCOUNTS PAYABLE

	December 31, 2018	January 1, 2018
Suppliers	120,546,183	88,686,385
Fixed assets suppliers	17,799,825	13,667,285
Advances paid by customers	1,759,088	1,485,853
TOTAL	**140,105,096**	**103,839,523**

12. OTHER SHORT TERM LIABILITIES

	December 31, 2018	January 1, 2018
Salary and related liabilities (incl. contributions)	13,024,218	14,985,699
Other liabilities	25,183,592	5,247,274
TOTAL	**38,207,810**	**20,232,973**

13. LEASING LIABILITIES

	December 31, 2018	January 1, 2018
Long term portion – Leasing	26,525,231	10,111,452
Current portion – Leasing	8,949,474	3,177,961
TOTAL	**35,474,705**	**13,289,413**

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

14. FINANCIAL DEBT

	December 31, 2018	January 1, 2018
Current portion of long-term loans	54,073,508	38,656,209
Non-current portion of long-term loans	287,013,365	242,797,699
TOTAL	**341,086,873**	**281,453,908**

As at December 31, 2018, the Group's drawn and undrawn financing facilities included the following:

• On 31 October 2018, Med Life SA (together with the co-borrowers of the Rapid Diagnostic Polyclinic SA, Bahtco Invest SA and Accipiens SA) signed with Banca Comerciala Romana, Raiffeisen Bank, BRD Groupe Societe Generale and Banca Transilvania the refinancing of the existing facilities, the extension the reimbursement of the related terms and conditions, as well as an additional credit limit of 10 million euros, which will be in the form of a term facility and will be used by Medlife, together with other company's own cash, for possible new opportunities acquisitions in the market. At December 31, 2018, the balance of these facilities is 265,482,480 RON;

• a guaranteed overdraft facility between Garanti Bank S.A. and Med Life S.A., the amount drawn on 31 December 2018 is of RON 9,327,800;

• 4 secured loan contracts concluded between Banca Transilvania S.A. and Sama Medical Center S.A. for the purchase of medical equipment and the construction of a clinic, in a total amount of 797,148 RON, on 31 December 2018;

• an overdraft facility concluded between Transylvania Bank S.A. and Sama Medical Center S.A. since September 2016, having as balance on December 31, 2018 the amount of RON 900,000;

• 3 guaranteed loan contracts concluded between Banca Transilvania S.A. and Genesys Medical Center S.R.L., having on 31 December 2018 a balance of the borrowed amount of EUR 2,118,487 and RON 349,515; an overdraft facility with a balance on December 31, 2018 of RON 268,010;

• an overdraft facility between Unicredit Tiriac Bank and Prima Medical S.R.L., with a maximum credit limit of RON 800,000, drawn in full on 31 December 2018;

• a credit facility concluded between Garanti Bank S.A. and Dent Estet Clinic S.A. with the amount remaining to be reimbursed at December 31, 2018 of RON 589,272;

• a credit facility concluded between Marfin Bank Romania and Dent Estet Clinic S.A. with the amount remaining to be reimbursed at 31 December 2018 of RON 2,800,000;

• 10 guaranteed loan facilities concluded between Garanti Bank S.A. and Anima Specialty Medical Services S.R.L; the balance outstanding at 31 December 2018 is RON 4,621,906;

• an overdraft facility concluded between Garanti Bank S.A. and Anima Specialty Medical Services S.R.L within 1,500,000 RON; on 31 December 2018 the amount drawn is RON 1,000,000;

• a guaranteed loan agreement concluded between Banca Transilvania S.A. and Almina Trading S.A., with a balance outstanding at December 31, 2018 of RON 381,162;

• a guaranteed loan concluded between Bancpost and Med Life Ocupational S.R.L. worth EUR 225,000; the balance outstanding at 31 December 2018 is RON 458,785;

• 3 guaranteed loan contracts concluded between Libra Internet Bank and Valdi Medica S.R.L., the balance outstanding at 31 December 2018 is RON 1,305,792;

• 2 guaranteed loan contracts concluded between Banca Transilvania S.A. and Ghencea Medical Center, the balance outstanding at 31 December 2018 is RON 783,037;

• a loan agreement and a guaranteed overdraft facility between CEC Bank S.A. and Clinic Polisano S.R.L., the balance outstanding at 31 December 2018 is RON 40,710,343.

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

As at December 31, 2018 none of the Group members was in breach of any applicable term of the financing facilities.

15. ISSUED CAPITAL

As of December 31 2018, the shareholders' structure of Med Life S.A., the parent company of Medlife Group, is as presented below:

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

16. RESERVES

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

	December 31, 2018	January 1, 2018
General reserves	1,867,202	1,867,202
Other reserves	9,411,727	9,052,837
Revaluation reserves	82,261,841	82,261,841
TOTAL	**93,540,770**	**93,181,880**

17. NON-CONTROLLING INTEREST

	December 31, 2018	January 1, 2018
Balance at beginning of year	**15,625,388**	**11,472,411**
Share of profit for the period	3,432,293	4,348,924
Share of other comprehensive income	-	-
Share capital contribution	-	-
Non-controlling interests arising on the acquisition of subsidiaries	777,335	1,060,052
Subsequent acquisition of NCI	-	(945,712)
Distribution of dividends	(292,924)	(310,287)
TOTAL	**19,542,092**	**15,625,388**

18. SALES

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

Business Line	12 months 2018 Sales	% of Total Sales	12 months 2017 Sales	% of Total Sales	Variation 2018/2017
Clinics	233,339,171	29.4%	166,650,648	26.7%	40.0%
Stomatology	44,733,559	5.6%	37,565,681	6.0%	19.1%
Hospitals	167,320,772	21.1%	119,106,274	19.1%	40.5%
Laboratories	134,680,878	17.0%	115,259,329	18.5%	16.9%
Corporate	169,171,271	21.3%	144,621,716	23.2%	17.0%
Pharmacies	36,111,885	4.5%	29,526,655	4.7%	22.3%
Others	9,201,541	1.2%	10,489,646	1.7%	-12.3%
TOTAL SALES	**794,559,077**	**100%**	**623,219,949**	**100%**	**27.5%**

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

The main operational indicators of the Group.

