

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

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

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS FOR THE PERIOD ENDED
JANUARY 1 - JUNE 30, 2020**



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR’S REVIEW REPORT
ORIGINALLY ISSUED IN TURKISH
REPORT ON REVIEW OF CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION**

To the General Assembly of MLP Sağlık Hizmetleri A.Ş.

Introduction

1. We have reviewed the accompanying condensed consolidated statement of financial position of MLP Sağlık Hizmetleri A.Ş. (the “Company”) and its subsidiaries (collectively referred as the “Group”) as at 30 June 2020, the condensed consolidated statement of profit or loss, the condensed consolidated statement of other comprehensive income, condensed changes in equity, condensed consolidated cash flows and other explanatory notes for the six-month period then ended (“condensed consolidated interim financial information”). The management of the Group is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standard 34 (“TAS 34”) “Interim Financial Reporting”. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

2. We conducted our review in accordance with the Standard on Review Engagements (“SRE”) 2410, “Review of interim financial information performed by the independent auditor of the entity”. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and the objective of which is to express an opinion on the consolidated financial statements. Consequently, a review on the condensed consolidated interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

3. Based on our review, nothing has come to our attention that causes us to conclude that the accompanying condensed consolidated interim financial information of MLP Sağlık Hizmetleri A.Ş. is not prepared, in all material respects, in accordance with TAS 34.



Other information

4. Management is responsible for the other information. The other information comprises the Appendix I added to “Other information” section in the report but does not include the condensed consolidated financial statements and our auditor’s report thereon. Our conclusion on the condensed consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our review of the condensed consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the review or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Matter

5. The consolidated financial statements of the Group as of 31 December 2019 and for the year then ended were audited and the interim financial information as of 30 June 2019 and for the six-month period then ended were reviewed by another audit firm whose audit report dated 5 March 2020 expressed an unqualified opinion and whose review report dated 8 August 2019 expressed a conclusion that no material non-compliance with respect to TAS 34 has come to their attention.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Ediz Günsel, SMMM
Partner

Istanbul, 13 August 2020

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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE PERIOD ENDED JANUARY 1 - JUNE 30, 2020**

| INDEX | PAGE |
|---|-------------|
| CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION | 1-2 |
| CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME..... | 3 |
| CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY..... | 4 |
| CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS | 5-6 |
| NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | 7-44 |
| NOTE 1 ORGANIZATION AND OPERATIONS OF THE GROUP | 7 |
| NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS | 8-13 |
| NOTE 3 RELATED PARTY DISCLOSURES | 14-18 |
| NOTE 4 CASH AND CASH EQUIVALENTS | 18 |
| NOTE 5 FINANCIAL INSTRUMENTS..... | 19-21 |
| NOTE 6 TRADE RECEIVABLES AND PAYABLES..... | 22 |
| NOTE 7 OTHER RECEIVABLES AND PAYABLES..... | 23 |
| NOTE 8 INVENTORIES | 23 |
| NOTE 9 PREPAID EXPENSES AND DEFERRED INCOME | 24 |
| NOTE 10 PROPERTY, EQUIPMENT AND OTHER INTANGIBLE ASSETS..... | 25-27 |
| NOTE 11 RIGHT OF USE ASSETS..... | 27-28 |
| NOTE 12 PAYABLES FOR EMPLOYEE BENEFITS | 28 |
| NOTE 13 OTHER ASSETS AND LIABILITIES | 28 |
| NOTE 14 PROVISIONS | 28 |
| NOTE 15 COMMITMENTS..... | 29-30 |
| NOTE 16 SHARE CAPITAL/OTHER RESERVES | 31-32 |
| NOTE 17 REVENUE | 32 |
| NOTE 18 OPERATING EXPENSES..... | 33 |
| NOTE 19 OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES..... | 33 |
| NOTE 20 INCOME AND EXPENSES FROM INVESTING ACTIVITIES | 34 |
| NOTE 21 FINANCE EXPENSES..... | 34 |
| NOTE 22 TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)..... | 35-38 |
| NOTE 23 EARNINGS PER SHARE | 38 |
| NOTE 24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES..... | 39-41 |
| NOTE 25 DERIVATIVE FINANCIAL INSTRUMENTS..... | 42 |
| NOTE 26 BUSINESS COMBINATIONS..... | 43 |
| NOTE 27 EVENTS AFTER THE REPORTING PERIOD..... | 44 |
| APPENDIX I OTHER SUPPLEMENTARY INFORMATION | 45 |

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020**

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

| | | Current period Reviewed June 30, 2020 | Prior period Audited December 31, 2019 |
|--|--------------|--|---|
| | Notes | | |
| Assets | | | |
| Current assets | | 2,049,447 | 1,721,976 |
| Cash and cash equivalents | 4 | 470,421 | 305,663 |
| Trade receivables | 6 | 1,079,908 | 990,895 |
| - Due from related parties | 3 | 18,693 | 2,841 |
| - Trade receivables from third parties | | 1,061,215 | 988,054 |
| Other receivables | 7 | 69,198 | 61,001 |
| - Due from related parties | 3 | 35,617 | 31,081 |
| - Other receivables from third parties | | 33,581 | 29,920 |
| Derivative financial instruments | 25 | 4,637 | - |
| Inventories | 8 | 106,661 | 90,465 |
| Prepaid expenses | 9 | 276,910 | 234,851 |
| Other current assets | 13 | 41,712 | 39,101 |
| Non-current assets | | 2,339,641 | 2,192,510 |
| Trade receivables | | 1,053 | 1,053 |
| Other receivables | 7 | 2,624 | 2,538 |
| Property and equipment | 10 | 749,188 | 775,746 |
| Intangible assets | | 678,880 | 551,477 |
| - Goodwill | | 40,217 | 40,217 |
| - Other intangible assets | 10 | 638,663 | 511,260 |
| Right of use assets | 11 | 267,733 | 235,087 |
| Prepaid expenses | 9 | 230,057 | 228,723 |
| Deferred tax assets | 22 | 410,106 | 397,886 |
| Total assets | | 4,389,088 | 3,914,486 |

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

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020**

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

| | Notes | Current period Reviewed June 30, 2020 | Prior period Audited December 31, 2019 |
|--|-------|--|---|
| Liabilities and equity | | | |
| Current liabilities | | 2,117,757 | 1,938,417 |
| Short term borrowings | 5 | 334,373 | 391,066 |
| Short term portion of long term borrowings | 5 | 392,605 | 284,054 |
| Obligations under finance leases | 5 | 90,367 | 76,426 |
| Short term lease liabilities | 5 | 133,546 | 109,257 |
| Trade payables | 6 | 804,145 | 821,164 |
| - Due to related parties | 3 | 17,015 | 20,904 |
| - Trade payables to third parties | | 787,130 | 800,260 |
| Payables related to employee benefits | 12 | 104,937 | 78,708 |
| Other payables | 7 | 72,697 | 36,377 |
| - Due to related parties | 3 | 799 | 799 |
| - Other payables to third parties | | 71,898 | 35,578 |
| Deferred revenues | 9 | 143,490 | 82,116 |
| Short term provisions | | 32,385 | 31,145 |
| - Short term provisions for employment benefits | 12 | 14,979 | 13,703 |
| - Other short term provisions | 14 | 17,406 | 17,442 |
| Derivative financial instruments | 25 | 4,495 | 23,450 |
| Current tax liabilities | 22 | 4,717 | 4,654 |
| Non-current liabilities | | 1,999,113 | 1,737,664 |
| Long term borrowings | 5 | 1,051,694 | 859,743 |
| Obligations under finance leases | 5 | 126,150 | 135,454 |
| Long term lease liabilities | 5 | 500,515 | 492,683 |
| Other payables | | 112,089 | 72,726 |
| - Other payables to third parties | 7 | 112,089 | 72,726 |
| Deferred income | 9 | 1,067 | 2,157 |
| Long term provisions | | 25,504 | 20,153 |
| - Long term provisions for employee benefits | 12 | 25,504 | 20,153 |
| Deferred tax liabilities | 22 | 182,094 | 154,748 |
| Equity | | 272,218 | 238,405 |
| Equity attributable to the owner of the company | | 252,068 | 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 | | 9,017 | 14,441 |
| - Revaluation reserve | 16 | 37,747 | 37,747 |
| - Accumulated loss on remeasurement of defined benefit plans | | (28,730) | (23,306) |
| Restricted reserves | 16 | 10,260 | 10,260 |
| Accumulated deficit | | (558,898) | (595,149) |
| Net profit/(loss) for the period | | 27,490 | 36,251 |
| Non-controlling interest | | 20,150 | 8,403 |
| Total liabilities and equity | | 4,389,088 | 3,914,486 |

