MD Medical Group

MOTHER AND CHILD

GROUP OF COMPANIES

2019 ANNUAL REPORT AND ACCOUNTS

investing in THE FUTURE

CONTENTS

Multi-Disciplinary LEADERSHIP

THANKS TO THE HARD WORK ACROSS THE GROUP, WE SUCCESSFULLY COMPLETED 2019 BY FURTHER BOOSTING KEY OPERATIONAL AND FINANCIAL RESULTS.

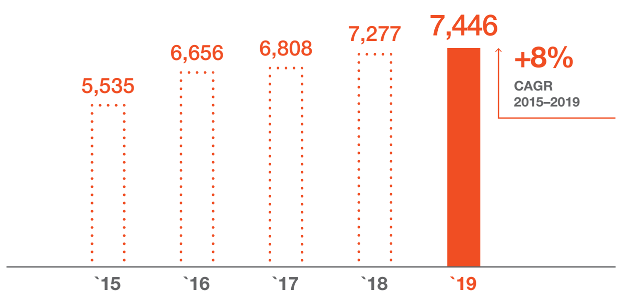
Dr Mark Kurtser
CEO

Year after year, our operational and financial performance demonstrates the sustainable development of our business with steady potential for further growth.

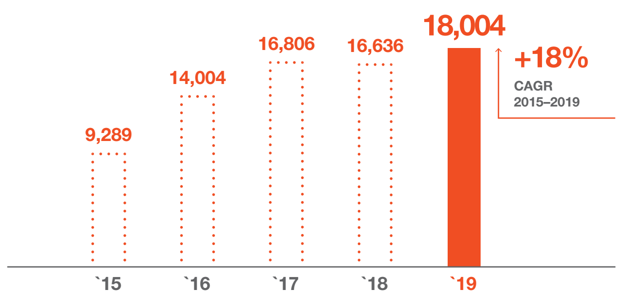
Key drivers of our growth included further capacity utilisation growth at our hospitals in Novosibirsk and Samara – the latter increased the number of deliveries by 37% during the second year of its operation. Remarkable growth of in-patient treatments was secured by the PMC and Samara hospitals.

OPERATIONAL KPI's

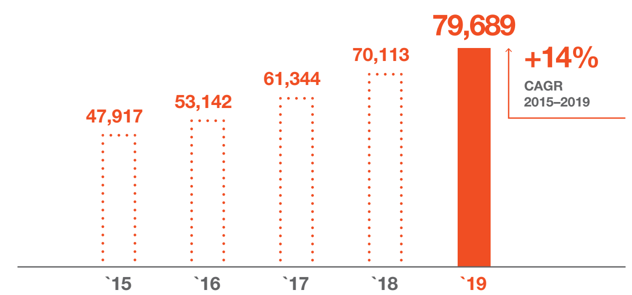
DELIVERIES



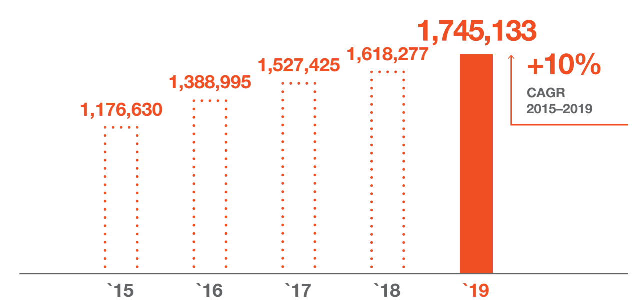
IVF CYCLES



IN-PATIENT DAYS

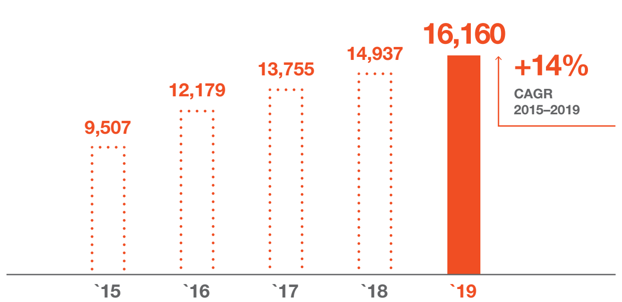


OUT-PATIENT TREATMENTS

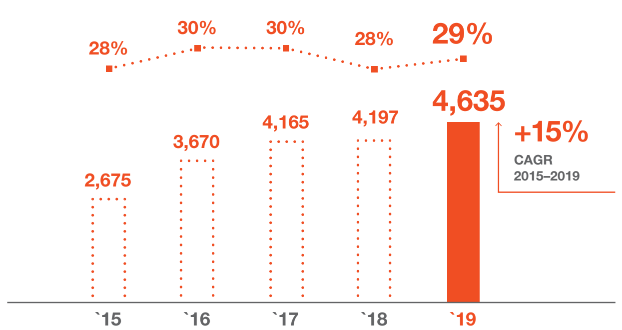


FINANCIAL KPI's (RUB MLN)

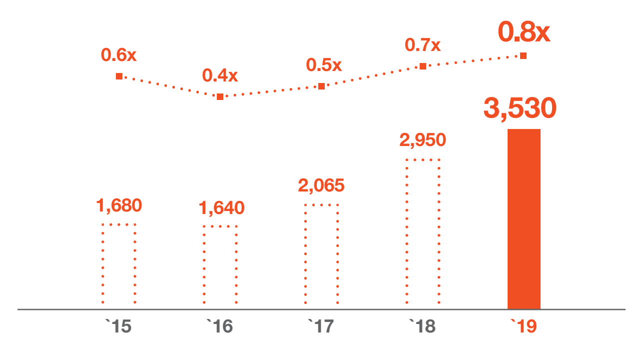
REVENUE



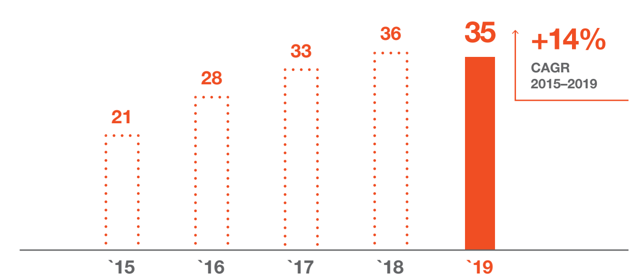
EBITDA AND EBITDA MARGIN



NET DEBT AND NET DEBT / EBITDA RATIO



EPS[1] (RUB/GDR)[2]



[1] EPS change rate calculated by dividing rounded amounts for years 2019 and 2018.

[2] Basic and fully diluted earnings per share calculated as profit for the year attributable to owners of the Company divided by weighted average number of ordinary shares in issue during the year.

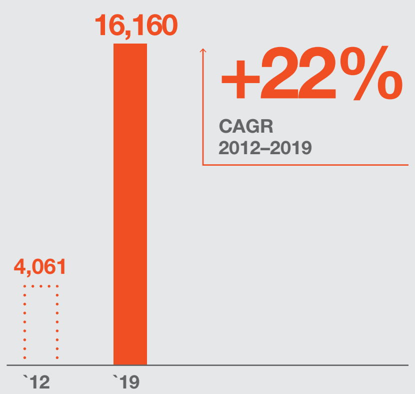
Strong INVESTMENT CASE

#1 HEALTHCARE COMPANY IN RUSSIA

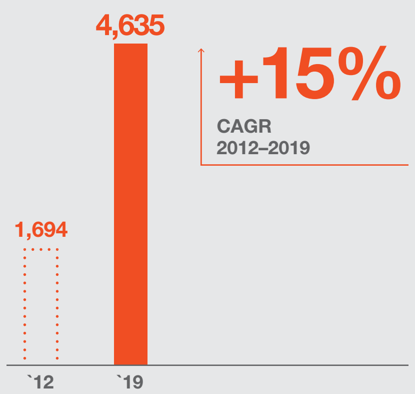
Largest healthcare company in Russia

First and only publicly listed healthcare company in Russia – gateway to an attractive market with solid growth potential

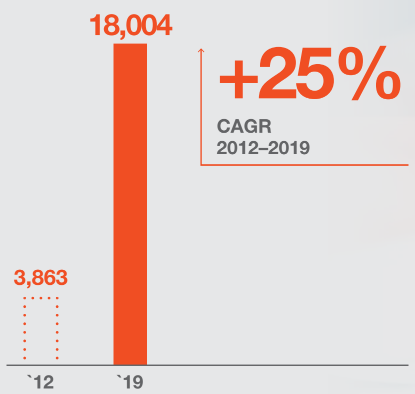
REVENUE (RUB MLN)



EBITDA (RUB MLN)



IVF CYCLES



Consistently one of the highest revenues among Russian healthcare companies

+8%

YEAR-ON-YEAR INCREASE IN 2019

Solid sustainable growth of key financial and operational metrics since IPO

4,635

EBITDA IN 2019

Leader in IVF segment in Russia

18,004

IVF CYCLES IN 2019

7,446

DELIVERIES IN 2019

BEST-IN-CLASS NETWORK ACROSS RUSSIA

- Deep understanding of the Russian private healthcare market
- Widespread medical network in Russia covering 27 cities[1]

CLEAR BALANCED GROWTH STRATEGY

- Proven regional expansion strategy with clear targets and track-record of successful investments
- Balanced and diversified service offering: OBGYN and IVF remain the core of our business, with a growing range of other medical services that demonstrate strong growth
- Combination of major greenfield hospital projects with a wide network of clinics that provide core services and benefit from economies of scale
- Ready to use blueprint for further expansion based on competence and available resources

ATTRACTIVE MARKET FUNDAMENTALS

- Low level of consolidation and saturation, specifically in the regions
- Still underdeveloped market with strong potential to grow
- Favourable regulatory environment: state support for private healthcare companies including 0% income tax rate, perpetual medical licence, and participation in the Mandatory Health Insurance programme
- High barriers to entry

AND YET THE STOCK REMAINS UNDERVALUED VS EM PEERS

[1] As of publication date

Nationwide HEALTH CARE NETWORK

With hospitals and clinics in 25 regions of Russia[1], we operate the most widespread private network of healthcare facilities in the country.

We help our patients in

25

regions[1]

[1] As of publication date

Statement from the CEO

Dr Mark Kurtser // CEO

Photo "DNA Health"

WE HAVE DEMONSTRATED STRONG SUSTAINABLE GROWTH

In 2019, we continued the sustainable development of our business. We demonstrated further growth of financial and operational indicators, despite the complicated demographic situation in the country, as well as boosted our ability to compete with both private and public healthcare facilities. Moreover, we continued to expand our federal network of hospitals and clinics across Russia, which currently covers an unparalleled number of regions in the market – 25 regions.

In the reporting year, we continued to improve our financial performance that aligns with the company's positive development trend since our IPO in 2012. We increased our revenue by 8% to RUB 16,160 mln, while EBITDA grew 10% year-on-year to RUB 4,635 mln.

Our financial performance was backed by solid operating results. We had a good performance of number of deliveries during the year, representing a 2% year-on-year increase, despite the 7.5% nationwide decrease in deliveries. We have confirmed our IVF leadership status in Russia, as we increased the number of performed cycles by 8% to 18,004 – an unrivalled result in the market. We also increased in-patient and out-patient treatments by 14% and 8% year-on-year, respectively.

Since the founding of the business, we have been systematically and successfully following the regional development strategy that enabled us to create the largest and most extensive medical network in Russia and to ensure the sustainable growth of our business. 2019 was no exception, as we have achieved a significant success in expanding the network. In particular, we opened a multi-disciplinary hospital in the oil-producing capital of Russia – Tyumen, which will allow us to provide medical services not only to the residents of this city, but also to a wide range of patients in oil-producing and gas-producing regions in the north of Russia. By opening the hospital in Tyumen – our sixth diversified hospital – we became the company with the largest number of hospitals in the Russian private healthcare sector. We also carried out a large-scale renovation of our first medical centre, PMC, transforming it into a multi-disciplinary hospital for all family members. PMC also laid the foundation for the rebranding of the company's entire group of hospitals. Additionally, we have been continuously focused on expanding our out-patient offering – we opened clinics in four new cities: the first clinic in the Russian Far East – in Vladivostok, as well as two clinics in the south of the country – in Krasnodar and in the million-plus city of Rostov-on-Don and the paediatric clinic in the Moscow region (two of them have been opened in early 2020). Thus, today we are operating in 13 of the 15 million-plus cities in Russia. Such large cities with solvent demand for our medical services are our target market. In total, at the end of 2019, our largest network in Russia included 40 medical facilities – 6 hospitals and 34 clinics.

Throughout 2019, we also continued the second construction phase of the Lapino hospital in accordance with the schedule. Lapino-2 hospital, scheduled to open in 2020, will operate in the fields of neurosurgery, cardiac surgery, chemotherapy and a number of other areas. It will also become an important driver for the further development of our medical operations not limited to female health and paediatrics. While obstetrics/gynaecology and paediatrics remain our key service areas. Other medical services constituted 28% of the Group's total revenue in 2019. In the future, we are considering the possibility of further expansion of Lapino – the construction of Lapino-3 – with a focus on radiology to treat patients with oncological issues.

The Group currently employs over 7,700 people. These are highly skilled professionals specially selected both in Moscow and in the regions. We are a responsible employer and strive to provide competitive working conditions and remuneration in order to successfully retain talented and experienced personnel. In addition, we pay great attention to the education and training of our medical staff in order to maintain the state-of-art level of care.

The Group envisions the principles of sustainable development as one of the core elements of its activities. It is not only because we understand the value of sustainable practices for our stakeholders as an important factor of compliance with best international experience, but also because we aim to improve working and living conditions of our employees and communities we impact. For that reason, we make sure that all aspects of sustainable development – social, environmental and economic – are equally addressed in our business values and long-term strategy, as well as our everyday life. In addition, we ensure transparent communication with our stakeholders and aim to receive a constructive feedback in order to improve the quality of our medical services and increase the effectiveness of our interactions with patients.

Our business continuously expands and steadily demonstrates strong financial and operational performance from year to year, allowing us to consistently pay dividends to our shareholders. Dividend payments for 2019 will amount to RUB 639 mln, or 23% of net profit for the year. We remain the largest network of private hospitals and clinics and the only public company in the growing healthcare market in Russia that retains a high potential for further growth. In the reporting year, we were able to successfully deliver on such potential by significantly strengthening our network.

I want to sincerely congratulate my colleagues at MD Medical Group and all shareholders on another successful year for our business and would like to thank them for their support and contribution to this success. There are many more joint victories ahead of us!

02

STRATEGY

3 new facilities

OPENED IN 2019

Trust

OUR STRATEGIC GOALS

PROVIDE THE HIGHEST QUALITY OF CARE TO PATIENTS AND ACHIEVE A HIGH LEVEL OF CUSTOMER SATISFACTION

We are strongly committed to maintaining the highest possible quality of our services and not only meeting but also exceeding our patients' expectations. We focus on ensuring that all of our facilities – both existing and new ones – adhere to MD Medical Group's customary high standards of medical care.

ROLL OUT OUR PROVEN BUSINESS MODEL

With our largest in Russia medical network comprising 42 facilities in 25 regions[1], we have a deep understanding of the Russian market and a strong track-record. We continue to open new facilities in both existing and new promising regions.

PROVIDE BALANCED SERVICES STRUCTURE INCLUDING CORE AND OTHER MEDICAL SERVICES

While we initially focused solely on women's and children's healthcare, over the years, once we were 100% sure we could maintain our customary high level of service, we have been adding other medical services for all family members. Today, MDMG is a diversified healthcare provider with OBGYN remaining our core focus.

RECRUIT AND RETAIN THE BEST AND MOST WELL-QUALIFIED PERSONNEL

As one of the largest employers in the sector, we pay specific attention to ensuring optimal working conditions and incentives for our personnel. We are constantly improving the professional skills of all our specialists. We will continue to employ the best professionals in the market by offering competitive salaries as well as exciting opportunities for career advancement.

DELIVER VALUE TO OUR SHAREHOLDERS

Ultimately, we want to ensure that all our actions and decisions will benefit our shareholders. As the first and only public healthcare company in Russia, we strive to produce the best performance and achieve strong results which translate into high long-term value for our investors.

OUR ACHIEVEMENTS IN 2019

28%

SHARE OF OTHER MEDICAL SERVICES IN THE GROUP'S REVENUE FOR 2019

2 new regions

ADDED IN 2019

In 2019, we opened and modernised a number of medical institutions across Russia, offering a diverse range of high-quality medical services. In particular, our new Tyumen hospital brought some unique services to the Tyumen Region, such as organ-sparing surgeries using endovascular technologies.

We also completed the reconstruction and rebranding of the PMC, turning it into a truly multi-disciplinary hospital that offers a wide range of high-tech services in a comfortable environment for all family members.

In 2019, we continued to expand our network in Russia. We opened a multi-disciplinary hospital in Tyumen and two new clinics, both in new regions – Vladivostok and Krasnodar – and continued to make progress on the construction of new clinics in Rostov-on-Don and in the Moscow region. We also continued work on the construction of our Lapino-2 and St Petersburg hospitals, scheduled for completion in 2020 and in 2022, respectively. While maintaining a sharp focus on our current projects, we will be further expanding our network to reach out to even more patients.

In the reporting year, we continued to expand our offering and added new services at both existing and new medical facilities. As a result of our continued efforts to expand the services offering, in 2019 our revenue from Other medical and Other non-medical services grew by 1 p.p. year-on-year and accounted for 31% of the Group's total revenue. In addition to opening a multi-disciplinary hospital in Tyumen, we completed renovation of the PMC and expanded the range of services it offers.

In 2019, we continued to hire, retain and train new additions to our staff of more than 7,700 employees. In addition to the existing facilities, our new Tyumen hospital became a major employer of medical staff in the region and has hired both local professionals and current MDMG employees who were relocated from Moscow. Throughout the year, we continued providing training and other professional growth opportunities for our staff.

In 2019, we strengthened our leading medical network in Russia and improved our service offering to become even more appealing to the Russian population. Alongside the current solid performance, we continue to invest in our assets with the aim of ensuring long-term growth in shareholder value. In the reporting year, we continued to share the results of our success with shareholders by paying dividends which amounted to 23% from net profit for the year.

[1] as of publication date

Unrivalled GROWTH

In 2019, we opened 2 clinics and 1 hospital, as well as expanded and renovated the PMC hospital. In addition, in 2020 the Group has already opened two other clinics. Such continuous expansion enables us to deliver high-quality medical services to a country-wide client base.

OPENING OF OUR FIRST HOSPITAL

ROLL OUT OF SUCCESSFUL BUSINESS MODEL

- Acquisition of out-patient clinics
- Successful IPO of the Group on the London Stock Exchange
- Opening of Lapino hospital

REGIONAL EXPANSION

- Acquisition of clinics in Samara Region and Irkutsk
- Opening of a clinic in Yaroslavl
- Opening of the Group's first regional self-constructed hospital in Ufa
- Acquisition of Avicenna Medical Centre in Novosibirsk (1 hospital and 3 clinics)

- Opening of out-patient clinic in Ryazan
- Launch of construction of a new in-patient wing to expand hospital in Novosibirsk
- Acquisition of the Medica Clinic in Novokuznetsk

- Acquisition of ARTMedGroup chain comprising five clinics in Krasnoyarsk, Omsk, Novosibirsk and Barnaul
- Opening of a new clinic in Kostroma
- Opening of a new Mother&Child Khodynskoe Pole clinic in Moscow
- Launch of construction of a new hospital in Samara

- Signing of a Memorandum of Understanding with the Tyumen Region government
- Opening of a cardiology department at Lapino hospital
- Opening of a new out-patient medical centre in the Moscow Region

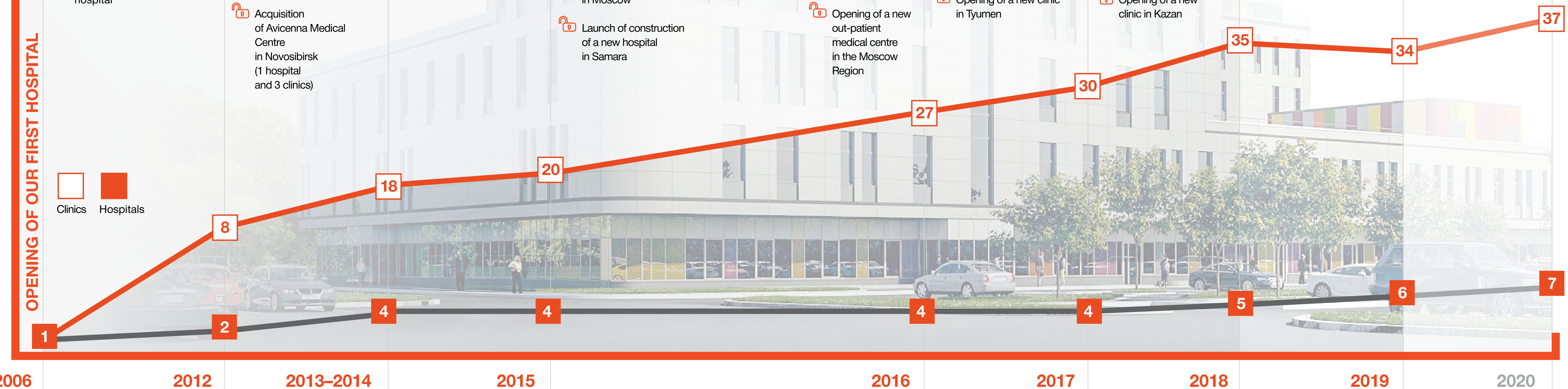
---

- Opening of a clinic in Vladimir
- Expansion and modernisation of the clinic in St Petersburg
- Opening of a new in-patient wing in Novosibirsk
- Opening of a new clinic in Voronezh
- Opening of a new clinic in Tyumen

- Opening of a new clinic in Vladimir
- Opening of Samara hospital
- Opening of a new clinic in Nizhny Novgorod
- Expansion of the Mother&Child Yugo-Zapad clinic
- Expansion of the Mother& Child Kostroma clinic
- Start of construction of the Lapino-2 hospital
- Opening of a new clinic Mother&Child Lefortovo
- Opening of a new clinic in Volgograd
- Opening of a new clinic in Tula
- Opening of a new clinic in Kazan

- **Opening of a new clinic in Vladivostok**
- **Opening of a new multi-disciplinary hospital in Tyumen**
- **Opening of a new clinic in Krasnodar**

- **Opening of a new clinic in Rostov-on-Don**
- **Completion of renovation of PMC and start of rebranding Group's hospitals**
- **Opening of a paediatric clinic in the Moscow region (Mother&Child Novaya Riga)**
- Lapino-2 Hospital
- Mother&Child Vladikavkaz clinic



WIDE RANGE OF HIGH-TECH medical Services

DELIVERING HIGH-QUALITY MEDICAL SERVICES THROUGHOUT RUSSIA

MDMG specialises in providing medical assistance to a growing number of Russian families, focusing on the diverse needs of its patient demographics. The company places its priority on high-quality personalised care that achieves equally high results.

MD Medical Group is a leading private healthcare provider in Russia. We started by providing specialised healthcare for women and children and soon earned a reputation as a sector leader in deliveries and IVF cycles.

To respond to an increasing demand for additional medical services outside OBGYN and paediatrics, we started gradually introducing new services, while making sure that we could deliver in line with our high standards.

Today, we have facilities all over Russia that offer a full range of healthcare services for our patients, covering their full life cycle. By starting with pregnancy care (preceded by fertility and IVF treatment if needed), we later expanded the number of delivery options at one of our six hospitals. We also provide a wide variety of treatments for babies from the first minutes of their lives (including complex cardiologic procedures). Our paediatricians take care of children until they are 18 years old, providing healthcare services in dozens of hospitals and clinics. MDMG's offering for adult patients includes a wide range of services outside of reproductive care, such as surgeries and cancer treatment. Our key objective is to provide for the patients' comfort and offer a premium level of service.

In 2019, we opened a hospital in Tyumen and clinics across the country that aim to specifically prioritise medical services in accordance with the demand patterns of the respective locations.

INNOVATION

- Medical Genetic Center
- Stem Cell Bank
- Fetal surgery
- Modern methods for cancer diagnosis

SURGERY

- Cardiology
- Traumatology and orthopedics general surgery
- Urology
- Neurosurgery
- Oncology
- Plastic surgery

DIAGNOSTICS

- Radiation diagnostics
- Ultrasound diagnostics
- Radiology
- Laboratory diagnostics

OTHER MEDICAL SERVICES

- Deliveries
- IVF
- Pregnancy management
- Operative gynaecology
- Miscarriage treatment
- Adult Clinic
- Surgical treatment of infertility
- Preimplantation genetic diagnosis
- Paediatric's clinic
- Children's intensive care
- Department of older children
- Ambulance at home

03

Investing in STRATEGIC EXPANSION

Growth

15,000 SQ M

TOTAL AREA OF THE NEW TYUMEN HOSPITAL

Expanding a LEADING NATIONWIDE NETWORK

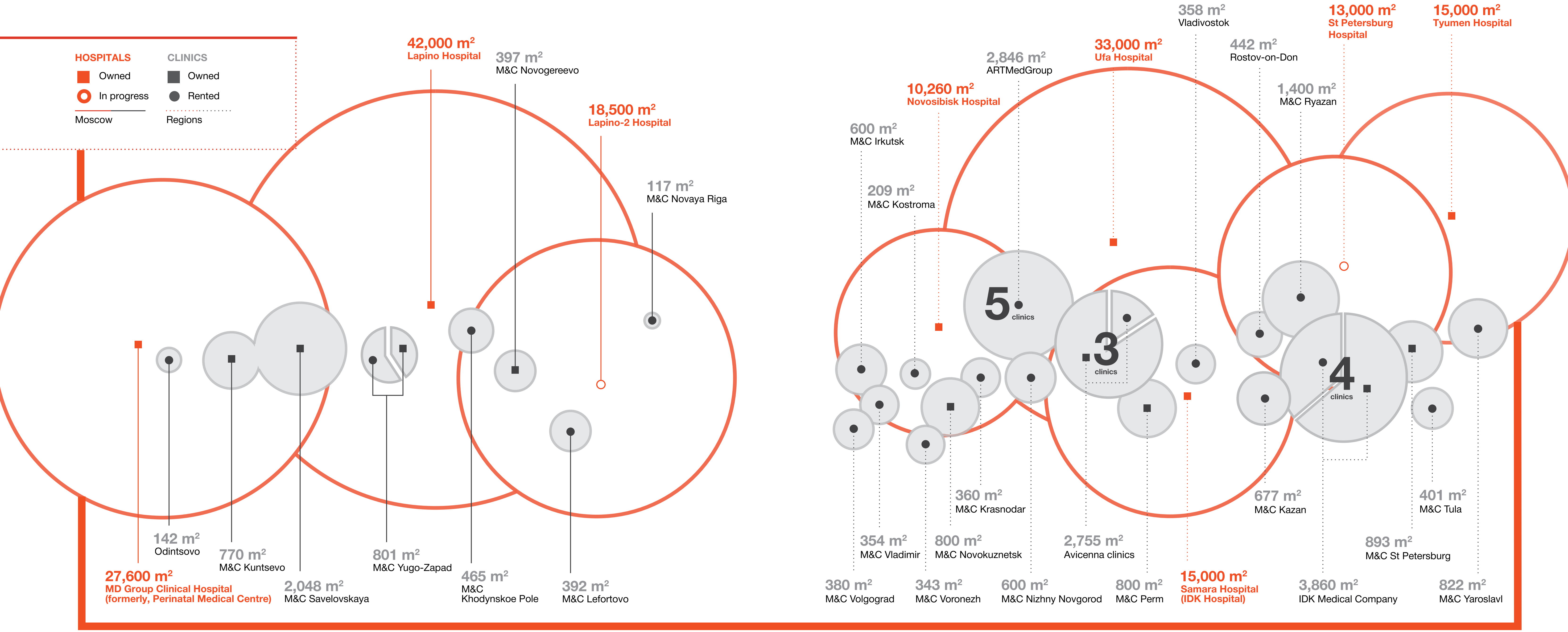
2019 became another year for the successful implementation of our development strategy across Russia. Thanks to our efforts and investments, we are now managing 42 modern healthcare facilities, including 6 hospitals and 36 out-patient clinics.

The key benchmark in MDMG's 2019 development was the opening of a new multi-disciplinary hospital in Tyumen in April. It demonstrates the Group's continued commitment to building multi-functional medical centres based on its standard design model in the Russian regions. The new 15,000 sq m hospital offers both MDMG's core services as well as a wide range of other medical services for all family members, including surgery, orthopaedics, cardiology, plastic surgery, laboratory diagnostics, and more. The Tyumen hospital is equipped with 10 high-tech operating theatres, including an integrated facility that allows for remote consultations with doctors at other MDMG facilities to take place, as well as state-of-the-art diagnostics equipment.

Throughout the reporting year, we kick-started the operations of two new clinics in Krasnodar and Vladivostok.

The Vladivostok clinic is able to carry out up to 500 IVF cycles, including under the Mandatory Health Insurance (MHI) programme, and more than 20,000 out-patient treatments per year. The new Krasnodar clinic has annual capacities of up to 1,000 minor gynaecological operations, 500 IVF cycles, and more than 26,000 out-patient treatments per year.

2020 started with the opening of two new clinics in Rostov-on-Don and the Moscow region.

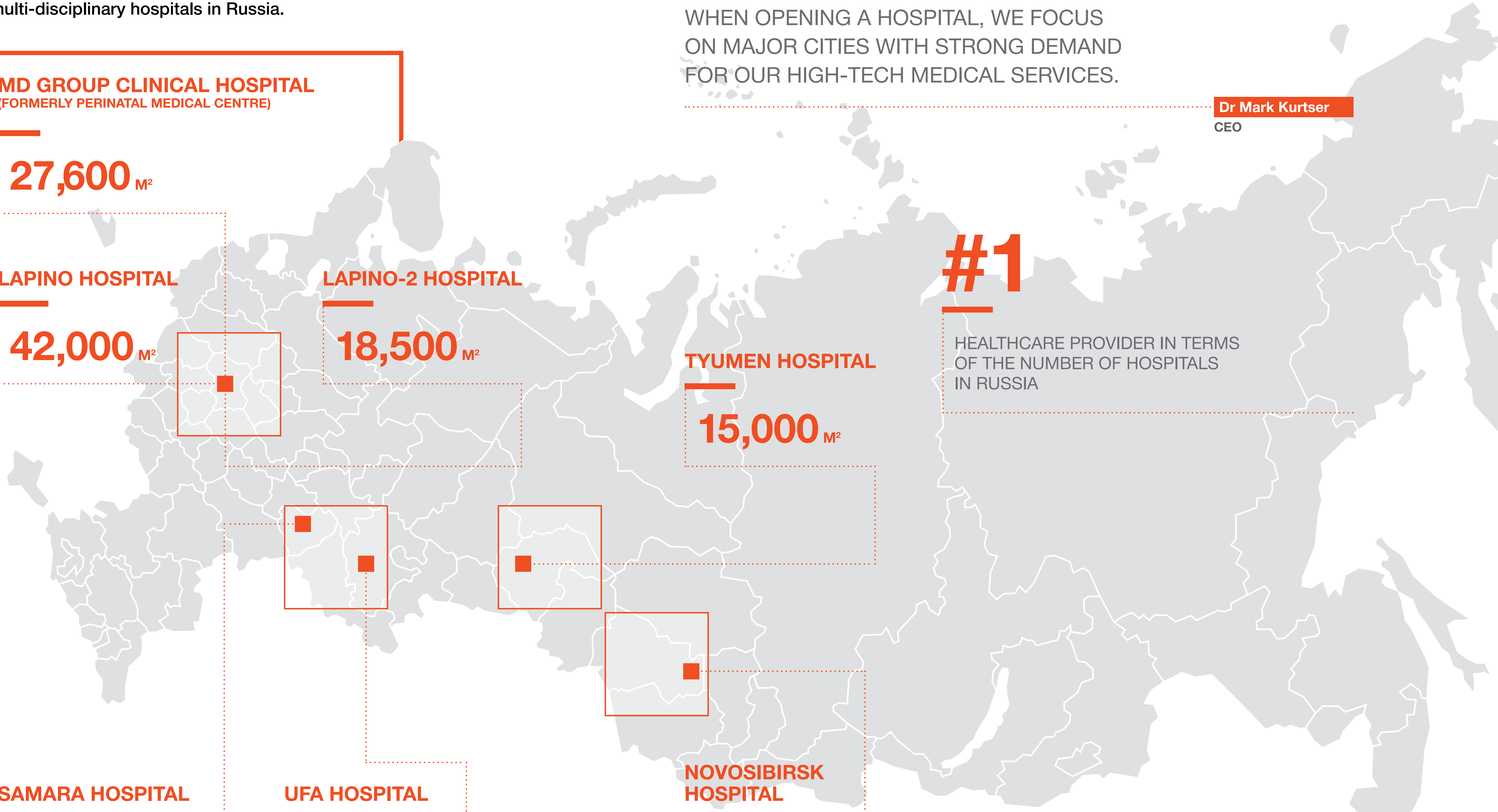


HOSPITALS IN FOCUS

In 2019, we continued expanding our leading chain of multi-disciplinary hospitals in Russia.

WHEN OPENING A HOSPITAL, WE FOCUS ON MAJOR CITIES WITH STRONG DEMAND FOR OUR HIGH-TECH MEDICAL SERVICES.

Dr Mark Kurtser
CEO



MD GROUP CLINICAL HOSPITAL
(FORMERLY PERINATAL MEDICAL CENTRE)

27,600 M²

LAPINO HOSPITAL

42,000 M²

LAPINO-2 HOSPITAL

18,500 M²

TYUMEN HOSPITAL

15,000 M²

#1

HEALTHCARE PROVIDER IN TERMS OF THE NUMBER OF HOSPITALS IN RUSSIA

SAMARA HOSPITAL

15,000 M²

UFA HOSPITAL

33,000 M²

NOVOSIBIRSK HOSPITAL

10,260 M²

LAPINO HOSPITAL

5.2
RUB BLN
CAPEX

Lapino, our largest hospital, is located near Moscow. It provides patients with high quality services and great comfort. Located in the countryside and surrounded by green space, this 191-bed hospital is capable of providing 639,540 out-patient treatments and 3,000 deliveries per year.

We have invested RUB 5.2 billion in the Lapino hospital, which is one of the largest private investments in healthcare in the history of Russia.

The 42,000 square-metre hospital offers a wide range of services in the areas of obstetrics and gynaecology, IVF, paediatrics, as well as diagnostics, urology, surgery, trauma and rehabilitation not only for mothers and their children, but for everyone.

ANNUAL CAPACITY OF LAPINO HOSPITAL:

191 BEDS	1,267[1] FTE[2]	3,000 DELIVERIES
1,000 IVF	28,470 IN-PATIENT DAYS	639,540 OUT-PATIENT TREATMENTS

[1] including administrative and service staff
[2] FTE – actual full-time equivalent as of 31 December 2019

UFA HOSPITAL

4.4
RUB BLN
CAPEX

In 2019, our first regional hospital continued its growth in the capital of Bashkortostan, one of Russia's leading regions in terms of gross regional product.

This 33,000 square-metre hospital was funded mainly by the proceeds of our successful IPO in 2012.

The project was completed on time in late 2014 and with an investment of RUB 4.4 billion.

Ufa hospital offers services for the whole family – from deliveries, IVF, gynaecology and obstetrics, paediatrics and neonatology to surgery, urology, plastic surgery and diagnostic services. It includes Bashkortostan's first private maternity hospital and stem cell bank.

ANNUAL CAPACITY OF UFA HOSPITAL:

185 BEDS	752[1] FTE[2]	2,000 DELIVERIES
1,100 IVF	30,295 IN-PATIENT DAYS	290,800 OUT-PATIENT TREATMENTS

[1] including administrative and service staff
[2] FTE – actual full-time equivalent as of 31 December 2019

NOVOSIBIRSK HOSPITAL

1.2
RUB BLN
CAPEX

Since the acquisition of Avicenna, the largest private hospital in Russia outside Moscow and St Petersburg, in Q4 2014, the Novosibirsk hospital has seen strong demand for its high-quality services from the residents of Novosibirsk and nearby regions.

As the existing facility reached maximum capacity, MDMG commissioned a new state-of-the-art wing in February 2017, creating the largest private healthcare facility in Siberia.

Core services offered at Novosibirsk hospital are obstetrics and gynaecology, surgery, urology and ophthalmology. The hospital also offers out-patient and diagnostics services in nearly all therapeutic areas, including those not currently available in the city or the region.

ANNUAL CAPACITY OF MOTHER&CHILD NOVOSIBIRSK:

93 BEDS	764[1] FTE[2]	1,000 DELIVERIES
1,800 IVF	22,630 IN-PATIENT DAYS	228,900 OUT-PATIENT TREATMENTS

[1] including administrative and service staff
[2] FTE – actual full-time equivalent as of 31 December 2019

SAMARA HOSPITAL

3.2
RUB BLN
CAPEX

Opened in March 2018, Samara hospital is the largest facility of its kind in the Volga region – an important and growing market.

The new hospital provides both our core services for women and children and diverse medical services for all family members.

The hospital is equipped with 8 high-tech operating rooms, one of which is integrated and allows for remote consultation with doctors from other hospitals of the Company.

ANNUAL CAPACITY OF SAMARA HOSPITAL:

164 BEDS	747[1] FTE[2]	2,500 DELIVERIES
1,200 IVF	30,000 IN-PATIENT DAYS	220,000 OUT-PATIENT TREATMENTS

[1] including administrative and service staff
[2] FTE – actual full-time equivalent as of 31 December 2019

MD Group

CLINICAL HOSPITAL

formerly,
Perinatal Medical Centre

600

RUB MLN
INVESTMENT IN RENOVATION

In 2019, MDMG completed renovating the PMC – the first private maternity hospital in Russia. Investment in the project amounted to around RUB 600 million.