Business line	Info	12 months ended December 31, 2018	12 months ended December 31, 2017
Clinics	**Revenue**	**233,339,171**	**166.650.648**
Clinics	Visits	1,478,211	1.153.218
Clinics	Avg fee	157.9	144,5
Stomatology	**Revenue**	**44,733,559**	**37.565.681**
Stomatology	Visits	102,714	99.682
Stomatology	Avg fee	435.5	376,9
Hospitals	**Revenue**	**167,320,772**	**119.106.274**
Hospitals	Patients	75,031	58.610
Hospitals	Avg fee	2,230.0	2.032,2
Laboratories	**Revenue**	**134,680,878**	**115.259.329**
Laboratories	Analyses	5,666,665	5.320.695
Laboratories	Avg fee	23.8	21,7
Corporate	**Revenue**	**169,171,271**	**144.621.716**
Corporate	Subscriptions	649,292	568.593
Corporate	Avg fee	260.5	254,4
Pharmacies	**Revenue**	**36,111,885**	**29.526.655**
Pharmacies	Clients	269,737	269.104
Pharmacies	Sales per client	133.9	109,7
Others	**Revenue**	**9,201,541**	**10.489.645**

19. OTHER OPERATING REVENUES

	December 31, 2018	December 31, 2017
Other operating revenues	1,988,316	2,934,734
Income from operating grants	4,803,137	-
Capitalized cost of intangible assets	3,053,412	4,561,947
TOTAL	**9,844,865**	**7,496,681**

20. OPERATING EXPENSES EVOLUTION

	December 31, 2018	December 31, 2017
Consumable materials and repair materials	126,042,260	97,974,250
Commodities	29,367,048	24,115,025
Utilities	9,055,571	6,573,637
Repairs and maintenance expenses	8,984,186	6,435,809
Rent	41,986,204	38,281,750
Insurance premiums	2,538,221	2,103,123
Promotion expense	15,009,240	10,976,803
Communications	3,748,038	3,326,050
Third party expenses (including doctor’s agreements)	206,073,087	165,638,063
Salary and related expenses	245,138,320	152,403,119
Social contributions	8,136,153	34,608,368
Depreciation	57,552,894	43,078,621
Other administration and operating expenses*	12,939,565	10,343,226
TOTAL	**766,570,787**	**595,857,844**

Notes *:

- By decision of the Competition Council no. 19/ 11.04.2018, the Competition Council applied fines to Med Life S.A. and some of group companies as follows: 755,926 RON to Med Life S.A., 86,617 RON to Genesys Medical Clinic S.R.L. and 22,577 RON to Rur Medical S.A.

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

These expenses are classified as non-recurring, not related to the Group's ongoing operational activity.

21. FINANCIAL NET RESULT

	December 31, 2018	December 31, 2017
Other financial expenses	6,983	-
Net loss from foreign exchange rate impact	(1,409,296)	(7,109,598)
Net financing cost - interest expense	(17,567,816)	(14,201,686)
Other income	3,597,023	115,850
Interest income	814,477	613,193
NET FINANCIAL RESULT- LOSS	**(14,558,629)**	**(20,582,241)**

22. BUSINESS COMBINATIONS

Subsidiaries acquired during the period 1 January – 31 December 2018:

Acquisition of Solomed Clinic SA , Ghencea Medical Center SA, Clinica Polisano SRL, Sfatul medicului and Centrul Transilvania Imagistica Oradea

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

- 80% of share capital of Solomed Clinic SA
- 90% of share capital of Ghencea Medical Center SA
- 100% of share capital in Clinica Polisano SRL
- 100% of share capital in Sfatul medicului
- 100% of share capital in Centrul de Imagistica Transilvania Oradea through Genesys Medical Clinic SRL

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

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

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

Sfatul medicului Med Life acquired 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 was finalized on 14 August 2018 once the suspensive conditions were met.

Centrul Transilvania Imagistica Oradea Medlife has taken over Centrul Transilvania Imagistica Oradea, a provider of medical diagnostic, imaging and radiology services, one of the most important players in the northwest of the country on this segment. The center is equipped with high-performance medical equipment and investigations are carried out by a team of specialists.

23. SUBSEQUENT EVENTS

Initiation of Share buy-back Program

Medlife announced, by decision of the Board of Directors adopted on 18 October 2018, the initiation of the share buy-back program starting on 9 November 2018. By the EGSM decision of October 8, 2018, it was approved the buy-back of a maximum number of 868,000 own shares for a maximum period of 18 months from the date of publication of the decision in the Official Gazette of Romania. Thus, Medlife will buy-back up to 868,000 own shares with a nominal value of 0.25 lei / share, not exceeding the 10% threshold of the share capital of the Company. The own shares acquired under the Program will be offered to former or current members of the management or former or current employees of some of the Company's subsidiaries in exchange for the shares held by them in the respective subsidiaries of the Company.

Increase participation in Group Sama Craiova and Group PDR Brasov

Medlife has announced the acquisition of a 35% stake in Group Sama Craiova, which is why Medlife has become the shareholder with 90% shares (from 55% of the initial package). Medlife also has acquired another 3 percent of the Group PDR Brasov (Policlinica de Diagnostic Rapid), the company currently owning 83% of the package (from 80% initial package). Additional shares of Sama and PDR groups were acquired by Medlife as a result of an exchange with Medlife's shares, a decision taken by the Board of Directors of the Company, empowered by the Extraordinary General Meeting of Shareholders on October 8, 2018. This operation aims at alignment at the group level, but is also in line with the acquisition strategy, which recognizes and encourages the contribution of the founders of the subsidiaries to the integrated activity of the Medlife Group.

Acquisition of Rozsakert Medical Center Hungary

Medlife announced the first international transaction: the purchase of 51% of the majority package of Rozsakert Medical Center in Hungary. Rozsakert Medical Center is among the top 10 private health care providers in Hungary. The company is comprised of a multidisciplinary clinic that includes a compartment equipped with a small surgery room and a dental center. Over 40,000 patients access a diverse range of outpatient clinical and paraclinical services and investigations, as well as a comprehensive range of interventions.

There were no other significant events after December 31, 2018.

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Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

MED LIFE S.A.

PRELIMINARY FY 2018 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 5,536,270.50

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").

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.