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

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE SIX-MONTH PERIOD ENDED JANUARY 1 - JUNE 30,2020**

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

| | <u>Current period</u> | | <u>Prior period</u> | |
|---|---|-------------------------------|---|-------------------------------|
| | Reviewed January 1 - June 30, 2020 | April 1 - June 30, 2020 | Reviewed January 1 - June 30, 2019 | April 1 - June 30, 2019 |
| Profit or loss | | | | |
| Revenue | 17 | 1,738,296 | 759,426 | 1,822,335 |
| Cost of sales (-) | 17 | (1,350,673) | (600,647) | (1,400,551) |
| Gross profit | | 387,623 | 158,779 | 421,784 |
| General administration expenses (-) | 18 | (112,696) | (38,720) | (143,207) |
| Other income from operating activities | 19 | 161,072 | 78,853 | 145,007 |
| Other expenses from operating activities (-) | 19 | (125,818) | (58,490) | (142,481) |
| Operating profit | | 310,181 | 140,422 | 281,103 |
| Income from investing activities | 20 | 84,616 | 2,154 | 1,186 |
| Expense from investing activities (-) | 20 | (104) | (6) | - |
| Operating profit before finance expenses | | 394,693 | 142,570 | 282,289 |
| Finance expenses (-), net | 21 | (330,377) | (164,771) | (309,679) |
| Net profit before tax | | 64,316 | (22,201) | (27,390) |
| Tax income/(expense) from operations | | (25,079) | 68 | 2,657 |
| Current tax expense | 22 | (8,597) | (4,464) | (12,361) |
| Deferred tax income/(expense) | 22 | (16,482) | 4,532 | 15,018 |
| Net profit | | 39,237 | (22,133) | (24,733) |
| Non-controlling interest | | 11,747 | 743 | 18,008 |
| Equity holders of the parent | | 27,490 | (22,876) | (42,741) |
| | | 39,237 | (22,133) | (24,733) |
| Basic gain/(loss) per share | 23 | 0,13 | (0,11) | (0,21) |
| Other comprehensive income/(expense) | | (5,424) | (5,235) | (3,461) |
| Items that will not be reclassified subsequently to profit or loss | | | | |
| Remeasurement of defined benefit plans | | (6,780) | (6,544) | (4,326) |
| Income tax relating to items that will not be reclassified subsequently | | 1,356 | 1,309 | 865 |
| Total comprehensive income/(loss) | | 33,813 | (27,368) | (28,194) |
| Total comprehensive income/(loss) distribution: | | | | |
| Non-controlling interest | | 11,747 | 743 | 18,008 |
| Equity holders of the parent | | 22,066 | (28,111) | (46,202) |

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

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JANUARY 1 - JUNE 30, 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 | | | Total |
|---|----------------|----------------|------------------------------|---|----------------|---------------------|----------------------------------|--|--------------------------|-----------------|
| | | | | Accumulated loss on remeasurement of defined benefit plans | Legal reserves | | Net profit/(loss) for the period | Attributable to equity holders of the Parent | Non-controlling interest | |
| 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 January 1, 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 | - | - | - | (3,461) | - | - | - | (3,461) | - | (3,461) |
| Net profit/(loss) for the period | - | - | - | - | - | - | (42,741) | (42,741) | 18,008 | (24,733) |
| Total comprehensive loss for the period | - | - | - | (3,461) | - | - | (42,741) | (46,202) | 18,008 | (28,194) |
| Transfers | - | - | - | - | - | (127,651) | 127,651 | - | - | - |
| Dividend payment | - | - | - | - | - | - | - | - | (1,501) | (1,501) |
| Balance as at June 30, 2019 | 208,037 | 556,162 | 39,752 | (14,667) | 10,260 | (593,433) | (42,741) | 163,370 | 40,735 | 204,105 |
| 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 | - | - | - | (5,424) | - | - | - | (5,424) | - | (5,424) |
| Net profit/(loss) for the period | - | - | - | - | - | - | 27,490 | 27,490 | 11,747 | 39,237 |
| Total comprehensive loss for the period | - | - | - | (5,424) | - | - | 27,490 | 22,066 | 11,747 | 33,813 |
| Transfers | - | - | - | - | - | 36,251 | (36,251) | - | - | - |
| Balance as at June 30, 2020 | 208,037 | 556,162 | 37,747 | (28,730) | 10,260 | (558,898) | 27,490 | 252,068 | 20,150 | 272,218 |

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

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
AS AT JUNE 30, 2020**

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

| | Notes | Current period Reviewed January 1 - June 30, 2020 | Prior period Reviewed January 1 - June 30, 2019 |
|--|-------|---|---|
| Cash flows from operating activities | | 358,501 | 315,975 |
| Net profit/(loss) for the period | | 39,237 | (24,733) |
| Profit (loss) continuing operations | | 391,852 | 429,576 |
| Adjustments related to depreciation and amortization expenses | 10,11 | 125,370 | 129,258 |
| Adjustments related to impairment (reversal) | | 1,673 | 1,060 |
| Adjustments related to impairment (reversal) of receivables | 6 | 1,673 | 1,060 |
| Adjustments related to provisions | | 2,269 | 7,057 |
| Adjustments related to (reversal) of provision for employment benefits | | 3,171 | 6,339 |
| Adjustments related to lawsuit (reversal) of provision for lawsuit | | (902) | 718 |
| Adjustments related to interest (income) expense | | 214,517 | 236,595 |
| Adjustments related to interest income | 19 | (12,207) | (16,737) |
| Adjustments related to interest expense | 21 | 226,724 | 253,332 |
| Adjustments related to gain (loss) on fair value | 21 | (23,592) | (26,042) |
| Loss (gain) arising on derivatives | 21 | (23,592) | (26,042) |
| Adjustments related to tax (gain) loss | 22 | 25,079 | (2,657) |
| Other adjustments related to non-cash items | | 131,048 | 85,491 |
| Adjustments regarding to (gain) loss on sale of bargain purchase | 26 | (81,980) | - |
| Adjustments regarding to (gain) loss on sale of fix assets | | (2,532) | (1,186) |
| Adjustments regarding to (gain) loss on sale of tangible assets | | (2,532) | (1,186) |
| Changes in working capital | | (61,481) | (73,105) |
| Adjustments related to increase in trade receivables | | (99,719) | (61,755) |
| Adjustments related to increase in inventories | | (16,197) | (9,226) |
| Adjustments related to increase in trade payables | | (20,211) | (24,268) |
| Adjustments related to increase in other payables from operations | | 110,830 | 27,523 |
| Adjustments related to other (increase) decrease in working capital | | (36,184) | (5,379) |
| Adjustments related to increase in other payables from other asset | | (36,184) | (5,379) |
| Cash generated from operations | | 369,608 | 331,738 |
| Payments related with provision for employee benefits | | (3,325) | (5,535) |
| Tax paid | 22 | (8,534) | (10,358) |
| Other cash inflows (outflows) | 6 | 752 | 130 |

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

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
AS AT JUNE 30, 2020**

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

| | Notes | Current period Reviewed January 1 - June 30, 2020 | Prior period Reviewed January 1 - June 30, 2019 |
|--|--------------|--|--|
| Cash flows from investing activities | | (52,655) | (128,433) |
| Cash out flow for acquisition or capital increase of subsidiaries or joint ventures | | - | (4,490) |
| Proceeds from sales of property, plant, equipment and intangible assets | | 3,065 | 1,938 |
| Proceeds from sales of property, plant, equipment | 10 | 3,065 | 1,938 |
| Payment for purchase of property, plant and equipment, intangible assets | | (56,848) | (81,737) |
| Payment for purchase of property, plant and equipment | 10 | (42,968) | (72,975) |
| Payment for purchase of intangible assets | 10 | (13,880) | (8,762) |
| Cash payments for capital expenditures | 9 | (11,079) | (60,881) |
| Interest received | 19 | 12,207 | 16,737 |
| Cash flows from financing activities | | (141,088) | (150,673) |
| Proceeds from bank loans | | 322,371 | 377,874 |
| Proceeds from borrowings | | 220,820 | 259,837 |
| Proceeds from bonds | | 101,551 | 118,037 |
| Repayment of lease liabilities | | (118,261) | (125,738) |
| Bank borrowings paid | | (188,060) | (175,469) |
| Cash used for repayment of borrowings | | (86,509) | (106,209) |
| Cash used for repayment of bonds | | (101,551) | (69,260) |
| Repayment of obligations under finance leases | | (21,197) | (51,331) |
| Interest paid | | (135,941) | (174,508) |
| Dividend paid | | - | (1,501) |
| Net increase (decrease) in cash and cash equivalents | | 164,758 | 36,869 |
| 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 | 470,421 | 260,187 |

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

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 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 June 30, 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 June 30 2020, 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 August 13, 2020.

