MD MEDICAL GROUP INVESTMENTS LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the period from 1 January 2012 to 30 June 2012

CONTENTS

MD MEDICAL GROUP INVESTMENTS LIMITED

OFFICERS, PROFESSIONAL ADVISORS AND REGISTERED OFFICE

Board of Directors	Elia Nicolaou Marios Tofaros (appointed on 2 August 2012) Elena Mladova (appointed on 2 August 2012) Mark Kurtser (appointed on 2 August 2012) Apollon Athanasiades (appointed on 2 August 2012)
Secretary	Menustrust Limited
Independent Auditors	KPMG Limited
Legal Advisors	Amicorp (Cyprus) Ltd
Registered Office	1 Avlonos Street Maria House, 5th floor P.C. 1075, Nicosia Cyprus

**INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
TO THE MEMBERS OF
MD Medical Group Investments Limited**

Introduction

We have reviewed the accompanying Interim Consolidated Statement of Financial Position of MD Medical Group Investments Limited and its subsidiaries ("the Group") as of 30 June 2012 and the related Interim Consolidated Statements of Income, Changes in Equity and Cash Flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes, presented using the provisions of International Accounting Standard 34 "Interim Financial Reporting" ("Interim Condensed Consolidated Financial Information"). The Board of Directors is responsible for the preparation and fair presentation of this Interim Condensed Consolidated Financial Information in accordance with International Financial Reporting Standards as adopted by the European Union (EU). Our responsibility is to express a conclusion on this interim financial information 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 Condensed Consolidated Financial Information 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 Interim Condensed Consolidated Financial Information does not give a true and fair view of the consolidated financial position of the Group as at 30 June 2012, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Chartered Accountants and Registered Auditors
11, June 16th 1943 Street,
3022 Limassol,
Cyprus.

11 September 2012

MD MEDICAL GROUP INVESTMENTS LIMITED

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June

	Note	2012	2011	Supplementary information 2012	Supplementary information 2011
		RUB'000	RUB'000	US$'000	US$'000
Revenue	4	1.966.944	1.323.924	64.197	46.252
Cost of sales	5	(982.383)	(732.473)	(32.063)	(25.589)
Gross profit		984.561	591.451	32.134	20.663
Other income		611	691	20	24
Administrative expenses	6	(192.016)	(109.384)	(6.267)	(3.822)
Other expenses		(1.840)	(418)	(60)	(14)
Operating profit	7	791.316	482.340	25.827	16.851
Finance income		350	546	12	19
Finance expenses		(37.150)	(18.301)	(1.213)	(640)
Net finance expenses	9	(36.800)	(17.755)	(1.201)	(621)
Operating profit after net finance expenses		754.516	464.585	24.626	16.230
Excess of Group's interest in the fair value of the acquired subsidiaries' net assets over the fair value of the consideration paid over their acquisition		—	42.043	—	1.469
Profit before tax		754.516	506.628	24.626	17.699
Tax		(26.518)	(110.757)	(866)	(3.869)
Profit for the period		727.998	395.871	23.760	13.830
Other comprehensive income					
Foreign currency translation differences on foreign operations		444	45.105	(2.823)	5.766
Total comprehensive income for the period		728.442	440.976	20.937	19.596
Profit for the period attributable to:					
Owners of the Company		655.690	373.904	21.400	13.063
Non-controlling interests		72.308	21.967	2.360	767
		727.998	395.871	23.760	13.830
Total comprehensive income for the period attributable to:					
Owners of the Company		656.134	419.009	19.449	18.465
Non-controlling interests		72.308	21.967	1.488	1.131
		728.442	440.976	20.937	19.596
Basic and fully diluted earnings per share (cent)	10	13,09	7,48	0,43	0,26

The notes on pages F-14 to F-24 are an integral part of this interim condensed consolidated financial information.

