

# **MD MEDICAL GROUP INVESTMENTS PLC**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2017 to 30 June 2017

**MD MEDICAL GROUP INVESTMENTS PLC**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
For the period from 1 January 2017 to 30 June 2017

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Chartered Accountants  
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**INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS**

**TO THE MEMBERS OF**

**MD MEDICAL GROUP INVESTMENTS PLC**

**Introduction**

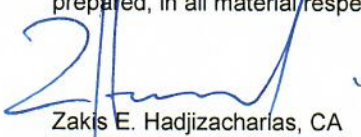
We have reviewed the accompanying condensed consolidated interim statement of financial position of MD Medical Group Investments Plc and its subsidiaries ("the Group") as at 30 June 2017, the condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the interim financial statements ("the condensed consolidated interim financial statements"). Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 June 2017 are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

  
Zakis E. Hadjizacharias, CA  
Certified Public Accountant and Registered Auditor

for and on behalf of

KPMG Limited  
Certified Public Accountants and Registered Auditors

11, June 16th 1943 Street,  
3022 Limassol,  
Cyprus.

**8 September 2017**

**Board Members:**

N.G. Syrimis, A.K. Christofides, P.G. Loizou, A.M. Gregoriades, D.S. Vakis, A.A. Apostolou,  
S.A. Loizides, M.A. Loizides, S.G. Sofocleous, M.M. Antoniadis, C.V. Vasiliou, P.E. Antoniadis,  
M.J. Halios, M.P. Michael, P.A. Peleties, G.V. Markides, M.A. Papacosta, K.A. Papanicolaou,  
A.I. Shiammoutis, G.N. Tziortzis, H.S. Charalambous, C.P. Anayiotos, I.P. Ghalanos,  
M.G. Gregoriades, H.A. Kakoulis, G.P. Savva, C.A. Kalias, C.N. Kallis, M.H. Zavrou, P.S. Elia,  
M.G. Lazzerou, Z.E. Hadjizacharias, P.S. Theophanous, M.A. Karantoni, C.A. Markides,  
G.V. Andreou, J.C. Nicolaou, G.S. Prodromou, A.S. Sofocleous, G.N. Syrimis, T.J. Yiasemides,  
A.A. Bargilly, K.A. Christofides, P.P. Vanozis

KPMG Limited, a private company limited by shares, registered in Cyprus under registration  
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## MD MEDICAL GROUP INVESTMENTS PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
For the period from 1 January to 30 June

	Note	2017 RUB'000	2016 RUB'000
Revenue	4	6 617 523	5 814 297
Cost of sales	5	(4 139 090)	(3 592 489)
<b>Gross profit</b>		<u>2 478 433</u>	<u>2 221 808</u>
Other income	8	105 810	2 880
Administrative expenses	6	(1 090 841)	(1 016 891)
Other expenses		(51 907)	(7 422)
<b>Operating profit</b>		<u>1 441 495</u>	<u>1 200 375</u>
Finance income	9	27 565	24 107
Finance expenses	9	(235 901)	(237 320)
Net foreign exchange transactions loss	9	(19 291)	(55 095)
Net finance expenses	9	(227 627)	(268 308)
<b>Profit before tax</b>		<u>1 213 868</u>	<u>932 067</u>
Income tax benefit	10	11 259	54 660
<b>Profit for the period</b>		<u>1 225 127</u>	<u>986 727</u>
<b>Total comprehensive income for the period</b>		<u>1 225 127</u>	<u>986 727</u>
<b>Profit for the period attributable to:</b>			
Owners of the Company		1 126 930	896 869
Non-controlling interests		98 197	89 858
		<u>1 225 127</u>	<u>986 727</u>
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Company		1 126 930	896 869
Non-controlling interests		98 197	89 858
		<u>1 225 127</u>	<u>986 727</u>
<b>Basic and fully diluted earnings per share (RUB)</b>	11	<u>15,05</u>	<u>11,98</u>

The notes on pages 10 to 17 are an integral part of these condensed consolidated interim financial statements.



