MEDLIFE GROUP

FIRST SEMESTER OF 2019 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 statement are unaudited.

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

I. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2019 ("CONSOLIDATED FS")

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

	June 30, 2019	January 1, 2019	Variation 2019/2018
ASSETS			
Long Term			
Goodwill	93,733,970	82,378,647	13.8%
Intangible assets	40,215,695	39,647,014	1.4%
Tangible assets	456,698,149	458,033,010	-0.3%
Right-of-use asset	97,680,895	-	100.0%
Other financial assets	11,109,438	10,115,776	9.8%
TOTAL NON-CURRENT ASSETS	**699,438,147**	**590,174,447**	**18.5%**
Current Assets			
Inventories	31,502,187	31,070,480	1.4%
Receivables	89,867,010	78,957,879	13.8%
Other receivables	11,390,438	13,117,114	-13.2%
Cash and cash equivalents	43,069,617	34,206,159	25.9%
	175,829,252	**157,351,632**	**11.7%**
Assets classified as held for sale	381,665	381,665	0.0%
Prepayments	8,042,882	6,186,462	30.0%
TOTAL CURRENT ASSETS	**184,253,799**	**163,919,759**	**12.4%**
TOTAL ASSETS	**883,691,946**	**754,094,206**	**17.2%**
LIABILITIES & SHAREHOLDER'S EQUITY			
Current Liabilities			
Trade accounts payable	153,035,702	140,970,528	8.6%
Overdraft	29,507,180	30,911,018	-4.5%
Current portion of lease liability	47,580,705	8,949,472	431.7%
Current portion of long term debt	28,328,600	23,162,490	22.3%
Current tax liabilities	870,608	729,572	19.3%
Provisions	2,458,957	2,458,957	0.0%
Other liabilities	36,071,785	37,605,544	-4.1%
Liabilities directly associated with assets classified as held for sale	414,459	458,785	-9.7%
TOTAL CURRENT LIABILITIES	**298,267,996**	**245,246,366**	**21.6%**
Long Term Debt			
Lease liability	91,156,276	26,525,231	243.7%
Long term debt	290,992,755	287,013,365	1.4%
TOTAL LONG-TERM LIABILITIES	**382,149,031**	**313,538,596**	**21.9%**
Deferred tax liability	16,766,020	16,436,342	2.0%
TOTAL LIABILITIES	**697,183,047**	**575,221,304**	**21.2%**
SHAREHOLDER'S EQUITY			
Issued capital	81,495,470	81,495,470	0.0%
Treasury shares	(2,834,682)	(6,056,105)	-53.2%
Reserves	93,878,720	93,906,109	0.0%
Retained earnings	(8,489,547)	(9,994,660)	-15.1%
Equity attributable to owners of the Group	**164,049,961**	**159,350,814**	**2.9%**
Non-controlling interests	22,458,937	19,522,088	15.0%
TOTAL EQUITY	**186,508,899**	**178,872,902**	**4.3%**
TOTAL LIABILITIES AND EQUITY	**883,691,946**	**754,094,206**	**17.2%**

____
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 AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED JUNE 30, 2019 ("**CONSOLIDATED PL**")

	6 months ended June 30, 2019	6 months ended June 30, 2018	Variation 2019/2018
Sales	468,294,294	373,549,456	25.4%
Other operating revenues	3,893,238	1,975,206	97.1%
Operating Income	**472,187,532**	**375,524,662**	**25.7%**
Operating expenses	**(444,066,541)**	**(358,464,646)**	**23.9%**
Operating Profit	**28,120,991**	**17,060,016**	**64.8%**
Finance cost	(9,969,253)	(7,784,416)	28.1%
Other financial (expenses) / income	(4,389,235)	315,636	-1490.6%
Financial result	**(14,358,488)**	**(7,468,780)**	**92.2%**
Result Before Taxes	**13,762,503**	**9,591,236**	**43.5%**
Income tax expense	(3,288,590)	(3,517,089)	-6.5%
Net Result attributable to:	**10,473,913**	**6,074,147**	**72.4%**
Owners of the Group	6,976,191	4,013,497	73.8%
Non-controlling interests	3,497,722	2,060,650	69.7%
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	**10,473,913**	**6,074,147**	**72.4%**
Total comprehensive income attributable to:			
Owners of the Group	6,976,191	4,013,497	73.8%
Non-controlling interests	3,497,722	2,060,650	69.7%

____

Mihail Marcu,
CEO

____

Vera Firu,
Accounting and Tax Manager

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

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOW AS AT JUNE 30, 2019
("**CONSOLIDATED CF**")

	6 months ended	
	June 30, 2019	**June 30, 2018**
Net income before taxes	**13,762,503**	**9,591,236**
Adjustments for:		
Depreciation	45,837,992	26,306,410
Provisions for liabilities and charges	-	(143,684)
Interest revenue	(396,865)	(417,295)
Interest expense	9,969,253	7,784,416
Allowance for doubtful debts and receivables written-off	-	(12,852)
Financial Discounts	5	(1,408)
Other non-monetary gains	(2,538,566)	(3,496,397)
Unrealized exchange gain / loss	4,826,968	3,629,887
Operating cash flow before working capital changes	**71,461,290**	**43,240,313**
Decrease / (increase) in accounts receivable	(9,427,336)	(11,511,676)
Decrease / (increase) in inventories	(153,296)	1,567,137
Decrease / (increase) in prepayments	(1,316,337)	(1,291,457)
Increase / (decrease) in accounts payable	(8,498,976)	300,558
Cash generated from WC changes	**(19,395,945)**	**(10,935,438)**
Cash generated from operations	**52,065,345**	**32,304,875**
Income Tax Paid	(2,818,071)	(3,247,958)
Interest Paid	(8,403,245)	(7,237,648)
Interest received	396,865	417,295
Net cash from / (used in) operating activities	**41,240,894**	**22,236,564**
Investment in business combination	(8,787,629)	(11,095,369)
Additional participation interest acquired	(1,532,500)	-
Purchase of intangible assets	(1,963,793)	(921,288)
Purchase of property, plant and equipment	(15,493,976)	(26,097,863)
Net cash used in investing activities	**(27,777,898)**	**(38,114,520)**
Cash flow from financing activities		
Increase in loans	13,065,390	22,224,854
Payment of loans	(10,838,816)	(48,365,427)
Financial Lease payments	(4,634,515)	(4,135,874)
Payments for purchase of treasury shares	(2,191,597)	-
Net cash used in financing activities	**(4,599,538)**	**(30,276,447)**
Net change in cash and cash equivalents	**8,863,458**	**(46,154,403)**
Cash and cash equivalents beginning of the period	34,206,159	79,227,766
Cash and cash equivalents end of the period	**43,069,617**	**33,073,363**

