

MD MEDICAL GROUP INVESTMENTS PLC

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

For the period from 1 January 2015 to 30 June 2015

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2015 to 30 June 2015

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

TO THE MEMBERS OF

MD Medical Group Investments PLC

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of MD Medical Group Investments PLC and its subsidiaries ("the Group") as at 30 June 2015, the condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the interim financial statements ("the condensed consolidated interim financial statements"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with IAS34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 June 2015 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

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

for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors

11, June 16th 1943 Street
3022 Limassol
Cyprus

4 September 2015

Board Members:

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A.M. Gregoriades, A.A. Demetriou, D.S. Vakis, A.A. Apostolou
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J.C. Nicolaou, G.S. Prodromou, A.S. Sofocleous, G.N. Syrmis
T.J. Yiasemidis

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 January to 30 June

	Note	2015 RUB'000	2014 RUB'000
Revenue	4	4,517,741	3,330,172
Cost of sales	5	<u>(2,833,571)</u>	<u>(1,956,106)</u>
Gross profit		1,684,170	1,374,066
Other income		6,637	2,536
Administrative expenses	6	(865,656)	(632,251)
Other expenses		<u>(6,686)</u>	<u>(3,162)</u>
Operating profit		<u>818,465</u>	<u>741,189</u>
Finance income		205,929	26,536
Finance expenses		(239,810)	(162,374)
Net foreign exchange transactions (loss) / gain		<u>(1,276)</u>	<u>64,360</u>
Net finance expenses	8	<u>(35,157)</u>	<u>(71,478)</u>
Profit before tax		783,308	669,711
Taxation		<u>(15,132)</u>	<u>(44,761)</u>
Profit for the period		<u>768,176</u>	<u>624,950</u>
Total comprehensive income for the period		<u>768,176</u>	<u>624,950</u>
Profit for the period attributable to:			
Owners of the Company		687,305	567,632
Non-controlling interests		80,871	57,318
		<u>768,176</u>	<u>624,950</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		687,305	567,632
Non-controlling interests		80,871	57,318
		<u>768,176</u>	<u>624,950</u>
Basic and fully diluted earnings per share (RUB)	10	<u>9.18</u>	<u>7.56</u>

The notes on pages 8 to 17 are an integral part of these condensed consolidated interim financial statements.


MD MEDICAL GROUP INVESTMENTS PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2015/31 December 2014

	Note	30 June 2015 RUB'000	31 December 2014 RUB'000
Assets			
Property, plant and equipment	12	12,362,819	12,540,172
Intangible assets	13	1,938,293	1,981,089
Trade, other receivables and deferred expenses	14	64,009	104,557
Investments		2,725	2,705
Deferred tax assets		6,321	4,415
Total non-current assets		<u>14,374,167</u>	<u>14,632,938</u>
Inventories		283,425	267,896
Trade, other receivables and deferred expenses	14	245,832	229,383
Non-current assets held for sale		45,778	45,778
Current income tax asset		7,253	7,695
Cash and cash equivalents	15	1,531,332	890,551
Total current assets		<u>2,113,620</u>	<u>1,441,303</u>
Total assets		<u>16,487,787</u>	<u>16,074,241</u>
Equity			
Share capital	16	180,585	180,585
Reserves		9,960,537	9,573,693
Total equity attributable to owners of the Company		<u>10,141,122</u>	<u>9,754,278</u>
Non-controlling interests		<u>410,853</u>	<u>382,316</u>
Total equity		<u>10,551,975</u>	<u>10,136,594</u>
Liabilities			
Loans and borrowings	17	2,594,773	3,251,060
Trade and other payables	18	237,516	33,638
Deferred tax liabilities		6,550	6,690
Deferred income	19	102,902	90,405
Total non-current liabilities		<u>2,941,741</u>	<u>3,381,793</u>
Loans and borrowings	17	1,032,416	869,081
Obligations under finance leases		345	450
Trade and other payables	18	1,177,061	898,692
Deferred income	19	770,829	786,246
Current income tax liability		13,420	1,385
Total current liabilities		<u>2,994,071</u>	<u>2,555,854</u>
Total liabilities		<u>5,935,812</u>	<u>5,937,647</u>
Total equity and liabilities		<u>16,487,787</u>	<u>16,074,241</u>


On 4 September 2015 the Board of Directors of MD Medical Group Investments Plc authorised these condensed consolidated interim financial statements for issue.