Previously, the hospital specialised in the Group's core services: childbirth, gynaecology, paediatrics and IVF. Today, as a result of a large-scale revamp, 5 new departments have been added to expand the offering of the hospital rebranded as MD Group Clinical Hospital:

- General surgery department
- Urology department
- Traumatology department
- Cardiology department
- Department of endovascular x-ray diagnostics and treatment

The capacity of the surgical department increased to 3,250 operations. It will operate both on a commercial basis and under the Mandatory Health Insurance (MHI) programme.

The hospital also opened a new IVF department with updated state-of-the-art equipment capable of taking the quality of medical services to the next level. The capacity of the new department is 1,000 IVF cycles per year. It will operate only on a commercial basis.

Having become multifunctional, the modernised PMC, which provides patients with a full range of highly professional medical services in one place, becomes the Company's first hospital carrying the name "MD Group Clinical Hospital" as part of the Company's rebranding campaign.

ANNUAL CAPACITY OF MD GROUP CLINICAL HOSPITAL:

261 BEDS	3,500 DELIVERIES	1,014[1] FTE[2]	3,000 IVF
34,000 IN-PATIENT DAYS	295,000 OUT-PATIENT TREATMENTS	3,250 SURGICAL OPERATIONS	

[1] including administrative and service staff
[2] FTE – actual full-time equivalent as of 31 December 2019

Mother&Child HOSPITAL LAPINO — 2

4.2

RUB BLN
CAPEX

WE ARE BRINGING OUR LAPINO HOSPITAL TO AN ENTIRELY NEW LEVEL BY EXPANDING ITS CAPABILITIES TO OFFER HIGH-TECH MEDICAL SERVICES IN DIFFERENT HEALTHCARE AREAS. WE EXPECT THAT THE EXPANDED HEALTHCARE FACILITY CREATED IN LINE WITH THE LATEST TECHNOLOGIES AND OUR TRACK RECORD OF LAUNCHING NEW HOSPITALS FROM SCRATCH WILL SIGNIFICANTLY CONTRIBUTE TO THE GROUP'S PERFORMANCE.

Dr Mark Kurtser
CEO

Upon opening, Lapino-2 will offer the following services which are new for the Group: neurosurgery, cardiovascular surgery, chemotherapy, stomatology and oral and maxillofacial surgery.

Surgical building Lapino-2 will include:
- Diagnostic department
- In-patient department
- Hemodialysis department
- 4 operating theatres for planned surgeries
- 2 operating theatres for emergency sergeries
- Intensive care unit with 13 beds

ANNUAL CAPACITY OF LAPINO-2 HOSPITAL:

88
BEDS

380[1]
FTE[2]

27,000
IN-PATIENT DAYS

200,000
OUT-PATIENT TREATMENTS

15,000
SURGICAL OPERATIONS

[1] including administrative and service staff
[2] Planning FTE

Mother&Child TYUMEN HOSPITAL

2.6
RUB BLN
CAPEX

The highlight of 2019 was the opening of a new multi-disciplinary hospital in Tyumen in April.

By opening our sixth hospital, we have expanded our footprint to one of Russia's most developed regions, where our clinic operated since 2017.

The hospital is capable of carrying out unique organ-sparing surgeries using endovascular technologies and will be developing its capacity in foetal medicine, including foetal surgery.

WITH THE OPENING OF THIS NEW HOSPITAL, WE ARE EXPANDING THE USE OF MODERN MEDICAL TECHNOLOGIES, CREATING NEW JOBS, CONTRIBUTING TO IMPROVING THE QUALITY OF LIFE AND BUILDING THE FOUNDATION FOR OUR FUTURE GROWTH.

Dr Mark Kurtser
CEO

ANNUAL CAPACITY OF TYUMEN HOSPITAL:

164 BEDS	**384**[1] FTE[2]	**2,500** DELIVERIES
1,200 IVF	**220,000** OUT-PATIENT TREATMENTS	**8,500** SURGICAL OPERATIONS

[1] including administrative and service staff
[2] FTE – actual full-time equivalent as of 31 December 2019

INTERVIEW WITH CHIEF DOCTOR of Tyumen Hospital

Could you tell us a bit about how your career led you to MD Medical Group?

Back in 2017, I was the Deputy Chief Doctor of the local perinatal centre in Tyumen and had more than 10 years of experience as an obstetrician-gynaecologist. At that time, I was offered the position of Chief Doctor at a newly opening MDMG hospital here in the city. As such, my work with the Tyumen hospital began with the laying of the first stone.

I took an active role in getting the project off the ground, from procuring medical equipment to adjusting the project design where necessary – as you know, the Tyumen hospital is the 'younger brother' of our hospital in Samara and has a similar structure.

While construction was going on, I worked at the Lapino hospital, where I immersed myself in the Group's corporate culture and philosophy and remotely supervised the project in Tyumen.

As Chief Doctor, what tasks do you set for yourself?

My main task is to introduce the highest level of medical technologies, quality of care and comfort across all MD Medical Group locations in my home town.

I want to make world-class medicine available to residents of Tyumen and the surrounding area, so that they can receive state-of-the-art medical care locally, without going to Moscow or abroad.

Who uses the hospital, and what regions do they come from? Do you have entire families coming in for medical care?

We have patients from Tyumen and the Tyumen region, as well as patients from the neighbouring regions. We perform a number of rare and unique operations here, and we are located closer to neighbouring regions than Moscow, so people often come to us.

As for families, yes, of course. It's often the case that someone gives birth here, they return home satisfied with the services we provided, they then find out that we work in a wide range of areas and proceed to recommend us to other family members. Or vice versa: someone might come in for a surgery, and later on they will choose us when giving birth.

That is to say, patients regard the hospital as a truly multifunctional institution?

Yes, we've been able to successfully establish this reputation. Since the beginning back in 2017, we've been running a reproductive clinic here in Tyumen – this is a standard practice for the Group when entering a new region, when we start with the opening of an out-patient unit.

However, the new hospital is not only targeted at IVF and gynaecology. Thanks to the successful efforts of our marketing department and word-of-mouth, patients know that we perform complex surgical operations and provide many other services here as well.

Can you expand on some of these services?

We have a good flow of surgical patients: we carry out both planned and emergency operations, and patients who are brought to us by ambulance are brought from across the city.

Thanks to a well-established endovascular care service, we successfully treat patients with acute coronary syndrome.

We work with patients who have a myocardial infarction, thanks to the modern equipment we have installed in our angiographic operating rooms.

But let's not forget the principal service provided by the Group – MDMG is the leader in the field of IVF in Russia. And here, in Tyumen, we have reached a 50% share of the IVF market. At the same time, pregnancy rates are very high, at 42%.

What is the advantage of this particular MDMG hospital versus other local hospitals?

First and foremost, it is the talent of the doctors, because we always focus on people first. We employ a combination of local doctors and MDMG doctors who have moved here from other cities.

What's more, the hospital is fitted out with the latest technology – much of the equipment here has no equivalent within the region.

In addition, we have the experience amassed by the Group over the course of more than 10 years in the industry. For example, we were the first in the region to conduct early diagnosis of cervical cancer using liquid oncocytology, which increases the probability of early detection by 30%.

And finally, there is our well-recognised patient comfort, which is a priority across all of the Group's facilities.

How have you built your relationship with the regional health authorities?

We have a supportive and constructive relationship with health authorities.

We provide a wide range of services under the Mandatory Health Insurance (MHI) program – this increases the flow of patients to the hospital and reduces the time that patients wait for their turn. In other words, we reduce the strain on other hospitals in the city and region, which improves the regional healthcare statistics.

OPENED IN APRIL 2019, THE HOSPITAL IN TYUMEN IS THE GROUP'S SIXTH HOSPITAL

Tatyana Erbaktanova // PhD, Chief Doctor of Tyumen hospital

BIOGRAPHY

March 2019 – Present – Chief Doctor and Obstetrician Gynaecologist at Mother&Child Tyumen hospital
2017–2019 – Obstetrician Gynaecologist at Mother&Child Lapino hospital
2016–2017 – Deputy Chief Doctor at Tyumen Perinatal Centre
2015–2017 – Assistant and later Associate Professor in OBGYN at Tyumen State Medical University
2011–2016 – Head of Obstetric Pathologic Pregnancy Department at Tyumen Perinatal Centre
2005–2011 – Obstetrician Gynaecologist at Obstetric Department at Tyumen Perinatal Centre
2000–2001 – Paramedic at a first-aid station in Tyumen

EDUCATION

2008 – Received a degree in General Medicine from Pirogov Medical University
2016 – Received an MBA degree from Stockholm School of Economics
2003 – Graduated from Tyumen State Medical Academy
2003–2005 – Residency in OBGYN at Tyumen State Medical Academy
2010–2012 – Residency in Healthcare Management and Public Healthcare at Tyumen State Medical Academy

IT'S A UNIQUE ADVANTAGE, A HUGE PLUS, THAT WE CAN CALL ON OTHER MDMG INSTITUTIONS AND REQUEST HELP AT ANY TIME.

As I mentioned earlier, we also bring the Group's in-house know-how to the local market, thus raising the standard of healthcare in the region. We are committed to performing minimally invasive and organ-preserving operations, which is not a possibility at the most of the hospitals in the region.

We also stage hold a number of theoretical and practical conferences at the hospital. With our advanced equipment, we're able to broadcast live video from the operating room to the conference room, where doctors from other clinics can discuss and learn.

It sounds like you share your experience with other practitioners and carry out educational activities. Do you do this in partnership with other institutions in the Group?

Indeed, it's a key principle of the Group's work! It's a unique advantage, a huge plus, that we can call on other MDMG institutions and request help at any time. Our colleagues from other cities helped us launch various departments. For example, we consult with Avicenna for surgery. And our colleagues from Samara helped us start urology and paediatrics units, which was very helpful, given that our hospital structures are so similar.

In complex medical cases, our colleagues sometimes come to Tyumen to perform operations. For example, we performed a complex operation when the placenta grew into the uterus – an endovascular surgeon and an anaesthesiologist from Lapino came here to Tyumen. Everything went well and our doctors received an invaluable experience. We have since successfully completed a second, very similar operation on our own.

We also have colleagues come to us to conduct master classes – for example, the head of the Avicenna Surgery Department has twice held master classes here on the use of minimally invasive technologies.

And the Ufa hospital has a Stem Cell Bank where we send our patients' stem cells.

The hospital opened in April. How would you sum up the results of the year so far?

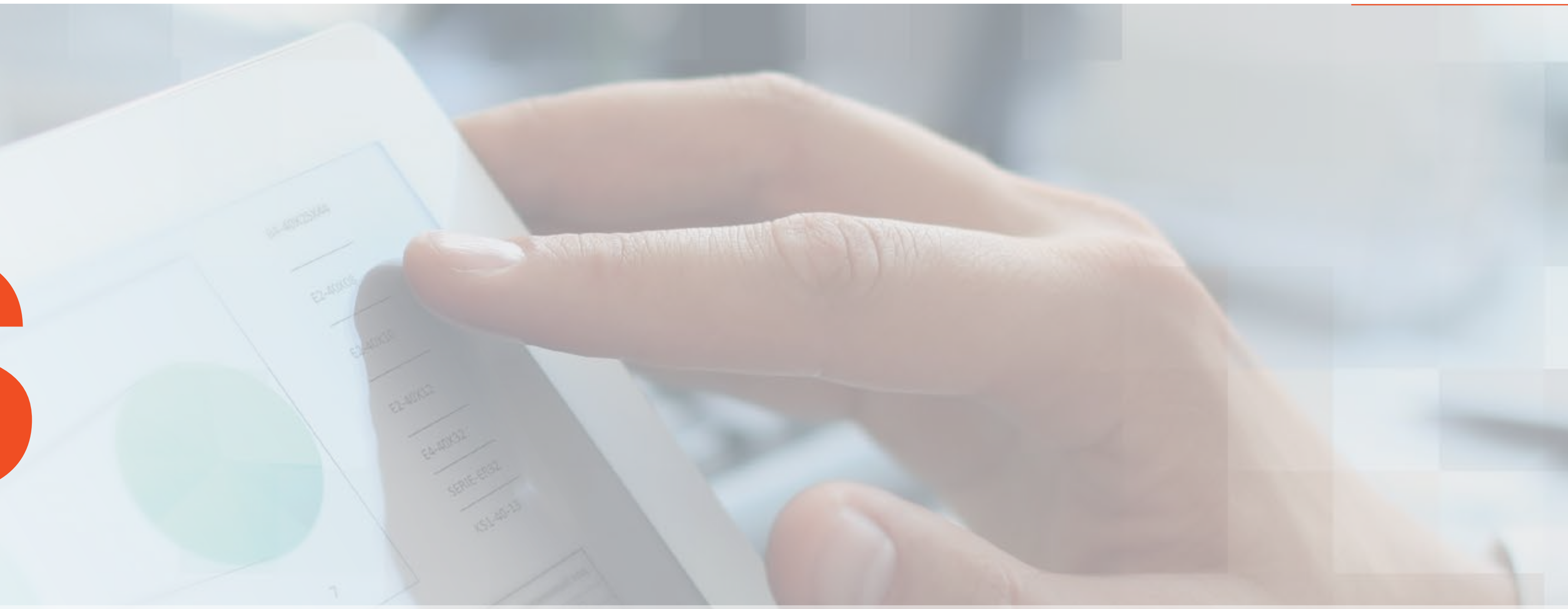
It has been a successful start. The hospital opened on time, and within a few months we had already established a good name for ourselves. People know about us and want to be treated here. They come here not only for childbirth but for the other services as well, including diagnostics, traumatology and surgery. Our patients appreciate that they can access a wide range of high-quality services within a single medical institution.

We successfully work within the Mandatory Health Insurance system and cooperate with a number of companies, particularly in the oil and gas sector, to develop insurance products.

We have already completed a number of complex and unique surgeries in the region and are gradually changing people's approach to medicine in the region. In particular, we are reinforcing the habit of attending annual preventive medical examinations, or so-called check-ups.

To sum up, we have successfully launched the hospital and we're focused on achieving further dynamic growth.

Market TRENDS IN RUSSIA

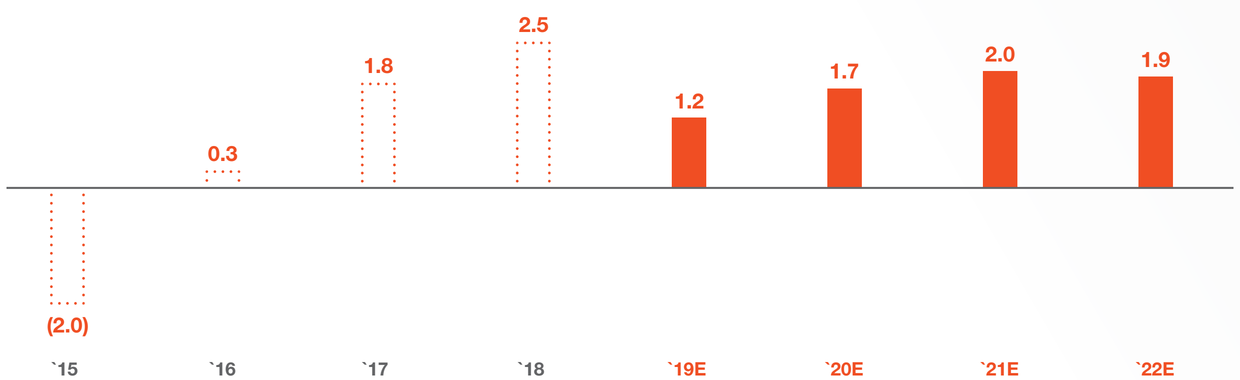


STATE ECONOMY OVERVIEW

- In 2019, in Russia, softer-than-expected investment and trade, together with a continuation of international economic sanctions, resulted in a GDP growth slowdown to an estimated 1.2% [1]. However, the growth rate of the Russian economy later increased in Q3.
- An increase was registered in investment activity, among other things, on the back of a rise in budget capital expenditure [2]. Russia also became one of Europe's top performing stock markets in 2019, with Moscow Exchange's main index rising 29% year-on-year in 2019.
- On 13 December 2019, the Bank of Russia decided to cut the key rate by 25 bp to 6.25% per annum [2], benefiting many private enterprises.
- In the second half of 2019, fiscal policy started to encourage economic growth on the back of, among other things, the implementation of national projects planned by the Government. National projects – which are partly funded by the 2019 VAT hike and include investment in infrastructure and human capital – are expected to buoy growth over the forecast horizon [2].
- Russia's consumer confidence index rose in Q3 of 2019, compared to the previous period, due to an improvement in expectations over the next 12 months regarding the economy and financial situation. Also, consumers felt less pessimistic about making large purchases [3].

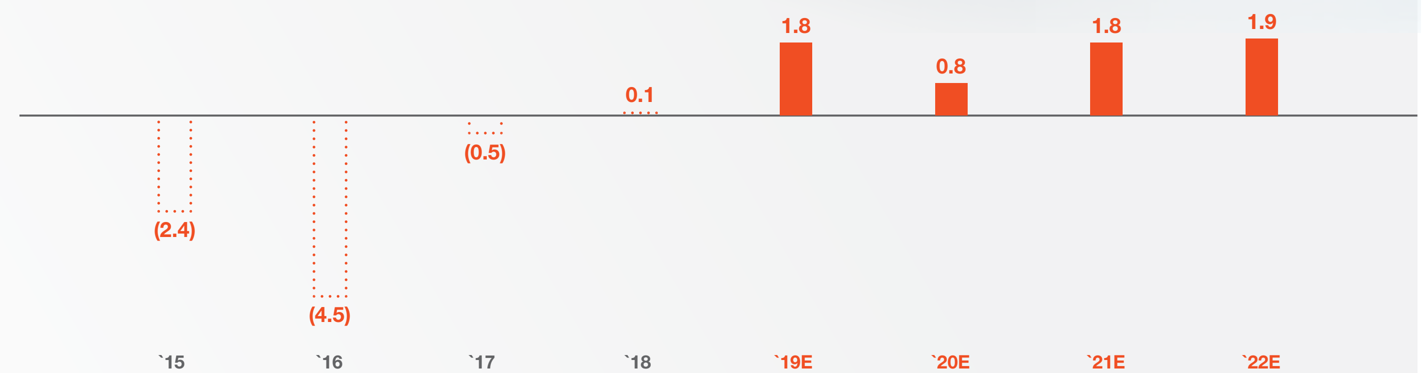
ATTRACTIVE MACROECONOMIC FUNDAMENTALS

GROWING RUSSIAN ECONOMY…
REAL GDP GROWTH, %



…WITH RECORD LOW INFLATION RATES…
YEAR-END CPI, %

…RESULTS IN HIGHER HOUSEHOLD DISPOSABLE REAL INCOME.
HOUSEHOLD DISPOSABLE REAL INCOME GROUTH, %



[1] «Global Economic Prospects: Slow Growth, Policy Challenges», report by The World Bank, January 2020
[2] The Central Bank of the Russian Federation, press release, December 2019
[3] Trading Economic (www.tradingeconomics.com/russia/consumer-confidence)

PRIVATE HEALTHCARE SECTOR

KEY SECTOR TRENDS:

- ATTRACTIVE MACROECONOMIC FUNDAMENTALS
- INCREASING HEALTHCARE EXPENDITURES PER CAPITA
- DECREASING SCOPE AND AVAILABILITY OF STATE – FUNDED MEDICAL SERVICES
- AGING POPULATION AND A LONGER LIFE EXPECTANCY
- REGULATOR'S SUPPORT AND STATE INITIATIVES
- HIGHLY FRAGMENTED PRIVATE HEALTHCARE MARKET WITH CONSOLIDATION POTENTIAL

- Healthcare services are among the top four service groups with the highest consumption volume in Russia. In addition, Russian consumers have increased their consumption of sports and wellness services by 52% since 2012, which demonstrates the growing health consciousness trend that the healthcare sector can benefit from in the future[1]. Almost half of Russian patients now use private healthcare services. In 73% of those cases patients pay for care out-of-pocket, with patients' spending on medical services growing every year[1].

[1] «Paid Services Market in Russia», report by Federal State Statistic Service, May 2019
[2] Source: "Paid Services Market in Russia" report by Federal State Statistic Service

- 8.6% of surveyed[2] patients turned to private OBGYN professionals[2], yet almost 70% of women see an obstetrician or a gynaecologist on a yearly basis or more frequently[3] – a sign of unrealised market potential for MDMG's core service offering.
- Only 8.1% of patients across the country are dissatisfied with the quality of private healthcare services, yet 24.4% of patients have notable complaints about public healthcare providers[4]. The statistic illustrates that patients' perception of private medicine is overall positive, which can support the sector's future expansion.
- The government's initiatives are also supportive of the private medicine sector. Among beneficial government initiatives is the state assignment for the provision of high-tech medical care with a RUB 2.5 billion budget for private providers including MDMG. In addition, it is worth noting that The Global Competitiveness Report states that Russia has improved its general Innovation capability pillar by 2.2 points thanks to increased quality of its research institutions and constant R&D expenditure (1.1% of GDP)[5].
- The President has also ordered to improve the demographic situation in the country by stimulating birth rate via monetary incentives:
  - He suggested to expand the "Maternity capital" programme (monetary compensation of childcare-related expenses) to include firstborn children (formerly, it only covered families with two or more children);
  - Welfare benefits will also be paid for children aged three to seven in low-income families, and free school meals will be provided for the first four years of school.
- Such incentives are expected to have a positive influence on the number of births in Russia in the next years, resulting in higher demand for obstetric and paediatric care.
- The private healthcare service market in Russia remains highly fragmented, yet MDMG's market share keeps growing, as the Company continues to expand its national footprint and service offering.

[1] "RBC Market Research» («Medical services: survey of Russian consumers 2019»), survey by RBC, 2019
[2] «Paid Services Market in Russia», report by Federal State Statistic Service, May 2019
[3] «Health care in Russia – Statistics and Facts», report by Statista, January 2020
[4] «Selective monitoring of the state of public health», survey by Federal State Statistic Service, January 2020
[5] "The Global Competitiveness Report", report by World Economic Forum, 2019

Continued STRONG PERFORMANCE

10%

GROWTH IN EBITDA IN 2019

In 2019, we strengthened and expanded our network throughout Russia, achieved significant growth in operating performance, and as a result delivered record revenue in the history of the Group.

Care

OPERATIONAL REVIEW

DELIVERIES

IVF

IN-PATIENT DAYS

OUT-PATIENT TREATMENTS

DELIVERIES

In 2019, the number of deliveries grew 2% year-on-year to 7,446, despite challenging demographics in Russia and 7.5% year-on-year decline in deliveries across the country.

WEATHERING THE DEMOGRAPHICS STORM

MD Medical Group is well-known for setting a uniquely high standard in Russia for the level of quality, comfort and care in deliveries. This has enabled us to grow the number of deliveries we perform year by year even amid some challenges in the deliveries rate in Russia as a whole. Deliveries volumes at MDMG are also supported by the continued leadership in Russia's IVF segment – many patients who become pregnant at our numerous IVF facilities in Russia later deliver at one of our hospitals.

BRINGING HIGH-QUALITY SERVICES TO THE REGIONS

We have continued expanding our best-in-class hospital network, bringing a wide range of our high-quality services, including deliveries, to the Russian regions.

- As ramping up continued at the existing regional hospitals in Novosibirsk and Samara, the number of deliveries at the facilities in 2019 grew 24% and 37% year-on-year, respectively.
- Avicenna hospital in Novosibirsk has been successfully implementing a multidisciplinary leadership model focused on service diversification – 58% of its 2019 revenue came from surgeries and laboratory examinations.

SETTING A STANDARD IN THE MARKET

We offer a range of unmatched services that set us apart from the market:

- We are expanding our regional network of hospitals, bringing a wide range of high-level services, which patients can expect in our Moscow facilities, to the locations across the country.
- We were the first in Russia to offer women the opportunity to have the same doctor who supervised their pregnancy to also go on to conduct the delivery.
- We offer unique anaesthesiology resources and optimal pain relief for each period of labour.
- We provide a combination of classical obstetrics and advanced medical technologies.
- Our patients benefit from individually tailored birthing programmes.
- And we offer a unique "home birth in hospital" service in our luxury in-hospital apartments.

WIDE CHOICE OF DELIVERY OPTIONS

We do everything possible to ensure that our clients can give birth naturally, even following surgery or caesarean section.

We offer a wide range of different birth options for future mothers to choose from:

- Natural physiological childbirth.
- Traditional or horizontal natural child birth.
- Vertical birth.
- Water birth.
- "Home birth" in hospital in one of our luxury apartment-like rooms, furnished in the style of a home bedroom with an on-hand medical team and equipment.
- Partnership birth, allowing for loved ones to be present.
- Natural birth after caesarean or previous gynaecological surgery.
- Surgical birth via planned or emergency caesarean section.

POST-DELIVERY SERVICES

- Neonatal intensive care unit.
- Neonatal pathology unit.
- Premature babies' unit.
- ER unit with fleet of ambulances.
- 24/7 emergency labour service.
- Breastfeeding support and assistance for patients suffering from lactostatis or hypogalactia.
- Stem cell bank, with international standards in collection, testing, processing and storage of cord blood including transportation services even if the birth is at another centre.
- New parents school providing assistance and birth guidance for future parents-to-be.

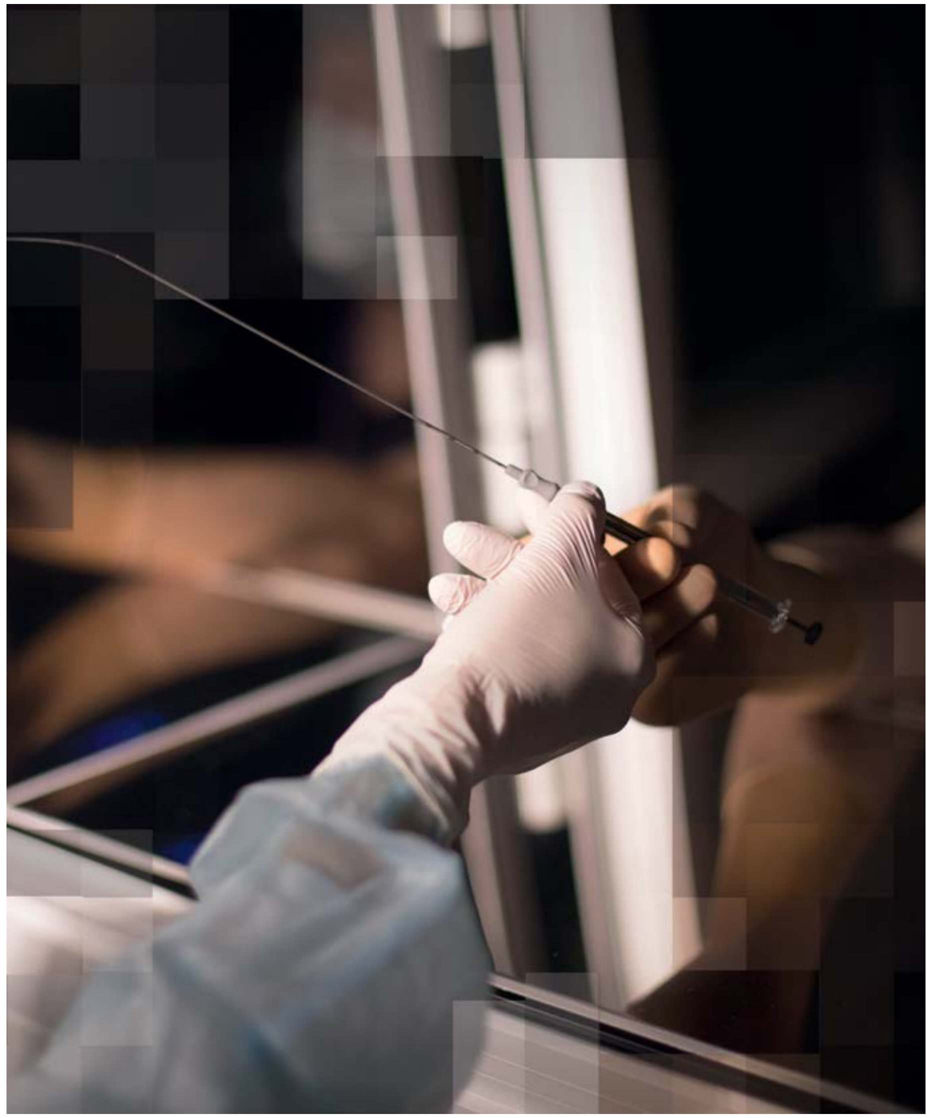
WE GREW OUR DELIVERIES IN 2019 THANKS TO THE FURTHER IMPROVEMENTS IN THE PERFORMANCE OF OUR EXPANDING REGIONAL HOSPITAL CHAIN.

7,446

THE NUMBER OF DELIVERIES IN 2019

IVF

In 2019, the total number of IVF cycles increased by 8% year-on-year to 18,004.



HIGH-TECH SERVICES ACROSS RUSSIA

We provide our customers with high-quality fertility services including:

- Diagnosis of possible causes of infertility within a family.
- Preimplantation genetic diagnosis.
- Effective treatment for one or both spouses.
- Individually tailored programmes.
- Achievement and maintenance of pregnancy.
- Childbirth assistance.
- Post-natal healthcare assistance for children up to 16 years.
- A team of highly qualified experts in areas of reproduction, gynaecology, immunology etc., providing medical expertise for every situation.
- A range of alternative fertility services including auxiliary hatching, donor sperm insemination, ovulation stimulation etc.

Our facilities use cutting-edge specialised equipment in the provision of IVF services.

Our individual approach to each patient ensures a high standard of service, as well as a high probability of success.

As a result, MDMG remains the number one IVF player in Russia and covers more regions than any other private healthcare player in the country.

Total like-for-like IVF cycles increased by 3% year-on-year to 17,073.

The share of cycles carried out under the Mandatory Health Insurance (MHI) programme amounted to 54% in 2019.

Revenue from IVF grew 10% year-on-year to RUB 3,843 mln, or 24% of the Group's total revenue.

MHI services accounted for 36% of revenue from IVF, up 4 p.p. year-on-year.

The average check for commercial IVF cycles increased by 5% year-on-year to RUB 300 ths, while the average check for IVF cycles under MHI increased by 5% year-on-year to RUB 140 ths.

18,004

THE NUMBER OF IVF CYCLES CARRIED OUT IN 2019

IN-PATIENT DAYS

In 2019, the total number of in-patient days increased by 14% year-on-year to 79,689 which made up 19% of the Group's revenue for the year.

OBGYN

- Total number of OBGYN in-patient days slightly decreased by 3% year-on-year to 22,945.
- However, revenue for the division increased by 7% year-on-year.
- Division accounted for 7% of the total revenue of the Group for 2019.
- Drivers of growth were PMC (rebranded as MD Group Clinical Hospital) and the hospitals in Samara and Tyumen.

PAEDIATRICS

- Total number of paediatrics in-patient days increased by 12% year-on-year to 23,038.
- Revenue for the division increased by 4.5% year-on-year.
- Division accounted for 3% of the total revenue of the Group for 2019.
- Drivers of growth were regional hospitals.

OTHER MEDICAL SERVICES

- The total number of other medical in-patient days grew significantly by 30% year-on-year to 33,706.
- Revenue from other in-patient medical days increased by 37% year-on-year.
- Division accounted for 9% of the total revenue of the Group for 2019.
- Lapino continued ramping up departments of interventional cardiology and cardiovascular surgery, traumatology and therapy.
- MD Medical hospital's general surgery department has demonstrated notable growth.
- Further advances in reaching design capacity at our Ufa hospital were driven by improvements in surgery and oncology.
- Novosibirsk hospital saw improvements in traumatology, cardiology, urology and oncology.
- Samara demonstrated strong performance in cardiology, plastic surgery, therapy, oncology and traumatology.

OUT-PATIENT TREATMENTS

In 2019, the total number of out-patient treatments increased by 8% year-on-year to 1,745,133 which made up 31% of the Group's revenue for the year.

OBGYN

- Total number of OBGYN out-patient treatments increased by 5% year-on-year to 585,557.
- Revenue for the division increased by 8% year-on-year.
- Division accounted for 12% of the total revenue.
- Drivers of growth were regional hospitals.

PAEDIATRICS

- Total number of paediatrics out-patient treatments increased by 6% to 455,835 treatments.
- Revenue for the division increased by 8% year-on-year.
- Division accounted for 9% of the total revenue.
- Key growth triggers were performance of Lapino and our regional hospitals.

OTHER MEDICAL SERVICES

- The total number of other out-patient treatments increased by 11% year-on-year to 703,741.
- Revenue for the division increased by 7% year-on-year.
- Division accounted for 10% of the total revenue.
- The largest share in other medical out-patient growth was related to the diagnostic centre as well as a number of trauma treatments.
- The increase in the volume of services was supported by the diagnostics departments at our regional hospitals.

14%

GROWTH OF IN-PATIENT DAYS IN 2019

05

Corporate SOCIAL RESPONSIBILITY

7,700

NUMBER OF OUR EMPLOYEES

VALUE

OUR PEOPLE

MDMG would not be able to achieve the status of the market leader without the exceptionally competent professionals who work at the Company. By continuously improving their expertise inside and outside our facilities, MDMG employees are driving the Company to reach new heights year after year.

At the centre of our continued growth and strengthening of our market leadership are our people. Our highly qualified and talented personnel, from doctors to the management team, are truly committed to securing the long-term success of our business. In return, we provide our staff with a comfortable and supportive working environment, competitive wages and social packages, as well as broad possibilities for further professional growth. Following employers' best practices is particularly important for retaining experienced and skilled medical professionals at a time when the skills base of Russia's labour force is declining. Not to mention that our patients' satisfaction with our services is also dependent on our employees' satisfaction with their work environment.

PERSONNEL

We never stop raising the already high level of expertise that our doctors and other employees have. We primarily accomplish this thanks to our personnel training and development structure.

Our HR policy is aimed at the following:

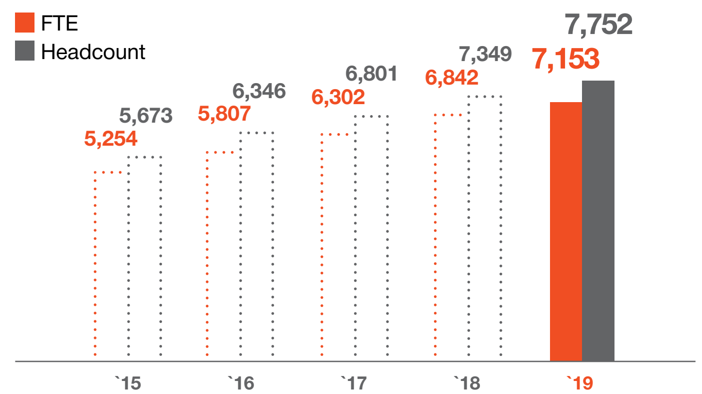
- Retention of existing staff and continuous search for highly skilled employees
- Development of the personnel management system
- Selection of the most talented students for education in residence at our facilities. For this purpose, since 2015 we have implemented a special project. In 2019, 16 people completed their studies in residency within the framework of the project
- Opportunities for personal and career growth
- Constant monitoring and adoption of the best available technologies
- Provision of the state-of-the-art equipment via regular upgrades
- Placing the best staff in leading positions at the right time to maximise potential and encourage internal growth
- Provision of better working conditions to maintain low staff turnover
- Incentive programmes for employees
- Training programmes across various fields as part of our corporate education system

AMONG OUR TRAINING PROGRAMMES WE HAVE PROVIDED STAFF WITH:

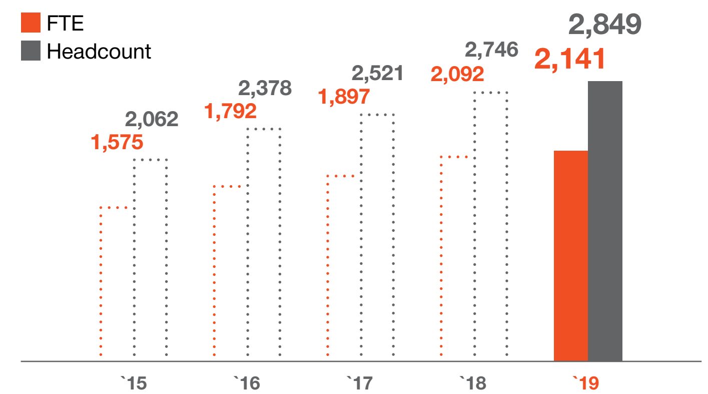
- Webinars, featuring online training – in 2019, MDMG doctors carried out 16 webinars for their colleagues focusing on relevant topics within OBGYN and prenatal diagnosis, urology and IVF
- Career enhancement courses
- Short-term thematic advanced training
- Business trips for specialists from Moscow to help specialists in the regions take over the leadership of regional hospitals
- Participation in international forums, conferences, and exhibitions
- Training centre, a system of improving soft skills and knowledge acquisition across different areas

PERSONNEL FIGURES (AS OF 31 DECEMBER 2019)

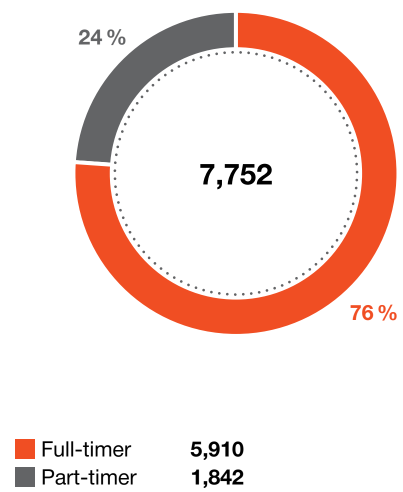
TOTAL NUMBER OF EMPLOYEES



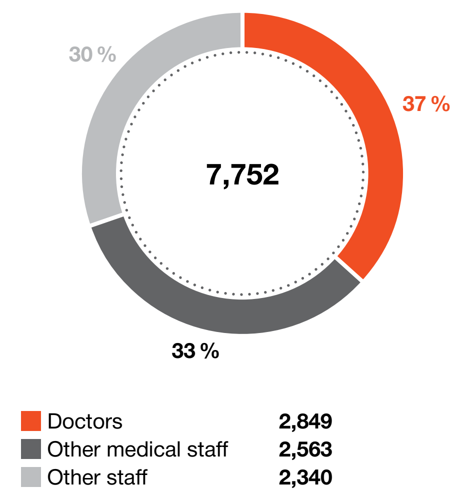
TOTAL NUMBER OF DOCTORS



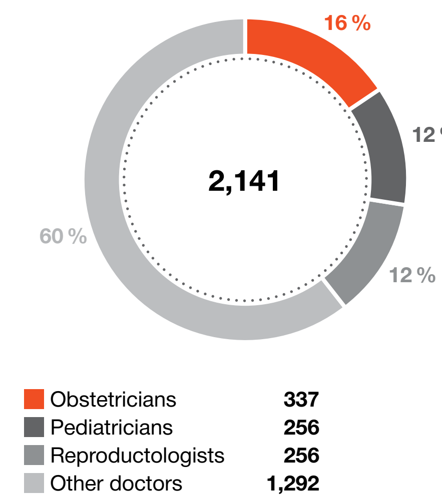
EMPLOYEES



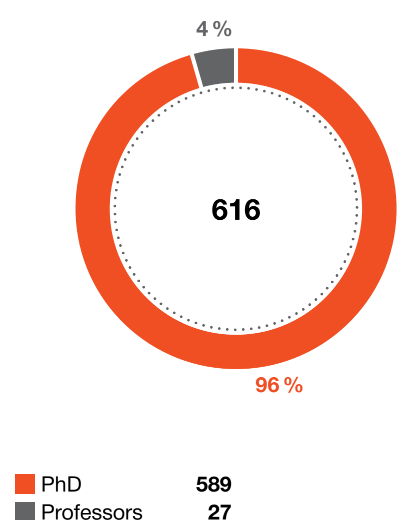
PERSONNEL STRUCTURE



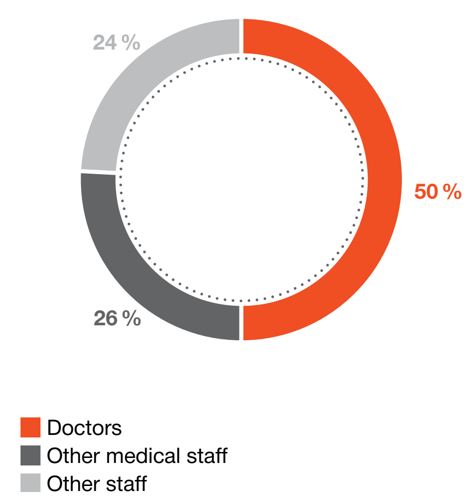
DOCTORS BY SPECIALITY



DOCTORS QUALIFICATION



PAYROLL STRUCTURE



CORPORATE SOCIAL Responsibility

Our focus on caring expands far beyond daily business operations of the clinics and hospitals. As a responsible corporate citizen, the Group aims to regularly contribute to the communities of medical professionals, local patients and people in need by utilizing its resources, time and expertise.