__________________ __________________

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

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

II. FINANCIAL ANALYSIS

ANALYSIS OF THE CONSOLIDATED PL

Sales for the 6 month period ended 30 June 2019 ("**H1 2019**") amounted to RON 468,294,294, higher by 25.4% compared to sales recorded in the first half of 2018 ("**H1 2018**"). This increase was mainly the result of significant growth in almost all of the Group's business lines, led on a percentage basis by Hospitals, Clinics and Stomatology, as well as the impact of the acquisitions completed by the Group in 2018 and 2019.

Business Line	H1 2019 Sales	% of Total Sales	H1 2018 Sales	% of Total Sales	Variation 2019/2018
Clinics	139,893,313	30%	107,489,756	29%	30%
Stomatology	28,815,355	6%	21,432,948	6%	34%
Hospitals	107,025,708	23%	74,386,210	20%	44%
Laboratories	75,561,558	16%	66,939,058	18%	13%
Corporate	91,004,382	19%	82,077,433	22%	11%
Pharmacies	19,586,689	4%	17,346,771	5%	13%
Others	6,407,290	1%	3,877,280	1%	65%
Total Sales	**468,294,294**	**100%**	**373,549,456**	**100%**	**25%**

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 444.066.541 in H1 2019, representing an increase of 23.9% as compared to H1 2018. The increase is mainly linked to overall business increase. The Group's operating expenses as a percentage of total operating income reached 94.04% in H1 2019 compared to 95.46% in H1 2018.

Operating expenses evolution

	6 Month ended 30 June,		Variation
Description	**2019**	**2018**	**2019/2018**
Consumable materials and repair materials	76,031,057	58,076,149	30.9%
Commodities	15,366,400	14,382,449	6.8%
Utilities	5,958,792	4,460,621	33.6%
Repairs maintenance	5,688,967	3,876,102	46.8%
Rent	3,826,647	21,217,514	-82.0%
Insurance premiums	1,530,404	1,212,528	26.2%
Promotion expense	6,148,989	7,184,824	-14.4%
Communications	2,016,807	1,842,591	9.5%
Third party expenses (including doctor's agreements)	125,927,709	98,284,039	28.1%
Salary and related expenses	141,973,483	111,437,123	27.4%
Social contributions	5,084,011	3,779,565	34.5%
Depreciation	45,837,992	26,306,410	74.2%
Other administration and operating expenses	8,675,283	6,404,731	35.5%
Total	**444,066,541**	**358,464,646**	**23.9%**

Operating profit recorded a 64.8% increase in H1 2019 as compared to H1 2018, from RON 17,060,016 in H1 2018 to RON 28,120,991 in H1 2019.

Financial result increased in H1 2019 with RON 6,889,708 from a negative RON 7,468,780 in H1 2018 to a negative RON 14,358,488 in H1 2019.

The net result for the 6-month period ended 30 June 2019 increased with RON 4,399,766, or by 72.4%, as compared to the corresponding period of 2018, from RON 6,074,147 in H1 2018 to RON 10,473,913 in H1 2019.

On a pro-forma basis, sales for H1 2019 amount to RON 460,796,701 and Adjusted EBITDA to RON 78,337,123. 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 699,438,147 as of 30 June 2019, recording an increase of 18.5% as compared to 31 December 2018. The increase is mainly the result of the registration of the right of use with the adoption of the IFRS 16 Standard.

Current assets increased with RON 20,334,040 or by 12.4% from RON 163,919,759 as at 31 December 2018 to RON 184,253,799 as at 30 June 2019.

Current liabilities (excluding interest bearing debt items) increased with RON 10,628,125, or by 5.8%, from RON 182,223,386 as at 31 December 2018, to RON 192,851,511 as at 30 June 2019.

Interest bearing debt increased with RON 111,003,940, from RON 376,561,576 as of 31 December 2018 to RON 487,565,516 as of 30 June 2019. The increase is mainly due to financing the current activity of the group and the acquisitions finalised in the current period, as well as due to the first-time adoption of IFRS 16 Standard.

III. IMPORTANT EVENTS H1 2019

Acquisition of Rozsakert Medical Center Group Hungary

Medlife announced in January 2019 the first international transaction: the acquisition of 51% of the majority package of Rozsakert Medical Center in Hungary. Rozsakert Medical Center is among the top 10 private healthcare providers in Hungary. The company is comprised of a multidisciplinary outpatient unit that includes a department 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, focusing on the specialties of ophthalmology, gynecology, proctology, dermatology, plastic surgery, and more others. The transaction was completed in March 2019 with the fulfillment of the suspensive conditions.

