

MED LIFE S.A.
FIRST QUARTER REPORT 2017

MED LIFE SA
First Quarter Report 2017

(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 5,023,000

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

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**I. UNAUDITED STANDALONE FINANCIAL STATEMENTS AS AT MARCH 31, 2017
("STANDALONE FS")**

UNAUDITED STANDALONE STATEMENT OF FINANCIAL POSITION FOR THE PERIOD
ENDED MARCH 31, 2017 ("STANDALONE BS")

	March 31, 2017	December 31, 2016	Variation 2017/2016
ASSETS			
Long Term			
Intangible assets	7,384,022	7,207,187	2.5%
Tangible assets	165,538,184	160,173,512	3.3%
Financial assets	105,515,879	97,537,556	8.2%
TOTAL NON-CURRENT ASSETS	278,438,085	264,918,255	5.1%
Current Assets			
Inventories	5,671,483	6,399,887	-11.4%
Receivables	31,781,744	29,344,895	8.3%
Receivables with group companies	27,632,456	25,542,850	8.2%
Other receivables	1,534,605	816,077	88.0%
Cash and cash equivalents	6,499,152	13,959,191	-53.4%
	73,119,440	76,062,900	-3.9%
Prepayments	5,195,456	2,724,058	90.7%
TOTAL CURRENT ASSETS	78,314,896	78,786,958	-0.6%
TOTAL ASSETS	356,752,981	343,705,213	3.8%
LIABILITIES & SHAREHOLDER'S EQUITY			
Current Liabilities			
Trade accounts payable	63,106,534	65,327,621	-3.4%
Current portion of lease liability	4,114,074	4,374,976	-6.0%
Current portion of long term debt	12,527,441	11,214,325	11.7%
Intercompany payables	1,710,566	2,749,739	-37.8%
Current tax liabilities	1,150,999	1,180,971	-2.5%
Other liabilities	11,849,963	10,750,318	10.2%
TOTAL CURRENT LIABILITIES	94,459,577	95,597,950	-1.2%
Long Term Debt			
Lease liability	11,592,839	5,767,198	101.0%
Long term debt	148,975,072	142,653,683	4.4%
TOTAL LONG-TERM LIABILITIES	160,567,911	148,420,881	8.2%
Deferred tax liability	10,785,523	10,785,523	0.0%
TOTAL LIABILITIES	265,813,011	254,804,354	4.3%
SHAREHOLDER'S EQUITY			
Issued capital	13,932,034	13,932,034	0.0%
Reserves	72,708,769	72,708,768	0.0%
Retained earnings	4,299,167	2,260,057	90.2%

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TOTAL EQUITY	<u>90,939,970</u>	<u>88,900,859</u>	<u>2.3%</u>
TOTAL LIABILITIES AND EQUITY	<u>356,752,981</u>	<u>343,705,213</u>	<u>3.8%</u>

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

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UNAUDITED STANDALONE STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE PERIOD ENDED MARCH 31, 2017 ("**STANDALONE PL**")

	Period ended at March 31, 2017	Period ended at March 31, 2016	Variation 2017/2016
Sales	94,157,509	84,326,083	11.7%
Other operating revenues	7,628,647	158,834	4702.9%
	101,786,156	84,484,917	20.5%
Operating Income			
Operating expenses	(96,222,841)	(79,307,679)	21.3%
Operating Profit	5,563,315	5,177,238	7.5%
Finance cost	(2,378,796)	(2,612,540)	-8.9%
Other financial expenses	(433,499)	388,577	-211.6%
Financial result	(2,812,295)	(2,223,963)	26.5%
Result Before Taxes	2,751,020	2,953,275	-6.8%
Income tax expense	(711,909)	(741,646)	-4.0%
Net Result	2,039,111	2,211,629	-7.8%

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

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II. FINANCIAL ANALYSIS

ANALYSIS OF THE STANDALONE PL

Sales for the 3 month period ended 31 March 2017 ("**Q1 2017**") amounted to RON 94,157,509, higher by 11.7% compared to sales recorded in the first quarter of 2016 ("**Q1 2016**"). This increase was mainly the result of a growth in all of the business lines determined by a mixture of increase in prices and volume.