As of June 30, 2020 the subsidiaries of the Company are:

| <u>Name</u> | <u>Location and base of operation</u> |
|---|---------------------------------------|
| 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 |

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2020

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

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 30 June 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.

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.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 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 June 30, 2020 and December 31, 2019 are as follows:

| Subsidiaries | Place of incorporation and operation | Proportion of ownership and voting power held(%) | | Principal activity |
|----------------------------------|--------------------------------------|--|-------------------|--------------------|
| | | June 30, 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% | Hospital services |
| Kuzey | Ankara | 100.00% | 100.00% | Ancillary services |
| Artimed | Ankara | 100.00% | 100.00% | Ancillary services |
| 21. Yüzyıl Anadolu Vakfı (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.

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.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 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)

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.

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.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2020

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

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

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.

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 Marc 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.

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. In this process, pandemic care services, which were additionally paid within the scope of pandemic care in health services, were excluded from the state payment scope as of 29 June 2020.

Since the spread of Covid-19 outbreak effect to continue with the world as well as in how much time in Turkey, can not be estimated yet clear ; as the severity and duration of the effects become clearer, it will be possible to make a more specific and healthy evaluation for the medium and long term. However, while preparing the interim consolidated financial statements as of 30 June 2020, the possible effects of the Covid-19 outbreak were evaluated and the estimates and assumptions used in the preparation of the financial statements were reviewed. In this context, the Group has tested possible impairment in the values of financial assets, stocks, tangible and intangible fixed assets included in the interim consolidated financial statements as of 30 June 2020, and no impairment was detected.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 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

a) *Standards, amendments and interpretations applicable as at 30 June 2020:*

- **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.
 - **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.
 - **Amendment to IFRS 16, ‘Leases’ - Covid-19 related rent concessions;** effective from Annual periods beginning on or after 1 June 2020. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.
- b) *Standards, amendments and interpretations that are issued but not effective as at 30 June 2020:*
- **IFRS 17, ‘Insurance contracts’;** effective from annual periods beginning on or after 1 January 2023. 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.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 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 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.
- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from Annual periods beginning on or after 1 January 2022.
 - **Amendments to IFRS 3,** ‘Business combinations’ update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. .
 - **Amendments to IAS 16,** ‘Property, plant and equipment’ prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
 - **Amendments to IAS 37,** ‘Provisions, contingent liabilities and contingent assets’ specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, ‘First-time Adoption of IFRS’, IFRS 9, ‘Financial instruments’, IAS 41, ‘Agriculture’ and the Illustrative Examples accompanying IFRS 16, ‘Leases’.

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.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 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 30 June 2020 are as follows:

| Shareholders | June 30, 2020 | | | |
|--|-----------------------|---------------|---------------------|------------|
| | Receivable Current | | Payables Current | |
| | Trade | Non-trade | Trade | Non-trade |
| Muharrem Usta | - | 34,324 | - | 50 |
| Adem Elbaşı | - | 1,164 | - | - |
| | - | 35,488 | - | 50 |
| Other companies controlled by the shareholders | | | | |
| Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1) | 15,047 | - | 1,898 | - |
| A ve A Sağlık A.Ş. (2) | 2,948 | - | 7,328 | - |
| Konca Özel Sağlık Hizmetleri Ltd.Şti. | 402 | - | - | - |
| Miniso Mağazacılık A.Ş. | 159 | - | 263 | - |
| Supra A.Ş.-Sonotom Ltd Şti. -Ledmar Ltd Şti.- Mlp A,Ş, İş Ortaklığı | 96 | - | - | - |
| Cotyora Med, Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. (4) | 9 | - | 2,011 | - |
| Pozitif Medikal Sistemler San. ve Tic. Ltd. Şti. | 2 | - | 509 | - |
| Saray Eczanesi | 2 | - | 94 | - |
| Mp Sağlık ve Tic. A.Ş. | - | - | 2,397 | 733 |
| Mt Sağlık Ürünleri San. ve Tic. A.Ş. | - | - | 107 | - |
| Samsunpark Özel Sağlık Tıbbi Malz. İnş. Tur. Tem. Tic. A.Ş. (3) | - | - | 2,147 | - |
| Diasan Basım ve Form Matbaacılık San. ve Tic. A.Ş. | - | - | 16 | - |
| Tokat Emar Sağlık Hiz. Ltd. Şti. | - | - | 245 | - |
| Other | 28 | 129 | - | 16 |
| | 18,693 | 129 | 17,015 | 749 |
| | 18,693 | 35,617 | 17,015 | 799 |

- (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 construction of the Group hospitals.
- (2) A ve A Özel Sağ. Hiz. ve Cih. Teks. San. Tic. Ltd. Şti. provides cleaning materials for the 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.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2020**

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

NOTE 3 - RELATED PARTY DISCLOSURES (Continued)

| Shareholders | December 31, 2019 | | | |
|---------------|-------------------|---------------|----------|-----------|
| | Receivable | | Payables | |
| | Current | | Current | |
| | 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.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2020**

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

NOTE 3 - RELATED PARTY DISCLOSURES (Continued)

Advance given to related parties, prepaid expenses

| | June 30, 2020 | December 31, 2019 |
|---|----------------------|--------------------------|
| Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1) | 13,465 | 12,312 |
| Özel Gebze Sentez Sağlık Hizmetleri ve Tic. A.Ş. | 2,932 | - |
| Atakum Özel Sağlık Hizmetleri İnş. Turizm ve San. Tic. A.Ş. | 286 | 286 |
| Sanport Gayrimenkul Geliştirme İnş.ve Tic. A.Ş. | 84 | - |
| | 16,767 | 12,598 |

Fixed asset advances given to related parties

| | June 30, 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)

| | June 30, 2020 | December 31, 2019 |
|---|----------------------|--------------------------|
| Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. (within long-term prepaid expenses) | 3,204 | 3,598 |
| Sancak Grup Mimarlık İnşaat ve Tic. A.Ş., (within short-term prepaid expenses) | 787 | 787 |
| | 3,991 | 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 June 30, 2020, the Group has incurred rent expense amounting to TRY394 due to amortization of prepaid rent (December 31, 2019: TRY787).

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2020**

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

NOTE 3 - RELATED PARTY DISCLOSURES (Continued)

| Lease liabilities from related parties | June 30, 2020 | | December 31, 2019 | |
|---|----------------------|--------------------|--------------------------|--------------------|
| | Current | Non-current | Current | Non-current |
| Sanport Gayrimenkul Geliştirme İnş. ve Tic. A.Ş. | 62,736 | 99,027 | 55,264 | 113,536 |
| Fom Grup Mimarlık İnşaat Ve Tic. A.Ş. | 11,724 | 52,788 | 9,508 | 49,333 |
| Atakum Özel Sağlık Hizmetleri İnş. Turizm ve San. Tic. A.Ş. | 8,344 | 10,369 | 6,644 | 14,214 |
| Özel Gebze Sentez Sağlık Hizmetleri ve Tic. A.Ş. | 6,280 | - | 5,609 | 2,786 |
| Gazi Medikal Sağlık Tesisleri ve Tic. A.Ş. | 5,237 | 6,103 | 4,620 | 8,885 |
| Mp Sağlık ve Tic. A.Ş. | 3,950 | 376 | 3,167 | 2,250 |
| Tokat Medikal Grup Sağlık Turizm İnş. San. Tic. A.Ş. | 2,019 | 1,556 | 1,707 | 2,455 |
| | 100,290 | 170,219 | 86,519 | 194,059 |

| Purchases from related parties | January 1 - | April 1 - | January 1 - | April 1 - |
|--|----------------------|----------------------|----------------------|----------------------|
| | June 30, 2020 | June 30, 2020 | June 30, 2019 | June 30, 2019 |
| Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (2)(3) | 9,691 | 5,204 | 8,424 | 4,388 |
| A ve A Sağlık A.Ş. (1) | 5,893 | 2,239 | 5,817 | 2,530 |
| | 15,584 | 7,443 | 14,241 | 6,918 |

- (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.