 Elena Mladova
 Managing Director



 Mark Kurtser
 Director



 Vitaly Ustimenko
 Director

The notes on pages 8 to 17 are an integral part of these condensed consolidated interim financial statements.

MD MEDICAL GROUP INVESTMENTS PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the period from 1 January 2014 to 30 June 2014

	Attributable to owners of the Company						Non-controlling interests RUB'000	Total equity RUB'000
	Share capital RUB'000	Share premium RUB'000	Treasury shares RUB'000	Other reserves RUB'000	Retained earnings RUB'000	Total RUB'000		
Balance at 31 December 2013	180,585	5,243,319	-	(544,493)	3,930,803	8,810,214	398,944	9,209,158
Effect of change in functional currency	-	-	-	(110,859)	110,859	-	-	-
Balance at 1 January 2014	180,585	5,243,319	-	(655,352)	4,041,662	8,810,214	398,944	9,209,158
Comprehensive income								
Profit and total comprehensive income for the period	-	-	-	-	567,632	567,632	57,318	624,950
Contributions by and distributions to owners								
Dividends	-	-	-	-	(180,271)	(180,271)	(84,707)	(264,978)
Acquisition of treasury shares	-	-	(5,568)	-	-	(5,568)	-	(5,568)
Total transactions with owners	-	-	(5,568)	-	(180,271)	(185,839)	(84,707)	(270,546)
Changes in ownership interests								
Acquisition of additional share in subsidiary	-	-	-	-	1,728	1,728	(1,730)	(2)
Balance at 30 June 2014	180,585	5,243,319	(5,568)	(655,352)	4,430,751	9,193,735	369,825	9,563,560

The notes on pages 8 to 17 are an integral part of these condensed consolidated interim financial statements.

MD MEDICAL GROUP INVESTMENTS PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (continued)

For the period from 1 January 2015 to 30 June 2015

	Attributable to owners of the Company							Total equity RUB'000
	Share capital RUB'000	Share premium RUB'000	Treasury shares RUB'000	Other reserves RUB'000	Retained earnings RUB'000	Total RUB'000	Non- controlling interests RUB'000	
Balance at 1 January 2015	180,585	5,243,319	(73,086)	(655,352)	5,058,812	9,754,278	382,316	10,136,594
Comprehensive income								
Profit and total comprehensive income for the period	-	-	-	-	687,305	687,305	80,871	768,176
Contributions by and distributions to owners								
Dividends	-	-	-	-	(300,329)	(300,329)	(60,439)	(360,768)
Total transactions with owners	-	-	-	-	(300,329)	(300,329)	(60,439)	(360,768)
Changes in ownership interests								
Acquisition of subsidiaries with non-controlling interest	-	-	-	-	-	-	7,973	7,973
Decrease in ownership of subsidiary	-	-	-	-	(132)	(132)	132	-
Total changes in ownership interest	-	-	-	-	(132)	(132)	8,105	7,973
Balance at 30 June 2015	180,585	5,243,319	(73,086)	(655,352)	5,445,656	10,141,122	410,853	10,551,975

Share premium is not available for distribution.

The notes on pages 8 to 17 are an integral part of these condensed consolidated interim financial statements.

