

**(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 - SEPTEMBER 30, 2020**

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

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

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**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
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MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

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

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

	Notes	Unaudited September 30 2020	Audited December 31 2019
Assets			
Current assets		2,197,916	1,721,976
Cash and cash equivalents	4	492,374	305,663
Trade receivables	6	1,115,037	990,895
- Due from related parties	3	21,845	2,841
- Trade receivables from third parties		1,093,192	988,054
Other receivables	7	94,996	61,001
- Due from related parties	3	38,274	31,081
- Other receivables from third parties		56,722	29,920
Derivative financial instruments	25	13,429	-
Inventories	8	111,859	90,465
Prepaid expenses	9	325,656	234,851
Other current assets	13	44,565	39,101
Non-current assets		2,339,231	2,192,510
Trade receivables		1,053	1,053
Other receivables	7	2,718	2,538
Property and equipment	10	754,896	775,746
Intangible assets		676,182	551,477
- Goodwill		38,661	40,217
- Other intangible assets	10	637,521	511,260
Right of use assets	11	250,169	235,087
Prepaid expenses	9	239,232	228,723
Deferred tax assets	22	414,981	397,886
Total assets		4,537,147	3,914,486

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

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FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

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

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

	Notes	Unaudited September 30 2020	Audited December 31 2019
Liabilities and equity			
Current liabilities		2,224,426	1,938,417
Short term borrowings	5	317,357	391,066
Short term portion of long term borrowings	5	337,623	284,054
Obligations under finance leases	5	105,315	76,426
Short term lease liabilities	5	127,748	109,257
Trade payables	6	905,402	821,164
- Due to related parties	3	14,790	20,904
- Trade payables to third parties		890,612	800,260
Payables related to employee benefits	12	116,573	78,708
Other payables	7	78,518	36,377
- Due to related parties	3	799	799
- Other payables to third parties		77,719	35,578
Deferred revenues	9	186,388	82,116
Short term provisions		35,389	31,145
- Short term provisions for employment benefits	12	16,841	13,703
- Other short term provisions	14	18,548	17,442
Derivative financial instruments	25	1,092	23,450
Current tax liabilities	22	13,021	4,654
Non-current liabilities		2,030,769	1,737,664
Long term borrowings	5	1,101,020	859,743
Obligations under finance leases	5	119,618	135,454
Long term lease liabilities	5	483,956	492,683
Other payables		109,358	72,726
- Other payables to third parties	7	109,358	72,726
Deferred income	9	2,302	2,157
Long term provisions		27,992	20,153
- Long term provisions for employee benefits	12	27,992	20,153
Deferred tax liabilities	22	186,523	154,748
Equity		281,952	238,405
Equity attributable to the owner of the company		244,944	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		6,153	14,441
- Revaluation reserve	16	37,747	37,747
- Accumulated loss on remeasurement of defined benefit plans		(31,594)	(23,306)
Restricted reserves	16	10,260	10,260
Accumulated deficit		(558,898)	(595,149)
Net profit/(loss) for the period		23,230	36,251
Non-controlling interest		37,008	8,403
Total liabilities and equity		4,537,147	3,914,486

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

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MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

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

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

		Current period		Prior period	
		Unaudited January 1 - Sep. 30, 2020	July 1 - Sep. 30, 2020	Unaudited January 1 - Sep. 30, 2019	July 1 - Sep. 30, 2019
Profit or loss					
Revenue	17	2,813,670	1,075,374	2,715,697	893,362
Cost of sales (-)	17	(2,149,545)	(798,872)	(2,098,227)	(697,676)
Gross profit		664,125	276,502	617,470	195,686
General administration expenses (-)	18	(180,898)	(68,202)	(217,500)	(74,293)
Other income from operating activities	19	366,084	205,012	241,795	96,788
Other expenses from operating activities (-)	19	(301,619)	(175,801)	(260,472)	(117,991)
Operating profit		547,692	237,511	381,293	100,190
Income from investing activities	20	118,506	33,890	2,194	1,008
Expense from investing activities (-)	20	(1,718)	(1,614)	-	-
Operating profit before finance expenses		664,480	269,787	383,487	101,198
Finance expenses (-), net	21	(575,548)	(245,171)	(408,883)	(99,204)
Net profit before tax		88,932	24,616	(25,396)	1,994
Tax income/(expense) from operations		(37,097)	(12,018)	5,267	2,610
Current tax expense	22	(20,345)	(11,748)	(18,511)	(6,150)
Deferred tax income/(expense)	22	(16,752)	(70)	23,778	8,760
Net profit		51,835	12,598	(20,129)	4,604
Non-controlling interest		28,605	16,858	26,946	8,938
Equity holders of the parent		23,230	(4,260)	(47,075)	(4,334)
		51,835	12,598	(20,129)	4,604
Basic gain/(loss) per share	23	0.11	(0.02)	(0.23)	(0.02)
Other comprehensive income/(expense)		(8,288)	(2,864)	(5,487)	(2,026)
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit plans		(10,360)	(3,580)	(6,859)	(2,533)
Income tax relating to items that will not be reclassified subsequently		2,072	716	1,372	507
Total comprehensive income/(loss)		43,547	9,734	(25,616)	2,578
Total comprehensive income/(loss) distribution:					
Non-controlling interest		28,605	16,858	26,946	8,938
Equity holders of the parent		14,942	(7,124)	(52,562)	(6,360)

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

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MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED JANUARY 1 - SEPTEMBER 30, 2020