| Operating expenses (including purchase of services) | January 1 - | April 1 - | January 1 - | April 1 - |
|--|----------------------|----------------------|----------------------|----------------------|
| | June 30, 2020 | June 30, 2020 | June 30, 2019 | June 30, 2019 |
| Sanport Gayrimenkul Geliştirme İnş. ve Tic. A.Ş. (1) (7) | 39,901 | 14,934 | 44,445 | 22,301 |
| Samsunpark Özel Sağ. Tıbbi Malz. İnş. Tur. Tem. Tic. A.Ş. (4) | 7,242 | 3,081 | 9,533 | 4,698 |
| Atakum Özel Sağlık Hiz. İnş. Turizm ve San. Tic. A.Ş. (1) (7) | 4,797 | 1,977 | 5,097 | 2,587 |
| Gazi Medikal Sağlık Tesisleri ve Tic. A.Ş. (1) (7) | 3,073 | 1,229 | 3,089 | 1,544 |
| Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. (4) | 3,230 | 1,426 | 3,595 | 1,600 |
| Özel Gebze Sentez Sağlık Hizmetleri ve Tic. A.Ş. (1) (7) | 3,156 | 1,265 | 3,512 | 1,770 |
| Mp Sağlık ve Tic. A.Ş. (1) (7) | 2,768 | 1,084 | 2,800 | 1,406 |
| Livart Tüp Bebek Özel Sağlık Hizm. A.Ş. (2) | 2,689 | 772 | 3,005 | 1,746 |
| Tokat Medikal Grup Sağlık Turizm İnş. San. Tic. A.Ş. (1) (7) | 1,404 | 704 | 1,290 | 645 |
| Tokat Emar Sağlık Hiz. Ltd. Şti. (2) (5) | 475 | 159 | 718 | 354 |
| Saray Eczanesi (6) | 344 | 150 | 394 | 242 |
| Özdenler Sağ. Hiz. Dan. Turz. Gıd. San. Tic. Ltd. Şti. (2) | 117 | 17 | 187 | 100 |
| Mt Sağlık Ürünleri Sanayi ve Ticaret A.Ş. (3) | 99 | 35 | 121 | 57 |
| Salih Usta (Lojman) | 90 | 90 | - | - |
| Diasan Basım ve Form Matbaacılık San. ve Tic. A.Ş. (3) | 10 | - | 334 | 155 |
| Özarkaz Gayrimenkul Yat. ve İnş. Tic. A.Ş. (1) (7) | - | - | 3,745 | 1,872 |
| Özel Ereğli Millet Sağlık Hizm. San. ve Tic. Ltd. Şti. (1) (7) | - | - | 2,277 | 1,138 |
| Öz Anadolu Gayrimenkul ve Sağlık Yat. A.Ş. (1) (7) | - | - | 1,224 | 612 |
| Çanakkale Arkaz Sağlık Yatırımları A.Ş. (1) (7) | - | - | 559 | 279 |
| | 69,395 | 26,923 | 85,925 | 43,106 |

- (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.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2020**

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

NOTE 3 - RELATED PARTY DISCLOSURES (Continued)

| Sales to related parties | January 1 - June 30, 2020 | April 1 - June 30, 2020 | January 1 - June 30, 2019 | April 1 - June 30, 2019 |
|--|--------------------------------------|------------------------------------|--------------------------------------|------------------------------------|
| A ve A Sağlık A.Ş.(1) | 5,423 | 2,235 | 6,125 | 3,031 |
| Muharrem Usta | 2,169 | 1,000 | 2,645 | 1,504 |
| Samsunpark Özel Sağlık Tıbbi Malz. İnş. Turizm. Tem. Tic. A.Ş. | 113 | 47 | 104 | 51 |
| Miniso Mağazacılık A.Ş. | 94 | 56 | 85 | 34 |
| Adem Elbaşı | 74 | 34 | 62 | 62 |
| Cotyora Med.Özel Sağ.Taah. Hz. İnş. Tr. Loj. Ltd. Şti. | 47 | 14 | 148 | 71 |
| Samsunpark Özel Sağlık Hiz.İş Sağlığı ve Güvenlik. Dan. Eğitim. Müh.Tic.Ltd. Şti. | 9 | 9 | - | - |
| Fom Grup Mimarlık İnşaat ve Tic. A.Ş. | 5 | 3 | 18 | 18 |
| Saray Eczanesi | 4 | 1 | 5 | 5 |
| Livart Tüp Bebek Özel Sağlık Hizm. A.Ş. | - | - | 81 | - |
| Mt Sağlık Ürünleri Sanayi ve Ticaret A.Ş. | - | - | 30 | 30 |
| Sancak İnşaat Turizm Nak.ve Dış Tic. A.Ş. | - | - | 1 | 1 |
| Supra-Medicalpark-Sonotom-Ledmar İş Ortaklığı (Fatih Görünteme) (2) | - | - | 627 | 275 |
| | 7,938 | 3,399 | 9,931 | 5,082 |

(1) Outsourcing laboratory services

(2) Imaging services

Compensation of key management personnel:

Key management personnel comprise general managers, deputy general managers and chief physicians of hospitals and head office management team. Compensation of key management personnel consist of salary,premium,health insurance and transportation.

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

| | January 1 - June 30, 2020 | April 1 - June 30, 2020 | January 1 - June 30, 2019 | April 1 - June 30, 2019 |
|--|--------------------------------------|------------------------------------|--------------------------------------|------------------------------------|
| Salaries and other short-term benefits | 8,521 | 3,597 | 10,797 | 5,592 |
| | 8,521 | 3,597 | 10,797 | 5,592 |

NOTE 4 - CASH AND CASH EQUIVALENTS

| | June 30, 2020 | December 31, 2019 |
|----------------------------|----------------------|--------------------------|
| Cash on hand | 17,856 | 15,569 |
| Cash at banks | 443,218 | 282,330 |
| - Demand deposit | 242,133 | 28,950 |
| - Time deposit | 201,085 | 253,380 |
| Other cash equivalents (*) | 9,347 | 7,764 |
| | 470,421 | 305,663 |

The effective interest rate of the time deposits of the Group in TRY, USD and EUR as of 30 June 2020 rates respectively 5.50% - 8.75% (31 December 2019: 4.49% - 13.25%), 0.15% (31 December 2019: 0.4% - 1.5%), 0.01% (31 December 2019: 0.01% - 0.09%) and their maturities are less than 3 months.

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

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2020**

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

NOTE 5 - FINANCIAL INSTRUMENTS

Financial Liabilities

Bank Loans and Bonds

| | June 30, 2020 | December 31, 2019 |
|--|----------------------|--------------------------|
| Short-term bank borrowings | 82,822 | 139,598 |
| Short-term bonds issued | 251,551 | 251,468 |
| Current portion of long term borrowings | 332,503 | 241,137 |
| - <i>Current portion of long term bank loans</i> | 332,503 | 241,137 |
| Interest accruals | 60,102 | 42,917 |
| | 726,978 | 675,120 |
| Long-term bank loans | 1,051,694 | 859,743 |
| | 1,051,694 | 859,743 |
| Total borrowings | 1,778,672 | 1,534,863 |

The reconciliation of the liabilities arising from financing activities as of 1 January- 30 June 2020 and 1 January- 30 June 2019 are as follows:

| | January 1, 2020 | Financing cash flows | Foreign exchange effect (Note 21) | Disposal of subsidiary | Other (*) | June 30, 2020 |
|---------------------------|----------------------------|---------------------------------|--|-----------------------------------|------------------|--------------------------|
| Bank loans | 1,534,863 | 151,495 | 92,314 | - | - | 1,778,672 |
| Finance lease obligations | 211,880 | (21,197) | 25,834 | - | - | 216,517 |
| Lease obligations | 601,940 | (118,261) | 9,097 | - | 141,285 | 634,061 |
| | 2,348,683 | 12,037 | 127,245 | - | 141,285 | 2,629,250 |
| | January 1, 2019 | Financing cash flows | Foreign exchange effect (Note 21) | Disposal of subsidiary | Other (*) | June 30, 2019 |
| Bank loans | 1,135,646 | 204,349 | 55,787 | - | - | 1,395,782 |
| Finance lease obligations | 283,245 | (51,331) | 18,870 | - | - | 250,784 |
| Lease obligations | 659,747 | (125,738) | 6,603 | - | 99,556 | 640,168 |
| | 2,078,638 | 27,280 | 81,260 | - | 99,556 | 2,286,734 |

(*) 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.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2020**

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

NOTE 5 - FINANCIAL INSTRUMENTS (Continued)

As of June 30, 2020 and December 31, 2019 the repayment schedule of the total borrowings as follows:

June 30, 2020

| Currency Type | Weighted Average Effective Interest Rate | Current | Non-current | Total |
|----------------------|---|----------------|--------------------|------------------|
| TRY | 13% | 257,795 | 77,412 | 335,207 |
| TRY | TRLibor +2,50% - 3,50% -4,50% - 5,80% | 244,748 | 549,823 | 794,571 |
| EUR | Euribor + 5,50% | 212,873 | 424,459 | 637,332 |
| EUR | 0,75% | 11,562 | - | 11,562 |
| | | 726,978 | 1,051,694 | 1,778,672 |

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 | Euribor + 5.50% | 121,533 | 426,240 | 547,773 |
| EUR | 0.75% | 35,248 | - | 35,248 |
| | | 675,120 | 859,743 | 1,534,863 |

As of June 30, 2020, there are no blocked cash accounts related to the group's loans. (December 31, 2019: None).