# MD MEDICAL GROUP INVESTMENTS PLC

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

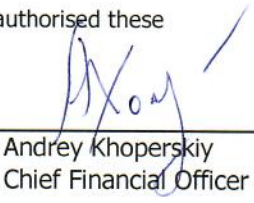
As at 30 June 2017 / 31 December 2016

	Note	30 June 2017 RUB'000	31 December 2016 RUB'000
<b>ASSETS</b>			
Property, plant and equipment	13	13 555 582	13 410 453
Intangible assets		2 381 559	2 441 586
Trade, other receivables and deferred expenses	14	420 904	184 984
Deferred tax assets		207 030	175 751
<b>Total non-current assets</b>		<b>16 565 075</b>	<b>16 212 774</b>
Inventories		415 696	445 183
Trade, other receivables and deferred expenses	14	439 471	359 855
Non-current assets held for sale		18 517	45 778
Current tax asset		9 611	9 236
Cash and cash equivalents	15	1 977 581	1 642 944
<b>Total current assets</b>		<b>2 860 876</b>	<b>2 502 996</b>
<b>Total assets</b>		<b>19 425 951</b>	<b>18 715 770</b>
<b>Equity</b>			
Share capital	16	180 585	180 585
Share premium		5 243 319	5 243 319
Reserves		(657 212)	(674 089)
Retained earnings		8 345 957	7 597 472
<b>Total equity attributable to the owners of the Company</b>		<b>13 112 649</b>	<b>12 347 287</b>
Non-controlling interests		409 715	422 850
<b>Total equity</b>		<b>13 522 364</b>	<b>12 770 137</b>
<b>Liabilities</b>			
Loans and borrowings	17	1 998 543	2 199 768
Trade and other payables	18	204 737	238 618
Deferred tax liabilities		133 213	118 020
Deferred income		138 756	129 936
<b>Total non-current liabilities</b>		<b>2 475 249</b>	<b>2 686 342</b>
Loans and borrowings	17	1 141 141	1 083 647
Trade and other payables	18	1 202 279	1 152 991
Deferred income		1 064 005	1 001 849
Current income tax liability		20 913	20 804
<b>Total current liabilities</b>		<b>3 428 338</b>	<b>3 259 291</b>
<b>Total liabilities</b>		<b>5 903 587</b>	<b>5 945 633</b>
<b>Total equity and liabilities</b>		<b>19 425 951</b>	<b>18 715 770</b>

On 8 September 2017 the Board of Directors of MD Medical Group Investments Plc approved and authorised these condensed consolidated interim financial statements for issue.

  
Vladimir Mekler  
Chairman of the Board of Directors

  
Mark Kurtser  
Managing Director

  
Andrey Khoperskiy  
Chief Financial Officer

The notes on pages 10 to 17 are an integral part of these condensed consolidated interim financial statements.

## MD MEDICAL GROUP INVESTMENTS PLC

### CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY For the period from 1 January 2017 to 30 June 2017

	Note	Attributable to owners of the Company					Non-controlling interests RUB'000	Total equity RUB'000
		Share capital RUB'000	Share premium RUB'000	Treasury shares RUB'000	Other reserves RUB'000	Retained earnings RUB'000		
Balance at 1 January 2017		180 585	5 243 319	(18 737)	(655 352)	7 597 472	422 850	12 770 137
<b>Comprehensive income</b>								
Profit and total comprehensive income for the period		-	-	-	-	1 126 930	98 197	1 225 127
<b>Contributions by and distributions to owners</b>								
Equity-settled share-based payment		-	-	16 877	-	-	-	16 877
Acquisition of additional share in subsidiary		-	-	-	-	(40 383)	(12 617)	(53 000)
Dividends	12	-	-	-	-	(338 062)	(98 715)	(436 777)
<b>Total transactions with owners</b>		-	-	16 877	-	(378 445)	(111 332)	(472 900)
<b>Balance at 30 June 2017</b>		<u>180 585</u>	<u>5 243 319</u>	<u>(1 860)</u>	<u>(655 352)</u>	<u>8 345 957</u>	<u>409 715</u>	<u>13 522 364</u>

Share premium is not available for distribution.