OUR MISSION

Our deep commitment to CSR is not just a requirement for a major listed company and employer. Rather, it reflects our strong belief that creating value for our stakeholders is critical for the long-term sustainable growth of MDMG.

OUR PEOPLE

We invest heavily in training and educating our staff, creating opportunities for them to learn from the best medical practitioners in the world. Many of them have worked with the Group since its foundation, and we recognise and reward this dedication by creating an environment that encourages professional and personal growth.

OUR TECHNOLOGY

We aim to maximise efficiency and minimise patient stress by constantly updating our technology and using the most innovative procedures. Examples include foetal surgeries to correct spina bifida during pregnancy while the baby is inside the womb. We also use endovascular methods to correct congenital heart defects of newborns.

OUR COMMUNITIES

As we continuously expand our network throughout Russia and often bring unique services to new regions, we not only provide people with high-quality services near their homes but also encourage every employee to be helpful in their own communities.

OUR PROFESSION

Above all, we recognise that one of the most important roles we can play as a leading healthcare company in Russia is to contribute our resources, time, expertise and know-how to raise the overall standard of the healthcare profession in Russia. We regularly hold open-access webinars for doctors and patients across the country where we address key issues in women's and children's health, thereby helping to raise the quality of medical services provided to patients all over the country.

KEY CSR ACTIVITIES IN 2019

EDUCATIONAL TOUR IN PERM CLINIC

MDMG organised an educational tour for high school students of Solikamsk, Perm Krai, who demonstrated their achievements in biology. The head physician of the clinic gave the students a tour of the clinic. During the tour, the reproductologist gave a lecture on IVF and causes of infertility, while the clinic's embryologist conducted a virtual tour of the laboratory and spoke about the embryological stage of IVF. During the event, the students also learned about future employment opportunities in the healthcare sector.

OTHER EDUCATIONAL INITIATIVES

Hospital in Tyumen hosted a number of educational events for medical students of the Tyumen State Medical University specialising in dentistry and obstetrics and gynaecology. In addition, the hospital organised:

- "Local injection therapy of pain syndromes" workshop for local trauma orthopedists, also broadcasted online
- Lecture on medication against female genital diseases for obstetrician-gynaecologists, in partnership with Besis Healthcare
- Lecture on surgery for local surgeons, broadcasted as a part of "University Clinic" conference from an integrated operating room OR-1.

The new Vladivostok clinic also participated in a number of open days and conferences, including "Russia Pacific – the territory of health" conference and "Export of tourism services of the Primorsky Krai" forum.

ANNUAL "WISH TREE" NEW YEAR CHARITY EVENTS IN MDMG

In December 2019, MD Group Clinical Hospital employees organised a charity event "Wish tree" by purchasing gifts and books for three children's shelters and kids from troubled families. They also installed a widescreen TV for children of the shelter to watch educational shows and cartoons. Samara employees and Voronezh staff members joined their colleagues at MD Group Clinical Hospital and also organised the gift-giving event for local orphaned children.

DONOR'S DAY AT LAPINO AND MD GROUP CLINICAL HOSPITAL (PMC)

In 2019, Lapino Hospital hosted two annual donor events attended by dozens of donors who donated 36 litres of blood. MD Group Clinical Hospital's two donor events resulted in the donation of 33 litres of blood by 73 people.

SHAREHOLDERS' Equity

Since October 2012, MD Medical Group's shares have been listed on the London Stock Exchange under the ticker MDMG in the form of Global Depositary Receipts (GDRs). Each GDR represents an interest in one ordinary share.

MD Medical Group has a free float of approximately 32.1%, with the remaining 67.9% owned by MD Medical Holding Limited, which is beneficially owned by Dr Mark Kurtser.

The investor portfolio is represented by a number of global institutional investors.

75,125,010

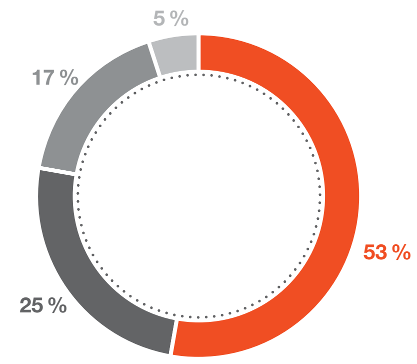
THE TOTAL NUMBER OF SHARES OUTSTANDING

TOP SHAREHOLDERS

SHAREHOLDER NAME	NUMBER OF SHARES AS OF 31.12.2018	SHARE OF SHARES OUTSTANDING	NUMBER OF SHARES AS OF 31.12.2019	SHARE OF SHARES OUTSTANDING
Russian Direct Investment Fund[1]	4,166,667	5.5%	**4,166,667**	**5.5%**
Russia Partners Advisors	3,235,000	4.3%	**3,235,000**	**4.3%**
JP Morgan Asset Management	2,585,693	3.4%	**2,585,693**	**3.4%**
Prosperity Capital	1,917,175	2.6%	**2,130,262**	**2.8%**
Norges Bank	1,026,064	1.4%	**1,026,064**	**1.4%**
Massachusetts Mutual Life Insurance	948,211	1.3%	**948,211**	**1.3%**
Baring Asset Management	1,120,197	1.5%	**898,204**	**1.2%**
M&G Investment Management	849,622	1.1%	**849,622**	**1.1%**
Comgest	764,600	1.0%	**764,600**	**1.0%**
East Capital	–	–	**692,400**	**0.9%**
Aberdeen Standard	724,855	1.0%	**652,737**	**0.9%**
Holberg Fondsforvaltning AS	668,551	0.9%	**608,551**	**0.8%**
Handelsbanken	656,234	0.9%	**556 234**	**0.7%**

[1] Shares managed by RDIF Managing company Llc., including co-investors' shares managed by RDIF Managing company Llc

OUR INVESTORS REPRESENT VARIOUS GEOGRAPHIES[1]



- Russia[2] 53%
- UK 25%
- Continental Europe and other countries 17%
- US 5%

32.1%

SHARES REPRESENT FREE FLOAT

ANALYST COVERAGE

As of 31 December 2019, MDMG was covered by equity research analysts representing leading banks such as Goldman Sachs, JP Morgan, Renaissance Capital, and VTB Capital.

DIVIDEND TAXATION

Since 1 January 2015, MD Medical Group has been a Russian tax resident and pays dividends in line with the Russian Tax Code, according to which dividends paid by Russian companies are generally subject to a tax rate of 15%. A reduced rate may be applied in the case of Russian tax residents and residents of foreign jurisdictions whose Governments have signed a double taxation treaty ("DTT") with the Government of Russia. MD Medical Group acts as a tax agent and withholds tax in order to transfer it to the Russian tax authorities when paying dividends. For a list of countries that have signed a DTT with Russia and terms for applying a reduced tax rate, please see the Company's corporate website at http://www.mcclinics.com/media/news/112.html

INVESTOR RELATIONS

We see our investor relations as an important priority and have focused on maintaining a continued active dialogue with the investment community since our successful listing on the London Stock Exchange in 2012. Our goal is to rigorously adhere to the best practices in terms of transparency and information disclosure to our investors and analysts. We regularly provide updates on operational (every quarter) and financial performance (every six months), new openings and acquisitions, key Board of Directors and shareholder meetings decisions, as well as other important corporate developments.

Through our investor relations function we are committed to ensuring that the investment community has a good understanding of our story and promptly receives all relevant information. We do that by making ourselves, including senior management, available for productive dialogue.

During 2019, we held 95 meetings with investors, attended 3 investor conferences in Russia, UK, and USA.

23%

OF NET PROFIT DECLARED AS DIVIDENDS FOR 2019

MD MEDICAL GROUP'S DIVIDEND HISTORY

	2015	H1 2016	2016	H1 2017	2017	2018	2019
Dividend approval	15.04.2016	02.09.2016	21.04.2017	08.09.2017	17.04.2018	23.04.2019	**23.04.2020**
Record date	22.04.2016	09.09.2016	28.04.2017	19.09.2017	25.04.2018	24.05.2019	**30.04.2020**
Payout date	20.05.2016	18.10.2016	23.05.2017	24.10.2017	22.05.2018	25.06.2019	**26.05.2020**
Total dividends paid, ths USD	7,310	4,325	5,060	5,311	6,838	10,858	**6,892**
Dividends per share, USD[3]	0.10	0.06	0.08	0.08	0.09	0.14	**0.09**

[1] Source: Bloomberg, as of 12/31/2019
[2] includ. RDIF and Russia Partners
[3] dividends net of tax withheld by MDMG as tax agent; at the exchange rate as of the date of the Annual General Meeting of Shareholders or Board meeting

06

Corporate GOVERNANCE & RISK MANAGEMENT

3

NUMBER OF INDEPENDENT NON-EXECUTIVE DIRECTORS ON OUR BOARD

We have been continuously focused on ensuring we have a strong Board to support our business growth.

Power

CORPORATE GOVERNANCE Report

At MD Medical Group, we believe corporate governance and effective management are essential to our overall success. The Board of Directors aims to uphold the highest standards in its interaction with all stakeholders.

OUR BOARD'S PRIORITY IS TO ENSURE WE ADHERE TO THE HIGHEST CORPORATE GOVERNANCE STANDARDS.

Mr Vladimir Mekler
Chairman of the Board of Directors

CORPORATE GOVERNANCE AND CONTROL STRUCTURE

General Meeting of Shareholders	
Board of Directors	**Board Committees**
CEO	Audit (Internal auditor) Nomination Remuneration

Since its London IPO, the Company has maintained full compliance with the UK Corporate Governance Code. It has established a remuneration committee, an audit committee and a nomination committee with formally delegated duties and responsibilities and written terms of reference.

All of the committees perform their duties on behalf of the Board of Directors, which is responsible for constituting, assigning, co-opting and fixing the terms of service for the committee members.

AUDIT COMMITTEE

The Audit Committee comprises three non-executive directors, two of whom are independent. The Audit Committee is chaired by independent non-executive director Tatiana Lukina since 6 December 2019, Mr Kirill Dmitriev and Mr Simon Rowlands are the other members.

The Audit Committee meets at least four times each year and is responsible for considering:

- the reliability and appropriateness of disclosures in the financial statements and external financial communication;
- the maintenance of an effective system of internal controls including financial, operational and compliance controls and risk management system;
- preparation of recommendations to the shareholders for approval in General Meetings in relation to the appointment, reappointment and removal of the external auditors;
- approval of the remuneration and terms of engagement of the external auditors in respect of audit services provided;
- the audit process, including monitoring and review of the external auditors' performance, independence and objectivity;
- development and implementation of the policy on non-audit services provided by the external auditors;
- monitoring compliance with laws and regulations and standard of corporate governance.

The Audit Committee assists the Board of Directors in its oversight of the performance and leadership of the internal audit activity.

Where the Audit Committee's monitoring and review activities reveal cause for concern or scope for improvement, it shall make recommendation to the Board of Directors on actions needed to address the issues or to make improvements.

NOMINATION COMMITTEE

The Nomination Committee comprises one executive and two non-executive directors, one of whom is independent. The Nomination Committee is chaired by non-executive director Mr Vladimir Mekler (since June 2016); non-executive director Mr Simon Rowlands and executive director Dr Mark Kurtser are other members since September 2015.

The Nomination Committee meets at least once a year and is responsible for assisting the Board of Directors in discharging its corporate governance responsibilities in relation to appointment of all executive and non-executive directors, as well as the CEO and CFO of the Company.

The main objective of the Nomination Committee is to lead the process for the Board of Directors' appointments and make respective recommendation to the Board of Directors, ensuring proper balance of the Board of Directors and qualification of its members.

The Nomination Committee also considers the composition of the Audit and Remuneration Committees.

REMUNERATION COMMITTEE

The Remuneration Committee comprises two non-executive directors and one executive director. The Remuneration Committee is chaired by an independent non-executive director Mr Simon Rowlands. The two other members are Dr Mark Kurtser and Mr Vladimir Mekler.

The Remuneration Committee meets at least once a year and is responsible for assisting the Board of Directors in discharging its corporate governance responsibilities in relation to remuneration of all executive directors and the Chairman of the Board of Directors. The main objective of the Remuneration Committee is to determine the framework and policy for the remuneration of the executive directors, the Chairman of the Board of Directors and senior executives, and the specific remuneration of each executive director and the Chairman of the Board of Directors and any compensation payments.

INTERNAL AUDITOR

The Audit Committee is responsible for monitoring and reviewing the effectiveness of the Company's internal audit function. In this respect, the Audit Committee may require investigations by, or under the authority of, the head of Internal Audit Service into any activities of the Group which may be of interest or concern to the Audit Committee.

The Company's internal auditor is responsible for recommendingof an audit plan to the Audit Committee. The internal auditor carries out auditing assignments in accordance with such plan and oversees the Company's compliance with the plan recommendations. The internal auditor files a quarterly report with his findings to the Audit Committee.

RISK MANAGEMENT

REPUTATION RISK

POTENTIAL IMPACT

The key danger of this risk is that it can be caused by a number of different factors. Therefore, it is closely related to other risks mentioned below. We endeavor to maintain a low level of reputation risk by updating information sources, launching new system controls and improving the method of protection personal information. In 2020, we will provide a range of measures to reduce the level of reputational risk, all based on the Company's development strategy.

MITIGATION

In 2019, we strengthened our work on risks, which we did not manage to significantly reduce in 2018. We have a significant effect in terms of control and effectiveness risks, compliance risk and reputation risk. Work was also carried out to further reduce the recruitment risk and the risk to Medical Services. Work with the media was optimized in terms of the correctness of information and its sources, and new measures to protect information were introduced.

We significantly improved the personal data security system in 2019. In particular, we installed new equipment to enhance information network protection and data transmission encryption.

As a result, this led to a decrease in reputational risk.

MEDICAL SERVICE RISK

POTENTIAL IMPACT

Medical risk is one of the main risks affecting the Company's reputation, as well as the achievement of our goals. Our reputation is based on our work, patient satisfaction with our services, and the safety of our customers. Given the development of business and the opening of new activities, this risk requires constant monitoring and the ability to respond as quickly as possible to any event.

MITIGATION

To reduce this risk, we need the newest and most advanced equipment, medicines and medical supplies that will allow us to minimize the likelihood of errors. We continue to place high demands on our medical staff in terms of qualifications and continue to provide them with the opportunity to develop and specialise. The Company's management personally conducts seminars and scientific conferences for doctors, as well as evaluating the effectiveness of key medical staff within the Company. In 2019, patient complaints led to improvements in work. In medium and complex medical cases, recommendations are carefully analysed, and agreed with all key members of the Company.

COMPLIANCE RISK

POTENTIAL IMPACT

The political and regulatory environment with respect to the development of private medicine in Russia is currently relatively favourable. However, there is always a risk that governmental attitudes and policies with respect to private medicine could change. That could create difficulties for us in terms of realizing our strategic objectives, including the implementation of our investment program.

MITIGATION

We have strong relations with the government at both the federal and regional level, and we work continually to make them even stronger. We participate in a variety of public committees on relevant health issues, including the development of the Russian healthcare sector as a whole. We also actively support the authorities and provide expert advice on relevant laws. At times, we actively advocate for laws aimed at supporting the continued development of the medical sector. We also cooperate with the UK regulatory bodies for the requirements of the London Stock Exchange. We constantly review the updates in the UK and EU legislation and update our internal standards to match. We have made efforts to ensure we comply with requirements of state regulators in terms of accounting treatment for medical equipment and medicine turnover.

MACROECONOMIC RISK

POTENTIAL IMPACT

Macroeconomic risk reflects the possibility of external impact on the business and requires constant monitoring. Regular assessment of this risk allows us to predict the further development of business.

MITIGATION

Given the unstable foreign policy situation in 2019, our team paid special attention to monitoring trends in the Russian economy with an assessment of the potential impact on the business. Our strategy has been designed so that we can adapt, as necessary, to changes in the overall economic environment.

CONTROL & EFFICIENCY RISK

POTENTIAL IMPACT

The risk is closely related to the size of the business and the coverage area, which was significantly increased in 2019. Dealing with this risk requires significant resources, as well as the competence of the Company's management. Quality control gives us the opportunity to avoid adverse events and additional costs, and quality management gives us the opportunity to continuously develop.

MITIGATION

In 2019, we achieved significant success in reducing this risk by introducing new control measures and improving existing ones. Constant business growth requires us to take new decisions and use new control technologies that allow us to control the activities of Company employees at all sites, so we use international practice, constantly developing mechanisms to increase the effectiveness of control over all processes (budgeting, financial control, treasury, accounting, procurement, legal support, personnel management, security and IT). In 2019, to achieve maximum management efficiency, additional managerial positions were introduced with control functions. We carefully interact and take into account reccommendations of world-renowned consultants.

INVESTMENT PROJECT EXECUTION RISK

POTENTIAL IMPACT

Our growth depends on acquisitions of existing healthcare facilities as well as the construction of new hospitals and clinics. Our strategy is based on expanding our network throughout the regions of Russia. We are pioneers in the field of regional expansion, particularly where the effectiveness has not been fully measured and proven. It can be challenging to forecast with precision the likely return on investment and the probable payback periods due to a certain lack of reliable information on the potential number of private patients in a given region. If expansion projects are not implemented effectively, projects can either have an extremely long payback period or even fail to deliver a profit entirely.

MITIGATION

We have a number of small clinics in regions across Russia. These operations give us an opportunity to understand the local market dynamics, including average ticket size and overall level of demand, before undertaking a major project such as the construction of a new hospital or a sizeable acquisition. We prioritise those regions where we already have out-patient clinics and/or Russia's largest regions where we can have a higher degree of certainty about the local market. We also benefit from a relative lack of competition in the regions, as currently we are practically the only sizeable provider of high quality private medical services.

RECRUITMENT RISK

POTENTIAL IMPACT

The risk arises in the presence of factors leading to the inability to attract or retain highly qualified personnel in the Company. In the regions, this risk is particularly relevant due to the shortage of doctors and medical staff with the necessary qualifications, as well as the presence of competing employers, such as government agencies or other commercial organisations. The risk is also associated with the possible rotation of qualified medical and managerial personnel between employers. This risk is aggravated by the general standard of medical education in Russia, which often does not meet the standards set by private clinics, whose reputation largely depends on the quality of the services they provide. The risk requires constant activity from the HR service and Company Management.

MITIGATION

In 2019, the work of the HR team was aimed at improving the quality of the recruitment process, as well as working conditions and communication within the Company. We continue to actively cooperate with heads of departments of leading universities in search of talented personnel, and also provide serious on-the-job training and continuous medical education, including training programmes for specialists that we conduct in Moscow for new employees in the regions.
In 2018, management announced a programme for horizontal rotation of personnel within the Company in order to cover the shortage of personnel in the regions.

FINANCIAL RISK

POTENTIAL IMPACT

Financial risk includes significant risks such as:

Credit risk – the risk arising from the likelihood that the debtors will not make the promised payments either on time or in full.

Operational risk – conditional losses of the Company due to technical failures, intentional and accidental human errors.

Liquidity risk – the likelihood of loss arising in a situation where (1) there is not enough cash and/or cash equivalents to meet the needs of savers and borrowers, (2) the sale of illiquid assets is lower than their fair value, or (3) illiquid assets will not be sold at the desired time due to the lack of buyers.

MITIGATION

The Company's Management personally controls the cash flow within the Company, as well as the quality of execution of its instructions in relation to any issues related to the Company's finances and assets. In 2019, the number of personnel in the Financial Department increased, which allowed to reduce the Operational risk. Continuous professional development of employees of the Financial Department is one of the priority requirements of Management.

We centralise our procurement and conduct tenders, as a result cutting costs on procuring services, equipment and medicine.

WE ARE CONTINUOUSLY IMPROVING OUR RISK MANAGEMENT SYSTEMS, WHICH ENABLES US TO QUICKLY IDENTIFY POTENTIAL RISKS TO OUR OPERATIONS AND FIND THE MOST EFFICIENT WAYS TO MITIGATE THEM.

BOARD OF DIRECTORS

Mr Vladimir Mekler

Chairman of the Board of Directors

Mr Vladimir Mekler became Chairman of the Board of Directors in June 2016. Mr Mekler was appointed as Non-Executive Director in February 2015.
He is a senior and managing partner of Mekler & Partners. Mr Mekler specialises in corporate law, including supporting and structuring complex and cross-border contracts; creating systems of corporate governance; legal structuring development; optimisation of criminal and antitrust legislation; legal support of mergers and acquisitions; settling corporate disputes; and organising and coordinating legal representation and defence in complex economic and property crimes. Mr Mekler has been a member of the Moscow City Bar since 1980 and is listed in the Moscow Bar's Book of Honours. He also acted as Vice Chairman of the Presidium of the Moscow City Bar Association from 2003 to 2010.
He graduated from Lomonosov Moscow State University.

Dr Mark Kurtser

Member of Russian Academy of Sciences, CEO and Member of the Board of Directors

Dr Mark Kurtser is the founder of MD Medical Group, CEO and Member of the Board of Directors.
Dr Kurtser began his career as a graduate assistant to the associate professor at the Obstetrics and Gynaecology Department of Pirogov Medical University. From 1994 to 2012, he was Head of the Centre for Family Planning and Reproduction, the largest public obstetrics hospital in Moscow.
From 2003 to 2013, Dr Kurtser was the Chief Obstetrician and Gynaecologist of the City of Moscow. He holds a degree in Medicine from Pirogov Medical University in addition to a postdoctoral degree in Medicine. Dr Kurtser remains actively involved in the Group's healthcare practice and day-to-day operations.

Mr Simon Rowlands

Independent Member of the Board of Directors

Mr Simon Rowlands was appointed as an Independent Non-Executive Director in September 2012.
Mr Rowlands was a Co-Founding Partner of the private equity firm Cinven until 2013, establishing and leading its healthcare team, and then served as a Senior Adviser until 2017. Simon founded a new private equity firm in 2016 focused on healthcare and consumer sectors of Sub-Saharan Africa. His other current appointments include non-executive directorship at Spire Healthcare Plc and is Chairman of the Advisory Board of Cranfield School of Management. Prior to Cinven, Mr Rowlands worked with an international consulting firm on multi-disciplinary engineering projects in the UK and Southern Africa.
He has an MBA in Business, BS in Engineering and is a chartered engineer.

Mr Kirill Dmitriev

Member of the Board of Directors

Mr Kirill Dmitriev was elected to the Board of Directors in October 2012.
He is CEO of the Russian Direct Investment Fund – one of the world's leading sovereign funds with a reserved capital of $10 billion under management. In all transactions, RDIF acts as a co-investor alongside major international investors, playing the role of a catalyst in attracting direct investment into Russia. RDIF has successfully invested with foreign partners in more than 70 projects totaling more than 1.4 trillion roubles and covering 95% of the regions of the Russian Federation. RDIF has established joint strategic partnerships with leading international co-investors from more than 15 countries totalling more than $40 billion. Prior to becoming CEO of RDIF in 2011, Kirill Dmitriev headed a number of large private equity funds and completed a series of landmark transactions for Russia, including the sale of Delta Bank to General Electric, Delta Credit Bank to Société Générale, STS Media to Fidelity Investments, among others. Mr Dmitriev began his career at Goldman Sachs and McKinsey & Company.
He holds a BA in Economics with Honours and Distinction from Stanford University and an MBA with High Distinction (Baker Scholar) from the Harvard Business School.

Mr Vitaly Ustimenko

PhD, Member of the Board of Directors

Mr Vitaly Ustimenko was the Group's Chief Financial Officer from 2012–2016. He was elected to the Board of Directors in February 2015.
Mr Ustimenko has more than 17 years of experience in finance. He was CFO of Solnechnye Produkty Holding Company from 2017–2018. Prior to joining the Group, he was the Head of Strategic and Business Planning at Russian Helicopters, and before that held the position of Senior Manager at Deloitte Touche Tomatsu Ltd.
Mr Ustimenko holds a bachelor's degree from the Finance University under the Government of the Russian Federation and a PhD in Finance from the State University of Management.

Mr Tony Maher

Independent Member of the Board of Directors

Mr Tony Maher was appointed as an Independent Non-Executive Directorin December 2019 and brings to the Group more than 40 years of experience in the consumer sector.
Mr Maher's other current appointments include the positions of Chairman at Progress, Russia's largest baby food company, since 2012; Chairman at LPQ Russia Limited, a restaurant chain operator, since 2015; Board member at Detsky Mir, the largest children's goods retailer in Russia and the CIS, since 2018; and Director of Da Vinci Capital, a leading independent investment manager, since 2012.
Mr Maher previously served as CEO of Wimm-Bill-Dann, the leading producer of dairy, baby food and beverage products in Russia, and held various positions at Coca-Cola in a number of countries.
Mr Maher holds a B. A. Honours degree in Management from The National Council for Education in Ireland.

Ms Tatiana Lukina

Independent Member of the Board of Directors

Ms Tatiana Lukina was appointed as an Independent Non-Executive Director in December 2019 bringing her 18 years of experience in finance, business restructuring and project management in a wide range of industries.
Since 2016, Ms Lukina has been working as a CFO at GAME INSIGHT, a global mobile game developing company. Tatiana's career has commenced in KPMG, where during 10 years she participated and led projects in audit, capital markets transactions (IPO, SPO, Eurobonds) in international stock exchanges, debt restructuring for major Russian companies, M&A transaction services in different countries.
After that Tatiana worked in Portfolio Asset Management department at ALFA Group, represented shareholders in Boards and Committees of ALFA bank (Russia, Ukraine, Kazakhstan) and Rosvodokanal. In 2015–2016 Tatiana as a co-leader of finance function headed an IPO preparatory project at OZON.ru, a leading on-line retailer in Russia.
Ms Lukina graduated from the Financial Academy of the Russian Government with a first-class honour degree in Finance, Business Appraisal and Turnaround Management and then finished her PhD there. Since 2006 Tatiana is a member of the Association of Certified Chartered Accountants (ACCA) in the UK, successfully passed exams for a Russian Audit License.

BOARD OF DIRECTORS ACTIVITY in 2019

CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS IN 2019

Dr Alsou Nazyrova stepped down as Board Member on 7 May 2019.

Mrs Liubov Malyarevskaya stepped down as an Independent Non-Executive Director on 9 September 2019.

Mrs Tatyana Lukina and Mr Tony Maher were appointed as Independent Non-Executive Directors on 6 December 2019.

PARTICIPATION OF THE DIRECTORS IN THE BOARD MEETINGS DURING 2019

REMUNERATION PAID TO MEMBERS OF THE BOARD IN 2019

BOARD MEMBER	NUMBER OF BOARD MEETINGS ATTENDED IN PERSON OR VIA PHONE	NUMBER OF MEETINGS HELD FOR THE PERIOD AS A BOARD MEMBER	BOARD MEMBER TOTAL AMOUNT PAID (BEFORE TAXES)
Vladimir Mekler	5	5	
Mark Kurtser	5	5	
Simon Rowlands	5	5	RUB 4,500,000
Kirill Dmitriev	4	5	
Vitaly Ustimenko	5	5	RUB 944,000
Liubov Malyarevskaya	3	3	RUB 615,000
Alsou Nazyrova	1	1	
Tatyana Lukina	1	1	RUB 21,900 (since 6 December 2019)
Tony Maher	0	1	RUB 284,900 (since 6 December 2019)
Nikolay Ishmetov[1]	5	5	

5

BOARD MEETINGS HELD IN 2019

31

AGENDA ITEMS DISCUSSED IN 2019

OUR GOAL IS TO MAKE SURE THE BOARD COMPRISES DIRECTORS WHO BOTH KNOW OUR BUSINESS EXTREMELY WELL AND HAVE AN EXCELLENT TRACK RECORD AND THE SKILLS TO SUCCESSFULLY IMPLEMENT THE COMPANY'S STRATEGY.

Mr Vladimir Mekler
Chairman of the Board of Directors

[1] alternate director for Kirill Dmitriev

SENIOR MANAGEMENT

Dr Mark Kurtser

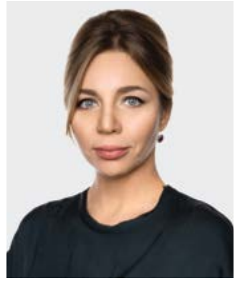
Member of Russian Academy of Sciences, CEO and Member of the Board of Directors

Dr Mark Kurtser is the founder of MD Medical Group, CEO and Member of the Board of Directors.
Dr Kurtser began his career as a graduate assistant to the associate professor at the Obstetrics and Gynaecology Department of Pirogov Medical University. From 1994 to 2012, he was Head of the Centre for Family Planning and Reproduction, the largest public obstetrics hospital in Moscow.
From 2003 to 2013, Dr Kurtser was the Chief Obstetrician and Gynaecologist of the City of Moscow. He holds a degree in Medicine from Pirogov Medical University in addition to a postdoctoral degree in Medicine. Dr Kurtser remains actively involved in the Group's healthcare practice and day-to-day operations.

Mr Andrey Khoperskiy

Deputy CEO for Economics and Finance

Mr Andrey Khoperskiy joined the Group as Head of Finance Controlling and Treasury in 2013, he was appointed to the position of Director for Finance of the Group in 2016.
Previously, Andrey worked for Rusagro Group and Sukhoi Aviation Holding Company as a Finance Manager and earlier he was an Auditor in BDO Russia. Mr Khoperskiy graduated from the Moscow State University of Economics, Statistics and Informatics with a degree in Taxes. He also holds an ACCA Advanced Diploma in Accounting and Business and ACCA Diploma in International Financial Reporting.



Mrs Maria Nechaeva

Deputy CEO for Operations

Mrs Maria Nechaeva joined the Group in 2018.
Prior to joining the Group, Maria was Head of Sales at Medipal Onco in 2012–2018. Before that, she held various positions at pharmaceutical companies such as Abbott Laboratories and Pfizer in 2003–2012. Mrs Nechaeva graduated from Pirogov Medical University with a degree in General Medicine and completed residency training in OBGYN at the Centre of Family Planning and Reproduction.

Mr Vadim Vlasov

Deputy CEO for development

Mr Vadim Vlasov joined the Company as deputy CEO in charge of development in 2019.
Vadim Vlasov graduated from the Moscow Aviation Institute, Mr Vlasov has held various posts in the aerospace industry and was head of the representative office of Airbus in Russia. He has also acquired vast experience in the medical and pharmaceutical industries..
From 2010 to 2019, Vadim Vlasov served as Country President of Novartis Group of Companies in Russia, Regional Director Country Management CEE and CIS, Chairman of the Board of Directors of Association of International Pharmaceutical Manufacturers (AIPM).

Dr Boris Konoplev

Medical Director of Mother&Child, Head of Hospital Group

Dr Boris Konoplev joined the Group in 2010. In 2017, he was appointed Medical Director and Head of Hospital Group of Mother&Child.
Prior to that, in 2014–2017, Dr Konoplev was Chief Doctor of Mother&Child Ufa Hospital. Earlier, from 2012 to 2014, he was Head of Obstetrics Department at Lapino Hospital. In 2010–2012, Dr Konoplev was Obstetric gynaecologist of Maternity Department at the Perinatal Medical Centre.
Dr Konoplev graduated from the Paediatric Faculty of Pirogov Medical University. In 2015, he became an assistant at the Department of Reproductive Health, with speciality training in Immunology at Bashkir State Medical University. Dr Konoplev is a practicing obstetrician-gynaecologist and has undertaken a number of trainings in leading European clinics.

Dr Yulia Kutakova

PhD, Medical Director for Organisational and Scientific-Educational Work

Dr Yulia Kutakova joined the Group in 2012. She has over 12 years of practical experience in obstetrics and gynaecology.
Prior to joining the Group, Dr Kutakova was Chief of Maternity in the Organisational and Tutorial Department of Public Healthcare of the City of Moscow.
She holds a degree in Medicine from Pirogov Medical University, a degree in Management from the Moscow Institute of Management and a PhD in Medical Science.

Dr Natalia Yakunina

PhD, Deputy CEO, Director of Mother&Child Centre

Dr Natalia Yakunina joined the Group in 2011. In 2019, she was appointed Deputy CEO and Director of Mother&Child Centre.
From 2016–2018, Dr Yakunina was Deputy CEO for Patient Care and from 2014–2016 she worked as Chief Doctor and CEO of Mother&Child Savelovskaya clinic in Moscow. Before that, from 2012–2014 she was Head of the OBGYN out-patient department at PMC. Natalia joined the Group in 2011 as Chief Doctor at Mother&Child Yugo-Zapad clinic in Moscow.
Before joining the Group, Dr Yakunina was Chief Obstetrician and Gynaecologist of the Central District of Moscow.
Dr Yakunina has more than 23 years of experience in obstetrics-gynaecology. She graduated from Turkmen State Medical University with a degree in General Medicine and also holds a PhD degree.'

Report and consolidated FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

CONTENTS

OFFICERS, PROFESSIONAL ADVISORS AND REGISTERED OFFICE

Board of Directors	• Vladimir Mekler – Chairman • Mark Kurtser • Vitaly Ustimenko • Kirill Dmitriev • Nikolay Ishmetov (alternate director to Kirill Dmitriev) • Simon Rowlands • Tatyana Lukina (appointed on 6 December 2019) • Tony Maher (appointed on 6 December 2019) • Alsu Nazyrova (resigned on 7 May 2019) • Liubov Malyarevskaya (resigned on 9 September 2019)
Secretary	Menustrust Limited
Secretary assistant	Darya Alekseeva
Independent Auditors	KPMG Limited
Registered Office	15 Dimitriou Karatasou street, Anastasio Building, 6th floor, office 601, Strovolos, 2024, Nicosia, Cyprus

MANAGEMENT REPORT

The Board of Directors of MD Medical Group Investments Plc (the “Company”) presents to the members its Annual Report together with the audited consolidated financial statements of the Company and its subsidiary companies (the Company and its subsidiaries together referred to as the “Group”) for the year ended 31 December 2019.

INCORPORATION

MD Medical Group Investments Plc was incorporated in Cyprus on 5 August 2010 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. On 22 August 2012 following special resolution passed by the shareholder, the name of the Company was changed from “MD Medical Group Investments Ltd” to “MD Medical Group Investments Plc” and the Company was converted into a public limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113.

PRINCIPAL ACTIVITY

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. Note 4 to these consolidated financial statements gives more detailed information about the service provided by the Group’s medical centres.

FINANCIAL RESULTS

The Group’s results of operations are affected by a number of factors, including acquisitions, regulatory conditions, demand for private healthcare services, patient capacity and utilisation rate, pricing and volume, staff costs, capital expenditure programmes and currency exchange fluctuations.

The Group’s financial results for the year ended 31 December 2019 and its financial position at that date are set out in the consolidated statement of profit or loss and other comprehensive income on page 85 and in the consolidated statement of financial position on page 86 of these consolidated financial statements.

