(CONVENIENCE TRANSLATION OF THE FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS ORIGINALLY ISSUED IN TURKISH)

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 AND INDEPENDENT AUDITOR'S REPORT

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

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

A. Audit of the Consolidated Financial Statements

1. Opinion

We have audited the accompanying consolidated financial statements of MLP Sağlık Hizmetleri A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and the notes (Notes 1-32) to the consolidated financial statements and a summary of significant accounting policies and consolidated financial statement notes.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for Opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

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3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matters</th><th>How the key audit matter was addressed in the audit</th></tr>
<tr><td>Revenue recognition</td><td></td></tr>
<tr><td>Revenue is one of the most important indicators in the performance evaluation of the Group. Revenue has significant importance in terms of evaluating the results of the strategies implemented during the year and monitoring the performance.

The main source of the Group’s income is generated by hospital services. The measurement of revenue from hospital services and recognition in the correct period are determined in accordance with the protocol opened in the patient admission process for each patient, and invoices are issued using the accounting system.

In addition, services related to ongoing treatments which are partially completed but not invoiced at the balance sheet date are accounted for as income accrual.

The revenue amounting to TRY4,014,679 thousand, which is the largest financial statement item in the consolidated statement of profit or loss for the period 1 January - 31 December 2020, has been identified as a key audit matter due to its significance level and significant impact on more than one account.

Explanations regarding the Group's accounting policies and amounts regarding revenue are included in Notes 2.6 and 20.</td><td>We performed the following procedures in relation to the revenue recognition:

- Evaluating the compliance of the Group's accounting policies for the recognition of the revenue,

- Understanding the invoicing and sales-related procedures for significant revenue streams

- Conducting discussions with Group management and evaluating the Group’s performance in the industry in which it operates and the explanations based on macroeconomic information by considering the impact of the COVID-19 pandemic,

- Performing tests on the conformity of customer invoices with the service income data obtained from the accounting system, using the sampling method and checking the accounting of the related transactions within the scope of TFRS 15, "Revenue from Customer Contracts",

- Testing the revenue recorded for service income which is related to ongoing patient treatment but not invoiced as of the balance sheet date, using the sampling method,

- Evaluating the adequacy of the notes and explanations for revenue recognition which are explained in Note 2.6 and 20 within the scope of TFRS 15, "Revenue from Customer Contracts" standard.</td></tr>
</table>

3. Key Audit Matters (Continued)

Key audit matters	How the key audit matter was addressed in the audit
Impairment tests of hospital licenses	
The consolidated financial statements as of and for the year ending 31 December 2020 include hospital licenses under intangible assets, with carrying values of TL 596.072 thousand. The hospital licenses have no useful life and are not subject to depreciation, but these indefinite-life intangible assets should be tested for impairment annually. Indefinite-life intangible fixed assets in cash generating units subject to impairment tests are material to the consolidated financial statements. The impairment assessment of these assets requires significant judgment, and significant estimations and assumptions are used in the impairment tests performed by management. These assumptions are the discount rates and long-term growth rates of cash flows generated by using the weighted average cost of capital for the impairment test. These estimations and assumptions are very sensitive to changes in market conditions. Please refer to Notes 2.6 and 12 for explanations of the Group's accounting policies and amounts regarding intangible assets.	We performed the following procedures in relation to the impairment tests of hospital licenses: - Conducting discussions with Group management, understanding the Group's performance in the industry in which it operates and its future plans and evaluating the explanations based on macroeconomic information considering the impact of the COVID-19 pandemic, - Comparing forecasted cash flows for each cash generating unit with historical financial performance results, and evaluating whether these are reasonable, - Along with our internal valuation specialists, comparing the compliance of key assumptions, including long term growth rates and discount rates used in the calculations, with the rates used in the sector, and assessing these assumptions, - Assessing management's sensitivity analysis for key assumptions, - Testing of the disclosures in the consolidated financial statements in relation to impairment tests and evaluating the adequacy of these disclosures for TFRS' requirements.

4. Other information

Management is responsible for the other information. The other information comprises the Appendix I added to "Other information" section in the report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

5. Other matters

The consolidated financial statements of the Group as of 31 December 2019 and for the year then ended were audited by another audit firm whose audit report dated 5 March 2020 expressed an unqualified opinion.

6. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

7. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

7. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2020 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.

2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 8 March 2021.

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

Ediz Günsel, SMMM
Partner

Istanbul, 8 March 2021

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

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

	Notes	Audited 31 December 2020	Audited 31 December 2019
ASSETS			
Current Assets:		**2,185,278**	**1,721,976**
Cash and cash equivalents	6	374,997	305,663
Trade receivables	8	1,155,116	990,895
- Due from related parties	5	23,654	2,841
- Trade receivables from third parties		1,131,462	988,054
Other receivables	9	84,367	61,001
- Due from related parties	5	41,059	31,081
- Other receivables from third parties		43,308	29,920
Inventories	10	113,482	90,465
Prepaid expenses	11	414,263	234,851
Other current assets	16	43,053	39,101
Non-current Assets:		**2,386,572**	**2,192,510**
Trade receivables		1,053	1,053
Other receivables	9	2,740	2,538
Property plant and equipment	12	764,245	775,746
Intangible assets		676,849	551,477
- Goodwill	14	38,661	40,217
- Other intangible assets	12	638,188	511,260
Right of use assets	13	257,440	235,087
Prepaid expenses	11	282,714	228,723
Deferred tax assets	25	401,531	397,886
TOTAL ASSETS		**4,571,850**	**3,914,486**

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

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

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

	Notes	Audited 31 December 2020	Audited 31 December 2019
LIABILITIES			
Current Liabilities:		**2,386,700**	**1,938,417**
Short term borrowings	7	363,743	391,066
Short term portion of long term borrowings	7	392,485	284,054
Obligations under finance leases	7	102,825	76,426
Short term lease liabilities	7	118,792	109,257
Trade payables	8	987,130	821,164
- Due to related parties	5	18,206	20,904
- Trade payables to third parties		968,924	800,260
Payables related to employee benefits	15	91,379	78,708
Other payables	9	51,684	36,377
- Due to related parties	5	799	799
- Other payables to third parties		50,885	35,578
Deferred income	11	221,497	82,116
Short term provisions		39,457	31,145
- Short term provisions for employment benefits	15	19,090	13,703
- Other short term provisions	17	20,367	17,442
Derivative financial instruments	28	-	23,450
Current tax liabilities	25	17,708	4,654
Non-current Liabilities:		**1,836,293**	**1,737,664**
Long term borrowings	7	944,203	859,743
Obligations under finance leases	7	93,239	135,454
Long term lease liabilities	7	476,310	492,683
Other payables		106,471	72,726
- Other payables to third parties	9	106,471	72,726
Deferred income	11	2,211	2,157
Long term provisions		30,207	20,153
- Long term provisions for employee benefits	15	30,207	20,153
Deferred tax liabilities	25	183,652	154,748
EQUITY:		**348,857**	**238,405**
Equity Attributable to the Owner of the Company:		**282,387**	**230,002**
Share capital	19	208,037	208,037
Share premium	19	556,162	556,162
Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss		1,896	14,441
- Revaluation reserve	19	37,747	37,747
- Accumulated gain/(loss) on remeasurement of defined benefit plans		(35,851)	(23,306)
Restricted reserves	19	10,260	10,260
Accumulated deficit		(558,898)	(595,149)
Net profit for the period		64,930	36,251
Non-controlling interest		**66,470**	**8,403**
TOTAL LIABILITIES AND EQUITY		**4,571,850**	**3,914,486**

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

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2020

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

	Notes References	Audited 1 January - 31 December 2020	Audited 1 January - 31 December 2019
PROFIT OR LOSS			
Revenue	20	4,014,679	3,703,598
Cost of sales (-)	20	(3,058,183)	(2,851,756)
GROSS PROFIT		**956,496**	**851,842**
General administration expenses (-)	21	(266,009)	(308,581)
Other income from operating activities	22	560,562	333,469
Other expenses from operating activities (-)	22	(497,443)	(353,799)
OPERATING PROFIT		**753,606**	**522,931**
Income from investing activities	23	118,581	132,383
Expense from investing activities (-)	23	(2,454)	(1,530)
OPERATING PROFIT BEFORE FINANCE EXPENSE		**869,733**	**653,784**
Finance expenses (-)	24	(684,222)	(571,661)
NET PROFIT BEFORE TAX		**185,511**	**82,123**
Tax expense from operations		**(62,514)**	**(25,869)**
Current tax expense	25	(34,119)	(20,052)
Deferred tax loss	25	(28,395)	(5,817)
NET PROFIT		**122,997**	**56,254**
Allocation of net profit			
Non-controlling interest		58,067	20,003
Equity holders of the parent		64,930	36,251
Net profit for the period		**122,997**	**56,254**
Basic gain per share	26	**0.31**	**0.17**
OTHER COMPREHENSIVE EXPENSES		**(12,545)**	**(12,100)**
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plans		(15,681)	(15,125)
Income tax relating to items that will not be reclassified subsequently		3,136	3,025
TOTAL COMPREHENSIVE INCOME		**110,452**	**44,154**
Total comprehensive profit distribution			
Non-controlling interest		58,067	20,003
Equity holders of the Parent		52,385	24,151

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

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2020

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

			Accumulated other comprehensive income or expenses thatwill not be reclassified subsequently to profit or (loss)			Accumulated gain				
	Share capital	**Share premium**	**Property revaluation reserve**	**Accumulated Loss on remeasurement of defined benefit plans**	**Legal reserves**	**Accumulated deficit**	**Net profit/ (loss) for the period**	**Attributable to equity holders of the parents**	**Non-controlling interest**	**Total equity**
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**
The effect of changes in accounting policies (Note 2.3)	-	-	-	-	-	(264,848)	-	(264,848)	(77,043)	(341,891)
Balance as at 1 January 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 incomefor the period, net of tax	-	-	-	(12,100)	-	-	-	(12,100)	-	(12,100)
Net profit for the period	-	-	-	-	-	-	36,251	36,251	20,003	56,254
Total comprehensive gain/(loss) for the period	**-**	**-**	**-**	**(12,100)**	**-**	**-**	**36,251**	**24,151**	**20,003**	**44,154**
Transfers	-	-	-	-	-	(127,651)	127,651	-	-	-
Disposal or acqusition of subsidiary (Note 31)	-	-	(2,005)	-	-	(1,716)	-	(3,721)	(38,327)	(42,048)
Capital increase	-	-	-	-	-	-	-	-	4,000	4,000
Dividend paid	-	-	-	-	-	-	-	-	(1,501)	(1,501)
Balance as at 31 December 2019	**208,037**	**556,162**	**37,747**	**(23,306)**	**10,260**	**(595,149)**	**36,251**	**230,002**	**8,403**	**238,405**
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 incomefor the period, net of tax	-	-	-	(12,545)	-	-	-	(12,545)	-	(12,545)
Net profit for the period	-	-	-	-	-	-	64,930	64,930	58,067	122,997
Total comprehensive gain/(loss) for the period	**-**	**-**	**-**	**(12,545)**	**-**	**-**	**64,930**	**52,385**	**58,067**	**110,452**
Transfers	-	-	-	-	-	36,251	(36,251)	-	-	-
Balance as at 31 December 2020	**208,037**	**556,162**	**37,747**	**(35,851)**	**10,260**	**(558,898)**	**64,930**	**282,387**	**66,470**	**348,857**

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

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020

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

	Notes References	Audited 1 January - 31 December 2020	Audited 1 January - 31 December 2019
CASH FLOWS FROM OPERATING ACTIVITIES		**899,264**	**663,285**
Net profit for the period		122,997	56,254
Profit from continuing operations		**876,198**	**735,440**
Adjustments related to depreciation and amortization expenses	12, 13	251,823	265,853
Adjustments related to impairment (reversal)		5,524	3,832
Adjustments related to impairment (reversal) of receivables	8	3,968	3,832
Adjustments related to goodwill	14	1,556	-
Adjustments related to provisions		12,909	9,973
Adjustments related to (reversal) of provision for employment benefits		11,939	5,416
Adjustments related to lawsuit (reversal) of provision for lawsuit		970	4,557
Adjustments related to interest (income) expense		415,203	473,825
Adjustments related to interest income	22	(27,412)	(28,633)
Adjustments related to interest expense	24	442,615	502,458
Adjustments related to gain (loss) on fair value		(23,450)	(22,595)
Loss (gain) arising on derivatives	24	(23,450)	(22,595)
Adjustments related to tax (income) expense	25	62,514	25,869
Other adjustments related to non-cash items		267,802	109,536
Adjustments regarding to (gain) loss on sale of bargain purchase	31	(81,980)	(128,695)
Adjustments regarding to (gain) loss on sale of non-current assets		(34,147)	(2,158)
Adjustments regarding to (gain) loss on sale of tangible assets		(34,147)	(2,158)
Changes in working capital		**(67,888)**	**(93,123)**
Adjustments related to (increase) decrease in trade receivables		(192,958)	(90,989)
Adjustments related to increase in inventories		(23,017)	(11,319)
Adjustments related to increase (decrease) in trade payables		165,964	45,628
Adjustments related to inrcrease (decrease) in other payables from operations		150,231	22,635
Adjustments related to other increase (decrease) in working capital		(168,108)	(59,078)
Adjustments related to (increase) decrease in other payables from other asset		(168,108)	(59,078)
Cash generated from operations		**931,307**	**698,571**
Payments due to employee termination benefits		(12,179)	(13,586)
Tax paid	25	(21,065)	(19,738)
Payments for other provisions		-	(3,045)
Other cash inflows	8	1,201	1,083

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

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020

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

	Notes References	Audited 1 January - 31 December 2020	Audited 1 January - 31 December 2019
CASH FLOWS FROM INVESTING ACTIVITIES		**(172,374)**	**(222,825)**
Cash out flow for acqusition or capital increase of subsidiaries or joint ventures		-	(5,979)
Cash inflow from the disposal of the subsidiary		-	(1,610)
Cash inflows from sale of tangible and intangible assets		38,236	7,564
Proceeds from sales of property, plant, equipment and intangible assets	12	38,236	7,564
Payment for purchase of property, plant and equipment and intangible assets		(166,032)	(173,215)
Payment for purchase of property, plant and equipment	12	(147,995)	(160,450)
Payment for purchase of intangible assets	12	(18,037)	(12,765)
Cash advances and debts given	11	(71,990)	(82,218)
Interest received	22	27,412	28,633
Other cash inflows (outflows)		-	4,000
CASH FLOWS FROM FINANCING ACTIVITIES		**(657,556)**	**(358,115)**
Proceeds from bank loans		643,434	752,473
Proceeds from borrowings	7	227,234	382,968
Proceeds from bonds, net of commissions	7	416,200	369,505
Repayment of lease liabilities	7	(258,125)	(254,409)
Bank borrowings paid		(673,410)	(420,363)
Cash used for repayment of borrowings	7	(335,009)	(233,066)
Cash used for repayment of bonds	7	(338,401)	(187,297)
Repayment of obligations under finance leases	7	(71,234)	(92,325)
Interest paid		(298,221)	(341,990)
Dividend paid		-	(1,501)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**69,334**	**82,345**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**6**	**305,663**	**223,318**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**6**	**374,997**	**305,663**

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

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 31 December, 2020, MLP Sağlık is the holding company of 17 subsidiaries (31 December 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 13 February 2018. In accordance with the resolution numbered 31/1059 on 30 October 2014 and 21/655 on 23 July 2010 of CMB; according to the records of Central Registry Agency (CRA); shares representing 33.46% as of 31 December 2020, of MLP Sağlık are accepted as "in circulation". As of 31 December 2020, this ratio is 33.46% (Note 19).