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

I. UNAUDITED STANDALONE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018 ("STANDALONE FS")

UNAUDITED STANDALONE STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED DECEMBER 31, 2018 ("**STANDALONE BS**")

	December 31, 2018	January 1, 2018	Variation 2018/2017
ASSETS			
Long Term			
Intangible assets	8,514,040	7,660,785	11.1%
Tangible assets	183,020,161	168,861,934	8.4%
Financial assets	148,506,184	132,815,223	11.8%
TOTAL NON-CURRENT ASSETS	**340,040,385**	**309,337,942**	9.9%
Current Assets			
Inventories	6,534,095	6,668,022	-2.0%
Receivables	47,151,809	36,182,268	30.3%
Receivables with group companies	74,915,161	31,440,718	138.3%
Other receivables	3,944,288	1,351,116	191.9%
Cash and cash equivalents	20,889,864	70,007,531	-70.2%
	153,435,217	**145,649,655**	**5.3%**
Prepayments	2,204,277	2,559,451	-13.9%
TOTAL CURRENT ASSETS	**155,639,494**	**148,209,106**	**5.0%**
TOTAL ASSETS	**495,679,879**	**457,547,048**	**8.3%**
LIABILITIES & SHAREHOLDER'S EQUITY			
Current Liabilities			
Trade accounts payable	74,979,866	62,556,608	19.9%
Overdraft	9,327,799	-	100.0%
Current portion of lease liability	2,252,331	515,738	336.7%
Current portion of long term debt	14,669,616	25,782,427	-43.1%
Intercompany payables	2,754,866	2,855,697	-3.5%
Current tax liabilities	143,116	337,304	-57.6%
Other liabilities	6,994,893	10,395,267	-32.7%
TOTAL CURRENT LIABILITIES	**111,122,487**	**102,443,041**	**8.5%**
Long Term Debt			
Lease liability	15,161,217	6,045,842	150.8%
Long term debt	205,624,681	184,328,369	11.6%
TOTAL LONG-TERM LIABILITIES	**220,785,898**	**190,374,211**	**12.9%**
Deferred tax liability	10,785,523	10,785,523	0.0%
TOTAL LIABILITIES	**342,693,908**	**303,602,775**	**12.9%**
SHAREHOLDER'S EQUITY			
Issued capital	81,495,470	81,495,470	0.0%
Treasury Shares	(6,056,105)	-	-100.0%
Reserves	73,067,658	72,708,768	0.5%
Retained earnings	4,478,948	(259,965)	-1822.9%
Equity attributable to owners of the Co	**152,985,971**	**153,944,273**	**-0.6%**
TOTAL EQUITY	**152,985,971**	**153,944,273**	**-0.6%**
TOTAL LIABILITIES AND EQUITY	**495,679,879**	**457,547,048**	**8.3%**

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Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

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

UNAUDITED STANDALONE STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THER PERIOD ENDED DECEMBER 31, 2018 ("**STANDALONE PL**")

	12 Month ended December 31,		Variation
	2018	**2017**	**2018/2017**
Sales	419,850,605	379,664,698	10.6%
Other operating revenues	3,291,808	4,418,145	-25.5%
Operating Income	**423,142,413**	**384,082,843**	**10.2%**
Operating expenses	**(406,241,445)**	**(371,724,783)**	**9.3%**
Operating Profit	**16,900,968**	**12,358,060**	**36.8%**
Finance cost	(11,238,160)	(9,933,607)	13.1%
Other financial income (expenses)	1,238,211	(4,139,341)	-129.9%
Financial result	**(9,999,949)**	**(14,072,948)**	**-28.9%**
Result Before Taxes	**6,901,019**	**(1,714,888)**	**-502.4%**
Income tax expense	(1,803,216)	(805,134)	124.0%
Net Result	**5,097,803**	**(2,520,022)**	**-302.3%**
Other comprehensive income items that will not be reclassified to profit or loss			
Gain / Loss on revaluation of properties	-	-	0%
Deferred tax on other comprehensive income components	-	-	0%
TOTAL OTHER COMPREHENSIVE INCOME	**-**	**-**	**0%**
TOTAL COMPREHENSIVE INCOME	**5,097,803**	**(2,520,022)**	**-302.3%**

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Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

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

UNAUDITED STANDALONE PRELIMINARY STATEMENT OF CASH FLOW FOR THER PERIOD ENDED DECEMBER 31, 2018

	12 Months ended December 31,	
	2018	**2017**
Net income / (loss) before taxes	**6,901,019**	**(1,714,888)**
Adjustments for		
Depreciation	29,102,249	26,485,263
Interest expense	11,238,160	9,933,607
Other non-monetary gains	(3,053,400)	(2,750,697)
Unrealised exchange gain / loss on interest bearing obligations	662,274	4,662,809
Interest revenue	(1,900,485)	(523,468)
Operating cash flow before working capital changes	**42,949,817**	**36,092,626**
Decrease / (increase) in accounts receivable	(13,562,713)	(7,372,412)
Decrease / (increase) in inventories	133,927	(268,135)
Decrease / (increase) in prepayments	355,174	164,607
Increase / (decrease) in accounts payable	7,334,316	(2,604,786)
Cash generated from operations	**37,210,521**	**26,011,900**
Income tax paid	(1,997,404)	(1,648,801)
Interest received	1,900,485	523,468
Interest paid	(11,804,040)	(9,409,989)
Net cash from / (used in) operating activities	**25,309,562**	**15,476,578**
Purchase of investments	(15,690,961)	(35,277,667)
Purchase of intangible assets	(1,575,793)	(1,111,249)
Purchase of property, plant and equipment	(24,704,930)	(24,691,753)
Loans granted	(43,474,443)	(5,897,870)
Net cash used in investing activities	**(85,446,127)**	**(66,978,539)**
Cash flow from financing activities		
Share capital contribution	-	67,563,436
Payment of loans	(20,225,319)	(13,221,003)
(Payments)/Increase of financial leasing	(2,239,072)	(11,175,454)
Increase in loans	39,640,225	64,277,364
Payments for purchase of treasury shares	(6,056,105)	-
Decrease in loans granted to group companies	(100,831)	105,958
Net cash from / (used in) financing activities	**11,018,898**	**107,550,301**
Net change in cash and cash equivalents	**(49,117,667)**	**56,048,340**
Cash and cash equivalents beginning of the year	70,007,531	13,959,191
Cash and cash equivalents end of the year	**20,889,864**	**70,007,531**

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Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

II. FINANCIAL ANALYSIS

ANALYSIS OF THE STANDALONE PL

Sales for the 12 month period ended 31 December 2018 ("**12 months 2018**") amounted to RON 419,850,605, higher by 10.6% compared to sales recorded in the 12 months of 2017 ("**12 months 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 during 12 months 2018 as compared to 12 months 2017, amounting to RON 3,291,808 as at 31 December 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 406,241,445 during 12 months 2018, representing an increase of 9.3%, or RON 34,516,662, as compared to 12 months 2017. The increase is mainly linked to overall business increase.