MD MEDICAL GROUP INVESTMENTS LIMITED
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2012	31 December 2011	Supplementary information 30 June 2012	Supplementary information 31 December 2011
		RUB'000	RUB'000	US$'000	US$'000
Assets					
Property, plant and equipment	12	5.474.396	4.043.632	166.816	125.594
Intangible assets		30.812	30.956	939	961
Trade and other receivables	13	572.877	461.763	17.457	14.342
Deferred tax assets		440	311	13	10
Total non-current assets		6.078.525	4.536.662	185.225	140.907
Inventories		30.459	27.071	928	841
Trade and other receivables	13	55.305	39.987	1.685	1.242
Current tax asset		29.381	32.193	896	1.000
Cash and cash equivalents	14	341.392	133.474	10.403	4.145
Total current assets		456.537	232.725	13.912	7.228
Total assets		6.535.062	4.769.387	199.137	148.135
Equity					
Share capital	15	149.636	149.636	5.010	5.010
Reserves		2.932.831	2.430.351	89.609	75.210
Total equity attributable to owners of the Company		3.082.467	2.579.987	94.619	80.220
Non-controlling interests		289.077	227.269	8.118	6.972
Total equity		3.371.544	2.807.256	102.737	87.192
Liabilities					
Loans and borrowings	16	1.970.498	1.059.828	60.045	32.918
Deferred tax liabilities		55.181	39.117	1.682	1.215
Deferred income	19	37.672	41.241	1.148	1.281
Total non-current liabilities		2.063.351	1.140.186	62.875	35.414
Short term portion of long-term loans	16	16.553	29.700	504	922
Obligations under finance leases	17	14.428	102.534	440	3.185
Trade and other payables	18	699.369	320.514	21.311	9.955
Deferred income	19	369.668	327.120	11.265	10.160
Tax liability		149	42.077	5	1.307
Total current liabilities		1.100.167	821.945	33.525	25.529
Total liabilities		3.163.518	1.962.131	96.400	60.943
Total equity and liabilities		6.535.062	4.769.387	199.137	148.135

On 11 September 2012 the Board of Directors of MD Medical Group Investments Limited authorised these interim condensed consolidated financial information for issue.

Elia Nicolaou
Director

Marios Tofaros
Director

The notes on pages F-14 to F-24 are an integral part of this interim condensed consolidated financial information.

MD MEDICAL GROUP INVESTMENTS LIMITED

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

	Attributable to owners of the Company								
	Share capital	Share premium	Common Control Transactions	Capital contribution	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000
Balance at 1 January 2011	149.316	119.334	(682.873)	62.274	4.378	1.513.464	1.165.893	79.880	1.245.773
Comprehensive income									
Profit for the period	—	—	—	—	—	373.904	373.904	21.967	395.871
Other comprehensive income									
Foreign currency translation differences arising during the period	—	—	—	—	45.105	—	45.105	—	45.105
Total comprehensive income for the period	—	—	—	—	45.105	373.904	419.009	21.967	440.976
Contributions by and distributions to owners									
Contribution from shareholders	—	—	—	410.031	—	—	410.031	18.348	428.379
Dividends	—	—	—	—	—	—	—	(14.240)	(14.240)
Total transactions with owners	—	—	—	410.031	—	—	410.031	4.108	414.139
Non-controlling interest in acquired subsidiaries	—	—	—	—	—	—	—	47.751	47.751
Balance at 30 June 2011	149.316	119.334	(682.873)	472.305	49.483	1.887.368	1.994.933	153.706	2.148.639

The notes on pages F-14 to F-24 are an integral part of this interim condensed consolidated financial information.