The number of employees of the Group as at 31 December 2020 is 11,704 (31 December 2019 - 12,042).

Approval of consolidated financial statements

Board of Directors has approved the financial statements and delegated authority for publishing it on 8 March 2021. The General Assembly and specified regulatory bodies have the right to make amendments to the financial statements after issue.

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

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

As of 31 December 2020 the subsidiaries of the Company are:

Name	Location and base of operation
Sentez Sağlık Hizmetleri A.Ş. ("Sentez Hastaneleri")	Batman - İzmir - Gaziantep
Temar Tokat Manyetik Rezonans Sağlık Hizmetleri ve Turizm A.Ş. ("Tokat Hastanesi")	Tokat
Samsun Medikal Grup Özel Sağlık Hizmetleri A.Ş. ("Samsun Hastanesi")	Samsun-İstanbul
Özel Samsun Medikal Tıp Merkezi ve Sağlık Hizmetleri Tic. Ltd. Şti. ("Samsun Tıp Merkezi")	Samsun
Kuzey Medikal Pazarlama İnşaat Taşımacılık San. ve Tic. Ltd. Şti. ("Kuzey")	Ankara
Artımed Medikal Sanayi ve Ticaret Ltd. Şti. ("Artımed")	Ankara
MS Sağlık Hizmetleri Ticaret A.Ş. ("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 Insaat San. ve Tic. A.Ş. ("Sotte Sağlık Temizlik Yemek")	İstanbul - Ankara
MA Group Sağlık ve Danışmanlık Hizmetleri Ticaret A.Ş. ("MA Group")	İstanbul
BTN Asistans Sağlık Hizmetleri A.Ş. ("BTN Asistans")	İstanbul
BTR Sağlık Hizmetleri A.Ş. ("BTR Sağlık")	İstanbul
İstanbul Meditime Sağlık Hizmetleri Ticaret Ltd. Şti. ("Meditime Sağlık")	İstanbul
MLP Gaziantep Sağlık Hizmetleri Anonim Şirketi ("MLP Gaziantep Sağlık")	Gaziantep

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance in Turkish Financial Reporting Standarts

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which was published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Accounting Standards and interpretations ("TAS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué.

The financial statements and disclosures have been prepared in accordance with the resolution of Public Oversight Accounting and Auditing Standards Authority ("POA") dated 15 April 2019 about the "announcement about TFRS Taxonomy" and "illustrations of financial statements and application guidance" published by Capital Markets Board ("CMB").

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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 ("TRY"), which is the functional currency of the Company and all its subsidiaries and the presentation currency of the Group.

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

2.1 Basis of Presentation (Continued)

Inflation accounting

In accordance with the CMB's resolution issued on 17 March 2005, companies operating in Turkey which prepare their financial statements in accordance with the CMB Accounting Standards are not subject to inflation accounting effective from 1 January 2005. Therefore, as of 1 January 2005, TAS 29 'Financial Reporting in Hyperinflationary Economies' is not applied in the accompanying consolidated financial statements.

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 assumption

The Company's current liabilities in the enclosed financial statements for the period ending 31 December 2020 and 2019, exceeded its total current assets by TRY201,423 and TRY216,441 respectively. The most important share in current liabilities consists of short-term financial borrowings, tradepayables and lease liabilities which provided by the Group's financial institutions. The most important portion of the current liabilities is the short-term financial borrowings which the Group obtained from financial institutions, since a significant portion of the borrowings was obtained in the form of short-term loans the current ratio is a liability, and this indicates a need for a source to meet the Company's short-term liabilities.

The Group management has made their assessment according to the Communiqué Amending the Communiqué on the Procedures and Principles Regarding the Implementation of the Article 376 of the Turkish Commercial Code ("TCC") numbered 6102 ("Amending Communiqué") which is published in the Official Gazette dated December 26,2020 and numbered 31346 and "Capital Loss and Financial Distress" of Turkish Commercial Code 376.

In the calculations made according to the Communiqué, in addition to the unrealized exchange difference losses arising from foreign currency liabilities that have not yet been fulfilled, depreciation and half of the total personnel expenses arising from leases accrued on 2020 may not be taken into account. Accordingly, the shareholders' equity was determined by deducting the unrealized foreign exchange losses amounting to TRY387,304 regarding the loans and other debts of the Group, the expenses arising from the leases amounting to TRY213,938 and the depreciation and personnel expenses amounting to TRY181,377 and the equity amounting to the amount of TRY1,260,214 and it was concluded that more than two-thirds of the capital is protected.

In addition, revenue has increased by 8% compared to 2019 with the normalization steps after pandemic measures in Turkey. For the period ending 31 December 2020, the net profit has TRY122,997, which is caused from improvement on operational performance, cost savings, the positive contribution of negative goodwill from business combination of Ankara VM Hospital and gain on sale of fixed assets obtained as a result of the transfer of Uşak Hospital.

In the light of all this information, the Group management does not anticipate a significant risk regarding the continuity of the business and the consolidated financial statements have been prepared with the assumption that the company will continue its activities in the predictable future.

(Amounts expressed in thousands Turkish Lira ("TL") 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 of 31 December 2020 and 31 December 2019 are as follows:

	Proportion of ownership and voting power held (%)			
Bağlı Ortaklıklar	**Place of incorporation operation**	**31 December 2020**	**31 December 2019**	**Principal activity**
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
Artımed	Ankara	100.00%	100.00%	Ancillary services
21. Yüzyıl Anadolu Vakfı (1) (2)	İstanbul	100.00%	100.00%	Ancillary services
BTN Sigorta (4)	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 Sağlık 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 Sağlık has no shareholder interest in the foundation, the financial statements of the foundation are consolidated to the financial statements in accordance with TFRS 10 as the Company achieved the control by having power and the ability to use its power on the future benefit and cost of the foundation. In addition, the Company has rights to the financial and operating policies of the university from its involvement with the investee.
(3) The Company made a liquidation decision on 25 December 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.

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

2.1 Basis of Presentation (Continued)

Basis of Consolidation (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 losses 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 TFRSs). 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 TAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

2.2 Changes in Accounting Policies

Significant changes made in accounting policies are applied retrospectively and prior year financial statements are restated. In the current period, the Group has no changes in its accounting policies other than the change disclosed in Note 2.1.

2.3 Changes in the Accounting Estimates and Errors

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

2.4 Amendments in International Financial Reporting Standards

a) Standards, amendments and interpretations applicable as at 31 December 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.

  These amendments do not have any significant impact on Group's financial condition and performance.

  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. These amendments do not have any significant impact on Group's financial condition and performance.

  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. The Group has assessed the impact of the amendments and concluded that no significant impact on its financial position or performance.

- **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.

  These amendments do not have any significant impact on Group's financial condition and performance.

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

2.4 Amendments in International Financial Reporting Standards (Continued)

b) Standards, amendments and interpretations that are issued but not effective as at 31 December 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.

- **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 37 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.

- **Amendments to IFRS 17 and IFRS 4, 'Insurance contracts', deferral of IFRS 9;** effective from annual periods beginning on or after 1 January 2021. These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial Instrument until 1 January 2023.

  The Group is in the process of assessing the impact of the amendments on its financial position or performance.

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

2.5 Effects of Revised Accounting Policies

Preparation of consolidated financial statements requires the usage of estimations and assumptions which may affect the reported amounts of assets and liabilities as of the balance sheet date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during the financial period. The accounting assessments, forecasts and assumptions are reviewed continuously considering the past experiences, other factors and the reasonable expectations about the 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 A global pandemic was declared 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. 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.

Covid-19’ spread effect within the World and Turkey as well as duration 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 consolidated financial statements as of 31 December 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 consolidated financial statements as of 31 December 2020, and no impairment was detected.

2.6 Summary of Significant Accounting Policies

Related Parties

For the purposes of these financial statements, shareholders, key management personnel and Board of Directors' Members, in each case together with companies controlled by/or affiliated with them and their close family members and associated companies are considered and referred to as related parties.

(a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) Has control or joint control over the reporting entity;
(ii) Has significant influence over the reporting entity or
(iii) Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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

2.6 Summary of Significant Accounting Policies (Continued)

Related Parties (Continued)

(b) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the company are members of the same group.

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Business Combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with TAS 12 Income Taxes and TAS 19 Employee Benefits respectively;

- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with TFRS 2 Share-Based Payment at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with TFRS 5.

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

2.6 Summary of Significant Accounting Policies (Continued)

Business Combinations (Continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another TAS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. If the contingent consideration that is classified as an asset or a liability is a financial asset and within the scope of TAS 39 Financial Instruments: Recognition and Measurement, the contingent asset or liability is recorded at its fair value and the corresponding gain or loss is recorded in profit or loss or other comprehensive income.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

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

2.6 Summary of Significant Accounting Policies (Continued)

Goodwill

Business combinations are accounted for by using the purchase method in the scope of TFRS 3 "Business combinations". Any excess of the cost of acquisition over the acquirer's interest in the (i) net fair value of the acquiree's identifiable assets and contingent liabilities as of the acquisition date, (ii) amount of any non-controlling interest in the acquired entity and (iii) fair value of any equity interest previously held by acquirer is accounted for as goodwill. If those amounts are less than fair value of the net identifiable assets of the business acquired, the difference is recognised directly in "Gains from investment activities" as a gain from bargain purchase.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Foreign Currency Transactions

<u>Foreign Currency Transactions and Balances</u>

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TRY, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TRY(foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

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

2.6 Summary of Significant Accounting Policies (Continued)

Revenue Recognition

When a performance obligation is satisfied by transferring promised goods or services to a customer, the Group recognises the revenue as the amount of the transaction price that is allocated to that performance obligation. The goods or services are transferred when the control of the goods or services is delivered to the customers. Returns, discounts and provisions are reduced from the related amount.

Group recognises revenue based on the following five principles:

(a) Identification of customer contracts,
(b) Identification of performance obligations,
(c) Determination of the transaction price in the contracts,
(d) Allocation of transaction price to the performance obligations,
(e) Recognition of revenue when the performance obligations are satisfied.

Group recognises revenue from its customer when all of the the following criteria are met:

(a) The parties have approved the contract (written or orally or in accordance with other customer business practices) and are committed to perform their respective obligations,
(b) Group can identify the right of parties related to goods and services,
(c) Group can identify the payment terms of goods and services to be transferred,
(d) The contract has commercial substance,
(e) It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods and services that will be transferred to the customer. In evaluating whether collectabilitiy of a consideration is probable, the entity shall consider only the customer's abilitity and intention to pay the consideration when it is due.

Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the entity and when the revenue amount, the completion level of the transaction as of the reporting date and the cost required for the completion of the transaction can be measured reliably.

The assumptions for the reliability of revenue recognition after the agreement of third parties are as follows:

- Contractual rights of each parties under sanction according to the agreement,
- Service fee,
- Payment terms and conditions.

The Group recognises revenue from the following major sources:

· Treatment services provided at hospitals
· Trading of medical products
· Laboratory services

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer. Rebates, sales discounts, stock protection and other similar allowances obtained from the suppliers are accrued on an accrual basis when the rights of parties arise.

Revenue is generated from the healthcare services provided and some medical products sold. The main streams of revenue are policlinic revenue, revenue from surgical operations, x-ray revenue and all other revenue from hospital services.

Income is recognized in the period in which services are provided. Income relating to patient treatments which are partially complete at the financial year end is accrued and apportioned across financial years by reference to percentage of completion.

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

2.6 Summary of Significant Accounting Policies (Continued)

Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

Property, Plant and Equipment

Tangible fixed assets, with the exception of buildings and machinery and equipment, are stated in the consolidated statement of financial position at their net book values, being the cost of the asset, less any accumulated depreciation and accumulated impairment losses. Cost of property, plant and equipment comprise purchase price, import taxes, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

When the Group's buildings and machinery and equipment are revaluated the carrying amount of buildings and machinery and equipment are adjusted to reveluated amount. At the date of revaluation, the accumulated depreciation of buildings and machinery and equipment are eliminated against the gross carrying amount of those buildings and machinery equipments. Any increase arising on the revaluation of buildings is recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

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

2.6 Summary of Significant Accounting Policies (Continued)

Property, Plant and Equipment (Continued)

Depreciation is provided on all property and equipment using the straight-line method at rates which approximate estimated useful lives of the related assets as follows:

	Useful Life
Buildings	35 years
Machinery and equipment	5-20 years
Motor vehicles	4-5 years
Furniture and fixtures	2-20 years
Leasehold improvements	5-15 years
Leased assets	2-11 years

Useful lives and depreciation methodology is regularly reviewed for appropriateness.