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

	Share capital	Share premium	Accumulated other comprehensive income or expenses that will not be reclassified subsequently to profit or (loss)			Accumulated deficit	Accumulated Profit			Total
			Property revaluation reserve	Accumulated loss on remeasurement of defined benefit plans	Legal reserves		Net profit/(loss) for the period	Attributable to the 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	-	-	-	(5,487)	-	-	-	(5,487)	-	(5,487)
Net profit/(loss) for the period	-	-	-	-	-	-	(47,075)	(47,075)	26,946	(20,129)
Total comprehensive loss for the period	-	-	-	(5,487)	-	-	(47,075)	(52,562)	26,946	(25,616)
Transfers	-	-	-	-	-	(127,651)	127,651	-	-	-
Dividend payment	-	-	-	-	-	-	-	-	(1,501)	(1,501)
Balance as at September 30 2019	208,037	556,162	39,752	(16,693)	10,260	(593,433)	(47,075)	157,010	49,673	206,683
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	-	-	-	(8,288)	-	-	-	(8,288)	-	(8,288)
Net profit/(loss) for the period	-	-	-	-	-	-	23,230	23,230	28,605	51,835
Total comprehensive loss for the period	-	-	-	(8,288)	-	-	23,230	14,942	28,605	43,547
Transfers	-	-	-	-	-	36,251	(36,251)	-	-	-
Balance as at September 30 2020	208,037	556,162	37,747	(31,594)	10,260	(558,898)	23,230	244,944	37,008	281,952

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MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

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

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

	Notes	Unaudited January 1 - September 30 2020	Unaudited January 1 - September 30 2019
Cash flows from operating activities		687,957	391,375
Net profit/(loss) for the period		51,835	(20,129)
Profit (loss) continuing operations		667,645	591,980
Adjustments related to depreciation and amortization expenses	10,11	187,677	197,785
Adjustments related to impairment		4,022	3,092
Adjustments related to impairment (reversal) of receivables	6	2,466	3,092
Adjustments related to goodwill (reversal)		1,556	-
Adjustments related to provisions		7,480	6,235
Adjustments related to (reversal) of provision for employment benefits		8,249	5,381
Adjustments related to lawsuit (reversal) of provision for lawsuit		(769)	854
Adjustments related to interest (income) expense		313,101	343,820
Adjustments related to interest income	19	(18,394)	(23,451)
Adjustments related to interest expense	21	331,495	367,271
Adjustments related to gain (loss) on fair value		(35,787)	6,375
Loss (gain) arising on derivatives	21	(35,787)	6,375
Adjustments related to tax (gain) loss	22	37,097	(5,267)
Other adjustments related to non-cash items		270,843	42,134
Adjustments regarding to (gain) loss on sale of bargain purchase	26	(81,980)	-
Adjustments regarding to (gain) loss on sale of fix assets		(34,808)	(2,194)
Adjustments regarding to (gain) loss on sale of tangible assets		(34,808)	(2,194)
Changes in working capital		(13,066)	(157,618)
Adjustments related to increase in trade receivables		(161,936)	(51,704)
Adjustments related to increase in inventories		(21,394)	(2,947)
Adjustments related to increase in trade payables		82,857	(73,186)
Adjustments related to increase in other payables from operations		170,700	14,181
Adjustments related to other (increase) decrease in working capital		(83,293)	(43,962)
Adjustments related to increase in other payables from other asset		(83,293)	(43,962)
Cash generated from operations		706,414	414,233
Payments related with provision for employee benefits		(7,632)	(8,422)
Tax paid	22	(11,978)	(15,091)
Other cash inflows (outflows)	6	1,153	655

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

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

	Notes	Unaudited January 1 - September 30 2020	Unaudited January 1 - September 30 2019
Cash flows from investing activities		(78,890)	(172,448)
Cash out flow for acquisition or capital increase of subsidiaries or joint ventures		-	(5,979)
Proceeds from sales of property, plant, equipment and intangible assets		37,075	3,654
Proceeds from sales of property, plant, equipment	10	37,075	3,654
Payment for purchase of property, plant and equipment, intangible assets		(108,406)	(123,494)
Payment for purchase of property, plant and equipment	10	(93,327)	(113,043)
Payment for purchase of intangible assets	10	(15,079)	(10,451)
Cash payments for capital expenditures	9	(25,953)	(70,080)
Interest received	19	18,394	23,451
Cash flows from financing activities		(422,356)	(211,559)
Proceeds from bank loans		434,918	566,966
Proceeds from borrowings		215,127	347,461
Proceeds from bonds		219,791	219,505
Repayment of lease liabilities		(187,051)	(189,405)
Bank borrowings paid		(399,739)	(263,513)
Cash used for repayment of borrowings		(211,338)	(140,556)
Cash used for repayment of bonds		(188,401)	(122,957)
Repayment of obligations under finance leases	5	(44,537)	(72,338)
Interest paid		(225,947)	(251,768)
Dividend paid		-	(1,501)
Net increase (decrease) in cash and cash equivalents		186,711	7,368
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	492,374	230,686

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MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 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 September 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 September 30 2020, of MLP Sağlık are accepted as “in circulation”. As of September 30, 2020, 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 November 5, 2020.

As of September 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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 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 September 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.

Going Concern

The financial statements have been prepared assuming that the Company will continue as a going concern on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

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

Subsidiaries	Place of incorporation and operation	Proportion of ownership and voting power held(%)		Principal activity
		Sep. 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 (4)	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.

(4) The Company has decided to cease all activities as of September 18, 2020 on September 15, 2020.

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.

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MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

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(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.

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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; however, with the changing in August, retrospective payments started to be made as of the date of its removal.

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 September 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 September 2020, and no impairment was detected.

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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 September 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 September 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.

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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’.

- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2;** effective from Annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

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.