Operating profit recorded a 36.8% increase in 12 months 2018 as compared to 12 months 2017, from RON 12,358,060 in 12 months 2017 to RON 16,900,968 in 12 months 2018.

Financial loss decreased in 12 months 2018 by RON 4,072,999 from a loss of RON 14,072,948 in 12 months 2017 to a loss of RON 9,999,949 in 12 months 2018.

Net result increased in 12 months 2018 by RON 7,617,825 from a loss of RON 2,520,022 in 12 months 2017 to a profit of RON 5,097,803 in 12 months 2018.

ANALYSIS OF THE STANDALONE BS

Non-current assets amount to RON 340,040,385 as of 31 December 2018, recording an increase of 9.9% as compared to 31 December 2017. The increase is mainly linked to financial assets recorded in relation to Polisano, Solomed, Ghencea Medical Center, Sfatul medicului and Transilvania Imagistica acquisitions. Also the increase is due to the variation in amount of RON 14,158,227 on tangible assets as a result of an acquisition of 4 MRIs.

Prepayments recorded as at 31 December 2018 amount to RON 2,204,277. As compared to 31 December 2017, a decrease of RON 355,174 was recorded. The decrease is linked to the release of accrued expenses and prepaid local tax liabilities.

Current assets increased by RON 7,430,388 or 5.0% from RON 148,209,106 in 31 December 2017 to RON 155,639,494 in 31 December 2018.

Current liabilities (excluding interest bearing debt items), increased by RON 8,727,865, or 11.5%, from RON 76,144,876 as at 31 December 2017 to RON 84,872,741 as at 31 December 2018.

Interest bearing debt increased by RON 30,363,268, from RON 216,672,376 as of 31 December 2017 to RON 247,035,644 as of 31 December 2018. The increase is mainly due to financing of the main activity of the company.

III. IMPORTANT EVENTS 1 JANUARY – 31 DECEMBER 2018 PERIOD

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.

Acquisition SfatulMedicului.ro

Med Life acquired 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 was completed on 14 August once the suspensive conditions were met.

Inauguration of the first hyperclinic in Oradea

Medlife announced on September 26, 2018, the inauguration of the first hyperclinic in Oradea, which provides integrated services of ambulatory, imaging and laboratory analyzes. Medlife Hyperclinic is the result of an investment of 1.2 million euros, it covers an area of 1,100 square meters and is disposed on 3 levels. The unit includes a sampling point, five investigation rooms, a post-anesthetic salon and 12 cabinets for clinical and paraclinical consultations. The team consists of over 60 doctors, nurses and ancillary staff.

Acquisition of Transilvania Imagistica

Medlife announced the full takeover of Transylvania Imaging Center Oradea, a provider of medical diagnostic, imaging and radiology medical services, one of the most important players in the northwest part of the country on this segment. The center is equipped with high-performance medical equipment, while investigations are carried out by a team of specialists.

Signing of syndicated credit facility between the Company and the bank syndicate

Medlife Board of Directors has signed a syndicated credit facility on October 31, 2018, with Banca Comerciala Romana, Raiffeisen Bank, BRD Groupe Societe Generale and Banca Transilvania, for refinancing its existing facilities, extending the maturity of the loans, rearranging the related terms and conditions and raising new funds up to a total amount of 66 million euros. The additional credit facility of 10 million euros will be a term facility and will be used by Medlife, along with the Company's own cash, for potential new acquisition opportunities arising on the market.

IV. IMPORTANT SUBSEQUENT EVENTS

Initiation of Share buy-back Program

Medlife announced, by decision of the Board of Directors adopted on 18 October 2018, the initiation of the share buy-back program starting on 9 November 2018. By the EGSM decision of October 8, 2018, it was approved the buy-back of a maximum number of 868,000 own shares for a maximum period of 18 months from the date of publication of the decision in the Official Gazette of Romania. Thus, Medlife will buy-back up to 868,000 own shares with a nominal value of 0.25 lei / share, not exceeding the 10% threshold of the share capital of the Company. The own shares acquired under the Program will be offered to former or current members of the management or former or current employees of some of the Company's subsidiaries in exchange for the shares held by them in the respective subsidiaries of the Company.

Increase participation in Group Sama Craiova and Group PDR Brasov

Medlife has announced the acquisition of a 35% stake in Group Sama Craiova, which is why Medlife has become the shareholder with 90% shares (from 55% of the initial package). Medlife also has acquired another 3 percent of the Group PDR Brasov (Policlinica de Diagnostic Rapid), the company currently owning 83% of the package (from 80% initial package). Additional shares of Sama and PDR groups were acquired by Medlife as a result of an exchange with Medlife's shares, a decision taken by the Board of Directors of the Company, empowered by the Extraordinary General Meeting of Shareholders on October 8, 2018. This operation aims at alignment at the group level, but is also in line with the acquisition strategy, which recognizes and encourages the contribution of the founders of the subsidiaries to the integrated activity of the Medlife Group.

Acquisition of Rozsakert Medical Center Hungary

Medlife announced the first international transaction: the purchase of 51% of the majority package of Rozsakert Medical Center in Hungary. Rozsakert Medical Center is among the top 10 private health care providers in Hungary. The company is comprised of a multidisciplinary clinic that includes a compartment equipped with a small surgery room and a dental center.

Over 40,000 patients access a diverse range of outpatient clinical and paraclinical services and investigations, as well as a comprehensive range of interventions.

There were no other significant events after December 31, 2018.

V. MAIN FINANCIAL RATIOS PERIOD ENDED AT DECEMBER 31, 2018

Current ratio

$$\frac{\text{Current assets}}{\text{Current liabilities}} = \frac{155{,}639{,}494}{111{,}122{,}487} = 1.4$$

Debt to equity ratio

$$\frac{\text{Long Term Debt}}{\text{Equity}} = \frac{220{,}785{,}898}{152{,}985{,}971} = 144\%$$

$$\frac{\text{Long Term Debt}}{\text{Capital Assets}} = \frac{220{,}785{,}898}{373{,}771{,}869} = 59\%$$

Trade receivables turnover (days)

$$\frac{\text{Average receivables}}{\text{Sales}} = \frac{41{,}667{,}039}{419{,}850{,}605} = 35.73$$

Fixed assets turnover

$$\frac{\text{Sales}}{\text{Net Fixed Assets}} = \frac{419{,}850{,}605}{340{,}040{,}385} = 1.23$$