Intangible Fixed Assets

Intangible assets mainly comprise software rights, hospital licenses obtained through business combinations or acquired separately and advances given for the purchase of hospital licenses. Intangible assets acquired separately are initially recorded at cost. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets (computer software) are amortized on a straight line basis over the best estimate of their useful lives (1 to 5). The amortization period and the amortization method for an intangible asset are reviewed at least at each financial year-end. The amortization expense on intangible assets is recognized in the statement of comprehensive income.

Intangible fixed assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The hospital licenses are not amortized since there is no definite useful life for licenses. However, licenses are tested for impairment annually at the cash-generating unit level. As of 31 December 2020, there has been no indication regarding impairment of licenses.

Impairment of Tangible and Intangible Assets Other Than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If it is impracticable to calculate the recoverable value of an asset, the recoverable value of the cash generating unit to which it belongs is calculated.

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

2.6 Summary of Significant Accounting Policies (Continued)

Impairment of Tangible and Intangible Assets Other Than Goodwill (Continued)

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Intangible assets with indefinite useful lives are tested for impairment annually at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, one that takes a substantial period of time to get ready for use or sale, are capitalized in consolidated financial statements as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale.

As of the reporting date, the Group have new hospital projects under construction and it takes time for these projects to be ready for their intended use. The borrowing costs related to these projects are capitalized under TAS 23 - Borrowing Costs.

Taxation

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and it excludes items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

2.6 Summary of Significant Accounting Policies (Continued)

Deferred Tax

Deferred tax liability or asset is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis which are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Prepaid corporation taxes and corporate tax liabilities are offset when they relate to income taxes levied by the same taxation authority.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Employee Termination Benefits

Defined benefit plans

In accordance with existing social legislation in Turkey, the Company and its subsidiaries in Turkey are required to make lump-sum termination indemnities to each employee whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Per revised International Accounting Standard No. 19 "Employee Benefits" ("TAS 19"), these payments are regarded as defined benefit plans.

The cost of providing benefits under the defined benefit plans is determined separately for each plan by using the projected unit credit actuarial valuation method and the Group's past experiences on employee turnover and employment termination benefit payments and discounted by earning ratio for long term treasury bond. All actuarial gains and losses are recognized in the statement of other comprehensive income.

Defined contribution plans

The Company and its subsidiaries pay contributions to Social Security Institution on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

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

2.6 Summary of Significant Accounting Policies (Continued)

Vacation Pay Liability

Vacation pay liability recognized in the consolidated financial statements represents the probable liability of the Group related to the unused vacation days of the employees.

Foreign Currency Transactions

The functional and presentation currency of the Company and all of its subsidiaries is Turkish Lira ("TL"). Transactions in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of such transactions. Assets and liabilities denominated in foreign currencies are translated by exchange rates valid on the balance sheet date. Exchange rate differences arising on reporting monetary items at rates different from those at which they were initially recorded or on the settlement of monetary items or are recognized in profit or loss in the year in which they arise.

Earnings per Share

Basic earnings per share are calculated by dividing the net profit for the year by the weighted average number of ordinary shares outstanding during the period.

Sale and Leaseback Transactions

Under sale and leaseback transactions which are established at fair value and resulting in an operating lease, profits and losses are recognized immediately in the statement of comprehensive income. When the sale price is below fair value, any profits or losses are recognized immediately in the profit or loss except that, if the loss is compensated for by future lease payments at below market price, the losses are deferred and amortized in proportion to the lease payments over the period for which the asset expected to be used.

Leases

<u>The Group as lessee</u>

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

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

2.6 Summary of Significant Accounting Policies (Continued)

Leases (Continued)

The Group as lessee (Continued)

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification

The Group did not make any such adjustments during the periods presented.

Right-of-use assets include initial recognition of lease liabilities, prepayments and other direct costs made on or before commencement date of the lease. These assets are then measured by cost value after reduction of accumulated depreciation and impairment losses

The Group accounts a provision under TAS 37 in case of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. These costs are included in cost of righ-of-use assets unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Right of use assets are presented as different item in consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'cost of sales'and "general administrative and marketing expenses" in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

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

2.6 Summary of Significant Accounting Policies (Continued)

Leases (Continued)

The Group as lessee (Continued)

The Group leases hospital buildings and offices. Rental contracts are typically made for fixed periods of 3 to 15 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise information technology-equipment and small items of office furniture.

Financial Instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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

2.6 Summary of Significant Accounting Policies (Continued)

Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

The Group classifies its financial assets as (a) Business model used for managing financial assets, (b) financial assets subsequently measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss based on the characteristics of contractual cash flows. The Company reclassifies all financial assets effected from the change in the business model it uses for the management of financial assets. The reclassification of financial assets is applied prospectively from the reclassification date. In such cases, no adjustment is made to gains, losses (including any gains or losses of impairment) or interest previously recognized in the financial statements.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset; the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met.

(i) Amortised cost and effective interest method

Interest income on financial assets carried at amortized cost is calculated using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

a) Credit-impaired financial assets when purchased or generated. For such financial assets, the Company applies the effective interest rate on the amortized cost of a financial asset based on the loan from the date of the recognition in the financial statements.
b) Non-financial assets that are impaired at the time of acquisition or generation but subsequently become a financial asset that has been impaired. For such financial assets, the Company applies the effective interest rate to the amortized cost of the asset in the subsequent reporting periods.

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

2.6 Summary of Significant Accounting Policies (Continued)

Financial Instruments

Financial Assets

Classification of financial assets

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

Interest income is recognised in profit or loss and is included in the "finance income - interest income" line item (Note 22).

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL. Specifically:

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy).

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item;
- For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'other gains and losses' line item. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve;
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item (and
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group utilizes a simplified approach for trade receivables, contract assets and lease receivables that does not have significant financing component and calculates the allowance for impairment against the lifetime ECL of the related financial assets.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

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

2.6 Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Financial assets (Continued)

(iii) Financial assets at FVTPL (Continued)

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

Financial liabilities are classified as at FVTPL on initial recognition. On initial recognition of liabilities other than those that are recognised at FVTPL, transaction costs directly attributable to the acquisition or issuance thereof are also recognised in the fair value.

A financial liability is subsequently classified at amortized cost except:

a) Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.

b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Group continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognised in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Company continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.

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

2.6 Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Financial liabilities (Continued)

c) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where TFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

The Group does not reclassify any financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps. Further details of derivative financial instruments are disclosed in Note 28.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

2.6 Summary of Significant Accounting Policies (Continued)

Contingent Assets and Liabilities

Contingent Liabilities

(a) Possible obligations that arise from past events and of which existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events.
(b) Possible assets or obligations that arise from past events but nor reflected to the financial statements because of the reasons below:

(i) A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote,
(ii) A contingent asset is disclosed, where an inflow of economic benefits is probable.

Contingent Assets

Possible assets that arise from past events and of which existence will be confirmed only by the occurrence or non¬occurrence of one or more uncertain future events.

A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. If the possibility of transfer of assets is probable, contingent liability is recognized in the financial statements. A contingent asset is disclosed, when an inflow of economic benefits is highly probable.

Share Capital and Dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity in the period in which they are approved and declared.

Segmental Information

In accordance with TFRS 8 "Operating Segments", an operating segment is a component of an entity: (a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (c) for which discrete financial information is available. The Group's chief operating decision maker ("CODM") receives financial information on both an aggregate and on an individual hospital basis. No individual hospital exceeds 10% of the combined internal and external revenue of all the hospitals and it is not practicable to disclose segment information by individual hospital. Further, investment decisions are focused on potential acquisitions of new hospitals or further investment in the Group's existing hospitals in the aggregate. Therefore, the Group is considered as one single operating segment.

Subsequent Events

The Group adjusts the amounts recognised in its consolidated financial statements to reflect the adjusting events after the reporting date. If non-adjusting events after the reporting date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements.

NOTE 3 - SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

3.1 Critical judgments in applying the entity's accounting policies

In the process of applying the entity's accounting policies, which are described in note 2.6, management has made the following judgments that have the most significant effect on the amounts recognized in the financial statements (apart from those involving estimations, which are dealt with below under notes 3.2).

Deferred Tax Assets

The Group accounts deferred tax assets and liabilities from the temporary differences between the statutory financial statements and the financial statements in accordance with TFRS.

Deferred Tax Assets calculation based on carry forward tax losses

Deferred income tax assets are recognized for tax losses carried forward to the extent that the realization of the related tax benefit through future taxable profits is probable. The subsidiaries of the Group have deferred tax assets for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be recognized. The recoverable amount of deferred tax assets, partially or fully, is estimated under the current conditions. During the assessment of the recoverability of deferred tax assets, future taxable profit forecasts and expiration dates of government grants, carry forward tax losses and other tax advantages were considered.

Based on information gathered, if the future profit projections cannot enable the Group benefit from accumulated fiscal losses, allowance can be calculated fully or partially. Based on future profit projections, the Group estimates whole utilization of deferred tax assets.

As of 31 December 2020, the Group has recognized deferred income tax asset of TRY85,316 in respect of losses amounting to TRY426,574 (31 December 2019: TRY460,866) that can be carried forward against future taxable income (Note 25).

The Group assess the recoverability of deferred tax assets related carried forward tax losses based on business models that contain management estimations related to taxable profit for future periods. The models include key management estimations such as growth rate, hospital capacities and foreign exchange rates. Based on the sensitivity analysis about carried forward tax losses performed, it is concluded that 10% increase/decrease in related estimations does not have any effect on the assessment of recoverability of deferred tax assets.

Government Grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received (Note 25).

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below;

NOTE 3 - SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

3.2 Key sources of estimation uncertainty (Continued)

Provision for Impairment of Trade Receivables

The Group calculates the provision for impairment of trade receivables to cover the estimated losses resulting from the possible unconfirmed balances by the SSI and the inability of the patients to make required payments. The services rendered to patients covered by the SSI are subject to administrative review and audit by the SSI. The receivables that are not confirmed by the SSI are written off by the Group Management when the outcome is certain. As of 31 December 2020, provision for impairment of trade receivables amounting to TRY16,696 (31 December 2019: TRY13,929) (Note 8).

In addition, the Group has trade receivables arising from health services provided to foreign patients. 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 and the Group Management's expectation is that foreign patient receivables will be collected in 2021. The Group has overdue but not impaired trade receivables amounting to TRY472,766 as of 31 December 2020 (31 December 2019: TRY431,960). Since overdue trade receivables but not impaired amounting to TRY115,680 from the Government of Libya are under the guarantee of the government, there is no need to make provision (31 December 2019: TRY155,818).

In addition, the calculation of expected credit loss is performed based on the past experience of the Group and its expectations for the future indications.

Provision for Legal Cases and Social Security Discount Provisions

As explained in Note 17, the Group management make provision amounting to TRY20,367 (31 December 2019: TRY17,442) for the lawsuits where the legal proceedings and penalties are still uncertain and there is a possibility of an outflow.

Impairment of Goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.6. The recoverable amounts of cash-generating units have been determined based on fair value less costs of disposal calculations. These calculations require the use of estimates (Note 14).

Impairment test was made as at 31 December 2020 by the method of "discounted cash flows". As of 31 December 2020 there is no impairment on goodwill.

Intangible Fixed Assets Acquired Through Business Combination; Hospital licenses

Business combinations are accounted for using the acquisition method. The cost of the business combination is calculated as the total of fair values of assets acquired, liabilities assumed and the equity instruments issued at the date of the acquisition and other costs directly attributable to the business combination. Purchase price allocation is made in order to allocate purchase price to identifiable assets as defined in TFRS 3 "Business Combinations" and TAS 38 "Intangible Assets". As per TFRS 3 and TAS 38, fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". Based on the evaluation of the Group's transactions accounted as business combinations, the hospital licenses are identified as intangible assets. The fair values of the hospital licenses are determined based on income approach.

In accordance with the accounting policy for the hospital licenses which have indefinite useful lives stated in Note 2.6, these assets are reviewed for impairment annually or whenever events or changes in circumstances indicate impairment by the Group.

NOTE 3 - SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

3.2 Key sources of estimation uncertainty (Continued)

Intangible Fixed Assets Acquired Through Business Combination; Hospital licenses (Continued)

Impairment tests for hospital licenses are performed by comparing the amount calculated according to the discounted cash flows of each cash generating unit based on long term projections, with the carrying value of the hospital licenses. These calculations require the use of estimates. As of 31 December 2020 there is no impairment on hospital licenses resulting to impairment test (Note 12).

Useful Lives of Property, Plant and Equipment

The Group reviews the estimated useful lives of its property, plant and equipment at the end of each reporting period. The Group takes into consideration the intended use of the property, plant and equipment, the advancement in technology related to the particular type of property, plant and equipment as well as other factors that may require management to extend or shorten the useful lives and the assets' related depreciation (Note 12).

Revaluation of Buildings and Machinery and Equipment

Buildings and machinery and equipments are revalued according to current market conditions. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Group's buildings and machinery and equipments are revalued by independent experts accredited by the Capital Market Board. The revaluation fund resulting from the difference between the carrying value and the fair value is netted with deferred tax and presented under equity as revaluation fund. Revaluation is done periodically. Revaluations is made regularly such that fair value does not differ significantly from the book value as of the date of the balance sheet. Unless there is a change in the conditions, the Group has its buildings, machinery and equipment evaluated every 3-5 years and reflects the values found in financial statements. The Group has made the valuation of its buildings, machinery and equipment lastly as of 30 September 2017. Information about the valuation techniques and inputs used in determining the fair value of these assets are disclosed in Note 12.

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

NOTE 4 -INTERESTS IN OTHER ENTITIES

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below:

Samsun Tıp Merkezi	**31 December 2020**	**31 December 2019**
Current assets	739	740
Non-current assets	22	36
Current liabilities	7,885	6,558
Equity	(7,124)	(5,782)

	1 January - 31 December 2020	**1 January - 31 December 2019**
Other income/(expense), net	(1,342)	(1,186)
Loss for the period	(1,342)	(1,186)
Net cash inflow/(outflow) from operating activities	(14)	(29)
Net cash inflow/(outflow) from investing activities	14	26
Net cash inflow/(outflow)	**-**	**(3)**

21. Yüzyıl Anadolu Vakfı	**31 December 2020**	**31 December 2019**
Current assets	40,442	39,848
Non-current assets	42,135	37,873
Current liabilities	38,389	47,706
Equity	44,188	30,015

	1 January - 31 December 2020	**1 January - 31 December 2019**
Revenue	262	6,720
Other income/(expense), net	13,911	(3,154)
Profit for the period	14,173	3,566
Net cash inflow/(outflow) from operating activities	4,452	1,667
Net cash inflow/(outflow) from investing activities	(4,262)	(1,648)
Net cash inflow/(outflow)	**190**	**19**

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

NOTE 5 - 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.

