

MED LIFE S.A.

Registered Office: Bucharest, Calea Grivitei, no. 365, district 1, Romania
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: 5,536,270.5 RON



No. 29/15.05.2018

CURRENT REPORT

Current report drafted according to the stipulations of Rule no. 1/2006 and Law no. 24/2017

Report Date: 15 May 2018

Name of the issuing company:: MED LIFE S.A.

Registered Office: Bucharest, Calea Grivitei, no. 365, district 1, Romania

Fax number: 0374 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: 5,536,270.5 RON

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

Significant events to report:

Availability of 2018 First Quarter Report (for the period 1st of January – 31th of March 2018) for MEDLIFE GROUP and MED LIFE S.A.

Med Life S.A. informs the shareholders and investors that, starting 15 May 2018, 9:00 AM, on the company's website (www.medlifeinternational.com), at section Investor Relations / Investor Reports and Presentations / Periodic reports, the 2018 First Quarter Report is available.

The 2018 First Quarter Report can also be consulted by accessing the link presented below.

Website Link: <http://medlifeinternational.com/investors-reports/periodic>.

For additional information, please contact us at investors@medlife.ro.

Mihail Marcu
Chief Executive Officer

MED LIFE GROUP
FIRST QUARTER REPORT 2018

MED LIFE GROUP
First Quarter Report 2018

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

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

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

Fax no.: 0040 374 180 470

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

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

Subscribed and paid-in share capital: RON 5,536,270.5

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

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

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

The following financial statement are unaudited.

MED LIFE GROUP
First Quarter Report 2018

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

**I. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31,
2018 (“CONSOLIDATED FS”)**
**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (“CONSOLIDATED
BS”)**

	<u>March 31, 2018</u>	<u>January 1, 2018</u>	<u>Variation</u>
ASSETS			
Long Term			
Goodwill	66,035,963	66,035,963	0.0%
Intangible assets	32,972,444	34,299,738	-3.9%
Tangible assets	323,834,473	325,845,288	-0.6%
Financial assets	<u>7,043,406</u>	<u>6,161,678</u>	<u>14.3%</u>
TOTAL NON-CURRENT ASSETS	<u>429,886,286</u>	<u>432,342,667</u>	<u>-0.6%</u>
Current Assets			
Inventories	20,845,630	20,325,330	2.6%
Receivables	61,311,673	58,450,406	4.9%
Other receivables	6,525,087	5,549,527	17.6%
Cash and cash equivalents	<u>87,173,526</u>	<u>79,227,766</u>	<u>10.0%</u>
	<u>175,855,916</u>	<u>163,553,029</u>	<u>7.5%</u>
Assets classified as held for sale	<u>381,665</u>	<u>381,665</u>	<u>0.0%</u>
Prepayments	<u>9,536,753</u>	<u>7,068,126</u>	<u>34.9%</u>
TOTAL CURRENT ASSETS	<u>185,774,334</u>	<u>171,002,820</u>	<u>8.6%</u>
TOTAL ASSETS	<u>615,660,620</u>	<u>603,345,487</u>	<u>2.0%</u>
LIABILITIES & SHAREHOLDER'S EQUITY			
Current Liabilities			
Trade accounts payable	102,435,207	103,839,523	-1.4%
Overdraft	11,082,703	2,013,469	450.4%
Current portion of lease liability	3,453,105	3,177,961	8.7%
Current portion of long term debt	41,036,189	36,642,740	12.0%
Current tax liabilities	1,473,216	1,112,707	32.4%
Other liabilities	20,067,304	20,232,973	-0.8%
Liabilities directly associated with assets classified as held for sale	<u>535,958</u>	<u>558,370</u>	<u>-4.0%</u>
TOTAL CURRENT LIABILITIES	<u>180,083,682</u>	<u>167,577,743</u>	<u>7.5%</u>
Long Term Debt			
Lease liability	9,254,459	10,111,452	-8.5%
Long term debt	<u>239,075,373</u>	<u>242,797,699</u>	<u>-1.5%</u>
TOTAL LONG-TERM LIABILITIES	<u>248,329,832</u>	<u>252,909,151</u>	<u>-1.8%</u>
Deferred tax liability	<u>15,196,634</u>	<u>15,196,634</u>	<u>0.0%</u>
TOTAL LIABILITIES	<u>443,610,148</u>	<u>435,683,528</u>	<u>1.8%</u>
SHAREHOLDER'S EQUITY			
Issued capital	81,495,470	81,495,470	0.0%
Reserves	93,181,880	93,181,880	0.0%
Retained earnings	<u>(19,753,518)</u>	<u>(22,640,779)</u>	<u>-12.8%</u>

