

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

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

CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2018

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**MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES****CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT SEPTEMBER 30, 2018**

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

	<b>Notes References</b>	<b>Unaudited September 30, 2018</b>	<b>Audited December 31, 2017</b>
<b>ASSETS</b>			
<b>Current Assets</b>		<b>1,553,455</b>	<b>1,161,175</b>
Cash and cash equivalents	4	282,510	217,846
Trade receivables	6	885,842	750,176
Due from related parties	3	8,287	15,183
Trade receivables from third parties		877,555	734,993
Other receivables	7	70,451	23,680
Due from related parties	3	45,346	9,164
Other receivables from third parties		25,105	14,516
Inventories	8	82,440	51,346
Prepaid expenses	9	151,058	90,199
Derivative instruments	22	51,514	-
Other current assets	12	29,640	27,928
<b>Non-current assets</b>		<b>1,769,812</b>	<b>1,560,161</b>
Trade receivables	6	1,053	1,053
Other receivables	7	1,198	1,434
Property and equipment	10	833,942	752,136
Intangible assets		468,709	467,733
Goodwill		40,217	40,217
Other intangible assets	10	428,492	427,516
Prepaid expenses	9	170,793	140,488
Deferred tax assets	19	294,117	197,317
<b>TOTAL ASSETS</b>		<b>3,323,267</b>	<b>2,721,336</b>

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

# MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2018

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

	Notes References	Unaudited September 30, 2018	Audited December 31, 2017
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>		<b>1,500,897</b>	<b>1,261,424</b>
Short term borrowings	5	102,125	62,945
Short term portion of long term borrowings	5	316,260	268,391
Obligations under finance leases	5	110,662	91,488
Trade payables	6	724,667	669,975
Due to related parties	3	18,022	24,992
Trade payables to third parties		706,645	644,983
Payables related to employee benefits	11	86,429	85,686
Other payables	7	20,826	21,325
Due to related parties	3	820	1,408
Other payables to third parties		20,006	19,917
Deferred revenues	9	102,025	33,641
Short term provisions		24,617	24,378
Short term provisions for employee benefits	11	10,727	9,628
Other short term provisions	13	13,890	14,750
Derivative instruments	22	8,317	-
Current tax liabilities	19	4,969	3,595
<b>Non-current liabilities</b>		<b>1,287,639</b>	<b>1,355,242</b>
Long term borrowings	5	846,500	951,992
Obligations under finance leases	5	237,747	224,432
Other payables		36,664	39,223
Other payables to third parties	7	36,664	39,223
Deferred income	9	5,502	1,053
Long term provisions		16,802	14,406
Long term provisions for employee benefits	11	16,802	14,406
Deferred tax liabilities	19	144,424	124,136
<b>EQUITY</b>		<b>534,731</b>	<b>104,670</b>
<b>Equity attributable to the Owner of the Company</b>		<b>442,287</b>	<b>16,298</b>
Share capital	15	208,037	176,458
Share premium	15	556,162	-
Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss		26,818	30,514
Revaluation reserve	15	39,752	39,752
Accumulated loss on remeasurement of defined benefit plans		(12,934)	(9,238)
Restricted reserves	15	10,260	10,260
Accumulated deficit		(200,934)	(78,162)
Net profit / (loss) for the period		(158,056)	(122,772)
<b>Non-controlling interest</b>		<b>92,444</b>	<b>88,372</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3,323,267</b>	<b>2,721,336</b>