As at June 30, 2020 and December 31, 2019 the repayment schedule of the borrowings in TRY are as follows:

| | June 30, 2020 | December 31, 2019 |
|------------------------------|----------------------|--------------------------|
| Interest accruals | 60,102 | 42,917 |
| To be paid within 1 year (*) | 666,876 | 632,203 |
| To be paid between 1-2 years | 340,509 | 236,835 |
| To be paid between 2-3 years | 348,911 | 231,328 |
| To be paid between 3-4 years | 251,777 | 203,701 |
| To be paid between 4-5 years | 73,158 | 135,294 |
| To be paid between 5-6 years | 37,339 | 52,585 |
| | 1,778,672 | 1,534,863 |

(*) TRY82,822 of the loans to be paid within one year consists of revolving loans and TRY251,551 part consists of bond payments which will be redeemed within 1 year.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2020**

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

NOTE 5 - FINANCIAL INSTRUMENTS (Continued)

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, 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, x2.5 for the year ended December 31, 2019 and for the six months period ended June 30, 2020 and x2.5 for the remaining period of the syndicate loan. The Group is meeting the related financial commitments as of 30 June 2020.

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 | |
|--|---------------------------|----------------------|--|--------------------------|
| | June 30, 2020 | December 31, 2019 | June 30, 2020 | December 31, 2019 |
| Within one year | 105,459 | 90,031 | 90,367 | 76,426 |
| In the second to fifth years inclusive | 134,774 | 146,859 | 126,150 | 135,454 |
| | 240,233 | 236,890 | 216,517 | 211,880 |
| Less : Future finance charges | (23,716) | (25,010) | - | - |
| Present value of finance lease obligations | 216,517 | 211,880 | 216,517 | 211,880 |
| Less: Amounts due to settlement within twelve months (shown under current liabilities) | | | 90,367 | 76,426 |
| Amounts due for settlement after 12 months | | | 126,150 | 135,454 |
| Liabilities arising from lease transactions | | | June 30, 2020 | December 31, 2019 |
| Within one year | | | 133,546 | 109,257 |
| More than one year | | | 500,515 | 492,683 |
| Present value of finance lease obligations | | | 634,061 | 601,940 |

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2020**

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

NOTE 6 - TRADE RECEIVABLES AND PAYABLES

Trade Receivables

| Current trade receivables | June 30, 2020 | December 31, 2019 |
|---|----------------------|--------------------------|
| Trade receivables | 866,169 | 800,462 |
| Notes receivables | 12,205 | 19,415 |
| Trade receivables from related parties (Note 3) | 18,693 | 2,841 |
| Income accruals from continuing treatments | 155,786 | 125,768 |
| Other trade income accruals | 41,905 | 56,338 |
| Allowance for doubtful receivables (-) | (14,850) | (13,929) |
| | 1,079,908 | 990,895 |

Trade receivables due from the SSI constitute 40% (December 31, 2019: 36%) and receivables due from foreign patients constitute 33% (December 31, 2019: 31%) of total trade receivables.

The Group has trade receivables arising from health services given to foreign patients amounting to TRY268,733 as at June 30, 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 - June 30, 2020, the Group has receivables from the Government of Libya amounting to TRY186,128. The Group Management expect to collect remaining receivables in 2020. On 6 August 2020, the collection of the receivable balance in the amount of TRY99,109 was realized (Note 27).

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

As of June 30, 2020, trade receivables of an initial value of TRY14,850 (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 - June 30, 2020 | January 1 - June 30, 2019 |
|---|--------------------------------------|--------------------------------------|
| Balance at beginning of the period | 13,929 | 11,515 |
| Charge for the period | 1,673 | 1,060 |
| Collections | (752) | (130) |
| Balance at closing of the period | 14,850 | 12,445 |

Trade Payables

| Short term trade payables | June 30, 2020 | December 31, 2019 |
|--|----------------------|--------------------------|
| Trade payables | 629,533 | 670,480 |
| Trade payables due to related parties (Note 3) | 17,015 | 20,904 |
| Other expense accruals | 155,981 | 126,810 |
| Other trade payables | 1,616 | 2,970 |
| | 804,145 | 821,164 |

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2020**

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

NOTE 7 - OTHER RECEIVABLES AND PAYABLES

Other Receivables

| Other current receivables | June 30, 2020 | December 31, 2019 |
|---|----------------------|--------------------------|
| Non-trading receivables due from related parties (Note 3) | 35,617 | 31,081 |
| Receivables from tax office | 7,100 | 4,035 |
| Deposits given | 4,381 | 5,223 |
| Other miscellaneous receivables | 22,100 | 20,662 |
| | 69,198 | 61,001 |

| Other non-current receivables | June 30, 2020 | December 31, 2019 |
|--------------------------------------|----------------------|--------------------------|
| Deposits given | 2,624 | 2,538 |
| | 2,624 | 2,538 |

Other Payables

| Other current payables | June 30, 2020 | December 31, 2019 |
|--|----------------------|--------------------------|
| Payables relating to business combinations | 28,671 | 20,175 |
| Other taxes and funds payable | 26,346 | 13,632 |
| Non-trading payables due to related parties (Note 3) | 799 | 799 |
| Other miscellaneous payables | 16,881 | 1,771 |
| | 72,697 | 36,377 |

| Other non-current payables | June 30, 2020 | December 31, 2019 |
|--|----------------------|--------------------------|
| Payables relating to business combinations | 112,089 | 72,726 |
| | 112,089 | 72,726 |

NOTE 8 - INVENTORIES

| Inventories | June 30, 2020 | December 31, 2019 |
|-------------------------------|----------------------|--------------------------|
| Laboratory inventory | 44,706 | 43,875 |
| Pharmaceutical inventory | 35,773 | 26,503 |
| Medical consumables inventory | 24,288 | 17,241 |
| Other inventory | 1,894 | 2,846 |
| | 106,661 | 90,465 |

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2020**

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

NOTE 9 - PREPAID EXPENSES AND DEFERRED INCOME

Prepaid Expenses

| Short term prepaid expenses | June 30, 2020 | December 31, 2019 |
|------------------------------------|----------------------|--------------------------|
| Order advances | 230,466 | 186,681 |
| Prepaid rent expenses | 19,103 | 20,522 |
| Prepaid insurance expenses | 14,272 | 15,394 |
| Prepaid sponsorship expenses | 1,464 | 1,360 |
| Other | 11,605 | 10,894 |
| | 276,910 | 234,851 |

| Long term prepaid expenses | June 30, 2020 | December 31, 2019 |
|-----------------------------------|----------------------|--------------------------|
| Fixed asset advances given | 216,320 | 205,241 |
| Prepaid rent expenses | 11,124 | 19,998 |
| Other | 2,613 | 3,484 |
| | 230,057 | 228,723 |

Deferred Income

| Short term accrued income | June 30, 2020 | December 31, 2019 |
|----------------------------------|----------------------|--------------------------|
| Advances received | 136,305 | 73,887 |
| Deferred revenue | 7,185 | 8,229 |
| | 143,490 | 82,116 |

| Long term accrued income | June 30, 2020 | December 31, 2019 |
|---------------------------------|----------------------|--------------------------|
| Deferred revenue | 1,067 | 2,157 |
| | 1,067 | 2,157 |

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 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 | - | 5,831 | - | 12,139 | 1,543 | 12,235 | 11,220 | 42,968 |
| Assets acquired by business combinations (Note 26) | - | 16,771 | - | - | - | - | - | 16,771 |
| Disposals | (226) | (3,409) | (80) | (202) | - | (19) | - | (3,936) |
| Transfers | - | 50,284 | - | 24,142 | (9,291) | 403 | (65,538) | - |
| Closing balance as of June 30, 2020 | 1,040 | 729,648 | 1,466 | 347,143 | 383,695 | 564,662 | 35,783 | 2,063,437 |
| 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 (*) | (8) | (33,112) | - | (19,219) | (14,638) | (18,787) | - | (85,764) |
| Disposals | - | 3,269 | 80 | 46 | - | 8 | - | 3,403 |
| Transfers | - | (5,999) | - | (2,973) | 8,972 | - | - | - |
| Closing balance as of June 31, 2020 | (88) | (490,140) | (1,466) | (222,902) | (321,958) | (277,695) | - | (1,314,249) |
| Carrying value as of June 31, 2020 | 952 | 239,508 | - | 124,241 | 61,737 | 286,967 | 35,783 | 749,188 |