The notes on pages 10 to 17 are an integral part of these condensed consolidated interim financial statements.

## MD MEDICAL GROUP INVESTMENTS PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY  
For the period from 1 January 2016 to 30 June 2016

	Note	Attributable to owners of the Company					Non-controlling interests RUB'000	Total equity RUB'000
		Share capital RUB'000	Share premium RUB'000	Treasury shares RUB'000	Other reserves RUB'000	Retained earnings RUB'000		
Balance at 1 January 2016		180 585	5 243 319	(43 751)	(655 352)	6 361 881	422 732	11 509 414
<b>Comprehensive income</b>								
Profit and total comprehensive income for the period		-	-	-	-	896 869	89 858	986 727
<b>Contributions by and distributions to owners</b>								
Equity-settled share-based payment	12	-	-	13 577	-	-	-	13 577
Dividends paid		-	-	-	-	(500 332)	(114 101)	(614 433)
<b>Total transactions with owners</b>		-	-	13 577	-	(500 332)	(114 101)	(600 856)
<b>Balance at 30 June 2016</b>		<u>180 585</u>	<u>5 243 319</u>	<u>(30 174)</u>	<u>(655 352)</u>	<u>6 758 418</u>	<u>398 489</u>	<u>11 895 285</u>

Share premium is not available for distribution.

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## MD MEDICAL GROUP INVESTMENTS PLC

### CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS For the period from 1 January to 30 June

	Note	2017 RUB'000	2016 RUB'000
<b>Cash flows from operating activities</b>			
Profit for the period		1 225 127	986 727
Adjustments for:			
Depreciation of property, plant and equipment		452 653	410 499
Equity-settled share-based payment transaction		16 877	13 577
Gain from the sale of property, plant and equipment		(1 738)	(509)
Amortisation of intangible assets		48 853	46 436
Finance income	9	(27 565)	(24 107)
Finance expenses	9	235 901	237 320
Gain under Escrow Agreement	8	(96 592)	-
Impairment of goodwill		14 352	-
Impairment of asset held for sale		27 261	-
Net foreign exchange transactions loss	9	19 291	55 095
Income tax benefit		(11 259)	(54 660)
		<u>1 903 161</u>	<u>1 670 378</u>
Decrease in inventories		29 487	5 599
Increase in trade and other receivables		(75 595)	(37 553)
Increase in trade and other payables		68 968	106 107
Increase in deferred income		70 976	50 561
		<u>1 996 997</u>	<u>1 795 092</u>
<b>Cash flows from operations</b>		<u>(2 702)</u>	<u>(7 203)</u>
Tax paid			
<b>Net cash flows from operating activities</b>		<u>1 994 295</u>	<u>1 787 889</u>
<b>Cash flows from investing activities</b>			
Payment for acquisition/construction of property, plant and equipment		(850 597)	(526 753)
Proceeds from disposal of property, plant and equipment		6 436	-
Payment for acquisition of intangible assets		(3 104)	(7 778)
Acquisition of subsidiaries, net cash outflow on acquisition		-	(474 873)
Proceeds from Escrow Agreement		96 592	-
Interest received		27 565	21 096
<b>Net cash flows used in investing activities</b>		<u>(723 108)</u>	<u>(988 308)</u>

The notes on pages 10 to 17 are an integral part of these condensed consolidated interim financial statements.