As of 31 December 2020 the short term receivables and payables details as follows:

	31 December 2020			
	Receivables Current		Payables Current	
Shareholders	**Trade**	**Non-trade**	**Trade**	**Non-trade**
Muharrem Usta (*)	-	39,564	-	50
Adem Elbaşı	-	1,343	-	-
	-	**40,907**	**-**	**50**
Other companies controlled by the shareholders				
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1)	15,064	-	1,868	-
A ve A Sağlık A.Ş. (2)	8,309	-	9,125	-
Konca Özel Sağlık Hizmetleri Ltd.Şti.	208	-	-	-
Miniso Mağazacılık A.Ş.	42	-	-	-
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)	-	-	1,407	-
Saray Eczanesi	-	-	216	-
Mp Sağlık ve Tic. A.Ş.	-	-	1,291	733
Mt Sağlık Ürünleri San. ve Tic. A.Ş.	-	-	116	-
Samsunpark Özel Sağlık Tıbbı Malz. İnş. Tur. Tem. Tic. A.Ş. (3)	-	-	3,146	-
Diasan Basım ve Form Matbaacılık San. ve Tic. A.Ş.	-	-	14	-
Tokat Emar Sağlık Hiz. Ltd. Şti.	-	-	514	-
Other	29	152	-	16
	23,654	**152**	**18,206**	**749**
	23,654	**41,059**	**18,206**	**799**

(*) Non-trade receivables from Muharrem Usta is short term due date and interest charge from the current value of internal debt ratio of Group.

(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.

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

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

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

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

NOTE 5 - RELATED PARTY DISCLOSURES (Continued)

	31 December 2019			
	Receivables Current		Payables Current	
Shareholders	**Trade**	**Non-trade**	**Trade**	**Non-trade**
Muharrem Usta (*)	-	29,904	-	50
Adem Elbaşı	-	1,048	-	-
	-	**30,952**	**-**	**50**
Other companies controlled by the shareholders				
A ve A Sağlık A.Ş. (1)	2,347	-	8,456	-
Samsunpark Özel Sağlık Tıbbı 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 Mağazıcılık 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	-	-	-
Diğer	27	129	-	16
	2,841	**129**	**20,904**	**749**
	2,841	**31,081**	**20,904**	**799**

(*) Non-trade receivables from Muharrem Usta is short term due date and interest charge from the current value of internal debt ratio of Group.

(1) A ve A Özel Sağ. Hiz. ve Cih. Teks. San. Tic. Ltd. Şti. provides cleaning materials for the hospitals.

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

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

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

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

NOTE 5 - RELATED PARTY DISCLOSURES (Continued)

Advances given to related parties and Prepaid expenses

	31 December 2020	31 December 2019
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1)	108,782	12,312
Atakum Özel Sağlık Hizmetleri İnş. Turizm ve San. Tic. A.Ş.	323	286
A ve A Sağlık A.Ş.	296	-
	109,401	**12,598**

Fixed asset advances given to related parties

	31 December 2020	31 December 2019
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1)	124,364	90,288
Mp Sağlık ve Tic. A.Ş.	68,200	33,000
	192,564	**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)

	31 December 2020	31 December 2019
Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. (within non-current prepaid expenses)	2,811	3,598
Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. (within prepaid expenses)	787	787
	3,598	**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 31 December 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 31 December 2020, the Group has incurred rent expense amounting to TRY787 due to amortization of prepaid rent (31 December 2019: TRY787).

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

NOTE 5 - RELATED PARTY DISCLOSURES (Continued)

Lease liabilities from related parties

	31 December 2020		31 December 2019	
	Short-term	Long-term	Short-term	Long-term
Sanport Gayrimenkul Geliştirme İnş. ve Tic. A.Ş.	52,327	75,766	55,264	113,536
Fom Grup Mimarlık İnşaat ve Tic. A.Ş.	16,332	57,562	9,508	49,933
Atakum Özel Sağlik Hizmetleri İnş.Turizm ve San. Tic. A.Ş.	7,696	8,681	6,644	14,214
Gazi Medikal Sağlık Tesisleri ve Tic. A.Ş.	6,471	3,214	4,620	8,885
Özel Gebze Sentez Sağlık Hizmetleri ve Tic. A.Ş.	3,034	-	5,609	2,786
Mp Sağlık ve Tic. A.Ş.	2,475	-	3,167	2,250
Tokat Medikal Grup Sağlık Turizm İnş. San. Tic. A.Ş.	2,268	1,011	1,707	2,455
	90,603	**146,234**	**86,519**	**194,059**

Purchases from related parties	**1 January - 31 December 2020**	**1 January - 31 December 2019**
Fom Grup Mimarlık İnş.ve Tic. A.Ş. (2) (3)	22,370	16,846
A ve A Sağlık A.Ş. (1)	14,081	12,684
	36,451	**29,530**

(1) Cleaning material
(2) Construction and audit of ongoing hospital construction and rent expenses
(3) Evaluated within the scope of TFRS 16 and represents the rent expenses paid in the related period.

Operating expenses (including purchase of services)	**1 January - 31 December 2020**	**1 January - 31 December 2019**
Sanport Gayrimenkul Geliştirme İnş. ve Tic.A.Ş. (1)(7)	90,956	92,488
Samsunpark Özel Sağ. Tibbi Malz. İnş. Tur. Tem. Tic. A.Ş. (4)	18,224	19,045
Atakum Özel Sağlik Hiz. İnş. Turizm ve San. Tic. A.Ş. (1)(7)	10,799	10,437
Livart Tüp Bebek Özel Sağlik Hizm. A.Ş. (2)	7,130	6,323
Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. (4)	6,486	6,843
Özel Gebze Sentez Sağlik Hizmetleri ve Tic. A.Ş. (1)(7)	6,319	6,996
Gazi Medikal Sağlik Tesisleri ve Tic. A.Ş. (1)(7)	5,811	6,876
Mp Sağlik ve Tic.A.Ş. (1)(7)	5,785	5,666
Tokat Medikal Grup Sağlik Turizm İnş. San. Tic. A.Ş. (1)(7)	3,026	2,594
Tokat Emar Sağlik Hiz. Ltd. Şti. (2) (5)	1,379	1,469
Saray Eczanesi (6)	808	681
Özdenler Sağ. Hiz. Dan. Turz. Gid. San. Tic. Ltd. Şti. (2)	404	420
Mt Sağlik Ürünleri Sanayi ve Ticaret A.Ş. (3)	195	235
Diasan Basim ve Form Matbaacilik San. ve Tic. A.Ş. (3)	25	477
Çanakkale Arkaz Sağlik Yatirimlari A.Ş. (1)(7)	-	1,086
Miniso Mağazacılık A.Ş.	-	1,500
Özarkaz Gayrimenkul Yat. ve İnş. Tic. A.Ş. (1)(7)	-	7,491
Özel Ereğli Millet Sağlik Hizm. San. ve Tic. Ltd. Şti. (1)(7)	-	4,525
Öz Anadolu Gayrimenkul ve Sağlik Yat. A.Ş. (1)(7)	-	2,447
	157,347	**177,599**

(1) Hospital rent expenses
(2) Doctor expenses
(3) Stationary and consumable expenses
(4) Cleaning, catering and laundry services
(5) Medical equipment rent expenses
(6) Pharmacetucial product expenses
(7) Evaluated within the scope of TFRS 16 and represents the rent expenses paid in the related period.

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

NOTE 5 - RELATED PARTY DISCLOSURES (Continued)

Sales to related parties	**1 January - 31 December 2020**	**1 January - 31 December 2019**
A ve A Sağlık A.Ş. (1)	11,929	11,822
Samsunpark Özel Sağlık Tıbbi Malz. İnş. Turizm. Tem. Tic. A.Ş.	219	262
Adem Elbaşı	190	134
Miniso Mağazacılık A.Ş.	174	223
Cotyora Med.Özel Sağ.Taah. Hz. İnş. Tr. Loj. Ltd. Şti.	73	237
Samsunpark Özel Sağlık Hizm.İş Sağlığı ve Güvenliği		
Fom Grup Mimarlık İnşaat ve Tic. A.Ş.	22	31
Danışmanlık Eğitim Mühendislik Tic. Ltd. Şti.	20	-
Tokat Medikal Grup Sağlık Truzim İnş.San.Tic.A.Ş.	19	-
Saray Eczanesi	6	7
ZCatering Taşımacılık Hizmetleri San.ve Tic.Ltd. Şti.	6	-
Sanport Gayrimenkul Geliştirme İnş. ve Tic. A.Ş.	-	19
Livart Tüp Bebek Özel Sağlık Hizm. A.Ş.	-	81
Mt Sağlık Ürünleri Sanayi ve Ticaret A.Ş.	-	39
Sancak İnşaat Turizm Nak.ve Dış Tic. A.Ş.	-	49
Supra-Medicalpark-Sonotom-Akademi İş Ortaklığı (Fatih Görüntüleme) (2)	-	1,049
	12,658	**13,953**

(1) Outsourcing laboratory services
(2) Monitoring services

Interest income from related parties	**1 January - 31 December 2020**	**1 January - 31 December 2019**
Muharrem Usta	5,605	4,791
	5,605	**4,791**

Compensation of key management personnel:

Key management personnel comprise general managers, deputy general managers and chief physicians of hospitalsand head office management team. Remuneration to key management personnel include benefits such as wages, premiums, health insurances and transport. The remuneration of directors and other members of key managementduring the year were as follows:

	1 January - 31 December 2020	**1 January - 31 December 2019**
Salaries and other short term benefits	19,397	22,199
	19,397	**22,199**

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

NOTE 6 - CASH AND CASH EQUIVALENTS

	31 December 2020	31 December 2019
Cash on hand	26,746	15,569
Cash at banks	338,224	282,330
- Demand deposits	*252,229*	*28,950*
- Time deposits	*85,995*	*253,380*
Other cash equivalents (*)	10,027	7,764
	374,997	**305,663**

As of 31 December 2020 the interest rates of the Group's time deposits in TRY, USD and EUR are respectively 15.25% - 19% (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 terms are less than 3 months.

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

NOTE 7 - FINANCIAL INSTRUMENTS

Financial Liabilities

Bank Loans and Bonds

	31 December 2020	31 December 2019
Short-term bank borrowings	41,223	139,598
Short-term bonds issued	322,520	251,468
Current portion of long term borrowings	348,666	241,137
- Current portion of long-term bank loans	*348,666*	*241,137*
Interest expense accruals	43,819	42,917
	756,228	**675,120**
Long-term bank loans	944,203	859,743
	944,203	**859,743**
Total borrowings	**1,700,431**	**1,534,863**

As at 4 December 2020, the Group issued a bond offered to qualified investors amounting to TRY120,679 with a maturity of half year. The principal amount will be paid at maturity, 24 May 2021. The interest rate is 20.50%.

As at 4 December 2020, the Group issued a bond offered to qualified investors amounting to TRY75,730 with a maturity of one year and monthly coupon payments. Interest payments commenced on March 5, 2021 and the principal amount will be paid at maturity, December 16, 2021. The effective interest rate is TRLibor+4.0%.

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

NOTE 7 - FINANCIAL INSTRUMENTS (Continued)

Financial Liabilities (Continued)

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

31 December 2020

Currency Type	Weighted average effective interest rate	Current	Non-current	Total
TRY	18%	447,991	57,770	505,761
TRY	TRLibor +3.50%- 4.00%- 4.50%- 5.80	142,865	472,148	615,013
EUR	Euribor + 5.50%	165,372	414,285	579,657
		756,228	**944,203**	**1,700,431**

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

As of 31 December 2020 and 31 December 2019 the repayment schedule of the borrowings in TRYare as follows:

	31 December 2020	31 December 2019
Interest expense accruals	43,819	42,917
To be paid within 1 year (*)	712,409	632,203
To be paid between 1-2 years	381,087	236,835
To be paid between 2-3 years	315,170	231,328
To be paid between 3-4 years	174,021	203,701
To be paid between 4-5 years	73,925	135,294
To be paid between 5-6 years	-	52,585
	1,700,431	**1,534,863**

(*) TRY41,250 of the loans to be paid within one year consists of revolving loans and TRY322,520 part consists of bond payments which will be redeemed within 1 year.

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

NOTE 7 - FINANCIAL INSTRUMENTS (Continued)

Financial Liabilities (Continued)

Covenants

The Company has a structured finance facility in place. A syndicate loan agreement was signed on 31 December 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 Sağlık , and shares in subsidiaries owned by MLP Sağlık and all fixed assets under ownership of MLP and the MLP Sağlık's bank accounts. In addition to this, the loan is secured via assignment of MLP Sağlık'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 31 December 2016.

Net debt to EBITDA Ratio cannot be above x3.5 for the year ended 31 December 2017 and for the six months period ended June 30, 2018, x3.0 for the year ended 31 December 2018 and for the six months period ended June 30, 2019, x2.5 for the year ended 31 December 2019 and for the six months period ended June 30, 2020 and x2.5 for the remaining period of the syndicate loan. As at 31 December 2020, the Group fulfilled the required covenant ratios stated above.