(*) Depreciation and amortization expense of TRY83,251 (January 1 - June 30, 2019: TRY100,348) has been charged in ‘cost of service’, TRY7,080 (January 1-June 30, 2019: TRY4,734) has been charged in ‘operating expenses’ for the period ended between January 1- June 30,2020.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 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 | - | 7,061 | 2 | 12,355 | - | 15,660 | 37,897 | 72,975 |
| Disposals | (452) | (808) | - | (65) | - | - | (65) | (1,390) |
| Transfers | - | 85,036 | - | 37,295 | (6,393) | 70,935 | (188,205) | (1,332) |
| Closing balance as of June 30, 2019 | 1,944 | 651,609 | 1,836 | 305,429 | 424,940 | 545,188 | 53,258 | 1,984,204 |
| Accumulated depreciation | | | | | | | | |
| Opening balance as of January 1, 2019 | (100) | (287,285) | (1,698) | (131,866) | (423,639) | (232,715) | 110 | (1,077,193) |
| Charge for the period | (8) | (61,041) | (60) | (15,259) | (6,489) | (17,805) | - | (100,662) |
| Disposals | 18 | 762 | - | 33 | - | - | - | 813 |
| Transfers | - | (5,435) | - | (910) | 6,345 | - | - | - |
| Closing balance as of June 30, 2019 | (90) | (352,999) | (1,758) | (148,002) | (423,783) | (250,520) | 110 | (1,177,042) |
| Carrying value as of June 30, 2019 | 1,854 | 298,610 | 78 | 157,427 | 1,157 | 294,668 | 53,368 | 807,162 |

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 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 | - | 13,858 | 22 | 13,880 |
| Transfers | - | - | - | - |
| Closing balance as of June 30, 2020 | 596,072 | 78,307 | 3,246 | 677,625 |

Accumulated amortization

| | | | | |
|--|---|-----------------|--------------|-----------------|
| Opening balance as of January 1, 2020 | - | (33,790) | (605) | (34,395) |
| Charge for the period | - | (4,428) | (139) | (4,567) |
| Closing balance as of June 30, 2020 | | (38,218) | (744) | (38,962) |

| | | | | |
|---|----------------|---------------|--------------|----------------|
| Carrying value as of June 30, 2020 | 596,072 | 40,089 | 2,502 | 638,663 |
|---|----------------|---------------|--------------|----------------|

| Cost | Licenses | Rights | Other | Total |
|--|-----------------|---------------|--------------|----------------|
| Opening balance as of January 1, 2019 | 401,236 | 55,672 | 1,489 | 458,397 |
| Additions | - | 7,338 | 1,424 | 8,762 |
| Disposals | - | - | (175) | (175) |
| Transfers | - | 1,651 | (319) | 1,332 |
| Closing balance as of June 30, 2019 | 401,236 | 64,661 | 2,419 | 468,316 |

Accumulated amortization

| | | | | |
|--|---|-----------------|--------------|-----------------|
| Opening balance as of January 1, 2019 | - | (30,117) | (366) | (30,483) |
| Charge for the period | - | (4,284) | (136) | (4,420) |
| Closing balance as of June 30, 2019 | | (34,401) | (502) | (34,903) |

| | | | | |
|---|----------------|---------------|--------------|----------------|
| Carrying value as of June 30, 2019 | 401,236 | 30,260 | 1,917 | 433,413 |
|---|----------------|---------------|--------------|----------------|

NOTE 11 - RIGHT OF USE ASSETS

| | Hospital Buildings | Total |
|--|---------------------------|----------------|
| Opening balance as of January 1, 2020 | 235,087 | 235,087 |
| Additions | 67,685 | 67,685 |
| Charge for the year (*) | (35,039) | (35,039) |
| Closing balance as of June 30, 2020 | 267,733 | 267,733 |

(*) For the period ended June 30, 2020, right of use assets depreciation expenses of TRY34,233 has been charged to 'cost of service' (1 January - 30 June 2019: TRY23,604), TRY806 to 'general administrative and marketing expenses (1 January - 30 June 2019:TRY572).

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2020**

(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 | 22,679 | 22,679 |
| Charge for the year | (24,176) | (24,176) |
| Closing balance as of June 30, 2019 | 230,885 | 230,885 |

NOTE 12 - PAYABLES FOR EMPLOYEE BENEFITS

| Payables for employment benefits: | June 30, 2020 | December 31, 2019 |
|---|----------------------|--------------------------|
| Fees payable to doctors and other personnel | 64,117 | 65,664 |
| Social security premiums payable | 40,820 | 13,044 |
| | 104,937 | 78,708 |

| Short term provision for employment benefits: | June 30, 2020 | December 31, 2019 |
|--|----------------------|--------------------------|
| Unused vacation provision | 14,979 | 13,703 |
| | 14,979 | 13,703 |

| Long term provision for employment benefits: | June 30, 2020 | December 31, 2019 |
|---|----------------------|--------------------------|
| Retirement pay provision | 21,268 | 16,319 |
| Unused vacation provision | 4,236 | 3,834 |
| | 25,504 | 20,153 |

NOTE 13 - OTHER ASSETS AND LIABILITIES

| Other current assets: | June 30, 2020 | December 31, 2019 |
|------------------------------------|----------------------|--------------------------|
| VAT carried forward | 37,186 | 34,823 |
| Other miscellaneous current assets | 4,526 | 4,278 |
| | 41,712 | 39,101 |

NOTE 14 - PROVISIONS

| Other short-term provisions: | June 30, 2020 | December 31, 2019 |
|--------------------------------------|----------------------|--------------------------|
| Litigation provisions | 11,861 | 12,763 |
| Social Security discounts provisions | 5,545 | 4,679 |
| | 17,406 | 17,442 |

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2020**

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

NOTE 15 - COMMITMENTS

| June 30, 2020 | Total | TRY | USD | EUR |
|---|----------------|----------------|------------|--------------|
| A. CPM given on behalf of its own legal entity | 80,055 | 64,789 | 156 | 1,842 |
| -Collateral | 80,055 | 64,789 | 156 | 1,842 |
| -Pledge | - | - | - | - |
| -Mortgage | - | - | - | - |
| B. CPM given on behalf of the subsidiaries included in full consolidation (*) | 51,838 | 48,547 | - | 427 |
| -Collateral | 51,838 | 48,547 | - | 427 |
| -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 | 131,893 | 113,336 | 156 | 2,269 |

(*) The Group has given guarantees amounting to TRY64,745 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.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 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.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2020**

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

NOTE 16 - SHARE CAPITAL/OTHER RESERVES

| Shareholders | (%) | June 30, 2020 | (%) | December 31, 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. 126 thousand shares purchased by İzzet Usta and 18 thousand shares purchased by Adem Elbaşı from the publicly traded portion were sold. Additional 27 thousand shares were purchased by Muharrem Usta from the publicly traded portion.

As of June 30, 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 June 30, 2020 (Note 1). Shares in circulation rate is 33.46% as of April 1, 2020.

Share premiums:

| | June 30, 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.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2020**

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

NOTE 16 - SHARE CAPITAL/OTHER RESERVES (Continued)

| Reserves: | June 30, 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 |

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 - June 30, 2020 | April 1 - June 30, 2020 | January 1 - June 30, 2019 | April 1 - June 30, 2019 |
|-----------------------|--------------------------------------|------------------------------------|--------------------------------------|------------------------------------|
| Hospital services (*) | 1,738,296 | 759,426 | 1,822,335 | 888,968 |
| | 1,738,296 | 759,426 | 1,822,335 | 888,968 |

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

| Cost of services | January 1 - June 30, 2020 | April 1 - June 30, 2020 | January 1 - June 30, 2019 | April 1 - June 30, 2019 |
|--|--------------------------------------|------------------------------------|--------------------------------------|------------------------------------|
| Material consumption | (392,823) | (181,337) | (437,105) | (212,803) |
| Doctor expenses | (356,234) | (152,582) | (377,200) | (189,238) |
| Personnel expenses | (245,783) | (100,768) | (259,186) | (128,019) |
| Services rendered by third parties | (121,574) | (53,078) | (89,546) | (45,144) |
| Depreciation and amortization expenses (Note 10,11) | (117,484) | (58,821) | (123,952) | (62,124) |
| Rent expenses (Hospitals) | (13,806) | (7,053) | (10,886) | (5,353) |
| Other (*) | (102,969) | (47,008) | (102,676) | (51,642) |
| | (1,350,673) | (600,647) | (1,400,551) | (694,323) |

