MD MEDICAL GROUP INVESTMENTS PLC

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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 Tony Maher
Secretary	Menustrust Limited
Secretary assistant	Darya Aleksandrova
Independent Auditors	KPMG Limited
Registered Office	15 Dimitriou Karatasou street, Anastasio Building, 6th floor, office 601, Strovolos, 2024, Nicosia, Cyprus

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 2020.

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 2020 and its financial position at that date are set out in the consolidated statement of profit or loss and other comprehensive income on page 18 and in the consolidated statement of financial position on page 19 of these consolidated financial statements.

Profit for the year ended 31 December 2020 amounted to RUB4,333,300 thousand (for the year ended 31 December 2019: RUB2,786,625 thousand). The total assets of the Group as at 31 December 2020 were RUB31,994,491 thousand (31 December 2019: RUB28,670,534 thousand) and the net assets were RUB19,952,581 thousand (31 December 2019: RUB17,880,142 thousand).

The revenue significantly increased by 18% year-on-year, mainly thanks to the development of in-patient treatment offering. The prime growth was in oncology and internal medicine (therapy, surgery and other-in patient medical services) which helped the Group to increase the revenue for this business line in 2020.

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 4 September 2020 the Board of Directors declared interim dividends attributable to the owners of the Company amounting to RUB736,225 thousand (USD9,755 thousand), which corresponds to RUB9.8 (USD0.13) per share. The dividends were paid on 20 October 2020.

On 11 August 2020 the Board of Directors declared final dividends for the year 2019 attributable to the owners of the Company amounting to RUB1,389,813 thousand (USD18,839 thousand), which corresponds to RUB18.5 (USD0.25) per share. The dividend distribution was approved by the Extraordinary General Meeting of the shareholders on 3 September 2020. The dividends were paid on 13 October 2020.

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.

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 a 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.

Details in relation to uncertainties over COVID-19 are presented in Note 2 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 2020, 31 December 2019 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
Vitaly Ustimenko	Direct ownership of shares	0.005

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 10 November 2020, as a result the share of his ownership increased from 0.0035% to 0.005% 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.

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 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 BOARD COMMITTEES *(continued)*

Audit Committee (continued)

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

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

Internal audit

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

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

Nomination Committee

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

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

Remuneration Committee

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

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

CORPORATE GOVERNANCE

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

CORPORATE GOVERNANCE (continued)

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

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

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

INTERNAL CONTROL IN RELATION TO THE FINANCIAL REPORTING PROCESS

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

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

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

MEETINGS OF SHAREHOLDERS

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

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

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

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

BRANCHES

MD Medical Group Investments Plc has a branch in Moscow.

TREASURY SHARES

During the year ended 31 December 2020 the Company did not acquire any treasury shares.

EVENTS AFTER THE REPORTING PERIOD

The Group launched a new multifunctional medical centre ("Lapino-4") on the Lapino medical complex grounds on 1 February 2021. The centre will provide highly professional medical care, including patients with surgical pathology complicated by COVID-19 and maternity patients.

On 16 February 2021 Khaven reimbursed VAT in the amount of RUB33,138 thousand in cash for Lapino-2 construction.

On 19 March 2021 Board of Directors recommended the payment of RUB1,427,375 thousand as final dividends for the year 2020 which corresponds to RUB19.00 per share.

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, 19 March 2021

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 18 to 56 and comprise the consolidated statement of financial position as at 31 December 2020, 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 2020, 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 Code of Ethics (Including International Independence Standards) for Professional Accountants of the International Ethics Standards Board for Accountants ("IESBA Code") together with the ethical requirements in Cyprus that are relevant to our audit of the 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.

KPMG

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><th colspan="2">Goodwill impairment</th></tr>
<tr><td colspan="2">Refer to Note 14 of the consolidated financial statements (RUB 2,032,320 thousand)</td></tr>
<tr><td>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 recognised over the years. The management of the Group reviews goodwill for impairment purposes on an annual basis.

Inherent uncertainty and subjectivity is involved in forecasting and discounting future cash flows, which are the basis of the assessment of the recoverability of the carrying amount of goodwill and the need for an impairment provision. 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 estimated revenue growth rates and EBITDA estimated rates, terminal growth, after-tax profitability and discount rates/WACC.

- Assessing whether the disclosures in Note 14 of the consolidated financial statements relating to key inputs in the impairment assessment model 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 23,296,538 thousand)	
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 19,052,025). On an annual basis the Management performs a review for impairment indicators. In case impairment indicators are present, Management determines the recoverable amount of the relevant entities/CGUs to identify whether impairment is required. Inherent uncertainty and subjectivity is involved in forecasting and discounting future cash flows expected to be generated, which are used on the basis of a Discounted Cash Flow Technique to determine the recoverable amount of PPE. 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. - Preparing our own sensitivity analysis around the key assumptions.

<table>
<tr><th colspan="2">Revenue recognition</th></tr>
<tr><td colspan="2">Refer to Note 4 of the consolidated financial statements (RUB 19,133,499 thousand).</td></tr>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>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.

Prices to be charged per service and discount rates offered are ‘built’ into the system. 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.</td><td>Our audit procedures included among others the following:

- Assessing the design and implementation and test general IT controls and IT application controls relevant to revenue recognition. Our IRM specialist were involved;

a. Testing that granting of access rights to Medialog system based on the approved duties and role/position of each employee. (segregation of duties) and that for employees discharged access rights to Medialog system is blocked.

b. Verifying that users with granted administrative access to Medialog system (database level, application level and operating system) are included in the approved list of system administrators.

c. Evaluated password settings process in Medialog.

d. We verified that access to input and modification of prices and discounts already ‘built’ in Medialog is limited to employees with appropriate job responsibilities.

e. We tested Medialog automatic functioning of linking tickets issued for the provision of services to invoice and payments, including its function to link tickets to particular service contracts formed or to recognize tickets as one-off service related.

f. We tested that Revenue data is accurately transferred from Medialog system to 1C system.