Profit for the year ended 31 December 2019 amounted to RUB2,786,625 thousand (for the year ended 31 December 2018: RUB2,831,043 thousand). The total assets of the Group as at 31 December 2019 were RUB28,670,534 thousand (31 December 2018: RUB25,078,137 thousand) and the net assets were RUB17,880,142 thousand (31 December 2018: RUB15,998,948 thousand).

The main reason for the decreased profit was the foreign exchange transactions loss and the increased depreciation due to the opening of the new multi-disciplinar hospital in Tyumen in April 2019.

Moreover, the deferred tax assets and liabilities were written off due to changes in Tax Code of the Russian Federation which came into force through changes in Federal law 395-N on 26 July 2019. According to these changes medical companies are subject to 0% income tax rate in perpetuity (previously 0% income tax rate for the period up to 5 years until 1 January 2020). The main reason for increase in total assets was the construction of multifunctional hospital in Tyumen, realisation of the project Lapino-2 and renovation of PMC.

DIVIDENDS

In accordance with the Company’s Articles of Association dividends may be paid out of its profits. To the extent that the Company declares and pays dividends, owners of GDRs on the relevant record date will be entitled to receive dividends in respect of ordinary shares underlying the GDRs.

The Company is a holding company and thus its ability to pay dividends depends on the ability of its subsidiaries to pay dividends to the Company in accordance with relevant legislation in the country of their incorporation and any contractual restrictions. The payment of such dividends by its subsidiaries is contingent upon the sufficiency of their earnings, cash flows and distributable reserves.

On 20 March 2020 the Board of Directors recommended the payment of RUB638,563 thousand as final dividends for the year 2019 which corresponds to RUB8.5 per share.

On 22 March 2019 the Board of Directors declared final dividends for the year 2018 attributable to the owners of the Company amounting to RUB800,081 thousand (USD12,552 thousand), which corresponds to RUB10.65

(USD0.17) per share. The dividend distribution was approved by the Annual General Meeting of the shareholders on 23 April 2019. The dividends were paid on 25 June 2019.

On 16 March 2018 the Board of Directors declared final dividends for the year 2017 attributable to the owners of the Company amounting to RUB450,750 thousand (USD7,905 thousand), which corresponds to RUB6.0 (USD0.11) per share. The dividend distribution was approved by the Annual General Meeting of the shareholders on 17 April 2018. The dividends were paid on 22 May 2018.

EXAMINATION OF THE DEVELOPMENT, POSITION AND PERFORMANCE OF THE ACTIVITIES OF THE GROUP

The current financial position and performance of the Group as presented in these consolidated financial statements is considered satisfactory.

The Group has developed its growth strategy to meet the increasing demand for high-quality private healthcare services in Russia. The Group has grown significantly through strategic acquisitions and expansion through the construction of new facilities.

The Group has one of the largest nationwide private healthcare regional networks for its core services and is expanding into new services. It has significant experience in the provision of full-service private maternity healthcare services. The Group has secured leading positions in the Russian private healthcare market across a range of services including obstetrics and gynaecology, fertility and IVF treatments, and paediatrics. It has also been diversifying its offering by adding other medical services for all family members, such as surgery, urology, traumatology, cardiology, and oncology, etc. The recently opened facilities have been multi-disciplinary from the very beginning.

The Group's principal objective is to use its strong existing platform and experience in the regions to create a scalable concept of establishing new regional hospitals and other medical facilities, utilising rigorous investment decision-making process and targeting the most attractive regions and ensuring seamless execution.

The Group believes the experience, depth and diversity of its management team to be a distinct competitive advantage in the complex and rapidly growing healthcare industry in which it operates.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group operates in a highly regulated industry and is subject to supervision by federal and local authorities. As a result, the Group would be significantly affected by material changes to the existing, or implementation of additional, government regulations in Russia.

The Board of Directors has the overall responsibility for the establishment and supervision of the Company's risk management framework.

Details in relation to principal risks and uncertainties and steps taken to manage these risks and uncertainties are presented in Notes 23 and 25 of these consolidated financial statements.

The reputation, expertise and professionalism of the Group's medical personnel are instrumental to the Group's ability to attract new and repeat patients. The Group's operating success depends on its medical personnel providing high-quality healthcare services throughout the Group's medical network.

DIRECTORS' INTEREST

The direct and indirect interests of the members of the Board in titles of the Company as at 31 December 2019, 31 December 2018 and as at the date of signing these consolidated financial statements are as follows, except for Vitaly Ustimenko:

NAME	TYPE OF INTEREST	EFFECTIVE INTEREST %
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.

Member of the Board of Directors Vitaly Ustimenko acquired GDRs on 17 July 2019 and on 19 September 2019, as a result the share of his ownership increased to 0.0035% of the Company's share capital.

FUTURE DEVELOPMENTS

The Group's goal is to continually diversify its medical services by expanding its range of services, maintaining its leading position in the field of high-quality women's health and paediatrics, as well as addressing the increasing demand for private healthcare services in Russia and beyond.

As the Group will be growing it intends to expand its portfolio of hospital and outpatient facilities, broaden its service offerings by providing patients with the most up-to-date treatment procedures and medical technology available on the market, expand its services in Moscow and other regions, exploit the value of its integrated healthcare network by making effective use of services across its facilities, optimising the benefits for patients and the Group as a whole.

SHARE CAPITAL

There were no changes in the share capital of the Company during the year.

BOARD OF DIRECTORS

The Board of Directors leads the process in making new Board member appointments and makes recommendations on appointments to shareholders. In accordance with the Appointment Policy for the Board of Directors and Committees, all directors are subject to appointment or approval of appointment by shareholders at the first Annual General Meeting after their appointment, and to re-appointment at intervals of no more than three years. Any term beyond six years (e.g. two three-year terms) for a non-executive director is subject to particularly rigorous review, and takes into account the need for progressive refreshing of the Board of Directors.

Dr Alsu Nazyrova and Mrs Liubov Malyarevskaya stepped down as members of the Board of Directors on 7 May 2019 and 9 September 2019 respectively.

Tatyana Lukina and Tony Maher were appointed as Independent Non-Executive Directors for the vacant positions in the Board of Directors. The changes came into force on 6 December 2019.

The members of the Board of Directors who served as at the date of signing of these consolidated financial statements, are presented on page 72.

Refer to Note 22 of these consolidated financial statements for the remuneration of the directors and other key management personnel.

THE BOARD COMMITTEES

Since September 2012, the Board of Directors established the operation of the following three committees: the Audit Committee, the Nomination Committee and the Remuneration Committee.

AUDIT COMMITTEE

The Audit Committee comprises of three non-executive directors, two of whom are independent. The Audit Committee has been chaired by independent non-executive director Tatiana Lukina since 6 December 2019, Mr. Kirill Dmitriev and Mr. Simon Rowlands are the other members.

The Audit Committee meets at least four times each year and is responsible for considering:

- the reliability and appropriateness of disclosures in the financial statements and external financial communication;
- the maintenance of an effective system of internal controls including financial, operational and compliance controls and risk management system;
- preparation of recommendations to the shareholders for approval in General Meetings in relation to the appointment, reappointment and removal of the external auditors;
- approval of the remuneration and terms of engagement of the external auditors in respect of audit services provided;
- the audit process, including monitoring and review of the external auditors' performance, independence and objectivity;
- development and implementation of the policy on non-audit services provided by the external auditors;
- monitoring compliance with laws and regulations and standard of corporate governance.

The Audit Committee assists the Board of Directors in its oversight of the performance and leadership of the internal audit activity.

Where the Audit Committee's monitoring and review activities reveal cause for concern or scope for improvement, it shall make recommendation to the Board of Directors on actions needed to address the issues or to make improvements.

INTERNAL AUDIT

The Audit Committee is responsible for monitoring and review the effectiveness of the Company's internal audit function. In this respect, the Audit Committee may require investigations by, or under the authority of, the head of Internal Audit into any activities of the Group which may be of interest or concern to the Audit Committee.

The Company's internal auditor is responsible for the recommendation of an audit plan to the Audit Committee. The internal auditor carries out auditing assignments in accordance with such plan and oversees the Company's compliance with the plan's recommendations. The internal auditor files a quarterly report with his findings to the Audit Committee.

NOMINATION COMMITTEE

The Nomination Committee comprises of one executive and two non-executive directors, one of whom is independent. The Nomination Committee is chaired by non-executive director Mr. Vladimir Mekler (since June 2016); non-executive director Mr. Simon Rowlands and executive director Dr. Mark Kurtser are other members since September 2015.

The Nomination Committee meets at least once a year and is responsible for assisting the Board of Directors in discharging its corporate governance responsibilities in relation to appointment of all executive and non-executive directors, as well as the CEO and CFO of the Company. The main objective of the Nomination Committee is to lead the process for the Board of Directors' appointments and make respective recommendation to the Board of Directors, ensuring proper balance of the Board of Directors and qualification of its members. The Nomination Committee also considers the composition of the Audit and Remuneration Committees.

REMUNERATION COMMITTEE

The Remuneration Committee comprises of two non-executive directors and one executive director. The Remuneration Committee is chaired by an independent non-executive director Mr. Simon Rowlands. The two other members are Dr. Mark Kurtser and Mr. Vladimir Mekler.

The Remuneration Committee meets at least once a year and is responsible for assisting the Board of Directors in discharging its corporate governance responsibilities in relation to remuneration of all executive directors and the chairman of the Board of Directors. The main objective of the Remuneration Committee is to determine the framework and policy for the remuneration of the executive directors, the chairman of the Board of Directors and senior executives, and the specific remuneration of each executive director and the chairman of the Board of Directors and any compensation payments.

CORPORATE GOVERNANCE

Since 2012, the Company has maintained full compliance with the UK Corporate Governance Code. The Company is committed to the highest standards of corporate governance and transparency. The Board of Directors recognises that good governance is a strategic asset that helps it to deliver consistent long term value to its shareholders. By running the Company in an open way, the Board of Directors enables shareholders to understand how it has been able to deliver consistently strong results. The Board of Directors believes that corporate responsibility is an essential part of good governance and makes sound business sense, as well as being crucial to the appropriate management of risk within the Company.

Improving its corporate governance structure in accordance with the internationally recognised best practices the Company adopted important policies and procedures.

The Company's corporate governance policies and practices are designed to ensure that the Company is focused on upholding its responsibilities to the shareholders.

The Company's corporate governance policies and practices include, inter alia:
- Appointment policy for the Board of Directors and Committees;
- Terms of reference of the Audit Committee, Nomination Committee and Remuneration Committee;
- Code of Ethics and Conduct;
- Business Continuity Policy;
- Disclosure Policy;
- Regulations on Insider Information;
- Risk Management Policy; and
- Anti-Fraud Policy.

INTERNAL CONTROL IN RELATION TO THE FINANCIAL REPORTING PROCESS

The Group has set formal policies and written term of reference in relation to the financial reporting process that include:
- Corporate Accounting policy Guidelines;
- Methodology for the Transformation of Financial Statements from RAS to IFRS;
- Methodology for the Consolidation of IFRS Financial Statements;
- Financial Reporting Preparation Procedure; and
- The Group's structure.

The objective of this policy is to establish uniform procedures and to implement requirements for the preparation of the consolidated financial statements of the Group. The procedure should be reviewed for compliance with International Financial Reporting Standards as well as current conditions and planned changes in the Group's business activities at least once a year. When necessary, amendments and additions to this Procedure should be adopted.

MEETINGS OF SHAREHOLDERS

The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year. An annual general meeting and any other shareholders' meeting called to pass a special resolution can be convened by the Board of Directors by a notice, specifying the matters to be discussed, issued at least 21 days before the meeting. Any other meetings shall be convened by the Board of Directors by a notice, specifying the matters to be discussed, issued at least 14 days before the meeting. If the notice period is less than 21 days or 14 days as applicable, the meeting will be deemed to have been duly called if it is so agreed:
- in the case of a meeting called as the annual general meeting, by all the shareholders entitled to attend and vote; and
- in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent in nominal value of the shares giving that right.

A notice convening a general meeting must be sent to each of the shareholders.

All shareholders are entitled to attend the general meeting or be represented by a proxy authorised in writing. In the general meeting, on a poll, every share gives the holder the right to cast one vote, whereas, on a show of hands, each member has one vote. A corporate member may, by resolution of its directors or other governing body, authorise a person to act as its representative at any meeting of the Company.

BRANCHES

MD Medical Group Investments Plc has a branch in Moscow.

TREASURY SHARES

During the year ended 31 December 2019, the Company distributed the GDRs earlier acquired by the Company to the third parties. No additional treasury shares were acquired.

EVENTS AFTER THE REPORTING PERIOD

The Group opened a new clinic in Rostov-on-Don on 15 January 2020 and in Moscow region on 2 March 2020.

On 31 January 2020 the Group completed renovation of PMC and started rebranding its other hospitals.

On 15 January 2020 LLC Mother and Child Tyumen made an early repayment of the VTB bank loan amounted to RUB360,818 thousand.

On 17 March 2020 the Group received the part of government grant of RUB83,479 thousand in cash which had been previously recognised in other receivables as support for the construction of Tyumen hospital (Note 15). As a result at the date of signing these consolidated financial statements the government grant received by the Group amounted to RUB444,297 thousand.

On 20 March 2020 the Board of Directors recommended the payment of RUB638,563 thousand as final dividends for the year 2019 which corresponds to RUB8.5 per share.

In addition, the first months of 2020 have seen significant global market turmoil triggered by the outbreak of the coronavirus. Together with other factors, this has resulted in a sharp decrease in the oil price and the stock market indices, as well as a depreciation of the Russian Rouble. These developments are further increasing the level of uncertainty in the Russian business environment. The Group is now in the process of analysing the effect.

No other significant events occurred after the reporting period.

INDEPENDENT AUDITORS

The independent auditors of the Company Messrs. KPMG Limited have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be submitted to the Annual General Meeting.

By order of the Board of Directors,

Mark Kurtser
Managing Director,
member of the Board of Directors

Moscow, 20 March 2020

DIRECTORS' RESPONSIBILITY STATEMENT

Each of the directors, whose names are listed below, confirms that, to the best of their knowledge:

- these consolidated financial statements, prepared in accordance with IFRS as adopted by the EU and the requirements of the Cyprus Companies Law, Cap.113, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the adoption of the going concern basis for the preparation of the financial statements continues to be appropriate based on the foregoing and having reviewed the forecast financial position of the Group; and
- the Management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors of the company responsible for reporting as at the date of this announcement are set out below:

Vladimir Mekler	Chairman, non-executive Director
Mark Kurtser	Executive Director
Vitaly Ustimenko	Non-executive Director
Kirill Dmitriev	Non-executive Director
Simon Rowlands	Non-executive Independent Director
Tatiana Lukina	Non-executive Independent Director
Tony Maher	Non-executive Independent Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MD MEDICAL GROUP INVESTMENTS PLC

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the accompanying consolidated financial statements of MD Medical Group Investments Plc (the "Company") and its subsidiaries (the "Group"), which are presented on pages 85–123 and comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap.113").

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *"Auditors' responsibilities for the audit of the consolidated financial statements"* section of our report. We remained independent of the Group throughout the period of our appointment in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (Including International Independence Standards) ("IESBA Code") together with the ethical requirements in Cyprus that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS INCORPORATING THE MOST SIGNIFICANT RISKS OF MATERIAL MISSTATEMENTS, INCLUDING ASSESSED RISK OF MATERIAL MISSTATEMENTS DUE TO FRAUD

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

GOODWILL IMPAIRMENT

Refer to Note 14 of the consolidated financial statements (RUB2,032,320 thousand)

The key audit matter	How the matter was addressed in our audit
As a result of the Group's expansion, a significant amount of goodwill arising from business combinations has been recognised over the years. The management of the Group reviews goodwill for impairment purposes on an annual basis. Inherent uncertainty and subjectivity is involved in forecasting and discounting future cash flows, which are the basis of the assessment of the recoverability of the goodwill and PPE and hence the carrying value recorded in the consolidated financial statements. It is for this reason, that this is one of the key judgmental areas that our audit is concentrated on.	Our audit procedures included among others the following: • Assessing the reasonableness of the assumptions and appropriateness of the methodologies used by the management of the Group based on which the forecasted cash flows were prepared. Particular attention was given to the assumptions relating to revenue estimated growth rates and EBITDA estimated rates, terminal growth, after-tax profitability and discount rates/WACC. Our own valuation specialists were also utilized within this process. • Comparing the Group's assumptions on revenue growth and after-tax profitability margins with actual results, equivalent medical centers of the Group in nearby regions as well as our own assessment in relation to key inputs into the models. • Preparing our own sensitivity analysis around the key assumptions. • Assessing whether the disclosures in Note 14 of the consolidated financial statements relating to key inputs in the impairment assessment model relating to Goodwill are consistent with those employed in the model.

PPE IMPAIRMENT

Refer to Note 13 of the consolidated financial statements (RUB21,139,382 thousand)

The key audit matter	How the matter was addressed in our audit
Considering the nature of its operations, the Group has a significant amount of PPE, which is mainly represented by freehold land and buildings (RUB14,933,038). On an annual basis the Management performs a review for impairment indicators. In case impairment indicators are present for entities/Cash Generating Units ('CGU'), the management determines the recoverable amount of the entities/GCUs to identify whether impairment is required. Inherent uncertainty and subjectivity is involved in forecasting and discounting future cash flows, which are the basis of the assessment of the recoverability of PPE hence its carrying value recorded in the consolidated financial statements. It is for this reason, that this is one of the key judgmental areas that our audit is concentrated on.	Our audit procedures included among others the following: • Assessing the reasonableness of the assumptions and appropriateness of the methodologies used by the management of the Group based on which the forecasted cash flows were prepared. Particular attention was given to the assumptions relating to revenue estimated growth rates and EBITDA estimated rates, terminal growth, after-tax profitability and discount rates/WACC. Our own valuation specialists were also utilized within this process. • Comparing the Group's assumptions on revenue growth and after-tax profitability margins with actual results, equivalent medical centers of the Group in nearby regions as well as our own assessment in relation to key inputs into the models. • Preparing our own sensitivity analysis around the key assumptions.

REVENUE RECOGNITION

Refer to Note 4 of the consolidated financial statements (RUB16,159,861 thousand).

The key audit matter	How the matter was addressed in our audit
The Group has a number of revenue streams with different revenue recognition policies. The major part of the revenue is generated from individual patients who receive medical care either based on concluded contracts or based on daily tickets for one-off visits. Contracts may last for longer periods. Generally, patients prepay for the whole amount of the contracts and visit doctors during the period of the contract. The number of visits in all medical centres of the Group is significant. Therefore, the Group relies on automation within the medical IT system for complete and accurate revenue recognition through interface with the accounting system. Given the number of different revenue streams, the volume of transactions and related reliance on the medical IT system, we consider that a risk exists in relation to revenue being recorded in the correct period at the correct amount, including related contract liability in the consolidated statement of financial position. As such, revenue recognition is an area that our audit is focused on.	Our audit procedures included among others the following: • Testing of general IT controls and IT application controls relevant to revenue recognition, including segregation of duties for inputs and modification of data in the medical IT system, allocation of cash receipts and visits of patients for each individual contract, accuracy of data transfers from cash registers to the medical IT system through to the accounting system. • Assessing the design and implementation and testing of the operating effectiveness of controls over daily cash movements and the completeness of the daily encashment to the bank accounts of the Group. • Evaluating controls over approval and authorisation of prices and discounts for individual agreements with patients. • Obtaining external confirmations from banks and compared annual cash receipts and cash balances on bank accounts to the data recorded in the accounting systems. • Performing substantive analytical procedures to assess contract liabilities recognized at the year-end. • Sending confirmation letters to a sample of debtors to confirm balances and turnover.

RECOGNITION OF RIGHT-OF-USE ASSET AND CORRESPONDING LIABILITY IN LINE WITH PROVISIONS OF IFRS16 LEASES

Refer to notes 13 and 19 of the consolidated financial statements (RUB637,144 thousand and RUB649,990 thousand)

The key audit matter	How the matter was addressed in our audit
The Group has a significant number of lease contracts, which were previously classified as operating leases under IAS17. The new IFRS16 requires a lessee to recognise a right-of-use asset representing its right to use the underlying leased asset, and a lease liability representing its obligation to make lease payments. The first-time adoption of the standard resulted in the recognition as of 1 January 2019 of a right-of-use asset amounting to RUB329,591 thousand and additional lease liabilities of the same amount. Management has applied significant judgement in assessing whether arrangements with suppliers contain a lease as defined by IFRS16, as well as in determining enforceability of lease contracts, the lease term and the discount rate for identified leases.	Our audit procedures included among others the following: • Recalculation of the right-of-use asset, lease liability, depreciation charge and interest on the lease liability and comparing results to the client's calculations; • Evaluation of the mathematical accuracy of the management's calculations; • Assessment of completeness of management's listing of the lease contracts in place. • Testing of the accuracy of the lease data compiled by management by agreeing key inputs, including commencement date and lease payments, to the underlying lease arrangements selected on a sample basis to ensure the accuracy of key data points used in determining the amounts of right-of-use assets and the corresponding lease liability. • Assessment whether judgements applied by management are reasonable and supportable, including judgement with respect to the discount rate applied, enforceability of the lease contracts and determination of the lease term.

OTHER INFORMATION

The Board of Directors is responsible for the other information. The other information comprises the management report, the corporate governance statement and the corporate social responsibility statement, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as required by the Companies Law, Cap.113.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, {insert if there is other information that will be obtained after the date of the auditors' report} [on the other information obtained prior to the date of the auditors' report,] we conclude that there is a material misstatement of this other information, we are required to report that fact.

With regards to the corporate social responsibility statement we have nothing to report.

With regards to the management report and the corporate governance statement, our report in this regard is presented in the "*Report on other legal and regulatory requirements*" section.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to either liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors and those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OTHER REGULATORY REQUIREMENTS

Pursuant to the requirements of Article 10(2) of European Union (EU) Regulation 537/2014 we provide the following information in our Independent Auditors' Report, which is required in addition to the requirements of ISAs.

DATE OF APPOINTMENT AND PERIOD OF ENGAGEMENT

We were appointed auditors on 10 July 2012 by the General Meeting of the Company's members to audit the consolidated financial statements of the Group for the year ended 31 December 2009. Our total uninterrupted period of engagement having been renewed annually by shareholders' resolution, is 11 years covering the periods ending 31 December 2009 to 31 December 2019.

CONSISTENCY OF AUDITORS' REPORT TO THE ADDITIONAL REPORT TO THE AUDIT COMMITTEE

We confirm that our audit opinion is consistent with the additional report presented to the Audit Committee dated 20 March 2020.

PROVISION OF NON-AUDIT SERVICES ('NAS')

We have not provided any prohibited NAS referred to in Article 5 of EU Regulation 537/2014 as applied by Section 72 of the Auditors Law of 2017, L.53(I)2017, as amended from time to time ("Law L.53(I)/2017").

OTHER LEGAL REQUIREMENTS

Pursuant to the additional requirements of law L.53(I)/2017, and based on the work undertaken in the course of our audit, we report the following:

- In our opinion, the management report, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap 113, and the information given is consistent with the consolidated financial statements.
- In the light of the knowledge and understanding of the business and the Group's environment obtained in the course of the audit, we have not identified material misstatements in the consolidated management report.
- In our opinion, based on the work undertaken during the course of our audit, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Companies Law, Cap. 113, has been prepared in accordance with the requirements of the Companies Law, Cap, 113, and is consistent with the consolidated financial statements.
- In light of the knowledge and understanding of the Group and its environment, obtained in the course of the audit, we are required to report if we have identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of the subparagraph 2(a) of Article 151 of the Companies Law, Cap. 113. We have not identified material misstatements in this respect.
- In our opinion, based on the work undertaken during the course of our audit, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Companies Law, Cap.113.

OTHER MATTER

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and Section 69 of Law L.53(I)/2017, and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditors' report is George S. Prodromou.

George S. Prodromou, ACA
Certified Public Accountant and Registered Auditor
for and on behalf of
KPMG Limited
Certified Public Accountants and Registered Auditors
No. 11, June 16th 1943 Street,
3022 Limassol, Cyprus
20 March 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	NOTE	2019 RUB'000	2018 RUB'000
Revenue	4	16,159,861	14,937,366
Cost of sales	5	(10,376,218)	(9,387,499)
Gross profit		**5,783,643**	**5,549,867**
Other income	8	60,343	26,831
Selling, general and administrative expenses	6	(2,640,755)	(2,533,213)
Other expenses	8	(68,885)	(36,895)
Operating profit		**3,134,346**	**3,006,590**
Finance income	9	214,704	173,685
Finance expenses	9	(538,671)	(428,916)
Net foreign exchange transactions (loss) / gain	9	(53,333)	105,823
Net finance expenses	*9*	*(377,300)*	*(149,408)*
Profit before tax		**2,757,046**	**2,857,182**
Income tax benefit / (expense)	10	29,579	(26,139)
Profit for the year		**2,786,625**	**2,831,043**
Total comprehensive income for the year		**2,786,625**	**2,831,043**
Profit for the year attributable to:			
Owners of the Company		2,637,638	2,671,350
Non-controlling interests		148,987	159,693
		2,786,625	**2,831,043**
Total comprehensive income for the year attributable to:			
Owners of the Company		2,637,638	2,671,350
Non-controlling interests		148,987	159,693
		2,786,625	**2,831,043**
Earnings per share (RUB)	11	**35.11**	**35.61**

The Notes on pages 94 to 123 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	NOTE	31 DECEMBER 2019 RUB'000	31 DECEMBER 2018 RUB'000
ASSETS			
Property, plant and equipment	13	21,130,382	18,157,678
Intangible assets	14	2,192,631	2,258,513
Trade, other receivables and deferred expenses	15	394,016	592,416
Deferred tax assets	10	5,442	232,159
Total non-current assets		**23,722,471**	**21,240,766**
Inventories		719,962	666,122
Trade, other receivables and deferred expenses	15	659,737	455,768
Short-term bank deposits	16	506,916	–
Cash and cash equivalents	16	3,061,448	2,715,481
Total current assets		**4,948,063**	**3,837,371**
TOTAL ASSETS		**28,670,534**	**25,078,137**
EQUITY			
Share capital	17	180,585	180,585
Share premium	18	5,243,319	5,243,319
Reserves	18	(655,352)	(659,049)
Retained earnings	18	12,769,848	10,932,291
Total equity attributable to the owners of the Company		**17,538,400**	**15,697,146**
Non-controlling interests	26	341,742	301,802
TOTAL EQUITY		**17,880,142**	**15,998,948**

	NOTE	31 DECEMBER 2019 RUB'000	31 DECEMBER 2018 RUB'000
LIABILITIES			
Loans and borrowings	19	5,864,344	4,586,532
Trade and other payables	21	547,014	435,809
Deferred tax liabilities	10	4,681	272,565
Contract liabilities	20	205,527	143,773
Total non-current liabilities		**6,621,566**	**5,438,679**
Loans and borrowings	19	1,233,903	1,078,743
Trade and other payables	21	1,735,363	1,385,628
Contract liabilities	20	1,199,560	1,176,139
Total current liabilities		**4,168,826**	**3,640,510**
TOTAL LIABILITIES		**10,790,392**	**9,079,189**
TOTAL EQUITY AND LIABILITIES		**28,670,534**	**25,078,137**

On 20 March 2020 the Board of Directors of MD Medical Group Investments Plc approved and authorised these consolidated financial statements for issue.

Vladimir Mekler	Mark Kurtser	Andrey Khoperskiy
Chairman of the Board of Directors	Managing Director	Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

		ATTRIBUTABLE TO OWNERS OF THE COMPANY							
	NOTE	SHARE CAPITAL RUB'000	TREASURY SHARES RUB'000	SHARE PREMIUM RUB'000	OTHER RESERVES RUB'000	RETAINED EARNINGS RUB'000	TOTAL RUB'000	NON-CONTROLLING INTERESTS RUB'000	TOTAL EQUITY RUB'000
Balance at 1 January 2019		**180,585**	**(3,697)**	**5,243,319**	**(655,352)**	**10,932,291**	**15,697,146**	**301,802**	**15,998,948**
Profit and total comprehensive income for the year		-	-	-	-	2,637,638	2,637,638	148,987	2,786,625
Contributions and distributions									
Treasury shares sold		-	3,697	-	-	-	3,697	-	3,697
Dividends declared	12	-	-	-	-	(800,081)	(800,081)	(109,047)	(909,128)
Total contributions and distributions		**-**	**3,697**	**-**	**-**	**(800,081)**	**(796,384)**	**(109,047)**	**(905,431)**
Balance at 31 December 2019		**180,585**	**-**	**5,243,319**	**(655,352)**	**12,769,848**	**17,538,400**	**341,742**	**17,880,142**

Share premium is not available for distribution.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	NOTE	ATTRIBUTABLE TO OWNERS OF THE COMPANY							
		SHARE CAPITAL RUB'000	TREASURY SHARES RUB'000	SHARE PREMIUM RUB'000	OTHER RESERVES RUB'000	RETAINED EARNINGS RUB'000	TOTAL RUB'000	NON-CONTROLLING INTERESTS RUB'000	TOTAL EQUITY RUB'000
Balance at 1 January 2018		**180,585**	**(4,544)**	**5,243,319**	**(655,352)**	**9,377,710**	**14,141,718**	**425,947**	**14,567,665**
Adjustment on initial application of IFRS 9 (net of tax)		-	-	-	-	(30,935)	(30,935)	(2,956)	(33,891)
Adjusted balance at 1 January 2018 [1]		**180,585**	**(4,544)**	**5,243,319**	**(655,352)**	**9,346,775**	**14,110,783**	**422,991**	**14,533,774**
Profit and total comprehensive income for the year		-	-	-	-	2,671,350	2,671,350	159,693	2,831,043
Contributions and distributions									
Equity-settled share-based payment		-	847	-	-	-	847	-	847
Other movements		-	-	-	-	(15,545)	(15,545)	-	(15,545)
Dividends declared	12	-	-	-	-	(450,750)	(450,750)	(110,190)	(560,940)
Total transactions with owners		**-**	**847**	**-**	**-**	**(466,295)**	**(465,448)**	**(110,190)**	**(575,638)**
Change in ownership interests									
Acquisition of non-controlling interests without a change in control		-	-	-	-	(619,539)	(619,539)	(170,692)	(790,231)
Total changes in ownership interests		**-**	**-**	**-**	**-**	**(619,539)**	**(619,539)**	**(170,692)**	**(790,231)**
Balance at 31 December 2018		**180,585**	**(3,697)**	**5,243,319**	**(655,352)**	**10,932,291**	**15,697,146**	**301,802**	**15,998,948**

Share premium is not available for distribution.

[1] The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	NOTE	2019 RUB'000	2018 RUB'000
Cash flows from operating activities			
Profit for the year		2,786,625	2,831,043
Adjustments for:			
Depreciation	13	1,408,553	1,089,720
Amortisation	14	100,610	100,275
Equity-settled share-based payment		-	847
Gain from the sale of property, plant and equipment		(1,530)	(152)
Write-off of property, plant and equipment		17,149	5,711
Impairment losses on construction in progress		34,769	-
Finance income	9	(214,704)	(173,685)
Finance expenses (excluding impairment)	9	524,888	406,464
Impairment losses on other assets	9	13,783	22,452
Net foreign exchange transactions loss / (gain)	9	53,333	(105,823)
Income tax (benefit) / expense	10	(29,579)	26,139
		4,693,897	4,202,991
Increase in inventories		(53,840)	(140,766)
Decrease / (increase) in trade and other receivables		21,673	(158,822)
Increase in trade and other payables		222,337	33,501
Increase in contract liabilities		65,641	125,222
Cash flows from operations		**4,949,708**	**4,062,126**
Tax paid		(3,956)	(8,945)
Net cash flows from operating activities		**4,945,752**	**4,053,181**

	NOTE	2019 RUB'000	2018 RUB'000
Cash flows from investing activities			
Acquisition/construction of property, plant and equipment		(3,957,530)	(3,669,078)
Proceeds from sale of property, plant and equipment		6,416	36,389
Acquisition of intangible assets		(34,728)	(25,011)
Loans returned from third parties		4,000	-
Proceeds from government grant	13	360,818	-
Placing short-term bank deposits	16	(506,916)	-
Loans issues to third parties		(5,000)	-
Interest received		111,734	76,701
Net cash flows used in investing activities		**(4,021,206)**	**(3,580,999)**
Cash flows from financing activities			
Proceeds from loans and borrowings		1,831,205	2,055,583
Repayment of loans and borrowings		(1,051,367)	(955,202)
Payments of lease liabilities		(158,281)	-
Finance expenses paid		(405,389)	(361,539)
Payments on settlement of derivative		(11,426)	-
Proceeds from sale of treasury shares		11,862	-
Acquisition of NCI	18	-	(768,235)
Proceeds from reimbursed VAT		263,953	307,043
Repayment of reimbursed VAT		(94,302)	(64,338)
Dividends paid to the owners of the Company		(788,976)	(494,339)
Dividends paid to non-controlling interests		(108,616)	(109,759)
Net cash flows used in financing activities		**(511,337)**	**(390,786)**
Net increase in cash and cash equivalents		**413,209**	**81,396**
Cash and cash equivalents as at the beginning of the year	16	2,715,481	2,504,602
Effect of movements in exchange rates on cash held		(67,242)	129,483
Cash and cash equivalents as at the end of the year	**16**	**3,061,448**	**2,715,481**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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. 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	31 DECEMBER 2019 EFFECTIVE HOLDING %	31 DECEMBER 2018 EFFECTIVE HOLDING %
JSC MD PROJECT 2000	Russian Federation	Medical services	95	95
LLC Khaven	Russian Federation	Medical services	100	100
LLC Velum	Russian Federation	Medical services	90	90
LLC Capital Group	Russian Federation	Pharmaceutics retail	95	95
LLC FimedLab	Russian Federation	Medical services	90	90
LLC Clinic Mother and Child	Russian Federation	Holding of trademarks	100	100
LLC Clinica Zdorovia	Russian Federation	Medical services	80	80
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	95	95
LLC Mother and Child Ufa	Russian Federation	Medical services	95	95
LLC Mother and Child Saint-Petersburg	Russian Federation	Medical services	85	85
LLC MD PROJECT 2010	Russian Federation	Medical services	100	100
LLC Mother and Child Ugo-Zapad	Russian Federation	Medical services	90	90
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 Mother and Child Tyumen	Russian Federation	Medical services	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 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	80	80
LLC Mother and Child Vladimir	Russian Federation	Medical services	80	80
LLC MD Management	Russian Federation	Management company	100	100
LLC Mother and Child Ryazan	Russian Federation	Medical services	100	100
LLC Mother and Child Kazan	Russian Federation	Medical services	100	100
Ivicend Holding Ltd	Cyprus	Holding of investments	-	100
JSC 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	100
LLC Medica-2	Russian Federation	Medical services	100	100
LLC Mother and Child Siberia	Russian Federation	Medical services	100	100
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
LLC Nika	Russian Federation	Holding of land	100	100
LLC Stroy Vector Pluss	Russian Federation	Rental services	100	100
LLC Mother and Child Vladivostok	Russian Federation	Medical services	100	100
LLC Irkutsk Clinical Hospital	Russian Federation	Medical services	100	100
LLC Mother and Child Volga	Russian Federation	Management company	100	100
LLC MD Finance	Russian Federation	Management company	100	-
LLC Mother and Child Vladikavkaz	Russian Federation	Medical services	100	-
LLC Mother and Child Krasnodar	Russian Federation	Medical services	100	-
LLC Mother and Child Rostov-on-Don	Russian Federation	Medical services	100	-
LLC Siberia service company	Russian Federation	Service company	-	-
LLC TechMedCom	Russian Federation	Service company	-	-
LLC Service Hospital Company	Russian Federation	Service company	-	-
LLC Elleprof	Russian Federation	Service company	-	-
LLC Medtechnoservice	Russian Federation	Service company	-	-

As at 31 December 2019, 67.9% of the Company’s share capital is owned by MD Medical Holding Limited, a company beneficially owned by Dr. Mark Kurtser. The 32.1% of the Company’s share capital is owned by Guarantee Nominee Limited, who holds the shares on behalf of the GDR holders.

2. BASIS OF PREPARATION

(A) STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and the requirements of the Cyprus Companies Law, Cap.113.

These consolidated financial statements were approved by the Board of Directors and were authorised for issue on 20 March 2020.

This is the first set of the Group's annual financial statements in which IFRS 16 Leases has been applied. Changes to significant accounting policies are described in Note 3.

(B) BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention.

(C) FUNCTIONAL AND PRESENTATION CURRENCY

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

These consolidated financial statements of the Group are presented in RUB, rounded to the nearest thousand.

(D) USE OF ESTIMATES AND JUDGEMENTS

Preparing these consolidated financial statements in accordance with IFRSs 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 expenses.

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

The estimates and underlying assumptions are reviewed and where necessary revised on an ongoing basis. Revisions to estimates are recognised prospectively.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements are described below:

IMPAIRMENT OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets and property, plant and equipment are initially recorded at acquisition cost and are amortised on a straight line basis over their useful economic life. Intangible assets and property, plant and equipment that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with indefinite useful life are reviewed for impairment at least annually.

The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets and property, plant and equipment, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

IMPAIRMENT OF GOODWILL

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units of the Group to which the goodwill has been allocated.

OTHER

Information about judgements, assumptions and estimation uncertainties regarding revenue recognition, deferred taxes assets, provisions, leases and ECL allowance for trade receivables and contract assets as at 31 December 2019 is described in Note 3.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these consolidated financial statements are consistent with those followed in the Group's consolidated financial statements as at 31 December 2018 and for the year then ended, except for initial application of IFRS 16 Leases.

Other new standards and amendments applied for the first time in 2019 did not impact these consolidated financial statements of the Group.