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

	<u>March 31, 2018</u>	<u>January 1, 2018</u>	<u>Variation</u>
Equity attributable to owners of the Group	<u>154,923,832</u>	<u>152,036,571</u>	<u>1.9%</u>
Non-controlling interests	<u>17,126,640</u>	<u>15,625,388</u>	<u>9.6%</u>
TOTAL EQUITY	<u>172,050,472</u>	<u>167,661,959</u>	<u>2.6%</u>
TOTAL LIABILITIES AND EQUITY	<u>615,660,620</u>	<u>603,345,487</u>	<u>2.0%</u>

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

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

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

	3 Month ended 31 March,		Variation
	2018	2017	2018/2017
Sales	176,228,645	146,920,533	19.9%
Other operating revenues *	209,217	164,266	27.4%
Operating Income	176,437,862	147,084,799	20.0%
Operating expenses *	(166,815,073)	(137,112,224)	21.7%
Operating Profit	9,622,789	9,972,575	-3.5%
Finance cost	(3,363,845)	(3,387,628)	-0.7%
Other financial expenses	(256,061)	(528,813)	-51.6%
Financial result	(3,619,906)	(3,916,441)	-7.6%
Result Before Taxes	6,002,883	6,056,134	-0.9%
Income tax expense	(1,614,370)	(1,819,858)	-11.3%
Net Result	4,388,513	4,236,276	3.6%
Owners of the Group	2,887,261	2,357,871	22.5%
Non-controlling interests	1,501,252	1,878,405	-20.1%

* For the 3-month period ended March 31, 2017, the amount of RON 7,498,881 was reclassified as Operating Expenses to show net effect of the sale and leaseback transaction generated by the acquisition of the Banu Manta building.

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

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

II. FINANCIAL ANALYSIS

ANALYSIS OF THE CONSOLIDATED PL

Sales for the 3 month period ended 31 March 2018 (“Q1 2018”) amounted to RON 176,228,645, higher by 19,9% compared to sales recorded in the first quarter of 2017 (“Q1 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 Pharmacies, Laboratories, Clinics and Stomatology.

Business Line	Q1 2018 Sales	% of Total Sales	Q1 2017 Sales	% of Total Sales	Variation 2018/2017
Clinics	48,199,052	27.35%	38,837,934	26.40%	24.1%
Stomatology	10,534,452	5.98%	8,773,435	6.00%	20.1%
Hospitals	33,002,491	18.73%	29,504,620	20.10%	11.9%
Laboratories	33,632,216	19.08%	26,884,535	18.30%	25.1%
Corporate	39,857,039	22.62%	33,437,690	22.80%	19.2%
Pharmacies	8,948,472	5.08%	6,810,048	4.60%	31.4%
Others	2,054,923	1.17%	2,672,271	1.80%	-23.1%
SALES	176,228,645	100%	146,920,533	100%	19.9%

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 166,815,073 in Q1 2018, representing an increase of 21.7%, or RON 29,702,849 as compared to Q1 2017. The increase is mainly linked to overall business increase. The Group's operating expenses as a percentage of total operating income reached 94.5% in Q1 2018 compared to 93.2% in Q1 2017.

Operating profit recorded a 3.5% decrease in Q1 2018 as compared to Q1 2017, from RON 9,972,575 in Q1 2017 to RON 9,622,789 in Q1 2018.