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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 September 2020 are as follows:

Shareholders	September 30 2020			
	Receivable		Payables	
	Trade	Non-trade	Trade	Non-trade
Muharrem Usta	-	36,904	-	50
Adem Elbaşı	-	1,241	-	-
	-	38,145	-	50

Other companies controlled by the shareholders

Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1)	15,064	-	1,898	-
A ve A Sağlık A.Ş. (2)	4,569	-	6,614	-
Konca Özel Sağlık Hizmetleri Ltd.Şti.	1,981	-	-	-
Miniso Mağazacılık A.Ş.	200	-	263	-
Pozitif Medikal Sistemler San. ve Tic. Ltd. Şti.	2	-	509	-
Supra A.Ş.-Sonotom Ltd Şti.	-	-	-	-
-Ledmar Ltd Şti.- Mlp A,Ş, İş Ortaklığı	-	-	-	-
Cotyora Med, Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. (4)	-	-	1,316	-
Saray Eczanesi	-	-	157	-
Mp Sağlık ve Tic. A.Ş.	-	-	1,139	733
Mt Sağlık Ürünleri San. ve Tic. A.Ş.	-	-	77	-
Samsunpark Özel Sağlık Tıbbi Malz. İnş. Tur. Tem. Tic. A.Ş. (3)	-	-	2,349	-
Diasan Basım ve Form Matbaacılık San. ve Tic. A.Ş	-	-	16	-
Tokat Emar Sağlık Hiz. Ltd. Şti.	-	-	452	-
Other	29	129	-	16
	21,845	129	14,790	749
	21,845	38,274	14,790	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.

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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.

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NOTE 3 - RELATED PARTY DISCLOSURES (Continued)

Advance given to related parties, prepaid expenses

	September 30 2020	December 31 2019
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1)	36,312	12,312
Özel Gebze Sentez Sağlık Hizmetleri ve Tic. A.Ş.	2,932	-
Atakum Özel Sağlık Hizmetleri İnş. Turizm ve San. Tic. A.Ş.	384	286
A Ve A Sağlık A.Ş.	251	-
Sanport Gayrimenkul Geliştirme İnş. ve Tic. A.Ş.	84	-
	39,963	12,598

Fixed asset advances given to related parties

	September 30 2020	December 31 2019
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1)	112,015	90,288
Mp Sağlık ve Tic. A.Ş.	33,000	33,000
	145,015	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)

	September 30 2020	December 31 2019
Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. (within long-term prepaid expenses)	3,008	3,598
Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. (within short-term prepaid expenses)	787	787
	3,795	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 September 30, 2020, the Group has incurred rent expense amounting to TRY590 due to amortization of prepaid rent (December 31, 2019: TRY787).

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NOTE 3 - RELATED PARTY DISCLOSURES (Continued)

Lease liabilities from related parties	September 30 2020		December 31 2019	
	Current	Non-current	Current	Non-current
Sanport Gayrimenkul Geliştirme İnş. ve Tic. A.Ş.	57,695	87,760	55,264	113,536
Fom Grup Mimarlık İnşaat Ve Tic. A.Ş.	14,411	58,705	9,508	49,333
Atakum Özel Sağlık Hizmetleri İnş. Turizm ve San. Tic. A.Ş.	8,277	8,542	6,644	14,214
Gazi Medikal Sağlık Tesisleri ve Tic. A.Ş.	6,078	4,986	4,620	8,885
Özel Gebze Sentez Sağlık Hizmetleri ve Tic. A.Ş.	4,708	-	5,609	2,786
Mp Sağlık ve Tic. A.Ş.	3,429	-	3,167	2,250
Tokat Medikal Grup Sağlık Turizm İnş. San. Tic. A.Ş.	2,540	1,348	1,707	2,455
	97,138	161,341	86,519	194,059
Purchases from related parties	January 1 - Sep. 30 2020	July 1 - Sep. 30 2020	January 1 - Sep. 30 2019	July 1 - Sep. 30 2019
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (2)(3)	15,739	6,048	12,600	4,176
A ve A Sağlık A.Ş. (1)	8,888	2,995	8,350	2,533
	24,627	9,043	20,950	6,709

- (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 - Sep. 30, 2020	July 1 - Sep. 30, 2020	January 1 - Sep. 30, 2019	July 1 - Sep. 30, 2019
Sanport Gayrimenkul Geliştirme İnş. ve Tic. A.Ş. (1) (7)	65,428	25,527	70,109	25,664
Samsunpark Özel Sağ. Tıbbi Malz. İnş. Tur. Tem. Tic. A.Ş. (4)	10,876	3,634	14,260	4,727
Atakum Özel Sağlık Hiz. İnş. Turizm ve San. Tic. A.Ş. (1) (7)	7,741	2,944	7,684	2,587
Gazi Medikal Sağlık Tesisleri ve Tic. A.Ş. (1) (7)	5,752	2,679	5,033	1,944
Livart Tüp Bebek Özel Sağlık Hizm. A.Ş. (2)	5,129	2,440	4,576	1,571
Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. (4)	4,824	1,594	5,069	1,474
Mp Sağlık ve Tic. A.Ş. (1) (7)	4,269	1,501	4,168	1,368
Özel Gebze Sentez Sağlık Hizmetleri ve Tic. A.Ş. (1) (7)	3,156	-	5,254	1,742
Tokat Medikal Grup Sağlık Turizm İnş. San. Tic. A.Ş. (1) (7)	2,160	756	1,940	650
Tokat Emar Sağlık Hiz. Ltd. Şti. (2) (5)	821	346	1,090	372
Çanakkale Arkaz Sağlık Yatırımları A.Ş. (1) (7)	-	-	839	280
Saray Eczanesi (6)	561	217	684	290
Özdenler Sağ. Hiz. Dan. Turz. Gid. San. Tic. Ltd. Şti. (2)	258	141	313	126
Mt Sağlık Ürünleri Sanayi ve Ticaret A.Ş. (3)	143	44	179	58
Diasan Basım ve Form Matbaacılık San. ve Tic. A.Ş. (3)	19	9	454	120
Salih Usta (Lojman)	14	(76)	-	-
Özel Ereğli Millet Sağlık Hizm. San. ve Tic. Ltd. Şti. (1) (7)	-	-	3,416	1,139
Öz Anadolu Gayrimenkul ve Sağlık Yat. A.Ş. (1) (7)	-	-	1,836	612
Özarkaz Gayrimenkul Yat. ve İnş. Tic. A.Ş. (1)(7)	-	-	5,618	1,873
	111,151	41,756	132,522	46,597

- (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.