## MD MEDICAL GROUP INVESTMENTS PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (continued)  
For the period from 1 January to 30 June

	Note	2017 RUB'000	2016 RUB'000
<b>Cash flows from financing activities</b>			
Proceeds from loans and borrowings		400 299	236 627
Repayment of loans and borrowings		(544 030)	(613 679)
Repayment of obligations under finance leases		(118)	(738)
Payments on settlement of derivative financial instruments		-	(10 052)
Finance expenses paid		(231 854)	(217 365)
Increase in ownership in subsidiary		(53 000)	-
Repayment of reimbursed VAT		(53 205)	(50 445)
Dividends paid to the owners of the Company		(327 935)	(500 332)
Dividends paid to non-controlling interests		(98 715)	(88 094)
<b>Net cash flows used in financing activities</b>		<u>(908 558)</u>	<u>(1 244 078)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		362 629	(444 497)
Cash and cash equivalents as at the beginning of the period	15	1 642 944	1 774 312
Effect of exchange rate changes on cash and cash equivalents		(27 992)	(54 748)
<b>Cash and cash equivalents as at the end of the period</b>	15	<u>1 977 581</u>	<u>1 275 067</u>

The notes on pages 10 to 17 are an integral part of these condensed consolidated interim financial statements.

## MD MEDICAL GROUP INVESTMENTS PLC

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2017 to 30 June 2017

#### 1. INCORPORATION AND PRINCIPAL ACTIVITIES

MD Medical Group Investments Plc (the "Company") was incorporated in Cyprus on 5 August 2010 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. In August 2012, following the special resolution passed by the shareholder, the Company was converted into a public limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. Its Registered Office is at Dimitriou Karatasou 15, Anastasio Building, 6th floor, office 601, Strovolos, 2024, Nicosia, Cyprus.

The principal activity of the Company is that of an investment holding company and, for that purpose, to acquire and hold controlling and other interests in the share or loan capital of any company or companies of any nature, but primarily in the healthcare industry. Please refer to note 4 for more detailed information about the services provided by the Group's medical centres.

The details of the directly and indirectly owned subsidiaries are as follows:

Name	Country of incorporation	Activities	30 June 2017 Effective holding %	31 December 2016 Effective holding %
CJSC MD PROJECT 2000	Russian Federation	Medical services	95	95
LLC Khaven	Russian Federation	Medical services	100	100
LLC Velum	Russian Federation	Medical services	64	64
LLC Capital Group	Russian Federation	Pharmaceutics retail	80	80
LLC FimedLab	Russian Federation	Medical services	60	60
LLC Clinic Mother and Child	Russian Federation	Holding of trademarks	100	100
LLC Clinica Zdorovia	Russian Federation	Medical services	60	60
LLC Ivamed	Russian Federation	Medical services	100	100
LLC Dilamed	Russian Federation	Medical services	100	100
CJSC Listom	Russian Federation	Service company	100	100
LLC Ustic-ECO	Russian Federation	Medical services	70	70
LLC Mother and Child Perm	Russian Federation	Medical services	80	80
LLC Mother and Child Ufa	Russian Federation	Medical services	80	80
LLC Mother and Child Saint-Petersburg	Russian Federation	Medical services	70	60
LLC MD PROJECT 2010	Russian Federation	Medical services	100	100
LLC Mother and Child Ugo-Zapad	Russian Federation	Medical services	60	60
LLC MD Service	Russian Federation	Pharmaceutics retail	95	95
LLC Mother and Child Nizhny Novgorod	Russian Federation	Medical services	100	100
LLC Mother and Child Yekaterinburg	Russian Federation	Medical services	100	100
LLC TechMedCom	Russian Federation	Service company	0	0
LLC Service Hospital Company	Russian Federation	Service company	0	0
LLC Mother and Child Tyumen	Russian Federation	Medical services	100	100
Vitanostra Ltd	Cyprus	Holding of investments	100	100
CJSC MK IDK	Russian Federation	Medical services	100	100
LLC Apteka IDK	Russian Federation	Pharmaceutics retail	100	100
LLC CSR	Russian Federation	Medical services	100	100
LLC Elleprof	Russian Federation	Service company	0	0
LLC Medtechnoservice	Russian Federation	Service company	0	0
LLC MD Assistance	Russian Federation	Assistance services	100	100
LLC Mother and Child Yaroslavl	Russian Federation	Medical services	80	80
LLC Mother and Child Kostroma	Russian Federation	Medical services	100	100
LLC Mother and Child Vladimir	Russian Federation	Medical services	100	100
LLC MD Management	Russian Federation	Management company	100	100
LLC Mother and Child Ryazan	Russian Federation	Medical services	100	100