Financial result decreased in Q1 2018 with RON 296,535 from a negative RON 3,916,441 in Q1 2017 to a negative RON 3,619,906 in Q1 2018, mainly due to decrease of net foreign exchange losses recorded in Q1 2018.

The net result for the 3 month period ended 31 March 2018 increased with RON 152,237, or by 3.6%, as compared to the corresponding period of 2017, from RON 4,236,276 in Q1 2017 to RON 4,388,513 in Q1 2018.

On a pro-forma basis, sales for Q1 2018 amount to RON 196,864,070 and Adjusted EBITDA to RON 24,463,673. Please refer to *chapter VI – UNAUDITED CONSOLIDATED PRO-FORMA FINANCIAL INFORMATION* for more information regarding pro-forma financial information.

ANALYSIS OF THE CONSOLIDATED BS

Non-current assets amount to RON 429,886,286 as of 31 March 2018, recording a decrease of 0.6% as compared to 31 December 2017. The decrease is mainly influenced by the decrease in tangible assets by 0.6% as at March 31st, 2018 compared to December 31st, 2017.

Current assets increased with RON 12,302,887 or by 7.5% from RON 163,553,029 as at December 31st, 2017 to RON 175,855,916 as at March 31st, 2018.

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Prepayments recorded as at 31 March 2018 amount to RON 9,536,753. As compared to 31 December 2017, an increase of RON 2,468,627 was recorded. The increase is linked to accrued expenses and prepaid local tax liabilities.

Current liabilities (excluding interest bearing debt items) decreased with RON 1,231,889, or by 1.0%, from RON 125,743,574 as at 31 December 2017, to RON 124,511,685 as at 31 March 2018.

Interest bearing debt increased with RON 9,158,508, from RON 294,743,321 as of 31 December 2017 to RON 303,901,829 as of 31 March 2018. The increase is mainly due to financing of Company's current activity.

III. IMPORTANT EVENTS Q1 2018

Polisano

MedLife signed 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.

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 will be completed once the conditions precedent are met.

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 fulfillment of the conditions precedent.

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

IV. MAIN FINANCIAL RATIOS

<i>Current ratio</i>	Period ended at March 31, 2018	
Current assets	185,774,334	=
Current liabilities	180,083,682	
<i>Debt to equity ratio</i>	Period ended at March 31, 2018	
Long Term Debt	248,329,832	=
Equity	172,050,472	
Long Term Debt	248,329,832	=
Capital Assets	420,380,304	
<i>Trade receivables turnover (days)</i>	Period ended at March 31, 2018	
Average receivables	59,881,040	=
Sales	176,228,645	
<i>Fixed assets turnover</i>	Period ended at March 31, 2018	
Sales	176,228,645	=
Net Fixed Assets	429,886,286	

V. OPERATIONAL KEY PERFORMANCE INDICATORS

Business line	Info	3 Month ended March 31, 2018	3 Month ended March 31, 2017
Clinics	Revenue	48,199,052	38,837,934
Clinics	Visits	320,519	277,325
Clinics	Avg fee	150.4	140.0
Stomatology	Revenue	10,534,452	8,773,435
Stomatology	Visits	25,808	26,624
Stomatology	Avg fee	408.2	329.5
Hospitals	Revenue	33,002,491	29,504,620
Hospitals	Patients	15,658	15,291
Hospitals	Avg fee	2,107.6	1,929.6
Laboratories	Revenue	33,632,216	26,884,535
Laboratories	Analyses	1,445,108	1,197,003
Laboratories	Avg fee	23.3	22.5
Corporate	Revenue	39,857,039	33,437,690
Corporate	Subscriptions	573,688	480,289
Corporate	Avg fee	69.5	69.6
Pharmacies	Revenue	8,948,472	6,810,048
Pharmacies	Clients	75,256	70,116
Pharmacies	Sales per client	118.9	97.1
Others	Revenue	2,054,923	2,672,270

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

VI. UNAUDITED CONSOLIDATED PRO-FORMA FINANCIAL INFORMATION FOR THE 3 MONTH PERIOD ENDED MARCH 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 3 month period ended on 31 March 31 2018, adjusted with the historical financial results of the company acquired by the Group during the period from 1 January 2018 up to 31 March 2018 (the "**Acquired Company**"). Details of the Acquired Company are set out below.