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NOTE 3 - RELATED PARTY DISCLOSURES (Continued)

Sales to related parties	January 1 - Sep. 30, 2020	July 1 - Sep. 30, 2020	January 1 - Sep. 30, 2019	July 1 - Sep. 30, 2019
A ve A Sağlık A.Ş.(1)	8,225	2,802	9,151	3,026
Muharrem Usta	3,620	1,451	3,795	1,150
Samsunpark Özel Sağlık Tıbbi Malz. İnş. Turizm. Tem. Tic. A.Ş.	164	51	175	71
Miniso Mağazacılık A.Ş.	132	38	178	93
Adem Elbaşı	123	49	101	39
Cotyora Med.Özel Sağ.Taah. Hz. İnş. Tr. Loj. Ltd. Şti.	60	13	201	53
Fom Grup Mimarlık İnşaat ve Tic. A.Ş.	22	17	30	12
Samsunpark Özel Sağlık Hiz.İş Sağlığı ve Güvenlik. Dan. Eğitim. Müh.Tic.Ltd. Şti.	16	7	-	-
Saray Eczanesi	5	1	5	-
Livart Tüp Bebek Özel Sağlık Hizm. A.Ş.	-	-	81	-
Mt Sağlık Ürünleri Sanayi ve Ticaret A.Ş.	-	-	37	7
Sancak İnşaat Turizm Nak.ve Dış Tic. A.Ş.	-	-	24	23
Supra-Medicalpark-Sonotom-Ledmar İş Ortaklığı (Fatih Görünteme) (2)	-	-	859	232
Sanport Gayrimenkul Geliştirme İnş. ve Tic. A.Ş.	-	-	14	14
	12,367	4,429	14,651	4,720

(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 - Sep. 30, 2020	July 1 - Sep. 30, 2020	January 1 - Sep. 30, 2019	July 1 - Sep. 30, 2019
Salaries and other short-term benefits	13,841	5,320	16,638	5,841
	13,841	5,320	16,638	5,841

NOTE 4 - CASH AND CASH EQUIVALENTS

	September 30 2020	December 31 2019
Cash on hand	22,453	15,569
Cash at banks	458,195	282,330
- Demand deposit	264,315	28,950
- Time deposit	193,880	253,380
Other cash equivalents (*)	11,726	7,764
	492,374	305,663

The effective interest rate of the time deposits of the Group in TRY, USD and EUR as of 30 September 2020 rates respectively 10.50% -12.75% (31 December 2019: 4.49% - 13.25%), 0.10% (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.

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NOTE 5 - FINANCIAL INSTRUMENTS

Financial Liabilities

Bank Loans and Bonds

	September 30 2020	December 31 2019
Short-term bank borrowings	41,246	139,598
Short-term bonds issued	276,111	251,468
Current portion of long term borrowings	297,991	241,137
- <i>Current portion of long term bank loans</i>	297,991	241,137
Interest accruals	39,632	42,917
	654,980	675,120
Long-term bank loans	1,101,020	859,743
	1,101,020	859,743
Total borrowings	1,756,000	1,534,863

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

	January 1, 2020	Financing cash flows	Foreign exchange effect (Note 21)	Disposal of subsidiary	Other (*)	Sep. 30, 2020
Bank loans	1,534,863	19,700	201,437	-	-	1,756,000
Finance lease obligations	211,880	(44,537)	57,590	-	-	224,933
Lease obligations	601,940	(187,051)	20,812	-	176,003	611,704
	2,348,683	(211,888)	279,839	-	176,003	2,592,637
	January 1, 2019	Financing cash flows	Foreign exchange effect (Note 21)	Disposal of subsidiary	Other (*)	Sep. 30, 2019
Bank loans	1,135,646	305,466	20,002	-	-	1,461,114
Finance lease obligations	283,245	(72,338)	8,397	-	-	219,304
Lease obligations	659,747	(189,456)	5,708	-	132,644	608,693
	2,078,638	43,672	34,107	-	132,644	2,289,111

(*) 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.

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NOTE 5 - FINANCIAL INSTRUMENTS (Continued)

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

Sep 30, 2020

Currency Type	Weighted Average Effective Interest Rate	Current	Non-current	Total
TRY	14.6%	229,808	75,131	304,939
TRY	TRLibor +2.50%-3.50%- 4.00%-4.50%- 5.80%	257,565	521,684	779,249
EUR	Euribor + 5.50%	167,607	504,205	671,812
		654,980	1,101,020	1,756,000

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

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

	September 30 2020	December 31 2019
Interest accruals	39,632	42,917
To be paid within 1 year (*)	615,348	632,203
To be paid between 1-2 years	378,874	236,835
To be paid between 2-3 years	387,172	231,328
To be paid between 3-4 years	261,513	203,701
To be paid between 4-5 years	73,461	135,294
To be paid between 5-6 years	-	52,585
	1,756,000	1,534,863

(*) TRY41,260 of the loans to be paid within one year consists of revolving loans and TRY276,111 part consists of bond payments which will be redeemed within 1 year.

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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.

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	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31 2019
Within one year	118,182	90,031	105,315	76,426
In the second to fifth years inclusive	126,941	146,859	119,618	135,454
	245,123	236,890	224,933	211,880
Less : Future finance charges	(20,190)	(25,010)	-	-
Present value of finance lease obligations	224,933	211,880	224,933	211,880
Less: Amounts due to settlement within twelve months (shown under current liabilities)	105,315	76,426	105,315	76,426
Amounts due for settlement after 12 months	119,618	135,454	119,618	135,454
Liabilities arising from lease transactions				
			September 30 2020	December 31 2019
Within one year			127,748	109,257
More than one year			483,956	492,683
Present value of finance lease obligations			611,704	601,940

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NOTE 6 - TRADE RECEIVABLES AND PAYABLES

Trade Receivables

Current trade receivables	September 30 2020	December 31 2019
Trade receivables	853,939	800,462
Income accruals from continuing treatments	190,438	125,768
Other trade income accruals	45,867	56,338
Trade receivables from related parties (Note 3)	21,845	2,841
Notes receivables	18,190	19,415
Allowance for doubtful receivables (-)	(15,242)	(13,929)
	1,115,037	990,895

Trade receivables due from the SSI constitute 42% (December 31, 2019: 36%) and receivables due from foreign patients constitute 22% (December 31, 2019: 31%) of total trade receivables.