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

Reconciliation of obligations arising from financing activities as of 1 January - 31 December 2020 and 1 January - 31 December 2019:

	1 January 2020	**Financing cash flows**	**Foreign exchange effect (Note 24)**	**Disposal of subsidiary**	**Other (*)**	**31 December 2020**
Bank loans	1,534,863	(29,075)	194,643	-	-	1,700,431
Finance lease obligations	211,880	(71,234)	55,418	-	-	196,064
Lease liabities	601,940	(258,126)	14,996	-	236,292	595,102
	2,348,683	**(358,435)**	**265,057**	**-**	**236,292**	**2,491,597**

	1 January 2019	**Financing cash flows**	**Foreign exchange effect (Note 24)**	**Disposal of subsidiary**	**Other (*)**	**31 December 2019**
Bank loans	1,135,646	343,312	63,266	(7,361)	-	1,534,863
Finance lease obligations	283,245	(92,325)	20,960	-	-	211,880
Lease liabities	659,747	(254,409)	7,572	(15,589)	204,619	601,940
	2,078,638	**(3,422)**	**91,798**	**(22,950)**	**204,619**	**2,348,683**

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

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

NOTE 7 - FINANCIAL INSTRUMENTS (Continued)

Lease Obligations

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

	Minimum lease payments		Present value of minimum lease payments	
	31 December 2020	**31 December 2019**	**31 December 2020**	**31 December 2019**
Within one year	113,476	90,031	102,825	76,426
In the second to fifth years inclusive	98,260	146,859	93,239	135,454
	211,736	**236,890**	**196,064**	**211,880**
Less : Future finance charges	(15,672)	(25,010)	-	-
Present value of finance lease obligations	**196,064**	**211,880**	**196,064**	**211,880**
Less: Amounts due to settlement within twelve months (shown under current liabilities)	**102,825**	**76,426**	**102,825**	**76,426**
Present value of finance lease obligations	**93,239**	**135,454**	**93,239**	**135,454**

Finance leases mainly include equipment with lease term of 7 years. The ownership of the leased items will be transferred to the Group by the end of the lease term. Interest rates on financial lease transactions at the contractual date were fixed during the lease term. The contractual effective interest rate TRYis 15.30% (2019: 15.08%,). The contractual effective interest rate EUR is 5.81% (2019: 5.78%). The contractual effective interest rate USD is 5.40% (2019: 5.54%).

There is no amount in short-term finance lease payables comprise hospital equipments and devices leased from third parties which are not financial institutions (2019: None).

Liabilities arising from lease transactions:

	31 December 2020	**31 December 2019**
Within one year	118,792	109,257
More than one year	476,310	492,683
Present value of the lease liabilities	**595,102**	**601,940**

The Group measured liabilities arising from lease transactions at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The average lessee's incremental borrowing rate applied to the TRYlease liabilities is 28.50%, 20.3% and EUR lease liabilities is 16.07% on 1 January 2019.

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

Current trade receivables	**31 December 2020**	**31 December 2019**
Trade receivables	932,886	800,462
Income accruals from continuing treatments	162,290	125,768
Other trade income accruals	35,699	56,338
Trade receivables from related parties (Note 5)	23,654	2,841
Notes receivables	17,283	19,415
Allowance for doubtful receivables (-)	(16,696)	(13,929)
	1,155,116	**990,895**

Trade receivables due from the SSI constitute 43% (31 December 2019: 36%) and receivables due from foreign patients constitute 21% (31 December 2019: 31%) of total trade receivables.

The Group has trade receivables arising from health services given to foreign patients amounting to TRY195,032 as at 31 December 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, 2020 - December 31, 2020, the Group has receivables from the Government of Libya amounting to TRY115,680. The Group Management expect to collect remaining receivables in 2021. On 6 August 2020, the collection of the receivable balance in the amount of TRY99,109 was realized and settled from receivables using the first in first out method.

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

As of 31 December 2020, trade receivables of an initial value of TRY16,696 (31 December 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	**1 January - 31 December 2020**	**1 January - 31 December 2019**
Balance at beginning of the period	**13,929**	**11,515**
Charge for the period	3,968	3,832
Collections	(1,201)	(1,083)
Disposal of subsidiary	-	(335)
Balance at closing of the period	**16,696**	**13,929**

The average maturity of trade receivables and notes receivables is 97 days (31 December 2019: 91 days).

Explanations for the nature and level of risks in trade receivables are given in Note 27.

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

Trade Payables

Current trade payables	**31 December 2020**	**31 December 2019**
Trade payables	756,834	670,480
Trade payables due to related parties (Note 5)	18,206	20,904
Other expense accruals	210,452	126,810
Other trade payables	1,638	2,970
	987,130	**821,164**

The average maturity of trade payables and notes payable is 152 days (31 December 2019: 132 days).

Explanations for the nature and level of risks in trade payables are given in Note 27.

NOTE 9 -OTHER RECEIVABLES AND PAYABLES

Other Receivables

Other current receivables	**31 December 2020**	**31 December 2019**
Non-trading receivables due from related parties (Note 5)	41,059	31,081
Receivables from tax office	10,983	4,035
Deposits given	4,449	5,223
Other miscellaneous receivables	27,876	20,662
	84,367	**61,001**

Other non-current receivables	**31 December 2020**	**31 December 2019**
Deposits and guarantess given	2,740	2,538
	2,740	**2,538**

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

NOTE 9 -OTHER RECEIVABLES AND PAYABLES (Continued)

Other Payables

Other current payables	**31 December 2020**	**31 December 2019**
Payables relating to business combinations (*)	29,068	20,175
Other taxes and funds payable	19,916	13,632
Non-trading payables due to related parties (Note 5)	799	799
Other miscellaneous payables	1,901	1,771
	51,684	**36,377**

Other non-current payables	**31 December 2020**	**31 December 2019**
Payables relating to business combinations (*)	106,471	72,726
	106,471	**72,726**

(*) The Group has committed a payment schedule that will continue in the for the coming years as a result of some business combination contracts signed in 2014 and 2020. This liability represents the net present value of forthcoming payments.

NOTE 10 - INVENTORIES

Inventories	**31 December 2020**	**31 December 2019**
Pharmaceutical inventory	44,779	26,503
Laboratory inventory	37,395	43,875
Medical consumables inventory	29,668	17,241
Other inventory	1,640	2,846
	113,482	**90,465**

NOTE 11 - PREPAID EXPENSES AND DEFERRED INCOME

Prepaid Expenses

Short term prepaid expenses	**31 December 2020**	**31 December 2019**
Order advances (*)	366,738	186,681
Prepaid insurance expenses	19,069	15,394
Prepaid rent expenses (**)	16,759	20,522
Prepaid sponsorship expenses	2,586	1,360
Other	9,111	10,894
	414,263	**234,851**

(*) Advances consist of mainly the turnkeyhospital projects regarding new and renovated hospitals and the order advances given for the construction services for the hospitals under construction.

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

NOTE 11 - PREPAID EXPENSES AND DEFERRED INCOME (Continued)

Long term prepaid expenses	**31 December 2020**	**31 December 2019**
Fixed asset advances given	277,231	205,241
Prepaid rent expenses (*)	3,480	19,998
Other	2,003	3,484
	282,714	**228,723**

(**) In March 2006, the Company signed a construction and rent agreement with Taşyapı İnşaat Taahhüt ve Ticaret A.Ş. (Taşyapı) for the construction of a new hospital building and subsequently its lease until 2021. Based on the terms of the agreement, Taşyapı issued an invoice to the Company and the Company gave notes to Taşyapı with maturities until 2015. The Company has reclassified the notes payable to prepaid expenses. As at 31 December 2020, the current prepaid expenses from the Taşyapı agreement amount to TRY19,220 (31 December 2019: TRY18,664) and there is no non-current prepaid expense amount (31 December 2019: TRY15,553). As at 31 December 2020 the Company has no trade payable to Taşyapı (2019: None).

As at 31 December 2020, short term and long term prepaid expenses include TRY3,598 from sale and leaseback transactions concerning building and land (31 December 2019: TRY4,385) (Note 5).

Deferred Income

Short term accrued income	**31 December 2020**	**31 December 2019**
Advances received (*)	217,754	73,887
Deferred revenue	3,743	8,229
	221,497	**82,116**

(*) Advances are received from mainly local and medical tourism related patients with regards to cost of their treatments. After treatments are completed, realized remunerations are netted with advances.

Long term accrued income	**31 December 2020**	**31 December 2019**
Deferred revenue	2,211	2,157
	2,211	**2,157**

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

NOTE 12 - PROPERTY, PLANT, 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 1 January 2020	**1,266**	**660,171**	**1,546**	**311,064**	**391,443**	**552,043**	**90,101**	**2,007,634**
Additions	-	26,690	80	31,242	1,543	48,226	40,214	147,995
Assets acquired by business combinations (Note 31)	-	16,771	-	-	-	-	-	16,771
Disposals	(449)	(10,934)	(80)	(5,983)	-	(22)	-	(17,468)
Transfers	-	60,719	-	25,484	(21,913)	805	(65,095)	-
Closing balance as of 31 December 2020	**817**	**753,417**	**1,546**	**361,807**	**371,073**	**601,052**	**65,220**	**2,154,932**
Accumulated depreciation								
Opening balance as of 1 January 2020	**(80)**	**(454,298)**	**(1,546)**	**(200,756)**	**(316,292)**	**(258,916)**	**-**	**(1,231,888)**
Charge for the period (*)	(16)	(65,639)	(84)	(39,145)	(28,260)	(39,065)	-	(172,209)
Disposals	-	9,134	80	4,185	-	11	-	13,410
Transfers	-	(16,393)	-	(5,287)	21,680	-	-	-
Closing balance as of 31 December 2020	**(96)**	**(527,196)**	**(1,550)**	**(241,003)**	**(322,872)**	**(297,970)**	**-**	**(1,390,687)**
Carrying value as of 31 December 2020	**721**	**226,221**	**(4)**	**120,804**	**48,201**	**303,082**	**65,220**	**764,245**

(*) As of 1 January - 31 December 2020, depreciation and amortization expense of TRY166,379 (1 January - 31 December 2019: TRY204,817) has been charged to 'cost of service', TRY14,998 (1 January - 31 December 2019: TRY10,605) in 'general administrative and marketing expenses TRY (1 January - 31 December 2019: TRY178) in 'other income and expenses.

As at 31 December 2020 carrying value of fixed assets acquired via finance lease is TRY48,201 (2019: TRY75,151).

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

NOTE 12 - PROPERTY, PLANT, 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 1 January 2019	**2,396**	**560,320**	**1,834**	**255,844**	**431,333**	**458,593**	**203,631**	**1,913,951**
Additions	-	15,210	-	27,186	-	52,978	65,076	160,450
Disposals	(1,130)	(4,804)	-	(4,581)	-	-	45	(10,470)
Assets acquired by business combinations	-	9,963	-	-	-	-	-	9,963
Disposal of subsidiary	-	(29,231)	(288)	(11,583)	(2,847)	(18,146)	-	(62,095)
Transfers	-	108,713	-	44,198	(37,043)	58,618	(178,651)	(4,165)
Closing balance as of 31 December 2019	**1,266**	**660,171**	**1,546**	**311,064**	**391,443**	**552,043**	**90,101**	**2,007,634**
Accumulated depreciation								
Opening balance as of 1 January 2019	**(100)**	**(287,285)**	**(1,698)**	**(131,866)**	**(423,639)**	**(232,715)**	**-**	**(1,077,303)**
Charge for the period	(16)	(95,870)	(130)	(37,099)	(37,118)	(36,566)	-	(206,799)
Disposals	36	2,274	-	3,154	-	-	-	5,464
Disposal of subsidiary	-	22,823	282	10,454	2,826	10,365	-	46,750
Transfers	-	(96,240)	-	(45,399)	141,639	-	-	-
Closing balance as of 31 December 2019	**(80)**	**(454,298)**	**(1,546)**	**(200,756)**	**(316,292)**	**(258,916)**	**-**	**(1,231,888)**
Carrying value as of 31 December 2019	**1,186**	**205,873**	**-**	**110,308**	**75,151**	**293,127**	**90,101**	**775,746**

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

NOTE 12 - PROPERTY, PLANT, EQUIPMENT AND OTHER INTANGIBLE ASSETS (Continued)

Fair value measurement of the Group's buildings and machinery and equipment

The Group's freehold buildings and machinery and equipment are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Unless there is a change in the conditions, the Group has its buildings, machinery and equipment evaluated every 3-5 years and reflects the values found in financial statements. The Group has made the valuation of its buildings, machinery and equipment lastly as of 31 December 2018.

The fair value of the buildings was determined using the sale comparison approach. The fair value of the machinery and equipments was determined using the cost approach. In this method, the value of same or similar existing machine is base for the fair value under current economic conditions. Therefore, the main principle of cost approach is to value in use. The fair value has been determined taking into consideration the likelihood of physical deterioration, functional, technological and economic obsolescence, assuming that the machinery and equipment is an ongoing machinery and equipment in which the fair value of the technically depreciable assets is found.

There has been no change to the valuation technique during the year.

If buildings and machinery and equipments were stated on the historical cost basis, the amounts would be as follows:

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2020 and 2019 are as follows:

Net book value:	**31 December 2020**	**31 December 2019**
Machinery and equipments	540	2,895
	540	**2,895**

			Fair value	
	31 December 2020	**Level 1 TRY**	**Level 2 TRY**	**Level 3 TRY**
Machinery and equipments	38,942	-	38,942	-

			Fair value	
	31 December 2019	**Level 1 TRY**	**Level 2 TRY**	**Level 3 TRY**
Machinery and equipments	46,148	-	46,148	-

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

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

Cost	Licenses (*)	Rights	Other	Total
Opening balance as of 1 January 2020	477,982	64,449	3,224	545,655
Assets acquired by business combinations (Note 31)	118,090	-	-	118,090
Additions	-	18,016	21	18,037
Disposals	-	(81)	-	(81)
Transfers	-	-	-	-
Closing balance as of 31 December 2020	**596,072**	**82,384**	**3,245**	**681,701**
Accumulated amortization				
Opening balance as of 1 January 2020	-	(33,790)	(605)	(34,395)
Charge for the period	-	(8,889)	(279)	(9,168)
Disposals	-	50	-	50
Closing balance as of 31 December 2020	**-**	**(42,629)**	**(884)**	**(43,513)**
Carrying value as of 31 December 2020	**596,072**	**39,755**	**2,361**	**638,188**

(*) The projection period for the purposes of impairment testing was taken as 5 years between 2020 -2025 and a discount rate of 20%. Estimated cash flows beyond the five-year period are calculated 11% growth rate and existing profitability is estimated to be maintained. Management believes that an 11% per annum growth rate is reasonable since there will be no capacity increase over the projection period and this growth rate is considered to be mostly inflationary. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount of the hospitals to exceed its recoverable amount. If the estimated discount rate and growth rate, which are respectively 20% and 11% in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate, fair value of hospital licences is respectively 23% and 23% below of calculated fair value of these asset and no provision is needed for impairment.