- Assessing the design and implementation and test manual application controls;

a. Test that Chief cashier reconciled cash received per Z-report to encashment signed schedules and to accounting record made in 1C.</td></tr>
</table>

	b. Test that Manager checks that Medialog records agree to final signed acts and that acts are signed by patients and Manager. c. We selected cash count acts and ensured that the acts have been signed by the responsible employees. We reconciled the cash balances indicated in the cash count acts with the data per accounting records. d. We verified that cash in hand per cashier do not exceed the specified/approved limits. - Obtaining external confirmations from banks and compared annual cash receipts and cash balances on bank accounts to the data recorded in the accounting systems (sales, cash received and bank balances). - Agree advances from Medialog to 1 C. - Sending confirmation letters to a sample of debtors (legal entities) to confirm balances and turnover. - Recalculation of revenue for stem cells, including recalculation of finance component in finance expenses. Recalculation of ST and LT portion of contract liabilities as at 31.12.2020. - Performing substantive analytical procedures and recalculations to assess contract liabilities recognized at the year-end.

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 (RUB 490,047 thousand and RUB 508,034 thousand)	
Key audit matter	**How the matter was addressed in our audit**
The Group has a significant number of lease contracts. 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. 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; - 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 consolidated 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.

With regards to the corporate social responsibility statement we have nothings to report.

With regards to the management report, 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 Company or to cease the Group's operations, or there is no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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 regulatory and legal 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 12 years covering the periods ending 31 December 2009 to 31 December 2020.

Consistency of auditors' report to the additional report to the Audit Committee

We confirm that our audit opinion on the consolidated financial statements expressed in this report is consistent with the additional report presented to the Audit Committee of the Company, which is dated 19 March 2021.

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 L53(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 consolidated management report, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap 113, and the information given is consistent with the consolidated financial statements.
- In the light of the knowledge and understanding of the business and the Group's environment obtained in the course of the audit, we have not identified material misstatements in the consolidated management report.
- In our opinion, based on the work undertaken in 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, have 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 any material misstatements in this respect.
- In our opinion, based on the work undertaken in 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

19 March 2021

MD MEDICAL GROUP INVESTMENTS PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Note	**2020**	**2019**
		RUB'000	*RUB'000*
Revenue	4	19,133,499	16,159,861
Cost of sales	5	(12,006,620)	(10,376,218)
Gross profit		**7,126,879**	**5,783,643**
Other income	8	226,391	60,343
Selling, general and administrative expenses	6	(2,806,793)	(2,640,755)
Other expenses	8	(42,279)	(68,885)
Operating profit		**4,504,198**	**3,134,346**
Finance income	9	248,582	214,704
Finance expenses	9	(537,238)	(538,671)
Net foreign exchange transactions gain / (loss)	9	122,532	(53,333)
Net finance expenses	*9*	*(166,124)*	*(377,300)*
Profit before tax		**4,338,074**	**2,757,046**
Income tax (expense) / benefit	10	(4,774)	29,579
Profit for the year		**4,333,300**	**2,786,625**
Total comprehensive income for the year		**4,333,300**	**2,786,625**
Profit for the year attributable to:			
Owners of the Company		4,196,463	2,637,638
Non-controlling interests		136,837	148,987
		4,333,300	**2,786,625**
Total comprehensive income for the year attributable to:			
Owners of the Company		4,196,463	2,637,638
Non-controlling interests		136,837	148,987
		4,333,300	**2,786,625**
Earnings per share (RUB)	11	**55.86**	**35.11**

MD MEDICAL GROUP INVESTMENTS PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Note	31 December 2020 *RUB'000*	31 December 2019 *RUB'000*
ASSETS			
Property, plant and equipment	13	23,296,538	21,130,382
Intangible assets	14	2,205,655	2,192,631
Trade, other receivables and deferred expenses	15	630,626	394,016
Deferred tax assets		4,959	5,442
Total non-current assets		**26,137,778**	**23,722,471**
Inventories		973,877	719,962
Trade, other receivables and deferred expenses	15	1,007,973	659,737
Short-term bank deposits	16	746,145	506,916
Cash and cash equivalents	16	3,128,718	3,061,448
Total current assets		**5,856,713**	**4,948,063**
Total assets		**31,994,491**	**28,670,534**
EQUITY			
Share capital	17	180,585	180,585
Share premium	18	5,243,319	5,243,319
Reserves	18	(655,352)	(655,352)
Retained earnings	18	14,840,273	12,769,848
Total equity attributable to the owners of the Company		**19,608,825**	**17,538,400**
Non-controlling interests	26	343,756	341,742
Total equity		**19,952,581**	**17,880,142**
LIABILITIES			
Loans and borrowings	19	5,230,477	5,864,344
Trade and other payables	21	679,843	547,014
Deferred tax liabilities		4,540	4,681
Contract liabilities	20	483,026	205,527
Total non-current liabilities		**6,397,886**	**6,621,566**
Loans and borrowings	19	1,587,521	1,233,903
Trade and other payables	21	2,630,288	1,735,363
Contract liabilities	20	1,426,215	1,199,560
Total current liabilities		**5,644,024**	**4,168,826**
Total liabilities		**12,041,910**	**10,790,392**
Total equity and liabilities		**31,994,491**	**28,670,534**

On 19 March 2021 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

MD MEDICAL GROUP INVESTMENTS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

		Attributable to owners of the Company						
		Share capital	**Share premium**	**Reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	Note	*RUB'000*	*RUB'000*	*RUB'000*	*RUB'000*	*RUB'000*	*RUB'000*	*RUB'000*
Balance at 1 January 2020		**180,585**	**5,243,319**	**(655,352)**	**12,769,848**	**17,538,400**	**341,742**	**17,880,142**
Profit and total comprehensive income for the year		-	-	-	4,196,463	4,196,463	136,837	4,333,300
Contributions and distributions								
Dividends declared	12	-	-	-	(2,126,038)	(2,126,038)	(134,823)	(2,260,861)
Total contributions and distributions		**-**	**-**	**-**	**(2,126,038)**	**(2,126,038)**	**(134,823)**	**(2,260,861)**
Balance at 31 December 2020		**180,585**	**5,243,319**	**(655,352)**	**14,840,273**	**19,608,825**	**343,756**	**19,952,581**

Share premium is not available for distribution.