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

# MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED JANUARY 1 - SEPTEMBER 30, 2018

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

	Notes References	Unaudited January 1- September 30, 2018	Unaudited July 1- September 30, 2018	Audited January 1- September 30, 2017	Unaudited July 1- September 30, 2017
<b>PROFIT OR LOSS</b>					
Revenue	16	2,251,332	781,618	1,873,356	625,164
Cost of Sales (-)	16	(1,901,980)	(671,315)	(1,592,539)	(537,182)
<b>GROSS PROFIT / (LOSS)</b>		<b>349,352</b>	<b>110,303</b>	<b>280,817</b>	<b>87,982</b>
General Administration Expenses (-)	17	(189,499)	(66,350)	(136,423)	(53,425)
Other Income from Operating Activities		466,843	310,136	255,423	93,614
Other Expenses from Operating Activities (-)		(381,553)	(265,641)	(249,880)	(92,048)
<b>OPERATING PROFIT / (LOSS)</b>		<b>245,143</b>	<b>88,448</b>	<b>149,937</b>	<b>36,123</b>
Income From Investing Activities		1,537	1,184	648	83
Expense From Investing Activities (-)		(373)	(185)	(365)	(141)
<b>OPERATING PROFIT / (LOSS) BEFORE FINANCE EXPENSES</b>		<b>246,307</b>	<b>89,447</b>	<b>150,220</b>	<b>36,065</b>
Finance Expenses (-)	18	(455,039)	(244,032)	(238,227)	(95,977)
<b>NET PROFIT / (LOSS) BEFORE TAX</b>		<b>(208,732)</b>	<b>(154,585)</b>	<b>(88,007)</b>	<b>(59,912)</b>
<b>Tax income / (expense) from operations</b>		<b>65,821</b>	<b>19,803</b>	<b>14,945</b>	<b>6,934</b>
Current Tax Expense	19	(9,767)	(2,420)	(8,553)	(6,179)
Deferred Tax Income	19	75,588	22,223	23,498	13,113
<b>NET PROFIT / (LOSS)</b>		<b>(142,911)</b>	<b>(134,782)</b>	<b>(73,062)</b>	<b>(52,978)</b>
<b>Allocation of net profit / (loss)</b>					
Non-Controlling Interest		15,145	279	(5,054)	(1,619)
Equity Holders of the Parent		(158,056)	(135,061)	(68,008)	(51,359)
		<b>(142,911)</b>	<b>(134,782)</b>	<b>(73,062)</b>	<b>(52,978)</b>
<b>Basic gain / (loss) per share</b>	20	<b>(0.77)</b>	<b>(0.66)</b>	<b>(0.39)</b>	<b>(0.29)</b>
<b>OTHER COMPREHENSIVE INCOME / (EXPENSES)</b>		<b>(3,696)</b>	<b>(1,608)</b>	<b>(3,883)</b>	<b>(5,025)</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Remeasurement of defined benefit plans		(4,620)	(2,010)	(4,854)	(6,282)
Income tax relating to items that will not be reclassified subsequently	19	924	402	971	1,257
<b>TOTAL COMPREHENSIVE INCOME / (LOSS)</b>		<b>(146,607)</b>	<b>(136,390)</b>	<b>(76,945)</b>	<b>(58,003)</b>
<b>Total comprehensive income / (loss) distribution:</b>					
Non-controlling interest		15,145	279	(5,054)	(1,619)
Equity holders of the Parent		(161,752)	(136,669)	(71,891)	(56,384)
		<b>(146,607)</b>	<b>(136,390)</b>	<b>(76,945)</b>	<b>(58,003)</b>

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

# MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED JANUARY 1 - SEPTEMBER 30, 2018

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

			Accumulated other comprehensive income or expenses that will not be reclassified subsequently to profit or (loss)		Accumulated Profit / (Loss)					
	Share capital	Share premium	Property revaluation reserve	Accumulated profit on remeasurement of defined benefit plans	Restricted reserves	Accumulated deficit	Net profit / (loss) for the period	Attributable to equity holders of the Parent	Non- controlling interest	Total
Balance as at January 1, 2017	176,458	237,924	39,752	(4,103)	302	(230,724)	(44,523)	175,086	90,153	265,239
Changes in 2017:										
Other comprehensive income / (loss) for the period, net of tax	-	-	-	(3,883)	-	-	-	(3,883)	-	(3,883)
Net profit / (loss) for the period	-	-	-	-	-	-	(68,008)	(68,008)	(5,054)	(73,062)
Total comprehensive income / (loss) for the period	-	-	-	(3,883)	-	-	(68,008)	(71,891)	(5,054)	(76,945)
Transfers to accumulated deficit	-	(237,924)	-	-	-	193,401	44,523	-	-	-
Exemption from gain on fixed asset sales	-	-	-	-	9,958	(9,958)	-	-	-	-
Transactions with non-controlling interest holders	-	-	-	-	-	(23,776)	-	(23,776)	5,070	(18,706)
Balance as at September 30, 2017	176,458	-	39,752	(7,986)	10,260	(71,057)	(68,008)	79,419	90,169	169,588
Balance as at January 1, 2018	176,458	-	39,752	(9,238)	10,260	(78,162)	(122,772)	16,298	88,372	104,670
Changes in 2018:										
Other comprehensive income / (loss) for the period, net	-	-	-	(3,696)	-	-	-	(3,696)	-	(3,696)
Net profit / (loss) for the period	-	-	-	-	-	-	(158,056)	(158,056)	15,145	(142,911)
Total comprehensive income / (loss) for the period	-	-	-	(3,696)	-	-	(158,056)	(161,752)	15,145	(146,607)
Transfers to accumulated deficit	-	-	-	-	-	(122,772)	122,772	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	(11,073)	(11,073)
Capital increase (Note 15)	31,579	-	-	-	-	-	-	31,579	-	31,579
Increase of the share premiums (Note 15)	-	556,162	-	-	-	-	-	556,162	-	556,162
Balance as at September 30, 2018	208,037	556,162	39,752	(12,934)	10,260	(200,934)	(158,056)	442,287	92,444	534,731