The Group has trade receivables arising from health services given to foreign patients amounting to TRY188,174 as at September 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 - September 30, 2020, the Group has receivables from the Government of Libya amounting to TRY106,173. 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 September 30, 2020, trade receivables of an initial value of TRY15,242 (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 - September 30 2020	January 1 - September 30 2019
Balance at beginning of the period	13,929	11,515
Charge for the period	2,466	3,092
Collections	(1,153)	(655)
Balance at closing of the period	15,242	13,952

Trade Payables

Short term trade payables	September 30 2020	December 31 2019
Trade payables	728,606	670,480
Trade payables due to related parties (Note 3)	14,790	20,904
Other expense accruals	160,421	126,810
Other trade payables	1,585	2,970
	905,402	821,164

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NOTE 7 - OTHER RECEIVABLES AND PAYABLES

Other Receivables

Other current receivables	September 30 2020	December 31 2019
Non-trading receivables due from related parties (Note 3)	38,274	31,081
Receivables from tax office	6,921	4,035
Deposits given	3,649	5,223
Other miscellaneous receivables	46,152	20,662
	94,996	61,001

Other non-current receivables	September 30 2020	December 31 2019
Deposits given	2,718	2,538
	2,718	2,538

Other Payables

Other current payables	September 30 2020	December 31 2019
Payables relating to business combinations	28,868	20,175
Other taxes and funds payable	32,924	13,632
Non-trading payables due to related parties (Note 3)	799	799
Other miscellaneous payables	15,927	1,771
	78,518	36,377

Other non-current payables	September 30 2020	December 31 2019
Payables relating to business combinations	109,358	72,726
	109,358	72,726

NOTE 8 - INVENTORIES

Inventories	September 30 2020	December 31 2019
Laboratory inventory	47,073	43,875
Pharmaceutical inventory	26,595	26,503
Medical consumables inventory	36,383	17,241
Other inventory	1,808	2,846
	111,859	90,465

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NOTE 9 - PREPAID EXPENSES AND DEFERRED INCOME

Prepaid Expenses

Short term prepaid expenses	September 30 2020	December 31 2019
Order advances	282,233	186,681
Prepaid rent expenses	22,240	20,522
Prepaid insurance expenses	7,978	15,394
Prepaid sponsorship expenses	1,461	1,360
Other	11,744	10,894
	325,656	234,851

Long term prepaid expenses	September 30 2020	December 31 2019
Fixed asset advances given	231,194	205,241
Prepaid rent expenses	5,759	19,998
Other	2,279	3,484
	239,232	228,723

Deferred Income

Short term accrued income	September 30 2020	December 31 2019
Advances received	181,996	73,887
Deferred revenue	4,392	8,229
	186,388	82,116

Long term accrued income	September 30 2020	December 31 2019
Deferred revenue	2,302	2,157
	2,302	2,157

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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	-	12,924	79	18,099	1,543	32,489	28,193	93,327
Assets acquired by business combinations (Note 26)	-	16,771	-	-	-	-	-	16,771
Disposals	(449)	(9,950)	(80)	(3,649)	-	(18)	-	(14,146)
Transfers	-	55,511	-	21,269	(14,611)	805	(62,974)	-
Closing balance as of September 30, 2020	817	735,427	1,545	346,783	378,375	585,319	55,320	2,103,586
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 (*)	(12)	(49,219)	(68)	(28,995)	(21,754)	(28,664)	-	(128,712)
Disposals	-	8,675	80	3,147	-	8	-	11,910
Transfers	-	(11,221)	-	(3,065)	14,286	-	-	-
Closing balance as of September 30, 2020	(92)	(506,063)	(1,534)	(229,669)	(323,760)	(287,572)	-	(1,348,690)
Carrying value as of September 30, 2020	725	229,364	11	117,114	54,615	297,747	55,320	754,896

(*) Depreciation and amortization expense of TRY124,697 (January 1 - September 30, 2019: TRY153,130) has been charged in ‘cost of service’, TRY10,892 (January 1-September 30, 2019: TRY7,759) has been charged in ‘operating expenses’ for the period ended between January 1- September 30,2020.

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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	-	11,098	-	18,113	-	28,931	54,901	113,043
Disposals	(678)	(1,459)	-	(78)	-	-	(65)	(2,280)
Transfers	-	108,497	-	44,170	(36,731)	70,935	(189,333)	(2,462)
Closing balance as of September 30, 2019	1,718	678,456	1,834	318,049	394,602	558,459	69,134	2,022,252
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	(12)	(73,946)	(90)	(23,393)	(29,632)	(27,044)	-	(154,117)
Disposals	27	922	-	47	-	-	-	996
Transfers	-	(96,601)	-	(45,119)	141,720	-	-	-
Closing balance as of September 30, 2019	(85)	(456,910)	(1,788)	(200,331)	(311,551)	(259,759)	110	(1,230,314)
Carrying value as of September 30, 2019	1,633	221,546	46	117,718	83,051	298,700	69,244	791,938

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NOTE 12 - PAYABLES FOR EMPLOYEE BENEFITS

Payables for employment benefits:

	September 30 2020	December 31 2019
Fees payable to doctors and other personnel	71,879	65,664
Social security premiums payable	44,694	13,044
	116,573	78,708

Short term provision for employment benefits:

	September 30 2020	December 31 2019
Unused vacation provision	16,841	13,703
	16,841	13,703

Long term provision for employment benefits:

	September 30 2020	December 31 2019
Retirement pay provision	20,646	16,319
Unused vacation provision	7,346	3,834
	27,992	20,153

NOTE 13 - OTHER ASSETS AND LIABILITIES

Other current assets:

	September 30 2020	December 31 2019
VAT carried forward	39,644	34,823
Other miscellaneous current assets	4,921	4,278
	44,565	39,101

NOTE 14 - PROVISIONS

Other short-term provisions:

	September 30 2020	December 31 2019
Litigation provisions	11,994	12,763
Social Security discounts provisions	6,554	4,679
	18,548	17,442

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NOTE 15 - COMMITMENTS

September 30 2020	Total	TRY	USD	EUR
A. CPM given on behalf of its own legal entity	69,484	65,144	156	342
-Collateral	69,484	65,144	156	342
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
B. CPM given on behalf of the subsidiaries included in full consolidation (*)	59,043	56,606	-	267
-Collateral	59,043	56,606	-	267
-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	128,527	121,750	156	609

(*) The Group has given guarantees amounting to TRY66,648 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.

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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.

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NOTE 16 - SHARE CAPITAL/OTHER RESERVES

Shareholders	(%)	Sep. 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 Finansieringen 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 Finansieringen 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 September 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 September 30, 2020 (Note 1). Shares in circulation rate is 33.46% as of October 1, 2020.

Share premiums:

	September 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.

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NOTE 16 - SHARE CAPITAL/OTHER RESERVES (Continued)

Reserves:	September 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 - Sep. 30, 2020	July 1 - Sep. 30, 2020	January 1 - Sep. 30, 2019	July 1 - Sep. 30, 2019
Hospital services (*)	2,813,670	1,075,374	2,715,697	893,362
	2,813,670	1,075,374	2,715,697	893,362

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

Cost of services	January 1 - Sep. 30, 2020	July 1 - Sep. 30, 2020	January 1 - Sep. 30, 2019	July 1 - Sep. 30, 2019
Material consumption	(631,237)	(238,414)	(640,618)	(203,513)
Doctor expenses	(578,368)	(222,134)	(569,526)	(192,326)
Personnel expenses	(386,780)	(140,997)	(388,745)	(129,559)
Services rendered by third parties	(196,084)	(74,510)	(132,471)	(42,925)
Depreciation and amortization expenses (Note 10,11)	(175,503)	(58,019)	(189,116)	(65,164)
Rent expenses (Hospitals)	(18,746)	(4,940)	(16,816)	(5,930)
Other (*)	(162,827)	(59,858)	(160,935)	(58,259)
	(2,149,545)	(798,872)	(2,098,227)	(697,676)

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

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NOTE 18 - GENERAL ADMINISTRATIVE AND MARKETING EXPENSES

General administrative and marketing expenses	January 1 - Sep. 30, 2020	July 1 - Sep. 30, 2020	January 1 - Sep. 30, 2019	July 1 - Sep. 30, 2019
Personnel expenses	(76,142)	(29,862)	(90,361)	(30,871)
Sponsorship and advertising expenses (*)	(57,864)	(22,225)	(81,353)	(30,780)
Depreciation and amortization expenses (Note 10,11)	(12,174)	(4,288)	(8,669)	(3,363)
Outsourcing expenses	(7,634)	(2,944)	(6,079)	(1,812)
Rent expenses	(6,358)	(2,224)	(5,908)	(2,060)
Taxes and duties	(4,173)	(1,301)	(3,934)	(1,383)
Bad debt allowance	(2,466)	(793)	(3,092)	(2,032)
Communication expenses	(2,235)	(837)	(1,096)	(357)
Representation and entertainment expenses	(1,823)	(779)	(1,841)	(689)
Maintenance and repair expenses	(1,378)	(419)	(1,655)	51
Utility expenses	(1,007)	(340)	(1,239)	(427)
Other	(7,644)	(2,190)	(11,419)	(434)
	(180,898)	(68,202)	(217,500)	(74,293)

(*) 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 - Sep. 30, 2020	July 1 - Sep. 30, 2020	January 1 - Sep. 30, 2019	July 1 - Sep. 30, 2019
Foreign exchange gains from operations	334,100	189,062	220,556	93,707
Interest income	18,394	6,187	23,451	6,714
Collection of doubtful receivables (Note 6)	1,153	401	655	525
Trade payables discount	299	5,428	(11,671)	(7,358)
Other income	12,138	3,934	8,804	3,200
	366,084	205,012	241,795	96,788
Other expenses from operating activities	January 1 - Sep. 30, 2020	July 1 - Sep. 30, 2020	January 1 - Sep. 30, 2019	July 1 - Sep. 30, 2019
Foreign exchange losses from operations	(261,356)	(156,062)	(212,026)	(106,182)
SSI return expenses	(4,880)	(2,046)	(3,105)	(1,538)
Trade receivables discount	(1,680)	(3,616)	4,417	4,034
Non-operational hospital expenses	(397)	462	(361)	(81)
Other expenses	(33,306)	(14,539)	(49,397)	(14,224)
	(301,619)	(175,801)	(260,472)	(117,991)

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NOTE 20 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from investing activities	January 1 - Sep. 30, 2020	July 1 - Sep. 30, 2020	January 1 - Sep. 30, 2019	July 1 - Sep. 30, 2019
Gain on bargain purchase (Note 26)	81,980	-	-	-
Gain on sale of fixed assets (*)	36,526	33,890	2,194	1,008
	118,506	33,890	2,194	1,008

* Gain on sale of fixed assets obtained as a result of the transfer of Uşak Hospital.