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**	**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 CASH FLOWS
For the year ended 31 December 2020

	Note	2020	2019
		RUB'000	*RUB'000*
Cash flows from operating activities			
Profit for the year		4,333,300	2,786,625
Adjustments for:			
Depreciation	13	1,413,323	1,408,553
Amortisation	14	110,450	100,610
Gain from the sale of property, plant and equipment		(6,674)	(1,530)
Write-off of property, plant and equipment		7,229	17,149
Impairment losses on construction in progress		22,308	34,769
Finance income	9	(248,582)	(214,704)
Finance expenses (excluding impairment)	9	506,279	524,888
Impairment losses on other assets	9	30,959	13,783
Net foreign exchange transactions (gain) / loss	9	(122,532)	53,333
Income tax expense / (benefit)	10	4,774	(29,579)
		6,050,834	4,693,897
Increase in inventories		(253,915)	(53,840)
(Increase) / decrease in trade and other receivables		(523,507)	21,673
Increase in trade and other payables		771,055	222,337
Increase in contract liabilities		480,384	65,641
Cash flows from operations		**6,524,851**	**4,949,708**
Tax paid		(9,438)	(3,956)
Net cash flows from operating activities		**6,515,413**	**4,945,752**
Cash flows from investing activities			
Acquisition/construction of property, plant and equipment		(3,778,215)	(3,957,530)
Proceeds from sale of property, plant and equipment		13,092	6,416
Acquisition of intangible assets		(126,234)	(34,728)
Proceeds from government grant	13	139,182	360,818
Placing short-term bank deposits		(2,097,704)	(506,916)
Proceeds from short-term bank deposits return		1,858,475	-
Bank interest received	9	110,796	111,734
Loans issued to third parties		-	(5,000)
Loans returned from third parties		1,000	4,000
Net cash flows used in investing activities		**(3,879,608)**	**(4,021,206)**

MD MEDICAL GROUP INVESTMENTS PLC

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the year ended 31 December 2020

	Note	**2020**	**2019**
		RUB'000	*RUB'000*
Cash flows from financing activities			
Proceeds from loans and borrowings		1,193,493	1,831,205
Repayment of loans and borrowings		(1,319,275)	(1,051,367)
Payments of lease liabilities		(158,086)	(158,281)
Finance expenses paid		(375,047)	(405,389)
Payments on settlement of derivative		-	(11,426)
Proceeds from sale of treasury shares		-	11,862
Proceeds from reimbursed VAT		337,378	263,953
Repayment of reimbursed VAT		(111,351)	(94,302)
Dividends paid to the owners of the Company		(2,211,202)	(788,976)
Dividends paid to non-controlling interests		(134,823)	(108,616)
Net cash flows used in financing activities		**(2,778,913)**	**(511,337)**
Net (decrease) / increase in cash and cash equivalents		(143,108)	413,209
Cash and cash equivalents as at the beginning of the year	16	3,061,448	2,715,481
Effect of movements in exchange rates on cash held		210,378	(67,242)
Cash and cash equivalents as at the end of the year	16	**3,128,718**	**3,061,448**

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 2020 Effective holding %	31 December 2019 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
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
LLC Mother and Child Ryazan	Russian Federation	Medical services	100	100
LLC Mother and Child Kazan	Russian Federation	Medical services	100	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

MD MEDICAL GROUP INVESTMENTS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020

1. INCORPORATION AND PRINCIPAL ACTIVITIES (continued)

Name	Country of incorporation	Activities	31 December 2020 Effective holding, %	31 December 2019 Effective holding, %
LLC Medica-2	Russian Federation	Medical services	100	100
LLC Mother and Child Siberia	Russian Federation	Medical services	-	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
LLC Stroy Vector Pluss	Russian Federation	Rental services	-	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	100
LLC Mother and Child Vladikavkaz	Russian Federation	Medical services	100	100
LLC Mother and Child Krasnodar	Russian Federation	Medical services	100	100
LLC Mother and Child Rostov-on-Don	Russian Federation	Medical services	100	100
LLC MD Group Krasnogorsk	Russian Federation	Medical services	90	-
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 2020, 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, which 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 19 March 2021.

(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:

- Going concern

Determining whether there are material uncertainties that may cast significant doubt on the Group`s ability to continue as a going concern.

- 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 2020 is described in Note 3.

COVID-19

In December 2019, the emergence of a new strain of coronavirus (COVID-19) was reported in China and has subsequently spread globally. On 11 March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. Mobility restrictions, quarantines and similar lockdown measures implemented in different countries to cope with the pandemic had a significant negative impact on the global economy.

From the beginning of COVID-19 pandemic the Group has taken necessary measures to avoid direct impact of the pandemic on its operations with a special focus on protection of the health of employees and clients and uninterrupted business processes.

The major impact of COVID-19 on the macroeconomic environment in the healthcare industry resulted in a number of consequences on operational and financial performance of the Group.

2. BASIS OF PREPARATION (continued)

COVID-19 (continued)

In response to the needs of patients the management of the Company took the decision to start treating patients with symptoms of pneumonia, including patients with symptoms of coronavirus at its clinical hospital Lapino from 30 March 2020 in temporary mode. Surgery, cardiology, traumatology and urology departments of the Lapino Clinical Hospital remained open to receive emergency patients. Other patients were relocated to MD Group Clinical Hospital (PMC) to proceed with contracts. Amid the decreased inflow of patients with coronavirus, from 8 June 2020, Lapino hospital returned to its normal format. All the Company's other medical centres continued business as usual.

The Group started a construction of a new hospital on 29 December 2020 and launched of the new multifunctional medical centre ("Lapino-4") on the Lapino medical complex grounds on 1 February 2021. The construction of the new 2-storey multifunctional medical centre intended to treat patients with infections, including coronavirus patients, was achieved in short time using rapid construction technology.

Going concern basis of accounting

Management continues to have a reasonable expectation that the Group has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of accounting remains appropriate. The outbreak of the COVID-19 pandemic and the measures adopted by the government in Russian Federation to mitigate its spread have impacted the Group. The Group was able to continue to provide healthcare services in hospitals (albeit with social-distancing rules in place), clinics were unable to operate fully due to these measures.

There is still uncertainty over how the future development of the outbreak will impact the Group's business and customer demand for its services. The appropriateness of the going concern basis of accounting is dependent on the continued availability of borrowings by compliance with loan covenants. The Group has loans of RUB6,309,964 thousand requiring compliance with covenants. As at the date of authorisation of the financial statements, the Group had sufficient headroom on its facilities.

To respond to a severe downside scenario, management has the ability to take the following mitigating actions to reduce costs, optimise the Group's cash flow and preserve liquidity:

- reducing non-essential capital expenditure and deferring or cancelling discretionary spend;
- freezing non-essential recruitment; and
- reducing marketing spend.

Based on these factors, management has a reasonable expectation that the Group has adequate resources and sufficient loan facility headroom.