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

VI. EBITDA EVOLUTION

	12 Month ended 31 December, 2018	2017	Variation 2018/2017
Sales	419,850,605	379,664,698	10.6%
Other operating revenues	3,291,808	4,418,145	-25.5%
Operating Income	**423,142,413**	**384,082,843**	**10.2%**
Operating expenses	**(406,241,445)**	**(371,724,783)**	**9.3%**
Operating Profit	**16,900,968**	**12,358,060**	**36.8%**
EBITDA	**46,003,217**	**38,843,323**	**18.4%**
Finance cost	(11,238,160)	(9,933,607)	13.1%
Other financial income (expenses)	1,238,211	(4,139,341)	-129.9%
Financial result	**(9,999,949)**	**(14,072,948)**	**-28.9%**
Result Before Taxes	**6,901,019**	**(1,714,888)**	**-502.4%**
Income tax expense	(1,803,216)	(805,134)	124.0%
Net Result	**5,097,803**	**(2,520,022)**	**-302.3%**

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Mihail Marcu,
Director general

Vera Firu,
Director Economic

MED LIFE S.A.

STANDALONE UNAUDITED PRELIMINARY FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2018

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 Grivițel, 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

Note: The following standalone preliminary 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.

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

I. UNAUDITED STANDALONE PRELIMINARY FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

UNAUDITED STANDALONE PRELIMINARY STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED DECEMBER 31, 2018

	December 31, 2018	December 31, 2017	Variation 2018/2017
ASSETS			
Long Term			
Intangible assets	8,514,040	7,660,785	11.1%
Tangible assets	183,020,161	168,861,934	8.4%
Financial assets	148,506,184	132,815,223	11.8%
TOTAL NON-CURRENT ASSETS	**340,040,385**	**309,337,942**	**9.9%**
Current Assets			
Inventories	6,534,095	6,668,022	-2.0%
Receivables	47,151,809	36,182,268	30.3%
Receivables with group companies	74,915,161	31,440,718	138.3%
Other receivables	3,944,288	1,351,116	191.9%
Cash and cash equivalents	20,889,864	70,007,531	-70.2%
	153,435,217	**145,649,655**	**5.3%**
Prepayments	**2,204,277**	**2,559,451**	**-13.9%**
TOTAL CURRENT ASSETS	**155,639,494**	**148,209,106**	**5.0%**
TOTAL ASSETS	**495,679,879**	**457,547,048**	**8.3%**
LIABILITIES & SHAREHOLDER'S EQUITY			
Current Liabilities			
Trade accounts payable	74,979,866	62,556,608	19.9%
Overdraft	9,327,799	-	100.0%
Current portion of lease liability	2,252,331	515,738	336.7%
Current portion of long term debt	14,669,616	25,782,427	-43.1%
Intercompany payables	2,754,866	2,855,697	-3.5%
Current tax liabilities	143,116	337,304	-57.6%
Other liabilities	6,994,893	10,395,267	-32.7%
TOTAL CURRENT LIABILITIES	**111,122,487**	**102,443,041**	**8.5%**
Long Term Debt			
Lease liability	15,161,217	6,045,842	150.8%
Long term debt	205,624,681	184,328,369	11.6%
TOTAL LONG-TERM LIABILITIES	**220,785,898**	**190,374,211**	**16.0%**
Deferred tax liability	10,785,523	10,785,523	0.0%
TOTAL LIABILITIES	**342,693,908**	**303,602,775**	**12.9%**
SHAREHOLDER'S EQUITY			
Issued capital	81,495,470	81,495,470	0.0%
Treasury shares	(6,056,105)	-	-100.0%
Reserves	73,067,658	72,708,768	0.5%
Retained earnings	4,478,948	(259,965)	-1822.9%
TOTAL EQUITY	**152,985,971**	**153,944,273**	**-0.6%**
TOTAL LIABILITIES AND EQUITY	**495,679,879**	**457,547,048**	**8.3%**

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Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

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

UNAUDITED STANDALONE PRELIMINARY STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THER PERIOD ENDED DECEMBER 31, 2018

	Year ended December 31, 2018	2017	Variation 2018/2017
Sales	419,850,605	379,664,698	10.6%
Other operating revenues	3,291,808	4,418,145	-25.5%
Operating Income	**423,142,413**	**384,082,843**	**10.2%**
Operating expenses	**(406,241,445)**	**(371,724,783)**	**9.3%**
Operating Profit	**16,900,968**	**12,358,060**	**36.8%**
Finance cost	(11,238,160)	(9,933,607)	13.1%
Other financial expenses	1,238,211	(4,139,341)	-129.9%
Financial result	**(9,999,949)**	**(14,072,948)**	**-28.9%**
Result Before Taxes	**6,901,019**	**(1,714,888)**	**-502.4%**
Income tax expense	(1,803,216)	(805,134)	124.0%
Net Result	**5,097,803**	**(2,520,022)**	**-302.3%**
Other comprehensive income items that will not be reclassified to profit or loss			
Gain / Loss on revaluation of properties	-	-	0%
Deferred tax on other comprehensive income components	-	-	0%
TOTAL OTHER COMPREHENSIVE INCOME	**-**	**-**	**0%**
TOTAL COMPREHENSIVE INCOME	**5,097,803**	**(2,520,022)**	**-302.3%**

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Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

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

UNAUDITED STANDALONE PRELIMINARY STATEMENT OF CASH FLOW FOR THER PERIOD ENDED DECEMBER 31, 2018

	12 Months ended December 31,	
	2018	**2017**
Net income / (loss) before taxes	**6,901,019**	**(1,714,888)**
Adjustments for		
Depreciation	29,102,249	26,485,263
Interest expense	11,238,160	9,933,607
Other non-monetary gains	(3,053,400)	(2,750,697)
Unrealised exchange gain / loss on interest bearing obligations	662,274	4,662,809
Interest revenue	(1,900,485)	(523,468)
Operating cash flow before working capital changes	**42,949,817**	**36,092,626**
Decrease / (increase) in accounts receivable	(13,562,713)	(7,372,412)
Decrease / (increase) in inventories	133,927	(268,135)
Decrease / (increase) in prepayments	355,174	164,607
Increase / (decrease) in accounts payable	7,334,316	(2,604,786)
Cash generated from operations	**37,210,521**	**26,011,900**
Income tax paid	(1,997,404)	(1,648,801)
Interest received	1,900,485	523,468
Interest paid	(11,804,040)	(9,409,989)
Net cash from / (used in) operating activities	**25,309,562**	**15,476,578**
Purchase of investments	(15,690,961)	(35,277,667)
Purchase of intangible assets	(1,575,793)	(1,111,249)
Purchase of property, plant and equipment	(24,704,930)	(24,691,753)
Loans granted	(43,474,443)	(5,897,870)
Net cash used in investing activities	**(85,446,127)**	**(66,978,539)**
Cash flow from financing activities		
Share capital contribution	-	67,563,436
Payment of loans	(20,225,319)	(13,221,003)
(Payments)/Increase of financial leasing	(2,239,072)	(11,175,454)
Increase in loans	39,640,225	64,277,364
Payments for purchase of treasury shares	(6,056,105)	-
Decrease in loans granted to group companies	(100,831)	105,958
Net cash from / (used in) financing activities	**11,018,898**	**107,550,301**
Net change in cash and cash equivalents	**(49,117,667)**	**56,048,340**
Cash and cash equivalents beginning of the year	70,007,531	13,959,191
Cash and cash equivalents end of the year	**20,889,864**	**70,007,531**