BASIS OF CONSOLIDATION

These consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The financial statements of all the Group companies are prepared using uniform accounting policies.

BUSINESS COMBINATIONS

Acquisitions of businesses are accounted for using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

ACQUISITIONS FROM ENTITIES UNDER COMMON CONTROL

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established or, if later, at the date the Company was incorporated. The assets and liabilities acquired are recognised at their book values. Any difference between the consideration paid and the book values is recognised directly in equity.

NON-CONTROLLING INTERESTS

Non-controlling interests are measured at their proportionate share of the acquirer's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

LOSS OF CONTROL

When the Group losses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

TRANSACTIONS ELIMINATED ON CONSOLIDATION

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

REVENUE

The Group has two main types of revenue: rendering of services and sales of goods.

Revenue is recognised in the moment when the service is provided to the customer. Determining the timing of the services rendering – at a point in time or over time – requires judgement. The details are described below.

TYPE OF PRODUCT/SERVICE	NATURE, TIMING OF SATISFACTION OF PERFORMANCE OBLIGATIONS, SIGNIFICANT PAYMENT TERMS
Rendering of services (except storage of stem cells)	Sales of services are recognised at point in time in which the services are rendered by reference to completion of the actual service provided. Payments from patients for agreements are usually fully prepaid, one-off services are paid right after the service rendered. MHI, insurance and other companies usually pay in up to two months after the services were provided.
Sales of goods	Sales of goods are recognised when control over the goods have been transferred to the customer, which is usually when the Group has sold or delivered goods to the customer, the customer has accepted the goods and collectability of the related receivable is reasonably assured. The payments are usually made at the moment of sale.
Storage of stem cells	Nature of service is long-term safekeeping of biological materials comprising stem cells concentrate. Standard terms of contract include predetermined period of contract from 1 to 30 years paid in advance by the customer in full amount. Revenue from contract consists of two parts – revenue from blood collection and stem cells isolation (charged at the moment of the appropriate services rendered) and revenue from storage of stem cells. Revenue from storage is accrued monthly during the whole period of contract.

FINANCE INCOME

Finance income includes:

- interest income which is recognised as it accrues in profit or loss using the effective interest method;
- income from initial recognition of other payables to tax authorities at a market interest rate.

FINANCE EXPENSES

Finance expenses include interest expense and other borrowing costs and are recognised in profit or loss using the effective interest method.

FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

TAX

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss 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 reporting date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised 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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

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.

DIVIDENDS DECLARED

Dividend distribution to the Company's shareholders is recognised in the Group's financial statements when the shareholders' right to receive the dividends is established, either through Board resolution (for interim dividends) or by the Group's shareholders in the Annual General Meeting (for final dividends).

GOVERNMENT GRANTS

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is deducted in reporting from the related expense. When the grant relates to an asset, it reduces the carrying amount of the asset. The grant is then recognised in profit or loss over the useful life of the depreciable asset by way of a reduced depreciation charge.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised in profit or loss on the straight line method over the useful lives of each part of an item of property, plant and equipment. The annual depreciation rates for the current and comparative periods are based on the following estimations of useful lives:

	YEARS
Freehold buildings	50
Leasehold improvements	10–20
Plant and equipment	5–10

No depreciation is provided on land.

Assets under construction are not depreciated until they are completed and available for use. At that moment they are reclassified in the relevant class of property, plant and equipment and depreciated accordingly.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is impaired immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss for the year in which it is incurred. The cost of major renovations and other subsequent expenditure 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any 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 recognised in profit or loss.

INTANGIBLE ASSETS

(I) GOODWILL

Goodwill represents the difference between the cost of an acquisition and the fair value of the Group's share of the net identifiable assets of the acquired undertaking at the date of acquisition. Positive goodwill on acquisition of subsidiaries is included in intangible assets.

The excess of the Group's interest in the fair value of the new subsidiaries' net assets over the consideration paid for their acquisition (a bargain purchase gain) is recognised in profit or loss in the year of acquisition of the relevant subsidiary. Positive goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an undertaking include the carrying amount of goodwill relating to the undertaking sold. For the purpose of impairment testing goodwill is allocated to cash generating units that are expected to benefit from the synergies of the combinations.

(II) PATENTS AND TRADEMARKS

Patents and trademarks are measured initially at purchase cost and are amortised on a straight line basis over their estimated useful lives. Their estimated useful life is from five to seven years.

(III) SOFTWARE AND WEB SITE COSTS

External costs that are directly associated with web site controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently web site costs are carried at cost less any accumulated amortisation and any accumulated impairment losses. Web site costs are amortised using the straight line method over their useful lives, not exceeding a period of five years. Amortisation commences when the site is available for use and is included within administrative expenses.

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

INVENTORIES

Inventories include medicines and medical material and are stated at the lower of cost and net realisable value. The cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs to completion and selling expenses.

PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

FINANCIAL INSTRUMENTS

RECOGNITION

The Group recognises financial assets and financial liabilities when, and only when, it becomes a party of the contractual provisions of the financial instrument. Trade receivables and debt securities issued are initially recognised when they are originated.

CLASSIFICATION

The Group classifies financial assets on the basis of both: the Group's business model for managing financial assets, as well as the contractual cash flow characteristics of the financial assets.

The Group's financial assets comprise of trade and other receivables, loan receivable and cash and cash equivalents. They are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. All of the Group financial assets are measured at amortised cost. They are classified as current assets unless the Group has an unconditional responsibility to accept deferral of receipt for at least twelve months after the balance sheet date, in which case they are classified as non-current assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FINANCIAL ASSETS – BUSINESS MODEL ASSESSMENT

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level A because this best reflects the way the business is managed and information is provided to management. The information considered includes:
- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

FINANCIAL ASSETS – ASSESSMENT WHETHER CONTRACTUAL CASH FLOWS ARE SOLELY PAYMENTS OF PRINCIPAL AND INTEREST

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:
- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

The Group's financial liabilities comprise of trade and other payables and borrowings. They are non-derivatives that are either designated in this category or not classified in any of the other categories. They are classified as current liabilities unless there is an unconditional right to defer settlement for at least twelve months after the balance sheet date, in which case they are classified as long term liabilities.

MEASUREMENT

Financial assets and financial liabilities are initially measured at fair value plus or minus correspondingly of any directly attributable transaction costs.

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business and are stated after deducting the appropriate allowances for any impairment.

For the purpose of the statement of cash flows, cash and cash equivalents include cash in hand, cash at bank and short term highly liquid investments with maturity of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short term investments.

IMPAIRMENT OF NON-DERIVATIVE FINANCIAL ASSETS

At each balance sheet date the Group recognises a loss allowance for expected credit losses on financial assets measured at amortised cost.

The loss allowance for financial assets at amortised cost is recognised in profit or loss in respondance with a balance sheet account reducing the carrying amount of the financial asset. Expected credit losses for counterparties, including banks, are determined based on historical data of relevant probability of default and loss given default. Impairment on cash and cash equivalents is measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. The Group measures loss allowances at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

CREDIT-IMPAIRED FINANCIAL ASSETS

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the debtor;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

WRITE-OFF

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 3 years without movements past due based on russian legislation. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

The Group has initially applied IFRS 9 from 1 January 2018.

DERECOGNITION OF FINANCIAL ASSETS

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:
- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Any interest in such derecognised financial assets that is created or retained by the Group, is recognised as a separate asset or liability.

DERECOGNITION OF FINANCIAL LIABILITIES

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Changes in cash flows on existing financial liabilities are not considered as modification, if they result from existing contractual terms, e.g. changes in fixed interest rates initiated by banks due to changes in the CBR key rate, if the loan contract entitles banks to do so and the Group have an option to either accept the revised rate or redeem the loan at par without penalty. The Group treats the modification of an interest rate to a current market rate using the guidance on floating-rate financial instruments. This means that the effective interest rate is adjusted prospectively.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

SHARE CAPITAL

Proceeds from the issue of ordinary shares are classified as equity. The difference between the issue price of the shares and their nominal value is taken to the share premium account.

Incremental costs directly attributable to the issue of new shares are recognised as a deduction from share premium net of any tax effect.

TREASURY SHARES

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in additional paid-in capital.

EQUITY-SETTLED SHARE-BASED PAYMENT ARRANGEMENTS

Fair value of equity-settled share-based payment arrangements with employees is measured at the grant date based on the market price of the shares. Service and non-market vesting conditions are not taken into account when estimating the fair value at the grant date. The grant date is the date on which the Group and its employees agree the terms and conditions of the share-based payment arrangement. Fair value is not remeasured subsequent to the grant date.

Annually the number of shares which are expected to vest is true-up for the differences between the number of shares initially expected to vest and the actual number of shares vested, based on the fulfilment of service and non-market conditions.

Within the vesting period, fair value of the equity-settled share-based payment arrangement with employees adjusted to reflect the true-up of the instruments which will not vest, is recognised as staff costs with the corresponding increase recognised in equity.

EARNINGS PER SHARE

The Group presents earnings per share ("EPS") data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the period, adjusted for own shares held.

CAPITALISED INTEREST

Interest expense on borrowed funds used for capital construction projects and the acquisition of property, plant and equipment is capitalised provided that the interest expense could have been avoided if the Group had not made capital investments. Interest is capitalised only during the period when construction activities are actually in progress and until the resulting properties are put into operation.

STANDARDS AND INTERPRETATIONS NOT ADOPTED BY THE EU AS AT 1 JANUARY 2019:

- Amendments to References to Conceptual Framework in IFRS Standards;
- Definition of a Business (Amendments to IFRS 3);
- Definition of Material (Amendments to IAS 1 and IAS 8);
- IFRS 17 Insurance Contracts.

Management expects that the adoption of these standards in future periods will not have a material effect on the consolidated financial statements of the Group.

ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS

NEW CURRENTLY EFFECTIVE REQUIREMENTS

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

The Group voluntarily changed its accounting policy on presentation of acquiring and encashment operations from 1 January 2019. Previously the fees charged for acquiring and encashment operations were presented as finance expenses in the Statement of profit or loss and other comprehensive income and the Statement of cash flows. Since 1 January 2019 these operations are presented as operating expenses within "Selling, general and administrative expenses" in the Statement of profit or loss, a presentation that is more aligned to the nature of those expenses improving the transparency of these consolidated financial statements. The comparative information for the immediately preceding financial year was adjusted to reflect the aforementioned change. As a result of the adjustment "Selling, general and administrative expenses" for the year ended 31 December 2018 increased by RUB117,598 thousand while "Finance expenses" were decreased by the same amount. The "Net cash flows from operating activities" and "Net cash flows used in the financing activities" in the Statement of cash flows for the year ended 31 December 2018 were also adjusted to reflect the aforementioned reclassification in the Statement of profit or loss and other comprehensive income.

IFRS 16 LEASES

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items.

IFRS 16 replaced 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.

LEASES IN WHICH THE GROUP IS A LESSEE

The Group recognises new assets and liabilities for its operating leases of clinics and land plots. The nature of expenses related to those leases has changed because the Group has recognised a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

In addition, the Group no longer recognises provisions for operating leases that it assesses to be onerous. Instead, the Group includes the payments due under the lease in its lease liability.

There was no significant impact on the Group's finance leases.

On 26 November 2019 the IFRS Interpretations Committee made an agenda decision on Lease Terms of cancellable or renewable leases.

Previously, the Group recognised lease the assets and liabilities for agreements concluded for 11-month period as having a lease term of 11 months.

After the IFRIC agenda decision the Group recognises the lease assets and liabilities for the term which reflects the Group's reasonable expectation of the period during which the underlying asset will be used using the broader economics of the contract. The Group recognises the contracts as enforceable for at least the period of expected utility of the leasehold improvements.

Non-recoverable VAT is excluded from lease accounting as VAT payments are not made to lessor in exchange for the right to use an underlying asset. Instead, they are levies imposed by the government and are in the scope of IFRIC 21 Levies and are recognised when they are due under the tax law (when the invoice is issued). They are expensed in Statement of profit or loss and other comprehensive income immediately at the moment they are recognised.

As the result in the condensed interim financial statement for the six-month period ended 30 June 2019 the Group recognised additional lease liabilities RUB329,591 thousand as at 1 January 2019. The effect of IFRIC agenda decision on the opening balance of right-of-use asset in the amount of RUB276,461 thousand as at 1 January 2019 was reflected in this financial statement.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

The Group used a recognition exemption for leases for which the underlying asset is of low value and didn't account assets and liabilities for such lease contracts.

LEASES IN WHICH THE GROUP IS A LESSOR

The Group does not have significant contracts where it is a lessor. So there is no material impact applying IFRS 16 Leases.

TRANSITION

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised at 1 January 2019 without any effects on retained earnings in accordance with paragraph C5 (b). The Group recognised a lease liability at the date of initial application for leases previously classified as an operating lease applying IAS 17. The Group measured that lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. Therefore, the cumulative effect of adopting IFRS 16 is recognised as an adjustment to the opening balance of assets and liabilities at 1 January 2019, with no restatement of comparative information.

IMPACT ON TRANSITION	1 JANUARY 2019 RUB'000
Right-of-use assets – property, plant and equipment	329,591
Lease liabilities	(329,591)

AMENDMENTS TO IAS 23 BORROWING COSTS

The Group has adopted amendments to IAS 23 Borrowing Costs issued by the International Accounting Standards Board as part of Annual Improvements to IFRS Standards 2015–2017 Cycle from 1 January 2019 and apply them to borrowing costs incurred on or after that date. The amendments clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Therefore, the Group treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. Borrowings that were intended to specifically finance qualifying assets which are now ready for their intended use or sale – or any non-qualifying assets – the Group includes in its general pool. During 2019, the Group capitalised an additional amount of borrowing costs of RUB7,124 thousand as a result of this revised approach.

A number of other new standards and amendments to the existing standards are effective from 1 January 2019 but they do not have a material effect on the Group's financial statements, except those described above.

4. REVENUE

	2019 RUB'000	2018 RUB'000
In vitro fertilisation (IVF)	3,842,793	3,487,749
Deliveries	2,304,996	2,211,035
Obstetrics and gynaecology out-patient treatments	1,974,579	1,827,137
Other out-patient medical services	1,664,544	1,552,796
Other in-patient medical services	1,438,915	1,048,047
Paediatrics out-patient treatments	1,430,112	1,322,959
Other medical services	1,318,986	1,366,391
Obstetrics and gynaecology in-patient treatments	1,100,765	1,027,306
Paediatrics in-patient treatments	506,612	484,977
Sales of goods	254,567	290,013
Storage of stem cells	140,291	138,240
Other income	182,701	180,716
Total revenue from contracts with customers	**16,159,861**	**14,937,366**

DISAGGREGATION OF REVENUE

The Group renders the services on the territory of the Russian Federation. The Group's operations and main revenue streams are those described in the table above.

The majority of the Group's customers are physical persons (84% of total revenue); some services are rendered through the governmental and non-governmental insurance companies and legal entities. All the contracts are fixed-price and short-term except for the contracts for the storage of stem cells.

All the Group's revenue except for the revenue from the storage of stem cells is recognised at the point in time when the services are provided; the revenue from the storage of stem cells is recognised over the time of the contract.

The contract liabilities primarily relate to the advance consideration received from patients. The amount of RUB734,282 thousand recognised in short-term contract liabilities at the beginning of the year has been recognised as revenue during the year ended 31 December 2019 (31 December 2018: RUB757,285 thousand). The amount of RUB37,165 thousand was returned to the patients and the amount of RUB204,224 thousand was transferred to the other contracts during the year ended 31 December 2019 (31 December 2018: RUB30,210 thousand and RUB172,450 thousand respectively).

5. COST OF SALES

	2019 RUB'000	2018 RUB'000
Payroll and related social taxes	5,644,082	5,118,404
Materials and supplies used	2,701,302	2,514,088
Depreciation	1,223,131	946,862
Medical services	330,345	256,301
Energy and utilities	207,499	183,167
Property tax	121,271	129,321
Repair and maintenance	118,157	110,491
Other expenses	30,431	128,865
Total cost of sales	**10,376,218**	**9,387,499**

6. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2019 RUB'000	2018 RUB'000
Payroll and related social taxes	1,487,107	1,375,815
Utilities and materials	209,312	193,443
Depreciation	185,422	142,858
Other professional services	162,681	202,868
Acquiring and encashment	133,681	122,270
Amortisation	100,610	100,275
Advertising	99,506	96,256
IT support	42,331	58,872
Communication costs	40,307	33,902
Comission fees	39,754	40,265
Learning and development	30,134	28,385
Independent auditors' remuneration	21,458	21,259
Other expenses	88,452	116,745
Total selling, general and administrative expenses	**2,640,755**	**2,533,213**

The remuneration of the independent auditors includes an amount of RUB20,464 thousand regarding audit services, RUB495 thousand regarding audit related services and an amount of RUB499 thousand regarding tax services.

7. STAFF COSTS

	2019 RUB'000	2018 RUB'000
Wages and salaries	5,641,520	5,140,455
Social insurance contributions and other taxes	1,489,669	1,353,764
Total staff costs	**7,131,189**	**6,494,219**

The number of employees as at 31 December 2019 was 7,752 (31 December 2018: 7,349).

8. OTHER INCOME AND EXPENSES

During 2019 the Group received other income of RUB60,343 thousand. This income arose mostly from the receipt of property tax benefit amounted to RUB43,468 thousand by Lapino hospital.

The Group incurred other expenses amounted to RUB68,885 thousand in the reporting year. These expenses arose mostly due to impairment of construction in progress in LLC Mother and Child Nizhny Novgorod as the Group abandoned the hospital construction in this city.

9. NET FINANCE EXPENSES

	NOTE	2019 RUB'000	2018 RUB'000
Finance income			
Bank interest received		111,734	76,308
Initial recognition of other payables to tax authorities at market rate		93,855	96,984
Other finance income		9,115	393
Finance income		**214,704**	**173,685**
Finance expenses			
Interest on bank loans		(389,241)	(323,586)
Unwinding of discount on other payables to tax authorities		(54,889)	(42,713)
Interest on leases		(41,931)	-
Other interest expenses		(19,535)	(18,484)
Other finance expense			
Bank charges		(19,292)	(21,681)
Other finance expenses		(11,426)	(11,421)
Impairment of trade and other receivables	15	(2,357)	(11,031)
Finance expenses		**(538,671)**	**(428,916)**
Net foreign exchange transactions (loss) / gain		**(53,333)**	**105,823**
Net finance expenses		**(377,300)**	**(149,408)**

10. INCOME TAX

On 26 July 2019 changes in Tax Code of Russian Federation came into force through changes in Federal law 395-N. According to these changes medical companies are subject to 0% income tax rate (previously 0% income tax rate was for the period up to 5 years until 1 January 2020) in perpetuioty. As a result, all Group companies, that are offering medical services and are operating in the Russian Federation, apply 0% corporate income tax rate. Other companies apply standard income tax rate of 20% or 15%.

Reconciliation between profit before taxation and income tax expense:

	2019 RUB'000	2018 RUB'000
Profit before taxation	2,757,046	2,857,182
Less profit before taxation of non-taxable subsidiaries	(3,049,226)	(3,221,948)
Loss before taxation excluding not-taxable subsidiaries	**(292,180)**	**(364,766)**
Tax using the Group's domestic tax rate	58,436	72,953
Effect of subsidiaries taxable at lower tax rates	820	717
Non-deductible expenses	(6,636)	(6,879)
Reversal of provision for probable tax risk	-	19,354
Current-year losses for which no deferred tax asset is recognised	(72,357)	(83,868)
Recognised temporary differences mostly relating to property, plant and equipment on non-taxable medical subsidiaries expected to be utilised after 1 January 2020 at 20% corporate income tax rate	-	(28,416)
Written-off temporary differences of medical companies due to change in Tax Code in 2019	49,316	-
Total income tax benefit / (expense)	**29,579**	**(26,139)**

As the result of changes in Tax Code the Group recognised additional tax benefit amounted of RUB49,316 thousand in the reporting period. This amount composed of written-off deferred tax assets of RUB427,295 thousand (mostly related to tax loss carried forward of MD Project 2010 and deferred tax assets on VAT reimbursed) and RUB476,611 thousand of deferred tax liabilities mostly related to Property, plant and equipment.

As at 31 December 2019 deferred tax assets relating to tax losses carried forward in the amount of RUB253,785 thousand (31 December 2018: RUB191,428 thousand) have not been recognised. Deferred tax assets have not been recognised in respect of these tax losses because it is not probable that future taxable profit will be available for utilisation against the benefits therefrom.

As at 31 December 2019, there were temporary differences (before calculating tax effect) of RUB6,543,395 thousand (31 December 2018: RUB6,123,534 thousand) related to investments in subsidiaries. Deferred tax liabilities related to these temporary differences were not recognised because the Group controls the dividend policy of its subsidiaries and, therefore, controls the timing of reversal of the related taxable temporary differences and management is satisfied that they will not reverse in the foreseeable future.

11. EARNINGS PER SHARE

	2019	2018
Basic and fully diluted earnings attributable to the owners of the Company (RUB'000)	2,637,638	2,671,350
Weighted average number of ordinary shares in issue during the year	75,120,211	75,022,526
Basic and fully diluted earnings per share (RUB)	**35.11**	**35.61**

12. DIVIDENDS

On 20 March 2020 the Board of Directors recommended the payment of RUB638,563 thousand as final dividends for the year 2019 which corresponds to RUB8.5 per share.

On 22 March 2019 the Board of Directors declared final dividends for the year 2018 attributable to the owners of the Company amounting to RUB800,081 thousand (USD12,552 thousand), which corresponds to RUB10.65 (USD0.17) per share. The dividend distribution was approved by the Annual General Meeting of the shareholders on 23 April 2019. The dividends were paid on 25 June 2019.

On 16 March 2018 the Board of Directors declared final dividends or the year 2017 attributable to the owners of the Company amounting to RUB450,750 thousand (USD7,905 thousand), which corresponds to RUB6.0 (USD0.11) per share. The dividend distribution was approved by the Annual General Meeting of the shareholders on 17 April 2018. The dividends were paid on 22 May 2018.

13. PROPERTY, PLANT AND EQUIPMENT

	FREEHOLD LAND AND BUILDINGS RUB'000	PROPERTY UNDER CONSTRUCTION RUB'000	PLANT AND EQUIPMENT RUB'000	RIGHT-OF-USE OF FREEHOLD LAND AND BUILDINGS RUB'000	TOTAL RUB'000
Initial cost					
Balance at 1 January 2018	**11,691,195**	**2,293,936**	**5,607,419**	**-**	**19,592,550**
Additions	694,390	2,251,427	1,013,072	-	3,958,889
Disposals	(27,357)	(454)	(45,942)	-	(73,753)
Impairment loss	(3,891)	-	-	-	(3,891)
Transfer from construction in progress	1,569,305	(2,177,235)	607,930	-	-
Balance at 31 December 2018	**13,923,642**	**2,367,674**	**7,182,479**	**-**	**23,473,795**
Recognition of right-of-use asset on initial application of IFRS 16	-	-	-	329,591	329,591
Effect of IFRIC agenda decision (Note 3)	-	-	-	276,461	276,461
Additions	826,584	2,057,815	1,290,688	174,706	4,349,793
Government grant	-	-	(500,000)	-	(500,000)
Disposals	(6,663)	(4,138)	(65,867)	(21,566)	(98,234)
Impairment loss	-	(34,769)	-	-	(34,769)
Transfer from construction in progress	2,029,358	(2,258,220)	228,862	-	-
Balance at 31 December 2019	**16,772,921**	**2,128,362**	**8,136,162**	**759,192**	**27,796,637**
Depreciation					
Balance at 1 January 2018	**(1,190,198)**	**-**	**(3,078,703)**	**-**	**(4,268,901)**
Depreciation during the year	(302,981)	-	(786,739)	-	(1,089,720)
Accumulated depreciation on disposals	4,567	-	37,937	-	42,504
Balance at 31 December 2018	**(1,488,612)**	**-**	**(3,827,505)**	**-**	**(5,316,117)**
Depreciation during the year	(352,764)	-	(929,957)	(125,831)	(1,408,552)
Accumulated depreciation on disposals	1,493	-	53,138	3,783	58,414
Balance at 31 December 2019	**(1,839,883)**	**-**	**(4,704,324)**	**(122,048)**	**(6,666,255)**
Carrying amounts					
Balance at 1 January 2018	**10,500,997**	**2,293,936**	**2,528,716**	**-**	**15,323,649**
Balance at 31 December 2018	**12,435,030**	**2,367,674**	**3,354,974**	**-**	**18,157,678**
Balance at 31 December 2019	**14,933,038**	**2,128,362**	**3,431,838**	**637,144**	**21,130,382**

The government granted RUB500,000 thousand as support for the construction of Tyumen hospital, while RUB360,818 thousand was received in cash and the remaining amount of RUB139,182 thousand was recognised as other receivables (Note 15).

The amount of borrowing costs capitalised during the year ended 31 December 2019 was RUB148,986 thousand (RUB160,027 thousand for the year ended 31 December 2018). Capitalisation rate for loans varied from 8.25% to 10.15% for the year ended 31 December 2019 (from 8.25% to 10.15% for the year ended 31 December 2018).

As at 31 December 2019 construction in progress mainly includes construction costs of Lapino-2 hospital amounting to RUB1,995,319 thousand.

The total net book value of property, plant and equipment which is held as collateral for the loans and borrowings amounted RUB10,086,859 thousand as at 31 December 2019 (31 December 2018: RUB8,756,360 thousand).

14. INTANGIBLE ASSETS

	GOODWILL RUB'000	PATENTS AND TRADEMARKS RUB'000	SOFTWARE AND WEBSITE RUB'000	TOTAL RUB'000
Initial cost				
Balance at 1 January 2018	**2,032,320**	**564,812**	**71,559**	**2,668,691**
Additions	-	-	23,311	23,311
Balance at 31 December 2018	**2,032,320**	**564,812**	**94,870**	**2,692,002**
Additions	-	-	34,728	34,728
Balance at 31 December 2019	**2,032,320**	**564,812**	**129,598**	**2,726,730**
Amortisation				
Balance at 1 January 2018	**-**	**(294,265)**	**(38,949)**	**(333,214)**
Amortisation during the year	-	(74,675)	(25,600)	(100,275)
Balance at 31 December 2018	**-**	**(368,940)**	**(64,549)**	**(433,489)**
Amortisation during the year	-	(71,206)	(29,404)	(100,610)
Balance at 31 December 2019	**-**	**(440,146)**	**(93,953)**	**(534,099)**
Carrying amounts				
Balance at 1 January 2018	**2,032,320**	**270,547**	**32,610**	**2,335,477**
Balance at 31 December 2018	**2,032,320**	**195,872**	**30,321**	**2,258,513**
Balance at 31 December 2019	**2,032,320**	**124,666**	**35,645**	**2,192,631**

Goodwill is allocated to each cash-generating unit (CGU), which is defined as each individual subsidiary or group of subsidiaries acquired operating as one business in one particular location.

	31 DECEMBER 2019 RUB'000	31 DECEMBER 2018 RUB'000
JSC MC Avicenna	1,055,593	1,055,593
ARTMed Group (Centres of Reproductive Medicine, located in Krasnoyarsk, Omsk, Novosibirsk and Barnaul)	360,154	360,154
LLC Medica-2	248,250	248,250
CJSC MK IDK	211,303	211,303
LLC Centre of Reproductive Medicine	142,193	142,193
Subsidiaries acquired in 2011	14,827	14,827
	2,032,320	**2,032,320**

Goodwill has been allocated for impairment testing purposes to 6 groups of cash generating units.

In order to assess any impairment in the value of goodwill, the Group performed a test of the estimated recoverable amount of the CGUs compared to their carrying value.

The recoverable amount is determined as value in use. The calculation of the fair values of each subsidiary is based on the current and estimated future after-tax profitability. The management has projected cash flows for the period of the five years based on the approved financial forecasts.

The growth rate in terminal period is estimated to be 4%. Discount after-tax rate applied to the cash flow projections is 14%. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industry and have been based on historical data from both external and internal sources.

No impairment of goodwill was recognised in 2019 and in 2018. For all cash generating units management believes that any reasonable possible change in the key assumptions would not cause carrying amounts of these units to exceed their recoverable amounts materially.

15. TRADE, OTHER RECEIVABLES AND DEFERRED EXPENSES

	NOTE	31 DECEMBER 2019 RUB'000	31 DECEMBER 2018 RUB'000
CAPEX prepayments		394,016	592,416
Trade receivables net of impairment provision		375,852	279,644
Advances paid to suppliers		101,851	99,818
Deferred expenses		3,588	10,777
Loans receivable		1,000	-
Government grant receivable	13	139,182	-
Other receivables		38,264	65,529
		1,053,753	**1,048,184**
Non-current portion		394,016	592,416
Current portion		659,737	455,768
		1,053,753	**1,048,184**

CAPEX prepayments represent capital expenditure prepayments under contracts for construction works and acquisition of plant and equipment.

Ageing analysis of trade receivables:

	GROSS AMOUNT 31 DECEMBER 2019 RUB'000	IMPAIRMENT 31 DECEMBER 2019 RUB'000	GROSS AMOUNT 31 DECEMBER 2018 RUB'000	IMPAIRMENT 31 DECEMBER 2018 RUB'000
Not past due	308,174	(1,347)	259,657	-
Past due	164,039	(95,014)	115,366	(95,379)
	472,213	**(96,361)**	**375,023**	**(95,379)**

In addition to the bad debt provision accrued as at 31 December 2019 the accounts receivable in the amount of RUB1,375 thousand were written-off during the year ended 31 December 2019 (year ended 31 December 2018: RUB5,449 thousand).

The Group performed the calculation of ECL rates separately for patients, legal entities and insurance companies, meanwhile ECL rates for the insurance companies were calculated based on their ratings.

The following table provides information about the exposure to credit risk and ECLs for trade receivables for patients as at 31 December 2019.

	WEIGHTED-AVERAGE LOSS RATE	GROSS CARRYING AMOUNT RUB'000	LOSS ALLOWANCE RUB'000	CREDIT-IMPAIRED
0-30 days past due	8%	27,413	(2,297)	partly
31-60 days past due	37%	4,997	(1,849)	partly
61-90 days past due	65%	4,291	(2,801)	partly
more than 91 days past due	71%	90,915	(64,748)	partly
Total		**127,616**	**(71,695)**	

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables for legal entities except insurance companies and amounts receivable from related parties as at 31 December 2019.

	WEIGHTED-AVERAGE LOSS RATE	GROSS CARRYING AMOUNT RUB'000	LOSS ALLOWANCE RUB'000	CREDIT-IMPAIRED
0-30 days not past due	8%	17,368	(1,347)	partly
31-60 days past due	11%	9,396	(1,026)	partly
61-90 days past due	21%	3,983	(846)	partly
more than 91 days past due	86%	23,044	(19,714)	partly
Total		**53,791**	**(22,933)**	

Based on the analysis of the historical data for accounts receivable from related parties amounted to RUB11,571 thousand and for accounts receivable from insurance companies amounted to RUB279,235 thousand no provision is accrued (the most part relates to accounts receivable from government funds amounted to RUB145,721 thousand for MHI services provided), due to it is not past due and the credit risk is low, except for those which licences had been revoked. Such provision of RUB1,733 thousand was accrued as at 31 December 2019.

The exposure of the Group to credit and currency risk in relation to trade, other receivables and deferred expenses is reported in Note 23 of these consolidated financial statements.

16. CASH AND CASH EQUIVALENTS AND SHORT-TERM DEPOSITS

	31 DECEMBER 2019 RUB'000	31 DECEMBER 2018 RUB'000
Cash at bank and in hand	569,399	476,530
Bank deposits with maturity less than 3 months	2,492,049	2,238,951
TOTAL CASH AND CASH EQUIVALENTS	**3,061,448**	**2,715,481**
Other short-term bank deposits	506,916	-
TOTAL CASH AND CASH EQUIVALENTS AND SHORT-TERM DEPOSITS	**3,568,364**	**2,715,481**

CURRENCY:

	31 DECEMBER 2019 RUB'000	31 DECEMBER 2018 RUB'000
RUB	3,053,314	2,307,350
USD	515,002	406,983
EUR	48	1,148
	3,568,364	**2,715,481**

The exposure of the Group to credit risk and currency risk in relation to cash and cash equivalents is reported in Note 23 of these consolidated financial statements.

17. SHARE CAPITAL

	NUMBER OF SHARES	NOMINAL VALUE USD	SHARE CAPITAL RUB'000	SHARE CAPITAL USD'000
Authorised	125,250,000	0.08	-	10,020
Issued and fully paid ordinary shares 1 January / 31 December	75,125,010	0.08	180,585	6,010

18. SHARE PREMIUM, RESERVES AND RETAINED EARNINGS

SHARE PREMIUM

Share premium includes the total amount received in excess of the total nominal value of the new share capital issued. Incremental costs directly attributable to the issue of new shares are recognised as a deduction from equity (share premium) net of any tax effect.

RETAINED EARNINGS

Retained earnings include accumulated profits and losses incurred by the Group.

During 2018 the Group has acquired additional 30% share in LLC Mother and Child Ugo-Zapad and LLC FimedLab, 26% share in LLC Velum, 20% share in LLC Clinica Zdorovia and 15% share in LLC Capital Group, LLC Mother and Child Perm, LLC Mother and Child Ufa, LLC Mother and Child Saint-Petersburg for USD12,335 thousand which corresponds to RUB790,231 thousand as at the date of the transfer of shares and RUB768,235 thousand as at the date of the payment. As a result non-controlling interest in these subsidiaries decreased by RUB170,692 thousand.
The difference of RUB619,539 thousand between the value of investments as at the ownership's transfer date and non-controlling interest acquired was accounted as an equity transaction.

OTHER RESERVES

Other reserves include common control transactions reserve, in the amount of RUB 682,873 thousand and capital contribution reserve in the amount of RUB27,521 thousand.

Common control transactions reserve includes differences between the carrying amount of net assets acquired through purchases of subsidiaries from parties under common control and the consideration paid for their acquisition.

There were no significant changes during 2019.

19. LOANS AND BORROWINGS

	31 DECEMBER 2019 RUB'000	31 DECEMBER 2018 RUB'000
Long-term liabilities		
Bank loans	5,297,081	4,586,532
Lease liabilities	567,263	-
Short-term liabilities		
Bank loans	1,151,176	1,078,743
Lease liabilities	82,727	-
Total loans and borrowings	**7,098,247**	**5,665,275**

Maturity of loans and borrowings:

	31 DECEMBER 2019 RUB'000	31 DECEMBER 2018 RUB'000
Within one year	1,233,903	1,078,743
Between one and five years	5,012,000	4,306,546
More than 5 years	852,344	279,986
	7,098,247	**5,665,275**

The total net book value of property, plant and equipment which is held as collateral for the bank loans is disclosed in Note 13.

The terms and debt repayment schedule of loans are as follows:

				31 DECEMBER 2019		31 DECEMBER 2018	
	CURRENCY	EFFECTIVE INTEREST RATE	MATURITY	FACE VALUE RUB'000	CARRYING AMOUNT RUB'000	FACE VALUE RUB'000	CARRYING AMOUNT RUB'000
Secured bank loan	RUB	8.45%	2023	2,091,946	2,091,946	2,482,210	2,482,210
Secured bank loan	RUB	9.00%	2024	1,902,384	1,902,384	1,940,094	1,940,094
Secured bank loan	RUB	8.25%	2022	631,556	631,556	989,831	989,831
Secured bank loan	RUB	8.25%	2026	1,815,638	1,815,638	38,954	38,954
Unsecured bank loan	RUB	8.45%	2019	-	-	189,150	189,150
Unsecured bank loan	RUB	9.15%	2020	6,733	6,733	16,084	16,084
Unsecured bank loan	RUB	14.20%	2019	-	-	8,952	8,952
Current lease liabilities	RUB	8.77%	2020	82,727	82,727	-	-
Non-current lease liabilities	RUB	8.83%	2021-2028	567,263	567,263	-	-
				7,098,247	**7,098,247**	**5,665,275**	**5,665,275**

The contractual cash flows and the exposure of the Group to liquidity risk in relation to loans and borrowings is reported in Note 23 of these consolidated financial statements.

RECONCILIATION OF MOVEMENTS OF FINANCIAL LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	31 DECEMBER 2019		31 DECEMBER 2018	
	BANK LOANS RUB'000	LEASE LIABILITIES RUB'000	BANK LOANS RUB'000	LEASE LIABILITIES RUB'000
Balance at 1 January before adjustment	**5,665,275**	-	**4,570,447**	-
Adjustment on OB IFRS 16 Leases	-	329,591	-	-
Balance at 1 January adjusted	**5,665,275**	**329,591**	**4,570,447**	-
Proceeds from loans and borrowings	1,831,205	-	2,055,583	-
Repayment of loans and borrowings	(1,051,367)	-	(955,202)	-
Effect of IFRIC agenda decision (Note 3)	-	276,461	-	-
Additions of lease liabilities	-	174,706	-	-
Disposals of lease liabilities	-	(14,418)	-	-
Finance expenses accrued in PL	389,241	41,931	323,586	-
Finance expenses capitalised in PPE	148,986	-	160,027	-
Interest paid included in financing cash flows	(386,097)	-	(339,858)	-
Interest paid included in investment cash flows	(148,986)	-	(149,308)	-
Payments of lease liabilities	-	(158,281)	-	-
Balance at 31 December	**6,448,257**	**649,990**	**5,665,275**	-

20. CONTRACT LIABILITIES

	31 DECEMBER 2019 RUB'000	31 DECEMBER 2018 RUB'000
Patient advances	1,405,087	1,319,912
including:		
Contract liabilities after more than one year	205,527	143,773
Contract liabilities within one year	1,199,560	1,176,139

Contract liabilities that relate to long term client advances represent money received from patients on stem cells storage contracts lasting from 1 to 30 years. Contract liabilities that relate to short term client advances represent money received from patients on stem cells storage contracts, childbirth management contracts lasting from 1 to 9 months, and children care contracts valid up to 1 year.