The Consolidated Pro Forma PL for the 3 month ended 31 March 2018 transpose (i) the acquisition of the Acquired Company as if the acquisition had occurred on 1 January 2018 by combining the financial results for the period of the Acquired Company with those of the Group and (ii) the elimination of certain expenses included in the Consolidated PL of the Group which the Group considers to be non-operational and/or non-recurring in nature.

The Consolidated Pro Forma PL provide a hypothetical illustration of the impact of the transactions on the Company's earnings. The Consolidated Pro Forma PL has been prepared for the Group as at and for the 3 month period ended 31 March 2018. The Consolidated Pro Forma PL should be read in conjunction with the Consolidated FS for the 3 month period ended 31 March 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 acquisition completed in 2018 and (ii) provide an estimate of the Group's recurring EBITDA.

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

- 100% of the shares in SC Clinica Polissano SRL, completed in April 2018.

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

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

Consolidated Pro-Forma PL				
3 Month ended March 31, 2018				
	Consolidated PL	Normalisation	One off	Consolidated Pro-forma PL
SALES	176,228,645	20,635,425	-	196,864,070
Other operating revenues	209,217	1,490,970	-	1,700,187
OPERATING INCOME	176,437,862	22,126,395	-	198,564,257
OPERATING EXPENSES	(166,815,073)	(21,459,883)	190,463	(188,084,493)
OPERATING PROFIT	9,622,789	666,512	190,463	10,479,764
Net Finance cost	(3,363,845)	(877,103)	-	(4,240,948)
Other financial expenses	(256,061)	(3,941)	-	(260,002)
FINANCIAL RESULT	(3,619,906)	(881,044)	-	(4,500,950)
RESULT BEFORE TAXES	6,002,883	(214,532)	190,463	5,978,814
Income tax expense	(1,614,370)	-	(30,474)	(1,644,844)
NET RESULT	4,388,513	(214,532)	159,989	4,333,970

Net Income to Adjusted EBITDA				
3 Month ended March 31, 2018				
	Consolidated PL	Normalisation	One off	Consolidated Pro-forma PL
Net income/(loss) for the period	4,388,513	(214,532)	159,989	4,333,970
Add back:				
Taxes on income	1,614,370	-	30,474	1,644,844
<i>Out of which:</i>				
Base tax expense	1,614,370	-	-	1,614,370
One off impact	-	-	30,474	30,474
Net financial result	3,619,906	881,044	-	4,500,950
Depreciation, amortisation and impairment, including write-ups	11,789,836	2,194,073	-	13,983,909
Adjusted EBITDA	21,412,625	2,860,585	190,463	24,463,673

Sales split by Business Line				
3 Month ended March 31, 2018				
	Consolidated PL	Normalisation	One off	Consolidated Pro-forma PL
Clinics	48,199,052	9,657,173	-	57,856,225
Stomatology	10,534,452	-	-	10,534,452
Hospitals	33,002,491	9,478,535	-	42,481,026
Laboratories	33,632,216	1,499,717	-	35,131,933
Corporate	39,857,039	-	-	39,857,039
Pharmacies	8,948,472	-	-	8,948,472
Other	2,054,923	-	-	2,054,923
Total Sales	176,228,645	20,635,425	-	196,864,070

Basis for the Consolidated Pro Forma PL

The Consolidated Pro Forma PL for the 3 month period ended 31 March 2018 have been prepared starting from the Consolidated PL of the Group as of 31 March 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 March 2018.