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Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

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

UNAUDITED STANDALONE PRELIMINARY STATEMENT OF CHANGES IN EQUITY FOR THE TWELVE MONTHS PERIOD ENDED DECEMBER 31, 2018

	Share Capital		**Treasury Shares**	**Share premium**	**General reserves and other reserves**	**Revaluation Reserve***	**Accumulated Results**	**Total Equity**
	Paid, registered	**Paid, registered after year end****						
Balance as at January 1, 2018	**5,023,000**	**513,271**		**75,959,199**	**9,684,470**	**63,024,298**	**(259,965)**	**153,944,273**
Share capital contribution	-	-	-	-	-	-	-	-
Acquisition of own shares	-	-	(6,059,105)	-	-	-	-	**6,059,105)**
Legal reserve fund	-	-	-	-	358,890	-	(358,890)	**-**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	5,097,803	**5,097,803**
Gain or loss from revaluation	-	-	-	-	-	-	-	-
Deferred tax related to other comprehensive income	-	-	-	-	-	-	-	-
Loss of the year	-	-	-	-	-	-	5,097,803	**5,097,803**
Balance as at December 31, 2018	**5,023,000**	**513,271**	**6,059,105)**	**75,959,199**	**10,043,360**	**63,024,298**	**4,478,948**	**152,985,971**

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.

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Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

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

UNAUDITED STANDALONE PRELIMINARY STATEMENT OF CHANGES IN EQUITY FOR THE TWELVE MONTHS PERIOD ENDED DECEMBER 31, 2017

	Share Capital						
	Paid, registered	**Paid, registered after year end***	**Share premium**	**General reserves and other reserves**	**RevaluationReserve***	**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**
Share capital contribution	-	513,271	67,050,165	-		-	**67,563,436**
Profit of the year	-	-	-	-	-	(2,520,022)	**(2,520,022)**
Balance as at December 31, 2017	**5,023,000**	**513,271**	**75.959.199**	**9,684,470**	**63,024,298**	**(259,965)**	**153,944,273**

Note*: **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.

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Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

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

NOTES TO THE UNAUDITED STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 december 2018

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

Details of Med Life SA's subsidiaries at December 31, 2018 and January 1, 2018 are as follows:

	Name of subsidiary	Principal Activity	Place of operation	December 31, 2018	January 1, 2018
1	Policlinica de Diagnostic Rapid SA	Medical Services	Brasov, Romania	80.01%	80.01%
2	Medapt SRL	Medical Services	Brasov, Romania	80.01%	80.01%
3	Histo SRL	Medical Services	Brasov, Romania	48.01%	48.01%
4	Policlinica de Diagnostic Rapid Medis SRL	Medical Services	Sfantu Gheorge, Romania	64.01%	64.01%
5	Bahtco Invest SA	Development of building projects	Bucharest, Romania	100%	100%
6	Medsanrom SRL (Med Life Ocupational SRL)	Medical Services	Bucharest, Romania	100%	100%
7	Pharmalife Med SRL	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
8	Asilife Insurance Broker SRL	Insurance broker	Bucharest, Romania	99%	99%
9	Accipiens	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%

(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 Polisano 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%
31	Sfatul medicului	Medical platform	Bucharest, Romania	100%	0%
32	Transilvania Imagistica SA	Medical services	Oradea, Romania	58%	0%

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

	Name of subsidiary	Principal Activity	Place of operation	December 31, 2018	January 1, 2018
1	Green Dental Clinic SRL	Dental healthcare activities	Bucharest, Romania	51%	51%
2	Dentist 4 Kids SRL	Dental healthcare activities	Bucharest, Romania	52%	52%
3	Dent A Porter SRL	Dental healthcare activities	Bucharest, Romania	51.61%	51.61%
4	Dentestet Kids	Dental healthcare activities	Bucharest, Romania	52.94%	52.94%
5	Aspen Laborator Dentar	Dental healthcare activities	Bucharest, Romania	75%	75%
6	Solomed Plus SRL (held by Solomed Clinic SA)	Medical services	Pitesti, Romania	100%	0%

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 1 and IAS 28 due to "Improvements to IFRSs (cycle 2014-2016)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording – adopted by the EU on 7 February 2018 (amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018).

The Company 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 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),

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 preliminary 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.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Statement of compliance

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

As at December 31, 2018 the exchange rate was of 4.0736 RON for 1 USD and of 4.6639 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.

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

The average exchange rate for the period ended 31 december 2018 was of 3.9416 RON for 1 USD (12 months period ended 31 december 2017 : 4.0525 for 1 USD) and 4.6535 RON for 1 EUR (12 months period ended 31 december 2017 : 4.5681 RON for 1 EUR).

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

3.6 Comparative information

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

3.7 Investments in other companies

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

3.8 Property, plant and equipment

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

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

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:

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

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.

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 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),
(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 IFRS 9 *„Financial instruments"*

Starting with January 1st 2018, the Company has applied for the first time the new standard IFRS 9 *„Financial instruments"*. IFRS 9 introduces changes regarding the recognition and measurement of financial assets and results in an earlier recognition of bad debt allowances for receivables. Being permitted by the standard, the Company adopted IFRS 9 starting with January 1st 2018 using the modified retrospective method, with cumulated adjustments from the initial application recognised in equity as of January 1st 2018 and without restating the figures of the comparative period. For the Company's trade receivables, there are no significant differences between the initial evaluation method according to IAS 39 and the new evaluation criteria under IFRS 9.