## MD MEDICAL GROUP INVESTMENTS PLC

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2017 to 30 June 2017

#### 1. INCORPORATION AND PRINCIPAL ACTIVITIES (continued)

Name	Country of incorporation	Activities	30 June 2017 Effective holding %	31 December 2016 Effective holding %
LLC Mother and Child Kazan	Russian Federation	Medical services	100	0
Ivicend Holding Ltd	Cyprus	Holding of investments	100	100
CJSC MC Avicenna	Russian Federation	Medical services	100	100
LLC H&C Medical Group	Russian Federation	Medical services	100	100
LLC Centre of Reproductive Medicine	Russian Federation	Medical services	100	85
LLC Medica-2	Russian Federation	Medical services	100	100
LLC Mother and Child Siberia	Russian Federation	Medical services	100	100
LLC Siberia service company	Russian Federation	Service company	0	0
LLC Krasnoyarskii center of Reproductive Medicine	Russian Federation	Medical services	100	100
LLC Novosibirskii center of Reproductive Medicine	Russian Federation	Medical services	100	100
LLC Omskii center of Reproductive Medicine	Russian Federation	Medical services	100	100
LLC Barnaulskii center of Reproductive Medicine	Russian Federation	Medical services	100	100

As at 30 June 2017, 67.9% of the Company's share capital is owned by MD Medical Holding Limited, a company beneficially owned by Dr. Mark Kurtser. The 31.8% of the Company's share capital is owned by Guarantee Nominee Limited, who holds the shares on behalf of the GDR holders. The remaining 0.3% of the Company's share capital is owned by the Company.

#### 2. BASIS OF PREPARATION

##### (a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at 31 December 2016 and for the year then ended.

##### (b) Basis of measurement

The condensed consolidated interim financial statements have been prepared under the historical cost convention.

##### (c) Use of estimates and judgements

Preparing these condensed consolidated interim financial statements requires management to exercise their judgement to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense.

The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may differ from these estimates.

The significant judgements made by the management in applying the Group accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2016.

## MD MEDICAL GROUP INVESTMENTS PLC

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2017 to 30 June 2017

#### 2. BASIS OF PREPARATION (continued)

##### (d) Functional and presentation currency

All of the operational Group entities are located in the Russian Federation. The Company and its major operating subsidiaries have RUB as their functional currency.

The condensed consolidated interim financial statements of the Company are presented in RUB, rounded to the nearest thousand.

#### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are consistent with those followed in the Group's consolidated financial statements as at 31 December 2016 and for the year then ended.

Several new amendments were applied for the first time in 2017. However, they do not significantly impact these condensed consolidated interim financial statements of the Group.

A new standard IFRS 15 "Revenue from contracts with customers" is effective from 1 January 2018. Based on the preliminary conclusion management did not identify any significant influence of the standard on the consolidated financial statements.

#### 4. REVENUE

	30 June 2017 RUB'000	30 June 2016 RUB'000
In vitro fertilisation (IVF)	1 523 911	1 174 646
Deliveries	1 068 727	1 085 649
Obstetrics and gynaecology out-patient treatments	871 866	836 704
Paediatrics out-patient treatments	638 980	567 641
Other medical services	626 321	516 107
Other out-patient medical services	574 580	499 656
Obstetrics and gynaecology in-patient treatments	480 504	463 839
Other in-patient medical services	400 802	249 704
Paediatrics in-patient treatments	219 749	195 088
Sales of goods	145 894	161 272
Other income	66 189	63 991
	<u>6 617 523</u>	<u>5 814 297</u>

Revenue increased for 6 months 2017 mostly due to continuing ramp-up of capacity in new opening Hospital to Novosibirsk, Ufa and Lapino.