Expense from investing activities	January 1 - Sep. 30, 2020	July 1 - Sep. 30, 2020	January 1 - Sep. 30, 2019	July 1 - Sep. 30, 2019
Loss on sale of fixed assets	(1,718)	(1,614)	-	-
	(1,718)	(1,614)	-	-

NOTE 21 - FINANCE EXPENSES

Finance expenses	January 1 - Sep. 30, 2020	July 1 - Sep. 30, 2020	January 1 - Sep. 30, 2019	July 1 - Sep. 30, 2019
Interest expenses from bank borrowings	(149,351)	(42,862)	(185,424)	(57,472)
Interest expenses from lease liabilities	(108,832)	(35,233)	(113,490)	(36,611)
Interest expenses from bonds issued	(27,835)	(7,938)	(17,115)	(6,574)
Bank commissions	(14,059)	(4,399)	(25,482)	(5,772)
Interest expenses from financial lease obligations	(12,995)	(6,209)	(16,236)	(3,954)
Other interest expenses	(18,423)	(8,130)	(9,524)	(3,556)
Total interest expenses	(331,495)	(104,771)	(367,271)	(113,939)
Net foreign exchange loss	(259,028)	(140,879)	(28,399)	46,258
Fair value differences of derivative financial instruments (net)	35,787	12,194	(7,503)	(32,416)
Net foreign exchange loss from lease liabilities (Note 5)	(20,812)	(11,715)	(5,710)	893
	(575,548)	(245,171)	(408,883)	(99,204)

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

Short term payables due to current tax	September 30 2020	December 31 2019
Current period tax liabilities	13,021	4,654
	13,021	4,654

Current tax liabilities	September 30 2020	December 31 2019
Current corporate tax provision	20,345	19,399
Less: Prepaid taxes and funds	(7,324)	(14,745)
	13,021	4,654

Tax (expense)/income	January 1 - Sep. 30 2020	July 1 - Sep. 30 2020	January 1 - Sep. 30 2019	July 1 - Sep. 30 2019
Current tax income/(expense)	(20,345)	(11,748)	(18,511)	(6,150)
Deferred tax income/(expense)	(16,752)	(270)	23,778	8,760
Loss per share	(37,097)	(12,018)	5,267	2,610

Corporate Tax

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

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

The advance corporate income tax rate is 22% in 2020 (2019: 22%).

In Turkey, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2020 is 22% (2019: 22%). Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. However, losses incurred cannot be deducted from the prior years' profit retrospectively.

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

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

Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and they are given below. Tax rate used in the calculation of deferred tax assets and liabilities was 22% over temporary timing differences expected to be reversed in 2018, 2019 and 2020, and 20% over temporary timing differences expected to be reversed in 2021 and the following years (2019: 22%).

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

Investment Incentive Certificate

The Group has various investment incentive certificates that were signed by the Turkish Ministry of Economy and approved by General Directorate of Incentive Implementation and Foreign Capital. With those incentives, the Group is eligible for a corporate tax deduction rate ranging between 40% - 80% for an unlimited time, which amounts to a total deferred tax asset of 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 September 30, 2020, the Group has tax loss amounting to TRY478,772 (December 31, 2019: TRY460,866). TRY96,947 (December 31, 2019: TRY93,419) deferred tax assets have been recorded concerning this loss.

Deferred tax assets/(liabilities):	September 30 2020	December 31 2019
Tax losses carried forward	96,947	93,419
Depreciation/amortization differences of tangible and intangible assets	(172,536)	(145,753)
Provision for employment termination benefits	4,129	3,264
Vacation pay liability	5,321	3,858
Temporary difference between the tax base and carrying amount of financial liabilities	(5,097)	(4,419)
Prepaid building expenses	(4,442)	(4,575)
Tax advantage from investment incentive	159,168	149,918
Derivative instruments	(2,714)	5,159
Lease liability	72,307	73,371
Other	75,375	68,896
	228,458	243,138
Deferred tax asset	414,981	397,886
Deferred tax liability	(186,523)	(154,748)
	228,458	243,138

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

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

	September 30 2020	
	Losses carried forward for which deferred tax assets recognized	Losses carried forward for which deferred tax assets not recognized
Expiration schedule of carryforward tax losses		
Expiring in 2020	59,650	-
Expiring in 2021	67,248	-
Expiring in 2022	142,458	-
Expiring in 2023	120,453	-
Expiring in 2024	65,790	-
Expiring in 2025	23,173	-
	478,772	-
	December 31 2019	
	Losses carried forward for which deferred tax assets recognized	Losses carried forward for which deferred tax assets not recognized
Expiration schedule of carryforward tax losses		
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 September 30, 2020 and September 30, 2019 are as follows:

	January 1 - September 30 2020	January 1 - September 30 2019
Movement of deferred tax liabilities:		
Opening balance as at January 1	(243,138)	(146,669)
Opening effect of changes in accounting policy	-	(85,474)
Charged to profit or loss	16,752	(23,778)
Charged to equity	(2,072)	(1,372)
Closing balance as at year end	(228,458)	(257,293)

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

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

Reconciliation of tax provision:	January 1 - September 30 2020	January 1 - September 30 2019
Loss before tax	88,932	(25,396)
Tax at the domestic income tax rate of 22% (2019: 22%)	(19,565)	5,587
Tax effects of:		
- expenses that are not deductible in	(21,775)	(25,497)
- effect of tax advantage from investment incentive	9,250	19,041
- tax losses carried forward not subject to deferred tax	(3,125)	(5,118)
- change in income tax rate from 20% to 22%	(2,460)	11,914
- reduced corporate tax effect	578	
- other	-	(660)
Income tax income recognised in profit or loss	(37,097)	5,267

NOTE 23 - EARNINGS PER SHARE

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

Earnings/(loss) per share	January 1 - Sep. 30, 2020	July 1 - Sep. 30, 2020	January 1 - Sep. 30, 2019	July 1 - Sep. 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	23,230	(4,260)	(47,075)	(4,334)
Loss per share	0,11	(0,02)	(0,23)	(0,02)

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NOTE 24 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Risk Factors

Foreign currency risk management

Foreign currency risk

Transactions in foreign currencies expose the Company to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. The carrying amounts of the Group’s foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

