

**(CONVENIENCE TRANSLATION OF THE CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

**MLP SAĐLIK HİZMETLERİ A.Ş.  
AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS AS OF MARCH 31, 2018**

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2018

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# MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

## CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

	<u>Notes</u>	<u>Unaudited March 31, 2018</u>	<u>Audited December 31, 2017</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
<b>1,267,842</b>			
Cash and cash equivalents	4	246,726	217,846
Trade receivables	6	790,949	750,176
Due from related parties	3	11,404	15,183
Trade receivables from third parties		779,545	734,993
Other receivables	7	23,644	23,680
Due from related parties	3	11,283	9,164
Other receivables from third parties		12,361	14,516
Inventories	8	69,215	51,346
Prepaid expenses	9	98,112	90,199
Other current assets	12	39,196	27,928
<b>Non-current assets</b>			
<b>1,658,694</b>			
Trade receivables		1,053	1,053
Other receivables	7	1,281	1,434
Property and equipment	10	805,538	752,136
Intangible assets		469,373	467,733
Goodwill		40,217	40,217
Other intangible assets	10	429,156	427,516
Prepaid expenses	9	148,183	140,488
Deferred tax assets	19	233,266	197,317
<b>TOTAL ASSETS</b>		<b><u>2,926,536</u></b>	<b><u>2,721,336</u></b>

The accompanying notes form an integral part of these consolidated financial statements.

# MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

## CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

	Notes	Unaudited March 31, 2018	Audited December 31, 2017
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>		<b>1,216,572</b>	<b>1,261,424</b>
Short term borrowings	5	22,945	62,945
Short term portion of long term borrowings	5	224,328	268,391
Obligations under finance leases	5	92,963	91,488
Trade payables	6	698,699	669,975
Due to related parties	3	25,123	24,992
Trade payables to third parties		673,576	644,983
Payables related to employee benefits	11	79,936	85,686
Other payables	7	22,277	21,325
Due to related parties	3	1,568	1,408
Other payables to third parties		20,709	19,917
Deferred revenues	9	48,605	33,641
Short term provisions		23,957	24,378
Short term provisions for employment benefits	11	10,608	9,628
Other short term provisions	13	13,349	14,750
Current tax liabilities	19	2,862	3,595
<b>Non-current liabilities</b>		<b>1,016,028</b>	<b>1,355,242</b>
Long term borrowings	5	619,817	951,992
Obligations under finance leases	5	215,798	224,432
Other payables		38,468	39,223
Other payables to third parties	7	38,468	39,223
Deferred income	9	1,941	1,053
Long term provisions		15,190	14,406
Long term provisions for employee benefits	11	15,190	14,406
Deferred tax liabilities	19	124,814	124,136
<b>EQUITY</b>		<b>693,936</b>	<b>104,670</b>
<b>Equity attributable to the Owner of the Company</b>		<b>614,052</b>	<b>16,298</b>
Share capital	15	208,037	176,458
Share premium	15	556,162	-
Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss		30,537	30,514
Revaluation reserve	15	39,752	39,752
Accumulated loss on remeasurement of defined benefit plans		(9,215)	(9,238)
Restricted reserves	15	10,260	10,260
Accumulated deficit		(200,934)	(78,162)
Net profit / (loss) for the period		9,990	(122,772)
<b>Non-controlling interest</b>		<b>79,884</b>	<b>88,372</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,926,536</b>	<b>2,721,336</b>

The accompanying notes form an integral part of these consolidated financial statements.

## MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

### CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE THREE-MONTH PERIOD ENDED MARCH 31,2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

<b>PROFIT OR LOSS</b>	<b>Notes</b>	<b>Unadited January 1- March 31, 2018</b>	<b>Unadited January 1- March 31, 2017</b>
Revenue	16	749,307	633,818
Cost of sales (-)	16	(611,271)	(533,521)
<b>GROSS PROFIT</b>		<b>138,036</b>	<b>100,297</b>
General Administration Expenses (-)	17	(59,693)	(42,671)
Other Income from Operating Activities		66,969	115,266
Other Expenses from Operating Activities (-)		(48,965)	(118,346)
<b>OPERATING PROFIT</b>		<b>96,347</b>	<b>54,546</b>
Income From Investing Activities		158	121
Expense From Investing Activities (-)		(144)	-
<b>OPERATING PROFIT BEFORE FINANCE EXPENSES</b>		<b>96,361</b>	<b>54,667</b>
Finance Expenses (-)	18	(127,274)	(80,450)
<b>NET LOSS BEFORE TAX</b>		<b>(30,913)</b>	<b>(25,783)</b>
<b>Tax income from operations</b>		<b>32,415</b>	<b>8,500</b>
Current Tax Expense	19	(2,862)	(2,322)
Deferred Tax Income	19	35,277	10,822
<b>NET PROFIT / (LOSS)</b>		<b>1,502</b>	<b>(17,283)</b>
<b>Allocation of net profit / (loss)</b>			
Non-Controlling Interest		(8,488)	(5,508)
Equity Holders of the Parent		9,990	(11,775)
		<b>1,502</b>	<b>(17,283)</b>
<b>Basic gain / (loss) per share</b>	20	0.05	(0.10)
<b>OTHER COMPREHENSIVE INCOME</b>		<b>23</b>	<b>1,982</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement of defined benefit plans	11,19	29	2,478
Income tax relating to items that will not be reclassified subsequently	19	(6)	(496)
<b>TOTAL COMPREHENSIVE INCOME / (LOSS)</b>		<b>1,525</b>	<b>(15,301)</b>
<b>Total comprehensive income / (loss) distribution:</b>			
Non-controlling interest		(8,488)	(5,508)
Equity holders of the Parent		10,013	(9,793)
		<b>1,525</b>	<b>(15,301)</b>

The accompanying notes form an integral part of these consolidated financial statements.

## MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

### CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

	Accumulated other comprehensive income or expenses that will not be reclassified subsequently to profit or (loss)					Accumulated Profit				
	Share capital	Share premium	Property revaluation reserve	Accumulated loss on remeasurement of defined benefit plans	Legal reserves	Accumulated deficit	Net profit / (loss) for the period	Attributable to equity holders of the Parent	Non- controlling interest	Total
<b>Balance as at January 1, 2017</b>	<b>176,458</b>	<b>237,924</b>	<b>39,752</b>	<b>(4,103)</b>	<b>302</b>	<b>(226,538)</b>	<b>(48,709)</b>	<b>175,086</b>	<b>90,153</b>	<b>265,239</b>
<b>Changes in 2017:</b>										
<i>Other comprehensive loss for the period, net of tax</i>	-	-	-	1,982	-	-	-	1,982	-	1,982
<i>Net profit / (loss) for the period</i>	-	-	-	-	-	-	(11,775)	(11,775)	(5,508)	(17,283)
<b>Total comprehensive loss for the period</b>	-	-	-	<b>1,982</b>	-	-	<b>(11,775)</b>	<b>(9,793)</b>	<b>(5,508)</b>	<b>(15,301)</b>
Transfers to accumulated deficit	-	-	-	-	-	(48,709)	48,709	-	-	-
Exemption from gain on fixed asset sales	-	-	-	-	9,958	(9,958)	-	-	-	-
<b>Balance as at March 31, 2017</b>	<b>176,458</b>	<b>237,924</b>	<b>39,752</b>	<b>(2,121)</b>	<b>10,260</b>	<b>(285,205)</b>	<b>(11,775)</b>	<b>165,293</b>	<b>84,645</b>	<b>249,938</b>
<b>Balance as at January 1, 2018</b>	<b>176,458</b>	-	<b>39,752</b>	<b>(9,238)</b>	<b>10,260</b>	<b>(78,162)</b>	<b>(122,772)</b>	<b>16,298</b>	<b>88,372</b>	<b>104,670</b>
<b>Changes in 2018:</b>										
<i>Other comprehensive income for the period, net</i>	-	-	-	23	-	-	-	23	-	23
<i>Net profit / (loss) for the period</i>	-	-	-	-	-	-	9,990	9,990	(8,488)	1,502
<b>Total comprehensive income for the period</b>	-	-	-	<b>23</b>	-	-	<b>9,990</b>	<b>10,013</b>	<b>(8,488)</b>	<b>1,525</b>
Transfers to accumulated deficit	-	-	-	-	-	(122,772)	122,772	-	-	-
Capital increase (Note 15)	31,579	-	-	-	-	-	-	31,579	-	31,579
Increase of the share premiums (Note 15)	-	556,162	-	-	-	-	-	556,162	-	556,162
<b>Balance as at March 31, 2018</b>	<b>208,037</b>	<b>556,162</b>	<b>39,752</b>	<b>(9,215)</b>	<b>10,260</b>	<b>(200,934)</b>	<b>9,990</b>	<b>614,052</b>	<b>79,884</b>	<b>693,936</b>

The accompanying notes form an integral part of these consolidated financial statements.

## MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

### CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

	Notes	Unaudited January 1- March 31, 2018	Unaudited January 1- March 31, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>95,742</b>	<b>116,242</b>
Net profit / (loss) for the period		1,502	(17,283)
<b>Profit (Loss) continuing operations</b>		<b>134,762</b>	<b>120,049</b>
Adjustments related to depreciation and amortization expenses	10	43,917	41,240
Adjustments related to impairment (reversal)			
Adjustments related to impairment (reversal) of receivables	6	2,309	2,008
Adjustments related to provisions		2,475	6,464
Adjustments related to (reversal) of provision for employment benefits		2,231	5,789
Adjustments related to lawsuit (reversal) of provision for lawsuit		244	675
Adjustments related to interest (income) expense		59,943	45,823
Adjustments related to interest income		(7,595)	(1,239)
Adjustments related to interest expense		67,538	47,062
Adjustments related to tax (gain) loss	19	(32,415)	(8,500)
Other adjustments related to non-cash items		58,547	33,135
Adjustments regarding to (gain) loss on sale of fix assets		(14)	(121)
Adjustments regarding to (gain) loss on sale of tangible assets		(14)	(121)
<b>Changes in working capital</b>		<b>(35,950)</b>	<b>15,043</b>
Adjustments related to increase in trade receivables		(42,356)	(18,771)
Adjustments related to increase in inventories		(17,869)	(3,143)
Adjustments related to increase in trade payables		31,013	43,655
Adjustments related to increase in other payables from operations		8,653	9,992
Adjustments related to other (increase) decrease in working capital		(15,391)	(16,690)
Adjustments related to increase in other payables from other asset		(15,391)	(16,690)
<b>Cash generated from operations</b>		<b>100,314</b>	<b>117,809</b>
Payments related with provision for employee benefits		(438)	(1,479)
Tax paid	19	(3,595)	-
Other cash inflows (outflows)	6	(539)	(88)

The accompanying notes form an integral part of these consolidated financial statements.

## MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

### CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

	Notes	Unaudited January 1- March 31, 2018	Unaudited January 1- March 31, 2017
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(103,932)</b>	<b>(133,670)</b>
Proceeds from acquisition of shares from minorities		(2,549)	-
Proceeds from sales of property, plant, equipment and intangible assets		4,262	395
Proceeds from sales of property, plant, equipment	10	4,262	395
Payment for purchase of property, plant and equipment, intangible assets		(103,207)	(115,274)
Payment for purchase of property, plant and equipment	10	(99,991)	-
Payment for purchase of intangible assets	10	(3,216)	-
Cash payments for capital expenditures		(10,038)	(20,032)
Interest received		7,595	1,239
Other cash inflows (outflows) ,net		5	2
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>37,070</b>	<b>58,538</b>
Proceeds from bank loans		130,646	178,812
Proceeds from borrowings		90,646	178,812
Proceeds from bonds, net of commissions		40,000	-
Bank borrowings paid		(578,435)	(45,456)
Cash used for repayment of borrowings		(578,435)	(45,456)
Repayment of obligations under finance leases		(23,647)	(18,727)
Interest paid		(79,235)	(56,091)
Capital increase (*)		31,579	-
Other cash inflows (outflows) (*)		556,162	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>28,880</b>	<b>41,110</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>4</b>	<b>217,846</b>	<b>110,678</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>4</b>	<b>246,726</b>	<b>151,788</b>

(\*) On February 7, 2018, the Group launched initial public offering (“IPO”) of 72,834 thousand B type bearer shares corresponding to 35.01% of total shares. From the initial public offering, TL 600,000 was generated to the Group. After the IPO related expenses amounting to TL 12,559 were deducted from proceeds, TL 587,741, share capital increase was made with the amount of TL 31,579 and the remaining amount was used in the share premium increase by TL 556,162.



## MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 1 – ORGANIZATION AND OPERATIONS OF THE GROUP

MLP Sağlık Hizmetleri A.Ş. (“MLP Sağlık”) has started its healthcare services operations in 1993, with the opening of Sultangazi Medical Center within the structure of Yükseliş Sağlık Hizmetleri Gıda Tekstil San. Ltd. Şti. in which Muharrem Usta is the majority shareholder. Following this, in 1995, it continues its operations, with the opening of Fatih Hospital under the legal entity of Saray Sağlık Hizmet Ticaret ve Sanayi A.Ş. in which Muharrem Usta was the majority shareholder. In 2005, with the establishment of MLP Sağlık, Fatih and Sultangazi Hospitals were merged under the legal entity of MLP Sağlık.

As of March 31, 2018, MLP is the holding company of 19 subsidiaries (December 31, 2017: 19) (collectively referred as the “Group”), each operating in the healthcare sector in Turkey.

The Company’s head office is located in Otakçılar Caddesi No 78 3450, Eyüp, İstanbul.

The Group has an agreement with the Social Security Institution of Turkey (the “SSI”) which includes service commitment in all branches disclosed in the Operations Approval Document. SSI is a state enterprise which pays the healthcare expenditures of the citizens of Turkey who are members of the social security system based on the law numbered 5510, and manages social security premiums and short and long term insurance expenses. According to the agreement, the Group is obliged to provide the healthcare services and to issue invoices to the SSI and patients in line with the Communiqué of Health Services published by the SSI. This transaction is performed through Medula, a web based software system, by assessing the right of the patient and obtaining provisions. As a result of the assessment the expenses relating to patients with no SSI, coverage is not charged to SSI. The healthcare expenses provided to the patients are invoiced based on the terms of the Communiqué of Health Services. In this Communiqué SSI determined a price list based on the treatments provided. Invoices are issued based on the price list announced by the Communiqué. SSI has the right not to pay the invoice or make a deduction if the treatments provided are not in compliance with the terms.

The Company is registered to the Capital Markets Board (“CMB”) and its shares have been quoted on the Borsa İstanbul A.Ş. (“BİAŞ or “Borsa” or “BİST”) since February 13, 2018. In accordance with the resolution numbered 21/655 on July 23, 2010 of CMB; according to the records of Central Registry Agency (CRA); shares representing 32.68% as of March 31 2018, of MLP Sağlık are accepted as “in circulation”. As of April 1, 2018, this ratio is 32.68% (Note 15).

#### Approval of financial statements

Board of Directors has approved the financial statements and delegated authority for publishing it on May 7, 2018.

## MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 1 – ORGANIZATION AND OPERATIONS OF THE GROUP (Continued)

As of March 31, 2018 the subsidiaries of the Company are:

Name	Location and base of operation
Sentez Sağlık Hizmetleri A.Ş. (“Sentez Hastaneleri”)	Batman - İzmir - Gaziantep
Temar Tokat Manyetik Rezonans Sağlık Hizmetleri ve Turizm A.Ş. (“Tokat Hastanesi”)	Tokat
Samsun Medikal Grup Özel Sağlık Hizmetleri A.Ş. (“Samsun Hastanesi”)	Samsun
Özel Samsun Medical Tıp Merkezi Ltd. Şti. (“Samsun Tıp Merkezi”)	Samsun
Kuzey Medical Pazarlama İnşaat Ltd. Şti. (“Kuzey”)	Ankara
Artimed Medical Sanayi ve Ticaret Ltd. Şti. (“Artimed”)	Ankara
MS Sağlık Hizmetleri Ltd. Şti. (“MS Sağlık”)	Ankara
Mediplaza Sağlık Hizmetleri Ticaret A.Ş. (“Mediplaza”)	İzmit
21. Yüzyıl Anadolu Vakfı (“21.Yüzyıl Anadolu Vakfı”)	İstanbul
Allied Sigorta Aracılık Hizmetleri A.Ş. (“Allied Sigorta”)	İstanbul
Arkaz Sağlık İşletmeleri A.Ş. (“Arkaz”)	İstanbul
BTN Sigorta Aracılık Hizmetleri A.Ş. (“BTN Sigorta”)	İstanbul
Endmed Ltd. Şti. ve Kuzey Medikal Ltd. Şti. İş Ortaklığı (“Kuzey Hastaneler Birliği” ya da “KHB”)	İstanbul
Sotte Temizlik Yemek Medikal Turizm Insaat Sanayi ve Ticaret A.Ş. (“Sotte Temizlik Yemek”)	İstanbul
MA Group Sağlık ve Danışmanlık Hizmetleri Ticaret A.Ş. (“MA Group”)	İstanbul
Özel Silivri Arkaz Sağlık Hizmetleri A.Ş. (“Özel Silivri Arkaz”)	İstanbul - Ereğli - Çanakkale
BTN Asistans Sağlık Hizmetleri A.Ş. (“BTN Asistans”)	İstanbul
BTR Sağlık Hizmetleri A.Ş. (“BTR Sağlık”)	İstanbul
İstanbul Meditime Sağlık Hizmetleri Ticaret Ltd. Şti. (“Meditime Sağlık”)	İstanbul

#### NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

##### 2.1 Statement of Compliance in TAS

The consolidated financial statements are based on the statutory financial statements of the Group’s subsidiaries and joint ventures and presented in TL in accordance with CMB Financial Reporting Standards with certain adjustments and reclassifications for the purpose of fair presentation. Such adjustments are primarily related to application of consolidation accounting, accounting for business combinations, accounting for deferred taxes on temporary differences, accounting for employment termination benefits on an actuarial basis and accruals for various expenses. Except for the financial assets and liabilities carried from their fair values and assets and liabilities included in business combinations application, financial statements are prepared on historical cost basis.

The accompanying consolidated financial statements are based in accordance with Turkish Accounting Standards (“TAS”) issued by Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) as set out in the Communiqué serial II, No: 14.1 announcement of Capital Markets Board (“CMB”) dated 13 June 2013 related to “Capital Market Communiqué on Principles Regarding Financial Reporting” (“Communiqué”) which is published in official gazette, no 28676. TAS is composed of Turkish Accounting Standards, Turkish Financial Reporting Standards, appendixes and interpretations.

For the three month period ended March 31, 2018, the Group prepared its interim condensed consolidated financial statements in accordance with the Turkish Accounting Standard No.34 “Interim Financial Reporting”. Interim condensed consolidated financial statements of the Group do not include all the information and disclosures required in the annual financial statements, therefore should be read in conjunction with the Group’s annual financial statements, as at December 31, 2017.

# MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

### NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.1 Statement of Compliance in TAS (Continued)

##### Currency Used

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. For the purpose of the consolidated financial statements, the results and financial position of each entity consolidated are expressed in Turkish Lira (“TL”), which is the functional currency of the Company and all its subsidiaries and the presentation currency of the Group.

#### 2.2 Inflation accounting

As of 1 January 2005, the financial statements of the Company and its Turkish subsidiaries were adjusted to compensate for the effect of changes in the general purchasing power of the Turkish Lira based on IAS 29 *Financial Reporting in Hyperinflationary Economies*. Turkish Economy is accepted to come off its highly inflationary status as of 1 January 2005. Based on this consideration, IAS 29 has not been applied in the preparation of the consolidated financial statements since 1 January 2006. Amounts expressed in the measuring unit current at December 31, 2005 were treated as the basis for the carrying amounts after 1 January 2005.

#### 2.3 New and Revised International Financial Reporting Standards

##### Amendments to TFRSs that are mandatorily effective for the current year

The Group has not applied the following new and revised TFRSs that have been issued but are not yet effective:

TFRS 9	<i>Financial Instruments</i>
TFRS 15	<i>Revenue from Contracts with Customers</i>
Amendments to TFRS 10 and TAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
Amendments to TFRS 2	<i>Classification and Measurement of Share-Based Payment Transactions</i>
TFRS Interpretation 22	<i>Foreign Currency Transactions and Advance Consideration<sup>1</sup></i>
Amendments to TAS 40	<i>Transfers of Investment Property</i>
Annual Improvements to TFRS Standards 2014–2016 Cycle	<i>TFRS 1, TAS 28</i>

##### **TFRS 9 *Financial Instruments***

TFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets / liabilities and for derecognition and for general hedge accounting.

Key requirements of TFRS 9:

- All recognized financial assets that are within the scope of TFRS 9 are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under TFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognized by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognized in profit or loss.

## MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

#### **2.3 New and Revised International Financial Reporting Standards (Continued)**

##### Amendments to TFRSs that are mandatorily effective for the current year (Continued)

##### **IFRS 9 Financial Instruments (Continued)**

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under TAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under TAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in TAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an ‘economic relationship’. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Based on an analysis of the Group's financial assets and financial liabilities as at March 31, 2018 on the basis of the facts and circumstances that exist at that date, the directors of the Group have not assessed the any significant impact of IFRS 9 to the Group's consolidated financial statements.

## MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.3 New and Revised International Financial Reporting Standards (Continued)

###### Amendments to TFRSs that are mandatorily effective for the current year (Continued)

###### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

Through the later published explanations relating to IFRS 15, assessment of the entity as a noble or proxy, and licensing practice guide were added to practices determining obligation to act.

## MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.3 New and Revised International Financial Reporting Standards (Continued)

###### Amendments to TFRSs that are mandatorily effective for the current year (Continued)

###### **IFRS 15 Revenue from Contracts with Customers(Continued)**

Management assessed that the application of IFRS 15 has no effect except the extensive explanations on revenue transactions and has no significant effect on financial condition/financial performance on the company.

###### **Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

This amendment clarifies the treatment of the sale or contribution of assets from an investor to its associate or joint venture.

The amendments to IFRS 10 and IAS 28 have no effect on the Group’s consolidated financial statements.

###### **Amendments to IFRS 2 Classification and Measurement of Share-Based Payment Transactions**

The amendments clarify the standard in respect of the share-based payment arrangement has a ‘net settlement feature’, such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

The amendments to IFRS 2 has no effect on the Group’s consolidated financial statements.

###### **IFRS Interpretation 22 Foreign Currency Transactions and Advance Consideration**

The interpretation addresses foreign currency transactions or parts of transactions where:

- there is consideration that is denominated or priced in a foreign currency;
- the entity recognizes a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- the prepayment asset or deferred income liability is non-monetary.

The Interpretations Committee came to the following conclusion:

- The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.
- If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

IFRS Interpretation 22 has no effect on the Group’s consolidated financial statements.

# MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

### NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.3 New and Revised International Financial Reporting Standards (Continued)

Amendments to TFRSs that are mandatorily effective for the current year (Continued)

##### **Amendments to TAS 40 *Transfers of Investment Property***

The amendments to TAS 40:

- Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management’s intentions for the use of a property by itself does not constitute evidence of a change in use.
- The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

TAS 40 has no effect on the Group’s consolidated financial statements.

##### **Annual Improvements to TFRS Standards 2014–2016 Cycle**

- **TFRS 1:** Deletes the short-term exemptions in paragraphs E3–E7 of TFRS 1, because they have now served their intended purpose.
- **TAS 28:** Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

Annual improvements to TFRS standards 2014-2016 cycle have no effect on the Group’s consolidated financial statements.

##### New and revised TFRSs in issue but not yet effective

The Group has not applied the following new and revised TFRSs that have been issued but are not yet effective

TFRS 16	<i>Leases</i>
Amendments to TAS 28	<i>Long-term Interest in Associates and Joint Ventures</i>

##### **IFRS 16 *Leases***

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective. In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

##### **Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures***

This amendment clarifies that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group’s consolidated financial statements.

## MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.4 Basis of Consolidation

The details of the Company’s subsidiaries as at March 31, 2018 and December 31, 2017 are as follows:

Subsidiaries	Place of incorporation and operation	Proportion of ownership and voting power held(%)		Principal activity
		March 31, 2018	December 31, 2017	
Sentez Hastaneleri	Batman-İzmir-Gaziantep	56.00%	56.00%	Hospital services
Tokat Hastanesi	Tokat	58.84%	58.84%	Hospital services
Samsun Hastanesi	Samsun	80.00%	80.00%	Hospital services
Samsun Tıp Merkezi (1)	Samsun	100.00%	100.00%	Hospital services
MS Sağlık	Ankara	75.00%	75.00%	Hospital services
Mediplaza	İzmit	75.00%	75.00%	Hospital services
Arkaz	Istanbul	57.00%	57.00%	Hospital services
MA Group	Istanbul	51.00%	51.00%	Hospital services
Ozel Silivri Arkaz	Istanbul	57.00%	57.00%	Hospital services
BTR Sağlık Hizmetleri	Istanbul	100.00%	100.00%	Hospital services
Meditime Sağlık	Istanbul	100.00%	100.00%	Hospital services
Kuzey (3)	Ankara	100.00%	100.00%	Ancillary services
Artimed	Ankara	100.00%	100.00%	Ancillary services
21. Yüzyıl Anadolu Vakfı (1) (3)	Istanbul	100.00%	100.00%	Ancillary services
Allied Sigorta (2)	Istanbul	80.00%	80.00%	Ancillary services
BTN Sigorta	İstanbul	100.00%	100.00%	Ancillary services
Kuzey Hastaneler Birliği (“KHB”)	Istanbul	99.90%	99.90%	Ancillary services
Sotte Temizlik Yemek	Istanbul	100.00%	100.00%	Ancillary services
BTN Asistans	Istanbul	100.00%	100.00%	Ancillary services

- 1) Represents voting power held.
- 2) On January 16, 2018, the entity made a liquidation decision.
- 3) In 2011, the Group with the help of its real person shareholders decided to establish a medical university. Based on current legislation, foundations have to be owned by real persons rather than companies and since MLP could not be the shareholder of an association, Muharrem Usta, one of the shareholders in the company, was assigned as the chairman of the board of the foundation. The purpose of the foundation is to establish a medical university in order to align one of the hospitals of the Group to that university. Although, MLP has no shareholder interest in the foundation, the financial statements of the foundation are consolidated to the financial statements in accordance with IFRS 10 as the Company achieved the control by having power and the ability to use its power on the future benefit and cost of the foundation. In addition, the Company has rights to the financial and operating policies of the university from its involvement with the investee.
- 4) The Company took liquidation decision on December 25, 2017.



# MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

### NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.4 Basis of Consolidation (Continued)

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee ;
- is exposed, or has rights, to variable returns from its involvement with the investee; and ;
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

In cases where the Company has no majority voting rights on the company/asset invested, it still has the control power over that company/asset if the Company alone has sufficient voting rights to manage the investment operations of that company/asset. The Company considers all events and requirements including the items listed below to evaluate if its voting power is sufficient to get control power in an investment:

- The comparison of the Company’s voting right and other shareholders’ voting rights;
- Potential voting rights of the Company and other shareholders;
- Rights emerging from other agreements upon contracts;
- Other events and requirements showing the potential power of the Company in managing operation decisions (including the voting held on prior period general assemblies).

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company’s voting rights in an investee are sufficient to give it power, including:

- the size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group assets and liabilities, equities, income and expenses and cash flows resulting from of Group companies’ transactions are eliminated on consolidation.

#### Changes in the Group’s ownership interests in existing subsidiaries

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

## **MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018**

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

#### **NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

##### **2.4 Basis of Consolidation (Continued)**

###### Changes in the Group’s ownership interests in existing subsidiaries (Continued)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

##### **2.5 Changes in Accounting Policies**

Significant changes made in accounting policies are applied retrospectively and prior year financial statements are restated. In current period, the Group has no changes in its accounting policies in the current period.

##### **2.6 Changes in the Accounting Estimates and Errors**

If changes in accounting estimates are for only one period, changes are applied on the current year but if the changes in accounting estimates are for the following periods, changes are applied both on the current and the following years prospectively. In the current period, the Group has no changes in the accounting estimates and errors.

##### **2.7 Significant Accounting Estimates and Decisions**

Preparation of consolidated financial statements requires management to make estimations and assumptions which may affect the reported amounts of assets and liabilities as of the statement of financial position date, the disclosure of contingent assets and liabilities and the reported amounts of income and expenses during the financial period. The accounting assessments, estimates and assumptions are reviewed considering past experiences, other factors and reasonable expectations about future events under current conditions. Although the estimations and assumptions are based on the best estimates of the management’s existing incidents and operations, they may differ from the actual results.

# MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

### NOTE 3 – RELATED PARTY DISCLOSURES

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Shareholders	March 31, 2018			
	Receivables		Payables	
	Current		Current	
	Trade	Non-trade	Trade	Non-trade
Muharrem Usta	-	10,751	-	799
Adem Elbaşı	-	407	-	-
	-	11,158	-	799
<b>Other companies controlled by the shareholders</b>				
A ve A Sağlık A.Ş.(1)	10,081	-	13,872	-
Supra A.Ş.-Sonotom Ltd Şti.				
-Ledmar Ltd Şti.-Mlp A.Ş. İş Ortaklığı	854	-	-	-
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (2)	178	-	3,470	-
Miniso Mağazacılık A.Ş.	160	-	-	-
Mt Sağlık Ürünleri San. ve Tic. A.Ş.	-	-	103	-
Pozitif Medikal Sistemler San. ve Tic. Ltd. Şti.	4	-	509	-
Livart Tüp Bebek Özel Sağlık Hiz. A.Ş.	-	-	753	-
Saray Eczanesi	1	-	100	-
Samsunpark Özel Sağlık Tıbbi Malz. İnş. Tur. Tem. Tic. A.Ş. (3)	-	-	2,428	-
Samsunpark Özel Sağlık Hizm.İş Sağlığı ve Güvenliği Danışmanlık Eğitim Mühendislik Tic.Ltd.Şti.	-	-	47	-
Diasan Basım ve Form Matbaacılık San. ve Tic. A.Ş.	-	-	412	-
Mp Sağlık ve Tic. A.Ş.	-	-	789	733
Tokat Emar Sağlık Hiz. Ltd. Şti.	-	-	523	-
Atakum Özel Sağlık Hizmetleri İnş. Turizm ve San. Tic. A.Ş.	-	-	85	-
Üçboyut Sağlık Hiz. Eğitim Medikal San. Tic. Ltd. Şti.	-	-	175	-
Özdenler Sağ. Hiz. Dan. Turz. Gıd. San. Tic. Ltd. ve Şti.	-	-	31	-
Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. (4)	94	-	1,539	-
Other	32	125	287	36
	11,404	125	25,123	769
	11,404	11,283	25,123	1,568

(1) A ve A Özel Sağ. Hiz. ve Cih. Teks. San. Tic. Ltd. Şti. provides turn key project management services for the medical equipment purchases of the Group and sells cleaning materials for the hospitals.

(2) Fom Grup Mimarlık İnşaat ve Tic. A.Ş. provides turn key project management services for the furniture & fixture and leasehold improvements of the hospitals and audit of ongoing construction of the Group hospitals.

(3) Samsunpark Özel Sağlık Tıbbi Malz. İnş. Tur. Tem. Tic. A.Ş. provides cleaning, catering and laundry services for the Group.

(4) Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. provides cleaning and catering services for the Group.

## MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

#### NOTE 3 – RELATED PARTY DISCLOSURES (Continued)

	December 31, 2017			
	Receivables		Payables	
	Current		Current	
Shareholders	Trade	Non-trade	Trade	Non-trade
Muharrem Usta	-	8,663	-	626
Adem Elbaşı	-	373	-	-
	-	9,036	-	626
<b>Other companies controlled by the shareholders</b>				
A ve A Sağlık A.Ş.(1)	14,403	-	7,504	-
Supra A.Ş.-Sonotom Ltd Şti.-Ledmar Ltd Şti.-Mlp A.Ş. İş Ortaklığı	490	-	-	-
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (2)	84	-	6,440	-
Supra-Medicalpark-Sonotom-Akademi İş Ortaklığı	19	-	-	-
Mt Sağlık Ürünleri San. ve Tic. A.Ş.	2	-	123	-
Sanport Gayrimenkul Geliş. İnş. ve Tic. A.Ş.	-	-	3,165	-
Livart Tüp Bebek Özel Sağlık Hiz. A.Ş.	2	-	778	-
Saray Eczanesi	1	-	22	-
Samsunpark Özel Sağlık Tıbbı Malz. İnş. Tur. Tem. Tic. A.Ş. (3)	-	-	2,813	-
Samsunpark Özel Sağlık Hizm.İş Sağlığı ve Güvenliği Danışmanlık Eğitim Mühendislik Tic.Ltd.Şti.	-	-	34	-
Diasan Basım ve Form Matbaacılık San. ve Tic. A.Ş.	-	-	379	-
Mp Sağlık ve Tic. A.Ş.	-	-	629	733
Tokat Emar Sağlık Hiz. Ltd. Şti.	-	-	526	-
Atakum Özel Sağlık Hizmetleri İnş. Turizm ve San. Tic. A.Ş.	-	-	50	-
Üçboyut Sağlık Hiz. Eğitim Medikal San. Tic. Ltd. Şti.	-	-	41	-
Özdenler Sağ. Hiz. Dan. Turz. Gıd. San. Tic. Ltd. ve Şti.	-	-	25	-
Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. (4)	70	-	1,633	-
Other	112	128	830	49
	15,183	128	24,992	782
	15,183	9,164	24,992	1,408

(1) A ve A Özel Sağ. Hiz. ve Cih. Teks. San. Tic. Ltd. Şti. provides turn key project management services for the medical equipment purchases of the Group and sells cleaning materials for the hospitals.

(2) Fom Grup Mimarlık İnşaat ve Tic. A.Ş. provides turn key project management services for the furniture & fixture and leasehold improvements of the hospitals and audit of ongoing construction of the Group hospitals.

(3) Samsunpark Özel Sağlık Tıbbı Malz. İnş. Tur. Tem. Tic. A.Ş. provides cleaning, catering and laundry services for the Group.

(4) Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. provides cleaning and catering services for the Group.

## MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 3 – RELATED PARTY DISCLOSURES (Continued)

	March 31, 2018	December 31, 2017
<u>Prepaid expenses and advances given to related parties</u>		
Fom Grup Mimarlık İnşaat ve Tic. A.Ş.	6,195	8,210
	<u>6,195</u>	<u>8,210</u>
	March 31, 2018	December 31, 2017
<u>Fixed asset advances given to related parties</u>		
Fom Grup Mimarlık İnşaat Ve Tic. A.Ş.	27,623	23,798
	<u>27,623</u>	<u>23,798</u>
	March 31, 2018	December 31, 2017
<u>Related parties (sale and leaseback transactions)</u>		
Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. (within prepaid expenses)	787	787
Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. (within non-current prepaid expenses)	4,975	5,172
	<u>5,762</u>	<u>5,959</u>

The balances above are resulting from sale and leaseback transactions of Efes Hospital (branch of Sentez Hospital) and Bahçelievler Hospital’s land and buildings and are deferred under prepaid expenses and amortised in proportion to the lease payments over the period for which the asset is expected to be used since such losses are compensated for by future lease payments at below market price. Land of Efes Hospital was sold to Sancak Grup Mimarlık İnşaat ve Tic. A.Ş in 2010, resulting in a loss of TL 6,211, which was totally booked under the other current and non-current assets as of December 31, 2010 since the operational leasing agreement would become effective in 2011 and will be effective for 15 years. The building of Bahçelievler Hospital has been sold to Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. in 2009, resulting in a loss of TL 5,591. The duration of leasing agreement of the building is 15 years starting from December, 2009. As at March 31, 2018, the Group has incurred rent expense amounting to TL 197 due to amortization of prepaid rent (December 31, 2017: TL 787).

	January 1 - March 31, 2018	January 1 - March 31, 2017
<u>Purchases from related parties</u>		
A ve A Sağlık A.Ş.(1)	10,150	14,650
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (2)	3,118	36,145
	<u>13,268</u>	<u>50,795</u>

- (1) Medical equipment and cleaning material  
(2) Construction and audit of ongoing hospital construction and rent expenses

## MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 3 – RELATED PARTY DISCLOSURES (Continued)

	January 1 - March 31, 2018	January 1 - March 31, 2017
<u>Operating expenses (including purchase of services)</u>		
Ataköy Yatırım İnş. Tur. ve Tic. A.Ş. (6)	16,199	-
Sanport Gayrimenkul Geliştirme İnş. ve Tic.A.Ş (1)	13,785	11,633
Samsunpark Özel Sağ. Tıbbi Malz. İnş. Tur. Tem. Tic. A.Ş. (4)	3,946	4,207
Atakum Özel Sağlık Hiz. İnş. Turizm ve San. Tic. A.Ş. (1)	2,162	1,895
Gazi Medikal Sağlık Tesisleri ve Tic. A.Ş. (1)	1,360	1,194
Özarkaz Gayrimenkul Yat. ve İnş. Tic. A.Ş. (1)	1,580	1,524
Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. (4)	1,895	1,173
Özel Gebze Sentez Sağlık Hizmetleri ve Tic. A.Ş. (1)	1,713	1,164
Özel Ereğli Millet Sağlık Hizm. San. ve Tic. Ltd. Şti. (1)	1,017	985
Mp Sağlık ve Tic.A.Ş. (1)	1,062	915
Livart Tüp Bebek Özel Sağlık Hizm. A.Ş. (2)	1,126	943
Öz Anadolu Gayrimenkul ve Sağlık Yat. A.Ş. (1)	538	519
Tokat Emar Sağlık Hiz. Ltd. Şti. (2) (5)	349	306
Tokat Medikal Grup Sağlık Turizm İnş. San. Tic. A.Ş. (1)	565	209
Çanakkale Arkaz Sağlık Yatırımları A.Ş. (1)	229	221
Diasan Basım ve Form Matbaacılık San. ve Tic. A.Ş. (3)	266	117
Üçboyut Sağlık Hiz. Eğitim Medikal San. Tic. Ltd. Şti.	325	78
Özdenler Sağ. Hiz. Dan. Turz. Gıd. San. Tic. Ltd. Şti. (2)	79	73
Saray Eczanesi (7)	132	78
Mt Sağlık Ürünleri Sanayi ve Ticaret A.Ş. (3)	57	54
Gazişehir Sağlık Hizmetleri San. ve Tic. Ltd. Şti. (2)	-	83
	<u>48,385</u>	<u>27,371</u>

- (1) Hospital rent expenses
- (2) Doctor expenses
- (3) Stationary and consumable expenses
- (4) Cleaning, catering and laundry services
- (5) Medical equipment rent expenses
- (6) Hospital rent expenses and finance cost reimbursement
- (7) Pharmacetucial product purchases

## MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 3 – RELATED PARTY DISCLOSURES (Continued)

<u>Sales to related parties</u>	<u>January 1 - March 31, 2018</u>	<u>January 1 - March 31, 2017</u>
A ve A Sağlık A.Ş.(1)	7,044	2,915
Supra-Medicalpark-Sonotom-Akademi İş Ortaklığı (Fatih Görüntüleme) (2)	674	697
Muharrem Usta	336	159
Fom Grup Mimarlık İnşaat ve Tic. A.Ş.	79	73
Cotyora Med.Özel Sağ.Taah.Hz.İnş.Tr. Loj. Ltd. Şti.	82	55
Miniso Mağazacılık A.Ş.	49	141
Samsunpark Özel Sağlık Tıbbi Malz. İnş. Turizm. Tem. Tic. A.Ş.	42	25
Atakum Özel Sağlık Hizmetleri İnş. Turizm ve San. Tic. A.Ş.	36	-
Livart Tüp Bebek Özel Sağlık Hizm. A.Ş.	33	152
Mt Sağlık Ürünleri Sanayi ve Ticaret A.Ş.	20	74
Tokat Medikal Grup Sağlık Turizm İnş. San. Tic. A.Ş.	9	31
Sancak İnşaat Turizm Nak.ve Dış Tic. A.Ş.	1	24
Saray Eczanesi	1	5
Sanport Gayrimenkul Geliştirme İnş. ve Tic. A.Ş. (3)	-	38
	<u>8,406</u>	<u>4,389</u>

(1) Outsourcing laboratory services

(2) Imaging services

(3) Sale of Sultangazi hospital building

#### Compensation of key management personnel:

Key management personnel comprise general managers, deputy general managers and chief physicians of hospitals and head office management team.

The remuneration of directors and other members of key management during the year were as follows:

	<u>January 1 - March 31, 2018</u>	<u>January 1 - March 31, 2017</u>
Salaries and other short term benefits	<u>4,535</u>	<u>4,168</u>
	<u>4,535</u>	<u>4,168</u>

## MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 4 - CASH AND CASH EQUIVALENTS

	March 31, 2018	December 31, 2017
Cash on hand	28,715	26,148
Cash at banks	208,391	183,341
Other cash equivalents	9,620	8,357
	<u>246,726</u>	<u>217,846</u>

#### NOTE 5 – FINANCIAL INSTRUMENTS

##### Financial Liabilities

##### **Bank Loans and Bonds**

	March 31, 2018	December 31, 2017
<b>Financial liabilities</b>		
Short-term bank borrowings	22,945	62,945
Current portion of long term borrowings	204,889	237,254
<i>Current portion of long-term bank loans</i>	125,149	157,514
<i>Current portion of long-term bonds issued</i>	79,740	79,740
Interest expense accruals	19,439	31,137
	<u>247,273</u>	<u>331,336</u>
Long-term bank loans	579,817	951,992
Bonds issued	40,000	-
	<u>619,817</u>	<u>951,992</u>
Total borrowings	<u>867,090</u>	<u>1,283,328</u>

Reconciliation of obligations arising from financing activities:

The table below details changes in the Group’s liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group’s consolidated statement of cash flows as cash flows from financing activities.

			<u>Non-cash changes</u>	
	1 January 2018	Financing cash flows	Foreign exchange effect	31 March 2018
Bank loans	1,283,328	(459,486)	43,248	867,090
Finance lease obligations	315,920	(23,647)	16,488	308,761
	<u>1,599,248</u>	<u>(483,133)</u>	<u>59,736</u>	<u>1,175,851</u>
	January 1, 2017	Financing cash flows	Foreign exchange effect	December 31, 2017
Bank loans	1,010,550	146,994	125,784	1,283,328
Finance lease obligations	359,337	(85,828)	42,411	315,920
	<u>1,369,887</u>	<u>61,166</u>	<u>168,195</u>	<u>1,599,248</u>



## MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 5 – FINANCIAL INSTRUMENTS (Continued)

##### Financial Liabilities (Continued)

##### **Bank Loans and Bonds (Continued)**

As at March 31, 2018 and December 31, 2017 the repayment schedule of the total borrowings as follows:

Currency Type	Weighted Average Effective Interest Rate	March 31, 2018		
		Current	Non-current	Total
TL	17.14%	168,728	166,040	334,768
TL	TL Libor + 4.00%	25,765	165,324	191,089
EUR	Euribor + 5.5%	52,780	288,453	341,233
		<u>247,273</u>	<u>619,817</u>	<u>867,090</u>
Currency Type	Weighted Average Effective Interest Rate	December 31, 2017		
		Current	Non-current	Total
TL	16.79%	220,799	136,068	356,867
TL	TL Libor + 4.00%	19,324	178,206	197,530
EUR	5.50%	583	-	583
EUR	Euribor + 5.5%	90,630	637,718	728,348
		<u>331,336</u>	<u>951,992</u>	<u>1,283,328</u>

Additionally, as at March 31, 2018, the Group has TL 260 (December 31, 2017: TL 260) of restricted deposits as a security for bank borrowings.

As at March 31, 2018 and December 31, 2017 the repayment schedule of the borrowings in TL are as follows:

	March 31, 2018	December 31, 2017
Interest expense accruals	19,439	31,137
To be paid within 1 year	227,834	300,199
To be paid between 1-2 years	143,575	161,879
To be paid between 2-3 years	111,607	166,094
To be paid between 3-4 years	117,720	181,765
To be paid between 4-5 years	124,615	188,569
To be paid between 5-6 years	122,300	163,321
To be paid between 6-7 years	-	90,364
	<u>867,090</u>	<u>1,283,328</u>

##### Covenants:

The Company has a structured finance facility in place. A syndicate loan agreement was signed on December 31, 2015 with seven banks including Türkiye İş Bankası A.Ş., Türkiye Garanti Bankası A.Ş., Denizbank A.Ş., Denizbank AG, Odeabank A.Ş., ING European Financial Services PLC and ING Bank A.Ş. The withdrawal of the syndicate loan took place in February 2016. As a guarantee for the syndicate loan used, there is a pledge over all of shares of MLP, and shares in subsidiaries owned by MLP and all fixed assets under ownership of MLP and the MLP’s bank accounts. In addition to this, the loan is secured via assignment of MLP’s receivables arising from various agreements including medical tourism agreements and insurance policies.

## MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 5 – FINANCIAL INSTRUMENTS (Continued)

##### Financial Liabilities (Continued)

##### **Bank Loans and Bonds (Continued)**

The syndicate loan includes a number of financial covenants stated below:

The Debt Service Coverage Ratio (“DSCR”) cannot be below 1.1 during the term of the agreement (2016-2024). DSCR is tested every six months starting from December 31, 2016.

Net debt to EBITDA Ratio cannot be above x4.0 for the year ended December 31, 2016 and for the six months period ended June 30, 2017, x3.5 for the year ended December 31, 2017 and for the six months period ended June 30, 2018, x3.0 for the year ended December 31, 2018 and for the six months period ended June 30, 2019 and x2.5 for the remaining period of the syndicate loan.

##### **Lease Obligations**

The Group has the following finance lease obligations which arose mainly due to lease of medical machinery and equipment:

	Minimum lease payments		Present value of minimum lease payments	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Obligations under finance leases				
Within one year	113,560	112,936	92,963	91,488
In the second to ninth years inclusive	247,332	258,926	215,798	224,432
	360,892	371,862	308,761	315,920
Less : Future finance charges	(52,131)	(55,942)		
Present value of finance lease obligations	308,761	315,920	308,761	315,920
Less: Amounts due to settlement within twelve months (shown under current liabilities)			92,963	91,488
Amounts due for settlement after 12 months			215,798	224,432

## MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 6 – TRADE RECEIVABLES AND PAYABLES

##### Trade Receivables

	March 31, 2018	December 31, 2017
<u>Current trade receivables</u>		
Trade receivables	657,316	640,279
Notes receivables	1,423	1,558
Trade receivables from related parties (Note 3)	11,404	15,183
Income accruals from continuing treatments	88,316	69,863
Other trade income accruals	42,886	41,256
Allowance for doubtful receivables (-)	(10,396)	(17,963)
	<u>790,949</u>	<u>750,176</u>

Trade receivables due from the SSI constitute 36% (December 31, 2017: 40%) and receivables due from foreign patients constitute 30% (December 31, 2017: 30%) of total trade receivables.

The Group has trade receivables arising from health services given to foreign patients amounting to TL 199,477 as at March 31, 2018. These receivables have a longer maturity and higher profitability compared to other institutions that the Group works such as SSI and private insurance companies. Collections of these receivables are followed up regularly by the Group. In the period January 1, 2017 – March 31, 2018, the Group has made a collection amounting to TL 62,399 with regards to receivables from the Government of Libya amounting to TL 139,234 and the related collections are deducted from trade receivables on a first in first out method. Group Management expect to collect remaining receivables within 9 months.

Allowance for doubtful receivables for the trade receivables is determined depending on past experiences of irrecoverable amounts.

As of March 31, 2018, trade receivables of an initial value of TL 10,396 (December 31, 2017: TL 17,963) were fully impaired and fully provided for. No collaterals are received in relation to these trade receivables.

	January 1 - March 31, 2018	January 1 - March 31, 2017
<u>Movement of allowance for doubtful receivables</u>		
Balance at beginning of the period	17,963	7,781
Charge for the period	2,309	2,008
Collections	(539)	(88)
Amount written off from the book value (*)	(9,337)	-
Balance at closing of the period	<u>10,396</u>	<u>9,701</u>

(\*) The Group has decided to write-off part of bad debt receivables from its balance sheet.

##### Trade Payables

	March 31, 2018	December 31, 2017
<u>Short term trade payables</u>		
Trade payables	593,784	561,589
Trade payables due to related parties (Note 3)	25,123	24,992
Other expense accruals	79,311	82,089
Other trade payables	481	1,305
	<u>698,699</u>	<u>669,975</u>

## MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 7 – OTHER RECEIVABLES AND PAYABLES

##### Other Receivables

	March 31, 2018	December 31, 2017
<b>Other current receivables</b>		
Receivables from tax office	7,030	9,684
Deposits given	3,115	2,773
Non-trading receivables due from related parties (Note 3)	11,283	9,164
Other miscellaneous receivables	2,216	2,059
	<u>23,644</u>	<u>23,680</u>
	March 31, 2018	December 31, 2017
<b>Other non-current receivables</b>		
Deposits given	1,281	1,434
	<u>1,281</u>	<u>1,434</u>
	March 31, 2018	December 31, 2017
<b>Other current payables</b>		
Other taxes and funds payable	11,293	10,694
Payables relating to business combinations	9,319	9,129
Non-trading payables due to related parties (Note 3)	1,568	1,408
Other miscellaneous payables	97	94
	<u>22,277</u>	<u>21,325</u>
	March 31, 2018	December 31, 2017
<b>Other non-current payables</b>		
Payables relating to business combinations	38,468	39,223
	<u>38,468</u>	<u>39,223</u>

#### NOTE 8 – INVENTORIES

	March 31, 2018	December 31, 2017
<b>Inventories</b>		
Laboratory inventory	34,608	21,647
Medical consumables inventory	13,877	12,529
Pharmaceutical inventory	18,201	14,809
Other inventory	2,529	2,361
	<u>69,215</u>	<u>51,346</u>

## MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 9 – PREPAID EXPENSES AND DEFERRED INCOME

##### Prepaid Expenses

	March 31, 2018	December 31, 2017
<u>Short term prepaid expenses</u>		
Order advances	71,609	64,192
Prepaid insurance expenses	8,562	11,156
Prepaid rent expenses	10,259	9,758
Prepaid sponsorship expenses	506	406
Other	7,176	4,687
	<u>98,112</u>	<u>90,199</u>
<u>Long term prepaid expenses</u>		
Fixed asset advances given	100,588	90,550
Prepaid rent expenses	38,291	39,870
Prepaid sponsorship expenses	1,890	2,559
Other	7,414	7,509
	<u>148,183</u>	<u>140,488</u>

##### Deferred Income

	March 31, 2018	December 31, 2017
<u>Short term accrued income</u>		
Advances received	44,088	31,119
Deferred revenue	4,517	2,522
	<u>48,605</u>	<u>33,641</u>
<u>Long term accrued income</u>		
Deferred revenue	1,941	1,053
	<u>1,941</u>	<u>1,053</u>

## MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 10 – PROPERTY, EQUIPMENT AND OTHER INTANGIBLE ASSETS

	Land	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Leased assets	Leasehold improvements	Construction in progress	Total
<u>Cost</u>									
Opening balance as of January 1, 2018	-	2,611	404,999	1,568	172,901	517,067	421,919	125,930	1,646,995
Additions	-	-	27,490	190	12,746	637	10,860	48,068	99,991
Disposals	-	-	(1,544)	-	(470)	(2,411)	-	(2)	(4,427)
Transfers	-	-	24,865	71	18,803	(18,252)	4,770	(30,227)	30
Closing balance as of March 31, 2018	-	2,611	455,810	1,829	203,980	497,041	437,549	143,769	1,742,589
<u>Accumulated depreciation</u>									
Opening balance as of January 1, 2018	-	(139)	(227,744)	(1,568)	(100,283)	(362,862)	(202,263)	-	(894,859)
Charge for the period	-	(11)	(14,133)	(29)	(6,474)	(14,596)	(7,128)	-	(42,371)
Disposals	-	-	174	-	5	-	-	-	179
Closing balance as of March 31, 2018	-	(150)	(241,703)	(1,597)	(106,752)	(377,458)	(209,391)	-	(937,051)
Carrying value as of March 31, 2018	-	2,461	214,107	232	97,228	119,583	228,158	143,769	805,538

## MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 12 – PROPERTY, EQUIPMENT AND OTHER INTANGIBLE ASSETS (Continued)

	Land	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Leased assets	Leasehold improvements	Construction in progress	Total
<u>Cost</u>									
Opening balance as of January 1, 2017	-	2,611	311,431	1,639	123,964	544,748	373,203	73,683	1,431,279
Additions	-	-	34,857	106	25,154	-	30,065	23,883	114,065
Disposals	-	-	-	-	(134)	(274)	-	-	(408)
Transfers	-	-	12,965	-	1,939	(13,349)	3,611	(4,740)	426
Closing balance as of March 31, 2017	-	2,611	359,253	1,745	150,923	531,125	406,879	92,826	1,545,362
<u>Accumulated depreciation</u>									
Opening balance as of January 1, 2017	-	(95)	(174,291)	(1,639)	(80,411)	(302,124)	(171,296)	-	(729,856)
Charge for the year	-	(11)	(12,194)	(106)	(4,842)	(16,275)	(7,052)	-	(40,480)
Disposals	-	-	-	-	134	-	-	-	134
Closing balance as of March 31, 2017	-	(106)	(186,485)	(1,745)	(85,119)	(318,399)	(178,348)	-	(770,202)
Carrying value as of March 31, 2017	-	2,505	172,768	-	65,804	212,726	228,531	92,826	775,160

## MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 10 – PROPERTY, EQUIPMENT AND OTHER INTANGIBLE ASSETS (Continued)

<u>Cost</u>	<u>Licenses</u>	<u>Rights</u>	<u>Other</u>	<u>Total</u>
Opening balance as of January 1, 2018	401,236	49,149	495	450,880
Additions	80	3,110	26	3,216
Transfers	-	(30)	-	(30)
Closing balance as of March 31, 2018	<u>401,316</u>	<u>52,229</u>	<u>521</u>	<u>454,066</u>
<u>Accumulated amortization</u>				
Opening balance as of January 1, 2018	-	(23,207)	(157)	(23,364)
Charge for the period	-	(1,525)	(21)	(1,546)
Closing balance as of March 31, 2018	-	<u>(24,732)</u>	<u>(178)</u>	<u>(24,910)</u>
Carrying value as of March 31, 2018	<u>401,316</u>	<u>27,497</u>	<u>343</u>	<u>429,156</u>
<u>Cost</u>				
<u>Cost</u>	<u>Licenses</u>	<u>Rights</u>	<u>Other</u>	<u>Total</u>
Opening balance as of January 1, 2017	401,236	48,603	331	450,170
Additions	-	1,209	-	1,209
Transfers	-	(426)	-	(426)
Closing balance as of March 31, 2017	<u>401,236</u>	<u>49,386</u>	<u>331</u>	<u>450,953</u>
<u>Accumulated amortization</u>				
Opening balance as of January 1, 2017	-	(18,905)	(87)	(18,992)
Charge for the year	-	(747)	(13)	(760)
Closing balance as of March 31, 2017	-	<u>(19,652)</u>	<u>(100)</u>	<u>(19,752)</u>
Carrying value as of March 31, 2017	<u>401,236</u>	<u>29,734</u>	<u>231</u>	<u>431,201</u>

#### NOTE 11 – PAYABLES FOR EMPLOYEE BENEFITS

##### Payables for employment benefits:

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Fees payable to doctors and other personnel	66,604	62,620
Social security premiums payable	<u>13,332</u>	<u>23,066</u>
	<u>79,936</u>	<u>85,686</u>



## MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 11 – PAYABLES FOR EMPLOYEE BENEFITS (Continued)

##### Short term provision for employment benefits:

	March 31, 2018	December 31, 2017
Unused vacation provision	10,608	9,628
	<u>10,608</u>	<u>9,628</u>

##### Long term provision for employment benefits:

	March 31, 2018	December 31, 2017
Unused vacation provision	2,191	1,663
Retirement pay provision	12,999	12,743
	<u>15,190</u>	<u>14,406</u>

#### NOTE 12 – OTHER ASSETS AND LIABILITIES

	March 31, 2018	December 31, 2017
<u>Other current assets</u>		
VAT carried forward	35,743	26,474
Other miscellaneous current assets	3,453	1,454
	<u>39,196</u>	<u>27,928</u>

#### NOTE 13 – PROVISIONS

	March 31, 2018	December 31, 2017
<u>Other short-term provisions</u>		
Litigation provisions	9,072	8,828
Social Security discounts provisions	4,277	5,922
	<u>13,349</u>	<u>14,750</u>

# MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

### NOTE 14 – COMMITMENTS

March 31, 2018	Total	TL	USD	EUR
A. CPM given on behalf of its own legal entity				
- <i>Collateral</i>	40,616	35,715	1,241	-
- <i>Pledge</i>	-	-	-	-
- <i>Mortgage</i>	-	-	-	-
B. CPM given on behalf of the subsidiaries included in full consolidation				
- <i>Collateral (*)</i>	60,285	38,927	5	4,384
- <i>Pledge</i>	-	-	-	-
- <i>Mortgage</i>	-	-	-	-
C. CPM given for execution of ordinary commercial activities to collect third parties debt				
- <i>Collateral</i>	-	-	-	-
- <i>Pledge</i>	-	-	-	-
- <i>Mortgage</i>	-	-	-	-
D. Total amount of other CPM given				
i. Total Amount of CPM on behalf of the main partner				
- <i>Collateral</i>	-	-	-	-
- <i>Pledge</i>	-	-	-	-
- <i>Mortgage</i>	-	-	-	-
ii. Total amount of CPM given on behalf of other Company companies that do not cover B and C				
- <i>Collateral</i>	-	-	-	-
- <i>Pledge</i>	-	-	-	-
- <i>Mortgage</i>	-	-	-	-
iii. Total amount of CPM on behalf of third parties that do not cover C.				
- <i>Collateral</i>	-	-	-	-
- <i>Pledge</i>	-	-	-	-
- <i>Mortgage</i>	-	-	-	-
<b>Total</b>	<b>100,901</b>	<b>74,642</b>	<b>1,246</b>	<b>4,384</b>

(\*) The Group has given guarantees amounting to TL 95,969 related to the loans in Note 5 for the companies under full consolidation.

Commitments mostly comprise guarantee letters obtained from banks to participate in state tenders, letters provide to courts and letters given to suppliers.

## MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 14 – COMMITMENTS (Continued)

December 31, 2017	Total	TL	USD	EUR
A. CPM given on behalf of its own legal entity				
<i>-Collateral</i>	39,749	35,219	1,201	-
<i>-Pledge</i>	-	-	-	-
<i>-Mortgage</i>	-	-	-	-
B. CPM given on behalf of the subsidiaries included in full consolidation				
<i>-Collateral (*)</i>	61,572	41,757	5	4,384
<i>-Pledge</i>	-	-	-	-
<i>-Mortgage</i>	-	-	-	-
C. CPM given for execution of ordinary commercial activities to collect third parties debt				
<i>-Collateral</i>	-	-	-	-
<i>-Pledge</i>	-	-	-	-
<i>-Mortgage</i>	-	-	-	-
D. Total amount of other CPM given				
i. Total Amount of CPM on behalf of the main partner				
<i>-Collateral</i>	-	-	-	-
<i>-Pledge</i>	-	-	-	-
<i>-Mortgage</i>	-	-	-	-
ii. Total amount of CPM given on behalf of other Company companies that do not cover B and C				
<i>-Collateral</i>	-	-	-	-
<i>-Pledge</i>	-	-	-	-
<i>-Mortgage</i>	-	-	-	-
iii. Total amount of CPM on behalf of third parties that do not cover C.				
<i>-Collateral</i>	-	-	-	-
<i>-Pledge</i>	-	-	-	-
<i>-Mortgage</i>	-	-	-	-
<b>Total</b>	<b>101,321</b>	<b>76,976</b>	<b>1,206</b>	<b>4,384</b>

(\*) The Group has given guarantees amounting to TL 89,639 related to the loans in Note 5 for the companies under full consolidation.

Commitments mostly comprise guarantee letters obtained from banks to participate in state tenders, letters provide to courts and letters given to suppliers.

## MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 15 – SHARE CAPITAL / OTHER RESERVES

Shareholders	%	March 31, 2018	%	December 31, 2017
Lightyear Healthcare B.V.	30.69%	63,847	47.22%	83,324
Sancak İnşaat Turizm Nakliyat ve Dış Ticaret A.Ş.	15.35%	31,934	23.63%	41,691
Muharrem Usta	8.98%	18,682	13.81%	24,377
Hujori Financieringen B.V.	3.98%	8,280	6.13%	10,815
Adem Elbaşı	2.99%	6,220	4.60%	8,125
İzzet Usta	1.20%	2,496	1.84%	3,250
Saliha Usta	0.9%	1,872	1.38%	2,438
Nurgül Dürüstkan Elbaşı	0.9%	1,872	1.38%	2,438
Publicly Traded	35.01%	72,834	-	-
Nominal capital	100.00%	208,037	100.00%	176,458

As of March 31, 2018 the total number of ordinary shares is 208,037 thousand shares (2017: 176,458 thousand shares) with a par value of TL 1 per share (2017: TL 1 per share).

The share capital is divided into 208,037 thousand shares (December 31, 2017: 176,458 thousand shares), with 88,229 thousand A type shares and 119,808 thousand B type shares.

In accordance with the Capital Markets Board’s (the “CMB”) Resolution No: 21/655 issued on July 23, 2010, it is regarded that 32.68% of the shares are in circulation in accordance with CSD as of March 31, 2018 (Note 1). Shares in circulation rate is 32.68% as of April 1, 2018.

#### Share premiums

On February 7, 2018, the Group launched initial public offering (“IPO”) of 72,834 thousand B type bearer shares corresponding to 35.01% of total shares. From the initial public offering, TL 600,000 was generated to the Group. After the IPO related expenses amounting to TL 12,559 were deducted from proceeds, out of TL 587,441, share capital increase was made with the amount of TL 31,579 and the remaining amount was used in the share premium increase by TL 556,162.

#### Reserves:

	March 31, 2018	December 31, 2017
Legal reserves	302	302
Restricted reserves appropriated from profit	9,958	9,958
Revaluation reserves	39,752	39,752
	<u>50,012</u>	<u>50,012</u>

#### Legal reserves

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

## MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 16 – REVENUE AND COST OF SERVICES

<u>Revenue</u>	<u>January 1- March 31,2018</u>	<u>January 1- March 31,2017</u>
Hospital services (*)	749,307	633,818
	<u>749,307</u>	<u>633,818</u>

(\*) Hospital services includes foreign medical revenue and other income.

<u>Cost of services</u>	<u>January 1- March 31,2018</u>	<u>January 1- March 31,2017</u>
Material consumption	(163,406)	(148,662)
Doctor expenses	(167,003)	(140,235)
Personnel expenses	(114,002)	(101,167)
Rent expenses (hospital)	(51,764)	(44,795)
Depreciation and amortization expenses	(42,857)	(40,620)
Services rendered by third parties	(32,641)	(25,002)
Other (*)	(39,598)	(33,040)
	<u>(611,271)</u>	<u>(533,521)</u>

(\*) Other expenses mainly comprise expenses incurred for electricity, water and natural gas.

#### NOTE 17 – OPERATING EXPENSES

<u>General administrative and marketing expenses</u>	<u>January 1- March 31,2018</u>	<u>January 1- March 31,2017</u>
Personnel expenses	(25,944)	(19,382)
Sponsorship and advertising expenses (*)	(18,452)	(8,685)
Bad debt allowance	(2,309)	(2,008)
Rent expenses	(1,748)	(1,499)
Outsourcing expenses	(1,437)	(1,208)
Depreciation and amortization expenses	(1,039)	(616)
Taxes and duties	(903)	(600)
Representation and entertainment expenses	(816)	(1,414)
Maintenance expenses	(778)	(567)
Utility expenses	(372)	(566)
Lawsuit provision	(244)	(675)
Communication expenses	(190)	(134)
Other	(5,461)	(5,317)
	<u>(59,693)</u>	<u>(42,671)</u>

(\*) Sponsorship and advertising expenses includes marketing expenses related to the income of domestic and foreign medical tourism.

## MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 18 – FINANCE EXPENSES

<u>Finance expenses (-)</u>	<u>January 1- March 31,2018</u>	<u>January 1- March 31,2017</u>
Interest expenses from bank borrowings	(42,375)	(22,003)
Interest expenses from financial lease obligations	(7,699)	(9,233)
Interest expenses from bonds issued	(7,833)	(8,484)
Bank commissions	(6,605)	(4,350)
Other interest expenses	(3,026)	(2,992)
Total interest expenses	<u>(67,538)</u>	<u>(47,062)</u>
Net foreign exchange loss	(59,736)	(33,388)
	<u>(127,274)</u>	<u>(80,450)</u>

## MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 19 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)

	March 31, 2018	December 31, 2017
Short term payables due to current tax		
Current period tax liabilities	2,862	3,595
	<u>2,862</u>	<u>3,595</u>
	March 31, 2018	December 31, 2017
Current tax liabilities		
Current corporate tax provision	2,862	11,573
Less: Prepaid taxes and funds	-	(7,978)
	<u>2,862</u>	<u>3,595</u>
	January 1- March 31, 2018	January 1- March 31, 2017
Tax (expense) / income		
Current tax expense	(2,862)	(2,322)
Deferred tax income	35,277	10,822
	<u>32,415</u>	<u>8,500</u>

#### Corporate Tax

The Group is subject to Turkish corporate tax. Provision is made in the accompanying consolidated financial statements for the estimated charge based on the Group’s results for the years and periods.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The advance corporate income tax rate is 22% in 2018 (2017: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2018 is 22% (2017: 20%). Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. However, losses incurred cannot be deducted from the prior years’ profit retrospectively.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

#### Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied commencing from 23 July 2006, this rate has been changed to 15% upon the Council of Minister’s’ Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Withholding tax at the rate of 19.8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, the investments without investment incentive certificates do not qualify for tax allowance.

## MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 19 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED) (Continued)

##### Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and they are given below.

Tax rate used in the calculation of deferred tax assets and liabilities was 22% over temporary timing differences expected to be reversed in 2018, 2019 and 2020, and 20% over temporary timing differences expected to be reversed in 2021 and the following years (2017: 20%).

In Turkey, the companies cannot declare a consolidated tax return, therefore subsidiaries that have deferred tax assets position were not netted off against subsidiaries that have deferred tax liabilities position and disclosed separately.

##### Investment Incentive Certificate

The Group has various investment incentive certificates that were signed by the Turkish Ministry of Economy and approved by General Directorate of Incentive Implementation and Foreign Capital. With those incentives, the Group is eligible for a corporate tax deduction rate ranging between 50% - 80% for an unlimited time, which amounts to a total deferred tax asset of TL 100,591 (December 31, 2017: TL 70,783). Respective deferred tax asset was calculated to be 15% - 40% of total investment contribution with regards to the respective investment incentive certificates. Additionally, the Group is entitled to social security premium support from the Turkish Ministry of Economy, related to the hospitals that have completed their greenfield investments. Such investment income of TL 7,556 will be netted off against personnel expenses over the period of 2018-2020.

As of March 31, 2018, the Group has tax loss amounting to TL 429,596 (December 31, 2017: TL 388,511). TL 87,995 (December 31, 2017: TL 80,190) deferred tax assets have been recorded concerning this loss.

	March 31, 2018	December 31, 2017
<u>Deferred tax assets / (liabilities):</u>		
Tax losses carried forward	87,995	80,190
Depreciation / amortization differences of tangible and intangible assets	(121,156)	(119,498)
Provision for employment termination benefits	2,600	2,549
Vacation pay liability	2,816	2,484
Temporary difference between the tax base and carrying amount of financial liabilities	550	1,552
Prepaid building expenses	(3,659)	(3,853)
Tax advantage from investment incentive	100,591	70,783
Other	38,715	38,974
	<u>108,452</u>	<u>73,181</u>
Deferred tax asset	233,266	197,317
Deferred tax liability	(124,814)	(124,136)
	<u>108,452</u>	<u>73,181</u>



**MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT MARCH 31, 2018**

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

**NOTE 19 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED) (Continued)**

Deferred Tax (Continued)

Tax losses carried forward and their expiry dates are as follows:

<u>Expiration schedule of carryforward tax losses</u>	<b>March 31, 2018</b>	
	<u>Losses carried forward for which deferred tax assets recognized</u>	<u>Losses carried forward for which deferred tax assets not recognized</u>
Expiring in 2019	54,024	-
Expiring in 2020	49,787	-
Expiring in 2021	81,039	-
Expiring in 2022	170,896	-
Expiring in 2023	73,850	-
	<u>429,596</u>	<u>-</u>

<u>Expiration schedule of carryforward tax losses</u>	<b>December 31, 2017</b>	
	<u>Losses carried forward for which deferred tax assets recognized</u>	<u>Losses carried forward for which deferred tax assets not recognized</u>
Expiring in 2018	30,256	-
Expiring in 2019	26,733	-
Expiring in 2020	67,394	-
Expiring in 2021	92,498	-
Expiring in 2022	171,630	-
	<u>388,511</u>	<u>-</u>

Movement of deferred tax (assets)/liabilities for the period ended March 31, 2018 and year ended December 31, 2017 are as follows:

<u>Movement of deferred tax asset / (liabilities):</u>	<u>January 1- March 31,2018</u>	<u>January 1- March 31,2017</u>
Opening balance as at January 1	(73,181)	(22,356)
Charged to profit or loss	(35,277)	(10,822)
Charged to equity	6	496
Closing balance as at year end	<u>(108,452)</u>	<u>(32,682)</u>

## MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 19 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED) (Continued)

The reconciliation of the current tax expense and net income for the period is as follows:

Reconciliation of tax provision:	January 1- March 31,2018	January 1- March 31,2017
Loss before tax	(30,913)	(25,783)
Tax at the domestic income tax rate of 22% (2017: 20%)	6,801	5,157
Tax effects of:		
- expenses that are not deductible in determining taxable profit	(3,359)	(6,221)
- effect of tax advantage from investment incentive	29,808	10,062
- tax losses carried forward not subject to deferred tax	(6,051)	(1,475)
- change in income tax rate from 20% to 22%	5,569	-
- other	(353)	516
- other deduction	-	461
Income tax income recognised in profit or loss	32,415	8,500

#### NOTE 20 – EARNINGS PER SHARE

For the period ended March 31, 2018 and the year ended December 31, 2017 earnings per share is as follows:

Gain / (loss) per share	March 31, 2018	December 31, 2017
Weighted average number of shares	200,619	176,458
Net gain / (loss) for the period for the equity holders of the parent	9,990	(122,772)
<b>Gain / (loss) per share</b>	<b>0.05</b>	<b>(0.70)</b>

## MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 21 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

##### Financial Risk Factors

##### Foreign currency risk management

##### Foreign currency risk

Transactions in foreign currencies expose the Company to foreign currency risk. The carrying amounts of the Group’s foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	March 31, 2018			
	TL Equivalent (Functional currency)	USD	EUR	GBP
1. Trade receivables	125,457	31,743	22	-
2.a Monetary financial assets	68,566	2,818	11,770	27
2.b Non monetary financial assets	47,998	3,151	7,304	1
3. Other	566	94	40	-
<b>4. CURRENT ASSETS</b>	<b>242,587</b>	<b>37,806</b>	<b>19,136</b>	<b>28</b>
6.b. Non monetary financial assets	50,804	10,950	1,554	-
7. Other	233	48	9	-
<b>8. NON CURRENT ASSETS</b>	<b>51,037</b>	<b>10,998</b>	<b>1,563</b>	<b>-</b>
<b>9. TOTAL ASSETS</b>	<b>293,624</b>	<b>48,804</b>	<b>20,699</b>	<b>28</b>
10. Trade payables	(53,948)	(5,574)	(6,434)	(112)
11a. Financial liabilities (loans)	(52,780)	-	(10,844)	-
11b. Financial liabilities (leasing)	(63,770)	(2,286)	(11,247)	-
12.a Other monetary liabilities	(31,181)	(5,077)	(2,286)	(1)
<b>13. CURRENT LIABILITIES</b>	<b>(201,679)</b>	<b>(12,937)</b>	<b>(30,811)</b>	<b>(113)</b>
14. Trade payables	-	-	-	-
15a. Financial liabilities (loans)	(288,453)	-	(59,263)	-
15b. Financial liabilities (leasing)	(168,421)	(4,926)	(30,606)	-
16.b Other non monetary liabilities	-	-	-	-
<b>17. NON CURRENT LIABILITIES</b>	<b>(456,874)</b>	<b>(4,926)</b>	<b>(89,869)</b>	<b>-</b>
<b>18. TOTAL LIABILITIES</b>	<b>(658,553)</b>	<b>(17,863)</b>	<b>(120,680)</b>	<b>(113)</b>
19. Net assets / liability position of off-balance sheet derivatives (19a-19b)	-	-	-	-
19.a Off balance sheet foreign currency derivative assets	-	-	-	-
19.b Off balance sheet foreign currency derivative liabilities	-	-	-	-
<b>20. Net foreign currency asset liability position (9-18+19)</b>	<b>(364,929)</b>	<b>30,941</b>	<b>(99,981)</b>	<b>(85)</b>

# MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

### NOTE 21 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### Financial Risk Factors (Continued)

#### Foreign currency risk management (Continued)

#### Foreign currency risk (Continued)

	December 31, 2017			
	TL Equivalent (Functional currency)	USD	EUR	GBP
1. Trade receivables	117,511	31,152	2	-
2.a Monetary financial assets	37,441	8,300	1,329	25
2.b Non monetary financial assets	120,557	16,136	13,218	-
3. Other	456	75	38	-
<b>4. CURRENT ASSETS</b>	<b>275,965</b>	<b>55,663</b>	<b>14,587</b>	<b>25</b>
6.b. Non monetary financial assets	44,261	11,734	-	-
7. Other	3,805	1,005	3	-
<b>8. NON CURRENT ASSETS</b>	<b>48,066</b>	<b>12,739</b>	<b>3</b>	<b>-</b>
<b>9. TOTAL ASSETS</b>	<b>324,031</b>	<b>68,402</b>	<b>14,590</b>	<b>25</b>
10. Trade payables	(44,055)	(6,737)	(4,129)	-
11a. Financial liabilities (loans)	(91,213)	-	(20,200)	-
11b. Financial liabilities (leasing)	(60,978)	(2,459)	(11,450)	-
12.a Other monetary liabilities	(39,023)	(5,047)	(4,425)	-
<b>13. CURRENT LIABILITIES</b>	<b>(235,269)</b>	<b>(14,243)</b>	<b>(40,204)</b>	<b>-</b>
14. Trade payables	-	-	-	-
15a. Financial liabilities (loans)	(637,718)	-	(141,229)	-
15b. Financial liabilities (leasing)	(170,125)	(5,470)	(33,106)	-
16.b Other non monetary liabilities	-	-	-	-
<b>17. NON CURRENT LIABILITIES</b>	<b>(807,843)</b>	<b>(5,470)</b>	<b>(174,335)</b>	<b>-</b>
<b>18. TOTAL LIABILITIES</b>	<b>(1,043,112)</b>	<b>(19,713)</b>	<b>(214,539)</b>	<b>-</b>
19. Net assets / liability position of off-balance sheet derivatives (19a-19b)	-	-	-	-
19.a Off balance sheet foreign currency derivative assets	-	-	-	-
19.b Off balance sheet foreign currency derivative liabilities	-	-	-	-
<b>20. Net foreign currency asset liability position (9-18+19)</b>	<b>(719,081)</b>	<b>48,689</b>	<b>(199,949)</b>	<b>25</b>

# MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

### NOTE 21 –FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### Financial Risk Factors (Continued)

##### Foreign currency risk management (Continued)

##### Foreign currency sensitivity

The Group is exposed to foreign exchange risk arising primarily from USD and EUR.

The following table details the Group's sensitivity to a 10% increase and decrease against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit / loss or equity where the TL strengthens 10% against the relevant currency. For a 10% weakening of the TL against the relevant currency, there would be a comparable impact on the profit before tax or equity, and the balances would be negative.

	<b>March 31, 2018</b>	
	Profit /Loss	
	Valuation of foreign currency	Devaluation of foreign currency
In the case of US dollar gaining 10% value against TL		
1 - USD net asset / liability	12,218	(12,218)
2- Portion hedged against USD risk (-)	-	-
<b>3- USD net effect (1 +2)</b>	<b>12,218</b>	<b>(12,218)</b>
In the case of EUR gaining 10% value against TL		
4 -EUR net asset / liability	(48,664)	48,664
5 Portion hedged against EUR risk (-)	-	-
<b>6- EUR net effect (4+5)</b>	<b>(48,664)</b>	<b>48,664</b>
<b>TOTAL (3 + 6)</b>	<b>(36,446)</b>	<b>36,446</b>
	<b>December 31, 2017</b>	
	Profit /Loss	
	Valuation of foreign currency	Devaluation of foreign currency
In the case of US dollar gaining 10% value against TL		
1 - USD net asset / liability	18,365	(18,365)
2- Portion hedged against USD risk (-)	-	-
<b>3- USD net effect (1 +2)</b>	<b>18,365</b>	<b>(18,365)</b>
In the case of EUR gaining 10% value against TL		
4 -EUR net asset / liability	(90,287)	90,287
5 Portion hedged against EUR risk (-)	-	-
<b>6- EUR net effect (4+5)</b>	<b>(90,287)</b>	<b>90,287</b>
<b>TOTAL (3 + 6)</b>	<b>(71,922)</b>	<b>71,922</b>

## MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

### UNAUDITED FINANCIAL INFORMATION

(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

#### NOTE 22 - EVENTS AFTER THE REPORTING PERIOD

None.

#### APPENDIX I EARNINGS BEFORE INTEREST TAXES DEPRECIATION AND AMORTISATION ("EBITDA")

Interest, Tax, Depreciation and Amortization ("EBITDA") is calculated by the Group Management with the addition of the period's depreciation and amortization, financial income and expenses, other adjustments and tax deductions to net loss before tax.

The EBITDA calculation movements for the period ended March 31, 2018 and March 31, 2017 are as follow:

<b>EBITDA CALCULATION</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
i. Net loss before tax	(30,913)	(25,783)
ii. Depreciation and amortization of tangible and intangible fixed assets including non-cash provisions related to assets such as goodwill	43,917	41,240
iii. Total net finance expenses, net of interest income	59,943	45,823
iv. Fx gains / losses, net under finance expenses	59,736	33,388
v. Extraordinary (income)/ expenses	2,422	6,231
vi. Rediscount income/expense (net imputed interest)	259	(1,606)
vii. Legal case provision expenditures which are reflected to financial statements by the general accounting principles	244	675
viii. Unused vacation pay provision expenses which are reflected to financial statements by the general accounting principles	1,508	1,641
xi. Retirement pay provision expenses which are reflected to financial statements by the general accounting principles	723	4,148
x. Doubtful receivables provision expenses which are reflected to financial statements by the general accounting principles (Note 6)	1,770	1,920
xi. Non cash sale and lease back expenses which are reflected to financial statements by the general accounting principles (Note 3)	197	197
xii. (Income)/ expenses from investment operations	(14)	(121)
<b>EBITDA</b>	<b>139,792</b>	<b>107,753</b>