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

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2020**

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

NOTE 18 - GENERAL ADMINISTRATIVE AND MARKETING EXPENSES

| General administrative and marketing expenses | January 1 - June 30, 2020 | April 1 - June 30, 2020 | January 1 - June 30, 2019 | April 1 - June 30, 2019 |
|--|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
| Personnel expenses | (46,280) | (13,596) | (59,490) | (30,197) |
| Sponsorship and advertising expenses (*) | (35,639) | (10,948) | (50,573) | (24,269) |
| Depreciation and amortization expenses (Note 10,11) | (7,886) | (4,076) | (5,306) | (2,870) |
| Outsourcing expenses | (4,690) | (2,200) | (4,267) | (1,919) |
| Rent expenses | (4,134) | (1,984) | (3,848) | (1,946) |
| Taxes and duties | (2,872) | (1,391) | (2,551) | (1,481) |
| Bad debt allowance | (1,673) | (1,077) | (1,060) | (438) |
| Communication expenses | (1,398) | (772) | (739) | (356) |
| Representation and entertainment expenses | (1,044) | (463) | (1,152) | (574) |
| Maintenance and repair expenses | (959) | (334) | (1,706) | (1,047) |
| Utility expenses | (667) | (233) | (812) | (411) |
| Other | (5,454) | (1,646) | (11,703) | (6,183) |
| | (112,696) | (38,720) | (143,207) | (71,691) |

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

NOTE 19 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

| Other income from operating activities | January 1 - June 30, 2020 | April 1 - June 30, 2020 | January 1 - June 30, 2019 | April 1 - June 30, 2019 |
|---|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
| Foreign exchange gains from operations | 145,038 | 71,668 | 126,849 | 71,618 |
| Interest income | 12,207 | 7,068 | 16,737 | 7,520 |
| Trade payables discount | (5,129) | (3,890) | (4,313) | 554 |
| Collected provisions for doubtful (Note 6) | 752 | 223 | 130 | 9 |
| Other income | 8,204 | 3,784 | 5,604 | 2,799 |
| | 161,072 | 78,853 | 145,007 | 82,500 |
| Other expenses from operating activities | January 1 - June 30, 2020 | April 1 - June 30, 2020 | January 1 - June 30, 2019 | April 1 - June 30, 2019 |
| Foreign exchange losses from operations | (105,294) | (49,025) | (105,844) | (60,275) |
| SSI return expenses | (2,834) | (1,208) | (1,567) | (767) |
| Non-operational hospital expenses | (859) | (61) | (280) | (140) |
| Trade receivables discount | 1,936 | 1,353 | 383 | 810 |
| Other expenses | (18,767) | (9,549) | (35,173) | (21,851) |
| | (125,818) | (58,490) | (142,481) | (82,223) |

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2020**

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

NOTE 20 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

| Income from investing activities | January 1 - June 30, 2020 | April 1 - June 30, 2020 | January 1 - June 30, 2019 | April 1 - June 30, 2019 |
|---|--------------------------------------|------------------------------------|--------------------------------------|------------------------------------|
| Gain on bargain purchase (Note 26) | 81,980 | | - | - |
| Gain on sale of fixed assets | 2,636 | 2,154 | 1,186 | 711 |
| | 84,616 | 2,154 | 1,186 | 711 |

| Expense from investing activities | January 1 - June 30, 2020 | April 1 - June 30, 2020 | January 1 - June 30, 2019 | April 1 - June 30, 2019 |
|--|--------------------------------------|------------------------------------|--------------------------------------|------------------------------------|
| Loss on sale of fixed assets | (104) | (6) | - | - |
| | (104) | (6) | - | - |

NOTE 21 - FINANCE EXPENSES

| Finance expenses | January 1 - June 30, 2020 | April 1 - June 30, 2020 | January 1 - June 30, 2019 | April 1 - June 30, 2019 |
|---|--------------------------------------|------------------------------------|--------------------------------------|------------------------------------|
| Interest expenses from bank borrowings | (106,489) | (59,507) | (127,952) | (78,829) |
| Interest expenses from financial lease obligations | (73,599) | (36,860) | (76,879) | (38,141) |
| Interest expenses from bonds issued | (19,897) | (9,688) | (10,541) | (7,831) |
| Bank commissions | (9,660) | (3,599) | (19,710) | (10,329) |
| Interest expenses from lease liabilities | (6,786) | (2,787) | (12,282) | (5,867) |
| Other interest expenses | (10,293) | (5,834) | (5,968) | (3,165) |
| Total interest expenses | (226,724) | (118,275) | (253,332) | (144,162) |
| Net foreign exchange loss | (118,148) | (54,615) | (74,657) | (32,785) |
| Fair value differences of derivative financial instruments (net) | 23,592 | 12,304 | 24,913 | 9,005 |
| Net foreign exchange loss from lease liabilities (Note 5) | (9,097) | (4,185) | (6,603) | (4,680) |
| | (330,377) | (164,771) | (309,679) | (172,622) |

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2020**

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

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

| Short term payables due to current tax | June 30, 2020 | December 31, 2019 |
|---|----------------------|--------------------------|
| Current period tax liabilities | 4,717 | 4,654 |
| | 4,717 | 4,654 |
| Current tax liabilities | June 30, 2020 | December 31, 2019 |
| Current corporate tax provision | 8,597 | 19,399 |
| Less: Prepaid taxes and funds | (3,880) | (14,745) |
| | 4,717 | 4,654 |

| Tax (expense)/income | January 1 - June 30, 2020 | April 1 - June 30, 2020 | January 1 - June 30, 2019 | April 1 - June 30, 2019 |
|-------------------------------|--------------------------------------|------------------------------------|--------------------------------------|------------------------------------|
| Current tax income/(expense) | (8,597) | (4,464) | (12,361) | (5,763) |
| Deferred tax income/(expense) | (16,482) | 4,532 | 15,018 | 18,867 |
| Loss per share | (25,079) | 68 | 2,657 | 13,104 |

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.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2020

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

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 TRY153,309 (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 2020-2026.

As of June 30, 2020, the Group has tax loss amounting to TRY477,460 (December 31, 2019: TRY460,866). TRY96,685 (December 31, 2019: TRY93,419) deferred tax assets have been recorded concerning this loss.

| Deferred tax assets/(liabilities): | June 30, 2020 | December 31, 2019 |
|---|----------------------|--------------------------|
| Tax losses carried forward | 96,685 | 93,419 |
| Depreciation/amortization differences of tangible and intangible assets | (171,854) | (145,753) |
| Provision for employment termination benefits | 4,254 | 3,264 |
| Vacation pay liability | 4,227 | 3,858 |
| Temporary difference between the tax base and carrying amount of financial liabilities | (3,626) | (4,419) |
| Prepaid building expenses | (4,463) | (4,575) |
| Tax advantage from investment incentive | 153,309 | 149,918 |
| Derivative instruments | (31) | 5,159 |
| Lease liability | 73,266 | 73,371 |
| Other | 76,245 | 68,896 |
| | 228,012 | 243,138 |
| Deferred tax asset | 410,106 | 397,886 |
| Deferred tax liability | (182,094) | (154,748) |
| | 228,012 | 243,138 |

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2020**

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

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

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

| | June 30, 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 | 19,321 | - |
| | 477,460 | - |

| | 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 June 30, 2020 and June 30, 2019 are as follows:

| Movement of deferred tax liabilities: | January 1 - June 30, 2020 | January 1 - June 30, 2019 |
|--|--------------------------------------|--------------------------------------|
| Opening balance as at January 1 | (243,138) | (146,669) |
| Opening effect of changes in accounting policy | - | (85,474) |
| Charged to profit or loss | 16,482 | (15,018) |
| Charged to equity | (1,356) | (865) |
| Closing balance as at year end | (228,012) | (248,026) |

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2020**

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

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 - June 30, 2020 | January 1 - June 30, 2019 |
|--|--------------------------------------|--------------------------------------|
| Loss before tax | 64,316 | (27,390) |
| Tax at the domestic income tax rate of 22% (2019: 22%) | (14,150) | 6,026 |
| Tax effects of: | | |
| - expenses that are not deductible in | (14,458) | (18,615) |
| - effect of tax advantage from investment incentive | 3,391 | 11,988 |
| - tax losses carried forward not subject to deferred tax | (587) | (1,672) |
| - change in income tax rate from 20% to 22% | 1,077 | 5,558 |
| - reduced corporate tax effect | 333 | 218 |
| - other | (685) | (846) |
| Income tax income recognised in profit or loss | (25,079) | 2,657 |