21. TRADE AND OTHER PAYABLES

	31 DECEMBER 2019 RUB'000	31 DECEMBER 2018 RUB'000
Other payables to tax authorities	657,233	526,548
Trade payables	498,006	285,042
Accruals	439,689	390,810
Payables to employees	355,715	320,940
Taxes payable	175,621	159,591
CAPEX payables	123,762	101,933
Income tax liability	1,929	2,191
Other payables	30,422	34,382
	2,282,377	**1,821,437**
Non-current portion	547,014	435,809
Current portion	1,735,363	1,385,628
	2,282,377	**1,821,437**

The contractual cash flows (except income tax liability) and the exposure of the Group to liquidity risk in relation to trade and other payables is reported in Note 23 of these consolidated financial statements.

22. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

22.1. OPERATIONS WITH KEY MANAGEMENT PERSONNEL

The remuneration of the members of the key management personnel and non-executive directors for the year ended 31 December 2019 was RUB95,694 thousand (for the year ended 31 December 2018: RUB74,416 thousand).

The remuneration of the members of the key management personnel which remained unpaid as at 31 December 2019 was RUB23,208 thousand (31 December 2018: RUB16,475 thousand).

The Group provided medical informational services to related parties amounted to RUB51,922 thousand for the year ended 31 December 2019 (for the year ended 31 December 2018: RUB1,364 thousand).

The receivables from medical informational services which remained unpaid as at 31 December 2019 was RUB11,269 thousand (the payables as at 31 December 2018: RUB939 thousand).

The Group received medical services from related parties amounted to RUB30,118 thousand for the year ended 31 December 2019 (for the year ended 31 December 2018: nil).

The payables from medical services which remained unpaid as at 31 December 2019 was RUB4,064 thousand (as at 31 December 2018: nil).

The Group provided services to the key management personnel under non-exclusive commercial concession agreement for the year ended 31 December 2019 amounted to RUB1,247 thousand (for the year ended 31 December 2018: RUB1,329 thousand).

The receivables for the services under non-exclusive commercial concession agreements which remained unpaid as at 31 December 2019 was RUB302 thousand (as at 31 December 2018: RUB336 thousand).

The Group purchased intangible assets from related parties amounted to RUB4,508 thousand for the year ended 31 December 2019 (for the year ended 31 December 2018: RUB3,900 thousand).

22.2. DIRECTORS' INTERESTS

The direct and indirect interests of the members of the Board in titles of the Company as at 31 December 2019, 31 December 2018 and as at the date of signing these consolidated financial statements are as follows, except for Vitaly Ustimenko:

NAME	TYPE OF INTEREST	EFFECTIVE INTEREST %
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.

Member of the Board of Directors Vitaly Ustimenko acquired GDRs on 17 July 2019 and on 19 September 2019, as a result the share of ownership increased to 0.0035% of the Company's share capital.

22.3. DIVIDENDS DECLARED TO RELATED PARTIES

Dividends declared to the parent company MD Medical Holding Limited amounted to RUB543,399 thousand for the year ended 31 December 2019 (31 December 2018: RUB306,140 thousand).

23. FINANCIAL RISK MANAGEMENT

FINANCIAL RISK FACTORS

The Group is exposed to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has the overall responsibility for the establishment and supervision of the Company's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group to set appropriate risk limits and controls and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Group's activities.

(I) CREDIT RISK

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Group has no significant concentration of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. Cash balances are held with various financial institutions.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31 DECEMBER 2019 RUB'000	31 DECEMBER 2018 RUB'000
Trade and other receivables	551,089	345,578
Cash and cash equivalents and short-term bank deposits excluding cash in hand	3,559,098	2,703,965
	4,110,187	**3,049,543**

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has no significant concentration of credit risk regarding trade and other receivables. This fact significantly reduces possible delays and other negative consequences that may potentially affect matching the maturity of assets with liabilities. Furthermore, according to the internal policy, clients usually pay in advance except for some particular cases.

Cash and cash equivalents and short-term bank deposits

The Group held cash and cash equivalents and short-term bank deposits excluding cash in hand of RUB3,559,098 thousand as at 31 December 2019 (31 December 2018: RUB2,703,965 thousand) which represents its maximum credit exposure on these assets. The cash and cash equivalents and short-term bank deposits are mostly held with bank and financial institution counterparties, which are rated Baa3-A3, based on rating agency Moody's Investors Service ratings.

(II) LIQUIDITY RISK

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures to minimise such losses including maintaining sufficient cash and other highly liquid current assets. The following are the contractual maturities of financial liabilities including estimated interest payments:

31 DECEMBER 2019	NOTE RUB'000	CARRYING AMOUNTS RUB'000	CONTRACTUAL CASH FLOWS RUB'000	2 MONTHS OR LESS RUB'000	BETWEEN 2-12 MONTHS RUB'000	BETWEEN 1-2 YEARS RUB'000	BETWEEN 2-5 YEARS RUB'000	MORE THAN 5 YEARS RUB'000
Bank loans	19	6,448,257	7,828,558	267,768	1,355,763	1,857,487	3,724,021	623,519
Lease liabilities	19	649,990	897,866	22,770	112,725	117,341	320,940	324,090
CAPEX payables	21	123,762	123,762	45,537	78,225	-	-	-
Trade payables	21	498,006	498,006	498,006	-	-	-	-
Other payables and accrued expenses		1,658,680	1,894,014	712,288	393,785	122,518	363,672	301,751
		9,378,695	**11,242,206**	**1,546,369**	**1,940,498**	**2,097,346**	**4,408,633**	**1,249,360**

31 DECEMBER 2018	NOTE RUB'000	CARRYING AMOUNTS RUB'000	CONTRACTUAL CASH FLOWS RUB'000	2 MONTHS OR LESS RUB'000	BETWEEN 2-12 MONTHS RUB'000	BETWEEN 1-2 YEARS RUB'000	BETWEEN 2-5 YEARS RUB'000	MORE THAN 5 YEARS RUB'000
Bank loans	19	5,665,275	6,996,964	243,630	1,285,544	1,470,690	3,706,346	290,754
CAPEX payables	21	101,933	101,933	67,473	34,460	-	-	-
Trade payables	21	285,042	285,042	285,042	-	-	-	-
Other payables and accrued expenses		1,432,271	1,630,945	644,298	344,702	97,752	341,517	202,676
		7,484,521	**9,014,884**	**1,240,443**	**1,664,706**	**1,568,442**	**4,047,863**	**493,430**

The Group has bank loans all of which contain debt covenants. The breach of covenants may require the Group to repay the loans earlier than indicated in the above table.

(III) MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which affects the Group's income or the value of its holdings of financial instruments.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's management monitors the interest rate fluctuations on an ongoing basis and acts accordingly.

As at the reporting date the interest rate profile of interest bearing financial instruments was as follows:

	31 DECEMBER 2019 RUB'000	31 DECEMBER 2018 RUB'000
Fixed rate instruments		
Financial assets	2,999,965	2,238,951
Financial liabilities	(7,098,247)	(5,665,275)
	(4,098,282)	**(3,426,324)**

In particular, fixed-rate financial liabilities include fixed rate bank loans amounted to RUB6,448,257 thousand for which the banks have the option to revise the interest rate following the change of key rate set by the CBR and the Group has an option to either accept the revised rate or redeem the loan at par without penalty.

The Group does not account for any fixed rate instruments at fair value through profit or loss and does not have any derivative financial instruments, therefore a change in interest rates at the reporting date would not affect profit or loss or equity.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's functional currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollar and the Euro. The Group's management monitors the exchange rate fluctuations on an ongoing basis and acts accordingly.

The Group's exposure to foreign currency risk was as follows:

	31 DECEMBER 2019			31 DECEMBER 2018		
	USD'000	EUR'000	GBP'000	USD'000	EUR'000	GBP'000
Assets						
Cash in bank	21,304	48	-	406,983	1,148	-
Short-term bank deposits	493,698	-	-	-	-	-
Trade and other receivables	3,035	113	-	1,904	168	-
Liabilities						
CAPEX payables	(1,933)	(1,226)	-	(1,227)	(1,080)	-
Trade and other payables and accruals	-	(1,074)	(75)	(634)	(2,732)	(373)
Net exposure	**516,104**	**(2,139)**	**(75)**	**407,026**	**(2,496)**	**(373)**

The following significant exchange rates applied during the year:

	AVERAGE RATE		REPORTING DATE SPOT RATE	
	2019	2018	2019	2018
USD	64.4435	62.7078	61.9057	69.4706
EUR	72.2409	73.9546	69.3406	79.4605
GBP	82.3666	83.5756	81.1460	88.2832

Sensitivity analysis

A 10% weakening of the Russian Ruble against the above currencies will result in the increase in profit and equity of RUB51,389 thousand as at 31 December 2019 (31 December 2018: RUB40,416 thousand). A 10% strengthening of the Russian Ruble would have an opposite impact.

Capital management

The Group's objectives in managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to owners and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure the Group may adjust the amount of dividends paid to shareholders, return capital to owners or issue of new shares.

The Group monitors capital on the basis of the net debt to equity ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total loans and borrowings less cash and cash equivalents. Total equity is calculated as "equity" shown in the consolidated statement of financial position.

	NOTE	31 DECEMBER 2019 RUB'000	31 DECEMBER 2018 RUB'000
Financial liabilities	19	7,098,247	5,665,275
Less: cash and cash equivalents	16	(3,061,448)	(2,715,481)
Net debt		4,036,799	2,949,794
Total equity		17,880,142	15,998,948
Net debt to equity ratio		**22.58%**	**18.44%**

Following the adoption of IFRS 16 Leases net debt to adjusted equity has increased from 18.44% to 22.58%. This is due to the recognition of right-of-use assets and lease liabilities on 1 January 2019. The comparative information has not been restated.

The net debt including short-term bank deposits equals to RUB3,529,883 thousand as at 31 December 2019 (31 December 2018: RUB2,949,794 thousand). The net debt ratio adjusted by short-term bank deposits is 19.74% (31 December 2018: 18.44%).

24. FAIR VALUES

As at 31 December 2019 and 31 December 2018 the Group had no significant financial assets or liabilities measured at fair value.

The financial assets of the Group include cash and cash equivalents and trade and other receivables. The financial liabilities of the Group include loans and borrowings and trade and other payables. The fair value of these financial instruments is classified as Level 3 of fair value class hierarchy and is estimated only for disclosure purposes using discounted cash flows taking interest rates adequate to the relevant risk. The fair values of the Group's financial assets and liabilities approximate their carrying amounts at the reporting date.

25. CONTINGENT LIABILITIES

(A) INSURANCE

As per current legislation in Russian Federation medical clinics are not required to insure their activities. There is a draft Law regarding obligatory insurance of medical clinics as from 2013. The Law has not yet been enacted. At present the Group does not insure its operational activities but has obtained insurance cover for some property, plant and equipment. Until the Group obtains adequate insurance coverage there is a risk of material adverse effect on operations and statement of financial position.

(B) RUSSIAN BUSINESS ENVIRONMENT

The Group's operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation, which display the characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which contribute together with other legal and fiscal impediments to the challenges faced by entities operating in the Russian Federation.

Starting in 2014, the United States of America, the European Union and some other countries have imposed and gradually expanded economic sanctions against a number of Russian individuals and legal entities. The imposition of the sanctions has led to increased economic uncertainty, including more volatile equity markets, a depreciation of the Russian rouble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. As a result, some Russian entities may experience difficulties accessing the international equity and debt markets and may become increasingly dependent on state support for their operations. The longer-term effects of the imposed and possible additional sanctions are difficult to determine.

The consolidated financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

(C) RUSSIAN TAX ENVIRONMENT

The taxation system in the Russian Federation continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities. The tax authorities have the power to impose fines and penalties for tax arrears. A tax year is generally open for review by the tax authorities during three subsequent calendar years. Currently the tax authorities are taking a more assertive and substance-based approach to their interpretation and enforcement of tax legislation.

26. NON-CONTROLLING INTERESTS

The only material non-controlling interest in the Group is related to JSC MD PROJECT 2000. The information about the subsidiary before any intra-group eliminations is presented below.

Most of the turnovers are cash based.

	2019 RUB'000	2018 RUB'000
Revenue	3,050,292	3,082,997
Profit and total comprehensive income	1,212,761	1,218,074
Profit and other comprehensive income allocated to non-controlling interests	60,638	60,904
Dividends paid to non-controlling interests	31,000	40,000
Non-controlling interests percentage	**5%**	**5%**

	31 DECEMBER 2019 RUB'000	31 DECEMBER 2018 RUB'000
Non-current assets	4,326,689	3,799,467
Current assets	869,148	735,668
Non-current liabilities	(186,413)	(164,094)
Current liabilities	(693,891)	(667,382)
Net assets	**4,315,533**	**3,703,659**
Carrying amount of non-controlling interests	215,777	185,183
Other non-controlling interests	125,965	116,619
	341,742	**301,802**

27. CAPITAL COMMITMENTS

Capital commitments mostly comprise of the obligations under construction contracts in the amount of RUB1,229,503 thousand as at 31 December 2019 (31 December 2018: RUB3,808,490 thousand).

28. SEGMENT REPORTING

The Group has one primary reporting segment: provision of medical services. The Group evaluates the performance and makes investments and strategic decisions based upon a review of profitability for the Group as a whole and does not group subsidiaries by geography and service lines during the analysis of their performance.

29. EVENTS AFTER THE REPORTING PERIOD

The Group opened a new clinic in Rostov-on-Don on 15 January 2020 and in Moscow region on 2 March 2020.

On 31 January 2020 the Group completed renovation of PMC and started rebranding its other hospitals.

On 15 January 2020 LLC Mother and Child Tyumen made an early repayment of the VTB bank loan amounted to RUB360,818 thousand.

On 17 March 2020 the Group received the part of government grant of RUB83,479 thousand in cash which had been previously recognised in other receivables as support for the construction of Tyumen hospital (Note 15). As a result at the date of signing these consolidated financial statements the government grant received by the Group amounted to RUB444,297 thousand.

On 20 March 2020 the Board of Directors recommended the payment of RUB638,563 thousand as final dividends for the year 2019 which corresponds to RUB8.5 per share.

In addition, the first months of 2020 have seen significant global market turmoil triggered by the outbreak of the coronavirus. Together with other factors, this has resulted in a sharp decrease in the oil price and the stock market indices, as well as a depreciation of the Russian Rouble. These developments are further increasing the level of uncertainty in the Russian business environment. The Group is now in the process of analysing the effect.

No other significant events occurred after the reporting period.

Report and separate

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

CONTENTS

OFFICERS, PROFESSIONAL ADVISORS AND REGISTERED OFFICE

Board of Directors	• Vladimir Mekler – Chairman • Mark Kurtser • Vitaly Ustimenko • Kirill Dmitriev • Nikolay Ishmetov (alternate director to Kirill Dmitriev) • Simon Rowlands • Tatyana Lukina (appointed on 6 December 2019) • Tony Maher (appointed on 6 December 2019) • Alsu Nazyrova (resigned on 7 May 2019) • Liubov Malyarevskaya (resigned on 9 September 2019)
Secretary	Menustrust Limited
Secretary assistant	Darya Alekseeva
Independent Auditors	KPMG Limited
Registered Office	15 Dimitriou Karatasou street, Anastasio Building, 6th floor, office 601, Strovolos, 2024, Nicosia, Cyprus

MANAGEMENT REPORT

The Board of Directors of MD Medical Group Investments Plc (the “Company”) presents to the members its Annual Report together with the audited financial statements of the Company for the year ended 31 December 2019.

INCORPORATION

MD Medical Group Investments Plc was incorporated in Cyprus on 5 August 2010 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. On 22 August 2012 following special resolution passed by the shareholder, the name of the Company was changed from “MD Medical Group Investments Ltd” to “MD Medical Group Investments Plc” and the Company was converted into a public limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113.

PRINCIPAL ACTIVITY

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.

FINANCIAL RESULTS

The Company’s financial results for the year ended 31 December 2019 and its financial position as at that date are set out in the statement of profit or loss and other comprehensive income on page 136 and in the statement of financial position on page 137 of these financial statements.

Profit for the year ended 31 December 2019 amounted to RUB1,035,820 thousand (2018: RUB907,382 thousand). The total assets of the Company as at 31 December 2019 were RUB10,938,589 thousand (31 December 2018: RUB10,738,334 thousand) and the net assets were RUB10,864,291 thousand (31 December 2018: RUB10,639,935 thousand).

DIVIDENDS

In accordance with the Company’s Articles of Association dividends may be paid out of its profits. To the extent that the Company declares and pays dividends, owners of GDRs on the relevant record date will be entitled to receive dividends in respect of ordinary shares underlying the GDRs.

The Company is a holding company and thus its ability to pay dividends depends on the ability of its subsidiaries to pay dividends to the Company in accordance with relevant legislation in the country of their incorporation and any contractual restrictions. The payment of such dividends by its subsidiaries is contingent upon the sufficiency of their earnings, cash flows and distributable reserves.

On 20 March 2020 the Board of Directors recommended the payment of RUB638,563 thousand as final dividends for the year 2019 which corresponds to RUB8.5 per share.

On 22 March 2019 the Board of Directors declared final dividends for the year 2018 attributable to the owners of the Company amounting to RUB800,081 thousand (USD12,552 thousand), which corresponds to RUB10.65 (USD0.17) per share. The dividend distribution was approved by the Annual General Meeting of the shareholders on 23 April 2019. The dividends were paid on 25 June 2019.

On 16 March 2018 the Board of Directors declared final dividends for the year 2017 attributable to the owners of the Company amounting to RUB450,750 thousand (USD7,905 thousand), which corresponds to RUB6.0 (USD0.11) per share. The dividend distribution was approved by the Annual General Meeting of the shareholders on 17 April 2018. The dividends were paid on 22 May 2018.

EXAMINATION OF THE DEVELOPMENT, POSITION AND PERFORMANCE OF THE ACTIVITIES OF THE COMPANY

The current financial position and performance of the Company as presented in these financial statements is considered satisfactory.

The Company through its subsidiaries has one of the largest nationwide private healthcare regional networks for its core services and is expanding into new services. It has significant experience in the provision of full- service private maternity healthcare services. The Company has secured leading positions in the Russian private healthcare market across a range of services including obstetrics and gynaecology, fertility and IVF treatments, and paediatrics. It has also been diversifying its offering by adding other medical services for all family members, such as surgery, urology, traumatology, cardiology, and oncology, etc. The recently opened facilities have been multi-disciplinary from the very beginning.

PRINCIPAL RISKS AND UNCERTAINTIES

Details in relation to principal risks and uncertainties and steps taken to manage these risks and uncertainties are presented in Notes 14 and 16 of these financial statements.

The Board of Directors has the overall responsibility for the establishment and supervision of the Company's risk management framework.

DIRECTORS' INTEREST

The direct and indirect interests of the members of the Board in titles of the Company as at 31 December 2019, 31 December 2018 and as at the date of signing these financial statements are as follows, except for Vitaly Ustimenko:

NAME	TYPE OF INTEREST	EFFECTIVE INTEREST %
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.

Member of the Board of Directors Vitaly Ustimenko acquired GDRs on 17 July 2019 and on 19 September 2019, as a result the share of ownership increased to 0.0035% of the Company's share capital.

FUTURE DEVELOPMENTS

The Company's goal is to maintain its leading position in high-quality women's health and pediatrics, addressing the increasing demand for private healthcare services in Russia and beyond.

The Company intends through its subsidiaries to expand its portfolio of hospital and outpatient facilities, broaden its service offerings by providing patients with the most up-to-date treatment procedures and medical technology available on the market, expand its services in Moscow and other regions, exploit the value of its integrated healthcare network by making effective use of services across its facilities, optimizing the benefits for patients and its subsidiaries as a whole.

SHARE CAPITAL

There were no changes in the share capital of the Company during the year.

BOARD OF DIRECTORS

The Board of Directors leads the process in making new Board member appointments and makes recommendations on appointments to shareholders. In accordance with the Appointment Policy for the Board of Directors and Committees, all directors are subject to appointment or approval of appointment by shareholders at the first Annual General Meeting after their appointment, and to re-appointment at intervals of no more than three years. Any term beyond six years (e.g. two three-year terms) for a non-executive director is subject to particularly rigorous review, and takes into account the need for progressive refreshing of the Board of Directors.

Dr Alsu Nazyrova and Mrs Liubov Malyarevskaya stepped down as members of the Board of Directors on 7 May 2019 and 9 September 2019 respectively.

Tatyana Lukina and Tony Maher were appointed as Independent Non-Executive Directors for the vacant positions in the Board of Directors. The changes came into force on 6 December 2019.

The members of the Board of Directors who served as at the date of signing of these financial statements, are presented on page 126.

Refer to Note 13.1. of these financial statements for the remuneration of the directors and other key management personnel.

THE BOARD COMMITTEES

Since September 2012, the Board of Directors established the operation of the following three committees: the Audit Committee, the Nomination Committee and the Remuneration Committee.

AUDIT COMMITTEE

The Audit Committee comprises of three non-executive directors, two of whom are independent. The Audit Committee has been chaired by independent non-executive director Tatiana Lukina since 6 December 2019, Mr. Kirill Dmitriev and Mr. Simon Rowlands are the other members.

The Audit Committee meets at least four times each year and is responsible for considering:

- the reliability and appropriateness of disclosures in the financial statements and external financial communication;
- the maintenance of an effective system of internal controls including financial, operational and compliance controls and risk management system;
- preparation of recommendations to the shareholders for approval in General Meetings in relation to the appointment, reappointment and removal of the external auditors;
- aproval of the remuneration and terms of engagement of the external auditors in respect of audit services provided;
- the audit process, including monitoring and review of the external auditors' performance, independence and objectivity;
- development and implementation of the policy on non-audit services provided by the external auditors;
- monitoring compliance with laws and regulations and standard of corporate governance.

The Audit Committee assists the Board of Directors in its oversight of the performance and leadership of the internal audit activity.

Where the Audit Committee's monitoring and review activities reveal cause for concern or scope for improvement, it shall make recommendation to the Board of Directors on actions needed to address the issues or to make improvements.

INTERNAL AUDIT

The Audit Committee is responsible for monitoring and review the effectiveness of the Company's internal audit function. In this respect, the Audit Committee may require investigations by, or under the authority of, the head of Internal Audit into any activities of the Company which may be of interest or concern to the Audit Committee.

The Company's internal auditor is responsible for the recommendation of an audit plan to the Audit Committee. The internal auditor carries out auditing assignments in accordance with such plan and oversees the Company's compliance with the plan's recommendations. The internal auditor files a quarterly report with his findings to the Audit Committee.

NOMINATION COMMITTEE

The Nomination Committee comprises of one executive and two non-executive directors, one of whom is independent. The Nomination Committee is chaired by non-executive director Mr. Vladimir Mekler (since June 2016), non-executive director Mr. Simon Rowlands and executive director Dr. Mark Kurtser are other members since September 2015.

The Nomination Committee meets at least once a year and is responsible for assisting the Board of Directors in discharging its corporate governance responsibilities in relation to appointment of all executive and non- executive directors, as well as the CEO and CFO of the Company. The main objective of the Nomination Committee is to lead the process for the Board of Directors' appointments and make respective recommendation to the Board of Directors, ensuring proper balance of the Board of Directors and qualification of its members. The Nomination Committee also considers the composition of the Audit and Remuneration Committees.

REMUNERATION COMMITTEE

The Remuneration Committee comprises of two non-executive directors and one executive director. The Remuneration Committee is chaired by an independent non-executive director Mr. Simon Rowlands. The two other members are Dr. Mark Kurtser and Mr. Vladimir Mekler.

The Remuneration Committee meets at least once a year and is responsible for assisting the Board of Directors in discharging its corporate governance responsibilities in relation to remuneration of all executive directors and the chairman of the Board of Directors.

The main objective of the Remuneration Committee is to determine the framework and policy for the remuneration of the executive directors, the chairman of the Board of Directors and senior executives, and the specific remuneration of each executive director and the chairman of the Board of Directors and any compensation payments.

CORPORATE GOVERNANCE

Since 2012, the Company has maintained full compliance with the UK Corporate Governance Code. The Company is committed to the highest standards of corporate governance and transparency. The Board of Directors recognises that good governance is a strategic asset that helps it to deliver consistent long term value to its shareholders. By running the Company in an open way, the Board of Directors enables shareholders to understand how it has been able to deliver consistently strong results. The Board of Directors believes that corporate responsibility is an essential part of good governance and makes sound business sense, as well as being crucial to the appropriate management of risk within the Company.

Improving its corporate governance structure in accordance with the internationally recognised best practices the Company adopted important policies and procedures.

The Company's corporate governance policies and practices are designed to ensure that the Company is focused on upholding its responsibilities to the shareholders. The Company's corporate governance policies and practices include, inter alia:

- Appointment policy for the Board of Directors and Committees;
- Terms of reference of the Audit Committee, Nomination Committee and Remuneration Committee;
- Code of Ethics and Conduct;
- Business Continuity Policy;
- Disclosure Policy;
- Regulations on Insider Information;
- Risk Management Policy; and
- Anti-Fraud Policy.

INTERNAL CONTROL IN RELATION TO THE FINANCIAL REPORTING PROCESS

The Company has set formal policies and written term of reference in relation to the financial reporting process that include:

- Corporate Accounting policy Guidelines;
- Methodology for the Transformation of Financial Statements from RAS to IFRS;
- Financial Reporting Preparation Procedure; and
- The Group's structure.

The objective of this policy is to establish uniform procedures and to implement requirements for the preparation of the financial statements of the Company. The procedure should be reviewed for compliance with International Financial Reporting Standards as well as current conditions and planned changes in the Company's business activities annually. When necessary, amendments and additions to this Procedure should be adopted.

MEETINGS OF SHAREHOLDERS

The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year. An annual general meeting and any other shareholders' meeting called to pass a special resolution can be convened by the Board of Directors by a notice, specifying the matters to be discussed, issued at least 21 days before the meeting. Any other meetings shall be convened by the Board of Directors by a notice, specifying the matters to be discussed, issued at least 14 days before the meeting. If the notice period is less than 21 days or 14 days as applicable, the meeting will be deemed to have been duly called if it is so agreed:

- in the case of a meeting called as the annual general meeting, by all the shareholders entitled to attend and vote; and
- in the case of any other meeting, by a majority in number of the members having a right to attend and at the meeting, being a majority together holding not less than 95 per cent in nominal value of the shares giving that right.

A notice convening a general meeting must be sent to each of the shareholders.

All shareholders are entitled to attend the general meeting or be represented by a proxy authorised in writing.

In the general meeting, on a poll, every share gives the holder the right to cast one vote, whereas, on a show of hands, each member has one vote. A corporate member may, by resolution of its directors or other governing body, authorise a person to act as its representative at any meeting of the Company.

BRANCHES

MD Medical Group Investments Plc has a branch in Moscow.

TREASURY SHARES

During the year ended 31 December 2019, the Company distributed the GDRs earlier acquired by the Company to the third parties. No additional treasury shares were acquired.

EVENTS AFTER THE REPORTING PERIOD

On 20 March 2020 the Board of Directors recommended the payment of RUB638,563 thousand as final dividends for the year 2019 which corresponds to RUB8.5 per share

In addition, the first months of 2020 have seen significant global market turmoil triggered by the outbreak of the coronavirus. Together with other factors, this has resulted in a sharp decrease in the oil price and the stock market indices, as well as a depreciation of the Russian Rouble. These developments are further increasing the level of uncertainty in the Russian business environment.

No other significant events occurred after the reporting period.

INDEPENDENT AUDITORS

The independent auditors of the Company Messrs. KPMG Limited have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be submitted to the Annual General Meeting.

By order of the Board of Directors,

Mark Kurtser

Managing Director,
member of the Board of Directors

Moscow, 20 March 2020

DIRECTORS' RESPONSIBILITY STATEMENT

Each of the directors, whose names are listed below, confirms that, to the best of their knowledge

- these financial statements, prepared in accordance with IFRS as adopted by the EU and the requirements of the Cyprus Companies Law, Cap.113, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the report taken as a whole;
- the adoption of the going concern basis for the preparation of the financial statements continues to be appropriate based on the foregoing and having reviewed the forecast financial position of the Company; and
- the Management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the report taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors of the company responsible for reporting as at the date of this announcement are set out below:

Vladimir Mekler	Chairman, non-executive Director
Mark Kurtser	Executive Director
Vitaly Ustimenko	Non-executive Director
Kirill Dmitriev	Non-executive Director
Simon Rowlands	Non-executive Independent Director
Tatiana Lukina	Non-executive Independent Director
Tony Maher	Non-executive Independent Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MD MEDICAL GROUP INVESTMENTS PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the accompanying financial statements of the parent company MD Medical Group Investments Plc (the "Company")), which are presented on pages 136-161 and comprise the statement of financial position as at 31 December 2019, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap.113").

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *"Auditors' responsibilities for the audit of the financial statements"* section of our report. We remained independent of the Company throughout the period of our appointment in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (Including International Independence Standards) ("IESBA Code") together with the ethical requirements in Cyprus that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS INCORPORATING THE MOST SIGNIFICANT RISKS OF MATERIAL MISSTATEMENTS, INCLUDING ASSESSED RISK OF MATERIAL MISSTATEMENTS DUE TO FRAUD

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INVESTMENTS IN SUBSIDIARIES

Please refer to Note 8 of the financial statements (RUB10.240.465 thousand).

The key audit matter	How the matter was addressed in our audit
The carrying value of the investments in subsidiaries amounts to RUB10.240.465 thousand and accounts for more than 90% of the Company's total assets as at 31 December 2019. Significant judgement is required by the management of the Company in determining whether there are any indications for impairment and, where such indications exist, in assessing the recoverable amount of the investments. We focused on this area because of the significance of the carrying amount of the investments in the financial statements and because inherent uncertainty and subjectivity is involved in forecasting and discounting future cash flows, which are the basis of the assessment of the recoverable amount of the investments and hence their carrying amount recorded in the financial statements.	Among others, our audit procedures included the following: Evaluating the assessment of the management with regards to indications of impairment by: • assessing the industry in which the subsidiaries are operating to obtain an understanding of growth rates and outlook. • examining the subsidiaries' historical and current performance. This examination was made with reference to the most recent audited financial information and/or management accounts at the reporting date. We also held discussions with management to understand future expectations. • in the cases where indications of impairment were present, we prepared a challenger model using the market approach of valuation to calculate the recoverable amount of investments and compare the calculated amount to the carrying amount to ensure that investment is not impaired as at the reporting date. The model included such inputs as the Group enterprise multiple, subsidiaries' EBIDTA, net debt, cash and cash equivalents.

OTHER INFORMATION

The Board of Directors is responsible for the other information. The other information comprises the management report, the corporate governance statement and the corporate social responsibility statement, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as required by the Companies Law, Cap.113.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

With regards to the corporate social responsibility statement we have nothing to report.

With regards to the management report and the corporate governance statement, our report in this regard is presented in the *"Report on other legal and regulatory requirements"* section.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to either liquidate the Company or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors and those charged with governance are responsible for overseeing the Company's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including an y significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OTHER REGULATORY REQUIREMENTS

Pursuant to the requirements of Article 10(2) of European Union (EU) Regulation 537/2014 we provide the following information in our Independent Auditors' Report, which is required in addition to the requirements of ISAs.

DATE OF APPOINTMENT AND PERIOD OF ENGAGEMENT

We were appointed auditors on 10 July 2012 by the General Meeting of the Company's members to audit the financial statements of the Company for the year ended 31 December 2009. Our total uninterrupted period of engagement having been renewed annually by shareholders' resolution, is 11 years covering the periods ending 31 December 2009 to 31 December 2019.

CONSISTENCY OF AUDITORS' REPORT TO THE ADDITIONAL REPORT TO THE AUDIT COMMITTEE

We confirm that our audit opinion is consistent with the additional report presented to the Audit Committee dated 20 March 2020.

PROVISION OF NON-AUDIT SERVICES ('NAS')

We have not provided any prohibited NAS referred to in Article 5 of EU Regulation 537/2014 as applied by Section 72 of the Auditors Law of 2017, L.53(I)2017, as amended from time to time ("Law L.53(I)/2017").

OTHER LEGAL REQUIREMENTS

Pursuant to the additional requirements of law L.53(I)/2017, and based on the work undertaken in the course of our audit, we report the following:

- In our opinion, the management report, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In the light of the knowledge and understanding of the business and the Company's environment obtained in the course of the audit, we have not identified material misstatements in the management report.
- In our opinion, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Companies Law, Cap. 113, has been prepared in accordance with the requirements of the Companies Law, Cap, 113, and is consistent with the financial statements.
- In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of the subparagraph 2(a) of Article 151 of the Companies Law, Cap. 113. We have not identified material misstatements in this respect.
- In our opinion, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Companies Law, Cap.113.

OTHER MATTER

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and Section 69 of Law L.53(I)/2017, and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditors' report is George S. Prodromou.

George S. Prodromou, ACA
Certified Public Accountant and Registered Auditor
for and on behalf of
KPMG Limited
Certified Public Accountants and Registered Auditors
No. 11, June 16th 1943 Street,
3022 Limassol, Cyprus
20 March 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	NOTE	2019 RUB'000	2018 RUB'000
Dividend income	13.2	1,326,401	1,065,937
Revenue from branch operations	13.3	129,920	168,931
Revenue from advertising		5,599	7,151
Gross profit		**1,461,920**	**1,242,019**
Other income		687	921
Other expenses		(1,350)	(11,940)
Selling, general and administrative expenses	4	(375,556)	(387,774)
Operating profit		**1,085,701**	**843,226**
Finance income	5	18,934	5,000
Finance expenses	5	(13,296)	(1,551)
Net foreign exchange (loss) / gain	5	(50,674)	77,145
Net finance (expenses) / income	*5*	*(45,036)*	*80,594*
Profit before tax		**1,040,665**	**923,820**
Income tax	6	(4,845)	(16,438)
Profit for the year		**1,035,820**	**907,382**
Total comprehensive income for the year		**1,035,820**	**907,382**

The Notes on pages 144 to 161 are an integral part of these report and financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	NOTE	31 DECEMBER 2019 RUB'000	31 DECEMBER 2018 RUB'000
ASSETS			
Property, plant and equipment		11,428	7,845
Intangible assets		7,674	8,537
Deferred tax assets	6	-	4,846
Investments in subsidiaries	8	10,240,465	10,169,345
Total non-current assets		**10,259,567**	**10,190,573**
Inventories		1,169	739
Trade, other receivables and deferred expenses		30,816	48,563
Short-term bank deposits	9	493,698	-
Cash and cash equivalents	9	153,339	498,459
Total current assets		**679,022**	**547,761**
Total assets		**10,938,589**	**10,738,334**
EQUITY			
Share capital	10	180,585	180,585
Share premium		5,243,319	5,243,319
Reserves		328,510	304,254
Retained earnings		5,111,877	4,911,777
Total equity		**10,864,291**	**10,639,935**
LIABILITIES			
Trade and other payables	12	74,298	98,399
Total current liabilities		**74,298**	**98,399**
Total equity and liabilities		**10,938,589**	**10,738,334**

On 20 March 2020 the Board of Directors of MD Medical Group Investments Plc approved and authorised these report and financial statements for issue.

Vladimir Mekler
Chairman of the Board of Directors

Mark Kurtser
Managing Director

Andrey Khoperskiy
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	NOTE	SHARE CAPITAL RUB'000	TREASURY SHARES RUB'000	SHARE PREMIUM RUB'000	OTHER RESERVES RUB'000	RETAINED EARNINGS RUB'000	TOTAL RUB'000
		ATTRIBUTABLE TO OWNERS OF THE COMPANY			ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Balance at 1 January 2019		180,585	(3,697)	5,243,319	307,951	4,911,777	10,639,935
Total comprehensive income							
Profit and other comprehensive income for the year		-	-	-	-	1,035,820	1,035,820
Contributions by and distributions to owners							
Own shares sold		-	3,697	-	-	-	-
Other movements	8	-	-	-	20,559	(35,639)	(15,080)
Dividends declared	7	-	-	-	-	(800,081)	(800,081)
Total transactions with owners		**-**	**3,697**	**-**	**20,559**	**(835,720)**	**(811,464)**
Balance at 31 December 2019		**180,585**	**-**	**5,243,319**	**328,510**	**5,111,877**	**10,864,291**

Share premium is not available for distribution.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	NOTE	ATTRIBUTABLE TO OWNERS OF THE COMPANY SHARE CAPITAL RUB'000	TREASURY SHARES RUB'000	SHARE PREMIUM RUB'000	ATTRIBUTABLE TO OWNERS OF THE COMPANY OTHER RESERVES RUB'000	RETAINED EARNINGS RUB'000	TOTAL RUB'000
Balance at 1 January 2018		180,585	(4,544)	5,243,319	307,951	4,470,690	10,198,001
Total comprehensive income							
Profit and other comprehensive income for the year		-	-	-	-	907,382	907,382
Contributions by and distributions to owners							
Equity-settled share-based payment		-	847	-	-	-	847
Other movements		-	-	-	-	(15,545)	(15,545)
Dividends declared	7	-	-	-	-	(450,750)	(450,750)
Total transactions with owners		**-**	**847**	**-**	**-**	**(466,295)**	**(465,448)**
Balance at 31 December 2018		**180,585**	**(3,697)**	**5,243,319**	**307,951**	**4,911,777**	**10,639,935**

Share premium is not available for distribution.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	NOTE	2019 RUB'000	2018 RUB'000
Cash flows from operating activities			
Profit for the year		1,035,820	907,382
Adjustments for:			
Equity-settled share-based payment transaction		-	847
Depreciation of property, plant and equipment		10,981	1,330
Amortisation of intangible assets		8,330	3,121
Dividend income	13.2	(1,326,401)	(1,065,937)
Finance expenses	5	13,296	1,551
Finance income	5	(18,934)	(5,000)
Other expense		1,350	-
Net foreign exchange loss / (gain)	5	50,674	(77,145)
Income tax	6	4,845	16,438
Impairment of investments in subsidiaries	8	-	6,874
Cash flows used in operations before working capital changes		**(220,039)**	**(210,539)**
Decrease / (increase) in trade and other receivables		20,639	(15,978)
Increase in inventories		(430)	(261)
Increase / (decrease) in trade and other payables		11,958	(34,860)
Cash flows used in operations		**(187,872)**	**(261,638)**
Dividends received		1,326,401	1,065,937
Net cash flows from operating activities		**1,138,529**	**804,299**

	NOTE	2019 RUB'000	2018 RUB'000
Cash flows from investing activities			
Capital contributions to subsidiaries		(126,210)	(325,000)
Acquisition/construction of property, plant and equipment		(1,610)	(5,156)
Acquisition of intangible assets		(7,467)	(5,251)
Placing short-term bank deposits		(493,698)	-
Acquisition of NCI		-	(517,440)
Interest received		10,023	5,000
Net cash flows used in investing activities		**(618,962)**	**(847,847)**
Cash flows used in financing activities			
Finance expenses paid		(1,870)	(1,551)
Lease payments		(9,333)	-
Payments on settlement of derivative		(11,426)	-
Proceeds from sale of treasury shares		11,862	-
Dividends paid		(788,977)	(494,339)
Net cash flows used in financing activities		**(799,744)**	**(495,890)**
Net decrease in cash and cash equivalents		**(280,177)**	**(539,438)**
Cash and cash equivalents at the beginning of the period	9	498,459	931,791
Effect of exchange rate changes on cash and cash equivalents		(64,943)	106,106
Cash and cash equivalents as at the end of the year	**9**	**153,339**	**498,459**

NOTES TO THE FINANCIAL STATEMENTS

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.