Cost	Licenses (*)	Rights	Other	Total
Opening balance as of 1 January 2019	401,236	55,672	1,489	458,397
Disposal of subsidiary	(99,127)	(5,980)	(38)	(105,145)
Additions	-	9,788	2,977	12,765
Assets acquired by business combinations	170,189	-	-	170,189
Disposals	-	(130)	(270)	(400)
Transfers	5,684	5,099	(934)	9,849
Closing balance as of 31 December 2019	**477,982**	**64,449**	**3,224**	**545,655**
Accumulated amortization				
Opening balance as of 1 January 2019	-	(30,117)	(366)	(30,483)
Assets acquired by business combinations	-	4,816	38	4,854
Charge for the period	-	(8,524)	(277)	(8,801)
Disposals	-	35	-	35
Closing balance as of 31 December 2019	**-**	**(33,790)**	**(605)**	**(34,395)**
Carrying value as of 31 December 2019	**477,982**	**30,659**	**2,619**	**511,260**

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

NOTE 13 - RIGHT OF USE ASSET

	Hospital Buildings	Total
1 January 2020	235,087	235,087
Additions	92,799	92,799
Charge for the year (*)	(70,446)	(70,446)
31 December 2020	**257,440**	**257,440**

(*) For the period ended December 31, 2020, right of use assets depreciation expenses of TRY68,643 has been charged to 'cost of service' (1 January - 31 December 2019: TRY48,972), TRY1,803 to 'general administrative and marketing expenses (1 January - 31 December 2019:TRY1,281).

	Hospital Buildings	Total
1 January 2019	**232,382**	**232,382**
Additions	53,301	53,301
Charge for the year (*)	(50,253)	(50,253)
Disposal of subsidiary	(343)	(343)
31 December 2019	**235,087**	**235,087**

NOTE 14 - GOODWILL

Hospital	Date of acquisition	31 December 2020	31 December 2019
Saray Hospital	2005	18,387	18,387
Yükseliş Hospital	2006	10,262	10,262
Kocaeli Hospital	2007	3,364	3,364
Batman Hospital (branch of Sentez Hospital)	2007	702	702
Tokat Hospital	2007	792	792
Uşak Hospital	2010	-	1,555
Kuzey Group Entities	2010	3,406	3,406
Acarkent Hospital	2011	232	233
KHB	2014	1,516	1,516
		38,661	**40,217**

The Group Management regards each hospital as a single cash generating unit for the purpose of determining fair value less costs of disposal for impairment testing. In assessing value in use, the estimated future cash flows, which are based on financial budgets approved by the directors covering a five year period, are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Fair value calculations include TRY based after-tax cash flow projections based on financial budgets approved by Group Management covering five-year period. Estimated cash flows beyond the five-year period are calculated by taking into account of the growth rates that stated below on a hospital basis and the it is foreseen that the current profitability structure will be preserved. During the financial year, the Group assessed the recoverable amount of goodwill, and determined that there was no impairment.

NOTE 14 - GOODWILL (Continued)

The key assumptions used in the value in use calculations for above hospitals are as follows;

Yükseliş and Acarkent Hospitals:

The projection period for the purposes of impairment testing was taken as 5 years between 2021-2025 and a discount rate of 20%. Estimated cash flows beyond the five-year period are calculated 11% growth rate and existing profitability is estimated to be maintained. Management believes that an 11% per annum growth rate is reasonable since there will be no capacity increase over the projection period and this growth rate is considered to be mostly inflationary. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount of Yükseliş and Acarkent to exceed its recoverable amount. If the estimated discount rate and growth rate, which are respectively 20% and 11% in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management’s estimate, fair value of goodwill is respectively 22% and 24% below of calculated fair value of these asset and no provision is needed for impairment.

Saray Hospital:

The projection period for the purposes of impairment testing was taken as 5 years between 2021-2025 and a discount rate of 20%. Estimated cash flows beyond the five-year period are calculated 11% growth rate and existing profitability is estimated to be maintained. Company’s revenue consist of revenue from services, commercial and other revenues. Revenue from services are generated from health services such as outpatients and inpatients. Management believes that the company has been operating at its optimum performance and no further capacity increased is assumed, therefore, total revenue growth in the projection period is considered to be mostly inflationary. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount of Saray Hospital to exceed its recoverable amount. If the estimated discount rate and growth rate, which are respectively 20% and 11% in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management’s estimate, fair value of goodwill is respectively 24% and 18% below of calculated fair value of these asset and no provision is needed for impairment.

KHB:

The projection period for the purposes of impairment testing was taken as 5 years between 2021-2025 and a discount rate of 16.4%. Estimated cash flows beyond the five-year period are calculated without consideration of any growth rate and existing profitability is estimated to be maintained. If the estimated discount rate, which is respectively 16.4% in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management’s estimate, fair value of goodwill is 9% below of calculated fair value of these asset and no provision is needed for impairment.

Kuzey Group Entities:

The projection period for the purposes of impairment testing was taken as 5 years between 2021-2025 and a discount rate of 16.4%. Estimated cash flows beyond the five-year period are calculated 10% growth rate and existing profitability is estimated to be maintained. Company’s revenue consist of revenue from services, commercial and other revenues. Revenue from services are generated from laboratory services provided to customers. Commercial revenues are generated from the sale of medical equipment and machinery to other medical institutions. Management believes that the company has been operating at its optimum performance and no further capacity increase is assumed, therefore, total revenue growth in the projection period is considered to be mostly inflationary. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount of Kuzey Group to exceed its recoverable amount. If the estimated discount rate and growth rate, which are respectively 16.4% and 10% in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management’s estimate, fair value of goodwill is respectively 8% and 7% below of calculated fair value of these asset and no provision is needed for impairment.

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

NOTE 14 - GOODWILL (Continued)

Tokat Hospital:

The projection period for the purposes of impairment testing was taken as 5 years between 2021-2025 and a discount rate of 20%. Estimated cash flows beyond the five-year period are calculated 11% growth rate and existing profitability is estimated to be maintained. Management believes that an 11% per annum growth rate is reasonable since there will be no capacity increase over the projection period and this growth rate is considered to be mostly inflationary. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount of Tokat Hospital to exceed its recoverable amount. If the estimated discount rate and growth rate, which are respectively 20% and 11% in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate, fair value of goodwill is respectively 14% and 3% below of calculated fair value of these asset and no provision is needed for impairment.

Batman Hospital:

The projection period for the purposes of impairment testing was taken as 5 years between 2021-2025 and a discount rate of 20%. Estimated cash flows beyond the five-year period are calculated 11% growth rate and existing profitability is estimated to be maintained. Management believes that an 11% per annum growth rate is reasonable since there will be no capacity increase over the projection period and this growth rate is considered to be mostly inflationary. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount of Batman Hospital to exceed its recoverable amount. If the estimated discount rate and growth rate, which are respectively 20% and 11% in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate, fair value of goodwill is respectively 14% and 17% below of calculated fair value of these asset and no provision is needed for impairment.

Kocaeli Hospital:

The projection period for the purposes of impairment testing was taken as 5 years between 2021-2025 and a discount rate of 20%. Estimated cash flows beyond the five-year period are calculated 11% growth rate and existing profitability is estimated to be maintained. Management believes that an 11% per annum growth rate is reasonable since there will be no capacity increase over the projection period and this growth rate is considered to be mostly inflationary. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount of Kocaeli Hospital to exceed its recoverable amount. If the estimated discount rate and growth rate, which are respectively 20% and 11% in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate, fair value of goodwill is respectively 13% and 14% below of calculated fair value of these asset and no provision is needed for impairment.

NOTE 15 - PAYABLES FOR EMPLOYEE BENEFITS

Payables for employment benefits:

	31 December 2020	**31 December 2019**
Fees payable to doctors and other personnel	76,191	65,664
Social security premiums payable	15,188	13,044
	91,379	**78,708**

Short term provision for employment benefits:

	31 December 2020	**31 December 2019**
Unused vacation provision	19,090	13,703
	19,090	**13,703**

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

NOTE 15 - PAYABLES FOR EMPLOYEE BENEFITS (Continued)

Long term provision for employment benefits:

	31 December 2020	31 December 2019
Retirement pay provision	21,311	16,319
Unused vacation provision	8,896	3,834
	30,207	**20,153**

Provision for employment termination benefits:

Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed 25 years of service and whose employment is terminated without due cause, is called up for military service, dies or achieves the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TRY7,117 for each period of service as of 31 December 2020 (2019: TRY6,380).

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. TAS 19 requires actuarial valuation methods to be developed to estimate the entity's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2020, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual salary inflation rate of 8 % and a discount rate of 14.83%, resulting in a real discount rate of approximately 6.32 % (31 December 2019: 11.34%). The employment termination benefit that will not be paid and that will stay on the Company for those employees who leave voluntarily is estimated to be 10% (December 2019: 10%). The basis considered in calculating the provisions is the amount of maximum liability of TRY7,639 which became effective as of 1 January 2021.(1 January 2020: 6,730)

If the discount rate had been 1% higher, provision for employee termination benefits would decrease by TRY1,004 and if the discount rate had been 1% lower, provision for employee termination benefits would increase by TRY1,172.

If the anticipated turnover rate had been 1% lower while all other variables were held constant, provision for employee termination benefits would increase by TRY1,354. If the anticipated turnover rate had been 1% higher while all other variables were held constant, provision for employee termination benefits would decrease by TRY1,152.

Movement of retirement pay provision as of 31 December 2020 and 31 December 2019:

	2020	2019
Opening balance	**16,319**	**11,710**
Service cost	(589)	1,393
Interest cost	2,079	1,137
Termination benefits paid	(12,179)	(13,586)
Actuarial loss	15,681	15,125
Disposal of subsidiary	-	540
Closing balance	**21,311**	**16,319**

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

NOTE 16 - OTHER ASSETS AND LIABILITIES

Other current assets:

	31 December 2020	31 December 2019
VAT carried forward	38,408	34,823
Other miscellaneous current assets	4,644	4,278
	43,052	**39,101**

NOTE 17 - PROVISIONS

Other short-term provisions:

	31 December 2020	31 December 2019
Litigation provisions	13,733	12,763
Social Security discounts provisions	6,634	4,679
	20,367	**17,442**

Movement of litigation provision as of 31 December 2020 and 31 December 2019:

	2020	2019
Opening balances	**12,763**	**11,534**
Charge for the period	970	4,557
Payment regarding cases	-	(3,045)
Disposal of subsidiary	-	(283)
Closing balances	**13,733**	**12,763**

Sentez, which the Group owns with 56% share, is consolidated to the Group's financial statements. Sentez consists of İzmir, Batman, Gaziantep and Van (closed) Hospitals. Non-controlling shareholders of Sentez Sağlık Hizmetleri A.Ş. filed a lawsuit against MLP Sağlık A.Ş. and its shareholders. The Group management evaluates that there will not be any obligation of the Company as a result of this lawsuit; therefore no provision was recorded in the consolidated financial statements.

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

NOTE 18 - COMMITMENTS

31 December 2020	Total TRY Equivalent	TRY	USD	EUR
A.CPM given on behalf of its own legal entity	71,194	66,968	156	342
- Collateral	*71,194*	*66,968*	*156*	*342*
- Pledge	-	-	-	-
- Mortgage	-	-	-	-
B. CPM given on behalf of the subsidiaries included in full consolidation (*)	58,959	56,555	-	267
- Collateral	*58,959*	*56,555*	-	*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	**130,153**	**123,523**	**156**	**609**

(*) The Group has given guarantees amounting to TRY64,991 related to the loans in Note 5 for the companies under full consolidation.

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

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

NOTE 18 - COMMITMENTS (Continued)

31 December 2019	**Total TRY Equivalent**	**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	-	-	-	-
TOTAL	**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.

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

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

NOTE 19 - SHARE CAPITAL/OTHER RESERVES

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

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

The ultimate parent are Elinor B.V. and Sullivan B.V., which are Netharland based, owned by Turkish Private Equity Fund III, and Muharrem Usta.

As of 31 December 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 (31 December 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 23 July 2010, it is regarded that 33.46% of the shares are in circulaton in accordance with CSD as of 31 December 2020 (Note 1). Shares in circulation rate is 33.46% as of 1 January 2021.

Share Premium

	31 December 2020	31 December 2019
Share premium	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 that were deducted from proceeds, out of amounting TRY587,741, share capital increase was made with the amount of TRY31,579 and the remaning amount was used in the share premium increase by TRY556,162. Share premiums represents the difference between the nominal amount and the sales amount of the publicly offered shares.