3.30 IFRS 15 „Revenues from contracts with customers"

IFRS 15 *„Revenues from contracts with customers"* introduces a comprehensive model for revenue recognition and measurement. The standard replaces the existing criteria for revenue recognition, replacing the standards IAS 18 "*Revenue*", IAS 11 "*Construction Contracts*" and IFRIC 13 "*Customer Loyalty Programmes*". Under the new standard, revenue is recognized when or as the customer acquires control over the goods or services rendered, at the amount which reflects the price at which the Company is expected to be entitled to receive in exchange of those goods or services.

Being permitted by the standard, the Company adopted IFRS 15 starting with January 1st 2018 using the modified retrospective method, with cumulated adjustments from the initial application recognised in equity as of January 1st 2018 and without restating the figures of the comparative periods. The initial application has no impact on the Company's Retained Earnings.

In respect to the timing of the revenue recognition, all of the Company's services provided are transferred to the customer when the services are rendered. Based on internal assessment of the possible impact resulting from the application of IFRS 15 not significant effect was identified on these consolidated financial statements

Also, a number of other amendments and interpretations have been effective starting with January 1st 2018, but do not have a significant effect on these consolidated financial statements.

3.31 IFRS 16 „Leases”

Starting with January 1st 2019, the Company will adopt the new standard IFRS 16 *„Leases”*. IFRS 16 is effective for annual periods beginning on or after January, 1st 2019. IFRS 16 replaces existing leases guidance, including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The Company is currently performing a detailed assessment of the impact resulting from the application of IFRS 16.

3.32 Subsequent events

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

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

4. FINANCIAL ASSETS

The company has significant investments in other companies.

Carrying amount	31 december 2018	1 January 2018
Cost of investments in other companies	135,650,370	120,447,736
Long-term loans granted to group companies	11,167,965	11,158,313
Other financial assets	1,687,849	1,209,174
TOTAL	**148,506,184**	**132,815,223**

Investments in other companies

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

Movement in cost of investments

	December 31, 2018	January 1, 2018
Balance at the beginning of the year	120,447,736	85,613,408
Acquisition of social parts in other companies	15,202,634	34,834,328
Disposal of subsidiaries	-	-
Balance at year end	**135,650,370**	**120,447,736**

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

- 100% of share capital of Clinica Polisano SRL
- 80% of share capital in Solomed Clinic and Solomed Plus
- 90% of share capital in Ghencea Medical Center.
- 100% of share capital in Sfatul medicului.
- 58% of share capital in Transilvania Imagistica SA.

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.

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

Sfatul medicului Med Life acquired 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 was finalized on 14 August 2018 once the suspensive conditions were met.

Centrul Transilvania Imagistica Oradea Medlife has taken over Centrul Transilvania Imagistica Oradea, a provider of medical diagnostic, imaging and radiology services, one of the most important players in the northwest of the country on this segment. The center is equipped with high-performance medical equipment and investigations are carried out by a team of specialists.

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 31 december 2018 and, consequently, the depreciation test was not carried out.

Long-term loans granted to other companies

As of December 31, 2018, the Company presents long-term loans granted to Bahtco Invest SA and Med Life Ocupational SRL of RON 11,168,200 (January 1, 2018: RON 11,167,730).

Other financial assets

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

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

5. TANGIBLE AND INTANGIBLES FIXED ASSETS

	31 december 2018	1 January 2018
Gross book value	359,278,811	315,188,854
Accumulated depreciation	(167,744,610)	(138,666,135)
Net book value	**191,534,201**	**176,522,719**

6. INVENTORIES

	31 december 2018	1 January 2018
Consumable	6,513,764	6,649,179
Othet inventory items	18,892	17,461
Inventory in transit	1,439	1,382
TOTAL	**6,534,095**	**6,668,022**

7. ACCOUNTS RECEIVABLE

	31 december 2018	1 January 2018
Customers	60,552,574	50,861,132
Advances to suppliers	2,795,885	1,517,786
Allowance for bad debt	(16,196,650)	(16,196,650)
TOTAL	**47,151,809**	**36,182,268**

Trade receivables as of December 31, 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 December 31, 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). 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.

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

8. CASH AND BANKS

	31 december 2018	1 January 2018
Cash in bank	19,395,996	68,696,261
Cash in hand	1,032,328	865,344
Cash equivalents	461,540	445,926
TOTAL	**20,889,864**	**70,007,531**

9. PREPAYMENTS

As of December 31, 2018 the Company has prepayments in amount of 2,204,277 RON (2,725,149 RON as of December 31, 2017). The prepayments balance as of December 31, 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

	31 december 2018	1 January 2018
Suppliers	65,957,804	55,432,020
Fixed assets suppliers	7,807,455	6,118,887
Advances paid by customers	1,214,607	1,005,701
TOTAL	**74,979,866**	**62,556,608**

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

11. OTHER SHORT TERM LIABILITIES

	31 december 2018	1 January 2018
Salary and related liabilities (incl. contributions)	5,937,202	8,834,260
Other liabilities	1,057,691	1,561,007
TOTAL	**6,994,893**	**10,395,267**

12. LEASING LIABILITIES

	31 december 2018	1 January 2018
Current term portion – Leasing	2,252,331	515,738
Non-current portion – Leasing	15,161,217	6,045,842
TOTAL	**17,413,548**	**6,561,580**

13. FINANCIAL DEBT

	31 december 2018	1 January 2018
Current portion of long-term loans	14,669,616	25,782,427
Non-current portion of long-term loans	205,624,681	184,328,369
TOTAL	**220,294,297**	**210,110,796**

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

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

In August 2014, the Group signed a refinancing agreement with BCR for the total amount of EUR 30,398,901 representing EUR 28,298,901 of the Amended and Restated Loan Agreement with IFC and an additional EUR 2,100,000 representing the amount of the initial B loan available as of the dated of this agreement. As of December 31, 2018 the outstanding balance is RON 11,104,050 the equivalent of EUR 2,380,953.

On December 31, 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.

In October 31, 2018 Med Life (with co-borrowers clinic Diagnostic Rapid SA. Bahtco Invest SA and accipiens SA) signed with the Romanian Commercial Bank, Raiffeisen Bank, BRD Groupe Societe Generale and Banca Transilvania refinancing of the existing facilities, extension of financing, rearranging terms and conditions, and extend the limit with additional credit of 10 million euro witch will be in form of a term credit facility and will be used by Medlife, together with other own liquidity of the Company, for any new opportunities of acquisition. At December 31, 2018, the balance of these facilities is 219,651,491 RON;

The set of financial ratios to be maintained by the Group has changed and will be calculated on a half-year basis based on Adjusted Capital. Future Debt Coverage Rate Adjusted and adjusted EBITDA. The interest that will be paid will be based on EURIBOR plus the applicable margin.