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

# MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED JANUARY 1 – SEPTEMBER 30, 2018

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

	Notes References	Unaudited January 1- September 30, 2018	Audited January 1- September 30, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>214,999</b>	<b>359,087</b>
Net profit / (loss) for the period		(142,911)	(73,062)
Profit / (loss) continuing operations		<b>515,100</b>	<b>358,143</b>
Adjustments related to depreciation and amortization expenses	10	140,967	128,363
Adjustments related to impairment (reversal)		3,109	2,005
Adjustments related to impairment (reversal) of receivables	6	3,109	2,005
Adjustments related to provisions		4,309	9,368
Adjustments related to (reversal) of provision for employment benefits		4,570	5,444
Adjustments related to lawsuit (reversal) of provision for lawsuit		(261)	3,924
Adjustments related to interest (income) expense		153,378	143,844
Adjustments related to interest income		(16,547)	(6,501)
Adjustments related to interest expense		169,925	150,345
Adjustments related to tax (gain) loss	19	(65,821)	(14,945)
Other adjustments related to non-cash items		280,322	89,791
Adjustments regarding to (gain) loss on sale of fixed assets		(1,164)	(283)
Adjustments regarding to (gain) loss on sale of tangible assets		(1,164)	(283)
<b>Changes in working capital</b>		<b>(142,432)</b>	<b>86,491</b>
Adjustments related to (increase) decrease in trade receivables		(190,972)	24,846
Adjustments related to (increase) decrease in inventories		(31,094)	(700)
Adjustments related to increase (decrease) in trade payables		74,903	51,611
Adjustments related to increase (decrease) in other payables from operations		69,917	9,050
Adjustments related to other (increase) decrease in working capital		(65,186)	1,684
Adjustments related to (increase) decrease from other assets		(65,186)	1,684
<b>Cash generated from operations</b>		<b>229,757</b>	<b>371,572</b>
Payments related with provision for employee benefits		(5,694)	(5,012)
Tax paid	19	(8,393)	(5,965)
Other cash inflows (outflows)	6	(671)	(1,508)

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

# MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED JANUARY 1 – SEPTEMBER 30, 2018

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

	Notes	Unaudited January 1- September 30, 2018	Audited January 1- September 30, 2017
	References		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(242,813)</b>	<b>(195,989)</b>
Proceeds from acquisition of shares from minorities		(9,042)	(7,266)
Proceeds from sales of property, plant, equipment and intangible assets		6,998	16,131
Proceeds from sales of property, plant, equipment	10	6,998	16,131
Payment for purchase of property, plant and equipment, intangible assets		(229,583)	(188,970)
Payment for purchase of property, plant and equipment	10	(222,610)	(184,102)
Payment for purchase of intangible assets	10	(6,973)	(4,868)
Cash payments for capital expenditures		(27,733)	(22,385)
Interest received		16,547	6,501
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>92,478</b>	<b>(74,419)</b>
Cash proceeds from issuing shares and other equity instruments		587,741	-
Proceeds on issue of equity shares (*)		587,741	-
Proceeds from bank loans		369,873	295,877
Proceeds from borrowings (**)		308,613	256,284
Proceeds from bonds		61,260	39,593
Bank borrowings paid		(633,546)	(159,449)
Cash used for repayment of borrowings		(593,546)	(79,449)
Cash used for repayment of bonds		(40,000)	(80,000)
Repayment of obligations under finance leases (**)		(71,093)	(35,219)
Interest paid (**)		(149,424)	(156,922)
Dividend paid		(11,073)	-
Other cash inflows (outflows)		-	(18,706)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>64,664</b>	<b>88,679</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>4</b>	<b>217,846</b>	<b>110,678</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>4</b>	<b>282,510</b>	<b>199,357</b>