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

NOTE 19 - SHARE CAPITAL / OTHER RESERVES (Continued)

Reserves:

	31 December 2020	31 December 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.

Properties revaluation reserves

	1 January - 31 December 2020	1 January - 31 December 2019
Balance at the beginning of the period	37,747	39,752
Disposal of subsidiary	-	(2,005)
Balance at the end of the period	**37,747**	**37,747**

NOTE 20 - REVENUE AND COST OF SERVICES

Revenue	1 January - 31 December 2020	1 January - 31 December 2019
Hospital services (*)	4,014,679	3,703,598
	4,014,679	**3,703,598**

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

Cost of services	1 January - 31 December 2020	1 January - 31 December 2019
Material consumption	(879,724)	(862,546)
Doctor expenses	(843,317)	(785,252)
Personnel expenses	(528,659)	(522,164)
Services rendered by third parties	(318,254)	(185,008)
Depreciation and amortization expenses (Note 10,11)	(235,022)	(253,789)
Rent expenses (Hospital)	(27,213)	(23,036)
Other (*)	(225,994)	(219,961)
	(3,058,183)	**(2,851,756)**

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

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

NOTE 21 - GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses	1 January - 31 December 2020	1 January - 31 December 2019
Personnel expenses	(113,426)	(127,215)
Sponsorship and advertising expenses (*)	(87,005)	(110,293)
Depreciation and amortization expenses (Note 12,13)	(16,801)	(11,886)
Outsourcing expenses	(10,827)	(7,813)
Rent expenses	(8,453)	(7,707)
Taxes and duties	(5,924)	(5,874)
Bad debt allowance	(3,968)	(3,832)
Communication expenses	(3,409)	(1,574)
Representation and entertainment expenses	(2,668)	(2,644)
Maintenance expenses	(1,843)	(2,352)
Utility expenses	(1,340)	(1,613)
Lawsuit provision (Note 17)	(970)	(4,557)
Other	(9,375)	(21,221)
	(266,009)	**(308,581)**

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

NOTE 22 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other income from operating activities	1 January - 31 December 2020	1 January - 31 December 2019
Foreign exchange gains from operations	514,279	289,760
Interest income	27,412	28,633
Trade payables discount	5,587	(11,429)
Collections from bad debt receivables (Note 8)	1,201	1,083
Bank commission income	2,814	3,018
Other income	9,269	22,404
	560,562	**333,469**

Other expenses from operating activities	1 January - 31 December 2020	1 January - 31 December 2019
Foreign exchange losses from operations	(423,512)	(270,279)
SSI return expenses	(6,431)	(5,690)
Trade receivables discount	(5,589)	(2,449)
Biomedical equipment damage	(1,283)	(7,013)
Depreciation and amortisation expenses (Note 12, 13)	-	(178)
Non-operational hospital expenses	(3,990)	(1,657)
Tax expenses	(1,664)	(7,288)
Other expenses	(54,974)	(59,245)
	(497,443)	**(353,799)**

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

NOTE 23 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

Income from investment activities	**1 January - 31 December 2020**	**1 January - 31 December 2019**
Gain on bargain purchase (Note 31)	81,980	128,695
Gain on sale of fixed assets (*)	36,601	3,688
	118,581	**132,383**

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

Expenses from investment activities	**1 January - 31 December 2020**	**1 January - 31 December 2019**
Loss on sale of fixed assets	(2,454)	(1,530)
	(2,454)	**(1,530)**

NOTE 24 - FINANCE EXPENSES

Finance expenses	**1 January - 31 December 2020**	**1 January - 31 December 2019**
Interest expenses from bank borrowings	(190,691)	(252,797)
Interest expenses from lease liabilities (*)	(143,492)	(149,266)
Interest expenses from bonds issued	(45,117)	(34,039)
Bank commissions	(21,445)	(33,259)
Interest expenses from financial lease obligations	(17,017)	(20,445)
Other interest expenses	(24,853)	(12,652)
Total interest expenses	**(442,615)**	**(502,458)**
Net foreign exchange loss	(250,061)	(84,226)
Fair value differences of derivative financial instruments (net)	23,450	22,595
Net foreign exchange loss from lease liabilities (Note 5) (*)	(14,996)	(7,572)
	(684,222)	**(571,661)**

(*) Consists of interest expense and foreign exchange loss related to the lease liabilities under TFRS 16.

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

NOTE 25 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)

Short term payables due to current tax	**31 December 2020**	**31 December 2019**
Current period tax liabilities	17,708	4,654
	17,708	**4,654**

Current tax liabilities	**31 December 2020**	**31 December 2019**
Current corporate tax provision	34,119	20,052
Less: Prepaid taxes and funds	(16,411)	(15,398)
	17,708	**4,654**

Tax income/(expense)	**1 January - 31 December 2020**	**1 January - 31 December 2019**
Current tax expense	(34,119)	(20,052)
Deferred tax expense	(28,395)	(5,817)
	(62,514)	**(25,869)**

1 January - 31 December 2020	**Before tax amount**	**Tax benefit**	**Net of tax amount**
Actuarial gains/(loss)	(15,681)	3,136	(12,545)
Other comprehensive income	(15,681)	3,136	(12,545)

1 January - 31 December 2019	**Before tax amount**	**Tax benefit**	**Net of tax amount**
Actuarial gains/(loss)	(15,125)	3,025	(12,100)
Other comprehensive income	(15,125)	3,025	(12,100)

Corporate Tax

The Group is subject to Turkish corporate taxes in force. The necessary provisions are allocated in the consolidated financial statements for the estimated liabilities based on the Group's results for the year. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding 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. The advance corporate income tax rate 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. Tax carry back is not allowed.

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.

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

NOTE 25 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)

Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS 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 2019 and 2020, and %20 over temporary timing differences expected to be reversed in 2021 and the following years.

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 TRY160,332 (31 December 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 31 December 2020, the Group has tax loss amounting to TRY426,574 (31 December 2019: TRY460,866). TRY85,316 (31 December 2019: TRY93,419) deferred tax assets have been recorded.

Deferred tax assets/(liabilities):	**31 December 2020**	**31 December 2019**
Tax losses carried forward	85,316	93,419
Depreciation differences of tangible and intangible assets	(174,096)	(145,753)
Provision for employment termination benefits	4,262	3,264
Vacation pay liability	5,597	3,858
Temporary difference between the tax base and carrying amount of financial liabilities	(3,778)	(4,419)
Prepaid building expenses	(3,033)	(4,575)
Tax advantage from investment incentive	160,332	149,918
Derivative instruments	-	5,159
Right of use asset	67,532	73,371
Other	75,747	68,896
	217,879	**243,138**
Deferred tax asset	401,531	397,886
Deferred tax liability	(183,652)	(154,748)
	217,879	**243,138**

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

NOTE 25 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED) (Continued)

Deferred Tax (Continued)

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

	31 December 2020	
Expiration schedule of carryforward tax losses	**Losses carried forward for which deferred tax assets recognized**	**Losses caried forward for which deferred tax assets not recognized**
Expiring in 2020	-	-
Expiring in 2021	43,063	-
Expiring in 2022	142,458	-
Expiring in 2023	120,453	-
Expiring in 2024	64,998	-
Expiring in 2025	55,602	-
	426,574	**-**

	31 December 2019	
Expiration schedule of carryforward tax losses	**Losses carried forward for which deferred tax assets recognized**	**Losses caried forward for which deferred tax assets not recognized**
Expiring in 2020	62,301	-
Expiring in 2021	67,248	-
Expiring in 2022	144,997	-
Expiring in 2023	120,453	-
Expiring in 2024	65,867	-
	460,866	**-**

Movement of deferred tax (assets)/liabilities for the period ended January 1 - 31 December 2020 and 2019 are as follows:

Tax income/(expense)	**1 January - 31 December 2020**	**1 January - 31 December 2019**
Opening balance as of January 1	(243,138)	(146,669)
Opening effect of changes in accounting policy	-	(85,474)
Charged to profit or loss	28,395	5,817
Disposal of subsidiary	-	(13,787)
Charged to equity	(3,136)	(3,025)
Closing balance as of year end	**(217,879)**	**(243,138)**

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

NOTE 25 - 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:

Reconcilation of tax provision:	**1 January - 31 December 2020**	**1 January - 31 December 2019**
Loss before tax	185,511	82,123
Tax at the domestic income tax rate of 20% (2019: 22%)	(40,812)	(18,067)
Tax effects of:		
- Expenses that are not deductible in determining taxable profit	(21,413)	(34,717)
- Effect of tax advantage from investment incentive	10,414	23,574
- Tax losses carried forward not subject to deferred tax	(6,762)	(5,118)
- Change in income tax rate from 20% to 22%	(5,552)	7,817
- Discounted corporate tax effect	1,051	364
- Other	560	278
Income tax income recognised in profit/(loss)	**(62,514)**	**(25,869)**

NOTE 26 - EARNINGS PER SHARE

For the years ended 31 December 2020 and 2019, earnings per share is as follows:

Earnings/(loss) per share	**1 January - 31 December 2020**	**1 January - 31 December 2019**
Weighted average number of shares	208,037	208,037
Net gain/(loss) for the period for the equity holders of the parent	64,930	36,251
Earnings/(loss) per share for equity holder of the parent	**0.31**	**0.17**

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

NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital through the optimization of the debt and the equity balance that minimizes the financial risk.

Through the forecasts regularly prepared by the Group, the future capital amount, debt to equity ratio and similar ratios are forecasted and required precautions are taken to strengthen the capital.

The capital structure of the Group consists of debt which includes the financial liabilities disclosed in Note 7, cash and cash equivalents and equity attributable to equity holders of the parent company, comprising issued capital, reserves and retained earnings.

The Group's Board of Directors analyze the capital structure in regular meetings. During these analyses, the Board of Directors also evaluates the risks associated with each class of capital together with the cost of capital. The Group, by considering the decisions of the Board of Directors, aims to balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

As of 31 December 2020 and 31 December 2019 the net (credit) debt/equity ratio is as follows:

	31 December 2020	**31 December 2019**
Total Borrowings	2,491,597	2,348,683
Less: Cash and Cash Equivalent	(374,997)	(305,663)
Net Debt	**2,116,600**	**2,043,020**
Total Equity	348,857	238,405
Total Capital	**2,465,457**	**2,281,425**
Gearing Ratio	**%86**	**%90**

There has been no significant change in Group's financial risk policies and credit risk management implementations compared to prior periods.

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Financial risk factors (Continued)

Credit risk management

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group monitors the credibility of the parties with whom they perform transactions and also takes into account the credit rating of the related instruments when making the investment preference. The credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Before accepting any new customer, credit limits by customer are determined and defined after the assessment of the potential customer's credit quality.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimize the credit risk, the Group has performed credit ratings considering the default risks of the counterparties and categorized the related parties.

The Group's current credit risk rating methodology includes the following categories:

Category	**Description**	**Basis for recognizing expected credit loss**
Secured receivables	Consist of secured receivables The counterparty has a low	Not generating credit loss
Recoverable receivables	risk of default and secured Amount is past due or	Not generating credit loss
Doubtful or past due receivables	there has been a significant evidence	%100 allowance for unsecured receivables
Write-off	There is evidence indicating the asset off is credit-impaired	Amount is write

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

NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Contiuned)

Financial risk factors (Continued)

Credit risk management (Continued)

Trade receivables include a large number of customers scattered in various regions. There is no risk concentration on a specific customer or a group of customers. The credit reviews are performed continuously over the accounts receivable balance of the customers. The Group does not have a significant credit risk arisng from any customer.

	Trade receivables		Diğer Alacaklar		
31 December 2020	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Deposits in bank**
Maximum net credit risk as of balance sheet date (A+B+C+D+E) (*)	**23,654**	**1,132,515**	**41,059**	**46,048**	**338,224**
- The part of maximum risk under guarantee with collateral etc.	-	-	-	-	-
A. Net book value of financial assets that are neither past due or impaired	23,654	659,749	41,059	46,048	338,224
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	472,766	-	-	-
- the part under guarantee with collateral	-	-	-	-	
D. Net book value of impaired assets	-	-	-	-	-
- Past due (gross carrying amount)	-	16,696	-	-	-
- Impairment (-)	-	(16,696)	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

(*) The factors that increase credibility such as guarantees received are not taken into account in determination of amount.

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

NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Contiuned)

Financial risk factors (Continued)

Credit risk management (Continued)

Trade receivables include a large number of customers scattered in various regions. There is no risk concentration on a specific customer or a group of customers. The credit reviews are performed continuously over the accounts receivable balance of the customers. The Group does not have a significant credit risk arisng from any customer.

	Trade receivables		Diğer Alacaklar		
31 December 2019	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Deposits in bank**
Maximum net credit risk as of balance sheet date (A+B+C+D+E) (*)	**2,841**	**989,107**	**31,081**	**32,458**	**282,330**
- The part of maximum risk under guarantee with collateral etc.	-	-	22,852	-	-
A. Net book value of financial assets that are neither past due or impaired	2,841	557,147	31,081	32,458	282,330
B. Net book value of financial assets that are renegotiated if not that will be accepted as past due or impaired	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	431,960	-	-	-
- the part under guarantee with collateral	-	-	-	-	
D. Net book value of impaired assets	-	-	-	-	-
- Past due (gross carrying amount)	-	13,929	-	-	-
- Impairment (-)	-	(13,929)	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

(*) The factors that increase credibility such as guarantees received are not taken into account in determination of amount.

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

NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Contiuned)

Financial risk factors (Continued)

Credit risk management (Continued)

Explanations on the credit quality of financial assets

Allowances for doubtful receivables are recognized against financial assets based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty.

Aging of receivables that are past due but not impaired are as follows:

31 December 2020	Trade receivables	Total
Total overdue by 1-30 days	75,104	75,104
Total overdue by 1-3 months	23,734	23,734
Overdue by more than 3 months	373,928	373,928
Total overdue receivables	**472,766**	**472,766**
Secured portion via guarantee or etc.	-	-

31 December 2019	Trade receivables	Total
Total overdue by 1-30 days	53,948	53,948
Total overdue by 1-3 months	22,946	22,946
Overdue by more than 3 months	355,066	355,066
Total overdue receivables	**431,960**	**431,960**
Secured portion via guarantee or etc.	-	-

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities and maintaining adequate funds and reserves.

Liquidity risk tables

Conservative liquidity risk management includes maintaining sufficient cash, availability of sufficient amount of borrowings and funds and ability to settle market positions.

The Group manages its funding of actual and forecasted financial obligations by maintaining the availability of sufficient number of high quality loan providers.

The following table details the Group's expected maturity for its derivative and non derivative financial liabilities. Interests which will be paid on borrowings in the future are included in the relevant columns in the following table.