Significant increase in IVF due to growth of operating results in new Siberian clinics and opening of IVF departments in M&C Ugo-Zapad and M&C Khodynskoe pole.

Other medical services include but are not limited to laboratory examination, diagnostics.

#### 5. COST OF SALES

	30 June 2017 RUB'000	30 June 2016 RUB'000
Payroll and related social taxes	2 294 102	1 995 310
Materials and supplies used	1 088 362	935 676
Depreciation	387 238	352 681
Medical services	120 808	111 943
Energy and utilities	73 971	64 387
Property tax	64 994	48 318
Repair and maintenance	47 954	43 858
Other expenses	61 661	40 316
	<u>4 139 090</u>	<u>3 592 489</u>



## MD MEDICAL GROUP INVESTMENTS PLC

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2017 to 30 June 2017

#### 6. ADMINISTRATIVE EXPENSES

	30 June 2017 RUB'000	30 June 2016 RUB'000
Payroll and related social taxes	608 718	561 606
Utilities and materials	119 422	103 248
Other professional services	108 917	83 948
Depreciation	65 415	57 818
Advertising	63 516	78 375
Amortisation	48 853	46 436
Communication costs	15 114	14 219
Independent auditors' remuneration	4 872	6 917
Other expenses	56 014	64 324
	<u>1 090 841</u>	<u>1 016 891</u>

#### 7. STAFF COSTS

	30 June 2017 RUB'000	30 June 2016 RUB'000
Wages and salaries	2 270 296	1 999 280
Social insurance contributions and other taxes	632 524	557 636
Total staff costs	<u>2 902 820</u>	<u>2 556 916</u>

#### 8. OTHER INCOME

During the period the Group received other income of RUB105,810 thousand. This income arose mostly from the Escrow Deed approved on 26 September 2014, under which the Company received USD 1,575 thousand (RUB96,592 thousand) in March 2017 from Escrow Agent.

#### 9. NET FINANCE EXPENSES

	30 June 2017 RUB'000	30 June 2016 RUB'000
<b>Finance income</b>		
<b>Interest income</b>		
Bank interest received	27 139	20 998
Interest from loans to third parties	426	98
Bad debts recovered	-	3 011
	<u>27 565</u>	<u>24 107</u>
<b>Finance expenses</b>		
<b>Interest expense</b>		
Interest on bank loans	(144 296)	(145 243)
Unwinding of discount on other payables to tax authorities	(29 673)	(32 799)
Interest on loans from third parties	-	(1 627)
Finance leases interest	(120)	(140)
<b>Other finance expense</b>		
Bank charges	(61 508)	(56 076)
Impairment of trade and other receivables	(304)	(1 435)
	<u>(235 901)</u>	<u>(237 320)</u>
<b>Net foreign exchange transactions loss</b>	<u>(19 291)</u>	<u>(55 095)</u>
<b>Net finance expenses</b>	<u>(227 627)</u>	<u>(268 308)</u>

#### 10. TAXATION

The Group recognized tax benefit of RUB11,259 thousand in the reporting period mostly due to the increase in the deferred tax assets in LLC MD Project 2010, whose profits are taxable at 20% and tax losses were incurred in 2017. Income tax was recognized at the annual effective tax rate of minus 1% expected for 2017.

## MD MEDICAL GROUP INVESTMENTS PLC

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2017 to 30 June 2017

#### 11. EARNINGS PER SHARE

	30 June 2017 RUB'000	30 June 2016 RUB'000
Basic and fully diluted earnings attributable to the owners of the Company (RUB'000)	1 126 930	896 869
Weighted average number of ordinary shares in issue during the period	74 895 010	74 895 010
Basic and fully diluted earnings per share (RUB)	<u>15,05</u>	<u>11,98</u>

#### 12. DIVIDENDS

On 17 March 2017 the Board of Directors declared a final dividend for the year 2016 amounting to RUB338,062 thousand (USD5,804 thousand), which corresponds to RUB4,5 (USD0,08) per share. The dividend distribution was approved by the Annual General Meeting of the shareholders on 21 April 2017. The dividend was paid on 23 May 2017.