Increase participation in Sama Craiova and PDR Brasov groups

Medlife announced the acquisition of a new 35% stake in the SAMA Group of companies in Craiova. In this way, MedLife will be the shareholder with 90% of the shares of the Oltenia group of companies (from 55% share initially). Medlife also acquired another 3% of PDR Braşov Group, one of the most important private medical services providers in Romania, thus the company holding 83% of the shareholding (from 80% share initially). The additional shares in

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

SAMA and PDR groups were obtained based on an exchange with MedLife own shares, in line with the decision taken by the Board of Directors of the Company, empowered by the Extraordinary General Meeting of Shareholders (EGMS) on October 8, 2018. This transaction is aimed at group alignment, but also compliance with the acquisition strategy, which recognizes and encourages the contribution of the founders of the subsidiaries to the integrated activity of the MedLife group.

Inauguration of the first dental clinics Dent Estet in Sibiu

In Q1 2019 the Dent Estet Group opened 2 dental clinics in Sibiu, one focusing on dental services for children and the other one for adults. The Dent Estet Group is the largest dental clinic in Romania, with more than 20 years of experience. The group has a medical team with multidisciplinary expertise and international certifications. Thus, in the new Dent Estet clinics in Sibiu, patients benefit from an in-house dental radiology studio and a digital photo studio, as well as the most advanced digital technologies, including the Waterlase Laser and the Digital Scanner.

Acquisition of Badea Medica

In May 2019 MedLife finalized the acquisition of the majority stake of 65% of the shares of the Center of Excellence Badea Medica (Badea Medical SRL). The center offers a comprehensive range of medical services, mainly focused on the segment of abdominal pathology, but also covering other numerous types of affections.

IV. MAIN FINANCIAL RATIOS AS AT 30 JUNE 2019

Current ratio			**Period ended at June 30, 2019**
Current assets	184,253,799	=	0.62
Current liabilities	298,267,996		

Debt to equity ratio			**Period ended at June 30, 2019**
Long Term Debt	382,149,031	=	2.05
Equity	186,508,899		
Long Term Debt	382,149,031	=	0.67
Capital Assets	568,657,929		

Trade receivables turnover (days)			**Period ended at June 30, 2019**
Average receivables	84,412,445	=	32.45
Sales	468,294,294		

Fixed assets turnover			**Period ended at June 30, 2019**
Sales	468,294,294	=	0.67
Net Fixed Assets	699,438,147		

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

V. OPERATIONAL KEY PERFORMANCE INDICATORS

Business line	Info	6 month ended June 30, 2019	6 month ended June 30, 2018
Clinics	**Revenue**	**139,893,313**	**107,489,756**
Clinics	Visits	899,257	702,745
Clinics	Avg fee	155.6	153.0
Stomatology	**Revenue**	**28,815,355**	**21,432,948**
Stomatology	Visits	59,871	52,334
Stomatology	Avg fee	481.3	409.5
Hospitals	**Revenue**	**107,025,708**	**74,386,210**
Hospitals	Patients	41,638	33,998
Hospitals	Avg fee	2,570.4	2,188.0
Laboratories	**Revenue**	**75,561,558**	**66,939,058**
Laboratories	Analyses	2,969,079	2,898,322
Laboratories	Avg fee	25.4	23.1
Corporate	**Revenue**	**91,004,382**	**82,077,433**
Corporate	Subscriptions	676,276	614,756
Corporate	Avg fee	134.6	133.5
Pharmacies	**Revenue**	**19,586,689**	**17,346,771**
Pharmacies	Clients	132,080	138,632
Pharmacies	Sales per client	148.3	125.1
Others	**Revenue**	**6,407,290**	**3,877,280**

VI. UNAUDITED CONSOLIDATED PRO-FORMA FINANCIAL INFORMATION FOR THE 6 MONTH PERIOD ENDED JUNE 30, 2019 ("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 6 month period ended 30 June 2019, adjusted with the historical financial results of the companies acquired by the Group during the period from 1 January 2019 up to 30 June 2019 (the "**Acquired Companies**"). Details of the Acquired Companies are set out below.

The Consolidated Pro Forma PL for the 6 month period ended 30 June 2019 transposes (i) the acquisition of the Acquired Companies as if the acquisition had occurred on 1 January 2019 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 6 month period ended 30 June 2019. The Consolidated Pro Forma PL should be read in conjunction with the Consolidated FS for the 6 month period ended 30 June 2019.

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

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 2019 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 30 June 2019, 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 H1 2019, 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:

- 51% of share capital of Rózsakert Medical Center; and
- 65% of share capital of Badea Medical.

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

	6 Months ended June 30, 2019			
	Consolidated PL	**Normalisation**	**One off**	**Consolidated Pro forma PL**
SALES	**468,294,294**	(7,497,593)	**-**	**460,796,701**
Other operating revenues	**3,893,238**	29,645	**-**	**3,922,882**
OPERATING INCOME	**472,187,532**	**(7,467,949)**	**-**	**464,719,583**
OPERATING EXPENSES	**(444,066,541)**	**8,056,379**	**3,679,679**	**(432,330,483)**
OPERATING PROFIT	**28,120,991**	**588,430**	**3,679,679**	**32,389,100**
Finance cost	(9,969,253)	(87,190)	-	(10,056,443)
Other financial expenses	(4,389,235)	11,027	-	(4,378,208)
FINANCIAL RESULT	**(14,358,488)**	**(76,163)**	**-**	**(14,434,651)**
RESULT BEFORE TAXES	**13,762,503**	**512,268**	**3,679,679**	**17,954,450**
Income tax expense	(3,288,590)	(96,322)	(588,749)	(3,973,661)
NET RESULT	**10,473,913**	**415,946**	**3,090,931**	**13,980,789**