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

NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Contiuned)

Financial risk factors (Continued)

Liquidity risk management (Continued)

Contractual maturities 31 December 2020	Carrying value	Total cash outflow according to contract (I+II+III+IV)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Bank loans	1,377,911	1,701,910	102,812	474,262	1,124,836	-
Debt instruments issued (Bond)	322,520	361,263	100,191	261,072	-	-
Finance lease obligations	196,064	211,736	28,419	85,056	98,261	-
Lease liability	595,102	1,013,001	65,940	149,653	517,662	279,746
Trade and other payables	1,145,285	1,222,138	955,826	222,117	44,195	-
Payables for employment benefits	91,379	91,379	91,379	-	-	-
Total liabilities	**3,728,261**	**4,601,427**	**1,344,567**	**1,192,160**	**1,784,954**	**279,746**

Contractual maturities 31 December 2019	Carrying value	Total cash outflow according to contract (I+II+III+IV)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Bank loans	1,283,395	1,708,776	149,946	420,518	1,075,802	62,510
Debt instruments issued (Bond)	251,468	285,293	118,685	166,608	-	-
Finance lease obligations	211,880	236,890	24,197	71,972	140,721	-
Lease liability	601,940	1,154,458	61,916	173,836	594,093	324,613
Trade and other payables	930,267	977,134	658,961	258,609	51,277	8,287
Payables for employment benefits	78,708	78,708	78,708	-	-	-
Total liabilities	**3,357,658**	**4,441,259**	**1,092,413**	**1,091,543**	**1,861,893**	**395,410**

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

NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Contiuned)

Financial risk factors (Continued)

Foreign currency risk management

Foreign currency risk

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

31 December 2020

	TRYEquivalent (Functional currency)	**USD**	**EUR**	**GBP**
1. Trade receivables	93,743	11,708	866	-
2a. Monetary financial assets	288,602	2,726	29,814	3
2b. Non monetary financial assets	41,783	2,782	2,367	4
3. Other	3,845	55	382	-
4. Current Assets	**427,973**	**17,271**	**33,429**	**7**
6b. Non monetary financial assets	22,990	3,132	-	-
7. Other	27	-	3	-
8. Non-current assets	**23,017**	**3,132**	**3**	**-**
9. Total assets	**450,990**	**20,403**	**33,432**	**7**
10. Trade payables	(22,966)	(2,747)	(311)	-
11a. Financial liabilities (loans)	(165,376)	-	(18,359)	-
11b. Financial liabilities (leasing)	(87,529)	(881)	(8,999)	-
11c. Lease Liabilities	(16,331)	-	(1,813)	-
12a. Other monetary liabilities	(67,214)	(3,740)	(4,414)	-
13. Current liabilities	**(359,416)**	**(7,368)**	**(33,896)**	**-**
15a. Financial liabilities (loans)	(408,833)	-	(45,386)	-
15b. Financial liabilities (leasing)	(83,864)	(1,010)	(8,487)	-
15c. Lease Liabilities	(57,560)	-	(6,390)	-
17. Non-current liabilities	**(550,257)**	**(1,010)**	**(60,263)**	**-**
18. Total liabilities	**(909,673)**	**(8,378)**	**(94,159)**	**-**
19. Net assets / liability position of off-balance sheet derivatives (19a-19b)	**-**	**-**	**-**	**-**
19a. Off balance sheet foreign currency derivative assets	**-**	**-**	**-**	**-**
19b. Off balance sheet foreign currency derivative liabilities	**-**	**-**	**-**	**-**
20. Net foreign currency asset liability position (9+18+19)	**(458,683)**	**12,025**	**(60,727)**	**7**
21. Monetary Items Net Foreign Currency Asset/Liability Position (1+2a+10+11+12a+14+15+16a)	**(527,328)**	**6,056**	**(63,479)**	**3**

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

NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Contiuned)

Financial risk factors (Continued)

Foreign currency risk management (Continued)

Foreign currency risk (Continued)

31 December 2019

	TRYEquivalent (Functional currency)	**USD**	**EUR**	**GBP**
1. Trade receivables	134,286	21,387	1,089	-
2a. Monetary financial assets	201,391	4,146	26,575	3
2b. Non monetary financial assets	58,014	3,249	5,820	1
3. Other	2,927	65	382	-
4. Current Assets	**396,679**	**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 (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)	**(534,336)**	**18,679**	**(97.031)**	**3**

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

NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Contiuned)

Financial risk factors (Continued)

Foreign currency risk management (Continued)

Foreign currency sensitivity

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

The following table details the Group's sensitivity to a 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 TRYstrengthens 20% against the relevant currency.

31 December 2020

In the case of US dollar gaining 20% value against TRY	**Valuation of foreign currency**	**Devaluation of foreign currency**
1 - USD net asset/liability	17,654	(17,654)
2- Portion hedged against USD risk (-)	-	-
3- USD net effect (1 +2)	**17,654**	**(17,654)**
In the case of EUR gaining 20% value against TRY		
4 - EUR net asset/liability	(109,405)	109,405
5 - Portion hedged against EUR risk (-)	-	-
6- EUR net effect (4+5)	**(109,405)**	**109,405**
Total (3+6)	**(91,751)**	**91,751**

31 December 2019

In the case of US dollar gaining 20% value against TRY	**Valuation of foreign currency**	**Devaluation of foreign currency**
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)	**(152,528)**	**152,528**
Total (3+6)	**(119,524)**	**119,524**

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

NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Contiuned)

Financial risk factors (Continued)

Interest rate risk

The value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Group is subject to interest risk in relation to its variable rate bank borrowings and financial lease obligations.

31 December 2020	Increase/(decrease) in basis points	Effect on loss before tax in nominal amount	Effect on Equity
- TRY	2,5	(33,728)	-
	2,5	33,728	-

31 December 2019	Increase/(decrease) in basis points	Effect on loss before tax in nominal amount	Effect on Equity
- TRY	2,5	(31,376)	-
	2,5	31,376	-

Interest rate swap contracts:

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

Market risk

The Group is exposed primarily to the financial risks of changes in foreign exchange rates and interest rates. The Group utilizes the following financial instruments to manage the risks associated with the foreign exchange rates and interest rates. Also, the Group follows price changes and market conditions regularly and takes action in pricing instantaneously.

The Group prefers floating interest rates for long term borrowings. To hedge against the interest risk the Group uses interest swap contracts for some of its borrowings.

In the current period, there is no significant change in the Group's exposure to the market risks or the manner which it manages and measures risk when compared to the previous year.

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

NOTE 28 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING)

Fair value of financial instruments

31 December 2020	Financial assets liabilities at amortized cost	Derivative financial instruments through other comprehensive income/(loss)	Derivative financial instruments through profit/(loss)	Carrying value	Note
Financial Assets					
Cash and cash equivalents	374,997	-	-	374,997	6
Trade receivables	1,156,169	-	-	1,156,169	8
Other receivables (related parties included)	87,107	-	-	87,107	9
Financial Liabilities					
Financial liabilities	1,896,495	-	-	1,896,495	7
Trade payables	987,130	-	-	987,130	8
Lease liabilities	595,102	-	-	595,102	7
Other liabilities (related parties included)	158,155	-	-	158,155	9
Payables for employee benefits	91,379	-	-	91,379	15
Derivative financial instruments	-	-	-	-	29

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

NOTE 28 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING)

Fair value of financial instruments

31 December 2019	Financial assets liabilities at amortized cost	Derivative financial instruments through other comprehensive income/(loss)	Derivative financial instruments through profit/(loss)	Carrying value	Note
Financial Assets					
Cash and cash equivalents	305,663	-	-	305,663	6
Trade receivables	991,948	-	-	991,948	8
Other receivables (related parties included)	63,539	-	-	63,539	9
Financial Liabilities					
Financial liabilities	1,746,743	-	-	1,746,743	7
Trade payables	821,164	-	-	821,164	8
Lease liabilities	601,940	-	-	601,940	7
Other liabilities (related parties included)	109,103	-	-	109,103	9
Payables for employee benefits	78,708	-	-	78,708	15
Derivative financial instruments	-	-	23,450	23,450	29

NOTE 28 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING) (Continued)

Fair value of financial instruments (*Continued)*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Estimated fair values of financial instruments have been determined by the Group by using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data. Accordingly, estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

The following methods and assumptions are used to estimate the fair values of financial instruments:

Financial assets

Financial assets that are carried at cost value including cash and cash equivalents are assumed to reflect their fair values due to their short term nature.

The carrying value of receivables, with related impairments are assumed to reflect their fair values.

Financial liabilities

Fair values of short term borrowings and trade payables are assumed to approximate their carrying values due to their short term nature.

Fair values of long term financial liabilities are assumed to approximate their carrying values due to mostly they have floating interest rates and repricing at short term.

Financial asset and liabilites at fair value

		Fair value at reporting date		
	31 December 2020	**Level 1**	**Level 2**	**Level 3**
Financial asset and liabilities at fair value through profit/loss				
Derivative financial assets	-	-	-	-
Derivative financial liabilities	-	-	-	-
Financial asset and liabilities at fair value through other comprehensive income/expense				
Derivative financial assets	-	-	-	-
Derivative financial liabilities	-	-	-	-
Total	**-**	**-**	**-**	**-**

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

NOTE 28 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING) (Continued)

Financial asset and liabilites at fair value (Continued)

		Fair value at reporting date		
	31 December 2019	**Level 1**	**Level 2**	**Level 3**
Financial asset and liabilities at fair value through profit/loss				
Derivative financial assets	-	-	-	-
Derivative financial liabilities	(23,450)	-	(23,450)	-
Financial asset and liabilities at fair value through other comprehensive income/expense				
Derivative financial assets	-	-	-	-
Derivative financial liabilities	-	-	-	-
Total	**22,698**	**-**	**22,698**	**-**

First level: Quoted (non adjusted) prices in active markets for identical assets or liabilities.

Second level: Other valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Third level: Valuation techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

NOTE 29 - DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2020		31 December 2019	
	Asset	**Liability**	**Asset**	**Liability**
Fair value hedging derivative financial instruments:				
Forward contracts	-	-	-	-
Cross currency swap contracts	-	-	-	23,450
Interest rate swap contracts.	-	-	-	-
	-	**-**	**-**	**23,450**

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

NOTE 29 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

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:

		Assets		Liabilities	
31 December 2020		**Nominal currency value**	**Fair value**	**Nominal currency value**	**Fair value**
Cross currency swap contracts					
Buy EUR /Sell TRY		-	-	-	-
		-	**-**	**-**	**-**

		Assets		Liabilities	
31 December 2019		**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 all principal and interest payments of the euro-denominated loans for the 2020-2024 period amounting to EUR81,784 of the total EUR10,018 of total debt service for 2020 period using a currency hedging through cross currency interest swap transactions and as for September 2018, the Group has hegded all principal and interest payments of the euro denominated lease obligation loans for the 2020 period amounting to EUR1,678 of the total EUR21,329 of total lease obligation for the 2020-2024 period using a forward interest rate swap through cross currency interest swap transactions. The total hedged portion is %9.72 of the total euro-denominated loan related debt service.

NOTE 30 OTHER SIGNIFICANT MATTER EFFECTING TO OR MAKING FINANCIAL STATEMENTS MORE CLEAR, INTERPRETABLE AND UNDERSTANDABLE SHOULD BE DISCLOSED

As of December 17, 2019, the Group has disposed of a 57% stake in Arkaz Group consisting of Silivri, Canakkale, Eregli and Avcilar hospitals (which was acquired on May 31, 2014). The Group did not subject Canakkale hospital license to the disposal transaction. Within the framework of this transaction, the contract price is set at 16,124 TRYand the amount will be collected through the deduction of rental payments to be made in the coming years. The impact of the transaction was accounted under "accumulated deficit" and " non-controlling interest". As a collateral to this sale transaction, the Group has obtained deposit check in the amount of TRY2,852 and building mortgage in the amount of TRY20,000 for the sale. Disposal of subsidiary amounting to TRY42,048 was accounted as disposal or acqusition of subsidiary in statement of changes in equity.

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

NOTE 31 - BUSINESS COMBINATIONS

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 required as a result of acquisition are as follows:

Total acquisition amount	(52,881)
Net assets acquired	134,861
Gain on bargain purchase (*)	**81,980**

(*) Deferred tax expense and negative goodwill balance are shown as gross.

Assets/Liabilities acquired	**Ankara Fair value on Acquisition**
Non-Current Assets	
Property, plant and equipment	16,771
Intangible assets	118,090
	134,861
Long Term Liabilities	
Deferred tax liabilities	26,972
	26,972
Net assets acquired	**107,889**
Gain on the bargain purchase	81,980
Non-controlling interests	-

NOTE 32 - EVENTS AFTER THE REPORTING PERIOD

Group has completed the sales transactions of the lease certificates based on the Management Agreement for the qualified investors with a maturity of 727 days, for a total of TRY70,000, in line with the approvals obtained from the Capital Market Board at 15 January 2021.

Group has converted all of the principal payments of EUR46,487 of syndicated loans for the years 2022-2024 into TRY at the CBRT buying rate on February 8, 2021. Net Debt balance, which was reported as EUR47,000 on September 30, 2020, has been fully converted into TRY as a result of this transaction. Group continues its efforts to manage foreign exchange risk, reduce financial expenses and Net Debt / EBITDA ratio in line with its long-term strategy.

(Amounts expressed in thousands Turkish Lira ("TL") 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 Group management use the balance of Interest, Tax, Depreciation and Amortization ("EBITDA") for purpose to measure the Group's financial performance at consolidated level.

The EBITDA calculation movements for the period ended 31 December 2020 and 31 December 2019 are as follow:

EBITDA CALCULATION	**31 December 2020**	**31 December 2019**
i. Net gain/(loss) before tax	185,511	82,123
ii. Depreciation and amortization of tangible and intangible fixed assets including non- cash provisions related to assets such as goodwill	251,823	265,853
iii. Total net finance expenses, net of interest income (Note 22, 24)	415,203	473,825
iv. Fx gains / losses, net under finance expenses (Note 24)	265,057	91,798
v. Fair value differences of derivative instruments (Note 24)	(23,450)	(22,595)
vi. Extraordinary (income)/ expenses	54,427	47,925
vii. Rediscount income/expense (Note 22)	2	13,878
viii.Gain on bargain purchase price (Note 23) (Note 31)	(81,980)	(128,695)
ix. Legal case provision expenditures which are reflected to financial statements by the general accounting principles; (Note 17)	970	1,512
x. Unused vacation pay provision expenses which are reflected to financial statements by the general accounting principles (Note 15);	10,449	4,119
xi. Retirement pay provision expenses which are reflected to financial statements by the general accounting principles; (Note 15)	1,490	2,530
xii. Doubtful receivables provision expenses which are reflected to financial statements by the general accounting principles; (Note 8)	2,767	2,749
xiii. Non cash sale and lease back expenses which are reflected to financial statements by the general accounting principles (Note 5)	787	787
xiiii. Disposal or disabling material or intangible assets non-cash profits, adding non-gross gain/(losses); (Note 23)	(34,147)	(2,158)
EBITDA	**1,048,909**	**833,651**
TFRS 16 Lease payment effect	(258,126)	(254,409)
Adjusted EBITDA	**790,783**	**579,242**

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