MD MEDICAL GROUP INVESTMENTS LIMITED

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012

	Attributable to owners of the Company								
	Share capital	Share premium	Common Control Transactions	Capital contribution	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000
Balance at 1 January 2012	149.636	733.085	(682.873)	27.521	(19.329)	2.371.947	2.579.987	227.269	2.807.256
Comprehensive income									
Profit for the period	—	—	—	—	—	655.690	655.690	72.308	727.998
Other comprehensive income									
Foreign currency translation differences arising during the period	—	—	—	—	444	—	444	—	444
Total comprehensive income for the period	—	—	—	—	444	655.690	656.134	72.308	728.442
Contributions by and distributions to owners									
Dividends	—	—	—	—	—	(153.654)	(153.654)	(10.500)	(164.154)
Total transactions with owners	—	—	—	—	—	(153.654)	(153.654)	(10.500)	(164.154)
Balance at 30 June 2012	149.636	733.085	(682.873)	27.521	(18.885)	2.873.983	3.082.467	289.077	3.371.544

Share premium is not available for distribution.

The notes on pages F-14 to F-24 are an integral part of this interim condensed consolidated financial information.

MD MEDICAL GROUP INVESTMENTS LIMITED

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

	Attributable to owners of the Company								
	Share capital	**Share premium**	**Common Control Transactions**	**Capital contribution**	**Translation reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Balance at 1 January 2011	5.000	3.996	(22.403)	2.006	266	49.389	38.254	2.621	40.875
Comprehensive income									
Profit for the period	—	—	—	—	—	13.063	13.063	767	13.830
Other comprehensive income									
Foreign currency translation differences arising during the period	—	—	—	—	5.402	—	5.402	364	5.766
Total comprehensive income for the period	—	—	—	—	5.402	13.063	18.465	1.131	19.596
Contributions by and distributions to owners									
Contributions from shareholders	—	—	—	14.368	—	—	14.368	614	14.982
Dividends	—	—	—	—	—	—	—	(491)	(491)
Total transactions with owners	—	—	—	14.368	—	—	14.368	123	14.491
Non-controlling interest in acquired subsidiaries	—	—	—	—	—	—	—	1.568	1.568
Balance at 30 June 2011	5.000	3.996	(22.403)	16.374	5.668	62.452	71.087	5.443	76.530

The notes on pages F-14 to F-24 are an integral part of this interim condensed consolidated financial information.

MD MEDICAL GROUP INVESTMENTS LIMITED

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012

	Attributable to owners of the Company								
	Share capital	Share premium	Common Control Transactions	Capital contribution	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2012	5.010	23.280	(22.403)	920	(5.188)	78.601	80.220	6.972	87.192
Comprehensive income									
Profit for the period	—	—	—	—	—	21.400	21.400	2.360	23.760
Other comprehensive income									
Foreign currency translation differences arising during the period	—	—	—	—	(1.951)	—	(1.951)	(872)	(2.823)
Total comprehensive income for the period	—	—	—	—	(1.951)	21.400	19.449	1.488	20.937
Contributions by and distributions to owners									
Dividends	—	—	—	—	—	(5.050)	(5.050)	(342)	(5.392)
Total transactions with owners	—	—	—	—	—	(5.050)	(5.050)	(342)	(5.392)
Balance at 30 June 2012	5.010	23.280	(22.403)	920	(7.139)	94.951	94.619	8.118	102.737

Share premium is not available for distribution.

The notes on pages F-14 to F-24 are an integral part of this interim condensed consolidated financial information.

MD MEDICAL GROUP INVESTMENTS LIMITED

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June

			Supplementary information	
	2012	**2011**	**2012**	**2011**
	RUB'000	**RUB'000**	**US$'000**	**US$'000**
Cash flows from operating activities				
Profit for the period	727.998	395.871	23.760	13.830
Adjustments for:				
Depreciation of property, plant and equipment	59.090	53.290	1.929	1.862
Foreign currency translation differences arising during the year	444	45.105	(2.823)	5.766
Unrealised exchange loss	15.034	4.880	491	170
Amortisation of intangible assets	144	103	5	4
Excess of Group's interest in the net fair value of the subsidiaries' assets	—	(42.043)	—	(1.469)
(Profit)/loss from the sale of property, plant and equipment	(136)	—	(4)	—
Finance Income	(350)	(546)	(11)	(19)
Interest expense	3.080	—	101	—
Bad debts provision	—	718	—	26
Income tax expense	26.268	110.757	857	3.869
Cash flows from operations before working capital changes	831.572	568.135	24.305	24.039
(Increase)/ decrease in inventories	(3.388)	3.226	(87)	115
Increase in trade and other receivables	(15.233)	(62.872)	(170)	(2.239)
Increase in trade and other payables	57.988	135.484	1.547	5.086
Increase in deferred income	38.979	53.130	972	2.537
Cash flows from operations	909.918	697.103	26.567	29.538
Tax paid	(49.449)	(209.029)	(1.591)	(7.401)
Net cash flows from operating activities	860.469	488.074	24.976	22.137
Cash flows from investing activities				
Proceeds from repayments of loans granted	—	284.462	—	9.753
Payment for acquisition of intangible assets	—	(478)	—	(17)
Payment for acquisition of property, plant and equipment	(1.211.971)	(364.482)	(36.898)	(12.982)
Payment for acquisition of investments in subsidiaries	—	(340.076)	—	(11.122)
Payment for acquisition of investments in subsidiaries under common control	(9.118)	(238.176)	(283)	(7.500)
Proceeds from disposal of property, plant and equipment	224	—	6	—
Interest received	240	500	8	17
Net cash flows used in investing activities	(1.220.625)	(658.250)	(37.167)	(21.851)

The notes on pages F-14 to F-24 are an integral part of this interim condensed consolidated financial information.

MD MEDICAL GROUP INVESTMENTS LIMITED

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the six months ended 30 June

			Supplementary information	
	2012	2011	2012	2011
	RUB'000	RUB'000	US$'000	US$'000
Cash flows from financing activities				
Repayment of borrowings	(59.836)	(278.309)	(1.823)	(14.691)
Repayments of obligations under finance leases	(88.106)	—	(2.685)	—
Proceeds from borrowings	940.838	43.085	28.669	1.909
Cash received as capital contributions	—	382.510	—	13.448
Interest paid	(60.668)	(3.538)	(1.980)	(126)
Dividends paid to the owners of the Company	(153.654)	—	(5.050)	—
Dividends paid to non-controlling interests	(10.500)	(14.240)	(342)	(491)
Net cash flows from financing activities	568.074	129.508	16.789	49
Net increase/(decrease) in cash and cash equivalents	207.918	(40.668)	4.598	335
Cash and cash equivalents at the beginning of the period	133.474	111.529	4.145	3.659
Effects due to exchange rate changes	—	—	1.660	(1.470)
Cash and cash equivalents at the end of the period	341.392	70.861	10.403	2.524

The notes on pages F-14 to F-24 are an integral part of this interim condensed consolidated financial information.

1. INCORPORATION AND PRINCIPAL ACTIVITIES

(a) Reporting entity

MD Medical Group Investments Limited (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. Its Registered Office is at 1 Avlonos Street, Maria House, 5th floor, P.C. 1075, Nicosia, Cyprus.

The interim condensed consolidated financial information for the period from 1 January 2012 to 30 June 2012 consists of the interim consolidated statement of financial position and the related interim consolidated statements of income, changes in equity and cash flows and a summary of significant accounting policies and other explanatory notes of the Company and its subsidiaries (which together are referred to as "the Group").

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;
- Neonatology and Paediatrics;
- Fertility and In-Vitro Fertilisation (**"IVF"**) Treatment;
- Family Medicine; and
- Dental Care.

2. BASIS OF PREPARATION

(a) Statement of compliance

The interim condensed consolidated financial information is presented in accordance with International Accounting Standard 34 "Interim Financial Reporting". Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2011. This interim condensed consolidated financial information does not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards.

This condensed consolidated interim financial report was approved by the Board of Directors on 11 September 2012.

(b) Basis of measurement

The interim condensed consolidated financial information have been prepared under the historical cost convention, except in the case of leases which are shown at their fair value.

(c) Use of estimates and judgments

Preparing the interim financial information requires Management to make judgments, 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.

In preparing this interim condensed consolidated financial report, significant judgments 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 2011.

2. BASIS OF PREPARATION (Continued)

(d) Functional and presentation currency

The functional currency of the Company is the US dollar (US$). All of the Group entities are located in Russian Federation and have the Russian Ruble (RUB) as their functional currency.

The management opted to present the consolidated financial statements in RUB, rounded to the nearest thousand.

United States dollar amounts (US$) shown as supplementary information in the consolidated statements of comprehensive income, financial position, changes in equity and cash flows are translated from the Russian Ruble (RUB) amounts following the provisions of International Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates", at the official rate of the Central Bank of the Russian Federation.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in this interim condensed consolidated financial information are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2011.

This interim condensed consolidated financial information must be read in conjunction with the annual financial statements for the year ended 31 December 2011.

Costs that are incurred during the financial year are anticipated or deferred for interim reporting purposes if, and only if, it is also appropriate to anticipate or defer that type of cost at the end of the financial year.

Corporation tax is calculated based on the expected tax rates for the whole financial year.

4. REVENUE

	30 June 2012	30 June 2011
	RUB'000	RUB'000
Deliveries	495.021	407.096
Obstetrics and Gynaecology out-patient treatments	393.661	203.920
Paediatrics out-patient treatments	272.384	172.552
IVF	269.742	180.331
Obstetrics and Gynaecology in-patient treatments	209.647	142.446
Paediatrics in-patient treatments	65.873	45.752
Other medical services	178.348	96.093
Sales of goods	53.308	50.868
Other income	28.960	24.866
	1.966.944	1.323.924

5. COST OF SALES

	30 June 2012	30 June 2011
	RUB'000	RUB'000
Payroll and related social taxes	646.644	484.289
Materials and supplies used	198.017	142.913
Depreciation	58.454	52.458
Medical services	21.849	12.783
Property tax	19.561	16.744
Energy and utilities	18.942	16.862
Repair and maintenance	11.073	3.874
Other expenses	7.843	2.550
	982.383	732.473

6. ADMINISTRATIVE EXPENSES

	30 June 2012	30 June 2011
	RUB'000	RUB'000
Payroll and related social taxes	96.226	58.674
Utilities and materials	40.010	14.350
Legal, consulting and other professional fees	17.260	10.513
Advertising	13.865	6.698
Independent auditors' remuneration	13.071	6.109
Communication	3.330	3.117
Depreciation	636	832
Amortisation	144	103
Other expenses	7.474	8.988
	192.016	109.384

7. PROFIT BEFORE TAX

	Note	30 June 2012	30 June 2011
		RUB'000	RUB'000
Profit before tax is stated after charging the following items:			
Staff costs	8	742.870	542.963
Depreciation of property, plant and equipment	12	59.090	53.290
Independent auditors' remuneration	6	13.071	6.109
Amortisation of intangible assets	6	144	103

8. STAFF COSTS

		30 June 2012	30 June 2011
		RUB'000	RUB'000
Wages and salaries		572.796	425.412
Social insurance contributions		170.074	117.551
Total staff costs	7	742.870	542.963

9. NET FINANCE INCOME AND EXPENSES

	30 June 2012	30 June 2011
	RUB'000	RUB'000
Finance income		
Bank interest on loans	240	500
Interest on loans to third parties	—	46
Bad debts recovered	110	—
	350	546
Finance expenses		
Interest expense		
Interest on loans from third parties	394	—
Finance leases interest	2.436	—
Other finance expenses		
Bank charges	19.286	12.703
Bad debt provision	—	718
Net foreign exchange transaction losses		
Exchange gain	(14.623)	(7.682)
Exchange loss	29.657	12.562
	37.150	18.301

The average capitalisation rate on funds borrowed specifically for the construction of the qualifying assets is 10% per annum (2011: 10%).

Borrowing costs capitalized for qualifying assets during the six months ended 30 June 2012 amounted to RUB 74.109 thousand (six months ended 30 June 2011: RUB 3.538 thousand).

10. PROFIT PER SHARE

	30 June 2012	30 June 2011
Basic and fully diluted earnings attributable to the owners of the Company (RUB'000)	655.690	373.904
Weighted average number of ordinary shares in issue during the year	50.100.000	50.000.000
Basic and fully diluted earnings per share (RUB)	13,09	7,48

11. DIVIDENDS

For the six months ended 30 June 2012, the Board of Directors declared an interim dividend out of 2012 profits amounting to RUB153.654 thousand (US$:5.050 thousand), which equals RUB3.067 (US$:0,101) per share (for the six months ended 30 June 2011: nil).

Dividends are subject to a deduction of special contribution to the defence fund at the rate of 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter (in 2011 the rate was 15% up to 30 August 2011 and 17% thereafter) for individual shareholders that are resident in Cyprus for taxation purposes. Dividends payable to non-residents of Cyprus for taxation purposes are not subject to such a deduction.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings	Property under construction	Plant and equipment	Leased equipment	Total
	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000
30 June 2012					
Cost					
Balance at 1 January	1.998.463	1.876.740	694.380	169.519	4.739.102
Additions	13.417	1.423.086	53.439	—	1.489.942
Disposals	—	—	(190)	—	(190)
Transfer from construction in progress	6.819	(18.018)	11.199	—	—
Balance at 30 June	2.018.699	3.281.808	758.828	169.519	6.228.854
Depreciation					
Balance at 1 January	185.400	—	507.246	2.824	695.470
Depreciation during the period	19.048	—	31.269	8.773	59.090
On disposals	—	—	(102)	—	(102)
Balance at 30 June	204.448	—	538.413	11.597	754.458
Carrying amounts					
Balance at 30 June	1.814.251	3.281.808	220.415	157.922	5.474.396
31 December 2011					
Cost					
Balance at 1 January	1.523.890	—	561.591	—	2.085.481
Acquisitions through business combinations	360.721	165.433	101.465	—	627.619
Additions	113.852	1.711.307	32.592	169.519	2.027.270
Disposals	—	—	(1.268)	—	(1.268)
Balance at 31 December	1.998.463	1.876.740	694.380	169.519	4.739.102
Depreciation					
Balance at 1 January	150.623	—	447.028	—	597.651
Depreciation during the year	34.777	—	61.441	2.824	99.042
On disposals	—	—	(1.223)	—	(1.223)
Balance at 31 December	185.400	—	507.246	2.824	695.470
Carrying amounts					
Balance at 31 December	1.813.063	1.876.740	187.134	166.695	4.043.632

As at 30 June 2012, the total net book value of pledged property was RUB 1.656.942 thousand of which RUB 157.922 thousand related to the net book value of leased equipment.

As at 31 December 2011, the total net book value of pledged property was RUB 1.735.650 thousand of which RUB 166.695 thousand related to the net book value of leased equipment.

13. TRADE AND OTHER RECEIVABLES

	30 June 2012	31 December 2011
	RUB'000	RUB'000
Trade receivables	26.353	19.607
Less: Provision for impairment of receivables	(927)	(1.038)
Trade receivables—net	25.426	18.569
CAPEX prepayments	572.877	461.763
Deferred expenses	11.835	15.254
Other receivables	18.044	6.164
	628.182	501.750
Non-current portion	572.877	461.763
Current portion	55.305	39.987
	628.182	501.750

Ageing analysis of trade and other receivables:

	Gross amount 30 June 2012	Impairment 30 June 2012	Gross amount 31 December 2011	Impairment 31 December 2011
	RUB'000	RUB'000	RUB'000	RUB'000
Not past due	43.470	—	24.733	—
Past due	927	(927)	1.038	(1.038)
	44.397	(927)	25.771	(1.038)

CAPEX prepayments represent capital expenditure prepayments made under contract by the Group for construction works which have not yet been initiated.

14. CASH AND CASH EQUIVALENTS

Cash balances are analysed as follows:

	30 June 2012	31 December 2011
	RUB'000	RUB'000
Cash at bank and in hand	341.392	133.474

	30 June 2012	31 December 2011
	RUB'000	RUB'000
Currency:		
Russian Ruble	318.292	130.770
United States Dollar	23.100	2.704
	341.392	133.474

15. SHARE CAPITAL

	30 June 2012			31 December 2011		
	Number of shares	RUB'000	US$'000	Number of shares	RUB'000	US$'000
Authorised						
Ordinary shares $0,10 each	50.100.000	—	5.010	50.000.000	—	5.000
Increase in share capital	—	—	—	100.000	—	10
	50.100.000	—	5.010	50.100.000	—	5.010
Issued and fully paid						
Ordinary shares of $0,10 each	50.100.000	149.636	5.010	50.000.000	149.316	5.000
Issue of ordinary shares shares	—	—	—	100.000	320	10
Balance at 30 June / 31 December	50.100.000	149.636	5.010	50.100.000	149.636	5.010

16. LOANS AND BORROWINGS

	30 June 2012	31 December 2011
	RUB'000	RUB'000
Long term liabilities		
Bank loans	1.970.498	1.049.992
Other loans	—	9.836
	1.970.498	1.059.828
Short term liabilities		
Bank loans	16.553	29.700
Maturity of non-current borrowings:		
Within one year	16.553	29.700
Between one and five years	1.637.352	1.059.828
More than five years	333.146	—
	1.987.051	1.089.528

For description of securities and covenants regarding loans and borrowing please refer to note 12 and note 23.

As at 30 June 2012, the terms and debt repayment schedule of loans is as follows:

				30 June 2012		31 December 2011	
	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
				RUB'000	RUB'000	RUB'000	RUB'000
Secured bank loan	RUB	10%	2013-2018	1.915.119	1.915.119	1.029.692	1.029.692
Secured bank loan	RUB	13%	2012-2013	—	—	50.000	50.000
Secured bank loan	RUB	10%	2014-2019	71.932	71.932	—	—
Unsecured loans from third parties	RUB	3%-6%	2012-2013	—	—	9.836	9.836
				1.987.051	1.987.051	1.089.528	1.089.528

17. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments	Interest	Principal	Minimum lease payments	Interest	Principal
	30 June 2012	30 June 2012	30 June 2012	31 December 2011	31 December 2011	31 December 2011
	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000
Within one year	14.517	89	14.428	105.059	2.525	102.534

In 2011 MD PROJECT 2000 concluded a finance lease contract for two items of medical equipment for a new diagnostic division for adults. The cost of the two items of equipment is RUB 169.519 thousand. The average lease term is 12 months. For period from 1 January 2012 to 30 June 2012, the average effective borrowing rate was 7% (period from 1 January 2011 to 30 June 2011: nil). Useful life of this equipment is 10 years as per management's estimation.

All lease obligations are denominated in Russian Rubles.

The Group's obligations under finance leases are secured by the lessors' holding the title to the leased assets.

18. TRADE AND OTHER PAYABLES

	30 June 2012	31 December 2011
	RUB'000	RUB'000
Trade payables	483.700	171.558
Other payables	113.759	73.752
Accruals	101.910	75.204
	699.369	320.514
Currency:		
Russian Ruble	273.552	191.853
United States Dollar	248.386	100.033
Euro	177.431	28.628
	699.369	320.514

19. DEFERRED INCOME

	30 June 2012	31 December 2011
	RUB'000	RUB'000
Patient advances	407.340	368.361
Deferred income after more than one year	37.672	41.241
Deferred income within one year	369.668	327.120
	407.340	368.361

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 patient advances represents money received from clients on stem cells storage contracts, childbirth management contracts lasting from 3 to 9 months, and children care contracts lasting for one year.

20. CONTINGENT LIABILIITES

(a) Insurance

As per current legislation in Russia 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 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 mainly located in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets risks of the Russian Federation which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation. This condensed consolidated interim financial report reflects 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 characterized by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open longer. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive and substance based position in their interpretation and enforcement of tax legislation. These circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries.

Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncement and court decisions. However, the interpretations of the relevant authorities could differ and the effect on this condensed consolidated interim financial information, if the authorities were successful in enforcing their interpretations, could be significant.

21. RELATED PARTY TRANSACTIONS

Key management personnel

The remuneration of the members of the key management personnel for the six months ended 30 June 2012 was RUB12.456 thousand and for the six months ended 30 June 2011 was RUB 8.526 thousand.

22. FAIR VALUES

The fair values of the Group's financial assets and liabilities approximate their carrying amounts at the reporting date.

23. COMMITMENTS

(a) Capital commitments

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

	30 June 2012 RUB'000	31 December 2011 RUB'000
Freehold buildings	—	33.940
Property, plant and equipment	450.918	4.077
Construction contracts	784.418	2.322.757
	1.235.336	2.360.774

(b) Guarantees

On 26 April 2011 CJSC MD PROJECT 2000 guaranteed a bank loan obtained by LLC Khaven from a Russian bank, which amounts to RUB 2.809.467 thousand. The amount of outstanding loan was equal to RUB 1.898.930 thousand as at 30 June 2012. The guarantee maturity is 10 years. The loan agreement with the bank provides covenants for both CJSC MD PROJECT 2000 and LLC Khaven mainly in relation to revenue and net income. As at 30 June 2012 both companies met their covenants.

On 30 March 2012 CJSC MD PROJECT 2000 guaranteed a further bank loan obtained by LLC Khaven from a Russian bank, which amounts to RUB 404.919 thousand. The amount of outstanding loan was equal to RUB 71.569 thousand as at 30 June 2012. The guarantee maturity is 10 years. The loan agreement with the bank provides covenants for both CJSC MD PROJECT 2000 and LLC Khaven mainly in relation to revenue and net income. As at 30 June 2012 both companies met their covenants.

24. SUPPLEMENTARY INFORMATION

United States Dollar amounts (US$) shown in the interim condensed consolidated statements of comprehensive income, financial position, changes in equity and cash flows are translated from the Russian Ruble (RUB) amounts following the provisions of International Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates" at the official rate of the Central Bank of the Russian Federation.

The condensed consolidated statement of financial position has been translated using the rate as at 30 June 2012 which was US$1=RUB 32,8169 (30 June 2011 US$1=RUB 28,0758) and the statement of comprehensive income has been translated at the average exchange rate for the period from 1 January 2012 to 30 June 2012 of US$1=RUB 30,63902 (period from 1 January 2011 to 30 June 2011 US$=RUB 28,6242)

Differences arising on translation are recognized directly in Translation reserves.

25. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 30 June 2012 the following events took place:

a. Following relevant Company's shareholders resolution, the Company proceeded with the incorporation of two subsidiaries in Russia:

   i. On 11 July 2012 the Company proceeded with the incorporation of LLC MD Service, of which the Company and the group holds directly and indirectly 100% of its share capital, and

   ii. On 19 July 2012 the Company proceeded with the incorporation of LLC Mother and Child N. Novgorod of which the Company and the group holds directly and indirectly 99% of its share capital.

25. EVENTS AFTER THE REPORTING PERIOD (Continued)

b. Furthermore on 2 July 2012, the Company has resolved the incorporation of another subsidiary the formation of which has not been concluded as at the date of signing the Interim Condensed Consolidated Financial Statements.

c. On 22 August 2012 the Company's shareholders adopted a resolution for the conversion of the Company to a public company in line with the provisions of the Cyprus Companies Law, Cap. 113 and for the change of the Company's name to MD Medical Group Investments Plc. The registration of the Company's conversion to public company and change of the Company's name has not been completed as at the date of signing the Interim Condensed Consolidated Financial Statements.