MD MEDICAL GROUP INVESTMENTS PLC

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

MD MEDICAL GROUP INVESTMENTS PLC

C O N T E N T S

MD MEDICAL GROUP INVESTMENTS PLC

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

MD MEDICAL GROUP INVESTMENTS PLC

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 17 and in the consolidated statement of financial position on page 18 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-disciplinary 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.

DIVIDENDS (continued)

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.

DIRECTORS' INTEREST (continued)

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 1.

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.

<u>Audit Committee</u>

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 BOARD COMMITTEES *(continued)*

Audit Committee (continued)

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 BOARD COMMITTEES *(continued)*

Remuneration Committee (continued)

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.

MD MEDICAL GROUP INVESTMENTS PLC

MANAGEMENT REPORT *(continued)*

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

MD MEDICAL GROUP INVESTMENTS PLC

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

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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 17 to 53 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.

<table>
<tr><td colspan="2">Goodwill Impairment</td></tr>
<tr><td colspan="2">Refer to Note 14 of the consolidated financial statements (RUB2,032,320 thousand</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>As a result of the Group's expansion, a significant amount of goodwill arising from business combinations has been recognized 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.</td><td>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.</td></tr>
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PPE impairment	
Refer to Note 13 of the consolidated financial statements (RUB 21,139,382 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 (RUB 14,933,038). 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 authorization 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 IFRS 16 leases	
Refer to notes 13 and 19 of the consolidated financial statements (RUB637,144 thousand and RUB 649,990 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 IAS 17. The new IFRS 16 requires a lessee to recognize 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 IFRS 16, 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, we conclude that there is a material misstatement of this other information, we are required to report that fact.

***Other information** (continued)*

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.

Auditors' responsibilities for the audit of the consolidated financial statements *(continued)*

- 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 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

MD MEDICAL GROUP INVESTMENTS PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2019

	Note	2019	2018
		RUB'000	*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**

MD MEDICAL GROUP INVESTMENTS PLC

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**
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
Chairman of the Board of Directors

Mark Kurtser
Managing Director

Andrey Khoperskiy
Chief Financial Officer

The Notes on pages 23 to 53 are an integral part of these consolidated financial statements.

MD MEDICAL GROUP INVESTMENTS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019

		Attributable to owners of the Company						Non-	
		Share capital	**Treasury shares**	**Share premium**	**Other reserves**	**Retained earnings**	**Total**	**controlling interests**	**Total equity**
	Note	*RUB'000*	*RUB'000*	*RUB'000*	*RUB'000*	*RUB'000*	*RUB'000*	*RUB'000*	*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.

MD MEDICAL GROUP INVESTMENTS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2018

		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 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*		**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)**
Changes 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.

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

MD MEDICAL GROUP INVESTMENTS PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2019

	Note	2019	2018
		RUB'000	*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**
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)**

MD MEDICAL GROUP INVESTMENTS PLC

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the year ended 31 December 2019

	Note	2019	2018
		RUB'000	*RUB'000*
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**

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

1. INCORPORATION AND PRINCIPAL ACTIVITIES (continued)

Name	Country of incorporation	Activities	31 December 2019 Effective holding, %	31 December 2018 Effective holding, %
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.

2. BASIS OF PREPARATION (continued)

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue (continued)

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.

MD MEDICAL GROUP INVESTMENTS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Tax (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Classification (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of non-derivative financial assets (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity-settled share-based payment arrangements (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 16 Leases (continued)

Leases in which the Group is a lessee (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 16 Leases (continued)

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	**2018**
	RUB'000	*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.

4. REVENUE (continued)

Disaggregation of revenue (continued)

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	2018
	RUB'000	*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	2018
	RUB'000	*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	2018
	RUB'000	*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	2018
		RUB'000	*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 perpetuity. 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	2018
	RUB'000	*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)**

10. INCOME TAX (continued)

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 RUB263,785 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 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.

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13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings	Property under construction	Plant and equipment	Right-of-use of freehold land and buildings	Total
	RUB'000	*RUB'000*	*RUB'000*	*RUB'000*	*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**

13. PROPERTY, PLANT AND EQUIPMENT (continued)

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	Patents and trademarks	Software and website	Total
	RUB'000	*RUB'000*	*RUB'000*	*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	31 December 2018
	RUB'000	*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.

14. INTANGIBLE ASSETS (continued)

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	31 December 2018
		RUB'000	*RUB'000*
CAPEX prepayments		394,016	592,416
Trade receivables net of impairment provision		375,852	279,644
Government grant receivable	13	139,182	-
Advances paid to suppliers		101,851	99,818
Deferred expenses		3,588	10,777
Loans receivable		1,000	-
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	Impairment 31 December 2019	Gross amount 31 December 2018	Impairment 31 December 2018
	RUB'000	*RUB'000*	*RUB'000*	*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.

15. TRADE, OTHER RECEIVABLES AND DEFERRED EXPENSES (continued)

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	Loss allowance	Credit-impaired
		RUB'000	*RUB'000*	
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	Loss allowance	Credit-impaired
		RUB'000	*RUB'000*	
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	31 December 2018
	RUB'000	*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	31 December 2018
	RUB'000	*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 RUB682,873 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**

19. LOANS AND BORROWINGS (continued)

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:

	Currency	Effective interest rate	Maturity	31 December 2019 Face value RUB'000	31 December 2019 Carrying amount RUB'000	31 December 2018 Face value RUB'000	31 December 2018 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 Bank loans RUB'000	31 December 2019 Lease liabilities RUB'000	31 December 2018 Bank loans RUB'000	31 December 2018 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

20. CONTRACT LIABILITIES (continued)

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	31 December 2018
	RUB'000	*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 (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 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. RELATED PARTY TRANSACTIONS (continued)

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	**31 December 2018**
	RUB'000	*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**

23. FINANCIAL RISK MANAGEMENT (continued)

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**	**Carrying amounts**	**Contractual cash flows**	**2 months or less**	**Between 2-12 months**	**Between 1-2 years**	**Between 2-5 years**	**More than 5 years**
		RUB'000	*RUB'000*	*RUB'000*	*RUB'000*	*RUB'000*	*RUB'000*	*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		**Carrying amounts**	**Contractual cash flows**	**2 months or less**	**Between 2-12 months**	**Between 1-2 years**	**Between 2-5 years**	**More than 5 years**
		RUB'000	*RUB'000*	*RUB'000*	*RUB'000*	*RUB'000*	*RUB'000*	*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**

23. FINANCIAL RISK MANAGEMENT (continued)

(ii) Liquidity risk (continued)

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	**31 December 2018**
	RUB'000	*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)**

23. FINANCIAL RISK MANAGEMENT (continued)

Currency risk (continued)

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.

(iii) Market risk

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	31 December 2018
		RUB'000	*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	**2018**
	RUB'000	*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%**

26. NON-CONTROLLING INTERESTS (continued)

	31 December 2019	31 December 2018
	RUB'000	*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.