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

Net Income to Adjusted EBITDA

	6 Months ended June 30, 2019			
	Consolidated PL	**Normalisation**	**One off**	**Consolidated Pro forma PL**
Net income / (loss) for the period	**10,473,913**	**415,946**	**3,090,931**	**13,980,789**
Add back:				
Taxes on income	**3,288,590**	**96,322**	**588,749**	**3,973,661**
Out of which:				
Base tax expense	3,288,590	96,322	-	3,384,912
One off impact	-	-	588,749	588,749
Net financial result	14,358,488	76,163	-	14,434,651
Depreciation, amortisation and impairment, including write-ups	45,837,992	110,030	-	45,948,022
Adjusted EBITDA	**73,958,983**	**698,460**	**3,679,679**	**78,337,122**

Sales split by Business Line

	6 Months ended June 30, 2019			
	Consolidated PL	**Normalisation**	**One off**	**Consolidated Pro forma PL**
Clinics	139,893,313	5,454,895	-	145,348,208
Stomatology	28,815,355	-	-	28,815,355
Laboratories	75,561,558	-	-	75,561,558
Corporate	91,004,382	-	-	91,004,382
Hospitals*	107,025,708	(12,952,488)		94,073,220
Pharmacies	19,586,689	-	-	19,586,689
Other	6,407,290	-	-	6,407,290
Total Sales	**468,294,294**	**(7,497,593)**	**-**	**460,796,701**

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

Basis for the Consolidated Pro Forma PL

The Consolidated Pro Forma PL for the 6-month period ended 30 June 2019 has been prepared starting from the Consolidated PL of the Group as of 30 June 2019. The Consolidated Pro Forma PL was prepared in a manner consistent with the accounting policies adopted by the Group in the Consolidated FS as of 30 June 2019.

The Consolidated Pro Forma PL for the 6 months ended 30 June 2019 gives effect to the acquisitions of the Acquired Companies as if the acquisitions had occurred on 1 January 2019. 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.

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

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 - 30 June 2019
Rózsakert Medical Center	March 2019	January – March 2019
Badea Medica	May 2019	January – May 2019

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 mainly 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 companies, 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 H1 2019	Note
Cost of acquisitions	1,788,772	*Note A*
Other costs	1,888,747	*Note B*
Cost of financing	2,160	*Note C*
Total	**3,679,679**	

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

Includes other expenses considered non-recurring, not related to the Group's ongoing operational activity.

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

Note C

The cost of financing includes the expenses incurred in connection with legal assistance regarding the Group's financing activities, 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.

VII. EBITDA EVOLUTION

	6 Month ended June 30, 2019	2018	Variatie 2019/2018
	Pro-Forma	IFRS	
Sales	**460,796,701**	**373,549,456**	**23.4%**
Other operating revenues	3,922,882	1,975,206	98.6%
Operating income	**464,719,583**	**375,524,662**	**23.8%**
Operating expenses less depreciation	**(386,382,461)**	**(332,158,236)**	**16.3%**
EBITDA	**78,337,122**	**43,366,426**	**80.6%**
EBITDA margin	17.0%	11.6%	

	6 Month ended June 30, 2019	% out of Total
Adjusted Pro-forma EBITDA		
Attributable to:		
Owners of the Group	70,050,574	89.4%
Non-controlling interests	8,286,548	10.6%

____

Mihail Marcu,
CEO

____

Vera Firu,
Accounting and Tax Manager

MEDLIFE GROUP

CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE FIRST SEMESTER OF 2019

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 interim 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 interim financial statement are unaudited.

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

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2019

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	June 30, 2019	December 31, 2018	Variation 2019/2018
ASSETS			
Long Term			
Goodwill	93,733,970	82,378,647	13.8%
Intangible assets	40,215,695	39,647,014	1.4%
Tangible assets	456,698,149	458,033,010	-0.3%
Right-of-use asset	97,680,895	-	100.0%
Other financial assets	11,109,438	10,115,776	9.8%
TOTAL NON-CURRENT ASSETS	**699,438,147**	**590,174,447**	**18.5%**
Current Assets			
Inventories	31,502,187	31,070,480	1.4%
Receivables	89,867,010	78,957,879	13.8%
Other receivables	11,390,438	13,117,114	-13.2%
Cash and cash equivalents	43,069,617	34,206,159	25.9%
	175,829,252	**157,351,632**	**11.7%**
Assets classified as held for sale	381,665	381,665	0.0%
Prepayments	8,042,882	6,186,462	30.0%
TOTAL CURRENT ASSETS	**184,253,799**	**163,919,759**	**12.4%**
TOTAL ASSETS	**883,691,946**	**754,094,206**	**17.2%**
LIABILITIES & SHAREHOLDER'S EQUITY			
Current Liabilities			
Trade accounts payable	153,035,702	140,970,528	8.6%
Overdraft	29,507,180	30,911,018	-4.5%
Current portion of lease liability	47,580,705	8,949,472	431.7%
Current portion of long term debt	28,328,600	23,162,490	22.3%
Current tax liabilities	870,608	729,572	19.3%
Provisions	2,458,957	2,458,957	0.0%
Other liabilities	36,071,785	37,605,544	-4.1%
Liabilities directly associated with assets classified as held for sale	414,459	458,785	-9.7%
TOTAL CURRENT LIABILITIES	**298,267,996**	**245,246,366**	**21.6%**
Long Term Debt			
Lease liability	91,156,276	26,525,231	243.7%
Long term debt	290,992,755	287,013,365	1.4%
TOTAL LONG-TERM LIABILITIES	**382,149,031**	**313,538,596**	**21.9%**
Deferred tax liability	16,766,020	16,436,342	2.0%
TOTAL LIABILITIES	**697,183,047**	**575,221,304**	**21.2%**
SHAREHOLDER'S EQUITY			
Issued capital	81,495,470	81,495,470	0.0%
Treasury shares	(2,834,682)	(6,056,105)	-53.2%
Reserves	93,878,720	93,906,109	0.0%
Retained earnings	(8,489,547)	(9,994,660)	-15.1%
Equity attributable to owners of the Group	**164,049,961**	**159,350,814**	**2.9%**
Non-controlling interests	22,458,937	19,522,088	15.0%
TOTAL EQUITY	**186,508,899**	**178,872,902**	**4.3%**
TOTAL LIABILITIES AND EQUITY	**883,691,946**	**754,094,206**	**17.2%**