2. BASIS OF PREPARATION

(A) STATEMENT OF COMPLIANCE

These report and financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and the requirements of the Cyprus Companies Law, Cap.113.

These are the separate financial statements of the Company. The Company has also prepared consolidated financial statements in accordance with IFRS as adopted by the EU for the Company and its subsidiary ("the Group"). The consolidated financial statements are available at 15 Dimitriou Karatasou street, Anastasio Building, 6th floor, office 601, 2024 Nicosia, Cyprus.

Users of these parent's separate financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2019 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group.

(B) BASIS OF MEASUREMENT

These report and financial statements have been prepared under the historical cost convention.

(C) FUNCTIONAL AND PRESENTATION CURRENCY

These report and financial statements are presented in Russian Rubles (RUB'000) which is the functional currency of the Company. Financial information presented in Russian Rubles has been rounded to the nearest thousand except when otherwise indicated.

(D) USE OF ESTIMATES AND JUDGEMENTS

Preparing these financial statements in accordance with IFRSs 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 expenses.

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

The estimates and underlying assumptions are reviewed and where necessary revised on an ongoing basis. Revisions to estimates are recognised prospectively.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below:

INCOME TAXES

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

IMPAIRMENT OF INVESTMENTS IN SUBSIDIARIES

The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associated with these subsidiaries/associates would be compared to their carrying amounts to determine if a write down to fair value is necessary.

EQUITY-SETTLED SHARE-BASED ARRANGEMENTS

For the calculation of the fair value of equity-settled share-based program, the market price of shares (Level 1 input) as at the grant date is being used.

MEASUREMENT OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level-1 quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level-2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level-3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

IMPAIRMENT OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets and property, plant and equipment are initially recorded at acquisition cost and are amortised on a straight line basis over their useful economic life. Intangible assets and property, plant and equipment that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with indefinite useful life are reviewed for impairment at least annually.

The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets and property, plant and equipment, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these financial statements are consistent with those followed in the Company's financial statements as at 31 December 2018 and for the year then ended, except for initial application of IFRS16 Leases.

Other new standards and amendments applied for the first time in 2019 did not impact these financial statements of the Company.

FINANCIAL STATEMENTS

The Company has subsidiary undertakings for which section 142(1)(b) of the Cyprus Companies Law Cap. 113 requires consolidated financial statements to be prepared and laid before the Company at the Annual General Meeting. Consolidated financial statements are presented separately. These are the Company's standalone financial statements.

SUBSIDIARY COMPANIES

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

COMMON CONTROL TRANSACTIONS

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the combination and the control is not transitory. Assets or liabilities acquired under a common control transaction are recognized at their book values (book value accounting). Any difference between the consideration paid and the book values is recognized directly in equity.

DIVIDEND INCOME

Dividend income is recognised in the statement of profit or loss and other comprehensive income when the right to receive payment is established.

REVENUE

Revenue is measured based on the consideration specified in a contract with a customer and comprises the invoiced amount for services. The Company recognises revenue when it transfers control over service to a customer.

FINANCE INCOME

Finance income includes interest income which is recognised as it accrues in profit or loss using the effective interest method.

FINANCE EXPENSES

Finance expenses include bank charges and interest expense. Bank charges are recognised as expenses in the period in which they fall due and interest expense is recognised as it accrues in profit or loss using the effective interest method.

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss under the category finance income or finance expenses.

TAX

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised 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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

DIVIDENDS DECLARED

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements when the shareholders' right to receive the dividends is established, either through Board resolution (for interim dividends) or by the Company's shareholders in the Annual General Meeting (for final dividends).

FINANCIAL INSTRUMENTS

RECOGNITION

The Company recognises financial assets and financial liabilities when, and only when, it becomes a party of the contractual provisions of the financial instrument. Trade receivables and debt securities issued are initially recognised when they are originated.

CLASSIFICATION

The Company classifies financial assets on the basis of both: the Company's business model for managing financial assets, as well as the contractual cash flow characteristics of the financial assets.

The Company's financial assets comprise of trade and other receivables and cash and cash equivalents. They are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are classified as current assets unless the Company has an unconditional responsibility to accept deferral of receipt for at least twelve months after the balance sheet date, in which case they are classified as non-current assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FINANCIAL ASSETS – BUSINESS MODEL ASSESSMENT

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level A because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

FINANCIAL ASSETS – ASSESSMENT WHETHER CONTRACTUAL CASH FLOWS ARE SOLELY PAYMENTS OF PRINCIPAL AND INTEREST

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

The Company's financial liabilities comprise of trade and other payables and borrowings. They are non- derivatives that are either designated in this category or not classified in any of the other categories. They are classified as current liabilities unless there is an unconditional right to defer settlement for at least twelve months after the balance sheet date, in which case they are classified as long term liabilities.

MEASUREMENT

Financial assets and financial liabilities are initially measured at fair value plus any directly attributable transaction costs.

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business and are stated after deducting the appropriate allowances for any impairment.

For the purpose of the statement of cash flows, cash and cash equivalents include cash in hand, cash at bank and short term highly liquid investments with maturity of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Company in the management of its short term investments.

IMPAIRMENT OF NON-DERIVATIVE FINANCIAL ASSETS

At each balance sheet date the Company recognises a loss allowance for expected credit losses on financial assets measured at amortised cost.

The loss allowance for financial assets at amortised cost is recognised in profit or loss in respondance with a balance sheet account reducing the carrying amount of the financial asset. Expected credit losses for counterparties, including banks, are determined based on historical data of relevant probability of default and loss given default. Impairment on cash and cash equivalents is measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in Groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

Based on the analysis of the historical data the accounts receivable is presented by receivable from related parties and no provision is accrued.

The Company has initially applied IFRS9 from 1 January 2018. There was no significant effect on these report and financial statements.

DERECOGNITION OF FINANCIAL ASSETS

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Any interest in such derecognised financial assets that is created or retained by the Company, is recognised as a separate asset or liability.

DERECOGNITION OF FINANCIAL LIABILITIES

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

SHARE CAPITAL

Proceeds from the issue of ordinary shares are classified as equity. The difference between the issue price of the shares and their nominal value is taken to the share premium account.

Incremental costs directly attributable to the issue of new shares are recognised as a deduction from share premium net of any tax effect.

TREASURY SHARES

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in additional paid-in capital.

EQUITY-SETTLED SHARE-BASED PAYMENT ARRANGEMENTS

Fair value of equity-settled share-based payment arrangements with employees is measured at the grant date based on the market price of the shares. Service and non-market vesting conditions are not taken into account when estimating the fair value at the grant date. The grant date is the date on which the Company and its employees agree the terms and conditions of the share-based payment arrangement. Fair value is not remeasured subsequent to the grant date.

Annually the number of shares which are expected to vest is true-up for the differences between the number of shares initially expected to vest and the actual number of shares vested, based on the fulfilment of service and non-market conditions.

Within the vesting period, fair value of the equity-settled share-based payment arrangement with employees adjusted to reflect the true-up of the instruments which will not vest, is recognised as staff costs with the corresponding increase recognised in equity.

PROVISIONS

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

COMPARATIVES

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

STANDARDS AND INTERPRETATIONS NOT ADOPTED BY THE EU AS AT 1 JANUARY 2019:

- Amendments to References to Conceptual Framework in IFRS Standards;
- Definition of a Business (Amendments to IFRS3);
- Definition of Material (Amendments to IAS1 and IAS8);
- IFRS17 Insurance Contracts.

Management expects that the adoption of these standards in future periods will not have a material effect on the financial statements of the Company.

ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS

NEW CURRENTLY EFFECTIVE REQUIREMENTS

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

IFRS16 LEASES

IFRS16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items.

IFRS16 replaced existing leases guidance, including IAS17 Leases, IFRIC4 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.

LEASES IN WHICH THE COMPANY IS A LESSEE

The Company recognises new assets and liabilities for its operating leases. The nature of expenses related to those leases has changed because the Company has recognised a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

In addition, the Company no longer recognises provisions for operating leases that it assesses to be onerous. Instead, the Company includes the payments due under the lease in its lease liability.

There was no significant impact on the Company's finance leases.

On 26 November 2019 the IFRS Interpretations Committee issued the IFRIC Update where Lease Terms of cancellable or renewable leases had been discussed.

Previously, the Company used to recognise the assets and liabilities for agreements concluded for 11-month period as 11 months-long.

After the IFRIC Update the Company recognises the lease assets and liabilities for the term which reflects the Company's reasonable expectation of the period during which the underlying asset will be used using the broader economics of the contract. The Company recognises the contracts as enforceable for at least the period of expected utility of the leasehold improvements.

Non-recoverable VAT is excluded from lease accounting as VAT payments are not made to lessor in exchange for the right to use an underlying asset. Instead, they are levies imposed by the government and are in the scope of IFRIC21 Levies and are recognised when they are due under the tax law (when the invoice is issued). They are expensed in Statement of profit or loss and other comprehensive income immediately at the moment they are recognised.

The Company recognised additional lease liabilities RUB6,820 thousand as at 1 January 2019.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

The Company used a recognition exemption for leases for which the underlying asset is of low value and didn't account assets and liabilities for such lease contracts.

LEASES IN WHICH THE COMPANY IS A LESSOR

There was no significant impact on other leases in which the Company is a lessor.

TRANSITION

The Company applied IFRS16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019 without any effects on retained earnings in accordance with paragraph C8 (b) (ii). The Company recognised a lease liability at the date of initial application for leases previously classified as an operating lease applying IAS17. The Company measured that lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. Therefore, the cumulative effect of adopting IFRS16 is recognised as an adjustment to the opening balance of assets and liabilities at 1 January 2019, with no restatement of comparative information.

IMPACT ON TRANSITION	1 JANUARY 2019 RUB'000
Right-of-use assets – property, plant and equipment	6,820
Lease liabilities	(6,820)

A number of other new standards and amendments to the existing standards are effective from 1 January 2019 but they do not have a material effect on the Company's financial statements, except those described above.

4. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2019 RUB'000	2018 RUB'000
Payroll and related social taxes	195,534	166,634
Call center services	37,412	68,957
Legal and professional expenses	24,714	35,202
IT support	24,389	32,198
Advertising	31,956	24,336
Licences	12,912	18,554
Independent auditors' remuneration	19,238	18,521
Depreciation	10,981	1,373
Other expenses	18,420	21,999
	375,556	**387,774**

The remuneration of the independent auditors includes an amount of RUB18,244 thousand regarding audit services, RUB495 thousand regarding audit related services and an amount of RUB499 thousand regarding tax services.

5. NET FINANCE (EXPENSES) / INCOME

	2019 RUB'000	2018 RUB'000
Finance income		
Bank interest received	10,023	5,000
Other finance income	8,911	-
Net foreign exchange gain	-	77,145
Finance expenses		
Bank charges	(1,409)	(1,551)
Interest on leases	(435)	-
Impairment of trade and other receivables	(26)	-
Other impairment provision	(11,426)	-
Net foreign exchange loss	(50,674)	-
Net finance (expenses) / income	**(45,036)**	**80,594**

6. INCOME TAX

	2019 RUB'000	2018 RUB'000
Reversal of tax provision	-	19,354
Deferred tax	(4,845)	(35,792)
Charge for the year	**(4,845)**	**(16,438)**

Reconciliation between profit before taxation and income tax expense:

	2019 RUB'000	2018 RUB'000
Accounting profit before tax	**1,040,665**	**923,820**
Tax calculated at the applicable tax rates	(208,133)	(184,764)
Reversal of tax provision	-	19,354
Tax effect of allowances and income not subject to tax	265,280	213,187
Current-year losses for which no deferred tax asset is recognised	(61,992)	(64,216)
Tax as per statement of comprehensive income – charge	**(4,845)**	**(16,438)**

The corporation tax rate is 20% (2018: 20%).

The Company in 2015 changed its tax residency from Cyprus to Russian and opened a branch in Moscow.

As a result the Company is taxable under Russian Tax Code which impose corporation tax at the rate of 20%.

As at 31 December 2019 deferred tax asset relating to tax losses carried forward in the amount of RUB219,578 thousand (31 December 2018: RUB157,586 thousand) has not been recognised in the financial statements since it is expected that no sufficient taxable profits will be available to allow it to be recovered.

7. DIVIDENDS

On 20 March 2020 the Board of Directors recommended the payment of RUB638,563 thousand as final dividends for the year 2019 which corresponds to RUB8.5 per share.

On 22 March 2019 the Board of Directors declared final dividends for the year 2018 attributable to the owners of the Company amounting to RUB800,081 thousand (USD12,552 thousand), which corresponds to RUB10.65 (USD0.17) per share. The dividend distribution was approved by the Annual General Meeting of the shareholders on 23 April 2019. The dividends were paid on 25 June 2019.

On 16 March 2018 the Board of Directors declared final dividends for the year 2017 attributable to the owners of the Company amounting to RUB450,750 thousand (USD7,905 thousand), which corresponds to RUB6.0 (USD0.11) per share. The dividend distribution was approved by the Annual General Meeting of the shareholders on 17 April 2018. The dividends were paid on 22 May 2018.

8. INVESTMENTS IN SUBSIDIARIES

	31 DECEMBER 2019 RUB'000	31 DECEMBER 2018 RUB'000
Balance at 1 January	10,169,345	9,277,456
Purchase of NCI	-	533,753
Capital contribution	86,200	365,010
Effect of transfer of shares of LLC MD Project 2010 to LLC Khaven as a capital contribution	457,062	-
Effect of Ivicend liquidation	(472,142)	-
Impairment of investments in subsidiaries	-	(6,874)
Balance at 31 December	**10,240,465**	**10 ,169,345**

The details of the subsidiaries are as follows:

NAME	COUNTRY OF INCORPORATION	ACTIVITIES	31 DECEMBER 2019 EFFECTIVE HOLDING%	31 DECEMBER 2018 EFFECTIVE HOLDING%
JSC MD PROJECT 2000	Russian Federation	Medical services	95	95
LLC Khaven	Russian Federation	Medical services	100	100
LLC Velum	Russian Federation	Medical services	90	90
LLC Capital Group	Russian Federation	Pharmaceutics retail	95	95
LLC FimedLab	Russian Federation	Medical services	90	90
LLC Clinic Mother and Child	Russian Federation	Holding of trademarks	100	100
LLC Clinica Zdorovia	Russian Federation	Medical services	80	80
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	95	95
LLC Mother and Child Ufa	Russian Federation	Medical services	95	95
LLC Mother and Child Saint-Petersburg	Russian Federation	Medical services	85	85
LLC MD PROJECT 2010	Russian Federation	Medical services	100	100
LLC Mother and Child Ugo-Zapad	Russian Federation	Medical services	90	90
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 Mother and Child Tyumen	Russian Federation	Medical services	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 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	80	80
LLC Mother and Child Vladimir	Russian Federation	Medical services	80	80
LLC MD Management	Russian Federation	Management ompany	100	100

NAME	COUNTRY OF INCORPORATION	ACTIVITIES	31 DECEMBER 2019 EFFECTIVE HOLDING%	31 DECEMBER 2018 EFFECTIVE HOLDING%
LLC Mother and Child Ryazan	Russian Federation	Medical services	100	100
LLC Mother and Child Kazan	Russian Federation	Medical services	100	100
Ivicend Holding Ltd	Cyprus	Holding of investments	-	100
JSC 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	100
LLC Medica-2	Russian Federation	Medical services	100	100
LLC Mother and Child Siberia	Russian Federation	Medical services	100	100
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
LLC Nika	Russian Federation	Holding of land	100	100
LLC Stroy Vector Pluss	Russian Federation	Rental services	100	100
LLC Mother and Child Vladivostok	Russian Federation	Medical services	100	100
LLC Irkutsk Clinical Hospital	Russian Federation	Medical services	100	100
LLC Mother and Child Volga	Russian Federation	Management company	100	100
LLC MD Finance	Russian Federation	Management company	100	-
LLC Mother and Child Vladikavkaz	Russian Federation	Medical services	100	-
LLC Mother and Child Krasnodar	Russian Federation	Medical services	100	-
LLC Mother and Child Rostov-on-Don	Russian Federation	Medical services	100	-
LLC Siberia service company	Russian Federation	Service company	-	-
LLC TechMedCom	Russian Federation	Service company	-	-
LLC Service Hospital Company	Russian Federation	Service company	-	-
LLC Elleprof	Russian Federation	Service company	-	-
LLC Medtechnoservice	Russian Federation	Service company	-	-

The Company was merged with its subsidiary Ivicend Holding Ltd as of 1st April 2019 with the surviving entity being the parent. The following table summarises the impacts on the Company's financial statements.

1 APRIL 2019	INVESTMENT OF MD MEDICAL GROUP INVESTMENT PLC IN IVICEND HOLDING LTD	BALANCE OF IVICEND HOLDING LTD	ADJUSTMENT TO MD MEDICAL GROUP INVESTMENT PLC
TOTAL ASSETS			
Investments in subsidiaries	2,813,293	2,341,151	(472,142)
Ivicend Holding Ltd.	*2,813,293*	-	*(2,813,293)*
LLC Mother and Child Siberia	-	*2,157,822*	*2,157,822*
LLC Nika	-	*162,614*	*162,614*
LLC Stroy Vector Pluss	-	*20,715*	*20,715*
Cash and cash equivalents	-	4,261	4,261
TOTAL LIABILITIES			
Trade and other payables	-	1,470	1,470
TOTAL EQUITY			
Share capital	-	30	-
Share premium	-	962,240	-
Other reserves	-	1,417,311	(433,712)
Retained Earnings	-	(35,639)	(35,639)

The Company increased the authorised capital of its subsidiaries LLC Mother and Child Kazan in the amount of RUB85,000 thousand in June 2019 and LLC Mother and Child Yaroslavl in the amount of RUB1,200 thousand in October 2019.

During 2019 the Company LLC Khaven increased its authorised/issued share capital allocating new share capital issued to the Company. Company's liability for the new shares issued and allotted was settled in full by means of contribution of the 99.99% of LLC MD Project 2010 to LLC Khaven. The amount of share capital issued per resolution was RUB4,567,891 thousand and the carrying amount of the investment in LLC MD Project 2010 was RUB4,110,829 thousand. The transfer of 99.99% of the share capital of LLC MD Project 2010 to LLC Khaven represents a common control transaction as both, the Company and LLC Khaven, are ultimately controlled by the same party.

On this basis the difference between the liability for the issue of the share capital and the carrying amount/book value contributed to settlesin full the aforementioned liability, of RUB457,062 thousand, is recognised in equity.

Following a small re-organisation of the MDMG group that took place in 2017 and continued in 2018, the investment in LLC Fimedlab was impaired because its carrying amount exceeded its recoverable amount. As such, an impairment loss of RUB6,874 thousand was charged to the statement of profit or loss and other comprehensive income under "Other expenses" for the year ended 31 December 2018.

During 2018 year the Company has incorporated LLC Mother and Child Volga.

During 2018 year the Company has acquired directly additional 30% share in LLC Fimedlab, 26% share in LLC Velum, 20% share in LLC Clinica Zdorovia and 15% share in LLC Capital Group, LLC Mother and Child Perm for USD8,332 thousand which corresponds to RUB533,753 thousand as at the date of the tr ansfer of shares and RUB517,440 thousand as at the date of the payment.

9. CASH AND CASH EQUIVALENTS AND SHORT-TERM DEPOSITS

	31 DECEMBER 2019 RUB'000	31 DECEMBER 2018 RUB'000
Cash at bank and in hand	16,339	1,970
Bank deposits with maturity less than 3 months	137,000	496,489
TOTAL CASH AND CASH EQUIVALENTS	**153,339**	**498,459**
Other short-term bank deposits	493,698	-
TOTAL CASH AND CASH EQUIVALENTS AND SHORT-TERM DEPOSITS	**647,037**	**498,459**

CURRENCY:

	31 DECEMBER 2019 RUB'000	31 DECEMBER 2018 RUB'000
USD	501,781	385,000
RUB	145,208	113,436
EUR	48	23
	647,037	**498,459**

The exposure of the Company to credit risk, currency risk and impairment losses in relation to cash and cash equivalents is reported in Note 14 of the financial statements.

10. SHARE CAPITAL

	NUMBER OF SHARES	NOMINAL VALUE USD	SHARE CAPITAL RUB'000	SHARE CAPITAL USD'000
Authorised	125,250,000	0.08	-	10,020
Issued and fully paid ordinary shares 1 January / 31 December	75,125,010	0.08	180,585	6,010

11. SHARE PREMIUM, RESERVES AND RETAINED EARNINGS

SHARE PREMIUM

Share premium includes the total amount received in excess of the total nominal value of the new share capital issued. Incremental costs directly attributable to the issue of new shares are recognised as a deduction from equity (share premium) net of any tax effect.

RETAINED EARNINGS

Retained earnings include accumulated profits and losses incurred by the Company.

OTHER RESERVES

Exchange differences relating to the translation of the net assets of the Company from its functional currency to the presentation currency before changing the functional currency from the United States Dollar to the Russian Ruble were recognised directly in other comprehensive income and accumulated in the other reserves.

Other reserves also include the results of common control transactions recognised in equity and the 'gains/loss' from mergers.

12. TRADE AND OTHER PAYABLES

	31 DECEMBER 2019 RUB'000	31 DECEMBER 2018 RUB'000
Accruals	37,634	30,561
Lease payables	4,056	-
Other payables	32,608	67,838
	74,298	**98,399**

The exposure of the Company to liquidity risk in relation to trade and other payables is reported in Note 14 of the financial statements.

13. RELATED PARTY TRANSACTIONS

As at 31 December 2019, 67.9% of the Company's share capital is owned by MD Medical Holding Limited, a company beneficially owned by Dr. Mark Kurtser. The 32.1% of the Company's share capital is owned by Guarantee Nominee Limited, who holds the shares on behalf of the GDR holders.

The following transactions were carried out with related parties:

13.1. OPERATIONS WITH KEY MANAGEMENT PERSONNEL

The remuneration of the members of the key management personnel and non-executive directors for the year ended 31 December 2019 was RUB61,535 thousand (for the year ended 31 December 2018: RUB48,920 thousand).

The remuneration of the members of the key management personnel which remained unpaid as at 31 December 2019 was RUB17,967 thousand (31 December 2018: RUB11,497 thousand).

The Company did not provide advertising services to the key management personnel during the year ended 31 December 2019 amounted (for the year ended 31 December 2018: RUB1,329 thousand).

13.2. TRANSACTIONS WITH SUBSIDIARY COMPANIES

	2019 RUB'000	2018 RUB'000
Dividends received	1,326,401	1,065,937
	1,326,401	**1,065,937**

Ivicend Holding Ltd, a subsidiary of the Company, was entered into members' voluntary liquidation in 2019 and the investments that were previously held by Ivicend Holding Ltd were distributed to the Company. The relevant information is disclosured in Note 8.

During 2019 there was the transfer of 99.99% of the share capital of LLC MD Project 2010 to LLC Khaven. The relevant information is disclosured in Note 8.

The Company recognised the impairment of LLC Fimedlab during 2018. The relevant information is shown in Note 8.

13.3. REVENUE FROM SUBSIDIARIES FOR BRANCH OPERATIONS

During the year the Company received revenue from subsidiaries for branch operations amounted to RUB129,920 thousand (2018: RUB168,931 thousand) which relates to licences, advertising, IT support and call center expenses recharged to its subsidiaries. The relevant expenses are presented in Note 4.

13.4. DIRECTORS' INTERESTS

The direct and indirect interests of the members of the Board in titles of the Company as at 31 December 2019, 31 December 2018 and as at the date of signing these financial statements are as follows, except for Vitaly Ustimenko:

NAME	TYPE OF INTEREST	EFFECTIVE INTEREST %
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.

Member of the Board of Directors Vitaly Ustimenko acquired GDRs on 17 July 2019 and on 19 September 2019, as a result the share of ownership increased to 0.0035% of the Company's share capital.

The calculation of effective interest is based on the total amount of issued and fully paid shares, including treasury shares acquired by the Company (Note 11).

13.5. RECEIVABLES FROM / (PAYABLES TO) SUBSIDIARY COMPANIES

	2019 RUB'000	2018 RUB'000
Receivables from subsidiary companies	24,585	39,731
Payables to subsidiary companies	(78)	(40,042)

13.6. DIVIDENDS DECLARED TO RELATED PARTIES

Dividends declared to the parent company MD Medical Holding Limited amounted to RUB543,399 thousand for the year ended 31 December 2019 (31 December 2018: RUB306,140 thousand).

14. FINANCIAL RISK MANAGEMENT

FINANCIAL RISK FACTOR

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has the overall responsibility for the establishment and supervision of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate risk limits and controls and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

(I) CREDIT RISK

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. Cash balances are held with various financial institutions.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31 DECEMBER 2019 RUB'000	31 DECEMBER 2018 RUB'000
Trade, other receivables and deferred expenses	27,094	43,747
Cash and cash equivalents and short-term bank deposits excluding cash in hand	647,037	498,459
	674,131	**542,206**

The Company held cash and cash equivalents and short-term bank deposits excluding cash in hand of RUB647,037 thousand at 31 December 2019 (31 December 2018: RUB498,459 thousand) which represents its maximum credit exposure on these assets. The cash and cash equivalents are mostly held with bank and financial institution counterparties, which are rated Baa3-A3, based on rating agency Moody's Investors Service ratings.

(II) LIQUIDITY RISK

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures to minimise such losses including maintaining sufficient cash and other highly liquid current assets. The following are the contractual maturities of financial liabilities including estimated interest payments:

31 DECEMBER 2019	NOTE	CARRYING AMOUNTS RUB'000	CONTRACTUAL CASH FLOWS RUB'000	2 MONTHS OR LESS RUB'000	BETWEEN 2–12 MONTHS RUB'000	BETWEEN 1–2 YEARS RUB'000	BETWEEN 2–5 YEARS RUB'000	MORE THAN 5 YEARS RUB'000
Lease liabilities		4,056	4,200	1,120	3,080	-	-	-
Trade and other payables	13	74,298	74,298	74,298	-	-	-	-

31 DECEMBER 2018	NOTE	CARRYING AMOUNTS RUB'000	CONTRACTUAL CASH FLOWS RUB'000	2 MONTHS OR LESS RUB'000	BETWEEN 2–12 MONTHS RUB'000	BETWEEN 1–2 YEARS RUB'000	BETWEEN 2–5 YEARS RUB'000	MORE THAN 5 YEARS RUB'000
Trade and other payables	13	98,399	98,399	98,399	-	-	-	-

(III) MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which affects the Company's income or the value of its holdings of financial instruments.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.
The Company's management monitors the interest rate fluctuations on an ongoing basis and acts accordingly.

As at the reporting date the interest rate profile of interest bearing financial instruments was as follows:

	NOTE	2019 RUB'000	2018 RUB'000
Fixed rate financial assets	9	784,037	496,489

The Company does not account for any fixed rate instruments at fair value through profit or loss and does not have any derivative financial instruments, therefore a change in interest rates at the reporting date would not affect profit or loss or equity.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollar.

The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The Company's exposure to foreign currency risk was as follows:

	31 DECEMBER 2019			31 DECEMBER 2018		
	USD'000	EUR'000	GBP'000	USD'000	EUR'000	GBP'000
Assets						
Cash at bank	8,083	48	-	385,000	23	-
Short-term bank deposits	493,698	-	-	-	-	-
Trade and other receivables	1,326	338	-	318	-	-
Liabilities						
Trade and other payables and accruals	-	-	(75)	-	-	(373)
Net exposure	**503,107**	**386**	**(75)**	**385,318**	**23**	**(373)**

The following significant exchange rates applied during the year:

	AVERAGE RATE		REPORTING DATE SPOT RATE	
	2019	2018	2019	2018
USD	64.4435	62.7078	61.9057	69.4706
EUR	72.2409	73.9546	69.3406	79.4605
GBP	82.3666	83.5756	81.1460	88.2832

SENSITIVITY ANALYSIS

A 10% weakening of the Russian Ruble against the above currencies will result in the increase in profit and equity of RUB50,341 thousand as at 31 December 2019 (31 December 2018: RUB38,496 thousand).

A 10% strengthening of the Russian Ruble would have an opposite impact.

CAPITAL MANAGEMENT

The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to owners and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure the Company may adjust the amount of dividends paid to shareholders, return capital to owners or issue of new shares.

15. FAIR VALUES

As at 31 December 2019 and 31 December 2018 the Company had no financial assets or liabilities measured at fair value.

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date except the investments in subsidiaries which are presented at cost less impairment.

16. CONTINGENT LIABILITIES

(A) INSURANCE

As per current legislation in Russian Federation medical clinics are not required to insure their activities. There is a draft Law regarding obligatory insurance of medical clinics as from 2013. The Law has not yet been enacted. At present the Company does not insure its operational activities but has obtained insurance cover for some property, plant and equipment.

Until the Company obtains adequate insurance coverage there is a risk of material adverse effect on operations and statement of financial position.

(B) RUSSIAN BUSINESS ENVIRONMENT

The operations of the Company's subsidiaries are primarily located in the Russian Federation. Consequently, the Company is exposed to the economic and financial markets of the Russian Federation which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments to the challenges faced by entities operating in the Russian Federation.

Starting in 2014, the United States of America, the European Union and some other countries have imposed and gradually expanded economic sanctions against a number of Russian individuals and legal entities. The imposition of the sanctions has led to increased economic uncertainty, including more volatile equity markets, a depreciation of the Russian rouble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. As a result, some Russian entities may experience difficulties accessing the international equity and debt markets and may become increasingly dependent on state support for their operations. The longer-term effects of the imposed and possible additional sanctions are difficult to determine.

The financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Company. The future business environment may differ from management's assessment.

(C) RUSSIAN TAX ENVIRONMENT

The taxation system in the Russian Federation continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities. The tax authorities have the power to impose fines and penalties for tax arrears. A tax year is generally open for review by the tax authorities during three subsequent calendar years. Currently the tax authorities are taking a more assertive and substance-based approach to their interpretation and enforcement of tax legislation.

17. EVENTS AFTER THE REPORTING PERIOD

On 20 March 2020 the Board of Directors recommended the payment of RUB638,563 thousand as final dividends for the year 2019 which corresponds to RUB8.5 per share.

In addition, the first months of 2020 have seen significant global market turmoil triggered by the outbreak of the coronavirus. Together with other factors, this has resulted in a sharp decrease in the oil price and the stock market indices, as well as a depreciation of the Russian Rouble. These developments are further increasing the level of uncertainty in the Russian business environment.

No other significant events occurred after the reporting period.

Sustainable

DEVELOPMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

CONTENTS

SUSTAINABLE DEVELOPMENT

Understanding the importance and value of social responsibility, the Company strives to integrate the principles of sustainable development in the long-term business strategy and everyday activity. For that reason, since 2017, MD Medical Group's Annual Report includes a separate section on sustainable development, and this year report is no exception. The Company's Annual Report 2019, particularly the sustainable development section, was prepared in accordance to the GRI Standards (Core option) and the EU's 2014/95/EU directive[1].

This section of the report outlines key benchmarks and activity results of the MD Medical Group's hospitals and clinics in sustainable development practices, specifically highlighting their social and environmental performance. Additionally, the report compares the key indicators of electricity use, heating and water consumption with the respective indicators of the previous reporting period to demonstrate and analyze trends in the Company's environmental performance[2]. The information provided in the sustainable development section covers the reporting timeframe from 1 January to 31 December 2019. The clinics and hospitals, the performance indicators of which are reflected in the sustainable development section, were consolidated according to the IFRS 10 requirements[3] unless stated otherwise.

IDENTIFYING MATERIAL TOPICS

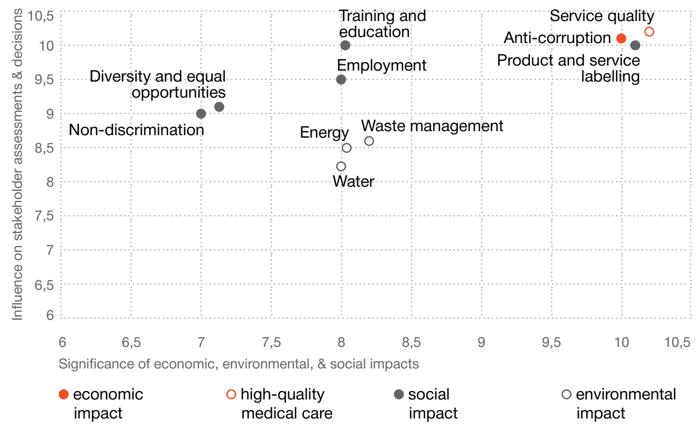
The process of materiality identification for the Annual Report 2019 took place in three steps.

First, any significant changes that happened at the MD Medical Group over the 2019 reporting period were examined. Furthermore, material topics applied in the Annual Report 2018 were analyzed with focus on interaction with stakeholders, supply chain and environment. When preparing the report, a group of experts was formed. The responsibility of the team was to interact with employees of the Company's functional divisions, recording their opinions about material topics and relevant information, that were further included in this section of the report.

Second, a benchmark analysis of best practices in sustainable development among the largest companies in the industry was carried out. The purpose of this exercise was to identify indicators that companies disclose in their annual reports and understand common approaches to the report structuring.

Third, a group of experts carried out the consolidation of collected information and analysis of disclosers selected for the sustainable development section and further evaluated them using quantitative methods. As the result the matrix of material topics was created.

MATRIX OF MATERIAL TOPICS



The material topics presented at the graph are disclosed in the sustainable development section and throughout other chapters of the Annual Report 2019.

The sustainable development section discloses one material topic, Quality of Service Provision, that is not covered by the GRI Standards but is considered critical for MD Medical Group. Both internal and external stakeholders identified this topic as highly important since it reflects the level of costumer satisfaction. Indeed, ensuring that patients receive the Highest Quality of Care is one of the key priorities within the MD Medical Group. Therefore, the report discloses several indicators that MD Medical Group introduced in its previous Annual Report[4], including Development and extension of the list of services (MD1), Annual capacity of the hospitals (MD2), Development of hi-tech medical care (MD3), Highly-qualified personnel (MD4), Dialogue with patients (MD5).

INTERACTION WITH STAKEHOLDERS

During the preparation of the report all business functions of MD Medical Group were analyzed to identify key stakeholders. Furthermore, benchmark analysis of medical health care practices was carried out, as well as the Company's both internal and external impact were evaluated. As the outcome of such exercise, the following list of key stakeholders was compiled:

- Patients and their families
- Employees
- Suppliers
- Shareholders and investors
- Government authorities
- Mass media

MD Medical Group interacts with all stakeholders on a regular basis to ensure constant monitoring of quality of provided services and improve the effectiveness of its business activities.

[1] Please note that the sustainable development section of the Annual Report 2019 is available online on the MD Medical Group official website, www.mcclinics.com
[2] Annex 7 'Main methods for obtaining the information'
[3] International Financial Reporting Standards 10 – Consolidated Financial Statements
[4] 2018 Annual Report, p. 161

MD MEDICAL GROUP'S STAKEHOLDERS AND THEIR EXPECTATIONS

Clients (entire families)	Employees	Suppliers	Shareholders and Investors	Government authorities	Mass media
• Quick and easy access to high quality services	• Professional growth • Career opportunities • Lucrative compensation	• Business sustainability • Procurement transparency	• Transparent and openess • Positive contribution of business • Business sustainability • Financial results	• Compliance •	• Willingness to cooperate • Availability of information • Transparency and clarity of information

MAIN COMMUNICATION CHANNELS

Online facilities	Offline facilities	Special facilities	Events
• Corporate website • Intranet portal • Clinics' official website on social networks • Mobile application • Media	• Annual report • Corporate magazine • Information stands/screens • Publications • Written replies to enquiries	• Quality hot-line for patients • Comprehensive feedback • Hot-line for employees • Internal corporate magazine "Indicator" for employees	• Meetings with employees • Conferences • Company representatives' public speeches

INTERACTION WITH PATIENTS

Interactions with patients take central place within MD Medical Group activities. For that reason, during 2019 MD Medical Group traditionally arranged a significant number of topical events aimed to increase social awareness about various health issues, inform potential patients of the range of medical services and increase their availability. Indeed, such public events are dedicated to draw attention to topics and procedures like obstetrics (pregnancy planning and delivery), treatment of infertility and IVF, and pediatrics. Importantly, the role of speakers at such events is played by professionals and doctors of MD Medical Group.