Impairment of property, plant and equipment, goodwill and right-of-use assets

Management has considered the impact of COVID-19 on the business of the Group. Current market conditions create additional estimation uncertainties and impact certain key assumptions in the valuation of assets used for preparation of these consolidated financial statements.

For impairment testing purposes, the Group has determined that each subsidiary is a separate CGU. Each CGU is tested for impairment at the balance sheet date if any indicators of impairment have been identified. The COVID-19 pandemic was considered as an impairment trigger and as a result subsidiaries with significant impact of lockdown on financial results have been tested for impairment.

The value in use of each CGU tested for impairment is calculated based on the Group's latest forecast cash flows, covering a five-year period, which have regard to historic performance and knowledge of the current market, together with the Group's views on the future achievable growth and the impact of committed initiatives. The cash flows include ongoing capital expenditure required to maintain the healthcare network, but exclude any growth capital initiatives not committed.

2. BASIS OF PREPARATION (continued)

COVID-19 (continued)

Impairment of property, plant and equipment, goodwill and right-of-use assets (continued)

Cash flows beyond this five-year period are extrapolated using a long-term growth rate based on management's future expectations, with reference to forecast GDP growth. The forecasts used to calculate the value in use have been updated to take into account the COVID-19 scenario. This assumes an impact on 2020/21 revenues and profits.

The key assumptions in the value in use calculations are the growth rates of sales and gross profit margins, changes in the operating cost base, long-term growth rates and the risk-adjusted pre-tax discount rate. The pre-tax discount rates are derived from the Group's weighted average cost of capital, which has been calculated using the capital asset pricing model, the inputs of which include a country risk-free rate, equity risk premium, Group size premium and a risk adjustment (beta). The pre-tax discount rates range from 13% to 14%.

As a result, no impairment loss is recognised.

Impairment of financial assets

The Company's allowance for doubtful accounts as at the date of signing these consolidated financial statements reflects the Company's best estimate of the expected future losses for its accounts receivables based on the current economic conditions; however, as a result of the uncertainty caused by COVID-19 pandemic and other factors, these estimates may change and future actual losses may differ from the Company's estimates. The Company will continue to monitor economic conditions and will revise the estimates of the expected future losses for accounts receivable as necessary.

The expected loss rates are determined based on the average write-offs as a proportion of average debt over a period of 12 months prior to the reporting date. The historical loss rates are adjusted for current and forward-looking information where significant. The Group considers GDP growth, unemployment, sales growth and bankruptcy rates to be the most relevant factors and, where the impact of these is significant, adjusts the historical loss rates based on expected changes in these factors.

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 2019 and for the year then ended.

New standards and amendments applied for the first time in 2020 did not impact these consolidated financial statements of the Group.

Basis of consolidation

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

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

Business combinations

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

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

Acquisitions from entities under common control

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

Non-controlling interests

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

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

Loss of control

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

Transactions eliminated on consolidation

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

Revenue

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

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

Type of product/service	**Nature, timing of satisfaction of performance obligations, significant payment terms**
Rendering of services (except storage of stem cells and long term contracted described below)	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 has 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue (continued)

Type of product/service	Nature, timing of satisfaction of performance obligations, significant payment terms
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 and recognised 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.
Rendering of services (long-term contracts)	Long-term contracts for offering medical services that last from 1 to 5 years with performance obligations satisfied via passage of time. Payments from legal entities are usually fully prepaid. Revenue is accrued monthly during the whole period of contract.

Finance income

Finance income includes:

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

Finance expenses

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

Foreign currency translation

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

Tax

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Tax (continued)

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

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

Dividends declared

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

Government grants

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

Property, plant and equipment

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

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

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

	Years
Freehold buildings	50
Leasehold improvements	10-20
Plant and equipment	5-10

No depreciation is provided on land.

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

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

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

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss for the year in which it is incurred. The cost of major renovations and other subsequent expenditure is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

(i) Goodwill

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

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

(ii) Patents and trademarks

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

(iii) Software and web site costs

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

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

Inventories

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

Provisions

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

Financial instruments

Recognition

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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. 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 because this best reflects the way the business is managed and information is provided to management. The information considered includes:

– the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

– how the performance of the portfolio is evaluated and reported to the Group's management;

– the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

– how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

– the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest (continued)

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 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.

Initial measurement

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

Subsequent Measurement

Financial assets at amortised cost:
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gain and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

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.

Financial liabilities at amortised cost:
Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

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 respondence 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 assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

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 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.

Derecognition of financial assets

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

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

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

Derecognition of financial liabilities

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition of financial liabilities (continued)

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.

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.

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.

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.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases in which the Group is a lessee

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Leases in which the Group is a lessee (continued)

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.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

COVID-19-related rent concessions

The Group has applied COVID-19-Related Rent Concessions - Amendment to IFRS 16. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

Leases in which the Group is a lessor

The Group does not have significant contracts where it is a lessor.

Standards and Interpretations not adopted by the EU as at 1 January 2020:

– Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);

– Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16);

– Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);

– Reference to Conceptual Framework (Amendments to IFRS 3);

– Classification of Liabilities as Current or Non-current (Amendments to IAS 1);

– IFRS 17 Insurance Contracts and amendments to 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of new and revised International Financial Reporting Standards and Interpretations

New currently effective requirements

The Group has early adopted COVID-19-Related Rent Concessions - Amendment to IFRS 16 issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Group is a lessee - i.e. for leases to which the Group applies the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 coronavirus pandemic are lease modifications. The Group has applied the amendment retrospectively. The amendment has no impact on retained 1 January 2020.

4. REVENUE

	2020	2019
	RUB'000	*RUB'000*
In vitro fertilisation (IVF)	3,452,087	3,842,793
Therapy, surgery and other in-patient medical services	3,262,000	1,268,790
Deliveries	2,433,703	2,304,996
Obstetrics and gynaecology out-patient treatments	1,941,813	1,974,579
Laboratory examinations and other medical services	1,750,231	1,318,986
Diagnostic center and other out-patient medical services	1,735,677	1,664,544
Paediatrics out-patient treatments	1,289,708	1,430,112
Oncology	1,271,597	170,125
Obstetrics and gynaecology in-patient treatments	988,114	1,100,765
Paediatrics in-patient treatments	490,325	506,612
Sales of goods	236,429	254,567
Storage of stem cells	144,576	140,291
Other income	137,239	182,701
Total revenue from contracts with customers	**19,133,499**	**16,159,861**

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 (78% 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 and the contract for offering medical services to one of the biggest Russian oil companies.

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

The contract liabilities primarily relate to the advance consideration received from patients. The amount of RUB777,742 thousand recognised in short-term contract liabilities at the beginning of the year was recognised as revenue during the year ended 31 December 2020 (31 December 2019: RUB734,282 thousand). The amount of RUB35,059 thousand was returned to the patients and the amount of RUB239,654 thousand was transferred to the other contracts during the year ended 31 December 2020 (31 December 2019: RUB37,165 thousand and RUB204,224 thousand respectively).

The increase in therapy, surgery and other in-patient medical services was due to performance of Lapino hospital which was quickly converted for the treatment of patients with coronavirus.

The decrease in In vitro fertilisation (IVF) was due to temporary govement's ban on IVF services in most regions where the Group operates in order to prevent the spread of COVID-19.

MD MEDICAL GROUP INVESTMENTS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020

5. COST OF SALES

	2020	2019
	RUB'000	*RUB'000*
Payroll and related social taxes	6,052,868	5,644,082
Materials and supplies used	3,771,140	2,701,302
Depreciation	1,240,335	1,223,131
Medical services	398,160	330,345
Energy and utilities	221,117	207,499
Property tax	190,102	121,271
Repair and maintenance	101,046	118,157
Other expenses	31,852	30,431
Total cost of sales	**12,006,620**	**10,376,218**

During the year ended 31 December 2020 the government granted RUB108,915 thousand to cover extra payments to doctors and other medical staff and RUB7,535 thousand in respect of materials used as a result of COVID-19 (for the year ended 31 December 2019: nil). These amounts reduced the staff and materials costs accordingly.

6. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2020	2019
	RUB'000	*RUB'000*
Payroll and related social taxes	1,619,580	1,487,107
Utilities and materials	249,588	209,312
Depreciation	172,988	185,422
Advertising	142,865	99,506
Other professional services	142,740	162,681
Acquiring and encashment	127,240	133,681
Amortisation	110,450	100,610
Communication costs	45,413	40,307
Comission fees	45,336	39,754
IT support	40,088	42,331
Learning and development	30,356	30,134
Independent auditors' remuneration	25,078	21,458
Other expenses	55,071	88,452
Total selling, general and administrative expenses	**2,806,793**	**2,640,755**

The remuneration of the independent auditors includes an amount of RUB22,812 thousand regarding audit services and an amount of RUB2,266 thousand regarding tax services.

7. STAFF COSTS

	2020	2019
	RUB'000	*RUB'000*
Wages and salaries	6,091,278	5,641,520
Social insurance contributions and other taxes	1,581,170	1,489,669
Total staff costs	**7,672,448**	**7,131,189**

The number of employees as at 31 December 2020 was 8,274 (31 December 2019: 7,752).

8. OTHER INCOME AND EXPENSES

During the year ended 31 December 2020 the Group received other income of RUB226,391 thousand. This income arose mostly from the receipt of the compensation of costs caused by COVID-19 pandemic amounted to RUB134,999 thousand and property tax refund amounted to RUB41,868 thousand by Lapino hospital.

The Group incurred other expenses amounted to RUB42,279 thousand in the reporting year. These expenses arose mostly due to an impairment of construction in progress in LLC Mother and Child Kazan amounted to RUB21,146 thousand as the Group abandoned the hospital construction in this city.

9. NET FINANCE EXPENSES

	Note	2020	2019
		RUB'000	*RUB'000*
Finance income			
Initial recognition of other payables to tax authorities at market rate		137,645	93,855
Bank interest received		110,796	111,734
Other finance income		141	9,115
Finance income		**248,582**	**214,704**
Finance expenses			
Interest on bank loans		(337,014)	(389,241)
Unwinding of discount on other payables to tax authorities		(66,011)	(54,889)
Interest on leases		(53,962)	(41,931)
Other interest expenses		(23,770)	(19,535)
Other finance expense			
Bank charges		(25,522)	(19,292)
Other finance expenses		-	(11,426)
Impairment of trade and other receivables	15	(30,959)	(2,357)
Finance expenses		**(537,238)**	**(538,671)**
Net foreign exchange transactions gain / (loss)		**122,532**	**(53,333)**
Net finance expenses		**(166,124)**	**(377,300)**

10. INCOME TAX

Reconciliation between profit before tax and income tax expense:

	2020	2019
	RUB'000	*RUB'000*
Profit before tax	4,338,074	2,757,046
Less profit before tax of non-taxable subsidiaries	(4,435,091)	(3,049,226)
Loss before tax excluding not-taxable subsidiaries	**(97,017)**	**(292,180)**
Tax using the Group's domestic tax rate	19,403	58,436
Effect of subsidiaries taxable at lower tax rates	259	820
Non-deductible expenses	(8,010)	(6,636)
Current-year losses for which no deferred tax asset is recognised	(16,426)	(72,357)
Written-off temporary differences of medical companies due to change in Tax Code in 2019	-	49,316
Total income tax (expense) / benefit	**(4,774)**	**29,579**

10. INCOME TAX (continued)

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

As the result of changes in Tax Code the Group recognised additional tax benefit amounted of RUB49,316 thousand during the year ended 31 December 2019. 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 2020 deferred tax assets relating to tax losses carried forward in the amount of RUB280,211 thousand (31 December 2019: RUB263,785 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 2020, there were temporary differences (before calculating tax effect) of RUB7,595,057 thousand (31 December 2019: RUB6,543,395 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

	2020	**2019**
Basic and fully diluted earnings attributable to the owners of the Company (RUB'000)	4,196,463	2,637,638
Weighted average number of ordinary shares in issue during the year	75,125,010	75,120,211
Basic and fully diluted earnings per share (RUB)	**55.86**	**35.11**

12. DIVIDENDS

On 4 September 2020 the Board of Directors declared interim dividends attributable to the owners of the Company amounting to RUB736,225 thousand (USD9,755 thousand), which corresponds to RUB9.8 (USD0.13) per share. The dividends were paid on 20 October 2020.

On 11 August 2020 the Board of Directors declared final dividends for the year 2019 attributable to the owners of the Company amounting to RUB1,389,813 thousand (USD18,839 thousand), which corresponds to RUB18.5 (USD0.25) per share. The dividend distribution was approved by the Extraordinary General Meeting of the shareholders on 3 September 2020. The dividends were paid on 13 October 2020.

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.

13. PROPERTY, PLANT AND EQUIPMENT

In 2019 the government granted RUB500,000 thousand as support for the construction of Tyumen hospital, while RUB360,818 thousand was received in cash. The remaining amount of RUB139,182 thousand was received in 2020.

MD MEDICAL GROUP INVESTMENTS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020

13. PROPERTY, PLANT AND EQUIPMENT (continued)

	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 2019	**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	-	-	-	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**
Additions	1,027,126	2,002,553	609,649	85,863	3,725,191
Disposals	(5,438)	(2,362)	(45,797)	(121,978)	(175,575)
Impairment loss	-	(22,308)	-	-	(22,308)
Transfer from construction in progress	3,488,931	(3,947,493)	458,562	-	-
Balance at 31 December 2020	**21,283,540**	**158,752**	**9,158,576**	**723,077**	**31,323,945**
Depreciation					
Balance at 1 January 2019	**(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)**
Depreciation during the year	(395,250)	-	(891,312)	(126,761)	(1,413,323)
Accumulated depreciation on disposals	3,618	-	32,774	15,779	52,171
Balance at 31 December 2020	**(2,231,515)**	-	**(5,562,862)**	**(233,030)**	**(8,027,407)**
Carrying amounts					
Balance at 1 January 2019	**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**
Balance at 31 December 2020	**19,052,025**	**158,752**	**3,595,714**	**490,047**	**23,296,538**

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Construction in progress includes machinery and equipment, X-ray equipment, tomographs and other items of property, plant and equipment not yet available for use and predominantly relates to the buildings construction through the use of sub-contractors.

The amount of borrowing costs capitalised during the year ended 31 December 2020 was RUB131,779 thousand (RUB148,986 thousand for the year ended 31 December 2019). Capitalisation rate for loans was 7.19% for the year ended 31 December 2020 (10.3% for the year ended 31 December 2019).

As at 31 December 2020 construction in progress mainly includes construction costs of Lapino hospitals amounting to RUB68,417 thousand and Saint-Petersburg hospital amounting to RUB85,923 thousand.

On 31 August 2020 the Group released all collateral of property, plant and equipment. So the total net book value of property, plant and equipment which is held as collateral for the loans and borrowings was nil as at 31 December 2020 (31 December 2019: RUB10,086,859 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 2019	**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**
Additions	-	-	123,474	123,474
Balance at 31 December 2020	**2,032,320**	**564,812**	**253,072**	**2,850,204**
Amortisation				
Balance at 1 January 2019	**-**	**(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)**
Amortisation during the year	-	(71,238)	(39,212)	(110,450)
Balance at 31 December 2020	**-**	**(511,384)**	**(133,165)**	**(644,549)**
Carrying amounts				
Balance at 1 January 2019	**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**
Balance at 31 December 2020	**2,032,320**	**53,428**	**119,907**	**2,205,655**

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 2020	31 December 2019
	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 for the calculation of the terminal value is estimated to be 4%. Discount after-tax rate applied to the cash flow projections is 13.7%. The values assigned to the key assumptions represent management's assessment of future trends and have been based on historical data from both external and internal sources.

No impairment of goodwill was recognised in 2020 and in 2019. 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 2020	31 December 2019
		RUB'000	*RUB'000*
CAPEX prepayments		630,626	394,016
Trade receivables net of impairment provision		836,756	375,852
Government grant receivable	13	-	139,182
Advances paid to suppliers		116,807	101,851
Deferred expenses		6,081	3,588
Loans receivable		-	1,000
Other receivables		48,329	38,264
		1,638,599	**1,053,753**
Non-current portion		630,626	394,016
Current portion		1,007,973	659,737
		1,638,599	**1,053,753**

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

The advance paid for PPE in the amount of RUB24,196 thousand was received back in full by the Group during the year ended 31 December 2020 due to cancellation of the hospital construction in Kazan.

Ageing analysis of trade receivables:

	Gross amount 31 December 2020	Impairment 31 December 2020	Gross amount 31 December 2019	Impairment 31 December 2019
	RUB'000	*RUB'000*	*RUB'000*	*RUB'000*
Not past due	717,114	(3,188)	308,174	(1,347)
Past due	231,113	(108,283)	164,039	(95,014)
	948,227	**(111,471)**	**472,213**	**(96,361)**

In addition to the bad debt provision accrued as at 31 December 2020 the accounts receivable in the amount of RUB15,849 thousand were written-off during the year ended 31 December 2020 (year ended 31 December 2019: RUB1,375 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 2020.

Ageing	Status	Weighted-average loss rate 2020	Gross carrying amount 2020	Loss allowance 2020	Gross carrying amount 2019	Loss allowance 2019	Credit-impaired
			RUB'000	*RUB'000*	*RUB'000*	*RUB'000*	
0-30 days	past due	16%	55,940	(8,837)	27,413	(2,297)	partly
31-60 days	past due	33%	16,781	(5,558)	4,997	(1,849)	partly
61-90 days	past due	55%	12,254	(6,770)	4,291	(2,801)	partly
more than 91 days	past due	58%	96,870	(56,077)	90,915	(64,748)	partly
TOTAL			**181,845**	**(77,242)**	**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 2020.

Ageing	Status	Weighted-average loss rate 2020	Gross carrying amount 2020	Loss allowance 2020	Gross carrying amount 2019	Loss allowance 2019	Credit-impaired
			RUB'000	*RUB'000*	*RUB'000*	*RUB'000*	
0-30 days	not past due	10%	30,971	(3,188)	17,368	(1,347)	partly
31-60 days	past due	15%	13,952	(2,074)	9,396	(1,026)	partly
61-90 days	past due	19%	6,173	(1,147)	3,983	(846)	partly
more than 91 days	past due	90%	29,143	(26,300)	23,044	(19,714)	partly
TOTAL			**80,239**	**(32,709)**	**53,791**	**(22,933)**	

Based on the analysis of the historical data for accounts receivable from related parties amounted to RUB31,628 thousand no provision is accrued. For accounts receivable from insurance companies amounted to RUB654,515 thousand provision is accrued only for those which licences had been revoked (as the most part relates to accounts receivable for MHI services provided which payments are guaranteed by the government). Such provision of RUB1,520 thousand was accrued as at 31 December 2020.

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 2020	31 December 2019
	RUB'000	*RUB'000*
Current bank accounts and cash in hand	921,812	569,399
Bank deposits with maturity less than 3 months	2,206,906	2,492,049
TOTAL CASH AND CASH EQUIVALENTS	**3,128,718**	**3,061,448**
Other short-term bank deposits with maturity more than 3 months	746,145	506,916
TOTAL CASH AND CASH EQUIVALENTS AND SHORT-TERM DEPOSITS	**3,874,863**	**3,568,364**

Currency:

	31 December 2020	31 December 2019
	RUB'000	*RUB'000*
RUB	2,822,660	3,053,314
USD	1,052,197	515,002
EUR	6	48
	3,874,863	**3,568,364**

16. CASH AND CASH EQUIVALENTS AND SHORT-TERM DEPOSITS (continued)

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.

Reserves

Reserves include negative common control transactions reserve in the amount of RUB682,873 thousand and positive 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 changes during 2020.

19. LOANS AND BORROWINGS

	31 December 2020 *RUB'000*	31 December 2019 *RUB'000*
Long-term liabilities		
Bank loans	4,801,332	5,297,081
Lease liabilities	429,145	567,263
Short-term liabilities		
Bank loans	1,508,632	1,151,176
Lease liabilities	78,889	82,727
Total loans and borrowings	**6,817,998**	**7,098,247**

Maturity of loans and borrowings:

	31 December 2020 *RUB'000*	31 December 2019 *RUB'000*
Within one year	1,587,521	1,233,903
Between one and five years	4,626,670	5,012,000
More than 5 years	603,807	852,344
	6,817,998	**7,098,247**

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

MD MEDICAL GROUP INVESTMENTS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020

19. LOANS AND BORROWINGS (continued)

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

	Currency	Effective interest rate	Maturity	31 December 2020 Face value RUB'000	31 December 2020 Carrying amount RUB'000	31 December 2019 Face value RUB'000	31 December 2019 Carrying amount RUB'000
Unsecured bank loan	RUB	7.58%	2023	1,551,652	1,551,652	2,091,946	2,091,946
Unsecured bank loan	RUB	7.52%	2024	1,373,737	1,373,737	1,902,384	1,902,384
Unsecured bank loan	RUB	7.60%	2022	420,490	420,490	631,556	631,556
Unsecured bank loan	RUB	7.09%	2026	2,964,085	2,964,085	1,815,638	1,815,638
Unsecured bank loan	RUB	10.74%	2020	-	-	6,733	6,733
Current lease liabilities	RUB	8.29%	2021	78,889	78,889	82,727	82,727
Non-current lease liabilities	RUB	8.58%	2022-2028	429,145	429,145	567,263	567,263
				6,817,998	**6,817,998**	**7,098,247**	**7,098,247**

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 2020 Bank loans RUB'000	31 December 2020 Lease liabilities RUB'000	31 December 2019 Bank loans RUB'000	31 December 2019 Lease liabilities RUB'000
Balance at 1 January before adjustment	**6,448,257**	**649,990**	**5,665,275**	-
Adjustment on OB IFRS 16 Leases	-	-	-	329,591
Balance at 1 January adjusted	**6,448,257**	**649,990**	**5,665,275**	**329,591**
Changes in cash flows				
Proceeds from loans and borrowings	1,193,493	-	1,831,205	-
Repayment of loans and borrowings	(1,319,275)	-	(1,051,367)	-
Payments of lease liabilities	-	(158,086)	-	(158,281)
Interest paid included in financing cash flows	(349,525)	-	(386,097)	-
Interest paid included in investment cash flows	(131,779)	-	(148,986)	-
Total changes in cash flows	**(607,086)**	**(158,086)**	**244,755**	**(158,281)**
Liability-related changes				
Effect of IFRIC agenda decision	-	-	-	276,461
Discounts on lease agreements	-	(10,216)	-	-
Additions of lease liabilities	-	85,863	-	174,706
Leases terminated	-	(113,479)	-	(14,418)
Finance expenses accrued in PL	337,014	53,962	389,241	41,931
Finance expenses capitalised in PPE	131,779	-	148,986	-
Total liability-related other changes	**468,793**	**16,130**	**538,227**	**478,680**
Balance at 31 December	**6,309,964**	**508,034**	**6,448,257**	**649,990**

20. CONTRACT LIABILITIES

	31 December 2020 RUB'000	31 December 2019 RUB'000
Patient advances	**1,909,241**	**1,405,087**
including:		
Contract liabilities after more than one year	483,026	205,527
Contract liabilities within one year	1,426,215	1,199,560

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 and long-term contracts for offering medical services lasting from 1 to 5 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 other contracts valid up to 1 year.

21. TRADE AND OTHER PAYABLES

	31 December 2020	31 December 2019
	RUB'000	*RUB'000*
Trade payables	1,058,858	498,006
Other payables to tax authorities	840,119	657,233
Accruals	561,839	439,689
Payables to employees	418,204	355,715
Taxes payable	204,962	175,621
CAPEX payables	193,731	123,762
Income tax liability	1,384	1,929
Other payables	31,034	30,422
	3,310,131	**2,282,377**
Non-current portion	679,843	547,014
Current portion	2,630,288	1,735,363
	3,310,131	**2,282,377**

The contractual cash flows (except for 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. Balances and transactions with related parties

The remuneration of the members of the key management personnel and non-executive directors for the year ended 31 December 2020 was RUB132,290 thousand (for the year ended 31 December 2019: RUB95,694 thousand).

The remuneration of the members of the key management personnel which remained unpaid as at 31 December 2020 was RUB32,365 thousand (31 December 2019: RUB23,208 thousand).

The Group provided medical informational services to related parties amounted to RUB158,321 thousand for the year ended 31 December 2020 (for the year ended 31 December 2019: RUB51,922 thousand) and received commission services from related parties amounted to RUB15,609 thousand for the year ended 31 December 2020 (for the year ended 31 December 2019: nil).

The receivables from medical informational services which remained unpaid as at 31 December 2020 was RUB31,132 thousand (31 December 2019: RUB11,269 thousand).

The Group received medical services from related parties amounted to RUB60,627 thousand for the year ended 31 December 2020 (for the year ended 31 December 2019: RUB30,118 thousand).

The payables from medical services which remained unpaid as at 31 December 2020 was RUB54,149 thousand (31 December 2019: RUB4,064 thousand).

The Group provided services to the key management personnel under non-exclusive commercial concession agreement for the year ended 31 December 2020 amounted to RUB1,220 thousand (for the year ended 31 December 2019: RUB1,247 thousand).

The receivables services under non-exclusive commercial concession agreements which remained unpaid as at 31 December 2020 was RUB496 thousand (as at 31 December 2019: RUB302 thousand).

The Group purchased intangible assets from related parties amounted to RUB967 thousand for the year ended 31 December 2020 (for the year ended 31 December 2019: RUB4,508 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 2020, 31 December 2019 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
Vitaly Ustimenko	Direct ownership of shares	0.005

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 10 November 2020, as a result the share of his ownership increased from 0.0035% to 0.005% 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 RUB1,443,963 thousand for the year ended 31 December 2020 (31 December 2019: RUB543,399 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.

23. FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

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 2020	31 December 2019
	RUB'000	*RUB'000*
Trade and other receivables	879,759	551,089
Cash and cash equivalents and short-term bank deposits excluding cash in hand	3,863,592	3,559,098
	4,743,351	**4,110,187**

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 RUB3,863,592 thousand as at 31 December 2020 (31 December 2019: RUB3,559,098 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-Aa3, based on rating agency Moody's Investors Service ratings.

Number of banks	External credit rating	Carrying amount
2	Baa3	2,720,022
1	A3	846,628
2	Aa3	296,942
Total		**3,863,592**

23. FINANCIAL RISK MANAGEMENT (continued)

(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 2020	**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	6,309,964	7,157,141	271,119	1,558,626	1,914,552	2,942,898	469,946
Lease liabilities	19	508,034	667,037	21,571	97,677	104,856	277,474	165,459
CAPEX payables	21	193,731	193,731	59,067	134,664	-	-	-
Trade payables	21	1,058,858	1,058,858	1,058,858	-	-	-	-
Other payables and accrued expenses	21	2,056,158	2,396,695	827,452	505,481	162,012	431,156	470,594
		10,126,745	**11,473,462**	**2,238,067**	**2,296,448**	**2,181,420**	**3,651,528**	**1,105,999**

31 December 2019		**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	21	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**

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 and interest rates, may affect 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 2020	**31 December 2019**
	RUB'000	*RUB'000*
Fixed rate instruments		
Financial assets	2,953,051	2,999,965
Financial liabilities	(6,817,998)	(7,098,247)
	(3,864,947)	**(4,098,282)**

In particular, fixed-rate financial liabilities include fixed interest rate bank loans amounted to RUB6,309,964 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 interest 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 2020			**31 December 2019**		
	USD`000	*EUR`000*	*GBP`000*	*USD`000*	*EUR`000*	*GBP`000*
Assets						
Cash at bank	306,052	6	-	21,304	48	-
Short-term bank deposits	746,145	-	-	493,698	-	-
Trade and other receivables	330	38	-	3,035	113	-
Liabilities						
CAPEX payables	(1,748)	(6,700)	-	(1,933)	(1,226)	-
Trade and other payables and accruals	(531)	(706)	-	-	(1,074)	(75)
Net exposure	**1,050,248**	**(7,362)**	**-**	**516,104**	**(2,139)**	**(75)**

23. FINANCIAL RISK MANAGEMENT (continued)

(iii) Market risk (continued)

Currency risk (continued)

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2020	*2019*	*2020*	*2019*
USD	72.1464	64.4435	73.8757	61.9057
EUR	82.4488	72.2409	90.6824	69.3406
GBP	92.5689	82.3666	100.0425	81.1460

Sensitivity analysis

A 10% weakening of the Russian Ruble against the above currencies will result in the increase in profit and equity of RUB104,289 thousand as at 31 December 2020 (31 December 2019: RUB51,389 thousand). A 10% strengthening of the Russian Ruble would have an opposite impact.

Capital management

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

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

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

	Note	31 December 2020	31 December 2019
		RUB'000	*RUB'000*
Financial liabilities	19	6,817,998	7,098,247
Less: cash and cash equivalents	16	(3,128,718)	(3,061,448)
Net debt		3,689,280	4,036,799
Total equity		19,952,581	17,880,142
Net debt to equity ratio		**18.49%**	**22.58%**

The net debt including short-term bank deposits equals to RUB2,943,135 thousand as at 31 December 2020 (31 December 2019: RUB3,529,883 thousand). The net debt ratio adjusted by short-term bank deposits is 14.75% (31 December 2019: 19.74%)

24. FAIR VALUES

As at 31 December 2020 and 31 December 2019 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. OPERATING ENVIRONMENT

(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 COVID-19 coronavirus pandemic has further increased uncertainty in the business environment.

The Group primarily operates in Russian healthcare system which is subject to a specific regulatory regime and has its own peculiarities. A part of the Group's operations are covered by the Mandatory Health Insurance that require compliance with certain requirements.

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.

	2020	**2019**
	RUB'000	*RUB'000*
Revenue	3,535,701	3,050,292
Profit and total comprehensive income	1,428,837	1,212,761
Profit and other comprehensive income allocated to non-controlling interests	**71,442**	**60,638**
Dividends paid to non-controlling interests	65,000	31,000
Non-controlling interests percentage	**5%**	**5%**

26. NON-CONTROLLING INTERESTS (continued)

	31 December 2020	31 December 2019
	RUB'000	*RUB'000*
Non-current assets	4,300,934	4,326,689
Current assets	1,067,896	869,148
Non-current liabilities	(221,840)	(186,413)
Current liabilities	(702,619)	(693,891)
Net assets	**4,444,371**	**4,315,533**
Carrying amount of non-controlling interests	222,219	215,777
Other non-controlling interests	121,537	125,965
	343,756	**341,742**

27. CAPITAL COMMITMENTS

Capital commitments mostly comprise of the obligations under construction contracts in the amount of RUB456,013 thousand as at 31 December 2020 (31 December 2019: RUB1,229,503 thousand).

28. SEGMENT REPORTING

The Group operates in Russian Federation and 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 launched a new multifunctional medical centre ("Lapino-4") on the Lapino medical complex grounds on 1 February 2021. The centre will provide highly professional medical care, including patients with surgical pathology complicated by COVID-19 and maternity patients.

On 16 February 2021 Khaven reimbursed VAT in the amount of RUB33,138 thousand in cash for Lapino-2 construction.

On 19 March 2021 Board of Directors recommended the payment of RUB1,427,375 thousand as final dividends for the year 2020 which corresponds to RUB19.00 per share.