MD MEDICAL GROUP INVESTMENTS PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the period from 1 January to 30 June

	Note	2015 RUB'000	2014 RUB'000
Cash flows from operating activities			
Profit for the period		768,176	624,950
Adjustments for:			
Depreciation of property, plant and equipment	5,6	387,849	218,837
Loss from sale of property, plant and equipment		399	251
Amortisation of intangible assets	6	46,280	8,726
Finance income	8	(205,929)	(26,536)
Finance expense	8	239,810	162,374
Net foreign exchange transactions loss / (gain)	8	1,276	(64,360)
Taxation		15,132	44,761
Cash flows from operations before working capital changes		<u>1,252,993</u>	<u>969,003</u>
Increase in inventories		(15,527)	(5,267)
Increase in trade and other receivables		(3,202)	(29,460)
Increase in trade and other payables		67,530	43,874
(Decrease) / Increase in deferred income		(2,920)	45,332
Cash flows from operations		<u>1,298,874</u>	<u>1,023,482</u>
Tax paid		(6,890)	(35,435)
Net cash flows from operating activities		<u>1,291,984</u>	<u>988,047</u>
Cash flows from investing activities			
Payment for acquisition/construction of property, plant and equipment		(339,396)	(1,639,492)
Proceeds from disposal of property, plant and equipment		37	61
Payment for acquisition of intangible assets		(3,350)	(4,468)
Acquisition of subsidiaries, net cash outflow on acquisition		(992)	-
Interest received		23,379	26,536
Net cash flows used in investing activities		<u>(320,322)</u>	<u>(1,617,363)</u>

The notes on pages 8 to 17 are an integral part of these condensed consolidated interim financial statements.

MD MEDICAL GROUP INVESTMENTS PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (continued)

For the period from 1 January 2015 to 30 June 2015

	Note	2015 RUB'000	2014 RUB'000
Cash flows from financing activities			
Proceeds from borrowings		539	5,806
Acquisition of treasury shares		-	(3,130)
Repayment of borrowings		(491,290)	(270,677)
Repayment of obligations under finance leases		(127)	(2,338)
Finance expense paid		(240,046)	(157,748)
Increase in ownership in subsidiary		-	(2)
Proceeds from reimbursed VAT		466,374	-
Dividends paid to the owners of the Company		-	(180,271)
Dividends paid to non-controlling interests		(57,991)	(79,778)
Net cash flows used in financing activities		<u>(322,541)</u>	<u>(688,138)</u>
Net Increase / (decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		649,121	(1,317,454)
Effect of exchange rate changes on cash and cash equivalents		890,551	3,273,342
		<u>(8,340)</u>	<u>67,998</u>
Cash and cash equivalents at the end of the period	15	<u>1,531,332</u>	<u>2,023,886</u>

The notes on pages 8 to 17 are an integral part of these condensed consolidated interim financial statements.

MD MEDICAL GROUP INVESTMENTS PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2015 to 30 June 2015

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 condensed consolidated interim financial statements for the six months ended 30 June 2015 consist of the condensed consolidated statement of financial position as at the aforementioned date and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows and other explanatory notes of the Company and its subsidiaries (which together are referred to as "the Group") for the reporting period.

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.

The Group's medical centers typically offer a range of services in the following fields:

- Obstetrics and gynaecology;
- Paediatrics;
- Fertility and in-vitro fertilisation ("IVF") treatment;
- Other medical services.

Other medical services include but are not limited to dental care, laboratory examinations, surgery, traumatology and rehabilitation.

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

<u>Name</u>	<u>Country of incorporation</u>	<u>Activities</u>	<u>Notes</u>	30 June	31 December
				2015	2014
				Effective Holding	Effective Holding
				%	%
CJSC MD PROJECT 2000	Russian Federation	Medical services		95	95
LLC Khaven	Russian Federation	Medical services		100	100
LLC Velum	Russian Federation	Medical services		54	54
LLC Capital Group	Russian Federation	Renting of property,			
LLC FimedLab	Russian Federation	retail		80	80
		Medical services		60	60
		Holding of			
LLC Clinic Mother and Child	Russian Federation	trademarks	1	100	100
LLC Clinica Zdorovia	Russian Federation	Medical services		60	60
LLC Ivamed	Russian Federation	Medical services		100	100
LLC Dilamed	Russian Federation	Medical services		100	100
CJSC Listom	Russian Federation	Service company		100	100
LLC Ustic-ECO	Russian Federation	Medical services		70	70
LLC Mother and Child Perm	Russian Federation	Medical services		80	80
LLC Mother and Child Ufa	Russian Federation	Medical services	2	80	80
LLC Mother and Child Saint-Petersburg	Russian Federation	Medical services	2	60	60
LLC MD PROJECT 2010	Russian Federation	Medical services	3	100	100
LLC Mother and Child					
Ugo-Zapad	Russian Federation	Medical services	2	60	60
LLC MD Service	Russian Federation	Pharmaceutics retail	4	95	98
LLC Mother and Child					
Nizhny Novgorod	Russian Federation	Medical services		100	100