Although the patients feedback system did not undergo significant changes in 2019, MD Medical Group developed a Strategy on the feedback system maintenance. The Company has already started realizing goals of the Strategy and intends to fully achieve them in 2020. Indeed, the Company has initiated the development of the loyalty program through SMS messages and emails. In addition, the Company embarked the broader development of MD Medical Group's web-site by starting to introduce the feedback (contact) form on web pages of all clinics and hospitals and establishing the operating procedure for the patients' feedbacks processing the way that all the target facilities can be involved. Over the reporting periods, all feedback and complaints received from patients, were processed and taken into account, patients received responses when were required.

During the 2019 reporting period the Company organized approximately 122 Open Days for the public at hospitals and clinics of the group, which were attended by more than 4,462 visitors overall. Additionally, MD Medical Group participated in more than 35 events organized by the company's partners covering more than 1,549 attendees. Furthermore, striving to extend the application of digital communication channels and increase access to the information, MD Medical Group held 11 webinars online events in 2019. Public events arranged by MD Medical Group serve as an opportunity for people to bring their concerns and consult with specialists and receive needed medical assistance.

Throughout 2019, MD Medical Group performed 9,760 IVF procedures under the Mandatory Health Insurance (MHI) and provided around 1,003 patients with high-technology medical assistance.

The Company is keeping a strong trajectory towards improving medical care services, including application of high technology. In 2019 MD Medical Group continued developing and improving the practice of services distribution via its mobile application and official web-site, launched in 2018. The purpose of the mobile app is to accelerate and increase the interaction of patients with the Company's personnel, as well as increase social awareness about its services[1]. The list of the functions provided by the mobile application are as follows:

- Quickly contact a clinic's employees
- Book a doctor appointment online

[1] In addition, a web version of the mobile application was developed

- Receive results of medical tests
- Make payments (prepayments) and replenish deposit agreements

Another achievement in 2019 was the introduction of email newsletters and notifications as an additional way to inform MD Medical Group's patients. That way, patients can receive guidelines and instructions on how to prepare for a medical procedure they booked.

Finally, since 2017 MD Medical Group has been employing several feedback mechanisms aimed to monitor patients' perception of services quality, particularly a customer satisfaction score (CSAT) of consultations over the telephone and hot line performance. CSAT is measured by processing three main indicators of customers' feedback:

- Speed and convenience of a consultation
- Completeness and comprehensiveness
- Politeness of an employee providing consultation

These indicators are recorded and analyzed on a regular basis, as a patient might leave their feedback at any stage of a consultation process.

Hot line is another mechanism a patient can use to leave their feedback about services received at MD Medical Group, either by filling a form on the website, sending an email to quality@ mcclinics.ru or through an operator of the contact center[1].

INTERACTION WITH EMPLOYEES

Effective communication with employees on all organizational levels is one of the key priorities of MD Medical Group. As an expression of its commitment to maintain the culture of active interactions with personnel, clinics and hospitals hold five-minute conferences every day. The purpose of such all-staff meetings is to discuss events and results of the previous day. Separate categories of the Group's professionals organize additional meetings during a the week, such as doctors' conferences, head nurses' conferences and weekly meetings with directors general. The Company is also expanding a communication mechanism to apply various online platforms such as Skype to build an effective interaction system with its regional divisions.

MD Medical Group envisions patients' data security and protection as an integral part of its activities and, thus, has developed an in-house corporate intranet portal to ensure effective and secure communication. In addition, since 2012 the Company has been executing whistle-blower policy aimed to monitor and improve transparency of its operations. According to the policy provisions, any employee has an opportunity to report about any incidents of fraud or other misconduct by sending an email to hotline@mcclinics.ru. In case any violations are detected, an internal investigation would be launched.

PERSONNEL

HR MANAGEMENT

Successful human resources management through the talent employment, effective communications and trainings is one of the MD Medical Group's long-term business priorities. The HR management structure of the Group reflects features of the industry, specific aspects of key business functions, type of facilities and geographic location of hospitals and clinics. The Company's corporate culture and business goals are also reflected in the HR management structure, presented in the chart herein.

HR MANAGEMENT STRUCTURE

Deputy General Director Operations

HR Director

Regional HR Directors

Mother & Child Centre | **Mother & Child Urals** | **Mother & Child Volga** | **Mother & Child Siberia**

HR managers in the clinics and hospitals

[1] 2018 Annual Report, p. 152

The Company developed and implemented several regulations and rules aimed to improve the effectiveness of the HR system and business operations of MD Medical Group as a whole, which are in force since 2017[1].

OBJECTIVES IN HR MANAGEMENT

OBJECTIVE	RESULTS
Expanding the geographic scope of business operations	In 2019 MD Medical Group opened new clinics in Krasnodar, Vladivostok and a clinical hospital in Tyumen. These facilities have been successfully staffed to meet demand in professionals over the reporting period.
Increase in recruitment	MD Medical Group's interns were accepted as staff members after completing the internship program. With regards to current employees, the promotion plan was fully executed
Organizational and personnel audit	All personnel audits were completed with no significant comments
Educational and training programs	During 2019, MD Medical Group held 16 educational webinars and 31 conferences. Additionally, 122 people completed the Company organized medical internship program. Upon completing the program, interns were accepted as full-time employees at the Company's facilities in accordance with the plan. Furthermore, MD Medical Group introduced an online course on personal data maintenance.
Timely organization of advanced trainings	Overall, 16 people completed clinical residency at MD Medical Group, in 2019. In addition, 6 people were accepted to the residency program. More than 1,000 medical employees completed advanced trainings
Ratio of medical staff to non-medical staff (staff for treatment-and-prevention) subject to preferential taxation	Over the whole year the company was compliant with the requirement of the 50% ratio between medical staff and non-medical staff, subject to preferential taxation

Looking ahead to 2020, MD Medical Group has established following goals in relation to its HR management practices:

- Meet the extending range of services by ensuring highly professional employees at MD Medical Group hospitals and clinics;
- Provide training to new medical residents and interns. Prepare future employees and managers of MD Medical Group;
- Develop the system of continuous medical education score accounting
- Ensure timely organization of advanced training programs for medical employees.

PROFESSIONAL DEVELOPMENT

Residency programs for medical students and further training for medical personnel are key priorities for MD Medical Group in the area of professional development. The Company regularly holds trainings and educational programs for current and prospective employees. Indeed, over the period a total of 17 people were enrolled in 2 medical residency program 'Obstetrics and gynecology' and 'Neonatology' (6 first-year residents and 11 second-year residents) at MD Medical Group. In addition, in 2019 there were 16 medical residents who successfully completed their program and 122 people who finished their internship at MD Medical Group.

Internship program allows prospective employees to become familiar with the Company's key activities, its rules and ethics standards and obtain training for the future work.

The Group also conducted offline mandatory and additional professional development programs, including trainings on interaction with patients, for more than 1,000 employees. MD Medical Group also continued the practice of online training program in the form of webinars, having organized 16 webinars in 2019. In addition, the Group provide educational opportunities to the outside circle of specialists and colleagues from other medical institutions. During 2019, the Company held 31 conferences for professionals of various backgrounds, which is 72% more than in 2018.

Furthermore, MD Medical Groups also aims to contribute to the development of medical science and encourage publications. The Company professionals regularly publish their papers in leading Russian and international medical journals.

[1] 2017 Annual Report, p. 145

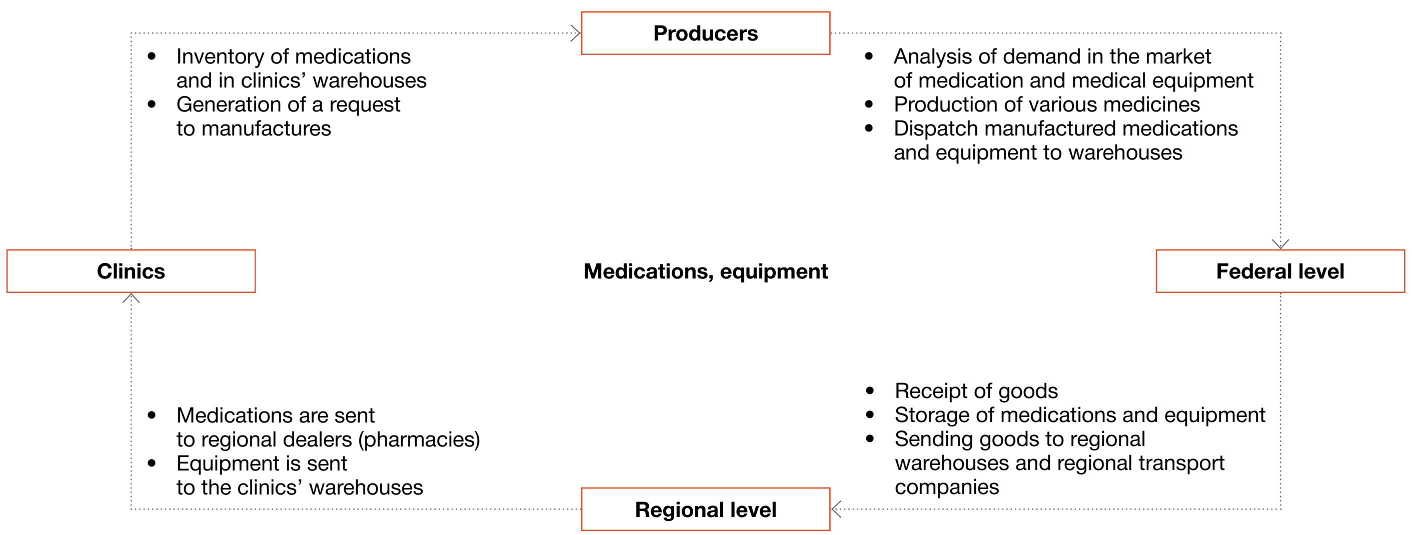
DEVELOPMENT OF THE SUPPLY CHAIN

THE GROUP'S APPROACH TOWARDS SUPPLY CHAIN MANAGEMENT

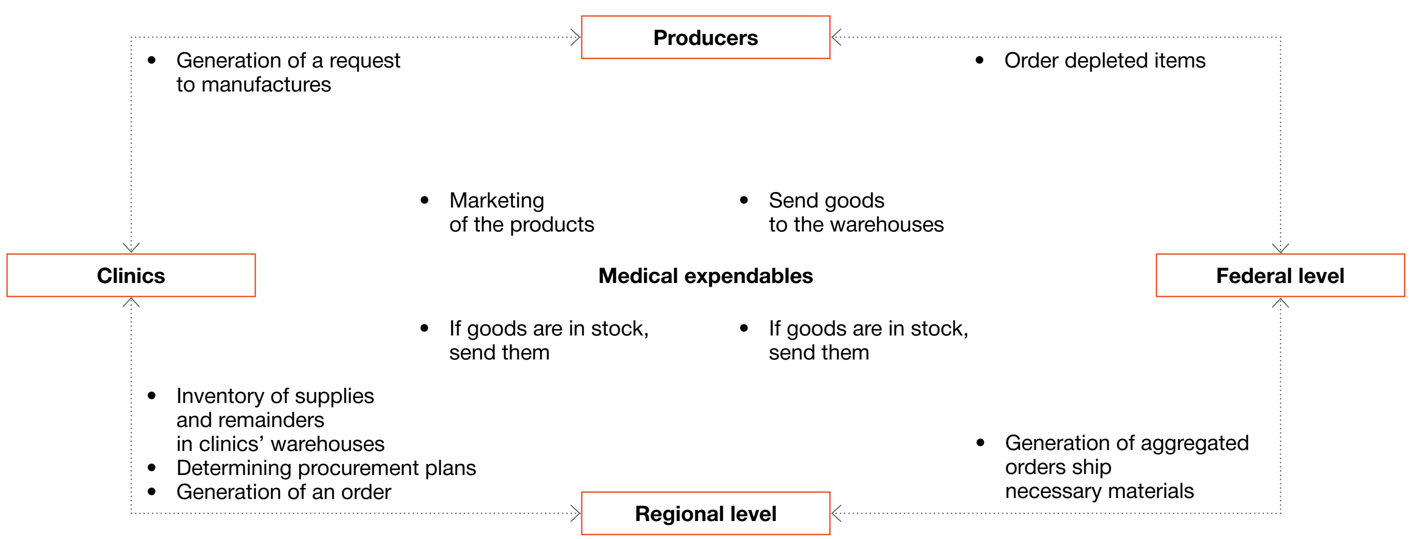
Effective supply chain management is a keystone to patients' safety and economic stability of MD Medical Group. The Groups exploits a well-developed supply chain, which begins with the analysis of material and equipment demand at all facilities. When interacting with suppliers and other stakeholders through the supply chain, the Company follows its core values, such as good faith, transparency, impartiality and fairness.

The specific features of MD Medical Group's operations, the variety of products and materials that the Company purchases is large. The company aims to diversify its supply sources to minimize risks and ensure best possible quality of products. For that reason, besides local suppliers, MD Medical Group also collaborates with international providers. The overall pool of the Company's suppliers includes small businesses, which are given equal opportunities to participate in tender competitions. Depending on the product, there are three types of the supply chain within the Group: medications, medical expendables and equipment.

SUPPLY CHAIN OF MEDICATIONS AND EQUIPMENT



SUPPLY CHAIN OF MEDICAL EXPENDABLES



ENVIRONMENT AND WORKPLACE SAFETY

ENVIRONMENTAL MANAGEMENT

In its everyday activities as well as a part of a long-term business strategy MD Medical Group aims to increase efficiency of its resources consumption and optimize business operations in the way that would minimize negative impact on the environment. Energy consumption reduction is the central focus of the Company's environment protecting measures, given specific patient care requirements in terms of electricity, heating and cooling usage.

Environmental impact management at the level of the Group is under the jurisdiction of the CEO, whilst director general and chief technical director are responsible for this matter on a separate level at each hospital and clinic. From the perspective of regulations, clinics and hospital align their operations with environmental safety requirements and therefore, comply with the national environmental legislation. Furthermore, the Company's management system meets the international requirement ISO 14001-2004 Environmental management systems and ISO 50001:2011 Energy management systems.

This report summarizes environmental performance of MD Medical Group by disclosing indicators of the three key areas of environmental management, such as energy efficiency, rational use of water, effective waste management in the Group's hospitals and clinics. This section of the report also covers MD Medical Group's practices in work, fire and industrial education.

ENERGY EFFICIENCY

MD Medical Group is constantly extending the geographic scope of its services by opening new clinics and hospitals. Indeed, new clinics in Krasnodar, Vladivostok and a new clinical hospital in Tyumen were opened in 2019, which is the primary reason for the Group's overall increase in energy consumption.

Central district heating system is the main source of heating energy for all MD Medical Group's facilities. However, each clinic and hospital also equip their buildings with their own diesel generators, which serve as backup power supply units in case of unforeseen electricity shortages.

Common energy saving practices among both clinics and hospitals include adjusting equipment work schedule to allow the most effective energy usage. For example, the Company's facilities turn off general ventilations during non-working hours, switch air-supply units to a lower rotational frequency mode, where possible, and install motion sensors in buildings to ensure energy-saving lighting system.
In addition, some clinics exercise the practice of replacing halogen and fluorescent lamps with LED energy-saving light sources.

ELECTRICITY CONSUMPTION BY MD MEDICAL GROUP'S CLINICS AND HOSPITALS[1], GJ (GIGAJOULE)

	2018	2019	CHANGE, %
Clinics	10,746	12,867	+20%
Hospitals	79,564	94,494	+19%
Total	**90,310**	**107,361**	**+19%**

HEATING ENERGY CONSUMPTION BY MD MEDICAL GROUP'S CLINICS AND HOSPITALS[1], GJ

	2018	2019	CHANGE, %
Clinics	20,110	22,622	+12%
Hospitals	159,100	177,187	+11%
Total	**179,210**	**199,809**	**+11%**

[1] Data on individual clinics and hospitals for 2018 disclosure in previous report were clarified and corrected

TOTAL ENERGY CONSUMPTION BY MD MEDICAL GROUP'S CLINICS AND HOSPITALS[1], GJ

	2018	2019	CHANGE, %
Clinics	30,856	35,489	+15%
Hospitals	238,664	271,681	+14%
Total	**269,520**	**307,170**	**+14%**

FUEL CONSUMPTION BY MD MEDICAL GROUP'S CLINICS AND HOSPITALS[1], LITRES

	2018	2019	CHANGE, %
Petrol			
Clinics	82,732	68,947	-17%
Hospitals	74,569	71,943	-4%
Total	157,301	140,890	-10%
Diesel			
Clinics	51,017	48,880	-4%
Hospital	46,971	58,009	+24%
Total	**97,988**	**106,889**	**+9%**

RATIONAL WATER CONSUMPTION

WATER CONSUMPTION BY MD MEDICAL GROUP[1, 2], CUB. M

	2018	2019	CHANGE, %
CLINICS	28,899	32,736	+13%
HOSPITALS, including	162,515	176,262	+8%
Perinatal Medical Centre	34,147	32,543	-5%
Lapino Clinical Hospital	67,495	63,800	-5%
Ufa Clinical Hospital	33,119	34,838	+5%
Clinical Hospital "Avicenna", Novosibirsk	16,288	16,223	0%
Samara Clinical Hospital	11,466	17,397	+52%
Tyumen Clinical Hospital	n/a	11,461	n/a
Total	**191,414**	**208,998**	**+9%**

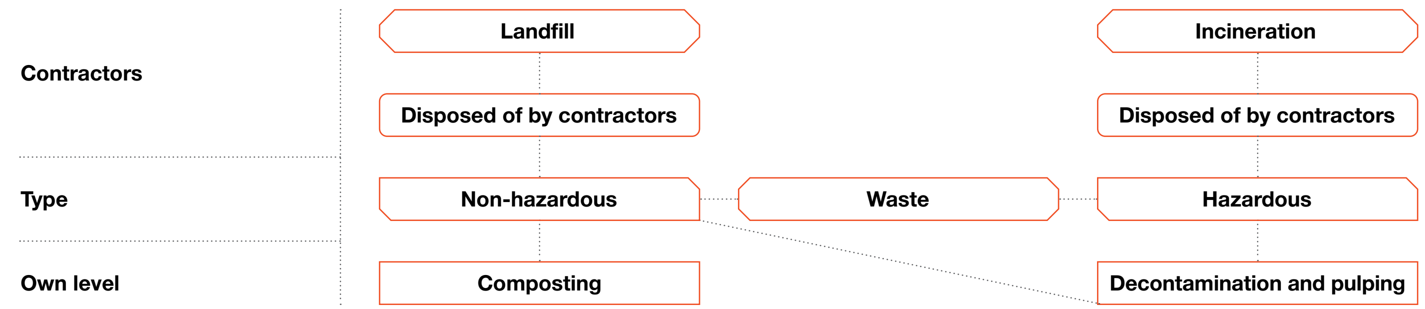
[1] Data on individual clinics and hospitals for 2018 disclosure in previous report were clarified and corrected
[2] Annex 7 Main Methods for obtaining the information.

WASTE MANAGEMENT

MD Medical Group's approach to management of medical waste is aligned with the requirements of the Russian legislation. The procedure of waste disposal, exercised by hospitals and clinics, is regulated by the Sanitary and Epidemiological Requirements for Treating Medical Waste (SanPin 2.1.7.2790-10). Depending on the type of services, provided by clinics or hospitals, the resulting waste can be categorized as hazardous and non-hazardous. The overall structure of waste treatment, performed by the Company is presented in the chart herein.

Treatment of waste, produced by medical facilities of MD Medical Group can follow two possible way: in-house disposal, using special equipment or disposal by external contractors. In case of in-house waste-treatment, hazardous waste first goes through decontamination (for example, demercuration of lightbulbs and medical thermometers) until it becomes non-hazardous, followed by composting with the rest of non-hazardous waste. When disposed by external contractors, waste is going through landfill operations in case of non-hazardous waste or utilized by incineration if hazardous.

WASTE MANAGEMENT CHAIN IN HOSPITALS



WASTE BY DISPOSAL METHOD (HOSPITALS)[1], METRIC TONNES

	2018	2019	CHANGE, %
Non-hazardous	**3,642**	**3,037**	**-17%**
Landfilling	3,642	3,037	-17%
Bulk incineration	-	-	-
Hazardous	**57**	**59**	**+3%**
Landfilling	-	-	-
Bulk incineration	57	59	+3%
Total	**3,699**	**3,096**	**-16%**

WASTE BY DISPOSAL METHOD (HOSPITALS)[1], METRIC TONNES

	2018	2019	CHANGE, %
Non-hazardous	**946**	**964**	**+2%**
Landfilling	821	844	+3%
Bulk incineration	125	119	-5%
Hazardous	**95**	**106**	**+12%**
Landfilling	2.0	3.0	+52%
Bulk incineration	93	103	+11%
Total	**1,041**	**1,070**	**+3%**

[1] Data on individual clinics and hospitals for 2018 disclosure in previous report were clarified and corrected

ANNEX 1. GRI STANDARD DISCLOSURE

NUMBER	TITLE	PAGE IN THE REPORT AND/OR REFERENCE
GRI 102:	**GENERAL DISCLOSURES**	
102-1	Name of the organization	73
102-2	Activities, brands, products, and services	16-17, 44-47
102-3	Location of headquarters	73
102-4	Location of operations	20-23
102-5	Ownership and legal form	73-74
102-6	Markets served	20-23
102-7	Scale of the organization	2-3, 44-47, 51
102-8	Information on employees and other workers	177-178
102-9	Supply chain	168
102-10	Significant changes to the organization and its supply chain	12-15, 20-21,168
102-11	Precautionary Principle or approach	The Group has not adopted the Precautionary principle or approach
102-12	External initiatives	n/a
102-13	Membership of associations	Clinics of the Group and their employees are members of the following national and international organizations:
		Russian Association of Human Reproduction;
		Russian Association of Obstetricians and Gynecologists;
		Chamber of Commerce and Industry of the Samara Region;
		Chamber of Commerce and Industry of the Urban District of Togliatti, Samara Region;
		European Society of Human Reproduction and Embryology;
		Association of Obstetricians and Gynecologists of endocrinologists of the Perm Region;
		Moscow Society of Obstetricians and Gynecologists;
		Association of Obstetricians and Gynecologists of the Irkutsk Region;
		Association of Gynecologist-Endoscopists of Russia.
		International Academy of Perinatal Medicine.
102-14	Statement from the senior decision-maker	8-9
102-15	Key impacts, risks, and opportunities	Annex 2. Sustainable Development Risk Management
102-16	Values, principles, standards, and norms of behavior	53
102-18	Governance structure	58-59, 64-69
102-22	Composition of the highest governance body and its committees	59, 64-65
102-24	Appointing and selecting the highest governance body	58-59
102-40	List of stakeholder groups	164-165
102-41	Collective bargaining agreements	There were no collective bargaining agreements signed in the reporting period

NUMBER	TITLE	PAGE IN THE REPORT AND/OR REFERENCE
102-42	Identifying and selecting stakeholders	2018 Annual Report, p.151
102-43	Approach to stakeholder engagement	164-165
102-44	Key topics and concerns raised	164
102-45	Entities included in the consolidated financial statements	153-155
102-46	Defining the report's content and topic boundaries	164
102-47	List of material topics	164
102-48	Restatements of information	This Report does not contain restatement of information from previous reports
102-49	Changes in reporting	No changes took place
102-50	Reporting period	Financial Year 2019
102-51	Date of the most recent report	The most recent Report was published in March 2018
102-52	Reporting cycle	Annual cycle
102-53	Contact point for questions regarding the report	182
102-54	Claims of reporting in accordance with GRI Standards	This report has been prepared in accordance with GRI Standards: Core option.
102-55	GRI content index	172-174
102-56	External assurance	No External Assurance for the Group's Sustainability Report was obtained
GRI 103:	**MANAGEMENT APPROACH**	
103-1	Explanation of the material topic and its boundary	164
103-2	The management approach and its components	12-13, 50, 166-167, 175
103-3	Evaluation of the management approach	12-13, 50, 166-167, 175
GRI 205:	**ANTI-CORRUPTION**	
205-3	Confirmed incidents of corruption and actions taken	No incidents of corruption were detected in the reporting period. See p.176 for more information about preventive measures
GRI 302:	**ENERGY**	
302-1	Energy consumption within the organization	159, Annex 7 'Main methods for obtaining information'
GRI 303:	**WATER**	
303-1	Water withdrawal by source	170
GRI 306:	**EFFLUENTS AND WASTE**	
306-2	Waste by type and disposal method	171
GRI 404:	**TRAINING AND EDUCATION**	
404-2	Programmes for upgrading employee skills and transition assistance programs	167
GRI 405:	**DIVERSITY AND EQUAL OPPORTUNITY**	
405-1	Diversity of governance bodies and employees	177 We identify the term 'diversity' of the Board of Directors in a way that its members should be specialists with: • a broad vision of management and development processes; • successful management experience; • a deep understanding of business processes, especially of aspects like designing a development strategy and monitoring its implementation, the system of internal control and audit, risk management, the specifics of the particular business, and the motivation of top management. Greater diversity enables the Board to consider issues from different perspectives and develop more balanced business strategies. Although MD Medical Group does not exercise an established diversity policy, the Board of Directors membership is sufficiently diversified. Board members are specialist of different areas, such as audit, finance, law, investments, etc. The diversity of skills of the Board members contributes to a qualified discussion, reflecting different perspectives and opinions.

NUMBER	TITLE	PAGE IN THE REPORT AND/OR REFERENCE
GRI 406:	**NON-DISCRIMINATION**	
406-1	Incidents of discrimination and corrective actions taken	The Group did not detect any incidents of discrimination in the reporting period.
GRI 417:	**MARKETING AND LABELLING**	
417-2	Incidents of non-compliance concerning product and service information and labelling	When preparing marketing and communication materials, MD Medical Group complies with the provisions of the Federal Law N 383-FZ “On Advertising” dated 30.10.2018 and Law No. 2300-1 of the Russian Federation On Protection of Consumer Rights dated 7 February 1992 (as amended on 1 May 2017). As part of measures to monitor compliance with the statutory requirements for products and services information and labelling, all advertising contracts are signed by the marketing director (deputy general director, marketing) and the legal department. There were no cases of non-compliance with requirements on product and service information and labelling in the reporting period.
417-3	Incidents of non-compliance concerning marketing communications	There were no cases of non-compliance with requirements on marketing communications in the reporting period.
QUALITY MEDICAL ASSISTANCE TO PATIENTS		
MD1	Development and extension of the list of services	44-47
MD2	Annual capacity of the hospitals	24-33
MD3	Development of hi-tech medical care	46-47
MD4	Highly-qualified personnel	50-51, 167
MD5	Dialogue with patients	165-166

ANNEX 2. SUSTAINABLE DEVELOPMENT RISK MANAGEMENT

As part of its everyday activity and the long-term strategy, MD Medical Group is dedicated to minimizing sustainable development related risks and, thus, regularly review its risk management approaches.

The risk management department identifies four groups of sustainable development risks relevant to MD Medical Group, stemming from the specific features of its business operations and the healthcare sector overall. These groups of risks are as follows:

- environmental impact risks;
- social and employment risks;
- human rights risks;
- corruption and bribery risks.

The Company has implemented a number of preventive measures, despite that the occurrence of these risks is considered to be of low likelihood.

RISK GROUPS	RISK MANAGEMENT MECHANISMS
ENVIRONMENTAL IMPACT RISKS	
Incorrect hazardous waste disposal	MD Medical Group has developed and continues to constantly improve the procedure for selecting contractors, who are required to have all the necessary resources and skills to dispose of hazardous medical wastes in a proper way.
Substantial increase in energy consumption and decrease in energy efficiency	MD Medical Group is aware of the importance of using a modern high-performance power supply system. MD Medical Group applies various energy saving measures in accordance with internal standards and procedures. In addition to this, the Company installs energy-saving equipment at all facilities of the Group.
Substantial increase in water consumption	The Groups monitors the condition of water and heat supply pipelines.
Increase in paper consumption	MD Medical Group fulfills the requirements of the official Electronic Government program currently implemented in Russia in order to switch to electronic external document flow.
SOCIAL AND EMPLOYMENT RISKS	
Statutory restrictions related to employment	The Group monitors appropriate changes in relevant legislation on a regular basis and promptly reacts to them.
Insufficient availability of Company’s care services facilities	MD Medical Group is expanding the geography of its presence, opening new Group facilities in order to increase access to the Company’s services for a large number of patients. The Company sets prices for its services taking into account the income level of the population of each specific region of presence. In addition, the Group is committed to meeting the requirements of the federal IVF program under obligatory health insurance policies.
Deterioration of the Group’s relations with staff	MD Medical Group monitors its personnel’s satisfaction by conducting regular surveys and creates conditions for the development and realization of its employees’ professional potential. The Group maintains employee health care and maternity support programs, programs for the organization of employees’ leisure and recreation, and professional development programs.

RISK GROUPS	RISK MANAGEMENT MECHANISMS
HUMAN RIGHTS RISKS	
Discrimination	The Group permits no discrimination against any minorities. There have been no discrimination claims or legal action over the whole history of the Company.
Work under compulsion	MD Medical Group's corporate culture and ethics exclude any compulsion.
Remuneration discrimination	Bonuses and rewards in the Group are economically substantiated and paid on the basis of performance and attainment of targets set by the Company. There is no remuneration discrimination in the Company.
CORRUPTION AND BRIBERY RISKS	
Risk of corrupt actions and payments to government authorities	In order to avoid any offenses MD Medical Group makes sure that any interaction with supervisory and regulatory authorities is duly documented. The Company's CEO and shareholders are immediately notified of any disputes or differences arising between the Company and supervisors or regulators. All financial operations in the Group are reflected in appropriate financial records whichare subject to financial audit
Risk of bribery of the Group's employees for the benefit of third parties	MD Medical Group's procurement procedures are sufficiently transparent to reduce the risk of corruption and fraud. Moreover, the Company has developed and uses an efficient and transparent procedure for selecting suppliers.

ANNEX 3. INFORMATION ON THE GENDER AND AGE OF THE BOARD OF DIRECTORS AS OF 31 DECEMBER 2019

GENDER:

Men – 90 %;
Women – 10 %;

AGE:

30–50 years – 40 %;
Older than 50 – 60 %.

ANNEX 4. INFORMATION ON THE GENDER AND AGE OF EMPLOYEES AS OF 31 DECEMBER 2019

GENDER:

Men – 14 %;
Women – 86 %;

AGE:

Younger than 30 – 13 %;
30–50 years of age – 61 %;
Older than 50 years of age – 26 %.

ANNEX 5. INFORMATION ON THE STAFF

2018

	MOTHER & CHILD CENTRE	MOTHER & CHILD URALS	MOTHER & CHILD SIBERIA	MOTHER & CHILD VOLGA	TOTAL	%
Male	737	151	291	151	1,330	18.1
Female	3,254	839	1,072	854	6,019	81.9
TOTAL	**3,991**	**990**	**1,363**	**1,005**	**7,349**	**100**

2019

	MOTHER & CHILD CENTRE	MOTHER & CHILD URALS	MOTHER & CHILD SIBERIA	MOTHER & CHILD VOLGA	TOTAL	%
Male	726	213	305	148	1,392	18.0
Female	3,249	1,117	1,087	907	6,360	82.0
TOTAL	**3,975**	**1,330**	**1,392**	**1,055**	**7,752**	**100**

As of 2018, the Group has launched the automated record of new hires. Due to technical reasons, it was not feasible to take records when an employee switches from a part-time to a full-time agreement. The Group intends to address these issues and add this option in the future.

ANNEX 6. SANPIN 2.1.7.2790–10 SANITARY AND EPIDEMIOLOGICAL REQUIREMENTS FOR TREATING MEDICAL WASTE

SanPin 2.1.7.2790–10 Sanitary and Epidemiological Requirements for Treating Medical Waste is a regulatory legal act, registered by the Ministry of Justice of the Russian Federation on February 17, 2011 (registration number: 19871). According to this document, there are five major classes of medical waste:

- Class A (А) – epidemiologically non-hazardous waste close in composition to municipal solid waste (packaging, paper, cardboard, etc.);
- Class B (Б) – epidemiologically hazardous waste. This class includes human blood and blood products as well as other biological liquids;
- Class V (В) – extremely epidemiologically hazardous waste (materials that were in contact with patients with infectious diseases);
- Class G (Г) – toxicologically hazardous waste of classes from 1 to 4. This class includes medicines, diagnostics, and disinfectants that cannot be used, namely those medical supplies that have been damaged or expired;
- Class D (Д) – radioactive waste.

ANNEX 7. MAIN METHODS FOR OBTAINING INFORMATION

Most of the data is originated from the clinics' and hospitals' own records of actual water use, energy and fuel consumption. However, for several clinics and hospitals some indicators were calculated due to the fact that a number of facilities are located in rented premises; and, because of the lack of detailed accounting data or non-relevance of such information for decision-making by the MD Group or stakeholders. All calculations were made by applying some of the following indicators:

- for water consumption – average water consumption per square meter for clinics and hospitals;
- for electricity and heating – the amount of money spent on utilities and average heating energy consumption per square meter for clinics. Regional tariffs were used for the calculations
- The share of data on water, energy and fuel consumption, obtained from calculations was insignificant in the overall dataset.

ELECTRICITY CONSUMPTION BY MD MEDICAL GROUP'S CLINICS AND HOSPITALS[1], KWH

	2018	2019	CHANGE,%
CLINICS	2,985,063	3,574,196	+20 %
HOSPITALS, including:	22,100,990	26,248,317	+19 %
Perinatal Medical Centre	4,396,895	4,541,075	+3 %
Lapino Clinical Hospital	7,478,484	8,346,660	+12 %
Ufa Clinical Hospital	4,673,587	4,259,589	-9 %
Clinical Hospital "Avicenna", Novosibirsk	2,505,299	2,491,946	-1 %
Samara Clinical Hospital	3,046,725	2,998,635	-2 %
Tyumen Clinical Hospital	n/a	3,610,412	n/a
TOTAL	**25,086,053**	**29,822,513**	**+19 %**

HEATING ENERGY CONSUMPTION BY MD MEDICAL GROUP'S CLINICS AND HOSPITALS, GCAL

	2018	2019	CHANGE,%
CLINICS	4,806	5,407	+12 %
HOSPITALS, including:	38,026	42,349	+11 %
Perinatal Medical Centre	5,864	4,753	-19 %
Lapino Clinical Hospital	10,458	9,983	-5 %
Ufa Clinical Hospital	12,719	11,996	-6 %
Clinical Hospital "Avicenna", Novosibirsk	5,075	4,140	-18 %
Samara Clinical Hospital	3,910	4,877	+25 %
Tyumen Clinical Hospital	n/a	6,600	n/a
TOTAL	**42,832**	**47,755**	**+11 %**

FUEL CONSUMPTION BY MD MEDICAL GROUP'S CLINICS AND HOSPITALS, LITRES

PETROL	2018	2019	CHANGE,%
CLINICS	82,732	68,947	-17 %
HOSPITALS, including:	74,569	71,943	-4 %
Perinatal Medical Centre	25,488	22,350	-12 %
Lapino Clinical Hospital	34,490	35,123	2 %
Ufa Clinical Hospital	13,356	10,224	-23 %
Clinical Hospital "Avicenna", Novosibirsk	1,235	1,160	-6 %
Samara Clinical Hospital	n/a	n/a	n/a
Tyumen Clinical Hospital	n/a	3,087	n/a
TOTAL	**157,301**	**140,890**	**-10 %**

DIESEL	2018	2019	CHANGE,%
CLINICS	51,017	48,880	-4 %
HOSPITALS, including:	46,971	58,009	24 %
Perinatal Medical Centre	13,954	13,576	-3 %
Lapino Clinical Hospital	26,215	29,945	14 %
Ufa Clinical Hospital	5,802	4,129	-29 %
Clinical Hospital "Avicenna", Novosibirsk	1,000	1,579	58 %
Samara Clinical Hospital	n/a	750	n/a
Tyumen Clinical Hospital	n/a	8,030	n/a
TOTAL	**97,988**	**106,889**	**9 %**

[1] Data in this annex on individual clinics and hospitals for 2018 disclosure in previous report were clarified and corrected

CONTACTS AND ADVISERS

REGISTERED OFFICE

Dimitriou Karatasou, 15, Anastasio building,6th floor, Flat/Office 601, Strovolos, 2024, Nicosia, Cyprus
info@mcclinics.ru
tel: +357 22 50 40 00
fax: +357 22 50 41 00

INDEPENDENT AUDITORS

KPMG Ltd
11, 16th June 1943 Street
3022 Limassol — Cyprus
limassol@kpmg.com.cy
tel: +357 25 86 90 00
fax: +357 25 36 38 42

DEPOSITARY BANKS

JPMorgan Chase Bank, NA.
1 Chase Manhattan Plaza, Floor 58
New York, NY, 10005-1401 USA
tel: (800) 990-1135

STOCK EXCHANGE

London Stock Exchange Plc
10 Paternoster Square
London EC4M 7LS UK
tel: +44 20 7797 1000
www.londonstockexchange.com

INVESTOR RELATIONS

Dmitry Yakushkin
Head of Investor Relations
ir@mcclinics.ru
tel: +7 495 332 2011

Sofia Denisova
Deputy Head of IR
ir@mcclinics.ru
tel: +7 495 937 39 02 ext. 15143

MEDIA RELATIONS

EM
MDMG@em-comms.com
tel:+7 495 363 2849
From outside the US
tel: +1 651 453-2128

GLOBAL INVEST DIRECT

tel: +1 800 428-4237
www.mcclinics.com