On 18 March 2016 the Board of Directors declared a final dividend for the year 2015 amounting to RUB500,332 thousand (USD7,298 thousand), which corresponds to RUB6.66 (USD0.1) per share. The dividend distribution was approved by the Annual General Meeting of the shareholders on 15 April 2016. The dividend was paid on 20 May 2016.

#### 13. PROPERTY, PLANT AND EQUIPMENT

Additions to property, plant and equipment during the six months period ended 30 June 2017 are mostly related to the continuing construction of a hospital in the Russian city Samara. The amount of additional construction costs during 6 months ended 30 June 2017 equals to RUB258,047 thousand.

The total net book value of property, plant and equipment which is held as collateral for the loans and borrowings is RUB8,004,058 thousand as at 30 June 2017 (31 December 2016: RUB5,430,699 thousand).

#### 14. TRADE, OTHER RECEIVABLES AND DEFERRED EXPENSES

	30 June 2017 RUB'000	31 December 2016 RUB'000
Trade receivables	296 562	241 166
CAPEX prepayments	420 904	180 659
Advances paid to suppliers	91 347	76 695
Other receivables	37 590	32 239
Deferred expenses	13 972	14 080
	<u>860 375</u>	<u>544 839</u>
Non-current portion	420 904	184 984
Current portion	<u>439 471</u>	<u>359 855</u>
	<u>860 375</u>	<u>544 839</u>

## MD MEDICAL GROUP INVESTMENTS PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
For the period from 1 January 2017 to 30 June 2017

### 14. TRADE, OTHER RECEIVABLES AND DEFERRED EXPENSES (continued)

Ageing analysis of trade receivables:

	Gross amount 30 June 2017 RUB'000	Impairment 30 June 2017 RUB'000	Gross amount 31 December 2016 RUB'000	Impairment 31 December 2016 RUB'000
Not past due	296 562	-	241 166	-
Past due	33 171	(33 171)	32 867	(32 867)
	<u>329 733</u>	<u>(33 171)</u>	<u>274 033</u>	<u>(32 867)</u>

### 15. CASH AND CASH EQUIVALENTS

	30 June 2017 RUB'000	31 December 2016 RUB'000
Cash at bank and in hand	533 464	318 800
Bank deposits with maturity less than 3 months	1 444 117	1 324 144
	<u>1 977 581</u>	<u>1 642 944</u>

Currency:

	30 June 2017 RUB'000	31 December 2016 RUB'000
RUB	987 873	819 272
EUR	1 383	1 094
US\$	988 325	822 578
	<u>1 977 581</u>	<u>1 642 944</u>

### 16. SHARE CAPITAL

	Number of shares	Nominal value US\$	Share capital RUB'000	Share capital US\$'000
Authorised	125 250 000	0,08	-	10 020
Issued and fully paid ordinary shares	75 125 010	0,08	180 585	6 010



## MD MEDICAL GROUP INVESTMENTS PLC

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For the period from 1 January 2017 to 30 June 2017

#### 17. LOANS AND BORROWINGS

	30 June 2017 RUB'000	31 December 2016 RUB'000
<b>Long-term liabilities</b>		
Bank loans	1 998 543	2 199 768
<b>Short-term liabilities</b>		
Bank loans	1 141 141	1 083 647
<b>Total loans and borrowings</b>	<u>3 139 684</u>	<u>3 283 415</u>

Maturity of loans and borrowings:

	30 June 2017 RUB'000	31 December 2016 RUB'000
Within one year	1 141 141	1 083 647
Between one and five years	1 745 368	1 949 869
More than 5 years	253 175	249 899
	<u>3 139 684</u>	<u>3 283 415</u>

The total net book value of property, plant and equipment which is held as collateral for the bank loans is disclosed in note 13. As additional collateral the Company has pledged the shares of CJSC MD Project 2000 and LLC Khaven.