_________________ _________________

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

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

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

	6 months ended June 30, 2019	2018	Variation 2019/2018
Sales	468,294,294	373,549,456	25.4%
Other operating revenues	3,893,238	1,975,206	97.1%
Operating Income	**472,187,532**	**375,524,662**	**25.7%**
Operating expenses	**(444,066,541)**	**(358,464,646)**	**23.9%**
Operating Profit	**28,120,991**	**17,060,016**	**64.8%**
Finance cost	(9,969,253)	(7,784,416)	28.1%
Other financial expenses	(4,389,235)	315,636	-1490.6%
Financial result	**(14,358,488)**	**(7,468,780)**	**92.2%**
Result Before Taxes	**13,762,503**	**9,591,236**	**43.5%**
Income tax expense	(3,288,590)	(3,517,089)	-6.5%
Net Result	**10,473,913**	**6,074,147**	**72.4%**
Owners of the Group	6,976,191	4,013,497	73.8%
Non-controlling interests	3,497,722	2,060,650	69.7%
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	**10,473,913**	**6,074,147**	**72.4%**
Total comprehensive income attributable to:			
Owners of the Group	6,976,191	4,013,497	73.8%
Non-controlling interests	3,497,722	2,060,650	69.7%

__________________ __________________

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

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

UNAUDITED INTERIM CONSOLIDATED CONSOLIDATED STATEMENT OF CASH FLOW

	6 months ended June 30,	
	2019	**2018**
Net income / (loss) before taxes	**13,762,503**	**9,591,236**
Adjustments for		
Depreciation	45,837,992	26,306,410
Provisions for liabilities and charges	-	(143,684)
Interest revenue	(396,865)	(417,295)
Interest expense	9,969,253	7,784,416
Allowance for doubtful debts and receivables written-off	-	(12,852)
Financial Discounts	5	(1,408)
Other non-monetary gains	(2,538,566)	(3,496,397)
Unrealized exchange loss	4,826,968	3,629,887
Operating cash flow before working capital changes	**71,461,290**	**43,240,313**
Decrease / (increase) in accounts receivable	(9,427,336)	(11,511,676)
Decrease / (increase) in inventories	(153,296)	1,567,137
Decrease / (increase) in prepayments	(1,316,337)	(1,291,457)
Increase / (decrease) in accounts payable	(8,498,976)	300,558
Cash generated from WC changes	(19,395,945)	(10,935,438)
Cash generated from operations	**52,065,345**	**32,304,875**
Income Tax Paid	(2,818,071)	(3,247,958)
Interest Paid	(8,403,245)	(7,237,648)
Interest received	396,865	417,295
Net cash from operating activities	**41,240,894**	**22,236,564**
Investment in business combination	(8,787,629)	(11,095,369)
Additional participation interest acquired	(1,532,500)	-
Purchase of intangible assets	(1,963,793)	(921,288)
Purchase of property, plant and equipment	(15,493,976)	(26,097,863)
Net cash used in investing activities	**(27,777,898)**	**(38,114,520)**
Cash flow from financing activities		
Increase in Loans	13,065,390	22,224,854
Payment of loans	(10,838,816)	(48,365,427)
Financial Lease payments	(4,634,515)	(4,135,874)
Payments for purchase of treasury shares	(2,191,597)	-
Net cash used in financing activities	**(4,599,538)**	**(30,276,447)**
Net change in cash and cash equivalents	**8,863,458**	**(46,154,403)**
Cash and cash equivalents beginning of the period	34,206,159	79,227,766
Cash and cash equivalents end of the period	**43,069,617**	**33,073,363**

_________________ _________________

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

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

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED JUNE 30, 2019

	Share Capital								
	Paid and registered	**Own 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, 2019	**5,536,271**	**(6,056,105)**	**75,959,199**	**11,644,268**	**82,261,841**	**(9,994,660)**	**159,350,814**	**19,522,088**	**178,872,902**
Recognition of other reserves for fiscal purposes	-	-	-	(27,389)	-	-	(27,389)	-	(27,389)
Additional non-controlling interest arising as of result of business combinations	-	-	-	-	-	-	-	913,567	913,567
Subsequent acquisition of NCI	-	-	-	-	-	(5,471,077)	(5,471,077)	(1,474,440)	(6,945,517)
Variation of treasury shares	-	3,221,423	-	-	-	-	3,221,423	-	3,221,423
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**6,976,190**	**6,976,190**	**3,497,722**	**10,473,912**
Profit of the year	-	-	-	-	-	6,976,190	6,976,190	3,497,722	10,473,912
Balance as at June 30, 2019	**5,536,271**	**(2,834,682)**	**75,959,199**	**11,616,879**	**82,261,841**	**(8,489,546)**	**164,049,961**	**22,458,937**	**186,508,898**