Other operating revenues recorded a significant increase in Q1 2017 as compared to Q1 2016, amounting to RON 7,628,647 as at 31 March 2017. The increase is linked to the sale and leaseback transaction recorded in relation to building located in Banu Manta street.

Operating expenses include variable and fixed costs, as well as the cost of goods and materials used to provide services. Medlife SA recorded operating expenses of RON 96,222,841 in Q1 2017, representing an increase of 21.3%, or RON 16,915,162, as compared to Q1 2016. The increase is mainly linked to overall business increase and to Banu Manta sales and leaseback transaction.

Operating profit recorded a 7.5% increase in Q1 2017 as compared to Q1 2016, from RON 5,177,238 in Q1 2016 to RON 5,563,315 in Q1 2017.

Financial result decreased in Q1 2017 by RON 588,332 from a negative RON 2,223,963 in Q1 2016 to negative RON 2,812,295 in Q1 2017, mainly due to net foreign exchange losses recorded in Q1 2017 in amount of RON 434,499 compared to net foreign exchange gains of RON 388,577 recorded in Q1 2016.

ANALYSIS OF THE STANALONE BS

Non-current assets amount to RON 278,438,085 as of 31 March 2017, recording an increase of 5.1% as compared to 31 December 2016. The increase is mainly linked to financial assets recorded as at 31 March 2017 in relation to Almينا Trading acquisition.

Current assets decreased by RON 2,943,460 or 3.9% from RON 76,062,900 in 31 December 2016 to RON 73,119,440 in 31 March 2017.

Prepayments recorded as at 31 March 2017 amount to RON 5,195,456. As compared to 31 December 2016, an increase of RON 2,471,398 was recorded. The increase is linked to accrued expenses and prepaid local tax liabilities.

Current liabilities (excluding interest bearing debt items), decreased by RON 2,190,585, or 2.7%, from RON 80,008,647 as at 31 December 2016, to RON 77,818,062 as at 31 March 2017.

Interest bearing debt increased by RON 13,199,244, from RON 164,010,182 as of 31 December 2016 to RON 177,209,426 as of 31 March 2017. The increase is mainly due to financing of the Banu Manta building and Almينا Trading acquisitions.

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III. IMPORTANT EVENTS Q1 2017

Banu Manta building acquisition

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

Companies' Acquisitions

Med Life SA signed the Sales Purchase Agreement for the acquisition of shares in the following companies:

- 80% of share capital of Almina Trading SA
- 100% of share capital in Anima Speciality Medical Services SRL.

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

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

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

Anima transaction has not been concluded by the reference date of this report.

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IV. MAIN FINANCIAL RATIOS

<i>Current ratio</i>		Period ended at March 31, 2017	
Current assets	78,314,896	=	0.83
Current liabilities	94,459,577		

<i>Debt to equity ratio</i>		Period ended at March 31, 2017	
Long Term Debt	160,567,911	=	177%
Equity	90,939,970		
Long Term Debt	160,567,911	=	64%
Capital Assets	251,507,881		

<i>Trade receivables turnover (days)</i>		Period ended at March 31, 2017	
Average receivables	30,563,320	=	29.21
Sales	94,157,509		

<i>Fixed assets turnover</i>		Period ended at March 31, 2017	
Sales	94,157,509	=	0.34
Net Fixed Assets	278,438,085		

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V. EBITDA EVOLUTION

	3 Month ended 31 March,		Variation
	2017	2016	2017/2016
Sales	94,157,509	84,326,083	11.7%
Other operating revenues	7,628,647	158,834	4702.9%
	101,786,156	84,484,917	20.5%
Operating Income			
Operating expenses	(96,222,841)	(79,307,679)	21.3%
Operating Profit	5,563,315	5,177,238	7.5%
EBITDA	11,027,606	10,054,457	9.5%
Finance cost	(2,378,796)	(2,612,540)	-8.9%
Other financial expenses	(433,499)	388,577	-211.6%
Financial result	(2,812,295)	(2,223,963)	26.5%
Result Before Taxes	2,751,020	2,953,275	-6.8%
Income tax expense	(711,909)	(741,646)	-4.0%
Net Result	2,039,111	2,211,629	-7.8%

Mihail Marcu,
Director general

Vera Firu,
Director Economic