(\*) On February 7, 2018, the Group launched initial public offering (“IPO”) of 72,833 thousand B type bearer shares corresponding to 35.01% of total shares. From the initial public offering, TL 600,000 was generated to the Group. After the IPO related expenses amounting to TL 12,259 that were deducted from proceeds, amounting TL 587,741, share capital increase was made with the amount of TL 31,579 and the remaning amount was used in the share premium increase by TL 556,162.

(\*\*) The Group has foreign exchange gain of TL 48,825, foreign exchange loss of TL 8,214 and interest income of TL 2,586 arising from the derivative instrument transactions stated in Note 22.

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



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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

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

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

As of September 30, 2018, MLP is the holding company of 19 subsidiaries (December 31, 2017: 19) (collectively referred as the “Group”), each operating in the healthcare sector in Turkey.

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

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

The Company is registered to the Capital Markets Board (“CMB”) and its shares have been quoted on the Borsa İstanbul A.Ş. (“BİAŞ” or “Borsa” or “BİST”) since February 13, 2018. In accordance with the resolution numbered 21/655 on July 23, 2010 of CMB; according to the records of Central Registry Agency (CRA); shares representing 33.46% as of September 30 2018, of MLP Sağlık are accepted as “in circulation”. As of October 1, 2018, this ratio is 33.46% (Note 15).

#### Approval of financial statements

Board of Directors has approved the financial statements and delegated authority for publishing it on November 6, 2018.

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

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

As of September 30, 2018 the subsidiaries of the Company are:

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

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

##### 2.1 Statement of Compliance in Turkish Accounting Standards

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

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

For the nine month period ended September 30, 2018, the Group prepared its interim condensed consolidated financial statements in accordance with the Turkish Accounting Standard No.34 “Interim Financial Reporting”.

Interim condensed consolidated financial statements of the Group do not include all the information and disclosures required in the annual financial statements, therefore should be read in conjunction with the Group’s annual financial statements, as at December 31, 2017.

# MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

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

#### 2.1 Statement of Compliance in Turkish Accounting Standards (continued)

##### Currency Used

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

##### Comparative Information and Restatement of Prior Period Financial Statements

Group's consolidated interim 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.

#### 2.2 Inflation accounting

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

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

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

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

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

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

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

Key requirements of TFRS 9:

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

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

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

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

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

###### **TFRS 9 Financial Instruments (continued)**

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, TFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under TAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, TFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under TAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in TAS 39. Under TFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an ‘economic relationship’. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced (Note 2.5).

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

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

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

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

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Interpretations Committee came to the following conclusion:

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

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

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

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

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

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

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

The amendments to TAS 40:

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

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

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

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

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

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

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

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

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

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

TFRS 16	<i>Leases</i> <sup>1</sup>
Amendments to TAS 28	<i>Long-term Interest in Associates and Joint Ventures</i> <sup>1</sup>
TFRS Interpretation 23	<i>Uncertainty over Income Tax Treatments</i>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2019.

###### **TFRS 16 *Leases***

TFRS 16 specifies how a TAS reporter will recognise, measure, present and disclose leases and supersedes TAS 17 “Leases”. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with TFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, TAS 17.

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

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

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

###### **TFRS Interpretation 23 *Uncertainty over Income Tax Treatments***

This interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under TAS 12.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

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

##### 2.4 Basis of Consolidation

The details of the Company’s subsidiaries as at September 30, 2018 and December 31, 2017 are as follows:

Subsidiaries	Place of incorporation and operation	Proportion of ownership and voting power held(%)		Principal activity
		September 30, 2018	December 31, 2017	
	Batman-İzmir-Gaziantep	56.00%	56.00%	Hospital services
Sentez Hastaneleri	Tokat	58.84%	58.84%	Hospital services
Tokat Hastanesi	Samsun	80.00%	80.00%	Hospital services
Samsun Hastanesi	Samsun	100.00%	100.00%	Hospital services
Samsun Tıp Merkezi (1)	Ankara	75.00%	75.00%	Hospital services
MS Sağlık	Gebze-İzmit	75.00%	75.00%	Hospital services
Mediplaza	Istanbul	57.00%	57.00%	Hospital services
Arkaz	Istanbul	51.00%	51.00%	Hospital services
MA Group (4)	Istanbul-Ereğli-Çanakkale	57.00%	57.00%	Hospital services
Ozel Silivri Arkaz	Istanbul	100.00%	100.00%	Hospital services
BTR Sağlık Hizmetleri	Istanbul	100.00%	100.00%	Hospital services
Meditime Sağlık	Ankara	100.00%	100.00%	Ancillary services
Kuzey Artimed	Ankara	100.00%	100.00%	Ancillary services
21. Yüzyıl Anadolu Vakfı (1) (3)	Istanbul	100.00%	100.00%	Ancillary services
Allied Sigorta (2)	Istanbul	80.00%	80.00%	Ancillary services
BTN Sigorta	Istanbul	100.00%	100.00%	Ancillary services
Kuzey Hastaneler Birliği (“KHB”)	Istanbul	99.90%	99.90%	Ancillary services
Sotte Temizlik Yemek	Istanbul	100.00%	100.00%	Ancillary services
BTN Asistans	Istanbul	100.00%	100.00%	Ancillary services

1) Represents voting power held.

2) On January 22, 2018, the entity made a liquidation decision.

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

4) The Company took liquidation decision on December 25, 2017.



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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

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

##### 2.4 Basis of Consolidation (continued)

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

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

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

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

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

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

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

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

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

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

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

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

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

##### 2.4 Basis of Consolidation (continued)

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

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

##### 2.5 Changes in Accounting Policies

Significant changes made in accounting policies are applied retrospectively and prior year financial statements are restated. The Group has not made any changes in its accounting policies during the current period, except matters stated below.

The effect of application IFRS 9 Financial Instruments on the Group's condensed consolidated financial statements and the Group's new accounting policies, which have started to be applied since January 1, 2018, have been implemented.

###### a) TFRS 9 Financial Instruments

###### Classification and Measurement

The Group management has assessed business models as of January 1, 2018, in which the financial instruments will be presented in the categories specified in TFRS 9.

- Trade receivables measured at amortised cost: These are held within the scope of the business model aimed at collecting contractual cash flows that include interest payments on principal and principal balance only. Therefore, these financial assets will continue to be measured at their amortized cost after the application of TFRS 9.
- All other financial assets and liabilities will continue to be measured in accordance with IAS 39 as it is currently accepted.

###### Impairment

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from January 1, 2018 resulted in changes in accounting policies and these changes do not have a significant impact in the condensed consolidated financial statements.

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

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

##### 2.5 Changes in Accounting Policies (continued)

##### b) Significant Accounting Policies (continued)

##### TFRS 9 Financial Instruments (continued)

###### Financial assets

At initial recognition, the Group measures a financial asset at its fair value, except for trade receivables, other receivables and cash and cash equivalents that do not contain significant financing component. The Group measure trade receivables at their transaction price if the trade receivables do not contain a significant financing component in accordance with TFRS 15 (or when the Group applies the practical expedient) at initial recognition.

At initial recognition, Group measures a financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset. When the Group uses settlement date accounting for an asset that is subsequently measured at amortised cost, the asset is recognised initially at its fair value on the trade date.

The Group reclassifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- a) the Group’s business model for managing the financial assets and
- b) the contractual cash flow characteristics of the financial asset.

When, and only when, the Group changes its business model for managing financial assets, it reclassifies all affected financial assets. The Group applies the reclassification prospectively from the reclassification date. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

###### Financial assets measured at amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) 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.

Interest revenue of financial assets measured at amortised cost is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.
- (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

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

##### 2.5 Changes in Accounting Policies (continued)

##### b) Significant Accounting Policies (continued)

##### TFRS 9 Financial Instruments (continued)

##### Financial assets (continued)

##### Financial assets measured at amortised cost (continued)

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset and recognises a modification gain or loss in profit or loss.

The Group directly reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

##### Financial assets measured at fair value through profit or loss

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

Derivative financial assets that are not designated as an effective hedge instrument against financial risk are also classified as financial assets measured at fair value through profit or loss. The related financial assets are carried at fair value and the resulted gains and losses from measurement are recognized in profit or loss.

##### Impairment

The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortized cost or fair value through other comprehensive income.

The Group applies the impairment requirements for the recognition and measurement of a loss allowance for financial assets that are measured at fair value through other comprehensive income. However, the loss allowance is recognised in other comprehensive income and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

At each reporting date, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses except for purchased or originated credit impaired financial assets. For purchased or originated credit-impaired financial assets, the Group only recognises the cumulative changes in lifetime expected credit losses since initial recognition as a loss allowance at the reporting date.

The Group measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables, contract assets and lease receivables that do not contain a significant financing component, which is referred as simplified approach.

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

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

##### 2.5 Changes in Accounting Policies (continued)

##### b) Significant Accounting Policies (continued)

##### TFRS 9 Financial Instruments (continued)

##### Financial assets (continued)

##### Financial liabilities

At initial recognition, the Group measures a financial liability at its fair value plus or minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability.

The Group classifies all financial liabilities as subsequently measured at amortised cost, except for:

- (a) financial liabilities at fair value through profit or loss: Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value.
- (b) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies. If a transfer does not result in derecognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognise the transferred asset in its entirety and recognises a financial liability for the consideration received. In subsequent periods, the Group recognises any income on the transferred asset and any expense incurred on the financial liability.
- (c) contingent consideration recognised by an acquirer in a business combination to which TFRS 3 applies. Such contingent consideration is subsequently be measured at fair value with changes recognised in profit or loss.

##### Recognition and derecognition of financial assets and liabilities

The Group recognises a financial asset or a financial liability in the consolidated statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

The Group derecognises a financial asset when, and only when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition. If a transfer of financial asset does not result in derecognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group will continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the Group recognises any income on the transferred asset and any expense incurred on the financial liability. The Group derecognizes a financial liability (or a part of a financial liability) from its consolidated statement of financial position when, and only when, it is extinguished—i.e. when the obligation specified in the contract is discharged or cancelled or expires.

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

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

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

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

##### **2.5 Changes in Accounting Policies (continued)**

###### **b) Significant Accounting Policies (continued)**

###### **Revenue**

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.

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

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

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

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

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

#### NOTE 3 – RELATED PARTY DISCLOSURES

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

	September 30, 2018			
	Receivables		Payables	
	Current		Current	
Shareholders	Trade	Non-trade	Trade	Non-trade
Muharrem Usta	-	11,628	-	50
Adem Elbaşı	-	588	-	-
	-	12,216	-	50
Other companies controlled by the shareholders				
Mp Sağlık ve Tic. A.Ş.	-	33,000	778	733
A ve A Sağlık A.Ş. (1)	7,120	-	7,683	-
Supra A.Ş.-Sonotom Ltd Şti.				
-Ledmar Ltd Şti.-Mlp A.Ş. İş Ortaklığı	692	-	-	-
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (2)	244	-	2,590	-
Miniso Mağazacılık A.Ş.	75	-	-	-
Mt Sağlık Ürünleri San. ve Tic. A.Ş.	-	-	102	-
Pozitif Medikal Sistemler San. ve Tic. Ltd. Şti.	4	-	509	-
Saray Eczanesi	1	-	321	-
Samsunpark Özel Sağlık Tıbbi Malz.				
İnş. Tur. Tem. Tic. A.Ş. (3)	-	-	2,839	-
Samsunpark Özel Sağlık Hizm.İş Sağlığı ve				
Güvenliği Danışmanlık Eğitim Mühendislik Tic.Ltd.Şti.	-	-	40	-
Diasan Basım ve Form Matbaacılık San. ve Tic. A.Ş.	-	-	366	-
Livart Tüp Bebek Özel Sağlık Hiz. A.Ş.	-	-	788	-
Tokat Emar Sağlık Hiz. Ltd. Şti.	-	-	537	-
Atakum Özel Sağlık Hizmetleri İnş. Turizm ve San. Tic. A.Ş.	-	-	51	-
Üçboyut Sağlık Hiz. Eğitim Medikal San. Tic. Ltd. Şti.	-	-	1	-
Özdenler Sağ. Hiz. Dan. Turz. Gıd. San. Tic. Ltd. ve Şti.	-	-	42	-
Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. (4)	102	-	1,261	-
Other	49	130	114	37
	8,287	33,130	18,022	770
	8,287	45,346	18,022	820

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

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

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

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

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

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

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

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

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

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

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



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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