__________________ __________________

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

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

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED JUNE 30, 2018

	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, 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	-	-	-	-	-	-	-	-	-
Recognition of legal reserves	-	-	-	-	-	-	-	-	-
Share capital contribution	-	-	-	-	-	-	-	-	-
Additional non-controlling interest arising as of result of business combinations	-	-	-	-	-	-	-	783,654	783,654
Subsequent acquisition of NCI	-	-	-	-	-	-	-	-	-
Distribution of dividends	-	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	-	-	
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**4,013,497**	**4,013,497**	**2,060,650**	**6,074,147**
Deferred tax related to other elements of the overall result	-	-	-	-	-	-	-	-	-
Corrections related to previous years	-	-	-	-	-	-	-	-	-
Profit of the year	-	-	-	-	-	4,013,497	4,013,497	2,060,650	6,074,147
Balance as at June 30, 2018	**5,023,000**	**513,271**	**75,959,199**	**10,920,039**	**82,261,841**	**(18,627,282)**	**156,050,068**	**18,469,692**	**174,519,760**

Notes:

***** The closing balance of the revaluation reserve as of June 30, 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).

****** 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.

__________________ __________________

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, Timisoara, Iasi, Galati and Constanta.

The Medlife group offers a wide range of medical services having opened 20 hyperclinics in Bucharest, Timisoara, Brasov, Arad, Iasi, Galati, Craiova, Cluj and Constanta, 49 clinics and 10 hospitals - located in Bucharest, Arad, Brasov and Hungary, 33 laboratories, 10 pharmacies and 12 dental clinics. The group has more than 140 partners represented by private clinics in 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 June 30, 2019

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 and 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).

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

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

2.2 Amendments to the existing standards issued by IASB and adopted by the EU, adopted by Group, as at June 30, 2019 (continued)

- **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 June 30, 2019, the Group has adopted these new standards and amendments to existing standards.

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

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

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

- **IFRS 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).

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Statement of compliance

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

3.4 Basis of consolidation

The unaudited consolidated interim financial statements incorporate the financial statements of the Parent Company (Med Life S.A.) and entities controlled by the Company (its subsidiaries). Control is achieved

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Basis of consolidation (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Goodwill (continued)

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

3.7 Non-current assets held for sale

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

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

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

3.8 Accounting estimates and judgments

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

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

3.9 Foreign currency translation

Functional and presentation currency

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

As at June 30, 2019 the exchange rate was of RON 4.1587 for 1 USD, of RON 4.7351 for 1 EUR and of RON 1.4631 for 100 HUF. As at December 31, 2018 the exchange rate was of RON 4.0033 for 1 USD and of RON 4.6611 for 1 EUR. The average exchange rate for first semester of 2019 was of RON 4.1967 for 1 USD (first semester of 2018: 3.8441 for 1 USD) and RON 4.7419 for 1 EUR (first semester of 2018: RON 4.6537 for 1 EUR) and RON 1.4799 for 100 HUF.

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 and in 2017 was eliminated.

3.10 Comparative information

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2017, 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 2017, the revaluation exercise was not extended to all relevant assets and no revaluation was recorded at 31 December 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 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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets acquired in a business combination (continued)

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Investments in associates (continued)

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. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax (continued)

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Rendering of services (continued)

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, 2017 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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.32 IAS 29 (continued)

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 recognized 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 recognized 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.35 IFRS 15 „Revenues from contracts with customers” (continued)

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 applied 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. The Group has recognized a right of use as an asset and a lease debt for the existing contracts as of June 30, 2019, which leads to an increase in the value of tangible fixed assets by 98 million and debts of RON 99 million on June 30, 2019. On the income and expenses side, it reports depreciation expenses and interest expenses, instead of rent expenses. This lead to an increase in operating result that is offset by higher interest expense. Based on the analysis, the resulting impact is not significant.

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 six months period ended June 30, 2019, the Group obtained control over various companies and recorded a goodwill of RON 93,733,970 (December 31, 2018: RON 82,378,647).

During the six months ended June 30, 2019, the Group gained control over several companies and recognized goodwill in the amount of RON 11,355,323. For further details on business combinations performed in the six months period ended June 30, 2019 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, 2018.

As per management assessment, there are no indications of impairment as at June 30, 2019, and consequently, no impairment test was performed.

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

5. TANGIBLE AND INTANGIBLES FIXED ASSETS

	June 30, 2019	January 1, 2019
Gross book value	857,608,453	831,497,448
Accumulated depreciation and amortization	(360,694,608)	(333,817,424)
Net book value	**496,913,844**	**497,680,024**

6. INVENTORIES

	June 30, 2019	January 1, 2019
Consumable	17,785,828	20,132,101
Materials in the form of inventory items	364,724	254,463
Merchandise	13,351,130	10,682,477
Inventory in transit	505	1,439
TOTAL	**31,502,187**	**31,070,480**

7. ACCOUNTS RECEIVABLE

	June 30, 2019	January 1, 2019
Customers	100,670,318	91,081,445
Advances to suppliers	6,605,569	5,285,312
Allowance for bad debt	(17,408,878)	(17,408,878)
TOTAL	**89,867,010**	**78,957,879**

Trade receivables as of June 30, 2019 and December 31, 2018 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 June 30, 2019.

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 June 30, 2019, 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) represents management's best estimate regarding the receivables which are not to be collected. The assessment takes into consideration the collection pattern of the receivables over the last two years. The Group monitors the credit quality of its customers on an ongoing basis. Credit risk is spread over a large customer base and the Group is not dependent on the collection of receivables from a limited number of customers.