NOTE 23 - EARNINGS PER SHARE

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

| Earnings/(loss) per share | January 1 - June 30, 2020 | April 1 - June 30, 2020 | January 1 - June 30, 2019 | April 1 - June 30, 2019 |
|---|--------------------------------------|------------------------------------|--------------------------------------|------------------------------------|
| Weighted average number of shares | 208,037 | 208,037 | 208,037 | 208,037 |
| Net loss for the period for the equity holders of the parent | 27,490 | (22,876) | (42,741) | (45,453) |
| Loss per share | 0,13 | (0,11) | (0,21) | (0,22) |

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2020**

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

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:

June 30, 2020

| | TRY Equivalent (Functional currency) | USD | EUR | GBP |
|--|---|----------------|------------------|------------|
| 1. Trade receivables | 147,586 | 20,618 | 845 | - |
| 2a. Monetary financial assets | 146,104 | 3,949 | 15,437 | 11 |
| 2b. Non monetary financial assets | 48,067 | 3,389 | 3,209 | 17 |
| 3. Other | 3,362 | 52 | 390 | - |
| 4. CURRENT ASSETS | 345,119 | 28,008 | 19,881 | 28 |
| 6b. Non monetary financial assets | 28,717 | 4,197 | - | - |
| 7. Other | 23 | - | 3 | - |
| 8. NON CURRENT ASSETS | 28,740 | 4,197 | 3 | - |
| 9. TOTAL ASSETS | 373,859 | 32,205 | 19,884 | 28 |
| 10. Trade payables | (28,703) | (3,002) | (1,059) | - |
| 11a. Financial liabilities (loans) | (224,435) | - | (29,116) | - |
| 11b. Financial liabilities (leasing) | (75,344) | (885) | (8,989) | - |
| 11c. Lease Liabilities | (11,578) | - | (1,502) | - |
| 12a. Other monetary liabilities | (63,688) | (3,602) | (5,065) | - |
| 13. CURRENT LIABILITIES | (403,748) | (7,489) | (45,731) | - |
| 15a. Financial liabilities (loans) | (424,459) | - | (55,066) | - |
| 15b. Financial liabilities (loans) (leasing) | (109,868) | (1,465) | (12,953) | - |
| 15c. Lease Liabilities | (53,819) | - | (6,982) | - |
| 17. NON CURRENT LIABILITIES | (588,146) | (1,465) | (75,001) | - |
| 18. TOTAL LIABILITIES | (991,894) | (8,954) | (120,732) | - |
| 19. Net assets/liability position of off- balance sheet derivatives (19a-19b) | 86,147 | - | 11,176 | - |
| 19a. Off balance sheet foreign currency derivative assets | 86,147 | - | 11,176 | - |
| 19b. Off balance sheet foreign currency derivative liabilities | - | - | - | - |
| 20. Net foreign currency asset liability position (9-18+19) | (531,888) | 23,251 | (89,672) | 28 |
| 21. Monetary Items Net Foreign Currency Asset/Liability Position (1+2a+10+11+12a+14+15+16a) | (698,204) | 15,613 | (104,450) | 11 |

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2020**

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

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 | 58,075 | 3,249 | 5,820 | 1 |
| 3. Other | 2,927 | 65 | 382 | - |
| 4. CURRENT ASSETS | 396,679 | 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 | 431,108 | 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) | (597,529) | 27,780 | (114,672) | 4 |
| 21. Monetary Items Net Foreign Currency Asset/Liability Position (1+2a+10+11+12a+14+15+16a) | (543,336) | 18,679 | (97,031) | 3 |

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2020**

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

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.

| June 30, 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 | 31,818 | (31,818) |
| 2- Portion hedged against USD risk (-) | - | - |
| 3- USD net effect (1+2) | 31,818 | (31,818) |
| In the case of EUR gaining 20% value against TRY | | |
| 4 - EUR net asset/liability | (155,471) | 155,471 |
| 5 - Portion hedged against EUR risk (-) | 17,229 | (17,229) |
| 6- EUR net effect (4+5) | (138,242) | 138,242 |
| TOTAL (3+6) | (106,424) | 106,424 |
| December 31, 2019 | | |
| 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 |

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2020**

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

NOTE 25 - DERIVATIVE FINANCIAL INSTRUMENTS

| | June 30, 2020 | | December 31, 2019 | |
|--|---------------|--------------|-------------------|---------------|
| | Asset | Liability | Asset | Liability |
| <i>Fair value hedging derivative financial instruments</i> | | | | |
| Forward contracts | | | - | - |
| Cross currency swap contracts | 4,637 | 4,495 | - | 23,450 |
| Interest rate swap contracts | | | - | - |
| | 4,637 | 4,495 | - | 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:

| June 30, 2020 | Assets | | Liabilities | |
|--------------------------------------|---------------------------|--------------|---------------------------|--------------|
| | Nominal currency value | Fair value | Nominal currency value | Fair value |
| Cross currency swap contracts | | | | |
| Buy EUR/Sell TRY | 7,994 | 4,637 | 3,192 | 4,495 |
| | 7,994 | 4,637 | 3,192 | 4,495 |

| December 31, 2019 | Assets | | Liabilities | |
|--------------------------------------|---------------------------|------------|---------------------------|---------------|
| | Nominal currency value | Fair value | Nominal currency value | Fair value |
| 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 10,018 regarding 2020 period, whereby the total EUR denominated principal and interest payments amount to EUR 95,858 for the 2020-2024 period. As of September 2018 and October 2018 the Group has hedged principal and interest payments of the euro-denominated financial leases with a total of EUR 1,678 regarding 2020 period, whereby the total EUR denominated principal and interest payments amount to EUR 24,025 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 9,76% of total principal and interest payments in Euros.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2020**

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

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.

The details on profit / loss calculation, total acquisition amount and net assets acquired as a result of acquisition are as follows:

| | |
|----------------------------------|------------------------------|
| Total consideration | 136,988 |
| Net assets acquired | (55,008) |
| Gain on bargain purchase | 81,980 |
| 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 | - |

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2020**

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

NOTE 27 - EVENTS AFTER THE REPORTING PERIOD

Board of Directors has approved the financial statements and delegated authority for publishing it on 13 August 2020. The Group has trade receivables of TRY268,733 arising from health services provided to patients from abroad. The collection of these receivables is followed regularly by the Group. As of 30 June 2020, the Group has receivables from the Libyan Government in the amount of TRY186.128. On 6 August 2020, the collection of the receivable balance in the amount of TRY99,109 was realized.

As part of the strategy to focus growth in metropolitans with large-scale hospitals, the Group has exited from Uşak Hospital in 7 August 2020. As a result of the transfer, a total of TRY33,240 will be collected and TRY3,410 of this amount was collected in cash on the day of transfer, also a letter of guarantee (TRY20,000) and a check for the remaining balance of receivables were received. A letter of guarantee in the amount of TRY3,500 was given to the transferred company by the Group. In addition, within the scope of the related sale, 100-bed hospital license was taken over by the Group.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

OTHER SUPPLEMENTARY INFORMATION AS OF 30 JUNE 2020

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

APPENDIX I OTHER SUPPLEMENTARY INFORMATION

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 June 30, 2020 and June 30, 2019 are as follow:

| EBITDA CALCULATION | June 30, 2020 | June 30, 2019 |
|--|----------------------|----------------------|
| i. Net profit / (loss) before tax | 64,316 | (27,390) |
| ii. Depreciation and amortization of tangible and intangible fixed assets including non-cash provisions related to assets such as goodwill | 125,370 | 129,258 |
| iii. Total net finance expenses, net of interest income | 214,517 | 236,595 |
| iv. Fx gains/losses, net under finance expenses | 127,245 | 81,260 |
| v. Fair value differences of derivative instruments (Note 21) | (23,592) | (24,913) |
| vi. Extraordinary (income)/expenses | 24,074 | 21,286 |
| vii. Rediscount income/expense (net imputed interest) | 3,193 | 3,930 |
| viii. Gain on bargain purchase price | (81,980) | - |
| viii. Legal case provision expenditures which are reflected to financial statements by the general accounting principles; | (902) | 718 |
| xi. Unused vacation pay provision expenses which are reflected to financial statements by the general accounting principles; | 1,678 | 4,339 |
| x. Retirement pay provision expenses which are reflected to financial statements by the general accounting principles; | 1,493 | 2,000 |
| xi. Doubtful receivables provision expenses which are reflected to financial statements by the general accounting principles; | 921 | 930 |
| xii. Non cash sale and lease back expenses which are reflected to financial statements by the general accounting principles (Note 3); | 394 | 394 |
| xiii. (Income)/expenses from investment operations; | (2,532) | (1,186) |
| EBITDA | 454,195 | 427,221 |
| TFRS 16 Lease payment effect | (118,261) | (125,738) |
| Adjusted EBITDA | 335,934 | 301,483 |

.....