MD MEDICAL GROUP INVESTMENTS PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2015 to 30 June 2015

1. INCORPORATION AND PRINCIPAL ACTIVITIES (continued)

Name	Country of incorporation	Activities	Notes	30 June 2015 Effective Holding %	31 December 2014 Effective Holding %
LLC Mother and Child Yekaterinburg	Russian Federation	Medical services		100	100
LLC TechMedCom	Russian Federation	Service company	5	-	-
LLC Service Hospital Company	Russian Federation	Service company	5	-	-
Vitanostra Ltd	Cyprus	Holding of investments		100	100
LLC NPC MIR	Russian Federation	Holding of investments	6	100	100
LLC MK IDK	Russian Federation	Medical services	6	100	100
LLC Apteka IDK	Russian Federation	Pharmaceutics retail	6	100	100
LLC CSR	Russian Federation	Medical services	6	100	100
LLC Centre of Reproductive Medicine	Russian Federation	Medical services		85	85
LLC MD Assistance	Russian Federation	Assistance services		100	100
LLC Mother and Child Yaroslavl	Russian Federation	Medical services		80	80
LLC MD Management	Russian Federation	Management company		100	100
LLC Mother and Child Ryazan	Russian Federation	Medical services		100	100
Shelly Management ltd	BVI	Holding of investments	6	100	100
Ivicend Holding Ltd	Cyprus	Holding of investments		100	100
CJSC MC Avicenna	Russian Federation	Medical services	7	100	100
LLC H&C Medical Group	Russian Federation	Medical services	7	100	100
LLC Elleprof	Russian Federation	Service company	5	-	-
LLC Medtechnoservice	Russian Federation	Service company	5	-	-

Notes:

- 1% of the charter capital of this entity is directly owned by the Company and 99% of the charter capital of this entity is indirectly owned through LLC Khaven.
- These entities are indirectly owned through LLC Khaven.
- In March 2014 the Company acquired additional 20% share in LLC MD Project 2010.
- 95% of the charter capital of the entity is directly owned by the Company, 3% of the charter capital, previously owned by LLC Clinica Zdorovia was sold in March 2015.
- These entities, although not legally owned by the Group, are controlled by the Group since most of their activities are carried out on behalf of the Group.
- These entities are indirectly owned through Vitanostra Ltd.
- These entities are indirectly owned through Ivicend Holding Ltd.

As at 30 June 2015, 67.9% of the Company's share capital is owned by MD Medical Holding Limited, a company beneficially owned by Dr. Mark Kurtser. The 31.8% of the Company's share capital is owned by Guarantee Nominee Limited, who holds the shares on behalf of the GDR holders. The remaining 0.3% of the Company's share capital is owned by the Company.

MD MEDICAL GROUP INVESTMENTS PLC**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the period from 1 January 2015 to 30 June 2015

2. BASIS OF PREPARATION**(a) Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at 31 December 2014 and for the year then ended.

The condensed consolidated interim financial statements were approved by the Board of Directors and were authorised for issue on 4 September 2015.

(b) Basis of measurement

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

(c) Use of estimates and judgements

Preparing these condensed consolidated interim financial statements requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2014.

(d) Functional and presentation currency

All of the Group entities have RUB as their functional currency.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are consistent with those followed in the Group's consolidated financial statements as at 31 December 2014 and for the year then ended.