The corporate receivables are spread over a large pool of clients. The main state budget 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

	June 30, 2019	January 1, 2019
Cash in bank	38,894,499	30,568,057
Cash in hand	2,393,005	2,038,387
Cash equivalents	1,782,113	1,599,715
TOTAL	**43,069,617**	**34,206,159**

9. PREPAYMENTS

As of June 30, 2019 the Group has prepayments in amount of RON 8,042,882 (RON 6,186,462 as at December 31, 2018). The prepayments balance as of June 30, 2019 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.

10. ACCOUNTS PAYABLE

	June 30, 2019	January 1, 2019
Suppliers	132,635,290	121,406,820
Fixed assets suppliers	15,268,644	17,802,730
Advances paid by customers	5,131,767	1,760,978
TOTAL	**153,035,702**	**140,970,528**

11. OTHER SHORT TERM LIABILITIES

	June 30, 2019	January 1, 2019
Salary and related liabilities (incl. contributions)	15,419,294	13,028,465
Other liabilities	20,652,491	24,577,079
TOTAL	**36,071,785**	**37,605,544**

12. LEASING LIABILITIES

	June 30, 2019	January 1, 2019
Long term portion – Leasing	91,156,276	26,525,231
Current portion – Leasing	47,580,705	8,949,472
TOTAL	**138,736,981**	**35,474,703**

13. FINANCIAL DEBT

	June 30, 2019	January 1, 2019
Current portion of long-term loans	57,835,780	54,073,508
Non-current portion of long-term loans	290,992,755	287,013,365
TOTAL	**348,828,535**	**341,086,873**

On June 30, 2019, the Group's financing facilities, drawn up and not drawn up, included the following:

• On October 31, 2018 Med Life SA (together with the co-borrowers Policlinica de Rapid Diagnostic SA, Bahtco Invest SA and Accipiens SA) signed with Banca Comerciala Romana, Raiffeisen Bank, BRD Groupe Societe Generale and Banca Transilvania refinancing of existing facilities, extending the period for financing, rearrangement of the terms and conditions, as well as for an additional credit limit of 10 million euros will be in the form of a term facility and will be used by Medlife, along with other liquidities of the Company, for possible new purchasing opportunities. in the market. As of June 30, 2019, the

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

13. FINANCIAL DEBT (continued)

balance of these facilities is EUR 56,042,765, the equivalent of RON 265,368,097, together with a facility of RON 10,000,000;

• a guaranteed overdraft facility concluded between Garanti Bank S.A. and Med Life S.A., the amount remaining as of June 30, 2019 is RON 9,470,200;

• 4 secured loan agreements, 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 the total amount of RON 609,292, on June 30, 2019;

• an overdraft facility concluded between Banca Transilvania S.A. and Sama Medical Center S.A. as of September 2016, having in balance on June 30, 2019 the amount of RON 894,715;

• 3 guaranteed loan agreements concluded between Banca Transilvania S.A. and Genesys Medical Center S.R.L., having on June 30, 2019 a balance of the loaned amount of EUR 9,512,391 and RON 300,751;

• an overdraft facility concluded between Unicredit Tiriac Bank and Prima Medical S.R.L., with a maximum loan limit of 800,000 RON, drawn in full on June 30, 2019;

• a credit facility concluded between Garanti Bank S.A. and Dent Estet Clinic S.A. having the remaining amount to be repaid on June 30, 2019 of RON 392,848;

• a credit facility concluded between Marfin Bank Romania and Dent Estet Clinic S.A. having the remaining amount to be repaid on June 30, 2019 of RON 2,605,556;

• 13 secured loan facilities concluded between Garanti Bank S.A. and Anima Specialty Medical Services S.R.L; the balance not repaid on June 30, 2019 is RON 5,077,477;

• an overdraft facility concluded between Garanti Bank S.A. and Anima Specialty Medical Services S.R.L within the limit of 1,500,000 RON; as of June 30, 2019 the amount drawn is RON 1,000,000;

• a guaranteed loan agreement, concluded between Banca Transilvania S.A. and Almina Trading S.A., having a non-refundable balance as of June 30, 2019, amounting to RON 246,946;

• a guaranteed loan concluded between Bancpost and Med Life Occupational S.R.L. worth EUR 225,000; the balance not repaid on June 30, 2019 is worth 422,506 RON;

• 3 guaranteed loan agreements concluded between Libra Internet Bank and Valdi Medica S.R.L., the balance repaid on June 3, 2019 is RON 1,293,790;

• 2 guaranteed loan agreements concluded between Banca Transilvania S.A. and Ghencea Medical Center, the balance reimbursed on June 30, 2019 is RON 739,737;

• a loan contract and a guaranteed overdraft facility concluded between CEC Bank S.A. and Clinica Polisano S.R.L., the balance not reimbursed on June 30, 2019 is RON 38,792,141.

As at June 30, 2019, none of the Group members was in breach of any applicable term of the financing facilities.

14. ISSUED CAPITAL

As of June 30, 2019 the shareholders' structure of Med Life S.A., the parent company of Medlife Group, is as presented below:

	No. of shares	%	Amount
Marcu Mihail	3,897,920	17.60%	974,384
Marcu Nicolae	2,692,400	12.16%	673,211
Cristescu Mihaela Gabriela	3,110,115	14.04%	777,292
Altii	12,444,647	56.20%	3,111,384
TOTAL	**22,145,082**	**100.00%**	**5,536,270.50**

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

15. RESERVES

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

	June 30, 2019	January 1, 2019
General reserves	2,228,451	2,228,451
Other reserves	9,388,428	9,415,817
Revaluation reserves	82,261,841	82,261,841
TOTAL	**93,878,720**	**93,906,106**

16. NON-CONTROLLING INTEREST

	June 30, 2019	January 1, 2019
Balance at beginning of year	**19,522,088**	**15,625,388**
Share of profit for the period	3,497,722	3,412,289
Non-controlling interests arising on the acquisition of subsidiaries	913,567	777,335
Subsequent acquisition of NCI	(1,474,440)	-
Distribution of dividends	-	(292,924)
TOTAL	**22,458,937**	**19,522,088**

17. SALES

Sales consist of medical services, net of VAT, 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	H1 2019 Sales	% of Total Sales	H1 2018 Sales	% of Total Sales	Variation 2019/2018
Clinics	139,893,313	30%	107,489,756	29%	30%
Stomatology	28,815,355	6%	21,432,948	6%	34%
Hospitals	107,025,708	23%	74,386,210	20%	44%
Laboratories	75,561,558	16%	66,939,058	18%	13%
Corporate	91,004,382	19%	82,077,433	22%	11%
Pharmacies	19,586,689	4%	17,346,771	5%	13%
Others	6,407,290	1%	3,877,280	1%	65%
TOTAL SALES	**468,294,294**	**100%**	**373,549,456**	**100%**	**25%**

18. OTHER OPERATING REVENUES

	June 30, 2019	June 30, 2018
Other operating revenues	2,276,885	752,822
Income from operating grants	-	1,222,384
Capitalized cost of intangible assets	1,616,353	-
TOTAL	**3,893,238**	**1,975,206**

19. OPERATING EXPENSES EVOLUTION

	June 30, 2019	June 30, 2018
Consumable materials and repair materials	76,031,057	58,076,149
Commodities	15,366,400	14,382,449
Utilities	5,958,792	4,460,621
Repairs and maintenance expenses	5,688,967	3,876,102
Rent	3,826,647	21,217,514
Insurance premiums	1,530,404	1,212,528
Promotion expense	6,148,989	7,184,824

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

Communications	2,016,807	1,842,591
Third party expenses (including doctor's agreements)	125,927,709	98,284,039
Salary and related expenses	141,973,483	111,437,123
Social contributions	5,084,011	3,779,565
Depreciation	45,837,992	26,306,410
Other administration and operating expenses*	8,675,283	6,404,731
TOTAL	**444,066,541**	**358,464,646**

Notes *:

- By decision of the Competition Council no. 19/ 11.04.2018, the Competition Council applied fines in 2018, 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.

20. FINANCIAL NET RESULT

	June 30, 2019	June 30, 20178
Other financial expenses	(5)	1,408
Net loss from foreign exchange rate impact	(4,827,023)	(3,630,565)
Net financing cost - interest expense	(9,969,253)	(7,784,416)
Other income	40,928	3,527,498
Interest income	396,865	417,295
NET FINANCIAL RESULT- LOSS	**(14,358,488)**	**(7,468,780)**

21. BUSINESS COMBINATIONS

Subsidiaries acquired in H1 2019:

- 35% of share capital of SAMA;
- 3% of share capital of PDR Brașov (Policlinica de Diagnostic Rapid);
- 51% of share capital of RMC Property Kft.;
- 90% of share capital of Badea Medical.

Acquisition of SAMA Craiova and PDR Brasov

Med Life announced in March 2019 the purchase of a new 35% stake from the SAMA group located in Craiova, one of the most important medical operators in the southwest of Romania. In this way, MedLife will be the shareholder with 90% of the shares of the group of companies in Oltenia (from 55% of the initial package).

Also, MedLife acquires an additional 3 percent of the PDR Brașov group (Policlinica de Diagnostic Rapid), one of the most important private operators of medical services in Romania, the company currently having the 83% package (from 80% initial package)

Acquisition of Rózsakert Medical Center (RMC)

Med Life announced in March 2019 the completion of the purchase of the majority stake of 51% of the shares of the group of companies Rózsakert Medical Center, in Hungary.

Rózsakert Medical Center (RMC) is one of the top 10 private healthcare providers in Hungary. The company has a multidisciplinary clinic that includes a compartment equipped with a small surgery room and a dental center. According to company representatives, they exceed the threshold of over 40,000 patients annually. They access a diversified series of outpatient clinical and paraclinical services and investigations, but also a complex range of interventions in day hospitalization, targeting the specialties of ophthalmology, gynecology, proctology, dermatology, plastic surgery and so on.

Acquisition of Badea Medical

Med Life announced in May 2019 the acquisition of the majority package (65%) of the center of excellence Badea Medical (Badea Medical SRL). The center offers a complex range of medical services, mainly focused on the segment of abdominal pathology, but which also covers many other types of conditions.
Patients can access specialized clinical consultations in gastroenterology, internal medicine, dermatology, pain therapy, all provided by an exceptional medical team, coordinated by Prof. Dr. Radu Badea.

23. SUBSEQUENT EVENTS

Acquisition of companies

Med Life announced on July 18, 2019 the acquisition of a new 3% package from the group of companies Genesys Arad, one of the largest private medical service operators in the western part of Romania. As a result of this takeover, MedLife System holds 61% of the total package.

There were no other significant events after June 30, 2019.

___________________	___________________
Mihail Marcu,	**Vera Firu,**
CEO	Accounting and Tax Manager

Declaration of management of MedLife Group

We confirm to the best of our knowledge that the unaudited Interim Condensed Consolidated Financial Statements for the six-month period ended June 30, 2019, which were prepared in accordance with the applicable accounting standards, provide a true and fair view of the assets, liabilities, financial position, profit and loss account of the Group, and the Semiannual Report for the first semester of 2019 offers a ture and fair view of the main events that took place during the first six months of the financial year 2019 and their impact on the unaudited Interim Condensed Consolidated Financial Statements.

____

Mihail Marcu,
CEO

____

Vera Firu,
Accounting and Tax Manager