As at 30 June 2017 the terms and debt repayment schedule of loans is as follows:

	Currency	Nominal interest rate	Year of last payment	30 June 2017		31 December 2016	
				Face value RUB'000	Carrying amount RUB'000	Face value RUB'000	Carrying amount RUB'000
Secured bank loan	RUB	9.90%	2022	1 102 984	1 102 984	1 103 604	1 103 604
Secured bank loan	RUB	10.8%	2019	794 118	794 118	947 338	947 338
Secured bank loan	RUB	9%	2018-2019	712 609	712 609	1 099 550	1 099 550
Secured bank loan	RUB	10.75%	2023	503 503	503 503	100 558	100 558
Unsecured bank loan	RUB	14.2%	2019	26 470	26 470	32 365	32 365
				<u>3 139 684</u>	<u>3 139 684</u>	<u>3 283 415</u>	<u>3 283 415</u>

#### 18. TRADE AND OTHER PAYABLES

	30 June 2017 RUB'000	31 December 2016 RUB'000
Accruals	385 345	308 512
Trade payables	314 033	323 369
Other payables to tax authorities	250 440	270 593
Payables to employees	222 471	260 997
Taxes payable	184 086	143 593
CAPEX payables	23 605	60 305
Other payables	27 036	24 240
	<u>1 407 016</u>	<u>1 391 609</u>
Non-current portion	204 737	238 618
Current portion	<u>1 202 279</u>	<u>1 152 991</u>
	<u>1 407 016</u>	<u>1 391 609</u>



## MD MEDICAL GROUP INVESTMENTS PLC

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#### 19. DEFERRED INCOME

Deferred income that relates to long term client advances represents money received from patients on stem cells storage contracts lasting from 1 to 20 years.

Deferred income that relates to short term client advances represents money received from patients on stem cells storage contracts, childbirth management contracts lasting from 1 to 9 months, and children care contracts valid for a specified period of time.

#### 20. RELATED PARTY TRANSACTIONS

##### 20.1. Key management personnel

The remuneration of the members of the key management personnel and non-executive directors for the six months ended 30 June 2017 was RUB20,008 thousand (for six months ended 30 June 2016: RUB19,181 thousand).

##### 20.2. Directors' interests

The direct and indirect interests of the members of the Board in titles of the Company as at 30 June 2017, 31 December 2016 and as at the date of signing these condensed consolidated financial statements are as follows:

<u>Name</u>	<u>Type of interest</u>	<u>Effective interest %</u>
Mark Kurtser	Indirect ownership of shares	67.90
Kirill Dmitriev	Indirect interest in shares	5.55
Simon Rowlands	Direct ownership of shares	0.33

Indirect interest in shares by Kirill Dmitriev arises through his capacity as key management personnel of indirect shareholder.

The calculation of effective interest is based on the total amount of issued and fully paid shares, including treasury shares acquired by the Company.

#### 21. CAPITAL COMMITMENTS

Capital expenditure contracted for at the reporting date but not yet incurred is as follows:

	30 June 2017 RUB'000	31 December 2016 RUB'000
Property, plant and equipment	77 906	49 044
Construction in progress	1 310 610	1 745 804
	<u>1 388 516</u>	<u>1 794 848</u>

#### 22. EVENTS AFTER THE REPORTING PERIOD

In August 2017 the Company has signed a construction contract with a general contractor relating to the construction of a new multi-disciplinary hospital in Tyumen. The total amount of the project will be approximately RUB3.5 billion. A part of this amount will be financed by a new loan.

In August 2017 the Company has signed a loan agreement for financing construction of hospital in Tyumen.