MD MEDICAL GROUP INVESTMENTS PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2015 to 30 June 2015

4. REVENUE

	30 June 2015 RUB'000	30 June 2014 RUB'000
Deliveries	848,885	660,524
IVF	710,686	533,678
Obstetrics and Gynaecology out-patient treatments	710,328	615,504
Paediatrics out-patient treatments	499,297	416,127
Obstetrics and Gynaecology in-patient treatments	383,302	335,122
Other medical services – out-patient	390,948	206,813
Other medical services – in-patient	212,875	32,227
Other medical services	431,860	291,826
Paediatrics in-patient treatments	142,973	88,214
Sales of goods	128,936	94,061
Other income	<u>57,651</u>	<u>56,076</u>
	<u>4,517,741</u>	<u>3,330,172</u>

The other medical services – inpatient includes surgery, plastic surgery, traumatology and therapy. Revenue increase mainly relates to acquisition of a company and launch of new clinics. The other medical services – outpatient includes diagnostical services, stomatology, rehabilitation and other.

5. COST OF SALES

	30 June 2015 RUB'000	30 June 2014 RUB'000
Payroll and related social taxes	1,623,911	1,192,518
Materials and supplies used	621,011	388,580
Depreciation	336,631	188,276
Medical services	83,077	64,761
Energy and utilities	60,899	42,444
Property tax	50,277	8,218
Repair and maintenance	29,113	15,126
Other expenses	<u>28,652</u>	<u>56,183</u>
	<u>2,833,571</u>	<u>1,956,106</u>

6. ADMINISTRATIVE EXPENSES

	30 June 2015 RUB'000	30 June 2014 RUB'000
Payroll and related social taxes	488,131	324,042
Utilities and materials	86,194	118,945
Other professional services	79,626	78,014
Advertising	54,630	34,626
Depreciation	51,218	30,561
Amortisation	46,280	8,726
Communication costs	11,694	10,078
Independent auditors' remuneration	6,284	7,279
Other expenses	<u>41,599</u>	<u>19,980</u>
	<u>865,656</u>	<u>632,251</u>

The consulting services provided by audit company was nil for the period 1st half 2015 (RUB 2,963 thousand 1st half 2014).

MD MEDICAL GROUP INVESTMENTS PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2015 to 30 June 2015

7. STAFF COSTS

	30 June 2015 RUB'000	30 June 2014 RUB'000
Wages and salaries	1,647,016	1,190,448
Social insurance contributions and other taxes	<u>465,026</u>	<u>326,112</u>
	<u>2,112,042</u>	<u>1,516,560</u>

8. NET FINANCE EXPENSES

	30 June 2015 RUB'000	30 June 2014 RUB'000
Finance income		
Income on discounting (Note 18)	178,134	-
Bank interest received	23,273	26,425
Bad debts recovered	4,416	-
Interest from loans to third parties	<u>106</u>	<u>111</u>
	<u>205,929</u>	<u>26,536</u>
Finance expenses		
Interest expense		
Interest on bank loans	(197,960)	(128,568)
Interest on loans from third parties	(276)	-
Finance leases interest	(23)	(87)
Other finance expense		
Bank charges	(39,577)	(29,063)
Impairment of trade and other receivables	(1,974)	(2,663)
Other impairment provision	<u>-</u>	<u>(1,993)</u>
	<u>(239,810)</u>	<u>(162,374)</u>
Net foreign exchange transaction (loss) / gain	<u>(1,276)</u>	<u>64,360</u>
Net finance expense	<u>(35,157)</u>	<u>(71,478)</u>

9. TAXATION

Majority of the Group companies, that are offering medical services, apply 0% corporate income tax rate. Other companies, that are operating in the Russian Federation, apply standard income tax rate of 20%.

The Group's consolidated effective income tax rate for the six months ended 30 June 2015 was 2% (period ended 30 June 2014: 7%).