The syndicated credit agreement granted four facilities to the Group. On December 31, 2018, the payment amounts for each facility are listed below:

Facility	Amounts in EUR	Amounts in RON
Facility A	51,502,497	240,202,494
Facility B	-	10,000,000
Facility C	3,276,225	15,279,986
Total	**54,778,722**	**265,482,480**

On December 31, 2018, the payment amounts for each facility by Medlife SA are listed below:

Facility	Amounts in EUR	Amounts in RON
Facility A	41.675.745	194.371.505
Facility B	-	10.000.000
Facility C	3.276.225	15.279.986
Total	**44.951.970**	**219.651.490**

The Group will reimburse facility A and facility C pro rata with the amount available in half-yearly rates according to the agreed maturity.

The Group will reimburse each amount used from Facility B on the last day of the Interest Period. Without prejudice to the Group's obligation; one or more B-facility loans will be available to the Group on the same day as the due amount; in whole or in part to refinance B.

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

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

The loan is secured through the following guarantees:

- mortgage on the land located in Calea Grivitei nr 365 sector 1 Bucharest Romania (cadastral number 13183/1) and related constructions
- mortgage on the land and buildings that make up the Pediatric Hospital in Bucharest. str. Zagazului nr. 7 - CF 218010
- mortgage on the land and buildings that make up the Clinic and PDR Hospital located in Brasov str. 5 - CF 127854
- The mortgage on certain movable assets (massive medical equipment) owned by each company - Med Life, Bahtco Invest SA and Rapid Diagnostic Polyclinic SA
- a mortgage on future medical equipment to be purchased by the debtor and co-debtors in favor of the Funding Parties in respect of Med Life and Bahtco Invest SA. the obligations of Med Life and Bahtco Invest SA regarding the financing documents
- the mortgage on the insurances of each debtor on the tangible assets mortgaged in favor of the Financing Parties
- the mortgage on the shares held by the Company in the share capital of the initial debtors and the companies Sama Medical Center SA. Ultratest SA. Rur Medical SA and any other significant company or any future debtor, if any
- mortgage on the debtors' original bank accounts
- the mortgage on certain Med Life business receivables (including claims related to the National Health Insurance House, the Public Order, the National Security and the Judicial Authority or any other similar entities and the receivables resulting from significant commercial contracts)
- a mortgage on the shares of the debtor's sponsors that will be created on the basis of a mortgage agreement on the shares to be concluded between sponsors and creditors.

14. ISSUED CAPITAL

As of December 31, 2018 the shareholders' structure is as presented below:

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

15. RESERVES

	31 december 2018	1 January 2018
General reserves	1,004,600	1,004,600
Other reserves	9,038,761	8,679,871
Revaluation reserves	63,024,297	63,024,297
TOTAL	**73,067,658**	**72,708,768**

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

16. SALES

Turnover for the 12 months period ended December 31, 2018 is of RON 419,850,605 (for the 12 months period ended December 31, 2017 - RON 379,664,697) 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

	12 months 2018	12 months 2017
Other operating revenues*	3,291,808	4,418,145
TOTAL	3,291,808	**4,418,145**

18. OPERATING EXPENSES

	12 months 2018	12 months 2017
Consumable materials and repair materials	59,946,982	58,161,825
Utilities	3,982,714	3,678,013
Repairs maintenance	4,498,745	3,763,115
Rent	27,032,741	29,378,167
Insurance premiums	1,659,470	1,610,809
Promotion expense	11,067,790	8,162,091
Communications	2,250,779	2,284,860
Third party expenses (including doctor's agreements)	125,696,606	112,726,980
Salary and related expenses	129,176,575	96,227,329
Social contributions	4,525,621	22,167,473
Depreciation	29,102,249	26,485,263
Other administration and operating expenses*	7,301,173	7,078,858
TOTAL	**406,241,445**	**371,724,783**

19. NET FINANCIAL RESULT

	12 months 2018	12 months 2017
Net foreign exchange rate impact	(662,274)	(4,662,809)
Net finance cost – interest expense	(11,238,160)	(9,933,594)
Interest income	1,900,485	523,468
NET FINANCIAL RESULT	**(9,999,949)**	**(14,072,948)**

20. SUBSEQUENT EVENTS

Initiation of Share buy-back Program

Medlife announced, by decision of the Board of Directors adopted on 18 October 2018, the initiation of the share buy-back program starting on 9 November 2018. By the EGSM decision of October 8, 2018, it was approved the buy-back of a maximum number of 868,000 own shares for a maximum period of 18 months from the date of publication of the decision in the Official Gazette of Romania. Thus, Medlife will buy-back up to 868,000 own shares with a nominal value of 0.25 lei / share, not exceeding the 10% threshold of the share capital of the Company. The own shares acquired under the Program will be offered to former or current members of the management or former or current employees of some of the Company's subsidiaries in exchange for the shares held by them in the respective subsidiaries of the Company.

Increase participation in Group Sama Craiova and Group PDR Brasov

Medlife has announced the acquisition of a 35% stake in Group Sama Craiova, which is why Medlife has become the shareholder with 90% shares (from 55% of the initial package). Medlife also has acquired another 3 percent of the Group PDR Brasov (Policlinica de Diagnostic Rapid), the company currently owning 83% of the package (from 80% initial package). Additional shares of Sama and PDR groups were acquired by Medlife as a result of an exchange with Medlife's shares, a decision taken by the Board of Directors of the Company, empowered by the Extraordinary General Meeting of Shareholders on October 8, 2018. This operation aims at alignment at the group level, but is also in line with the acquisition strategy, which recognizes and encourages the contribution of the founders of the subsidiaries to the integrated activity of the Medlife Group.

Acquisition of Rozsakert Medical Center Hungary

Medlife announced the first international transaction: the purchase of 51% of the majority package of Rozsakert Medical Center in Hungary. Rozsakert Medical Center is among the top 10 private health care providers in Hungary. The company is comprised of a multidisciplinary clinic that includes a compartment equipped with a small surgery room and a dental center. Over 40,000 patients access a diverse range of outpatient clinical and paraclinical services and investigations, as well as a comprehensive range of interventions.

There were no other significant events after December 31, 2018.

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Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager