

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

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

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS FOR THE PERIOD ENDED
1 JANUARY - MARCH 31, 2020**

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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE PERIOD ENDED 1 JANUARY - MARCH 31, 2020**

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MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020

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

	Notes	Unaudited March 31, 2020	Audited December 31, 2019
Assets			
Current assets		1,944,608	1,721,976
Cash and cash equivalents	4	385,646	305,663
Trade receivables	6	1,066,999	990,895
- Due from related parties	3	20,610	2,841
- Trade receivables from third parties		1,046,389	988,054
Other receivables	7	60,586	61,001
- Due from related parties	3	33,762	31,081
- Other receivables from third parties		26,824	29,920
Derivative financial instruments	25	1,348	-
Inventories	8	117,741	90,465
Prepaid expenses	9	270,376	234,851
Other current assets	13	41,912	39,101
Non-current assets		2,386,841	2,192,510
Trade receivables		1,053	1,053
Other receivables	7	2,611	2,538
Property and equipment	10	775,762	775,746
Intangible assets		677,026	551,477
- Goodwill		40,217	40,217
- Other intangible assets	10	636,809	511,260
Right of use assets	11	291,057	235,087
Prepaid expenses	9	234,386	228,723
Deferred tax assets	22	404,946	397,886
Total assets		4,331,449	3,914,486

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, 2020

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

	Notes	Unaudited March 31, 2020	Audited December 31, 2019
Liabilities and equity			
Current liabilities		2,113,822	1,938,417
Short term borrowings	5	415,061	391,066
Short term portion of long term borrowings	5	287,039	284,054
Obligations under finance leases	5	79,740	76,426
Short term lease liabilities	5	133,556	109,257
Trade payables	6	870,210	821,164
- Due to related parties	3	20,256	20,904
- Trade payables to third parties		849,954	800,260
Payables related to employee benefits	12	81,274	78,708
Other payables	7	55,061	36,377
- Due to related parties	3	799	799
- Other payables to third parties		54,262	35,578
Deferred revenues	9	142,238	82,116
Short term provisions		31,999	31,145
- Short term provisions for employment benefits	12	14,624	13,703
- Other short term provisions	14	17,375	17,442
Derivative financial instruments	25	13,511	23,450
Current tax liabilities	22	4,133	4,654
Non-current liabilities		1,918,041	1,737,664
Long term borrowings	5	956,028	859,743
Obligations under finance leases	5	125,818	135,454
Long term lease liabilities	5	516,435	492,683
Other payables		114,767	72,726
- Other payables to third parties	7	114,767	72,726
Deferred income	9	1,585	2,157
Long term provisions		20,633	20,153
- Long term provisions for employee benefits	12	20,633	20,153
Deferred tax liabilities	22	182,775	154,748
Equity		299,586	238,405
Equity attributable to the owner of the company		280,179	230,002
Share capital	16	208,037	208,037
Share premium	16	556,162	556,162
Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss		14,252	14,441
- Revaluation reserve	16	37,747	37,747
- Accumulated loss on remeasurement of defined benefit plans		(23,495)	(23,306)
Restricted reserves	16	10,260	10,260
Accumulated deficit		(558,898)	(595,149)
Net profit/(loss) for the period		50,366	36,251
Non-controlling interest		19,407	8,403
Total liabilities and equity		4,331,449	3,914,486

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 1 JANUARY - MARCH 31,2020**

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

	Notes	Unaudited March 31, 2020	Unaudited March 31, 2019
Profit or loss			
Revenue	17	978,870	933,367
Cost of sales (-)	17	(750,026)	(706,228)
Gross profit		228,844	227,139
General administration expenses (-)	18	(73,976)	(71,516)
Other income from operating activities	19	82,219	62,507
Other expenses from operating activities (-)	19	(67,328)	(60,258)
Operating profit		169,759	157,872
Income from investing activities	20	82,462	475
Expense from investing activities (-)	20	(98)	-
Operating profit before finance expenses		252,123	158,347
Finance expenses (-)	21	(165,606)	(137,057)
Net profit before tax		86,517	21,290
Tax income/(expense) from operations		(25,147)	(10,447)
Current tax expense	22	(4,133)	(6,598)
Deferred tax income/(expense)	22	(21,014)	(3,849)
Net profit		61,370	10,843
Non-controlling interest		11,004	8,131
Equity holders of the parent		50,366	2,712
		61,370	10,843
Basic gain/(loss) per share	23	0.24	0.01
Other comprehensive income/(expense)		(189)	(2,091)
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plans		(236)	(2,614)
Income tax relating to items that will not be reclassified subsequently		47	523
Total comprehensive income/(loss)		61,181	8,752
Total comprehensive income/(loss) distribution:			
Non-controlling interest		11,004	8,131
Equity holders of the parent		50,177	621

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 1 JANUARY - MARCH 31, 2020

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

	Share capital	Share premium	Property revaluation reserve	Accumulated other comprehensive income or expenses that will not be reclassified subsequently to profit or (loss)		Accumulated deficit	Accumulated Profit		Non-controlling interest	Total
				Accumulated loss on remeasurement of defined benefit plans	Legal reserves		Net profit/(loss) for the period	Attributable to equity holders of the Parent		
Balance as at January 1, 2019	208,037	556,162	39,752	(11,206)	10,260	(200,934)	(127,651)	474,420	101,271	575,691
Changes in 2019:										
The effect of changes in accounting policies (Note 2.3)	-	-	-	-	-	(264,848)	-	(264,848)	(77,043)	(341,891)
Balance as at March 31, 2019 after changes	208,037	556,162	39,752	(11,206)	10,260	(465,782)	(127,651)	209,572	24,228	233,800
Other comprehensive loss for the period, net of tax	-	-	-	(2,091)	-	-	-	(2,091)	-	(2,091)
Net profit/(loss) for the period	-	-	-	-	-	-	2,712	2,712	8,131	10,843
Total comprehensive loss for the period	-	-	-	(2,091)	-	-	2,712	621	8,131	8,752
Transfers	-	-	-	-	-	(127,651)	127,651	-	-	-
Dividend payment	-	-	-	-	-	-	-	-	(1,501)	(1,501)
Balance as at March 31, 2019	208,037	556,162	39,752	(13,297)	10,260	(593,433)	2,712	210,193	30,858	241,051
Balance as at January 1, 2020	208,037	556,162	37,747	(23,306)	10,260	(595,149)	36,251	230,002	8,403	238,405
Other comprehensive loss for the period, net of tax	-	-	-	(189)	-	-	-	(189)	-	(189)
Net profit/(loss) for the period	-	-	-	-	-	-	50,366	50,366	11,004	61,370
Total comprehensive loss for the period	-	-	-	(189)	-	-	50,366	50,177	11,004	61,181
Transfers	-	-	-	-	-	36,251	(36,251)	-	-	-
Balance as at March 31, 2020	208,037	556,162	37,747	(23,495)	10,260	(558,898)	50,366	280,179	19,407	299,586

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2020

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

	Notes	Unaudited January 1 - March 31, 2020	Unaudited January 1 - March 31, 2019
Cash flows from operating activities		205,406	88,099
Net profit/(loss) for the period		61,370	10,843
Profit (loss) continuing operations		170,009	211,318
Adjustments related to depreciation and amortization expenses	10,11	62,474	64,264
Adjustments related to impairment (reversal)		596	622
Adjustments related to impairment (reversal) of receivables	6	596	622
Adjustments related to provisions		2,711	4,908
Adjustments related to (reversal) of provision for employment benefits		2,902	4,923
Adjustments related to lawsuit (reversal) of provision for lawsuit		(191)	(15)
Adjustments related to interest (income) expense		103,310	99,953
Adjustments related to interest income	19	(5,139)	(9,217)
Adjustments related to interest expense	21	108,449	109,170
Adjustments related to gain (loss) on fair value	21	(11,287)	(15,908)
Loss (gain) arising on derivatives	21	(11,287)	(15,908)
Adjustments related to tax (gain) loss	22	25,147	10,447
Other adjustments related to non-cash items		69,422	47,507
Adjustments regarding to (gain) loss on sale of bargain purchase	26	(81,980)	-
Adjustments regarding to (gain) loss on sale of fix assets		(384)	(475)
Adjustments regarding to (gain) loss on sale of tangible assets		(384)	(475)
Changes in working capital		(20,110)	(125,826)
Adjustments related to increase in trade receivables		(76,886)	(58,337)
Adjustments related to increase in inventories		(27,276)	(2,581)
Adjustments related to increase in trade payables		48,392	(89,366)
Adjustments related to increase in other payables from operations		70,084	18,685
Adjustments related to other (increase) decrease in working capital		(34,424)	5,773
Adjustments related to increase in other payables from other asset		(34,424)	5,773
Cash generated from operations		211,269	96,335
Payments related with provision for employee benefits		(1,738)	(3,364)
Tax paid	22	(4,654)	(4,993)
Other cash inflows (outflows)	6	529	121

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2020

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

	Notes	Unaudited January 1 - March 31, 2020	Audited January 1 - March 31, 2019
Cash flows from investing activities		(40,009)	(47,902)
Cash out flow for acquisition or capital increase of subsidiaries or joint ventures		-	(2,251)
Proceeds from sales of property, plant, equipment and intangible assets		789	701
Proceeds from sales of property, plant, equipment	10	789	701
Payment for purchase of property, plant and equipment, intangible assets		(36,041)	(40,339)
Payment for purchase of property, plant and equipment	10	(26,278)	(36,477)
Payment for purchase of intangible assets	10	(9,763)	(3,862)
Cash payments for capital expenditures	9	(9,896)	(15,233)
Interest received	19	5,139	9,217
Other cash inflows (outflows) ,net		-	3
Cash flows from financing activities		(85,414)	107,525
Proceeds from bank loans		256,786	322,181
Proceeds from borrowings		155,235	268,484
Proceeds from bonds		101,551	53,697
Repayment of lease liabilities		(67,113)	(62,207)
Bank borrowings paid		(173,639)	(55,711)
Cash used for repayment of borrowings		(72,088)	(26,451)
Cash used for repayment of bonds		(101,551)	(29,260)
Repayment of obligations under finance leases		(20,455)	(24,805)
Interest paid		(80,993)	(70,432)
Dividend paid		-	(1,501)
Net increase (decrease) in cash and cash equivalents		79,983	147,722
Cash and cash equivalents at the beginning of the period	4	305,663	223,318
Cash and cash equivalents at the end of the period	4	385,646	371,040

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2020

(Amounts expressed in thousands Turkish Lira (“TRY”) 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, 2020, MLP is the holding company of 17 subsidiaries (December 31, 2019: 17) (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 33.46% as of March 31 20120, of MLP Sağlık are accepted as “in circulation”. As of April 1, 2019, this ratio is 33.46% (Note 16).

Approval of financial statements

Board of Directors has approved the financial statements and delegated authority for publishing it on May 27, 2020.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2020

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

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP (Continued)

As of March 31, 2020 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 – İstanbul
Özel Samsun Medikal Tıp Merkezi ve Sağlık Hizmetleri Tic. Ltd. Şti. (“Samsun Tıp Merkezi”)	Samsun
Kuzey Medikal Pazarlama İnşaat Taşımacılık San. ve Tic. Ltd. Şti. (“Kuzey”)	Ankara
Artimed Medikal Sanayi ve Ticaret Ltd. Şti. (“Artimed”)	Ankara
MS Sağlık Hizmetleri Ltd. Şti. (“MS Sağlık”)	Ankara
Mediplaza Sağlık Hizmetleri Ticaret A.Ş. (“Mediplaza”)	Gebze – İzmit
21. Yüzyıl Anadolu Vakfı (“21.Yüzyıl Anadolu Vakfı”)	İstanbul
BTN Sigorta Aracılık Hizmetleri A.Ş. (“BTN Sigorta”)	İstanbul
Endmed Endüstri Medikal Malzeme Cihazlar San. Tic. Ltd. Şti. ve Kuzey Medikal Pazarlama İnşaat Taşımacılık San. ve Tic. Ltd. Şti. İş Ortaklığı (“Kuzey Hastaneler Birliği” ya da “KHB”)	İstanbul
Sotte Sağlık Temizlik Yemek Medikal Turizm İnşaat Sanayi ve Ticaret A.Ş. (“Sotte Sağlık Temizlik Yemek”)	İstanbul - Ankara
MA Group Sağlık ve Danışmanlık Hizmetleri Ticaret A.Ş. (“MA Group”)	İstanbul
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
MLP Gaziantep Sağlık Hizmetleri Anonim Şirketi (“MLP Gaziantep Sağlık”)	Gaziantep

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance with TFRS

The condensed consolidated financial statements of the Group have been prepared in accordance with the Turkish Financial Reporting Standards, (“TFRS”) and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) in line with the communiqué numbered II-14.1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) announced by the Capital Markets Board of Turkey (“CMB”) on June 13, 2013 which is published on Official Gazette numbered 28676.

The Company prepared its condensed interim financial statements for the period ended 31 March 2020 in accordance with (“IAS”) 34 “Interim Financial Reporting”. The condensed interim financial statements and its accompanying notes are presented in compliance with the format recommended by CMB including its mandatory information. In compliance with the IAS 34, entities have preference in presenting their interim financial statements whether full set or condensed. In this framework, the Company preferred to present its interim financial statements in condensed.

Interim condensed 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 Company’s annual financial statements as of 31 December 2019.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2020

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (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.

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.

Restatement and errors in the accounting policies and estimates

The Group’s consolidated financial statements have been prepared in comparison with the previous period in order to give accurate trend analysis regarding the financial position and performance. Where necessary, comparative figures have been reclassified to conform to the presentation of the current period consolidated financial statements and significant changes are explained.

In the previous year, the Group had not reclassified certain comparative balances in order to conform to current year’s presentation in the consolidated financial statements.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2020

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

Basis of Consolidation

The details of the Company’s subsidiaries as at March 31, 2020 and December 31, 2019 are as follows:

Subsidiaries	Place of incorporation and operation	Proportion of ownership and voting power held(%)		Principal activity
		March 31, 2020	December 31, 2019	
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	Gebze-İzmit	75.00%	75.00%	Hospital services
MA Group (3)	İstanbul	51.00%	51.00%	Hospital services
BTR Sağlık Hizmetleri	İstanbul	100.00%	100.00%	Hospital services
Meditime Sağlık	İstanbul	100.00%	100.00%	Hospital services
MLP Gaziantep Sağlık	Gaziantep	60.00%	60.00%	Hospital services
Sotte Sağlık Temizlik Yemek	İstanbul-Ankara	100.00%	100.00%	Ancillary services
Kuzey	Ankara	100.00%	100.00%	Ancillary services
Artimed	Ankara	100.00%	100.00%	Ancillary services
21. Yüzyıl Anadolu Vakfi (1) (2)	İstanbul	100.00%	100.00%	Ancillary services
BTN Sigorta	İstanbul	100.00%	100.00%	Ancillary services
Kuzey Hastaneler Birliği (“KHB”)	İstanbul	99.90%	99.90%	Ancillary services
BTN Asistans	İstanbul	100.00%	100.00%	Ancillary services

(1) Represents voting power held.

(2) 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

(3) 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, 2020

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (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).

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, 2020

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (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.

2.2 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 other than the change disclosed in Note 2.1.

2.3 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.

The Group has made adjustments in the previous period financial statements resulting from the first application of the "IFRS 16 Leases" Standard. The Group applied retrospectively the effects of these adjustments to the consolidated statement of profit or loss for the three-month interim period ended 31 March 2020, which is the earliest period presented in accordance with IAS 8 "Changes in the Accounting Estimates and Errors".

2.4 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.

Effect of Covid 19 Outbreak on Group Activities

Covid-19 infection (Coronavirus) which appeared first in China in December 2019 and affected the world as of March 2020 was declared as a global pandemic by the World Health Organization as of March 11, 2020. Several cases have been announced since March 2020 in Turkey.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2020

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Effect of Covid 19 Outbreak on Group Activities (Continued)

In order to prevent the Covid-19 epidemic and the spread of the epidemic, the Ministry of Health General Directorate of Health Services published its memorandum on “Pandemic Hospitals” numbered 14500235-403.99 on March 20,2020. According to Article 1 of memorandum, all foundation hospitals and private hospitals are obliged to treat the patient until the diagnosis of Covid-19 becomes definite. According to the memorandum, when MLP Sağlık Hizmetleri and its subsidiaries are evaluated, all hospitals except “Çanakkale Hospital” have become “Pandemi Hospital”. In this context, all hospitals under the management of Group have taken all precautions regarding the Covid-19 outbreak and provided the necessary environment for the health of our employees and the safe treatment of our patients. The Company Management monitors the financial and operational impacts of the epidemic and makes relevant assessments.

2.5 Changes in Accounting Policies

a) Standards, amendments and interpretations applicable as at 31 March 2020:

- **Amendment to IFRS 9, ‘Financial instruments’;** effective from annual periods beginning on or after 1 January 2019. This amendment confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.
- **Amendment to IAS 28, ‘Investments in associates and joint venture’;** effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using IFRS 9.
- **IFRS 16, ‘Leases’;** effective from annual periods beginning on or after 1 January 2019. This standard replaces the current guidance in IAS 17 and is a farreaching change in accounting by lessees in particular.
- Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a ‘right of use asset’ for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2020

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Changes in Accounting Policies (Continued)

- **IFRIC 23, ‘Uncertainty over income tax treatments’;** effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 ‘Income taxes’, are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 ‘Provisions, contingent liabilities and contingent assets’, applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.
- **Annual improvements 2015-2017;** effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:
 - IFRS 3, ‘Business combinations’, – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
 - IFRS 11, ‘Joint arrangements’, – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - IAS 12, ‘Income taxes’ – a company accounts for all income tax consequences of dividend payments in the same way.
 - IAS 23, ‘Borrowing costs’ – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.
- **Amendments to IAS 19, ‘Employee benefits’ on plan amendment, curtailment or settlement’;** effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:
 - use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
 - recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.
- **Amendments to IAS 1 and IAS 8 on the definition of material;** effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, ‘Presentation of financial statements’, and IAS 8, ‘Accounting policies, changes in accounting estimates and errors’, and consequential amendments to other IFRSs:
 - i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
 - ii) clarify the explanation of the definition of material; and
 - iii) incorporate some of the guidance in IAS 1 about immaterial information.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2020

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Changes in Accounting Policies (Continued)

- **Amendments to IFRS 3 - definition of a business;** effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.
- **Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform;** effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.
- **IFRS 17, ‘Insurance contracts’;** effective from annual periods beginning on or after 1 January 2022. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
- **Amendments to IAS 1, Presentation of financial statements’ on classification of liabilities;** effective from 1 January 2022. These narrow-scope amendments to IAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the ‘settlement’ of a liability.

The Company has not yet determined the effects that may occur in the financial statements as a result of the application except for the ones mentioned above and does not expect these differences to have a significant effect on the financial statements.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2020

(Amounts expressed in thousands Turkish Lira ("TRY") 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.

The details of short-term receivables and payables as of 31 March 2020 are as follows:

Shareholders	Receivable Current		Payables Current	
	Trade	Non-trade	Trade	Non-trade
Muharrem Usta	-	32,509	-	50
Adem Elbaşı	-	1,123	-	-
	-	33,632	-	50
Other companies controlled by the shareholders				
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (2)	15,043	-	1,898	-
A ve A Sağlık A.Ş.(1)	5,271	-	10,364	-
Supra A.Ş.-Sonotom Ltd Şti.				
-Ledmar Ltd Şti.- Mlp A.Ş. İş Ortaklığı	166	-	-	-
Miniso Mağazacılık A.Ş.	97	-	263	-
Pozitif Medikal Sistemler San. ve Tic. Ltd. Şti.	2	-	509	-
Livart Tüp Bebek Özel Sağlık Hiz. A.Ş.				
Saray Eczanesi	1	-	55	-
Mp Sağlık ve Tic. A.Ş.	-	-	1,345	733
Mt Sağlık Ürünleri San. ve Tic. A.Ş.	-	-	183	-
Samsunpark Özel Sağlık Tıbbi Malz. İnş. Tur. Tem. Tic. A.Ş. (3)	-	-	2,722	-
Diasan Basım ve Form Matbaacılık San. ve Tic. A.Ş.	-	-	49	-
Tokat Emar Sağlık Hiz. Ltd. Şti.	-	-	749	-
Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. (4)	-	-	2,119	-
Other	30	130	-	16
	20,610	130	20,256	749
	20,610	33,762	20,256	799

- (1) A ve A Özel Sağ. Hiz. ve Cih. Teks. San. Tic. Ltd. Şti. provides 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 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, 2020

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

NOTE 3 - RELATED PARTY DISCLOSURES (Continued)

	December 31, 2019			
	Receivable Current		Payables Current	
Shareholders	Trade	Non - trade	Trade	Non - trade
Muharrem Usta	-	29,904	-	50
Adem Elbaşı	-	1,048	-	-
	-	30,952	-	50
Other companies controlled by the shareholders				
A ve A Sağlık A.Ş. (1)	2,347	-	8,456	-
Samsunpark Özel Sağlık Tıbbi Malz. İnş. Tur. Tem. Tic. A.Ş. (3)	-	-	3,066	-
Özel Gebze Sentez Sağlık Hizmetleri ve Tic. A.Ş.	-	-	2,934	-
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (2)	44	-	1,898	-
Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. (4)	-	-	1,571	-
Mp Sağlık ve Tic. A.Ş.	-	-	1,238	733
Tokat Emar Sağlık Hiz. Ltd. Şti.	-	-	647	-
Pozitif Medikal Sistemler San. ve Tic. Ltd. Şti.	2	-	509	-
Miniso Mağazacılık A.Ş.	52	-	263	-
Diasan Basım ve Form Matbaacılık San. ve Tic. A.Ş.	-	-	170	-
Mt Sağlık Ürünleri San. ve Tic. A.Ş.	-	-	118	-
Saray Eczanesi	1	-	34	-
Sanport Gayrimenkul Geliştirme İnş.ve Tic. A.Ş	2	-	-	-
Supra A.Ş.-Sonotom Ltd. Şti. -Ledmar Ltd Şti. - Mlp A.Ş. İş Ortaklığı	366	-	-	-
Other	27	129	-	16
	2,841	129	20,904	749
	2,841	31,081	20,904	799

- (1) A ve A Özel Sağ. Hiz. ve Cih. Teks. San. Tic. Ltd. Şti. provides cleaning materials for the hospitals.
- (2) Fom Grup Mimarlık İnşaat ve Tic. A.Ş. provides turnkey project management services for the furniture & fixture and leasehold improvements of the hospitals and audit 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.

Advance given to related parties, prepaid expenses

	March 31, 2020	December 31, 2019
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1)	13,332	12,312
Sanport Gayrimenkul Geliştirme İnş.ve Tic. A.Ş	5,244	-
Özel Gebze Sentez Sağlık Hizmetleri ve Tic. A.Ş.	2,239	-
Atakum Özel Sağlık Hizmetleri İnş. Turizm ve San. Tic. A.Ş.	1,068	286
Gazi Medikal Sağlık Tesisleri ve Tic. A.Ş.	483	-
	22,366	12,598

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2020

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

NOTE 3 - RELATED PARTY DISCLOSURES (Continued)

Fixed asset advances given to related parties

	March 31, 2020	December 31, 2019
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1)	99,946	90,288
Mp Sağlık ve Tic. A.Ş.	33,000	33,000
	132,946	123,288

(1) 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.

Related parties (sale and leaseback transactions)

	March 31, 2020	December 31, 2019
Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. (within long-term prepaid expenses)	3,401	3,598
Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. (within short-term prepaid expenses)	787	787
	4,188	4,385

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 TRY6,211, 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 TRY5,591. The duration of leasing agreement of the building is 15 years starting from December, 2009. As at March 31, 2020, the Group has incurred rent expense amounting to TRY197 due to amortization of prepaid rent (December 31, 2019: TRY787).

Lease liabilities from related parties

	March 31, 2020		December 31, 2019	
	Current	Non-current	Current	Non-current
Sanport Gayrimenkul Geliştirme İnş. ve Tic. A.Ş.	66,911	103,091	55,264	113,536
Fom Grup Mimarlık İnşaat Ve Tic. A.Ş.	10,706	51,343	9,508	49,333
Atakum Özel Sağlık Hizmetleri İnş. Turizm ve San. Tic. A.Ş.	7,837	12,655	6,644	14,214
Özel Gebze Sentez Sağlık Hizmetleri ve Tic. A.Ş.	6,505	1,252	5,609	2,786
Gazi Medikal Sağlık Tesisleri ve Tic. A.Ş.	4,919	7,537	4,620	8,885
Mp Sağlık ve Tic. A.Ş.	3,710	1,458	3,167	2,250
Tokat Medikal Grup Sağlık Turizm İnş. San. Tic. A.Ş.	1,897	2,109	1,707	2,455
	102,485	179,445	86,519	194,059

Purchases from related parties

	January 1 - March 31, 2020	January 1 - March 31, 2019
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (2)(3)	4,487	4,036
A ve A Sağlık A.Ş. (1)	3,654	3,287
	8,141	7,323

(1) Cleaning material purchases

(2) Hospital rent expenses

(3) Represents the paid rent expenses of the related period, evaluated within the scope of TFRS 16.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2020

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

NOTE 3 - RELATED PARTY DISCLOSURES (Continued)

Operating expenses (including purchase of services)

	January 1 - March 31, 2020	January 1 - March 31, 2019
Sanport Gayrimenkul Geliştirme İnş. ve Tic. A.Ş. (1) (7)	24,967	22,144
Samsunpark Özel Sağ. Tıbbi Malz. İnş. Tur. Tem. Tic. A.Ş. (4)	4,161	4,835
Atakum Özel Sağlık Hiz. İnş. Turizm ve San. Tic. A.Ş. (1) (7)	2,820	2,510
Livart Tüp Bebek Özel Sağlık Hizm. A.Ş. (2)	1,917	1,259
Özel Gebze Sentez Sağlık Hizmetleri ve Tic. A.Ş. (1) (7)	1,891	1,742
Gazi Medikal Sağlık Tesisleri ve Tic. A.Ş. (1) (7)	1,844	1,545
Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. (4)	1,804	1,995
Mp Sağlık ve Tic. A.Ş. (1) (7)	1,684	1,394
Tokat Medikal Grup Sağlık Turizm İnş. San. Tic. A.Ş. (1)	700	645
Tokat Emar Sağlık Hiz. Ltd. Şti. (2) (5)	316	364
Saray Eczanesi (6)	194	152
Özdenler Sağ. Hiz. Dan. Turz. Gıd. San. Tic. Ltd. Şti. (2)	100	87
Mt Sağlık Ürünleri Sanayi ve Ticaret A.Ş. (3)	64	64
Özarkaz Gayrimenkul Yat. ve İnş. Tic. A.Ş. (1)	-	1,873
Özel Ereğli Millet Sağlık Hizm. San. ve Tic. Ltd. Şti. (1) (7)	-	1,139
Öz Anadolu Gayrimenkul ve Sağlık Yat. A.Ş. (1) (7)	-	612
Çanakkale Arkaz Sağlık Yatırımları A.Ş. (1)	-	280
Diasan Basım ve Form Matbaacılık San. ve Tic. A.Ş. (3)	11	179
	42,473	42,819

- (1) Hospital rent expenses
- (2) Doctor expenses
- (3) Stationary and consumable expenses
- (4) Cleaning, catering and laundry services
- (5) Medical equipment rent expenses
- (6) Drug purchase expenses
- (7) Represents the paid rent expenses of the related period, evaluated within the scope of TFRS 16.

Sales to related parties	January 1 - March 31, 2020	January 1 - March 31, 2019
A ve A Sağlık A.Ş.(1)	3,188	3,094
Muharrem Usta	1,169	1,141
Samsunpark Özel Sağlık Tıbbi Malz. İnş. Turizm. Tem. Tic. A.Ş.	66	53
Adem Elbaşı	40	-
Miniso Mağazacılık A.Ş.	38	51
Cotyora Med.Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti.	33	77
Saray Eczanesi	3	-
Fom Grup Mimarlık İnşaat ve Tic. A.Ş.	2	-
Supra-Medicalpark-Sonotom-Ledmar İş Ortaklığı (Fatih Görünteme) (2)	-	352
Livart Tüp Bebek Özel Sağlık Hizm. A.Ş.	-	81
	4,539	4,849

- (1) Outsourcing laboratory services
- (2) Imaging services

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2020

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

NOTE 3 - RELATED PARTY DISCLOSURES (Continued)

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:

	January 1 - March 31, 2020	January 1 - March 31, 2019
Salaries and other short-term benefits	4,924	5,205
	4,924	5,205

NOTE 4 - CASH AND CASH EQUIVALENTS

	March 31, 2020	December 31, 2019
Cash on hand	17,103	15,569
Cash at banks	363,400	282,330
Other cash equivalents (*)	5,143	7,764
	385,646	305,663

(*) Other cash equivalents consist of credit card receivables from banks.

NOTE 5 - FINANCIAL INSTRUMENTS

Financial Liabilities

Bank Loans and Bonds

	March 31, 2020	December 31, 2019
Short-term bank borrowings	178,210	139,598
Short-term bonds issued	236,851	251,468
Current portion of long term borrowings	253,404	241,137
<i>Current portion of long-term bank loans</i>	<i>253,404</i>	<i>241,137</i>
Interest expense accruals	33,635	42,917
	702,100	675,120
Long-term bank loans	941,328	859,743
Bonds Issued	14,700	-
	956,028	859,743
Total borrowings	1,658,128	1,534,863

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2020

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

NOTE 5 - FINANCIAL INSTRUMENTS (Continued)

The reconciliation of the liabilities arising from financing activities as of 1 January- 31 March 2020 and 1 January- 31 December 2019 are as follows:

	1 January 2020	Financing cash flows	Foreign exchange effect (Note 21)	Disposal of subsidiary	Other (*)	March 31, 2020
Bank loans	1,534,863	73,866	49,399	-	-	1,658,128
Finance lease obligations	211,880	(20,455)	14,133	-	-	205,558
Lease obligations	601,940	(67,113)	4,912	-	110,252	649,991
	2,348,683	(13,702)	68,444	-	110,252	2,513,677

	1 January 2019	Financing cash flows	Foreign exchange effect (Note 21)	Disposal of subsidiary	Other (*)	March 31, 2019
Bank loans	1,135,646	343,312	63,266	(7,361)	-	1,534,863
Finance lease obligations	283,245	(92,325)	20,960	-	-	211,880
Lease obligations	659,747	(254,409)	7,572	(15,589)	204,619	601,940
	2,078,638	(3,422)	91,798	(22,950)	204,619	2,348,683

(*) Some of the lease obligations within the scope of TFRS 16 are due to the re-measurement of the reduced lease obligations and interest expenses due to the change in the lease payments realized within the period.

As of March 31, 2020 and December 31, 2019 the repayment schedule of the total borrowings as follows:

March 31, 2020

Currency Type	Weighted Average Effective Interest Rate	Current	Non-current	Total
TRY	13.66%	306,358	107,683	414,041
TRY	TRLibor 4.00%- 5.80%	234,848	384,848	619,696
EUR	0.75%	28,860	-	28,860
EUR	Euribor + 5.50%	132,034	463,497	595,531
		702,100	956,028	1,658,128

December 31, 2019

Currency Type	Weighted Average Effective Interest Rate	Current	Non-current	Total
TRY	18%	276,847	93,288	370,135
TRY	TRLibor +3.30%- 4.00%- 5.80%	241,492	340,215	581,707
EUR	0.75%	35,248	-	35,248
EUR	Euribor + 5.50%	121,533	426,240	547,773
		675,120	859,743	1,534,863

As of March 31, 2020, there are no blocked cash accounts related to the group's loans. (December 31, 2019: None).

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2020

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

NOTE 5 - FINANCIAL INSTRUMENTS (Continued)

As at March 31, 2020 and December 31, 2019 the repayment schedule of the borrowings in TRY are as follows:

	March 31, 2020	December 31, 2019
Interest expense accruals	33,635	42,917
To be paid within 1 year (*)	668,465	632,203
To be paid between 1-2 years	276,341	236,835
To be paid between 2-3 years	259,191	231,328
To be paid between 3-4 years	310,458	203,701
To be paid between 4-5 years	73,158	135,294
To be paid between 5-6 years	36,880	52,585
	1,658,128	1,534,863

(*) TRY178,210 of the loans to be paid within one year consists of revolving loans and TRY236,851 part consists of bond payments which will be redeemed within 1 year.

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.

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.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2020**

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

NOTE 5 - FINANCIAL INSTRUMENTS (Continued)

Lease Obligations

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

Obligations under finance leases	Minimum lease payments		Present value of minimum lease payments	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Within one year	92,586	90,031	79,740	76,426
In the second to ninth years inclusive	135,290	146,859	125,818	135,454
	227,876	236,890	205,558	211,880
Less : Future finance charges	(22,318)	(25,010)	-	-
Present value of finance lease obligations	205,558	211,880	205,558	211,880
Less: Amounts due to settlement within twelve months (shown under current liabilities)			79,740	76,426
Amounts due for settlement after 12 months			125,818	135,454
Liabilities arising from lease transactions			March 31, 2020	December 31, 2019
Within one year			133,556	109,257
More than one year			516,435	492,683
Present value of finance lease obligations			649,991	601,940

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2020

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

NOTE 6 - TRADE RECEIVABLES AND PAYABLES

Trade Receivables

Current trade receivables	March 31, 2020	December 31, 2019
Trade receivables	858,012	800,462
Notes receivables	12,730	19,415
Trade receivables from related parties (Note 3)	20,610	2,841
Income accruals from continuing treatments	140,425	125,768
Other trade income accruals	49,218	56,338
Allowance for doubtful receivables (-)	(13,996)	(13,929)
	1,066,999	990,895

Trade receivables due from the SSI constitute 33% (December 31, 2019: 36%) and receivables due from foreign patients constitute 31% (December 31, 2019: 31%) of total trade receivables.

The Group has trade receivables arising from health services given to foreign patients amounting to TRY263,781 as at March 31, 2020. 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, 2018 - March 31, 2020, the Group has made a collection amounting to TRY90,898 with regards to receivables from the Government of Libya amounting to TRY170,299 and the related collections are deducted from trade receivables on a first in first out method. The Group Management expect to collect remaining receivables in 2020.

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

As of March 31, 2020, trade receivables of an initial value of TRY13,996 (December 31, 2019: TRY13,929) were fully impaired and fully provided for. No collaterals are received in relation to these trade receivables.

Movement of allowance for doubtful receivables

	January 1 - March 31, 2020	January 1 - March 31, 2019
Balance at beginning of the period	13,929	11,515
Charge for the period	596	622
Collections	(529)	(121)
Balance at closing of the period	13,996	12,016

Trade Payables

Short term trade payables	March 31, 2020	December 31, 2019
Trade payables	701,017	670,480
Trade payables due to related parties (Note 3)	20,256	20,904
Other expense accruals	147,013	126,810
Other trade payables	1,924	2,970
	870,210	821,164

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2020

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

NOTE 7 - OTHER RECEIVABLES AND PAYABLES

Other Receivables

Other current receivables	March 31, 2020	December 31, 2019
Non-trading receivables due from related parties (Note 3)	33,762	31,081
Deposits given	5,268	5,223
Receivables from tax office	3,664	4,035
Other miscellaneous receivables	17,892	20,662
	60,586	61,001

Other non-current receivables	March 31, 2020	December 31, 2019
Deposits given	2,611	2,538
	2,611	2,538

Other Payables

Other current payables	March 31, 2020	December 31, 2019
Payables relating to business combinations	28,494	20,175
Other taxes and funds payable	10,029	13,632
Non-trading payables due to related parties (Note 3)	799	799
Other miscellaneous payables	15,739	1,771
	55,061	36,377

Other non-current payables	March 31, 2020	December 31, 2019
Payables relating to business combinations	114,767	72,726
	114,767	72,726

NOTE 8 - INVENTORIES

Inventories	March 31, 2020	December 31, 2019
Laboratory inventory	45,621	43,875
Pharmaceutical inventory	38,576	26,503
Medical consumables inventory	30,030	17,241
Other inventory	3,514	2,846
	117,741	90,465

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2020

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

NOTE 9 - PREPAID EXPENSES AND DEFERRED INCOME

Prepaid Expenses

Short term prepaid expenses	March 31, 2020	December 31, 2019
Order advances	223,319	186,681
Prepaid rent expenses	18,716	20,522
Prepaid insurance expenses	11,391	15,394
Prepaid sponsorship expenses	1,863	1,360
Other	15,087	10,894
	270,376	234,851

Long term prepaid expenses	March 31, 2020	December 31, 2019
Fixed asset advances given	215,137	205,241
Prepaid rent expenses	16,144	19,998
Other	3,105	3,484
	234,386	228,723

Deferred Income

Short term accrued income	March 31, 2020	December 31, 2019
Advances received	135,687	73,887
Deferred revenue	6,551	8,229
	142,238	82,116

Long term accrued income	March 31, 2020	December 31, 2019
Deferred revenue	1,585	2,157
	1,585	2,157

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2020

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

NOTE 10 - ROPERTY, EQUIPMENT AND OTHER INTANGIBLE ASSETS

Cost	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Leased assets	Leasehold improvements	Construction in progress	Total
Opening balance as of January 1, 2020	1,266	660,171	1,546	311,064	391,443	552,043	90,101	2,007,634
Additions	-	2,621	79	7,351	-	10,029	6,198	26,278
Assets acquired by business combinations (Note 26)	-	16,771	-	-	-	-	-	16,771
Disposals	(266)	(113)	(80)	(74)	-	(18)	-	(511)
Transfers	-	49,528	-	23,607	(8,216)	-	(64,919)	-
Closing balance as of March 31, 2020	1,040	728,978	1,545	341,948	383,227	562,054	31,380	2,050,172
Accumulated depreciation								
Opening balance as of January 1, 2020	(80)	(454,298)	(1,546)	(200,756)	(316,292)	(258,916)	-	(1,231,888)
Charge for the period (*)	(4)	(16,417)	(21)	(9,497)	(7,364)	(9,325)	-	(42,628)
Disposals	9	-	80	9	-	8	-	106
Transfers	-	(5,290)	-	(2,827)	8,117	-	-	-
Closing balance as of March 31, 2020	(75)	(476,005)	(1,487)	(213,071)	(315,539)	(268,233)	-	(1,274,410)
Carrying value as of March 31, 2020	965	252,973	58	128,877	67,688	293,821	31,380	775,762

(*) Depreciation and amortization expense of TRY41,488 (January 1 - March 31, 2019: TRY50,268) has been charged in ‘cost of service’, TRY3,444 (January 1-March 31, 2019: TRY2,175) has been charged in ‘operating expenses’ for the period ended between January 1- March 31,2020.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2020

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

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

Cost	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Leased assets	Leasehold improvements	Construction in progress	Total
Opening balance as of January 1, 2019	2,396	560,320	1,834	255,844	431,333	458,593	203,631	1,913,951
Additions	-	4,046	-	5,417	-	6,288	20,726	36,477
Disposals	(226)	-	-	-	-	-	-	(226)
Transfers	-	82,878	-	36,564	(3,569)	58,547	(174,950)	(530)
Closing balance as of March 31, 2019	2,170	647,244	1,834	297,825	427,764	523,428	49,407	1,949,672
Accumulated depreciation								
Opening balance as of January 1, 2019	(100)	(287,175)	(1,698)	(131,866)	(423,639)	(232,715)	-	(1,077,193)
Charge for the period	(4)	(30,710)	(30)	(7,449)	(3,386)	(8,809)	-	(50,388)
Disposals	-	-	-	-	-	-	-	-
Transfers	-	(3,297)	-	(235)	3,532	-	-	-
Closing balance as of March 31, 2019	(104)	(321,182)	(1,728)	(139,550)	(423,493)	(241,524)	-	(1,127,581)
Carrying value as of March 31, 2019	2,066	326,062	106	158,275	4,271	281,904	49,407	822,091

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2020

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

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

Cost	Licenses	Rights	Other	Total
Opening balance as of January 1, 2020	477,982	64,449	3,224	545,655
Assets acquired by business combinations (Note 26)	118,090	-	-	118,090
Additions	-	9,742	21	9,763
Transfers	-	-	-	-
Closing balance as of March 31, 2020	596,072	74,191	3,245	673,508

Accumulated amortization

Opening balance as of January 1, 2020	-	(33,790)	(605)	(34,395)
Charge for the period	-	(2,235)	(69)	(2,304)
Closing balance as of March 31, 2020	-	(36,025)	(674)	(36,699)

Carrying value as of March 31, 2020	596,072	38,166	2,571	636,809
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Cost	Licenses	Rights	Other	Total
Opening balance as of January 1, 2019	401,236	55,672	1,489	458,397
Additions	-	3,862	-	3,862
Transfers	-	529	-	529
Closing balance as of March 31, 2019	401,236	60,063	1,489	462,788

Accumulated amortization

Opening balance as of January 1, 2019	-	(30,117)	(366)	(30,483)
Charge for the period	-	(1,987)	(68)	(2,055)
Closing balance as of March 31, 2019	-	(32,104)	(434)	(32,538)

Carrying value as of March 31, 2019	401,236	27,959	1,055	430,250
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NOTE 11 - RIGHT OF USED ASSETS

	Hospital Buildings	Total
Opening balance as of January 1, 2020	235,087	235,087
Additions	73,512	73,512
Charge for the year (*)	(17,542)	(17,542)
Closing balance as of March 31, 2020	291,057	291,057

(*) For the period ended March 31, 2020, right of use assets depreciation expenses of TRY17,176 has been charged to 'cost of service' (1 January – 31 March 2019: TRY11,560), TRY366 to 'general administrative and marketing expenses (1 January – 31 March 2019: TRY261).

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

NOTE 11 - RIGHT OF USE ASSETS (Continued)

	Hospital Buildings	Total
Opening balance as of January 1, 2019	232,382	232,382
Additions	8,143	8,143
Charge for the year	(11,821)	(11,821)
Closing balance as of March 31, 2019	228,704	228,704

NOTE 12 - PAYABLES FOR EMPLOYEE BENEFITS

Payables for employment benefits:

	March 31, 2020	December 31, 2019
Fees payable to doctors and other personnel	67,619	65,664
Social security premiums payable	13,655	13,044
	81,274	78,708

Short term provision for employment benefits:

	March 31, 2020	December 31, 2019
Unused vacation provision	14,624	13,703
	14,624	13,703

Long term provision for employment benefits:

	March 31, 2020	December 31, 2019
Retirement pay provision	16,832	16,319
Unused vacation provision	3,801	3,834
	20,633	20,153

NOTE 13 - OTHER ASSETS AND LIABILITIES

Other current assets:

	March 31, 2020	December 31, 2019
VAT carried forward	36,241	34,823
Other miscellaneous current assets	5,671	4,278
	41,912	39,101

NOTE 14 - PROVISIONS

Other short-term provisions:

	March 31, 2020	December 31, 2019
Litigation provisions	12,572	12,763
Social Security discounts provisions	4,803	4,679
	17,375	17,442

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2020

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

NOTE 15 - COMMITMENTS

March 31, 2020	Total	TRY	USD	EUR
A. CPM given on behalf of its own legal entity	104,268	63,537	156	5,505
-Collateral	104,268	63,537	156	5,505
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
B. CPM given on behalf of the subsidiaries included in full consolidation (*)	55,045	51,760	-	455
-Collateral	55,045	51,760	-	455
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
C. CPM given for execution of ordinary commercial activities to collect third parties debt	-	-	-	-
-Collateral	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
D. Total amount of other CPM given				
i. Total Amount of CPM on behalf of the main partner	-	-	-	-
-Collateral	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
ii. Total amount of CPM given on behalf of other Company companies that do not cover B and C	-	-	-	-
-Collateral	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
iii. Total amount of CPM on behalf of third parties that do not cover C.	-	-	-	-
-Collateral	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
TOTAL	159,313	115,297	156	5,960

(*) The Group has given guarantees amounting to TRY98,410 related to the loans in Note 5 for the companies under full consolidation.

Guarantees given generally include letters of guarantee received from banks to be given to institutions and suppliers in order to participate in government tenders.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2020

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

NOTE 15 - COMMITMENTS (Continued)

December 31, 2019	Total	TRY	USD	EUR
A. CPM given on behalf of its own legal entity	100,335	61,254	156	5,737
-Collateral	100,335	61,254	156	5,737
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
B. CPM given on behalf of the subsidiaries included in full consolidation (*)	57,981	54,953	-	455
-Collateral	57,981	54,953	-	455
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
C. CPM given for execution of ordinary commercial activities to collect third parties debt				
-Collateral	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
D. Total amount of other CPM given				
i. Total Amount of CPM on behalf of the main partner				
-Collateral	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
ii. Total amount of CPM given on behalf of other Company companies that do not cover B and C				
-Collateral	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
iii. Total amount of CPM on behalf of third parties that do not cover C.				
-Collateral	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
TOPLAM	158,316	116,207	156	6,192

(*) The Group has given guarantees amounting to TRY95,286 related to the loans in Note 5 for the companies under full consolidation.

Guarantees given generally include letters of guarantee received from banks to be given to institutions and suppliers in order to participate in government tenders.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2020

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

NOTE 16 - SHARE CAPITAL/OTHER RESERVES

Shareholders	(%)	March 31,	(%)	December 31,
		2020		2019
Lightyear Healthcare B.V.	30.69	63,844	30.69	63,844
Sancak İnşaat Turizm Nakliyat ve Dış Ticaret A.Ş.	15.35	31,943	15.35	31,943
Muharrem Usta	8.98	18,678	8.98	18,678
Hujori Financieringen B.V.	3.98	8,287	3.98	8,287
Adem Elbaşı	2.99	6,226	2.99	6,226
İzzet Usta	1.20	2,490	1.20	2,490
Saliha Usta	0.90	1,868	0.90	1,868
Nurgül Dürüstkan Elbaşı	0.90	1,868	0.90	1,868
Publicly Traded (*)	35.01	72,833	35.01	72,833
Nominal capital	100.00	208,037	100.00	208,037

(*) The shareholders of the Company purchased 6,827 thousand shares from the publicly traded portion of the capital. Distribution of the shares purchased is as follows; 3,224 thousand shares representing 4.43% of the publicly traded portion were purchased by Lightyear Healthcare B.V., 1,613 thousand shares representing 2.21% of the publicly traded portion of the capital were purchased by Sancak İnşaat, 943 thousand shares representing 1.29% of the publicly traded portion of the capital were purchased by Muharrem Usta, 418 thousand shares representing 0.57% of the publicly traded portion of the capital were purchased by Hujori Financieringen B.V., 314 thousand shares representing 0.43% of the publicly traded portion of the capital were purchased by Adem Elbaşı and lastly other shareholders purchased 314 shares representing 0.43% of the publicly traded portion. 1,613 thousand shares purchased by Sancak İnşaat from the publicly traded portion were sold on September 24, 2018. 37 thousand shares purchased by İzzet Usta from the publicly traded portion were sold and additional 27 thousand shares from the publicly traded portion purchased by Muharrem Usta.

As of March 31, 2020 the total number of ordinary shares is 208,037 thousand shares (2019: 208,037 thousand shares) with a par value of TRY1 per share (2019: TRY1 per share).

The share capital is divided into 208,037 thousand shares (December 31, 2019: 208,037 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 33.46% of the shares are in circulation in accordance with CSD as of March 31, 2020 (Note 1). Shares in circulation rate is 33.46% as of April 1, 2020.

Share premiums:

	March 31, 2020	December 31, 2019
Share Premiums	556,162	556,162
	556,162	556,162

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, TRY600,000 was generated to the Group. After the IPO related expenses amounting to TRY12,259 were deducted from proceeds, out of TRY587,741, share capital increase was made with the amount of TRY31,579 and the remaining amount was used in the share premium increase by TRY556,162.

Reserves:

	March 31, 2020	December 31, 2019
Legal reserves	302	302
Restricted reserves appropriated from profit	9,958	9,958
Revaluation reserves	37,747	37,747
	48,007	48,007

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NOTE 16 - SHARE CAPITAL/OTHER RESERVES (Continued)

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.

NOTE 17 - REVENUE AND COST OF SERVICES

Revenue	January 1 - March 31, 2020	January 1 - March 31, 2019
Hospital services (*)	978,870	933,367
	978,870	933,367

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

Cost of services	January 1 - March 31, 2020	January 1 - March 31, 2019
Material consumption	(211,486)	(224,302)
Doctor expenses	(203,652)	(187,962)
Personnel expenses	(145,015)	(131,167)
Services rendered by third parties	(68,496)	(44,402)
Depreciation and amortization expenses (Note 10,11)	(58,664)	(61,828)
Rent expenses (Hospitals)	(6,753)	(5,533)
Other (*)	(55,960)	(51,034)
	(750,026)	(706,228)

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

NOTE 18 - OPERATING EXPENSES

General administrative and marketing expenses	January 1 - March 31, 2020	January 1 - March 31, 2019
Personnel expenses	(32,684)	(29,293)
Sponsorship and advertising expenses (*)	(24,691)	(26,304)
Depreciation and amortization expenses (Note 10,11)	(3,810)	(2,436)
Outsourcing expenses	(2,490)	(2,348)
Rent Expenses	(2,150)	(1,902)
Taxes and duties	(1,481)	(1,070)
Communication expenses	(626)	(383)
Maintenance and repair expenses	(625)	(659)
Bad debt allowance	(596)	(622)
Representation and entertainment expenses	(581)	(578)
Utility expenses	(434)	(401)
Other	(3,808)	(5,520)
	(73,976)	(71,516)

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

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NOTE 19 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

	January 1 - March 31, 2020	January 1 - March 31, 2019
Other income from operating activities		
Foreign exchange gains from operations	73,370	55,231
Interest income	5,139	9,217
Trade payables discount	(1,239)	(4,867)
Collection of doubtful receivables (Note 6)	529	121
Other income	4,420	2,805
	82,219	62,507
Other expenses from operating activities		
Foreign exchange losses from operations	(56,269)	(45,569)
SSI return expenses	(1,626)	(800)
Non-operational hospital expenses	(798)	(140)
Trade receivables discount	583	(427)
Other expenses	(9,218)	(13,322)
	(67,328)	(60,258)

NOTE 20 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

	January 1 - March 31, 2020	January 1 - March 31, 2019
Income from investing activities		
Gain on bargain purchase (Note 26)	81,980	-
Gain on sale of fixed assets	482	475
	82,462	475
Expense from investing activities		
Loss on sale of fixed assets	(98)	-
	(98)	-

NOTE 21 - FINANCE EXPENSES

	January 1 - March 31, 2020	January 1 - March 31, 2019
Finance expenses (-)		
Interest expenses from bank borrowings	(46,982)	(49,123)
Interest expenses from lease liabilities	(36,739)	(38,738)
Interest expenses from bonds issued	(10,209)	(2,710)
Bank commissions	(6,061)	(9,381)
Interest expenses from financial lease obligations	(3,999)	(6,415)
Other interest expenses	(4,459)	(2,803)
Total interest expenses	(108,449)	(109,170)
Net foreign exchange loss	(63,532)	(41,872)
Fair value differences of derivative financial instruments (net)	11,287	15,908
Net foreign exchange loss from lease liabilities (Note 5)	(4,912)	(1,923)
	(165,606)	(137,057)

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NOTE 22 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)

Short term payables due to current tax	March 31, 2020	December 31, 2019
Current period tax liabilities	4,133	4,654
	4,133	4,654
Current tax liabilities	March 31, 2020	December 31, 2019
Current corporate tax provision	(4,133)	19,399
Less: Prepaid taxes and funds	-	(14,745)
	(4,133)	4,654
Tax (expense)/income	January 1 - March 31, 2020	January 1 - March 31, 2019
Current tax income/(expense)	(4,133)	(6,598)
Deferred tax income/(expense)	(21,014)	(3,849)
	(25,147)	(10,447)

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 2020 (2019: 22%).

In Turkey, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2020 is 22% (2019: 22%). 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

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NOTE 22 - 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 (2019: 22%).

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 40%- 80% for an unlimited time, which amounts to a total deferred tax asset of TRY151,620 (December 31, 2019: TRY149,918). 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 TRY3,546 will be netted off against personnel expenses over the period of 2019-2020.

As of March 31, 2020, the Group has tax loss amounting to TRY481,664 (December 31, 2019: TRY460,866). TRY97,526 (December 31, 2019: TRY93,419) deferred tax assets have been recorded concerning this loss.

Deferred tax assets/(liabilities):	March 31, 2020	December 31, 2019
Tax losses carried forward	97,526	93,419
Depreciation/amortization differences of tangible and intangible assets	(172,801)	(145,753)
Provision for employment termination benefits	3,367	3,264
Vacation pay liability	4,053	3,858
Temporary difference between the tax base and carrying amount of financial liabilities	(4,463)	(4,419)
Prepaid building expenses	151,620	149,918
Tax advantage from investment incentive	2,676	5,159
Derivative instruments	71,787	73,371
Other	73,073	68,896
	222,171	243,138
Deferred tax asset	404,946	397,886
Deferred tax liability	(182,775)	(154,748)
	222,171	243,138

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**NOTE 22 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)
(Continued)**

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

March 31, 2020		
Expiration schedule of carryforward tax losses	Losses carried forward for which deferred tax assets recognized	Losses carried forward for which deferred tax assets not recognized
Expiring in 2020	59,651	-
Expiring in 2021	67,248	-
Expiring in 2022	144,997	-
Expiring in 2023	120,453	-
Expiring in 2024	65,790	-
Expiring in 2025	23,525	-
	481,664	-
December 31, 2019		
Expiration schedule of carryforward tax losses	Losses carried forward for which deferred tax assets recognized	Losses carried forward for which deferred tax assets not recognized
Expiring in 2019	62,301	-
Expiring in 2020	67,248	-
Expiring in 2021	144,997	-
Expiring in 2022	120,453	-
Expiring in 2023	65,867	-
	460,866	-

Movement of deferred tax (assets)/liabilities for the period ended March 31, 2020 and March 31, 2019 are as follows:

Movement of deferred tax liabilities:	January 1 - March 31, 2020	January 1 - March 31, 2019
Opening balance as at January 1	(243,138)	(146,669)
Charged to profit or loss	21,014	3,849
Charged to equity	(47)	(523)
Closing balance as at year end	(222,171)	(143,343)

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NOTE 22 - 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, 2020	January 1 - March 31, 2019
Loss before tax	86,517	21,290
Tax at the domestic income tax rate of 22% (2019: 22%)	(19,034)	(4,684)
Tax effects of:		
- expenses that are not deductible in	(13,878)	(8,252)
- effect of tax advantage from investment incentive	1,702	1,317
- tax losses carried forward not subject to deferred tax	(587)	(5,630)
- change in income tax rate from 20% to 22%	7,609	6,681
- reduced corporate tax effect	33	-
- other	(992)	121
Income tax income recognised in profit or loss	(25,147)	(10,447)

NOTE 23 - EARNINGS PER SHARE

The weighted average number of shares and earnings per share is as follows:

Earnings/(loss) per share	March 31, 2020	December 31, 2019
Weighted average number of shares	208,037	208,037
Net loss for the period for the equity holders of the parent	50,366	2,712
Loss per share	0,24	0,01

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NOTE 24 - 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. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

March 31, 2020

	TRY Equivalent (Functional currency)	USD	EUR	GBP
1. Trade receivables	147,040	21,410	1,044	-
2a. Monetary financial assets	44,876	1,252	5,078	10
2b. Non monetary financial assets	49,825	3,301	3,910	13
3. Other	591	53	34	-
4. CURRENT ASSETS	242,332	26,016	10,066	23
6b. Non monetary financial assets	32,352	4,965	-	-
7. Other	22	-	3	-
8. NON CURRENT ASSETS	32,374	4,965	3	-
9. TOTAL ASSETS	274,706	30,981	10,069	23
10. Trade payables	26,336	2,465	1,424	-
11a. Financial liabilities (loans)	160,894	-	22,300	-
11b. Financial liabilities (leasing)	66,988	940	8,435	-
11c. Lease Liabilities	10,706	-	1,484	-
12a. Other monetary liabilities	50,671	3,809	3,583	-
13. CURRENT LIABILITIES	315,595	7,214	37,226	-
15a. Financial liabilities (loans)	463,497	-	64,241	-
15b. Financial liabilities (loans) (leasing)	108,524	1,711	13,496	-
15c. Lease Liabilities	51,343	-	7,116	-
17. NON CURRENT LIABILITIES	623,364	1,711	84,853	-
18. TOTAL LIABILITIES	938,959	8,925	122,079	-
19. Net assets/liability position of off-balance sheet derivatives (19a-19b)	150,830	-	20,905	-
19a. Off balance sheet foreign currency derivative assets	150,830	-	20,905	-
19b. Off balance sheet foreign currency derivative liabilities	-	-	-	-
20. Net foreign currency asset liability position (9-18+19)	(513,423)	22,056	(91,105)	23
21. Monetary Items Net Foreign Currency Asset/Liability Position (1+2a+10+11+12a+14+15+16a)	(747,043)	13,737	(115,957)	10

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NOTE 24 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

December 31, 2019

	TRY Equivalent (Functional currency)	USD	EUR	GBP
1. Trade receivables	134,286	21,387	1,089	-
2a. Monetary financial assets	201,391	4,146	26,575	3
2b. Non monetary financial assets	58,014	3,249	5,820	1
3. Other	2,927	65	382	-
4. CURRENT ASSETS	396,618	28,847	33,866	4
6b. Non monetary financial assets	34,162	5,751	-	-
7. Other	267	36	8	-
8. NON CURRENT ASSETS	34,429	5,787	8	-
9. TOTAL ASSETS	431,047	34,634	33,874	4
10. Trade payables	16,132	518	1,963	-
11a. Financial liabilities (loans)	156,781	-	23,574	-
11b. Financial liabilities (leasing)	63,309	1,242	8,410	-
11c. Lease Liabilities	9,510	-	1,430	-
12a. Other monetary liabilities	42,539	3,199	3,539	-
13. CURRENT LIABILITIES	288,271	4,959	38,916	-
15a. Financial liabilities (loans)	426,240	-	64,090	-
15b. Financial liabilities (loans) (leasing)	115,079	1,895	15,611	-
15c. Lease Liabilities	49,933	-	7,508	-
17. NON CURRENT LIABILITIES	591,252	1,895	87,209	-
18. TOTAL LIABILITIES	879,523	6,854	126,125	-
19. Net assets/liability position of off-balance sheet derivatives (19a-19b)	(149,113)	-	(22,421)	-
19a. Off balance sheet foreign currency derivative assets	-	-	-	-
19b. Off balance sheet foreign currency derivative liabilities	149,113	-	22,421	-
20. Net foreign currency asset liability position (9-18+19)	(597,589)	27,780	(114,672)	4
21. Monetary Items Net Foreign Currency Asset/Liability Position (1+2a+10+11+12a+14+15+16a)	(543,846)	18,679	(98,461)	3

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NOTE 24 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (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 20% increase and decrease against the relevant foreign currencies. 20% 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 20% 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 TRY strengthens 20% against the relevant currency. For a 20% weakening of the TRY against the relevant currency, there would be a comparable impact on the profit before tax or equity, and the balances would be negative.

March 31, 2020	Profit/Loss	
	Valuation of foreign currency	Devaluation o foreign currency
In the case of US dollar gaining 20% value against TRY		
1 - USD net asset/liability	28,743	(28,743)
2- Portion hedged against USD risk (-)	-	-
3- USD net effect (1 +2)	28,743	(28,743)
In the case of EUR gaining 20% value against TRY		
4 - EUR net asset/liability	(161,631)	161,631
5 - Portion hedged against EUR risk (-)	30,167	(30,167)
6- EUR net effect (4+5)	(131,464)	131,464
TOTAL (3 + 6)	(102,721)	102,721
December 31, 2019	Profit/Loss	
	Valuation of foreign currency	Devaluation o foreign currency
In the case of US dollar gaining 20% value against TRY		
1 - USD net asset/liability	33,004	(33,004)
2- Portion hedged against USD risk (-)	-	-
3- USD net effect (1 +2)	33,004	(33,004)
In the case of EUR gaining 20% value against TRY		
4 - EUR net asset/liability	(122,705)	122,705
5 - Portion hedged against EUR risk (-)	(29,823)	29,823
6- EUR net effect (4+5)	(92,882)	92,882
TOTAL (3 + 6)	(59,878)	59,878

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NOTE 25 - DERIVATIVE FINANCIAL INSTRUMENTS

	<u>March 31, 2020</u>		<u>December 31, 2019</u>	
	<u>Asset</u>	<u>Liability</u>	<u>Asset</u>	<u>Liability</u>
<i>Fair value hedging derivative financial instruments</i>				
Forward contracts	-	-	-	-
Cross currency swap contracts	1,348	13,511	-	23,450
Interest rate swap contracts	-	-	-	-
	1,348	13,511	-	23,450

Derivative instruments for fair value hedge

As of reporting date, the details of forward, swap and cross currency swap transactions for fair value hedge are as follows:

	<u>Assets</u>		<u>Liabilities</u>	
	<u>Nominal currency value</u>	<u>Fair value</u>	<u>Nominal currency value</u>	<u>Fair value</u>
March 31, 2020				
Cross currency swap contracts				
Buy EUR/Sell TRY	6,512	1,348	14,394	13,511
	6,512	1,348	14,394	13,511

	<u>Assets</u>		<u>Liabilities</u>	
	<u>Nominal currency value</u>	<u>Fair value</u>	<u>Nominal currency value</u>	<u>Fair value</u>
December 31, 2019				
Cross currency swap contracts				
Buy EUR/Sell TRY Between 1-5 years	-	-	22,421	23,450
	-	-	22,421	23,450

As of July 2018 and September 2018, the Group has hedged principal and interest payments of the euro-denominated loans with a total of EUR 20,264 regarding 2020 period, whereby the total EUR denominated principal and interest payments amount to EUR 98,087 for the 2020-2024 period. The Group has hedged principal and interest payments of the euro-denominated financial leases with a total of EUR 3,370 regarding 2020 period, whereby the total EUR denominated principal and interest payments amount to EUR 23,873 for the 2020-2024 period. The Group used cross currency interest swap in this transaction. Nominal amounts related to loans and financial leases, which the Group has fixed, constitute 19.38% of total principal and interest payments in Euros.

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NOTE 26 - BUSINESS COMBINATION

The Company acquired Özel Medisis Hastanesi, located in Keçiören, Ankara as of March 13, 2020. TFRS 3 defines the “business” as “An integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants”. As per “Hospital Operation Contract” signed with third parties, the Company acquired hospital licence and fixed assets of the aforementioned hospital. Additionally, hospital building was leased by the Company as per “Building Rent Contracts” signed on same dates. As purchase price, the Company will pay a total of TRY96,000 through machinery lease payments over the course of 10 years. As this transaction includes “Input – Process and Output” elements mentioned in TFRS 3, they are accounted as business combinations. Within this scope, identifiable assets recognized, which are hospital licences and property and equipment, are recorded at their fair values and the purchase price is presented under “other liabilities” as the present value of the liability to be paid in future years. The difference between the purchase cost and the net fair values of identifiable assets (hospital licence), the liabilities assumed, and contingent liabilities is recorded as gain from bargain purchase in “statement profit or loss and other comprehensive income” amounting to TRY81,980. For the relevant license, a value of TRY118,090 is determined by valuation report prepared by KPMG.

Assets/Liabilities	Ankara Fair value
Non - Current Assets	
Property and equipment	16,771
Intangible assets	118,090
	134,861
Current liabilities	
Other payables	8,942
Non - current liabilities	
Other payables	43,939
Deferred tax liabilities	26,972
	79,853
Net assets acquired	55,008
Gain on the bargain purchase	81,980
Non-controlling interests	-

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NOTE 27 - EVENTS AFTER THE REPORTING PERIOD

Board of Directors has approved the financial statements and delegated authority for publishing it on 27 May 2020.

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, 2020 and March 31, 2019 are as follow:

EBITDA CALCULATION	March 31, 2020	March 31, 2019
i. Net loss before tax	86,517	21,290
ii. Depreciation and amortization of tangible and intangible fixed assets including non-cash provisions related to assets such as goodwill	62,474	64,264
iii. Total net finance expenses, net of interest income	103,310	99,953
iv. Fx gains/losses, net under finance expenses	68,444	43,795
v. Fair value differences of derivative instruments (Note 21)	(11,287)	(15,908)
vi. Extraordinary (income)/expenses	4,401	6,813
vii. Rediscount income/expense (net imputed interest)	656	5,294
viii. Gain on bargain purchase price	(81,980)	-
viii. Legal case provision expenditures which are reflected to financial statements by the general accounting principles;	(191)	(15)
xi. Unused vacation pay provision expenses which are reflected to financial statements by the general accounting principles;	888	3,281
x. Retirement pay provision expenses which are reflected to financial statements by the general accounting principles;	2,014	1,642
xi. Doubtful receivables provision expenses which are reflected to financial statements by the general accounting principles;	67	501
xii. Non cash sale and lease back expenses which are reflected to financial statements by the general accounting principles (Note 3);	197	197
xiii. (Income)/expenses from investment operations;	(384)	(475)
EBITDA	235,126	230,632
TFRS 16 Lease payment effect	(67,113)	(62,207)
Adjusted EBITDA	168,013	168,425

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