10. EARNINGS PER SHARE

	30 June 2015	30 June 2014
Profit attributable to the owners of the Company (RUB'000)	<u>687,305</u>	<u>567,632</u>
Weighted average number of ordinary shares in issue during the year	<u>74,895,010</u>	<u>75,124,462</u>
Basic and fully diluted earnings per share (RUB)	<u>9.18</u>	<u>7.56</u>

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11. DIVIDENDS

On 27 April 2015 the Board of Directors declared a final dividend for the year 2014 amounting to USD 5,977 thousand (RUB300,329 thousand), which corresponds to USD0.08 (RUB4.01) per share. The dividend distribution was approved by the Annual General Meeting of the shareholders on 5 June 2015. The dividend was paid on 3 July 2015.

12. PROPERTY, PLANT AND EQUIPMENT

There are no material additions, disposals and impairments in property, plant and equipment.

The total net book value of property, plant and equipment which is held as collateral for the loans and borrowings is RUB5,635,573 thousand as at 30 June 2015 (31 December 2014: RUB6,142,450 thousand).

13. INTANGIBLE ASSETS

There are no material additions, disposals and impairments in intangible assets.

14. TRADE, OTHER RECEIVABLES AND DEFERRED EXPENSES

	30 June 2015 RUB'000	31 December 2014 RUB'000
CAPEX prepayments	64,009	104,557
Trade receivables	137,829	111,394
Advances paid to suppliers	55,851	60,834
Deferred expenses	19,818	15,936
Other receivables	<u>32,334</u>	<u>41,219</u>
	<u>309,841</u>	<u>333,940</u>
Non-current portion	64,009	104,557
Current portion	<u>245,832</u>	<u>229,383</u>
	<u>309,841</u>	<u>333,940</u>

Ageing analysis of trade and other receivables:

Trade receivables:	Gross amount	Impairment	Gross amount	Impairment
	30 June 2015 RUB'000	30 June 2015 RUB'000	31 December 2014 RUB'000	31 December 2014 RUB'000
Not past due	137,829	-	111,394	-
Past due	<u>19,834</u>	<u>(19,834)</u>	<u>22,276</u>	<u>(22,276)</u>
	<u>157,663</u>	<u>(19,834)</u>	<u>133,670</u>	<u>(22,276)</u>

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15. CASH AND CASH EQUIVALENTS

Cash balances are analysed as follows:

	30 June 2015 RUB'000	31 December 2014 RUB'000
Cash at bank and in hand	1,179,892	181,325
Bank deposits with maturity less than 3 months	<u>351,440</u>	<u>709,226</u>
	<u>1,531,332</u>	<u>890,551</u>
Currency:	30 June 2015 RUB'000	31 December 2014 RUB'000
Russian Ruble	857,812	371,869
Euro	2,100	487
United States Dollar	<u>671,420</u>	<u>518,195</u>
	<u>1,531,332</u>	<u>890,551</u>

16. SHARE CAPITAL

	Number of shares	Nominal value USD	Share capital RUB'000	Share capital USD'000
Authorised	<u>125,250,000</u>	<u>0.08</u>	-	<u>10,020</u>
Issued and fully paid	<u>75,125,010</u>	<u>0.08</u>	<u>180,585</u>	<u>6,010</u>

17. LOANS AND BORROWINGS

	30 June 2015 RUB'000	31 December 2014 RUB'000
Long term liabilities		
Bank loans	<u>2,594,773</u>	<u>3,251,060</u>
Short term liabilities		
Bank loans	<u>1,032,416</u>	<u>869,081</u>
Maturity of loans and borrowings:		
Within one year	1,032,416	869,081
Between one and five years	<u>2,594,773</u>	<u>3,251,060</u>
	<u>3,627,189</u>	<u>4,120,141</u>

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17. LOANS AND BORROWINGS (continued)

As at 30 June 2015, the terms and debt repayment schedule of loans is as follows:

	Currency	Nominal interest rate	Year of maturity	30 June 2015		31 December 2014	
				Face value RUB'000	Carrying amount RUB'000	Face value RUB'000	Carrying amount RUB'000
Secured bank loan	RUB	9%	2018	1,926,843	1,926,843	2,140,353	2,140,353
Secured bank loan	RUB	10.8%	2019	800,000	800,000	800,000	800,000
Secured bank loan	RUB	10.8%	2019	500,000	500,000	500,000	500,000
Secured bank loan	RUB	9%	2018	330,346	330,346	372,647	372,647
Secured bank loans	RUB	20%	2018	-	-	158,613	158,613
Unsecured bank loan	RUB	14.2%	2019	50,000	50,000	49,461	49,461
Unsecured bank loan	RUB	9.5%	2015	20,000	20,000	40,087	40,087
Other bank loans	RUB	11.5%-25.15%	2015	-	-	58,980	58,980
				<u>3,627,189</u>	<u>3,627,189</u>	<u>4,120,141</u>	<u>4,120,141</u>

The total net book value of property, plant and equipment which is held as collateral for the bank loans is disclosed in Note 12. As additional collateral the Company has pledged the shares of CJSC MD PROJECT 2000 and LLC Khaven.

18. TRADE AND OTHER PAYABLES

	30 June 2015 RUB'000	31 December 2014 RUB'000
Dividend payable	302,777	-
Other payables to tax authorities	288,239	-
Accruals	261,035	204,517
Trade payables	193,224	194,739
Payables to employees	162,950	161,959
Taxes payable	139,365	122,364
CAPEX payables	28,167	205,181
Other payables	<u>38,820</u>	<u>43,570</u>
	<u>1,414,577</u>	<u>932,330</u>
Non-current portion	237,516	33,638
Current portion	<u>1,177,061</u>	<u>898,692</u>
	<u>1,414,577</u>	<u>932,330</u>

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18. TRADE AND OTHER PAYABLES (continue)

	30 June 2015 RUB'000	31 December 2014 RUB'000
Currency:		
Russian Ruble	1,376,480	742,051
United States Dollar	8,785	95,056
Euro	9,291	77,126
UK pound sterling	<u>20,021</u>	<u>18,097</u>
	<u>1,414,577</u>	<u>932,330</u>

In June 2015 the tax authorities reimbursed RUB466,374 thousand of input-VAT to the Group relating to the construction of the hospital in Ufa. As the hospital's activity is predominantly non-taxable, it is expected that most of this amount would need to be returned to the authorities. In line with the Russian tax regulation, this amount shall be returned to the authorities during the following 9 years based on the proportion of VAT-taxable and VAT-non-taxable revenue for the coming years.

As a result of this, management has recorded the reimbursed input-VAT as a other payables to tax authorities. As most part of the amount is non-current, the liability has been discounted over the 9 year period resulting in a RUB178,134 thousand income upon initial recognition (see Note 8). A discount rate of 14% p.a. was applied based on an assessment of current market interest rates.

19. DEFERRED INCOME

	30 June 2015 RUB'000	31 December 2014 RUB'000
Patient advances	<u>873,731</u>	<u>876,651</u>
Deferred income after more than one year	102,902	90,405
Deferred income within one year	<u>770,829</u>	<u>786,246</u>
	<u>873,731</u>	<u>876,651</u>

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

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

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20. RELATED PARTY TRANSACTIONS

20.1 Key management personnel

The remuneration of the members of the key management personnel for the six months ended 30 June 2015 was RUB12,679 thousand (for the six months ended 30 June 2014: RUB17,432 thousand).

The rent expenses under agreement with a member of the key management personnel for the six months ended 30 June 2014 amounted to RUB428 thousand and nil for the six months ended 30 June 2015.

The company received juridical services from the key management personnel for the six months ended 30 June 2015 amounted to RUB138 thousand (for the six months ended 30 June 2014: nil).

20.2 Directors' interests

The direct and indirect interests of the members of the Board in titles of the Company as at 30 June 2015 and as at the date of signing these condensed consolidated interim financial statements are as follows:

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

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

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

21. CAPITAL COMMITMENTS

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

	30 June 2015 RUB'000	31 December 2014 RUB'000
Property, plant and equipment	52,503	48,238
Construction contracts	88,410	58,565
	<u>140,913</u>	<u>106,803</u>

22. EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period.