The Consolidated Pro Forma PL for the 3 months ended 31 March 2018 give effect to the acquisition of the Acquired Company as if the acquisition had occurred on 1 January 2018. Also, certain expense items incurred by the Group in the relevant period but considered to be non-operational and non-recurring in nature, as detailed in the notes to the tables, are reflected in

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

the Consolidated Pro Forma PL as one off adjustments, based on management judgment for the Group, without taking into account the Acquired Company.

Consolidated Pro Forma PL adjustments

Normalization adjustment

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

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

Entity	Date of obtaining control	Months included in Normalization (inclusive) 1 January - 31 March 2018
Clinica Polisano SRL	April 2018	January - March 2018

One off adjustments

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

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

Type of Expense	Amount for Q1 2018	Note
Cost of Acquisitions	190,463	Note A
Total	190,463	

Note A

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

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

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

MED LIFE S.A.
FIRST QUARTER REPORT 2018

MED LIFE SA
First Quarter Report 2018

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

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

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

Fax no.: 0040 374 180 470

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

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

Subscribed and paid-in share capital: RON 5,536,270.5

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

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

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

The following financial statement are unaudited.

MED LIFE SA
First Quarter Report 2018

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

I. UNAUDITED STANDALONE FINANCIAL STATEMENTS AS AT MARCH 31, 2018 (“STANDALONE FS”)

UNAUDITED STANDALONE STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED MARCH 31, 2018 (“STANDALONE BS”)

	March 31, 2018	January 01, 2018	Variation 2018/2017
ASSETS			
Long Term			
Intangible assets	6,912,602	7,660,785	-9.8%
Tangible assets	165,543,052	168,861,934	-2.0%
Financial assets	132,938,398	132,815,223	0.1%
TOTAL NON-CURRENT ASSETS	305,394,052	309,337,942	-1.3%
Current Assets			
Inventories	6,981,304	6,668,022	4.7%
Receivables	37,855,126	36,182,268	4.6%
Receivables with group companies	33,904,038	31,440,718	7.8%
Other receivables	2,300,790	1,351,116	70.3%
Cash and cash equivalents	76,282,412	70,007,531	9.0%
	157,323,670	145,649,655	8.0%
Prepayments	3,745,712	2,559,451	46.3%
TOTAL CURRENT ASSETS	161,069,382	148,209,106	8.7%
TOTAL ASSETS	466,463,434	457,547,048	1.9%
LIABILITIES & SHAREHOLDER'S EQUITY			
Current Liabilities			
Trade accounts payable	61,867,366	62,556,608	-1.1%
Overdraft	9,315,200	-	100.0%
Current portion of lease liability	528,196	515,738	2.4%
Current portion of long term debt	29,892,775	25,782,427	15.9%
Intercompany payables	2,533,290	2,855,697	-11.3%
Current tax liabilities	431,679	337,304	28.0%
Other liabilities	9,110,875	10,395,267	-12.4%
TOTAL CURRENT LIABILITIES	113,679,381	102,443,041	11.0%
Long Term Debt			
Lease liability	5,909,462	6,045,842	-2.3%
Long term debt	181,536,337	184,328,369	-1.5%
TOTAL LONG-TERM LIABILITIES	187,445,799	190,374,211	-1.5%
Deferred tax liability	10,785,523	10,785,523	0.0%
TOTAL LIABILITIES	311,910,703	303,602,775	2.7%
SHAREHOLDER'S EQUITY			
Issued capital	81,495,470	81,495,470	0.0%
Reserves	72,708,768	72,708,768	0.0%
Retained earnings	348,493	(259,965)	-234.1%
Equity attributable to owners of the Company	154,552,731	153,944,273	0.4%
TOTAL EQUITY	154,552,731	153,944,273	0.4%
TOTAL LIABILITIES AND EQUITY	466,463,434	457,547,048	1.9%

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

MED LIFE SA
First Quarter Report 2018

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

UNAUDITED STANDALONE STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE
INCOME FOR THEIR PERIOD ENDED MARCH 31, 2018 (“**STANDALONE PL**”)