September 30 2020

	TRY Equivalent (Functional currency)	USD	EUR	GBP
1. Trade receivables	98,141	11,537	883	-
2a. Monetary financial assets	336,359	3,239	34,076	2
2b. Non monetary financial assets	52,361	3,315	2,882	17
3. Other	3,911	52	384	-
4. CURRENT ASSETS	490,772	18,143	38,225	19
6b. Non monetary financial assets	26,633	3,411	-	-
7. Other	27	-	3	-
8. NON CURRENT ASSETS	26,660	3,411	3	-
9. TOTAL ASSETS	517,432	21,554	38,228	19
10. Trade payables	(28,708)	(3,001)	(578)	-
11a. Financial liabilities (loans)	(167,606)	-	(18,362)	-
11b. Financial liabilities (leasing)	(89,582)	(858)	(9,080)	-
11c. Lease Liabilities	(14,411)	-	(1,579)	-
12a. Other monetary liabilities	(82,366)	(3,870)	(5,713)	-
13. CURRENT LIABILITIES	(382,673)	(7,729)	(35,311)	-
15a. Financial liabilities (loans)	(504,205)	-	(55,237)	-
15b. Financial liabilities (loans) (leasing)	(106,979)	(1,274)	(10,630)	-
15c. Lease Liabilities	(58,705)	-	(6,431)	-
17. NON CURRENT LIABILITIES	(669,889)	(1,274)	(72,298)	-
18. TOTAL LIABILITIES	(1,052,562)	(9,003)	(107,609)	-
19. Net assets/liability position of off- balance sheet derivatives (19a-19b)	88,094	-	9,651	-
19a. Off balance sheet foreign currency derivative assets	88,094	-	9,651	-
19b. Off balance sheet foreign currency derivative liabilities	-	-	-	-
20. Net foreign currency asset liability position (9-18+19)	(447,036)	12,551	(59,730)	19
21. Monetary Items Net Foreign Currency Asset/Liability Position (1+2a+10+11+12a+14+15+16a)	(618,062)	5,773	(72,650)	2

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

December 31 2019

	TRY Equivalent (Functional currency)	USD	EUR	GBP
1. Trade receivables	134,286	21,387	1,089	-
2a. Monetary financial assets	201,391	4,146	26,575	3
2b. Non monetary financial assets	58,075	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

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

Foreign currency sensitivity

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

The following table details the Group’s sensitivity to a 20% increase and decrease against the relevant foreign currencies. 20% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 20% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit/loss or equity where the TRY strengthens 20% against the relevant currency. For a 20% weakening of the TRY against the relevant currency, there would be a comparable impact on the profit before tax or equity, and the balances would be negative.

September 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	19,600	(19,600)
2- Portion hedged against USD risk (-)	-	-
3- USD net effect (1+2)	19,600	(19,600)
In the case of EUR gaining 20% value against TRY		
4 - EUR net asset/liability	(126,664)	126,664
5 - Portion hedged against EUR risk (-)	17,619	(17,619)
6- EUR net effect (4+5)	(109,045)	109,045
TOTAL (3+6)	(89,445)	89,445
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
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MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

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

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

NOTE 25 - DERIVATIVE FINANCIAL INSTRUMENTS

	September 30 2020		December 31 2019	
	Asset	Liability	Asset	Liability
<i>Fair value hedging derivative financial instruments</i>				
Forward contracts	-	-	-	-
Cross currency swap contracts	13,429	1,092	-	23,450
Interest rate swap contracts	-	-	-	-
	13,429	1,092	-	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:

September 30 2020	Assets		Liabilities	
	Nominal currency value	Fair value	Nominal currency value	Fair value
Cross currency swap contracts				
Buy EUR/Sell TRY	9,651	13,429	-	1,092
	9,651	13,429	-	1,092

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 81,784 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 21,329 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 9.72% of total principal and interest payments in Euros.

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NOTE 26 - BUSINESS COMBINATION

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

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
	Ankara
Assets/Liabilities	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	-

NOTE 27 - EVENTS AFTER THE REPORTING PERIOD

Board of Directors has approved the financial statements and delegated authority for publishing it on 5 November 2020. The Group has trade receivables of TRY188,174 arising from health services provided to patients from abroad. The collection of these receivables is followed regularly by the Group. As of 30 September 2020, the Group has receivables from the Libyan Government in the amount of TRY106,173. On 6 August 2020, the collection of the receivable balance in the amount of TRY99,109 was realized.

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OTHER SUPPLEMENTARY INFORMATION AS OF 30 SEPTEMBER 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 September 30, 2020 and September 30, 2019 are as follow:

EBITDA CALCULATION	September 30 2020	September 30 2019
i, Net profit / (loss) before tax	88,932	(25,396)
ii, Depreciation and amortization of tangible and intangible fixed assets including non-cash provisions related to assets such as goodwill	187,677	197,785
iii, Total net finance expenses, net of interest income	313,101	343,820
iv, Fx gains/losses, net under finance expenses	279,840	34,109
v, Fair value differences of derivative instruments (Note 21)	(35,787)	7,503
vi, Extraordinary (income)/expenses	37,972	28,740
vii, Rediscount income/expense (net imputed interest)	1,381	7,254
viii, Gain on bargain purchase price	(81,980)	-
ix, Legal case provision expenditures which are reflected to financial statements by the general accounting principles;	(769)	854
x, Unused vacation pay provision expenses which are reflected to financial statements by the general accounting principles;	6,650	2,732
xi, Retirement pay provision expenses which are reflected to financial statements by the general accounting principles;	1,599	2,649
xii, Doubtful receivables provision expenses which are reflected to financial statements by the general accounting principles;	1,313	2,437
xiii, Non cash sale and lease back expenses which are reflected to financial statements by the general accounting principles (Note 3);	590	590
xiiii, (Income)/expenses from investment operations;	(34,808)	(2,194)
EBITDA	765,711	600,883
TFRS 16 Lease payment effect	(187,051)	(189,405)
Adjusted EBITDA	578,660	411,478

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