	Period ended at March 31, 2018	Period ended at March 31, 2017	Variation 2018/2017
Sales	104,261,744	94,157,509	10.7%
Other operating revenues*	103,377	129,766	-20.3%
Operating Income	104,365,121	94,287,275	10.7%
Operating expenses *	(100,852,589)	(88,723,960)	13.7%
Operating Profit	3,512,532	5,563,315	-36.9%
Finance cost	(2,476,333)	(2,378,796)	4.1%
Other financial expenses	(22,512)	(433,499)	-94.8%
Financial result	(2,498,845)	(2,812,295)	-11.1%
Result Before Taxes	1,013,687	2,751,020	-63.2%
Income tax expense	(405,228)	(711,909)	-43.1%
Net Result	608,459	2,039,111	-70.2%

* For the 3-month period ended March 31, 2017, the amount of RON 7,498,881 was reclassified as Operating Expenses to show net effect of the sale and leaseback transaction generated by the acquisition of the Banu Manta building.

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II. FINANCIAL ANALYSIS

ANALYSIS OF THE STANDALONE PL

Sales for the 3 month period ended 31 March 2018 ("**Q1 2018**") amounted to RON 104,261,744, higher by 10.7% compared to sales recorded in the first quarter of 2017 ("**Q1 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.

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 100,852,589 in Q1 2018, representing an increase of 13.7%, or RON 12,128,629, as compared to Q1 2017. The increase is mainly linked to overall business increase.

Operating profit recorded a 36.9% decrease in Q1 2018 as compared to Q1 2017, from RON 5,563,315 in Q1 2017 to RON 3,512,532 in Q1 2018.

Financial result increased in Q1 2018 with RON 313,450 from a negative RON 2,812,295 in Q1 2017 to negative RON 2,498,845 in Q1 2018, mainly due to diminish in net foreign exchange losses.

ANALYSIS OF THE STANALONE BS

Non-current assets amount to RON 305,394,052 as of 31 March 2018, recording a decrease of 1.3% as compared to 31 December 2017. The decrease is mainly influenced by the decrease in tangible assets in amount of RON 3,318,882, or by 2.0%.

Current assets increased with RON 11,674,015 or by 8.0% from RON 145,649,655 as at 31 December 2017 to RON 157,323,670 as at 31 March 2018.

Prepayments recorded as at 31 March 2018 amount to RON 3,745,712. As compared to 31 December 2017, an increase of RON 1,186,261 was recorded. The increase is linked to accrued expenses and prepaid local tax liabilities.

Current liabilities (excluding interest bearing debt items), decreased with RON 2,201,666, or by 2.9%, from RON 76,144,876 as at 31 December 2017, to RON 73,943,210 as at 31 March 2018.

Interest bearing debt increased with RON 10,509,594, from RON 216,672,376 as of 31 December 2017 to RON 227,181,970 as of 31 March 2018. The increase is mainly due to financing Company's current activity.

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III. IMPORTANT EVENTS Q1 2018

Polisano

MedLife signed 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.

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 will be completed once the conditions precedent are met.

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 fulfillment of the conditions precedent.

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IV. MAIN FINANCIAL RATIOS

		Period ended at March 31, 2018	
<i>Current ratio</i>			
Current assets	<u>161,069,382</u>	=	1.42
Current liabilities	113,679,381		
		Period ended at March 31, 2018	
<i>Debt to equity ratio</i>			
Long Term Debt	<u>187,445,799</u>	=	121%
Equity	154,552,731		
Long Term Debt	<u>187,445,799</u>	=	55%
Capital Assets	341,998,530		
		Period ended at March 31, 2018	
<i>Trade receivables turnover (days)</i>			
Average receivables	<u>37,018,697</u>	=	31.95
Sales	104,261,744		
		Period ended at March 31, 2018	
<i>Fixed assets turnover</i>			
Sales	<u>104,261,744</u>	=	0.34
Net Fixed Assets	305,394,052		