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

	September 30, 2018	December 31, 2017
<u>Advances given to and (advances received from) related parties</u>		
Fom Grup Mimarlık İnşaat ve Tic. A.Ş.	6,195	8,210
Sanport Gayrimenkul Geliştirme İnş. ve Tic. A.Ş.	8	-
Sancak İnşaat Turizm Nak. ve Dış Tic. A.Ş.	(30,000)	-
	<u>(23,797)</u>	<u>8,210</u>
<u>Fixed asset advances given to related parties</u>		
Fom Grup Mimarlık İnşaat ve Tic. A.Ş.	42,030	23,798
	<u>42,030</u>	<u>23,798</u>
<u>Related parties (sale and leaseback transactions)</u>		
Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. (within prepaid expenses)	787	787
Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. (within non-current prepaid expenses)	4,582	5,172
	<u>5,369</u>	<u>5,959</u>

The balances above are resulting from sale and leaseback transactions of Efes Hospital (branch of Sentez Hospital) and Bahçelievler Hospital’s land and buildings and are deferred under prepaid expenses and amortised in proportion to the lease payments over the period for which the asset is expected to be used since such losses are compensated for by future lease payments at below market price. Land of Efes Hospital was sold to Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. in 2010, resulting in a loss of TL 6,211, which was totally booked under the other current and non-current assets as of 2010 since the operational leasing agreement would become effective in 2011 and will be effective for 15 years. The building of Bahçelievler Hospital has been sold to Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. in 2009, resulting in a loss of TL 5,591. The duration of leasing agreement of the building is 15 years starting from December, 2009. As at September 30, 2018, the Group has incurred rent expense amounting to TL 590 due to amortization of prepaid rent (December 31, 2017: TL 787).

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

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

	January 1 - September 30, 2018	July 1 - September 30, 2018	January 1 - September 30, 2017	July 1 - September 30, 2017
<b>Purchases from related parties</b>				
A ve A Sağlık A.Ş. (1)	17,156	4,359	24,491	7,060
Ataköy Yatırım İnş. Tur. ve Tic. A.Ş. (3)	14,941	-	-	-
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (2)	11,482	5,479	37,061	2,812
	<u>43,579</u>	<u>9,838</u>	<u>61,552</u>	<u>9,872</u>

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

	January 1 - September 30, 2018	July 1 - September 30, 2018	January 1 - September 30, 2017	July 1 - September 30, 2017
<b>Operating expenses (including purchase of services)</b>				
Sanport Gayrimenkul Geliştirme İnş. ve Tic. A.Ş (1)	52,656	21,380	35,087	11,770
Samsunpark Özel Sağ. Tıbbi Malz. İnş. Tur. Tem. Tic. A.Ş. (4)	12,697	4,506	11,235	3,618
Atakum Özel Sağlık Hiz. İnş. Turizm ve San. Tic. A.Ş. (1)	6,487	2,162	5,689	1,898
Gazi Medikal Sağlık Tesisleri ve Tic. A.Ş. (1)	4,326	1,545	3,801	1,360
Özarkaz Gayrimenkul Yat. ve İnş. Tic. A.Ş. (1)	5,228	1,817	4,447	1,447
Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. (4)	5,528	1,720	4,023	1,479
Özel Gebze Sentez Sağlık Hizmetleri ve Tic. A.Ş. (1)	5,139	1,713	3,493	1,164
Özel Ereğli Millet Sağlık Hizm. San. ve Tic. Ltd. Şti. (1)	3,310	1,136	2,880	939
Mp Sağlık ve Tic.A.Ş. (1)	3,151	739	2,663	848
Livart Tüp Bebek Özel Sağlık Hizm. A.Ş. (2)	3,377	1,144	2,533	589
Ataköy Yatırım İnş. Tur. ve Tic. A.Ş. (6)	2,521	-	-	-
Öz Anadolu Gayrimenkul ve Sağlık Yat. A.Ş. (1)	1,822	680	1,514	492
Tokat Emar Sağlık Hiz. Ltd. Şti. (2) (5)	1,060	361	957	346
Tokat Medikal Grup Sağlık Turizm İnş. San. Tic. A.Ş. (1)	1,730	599	798	380
Çanakkale Arkaz Sağlık Yatırımları A.Ş. (1)	779	284	644	209
Diasan Basım ve Form Matbaacılık San. ve Tic. A.Ş. (3)	589	137	335	118
Saray Eczanesi (7)	578	223	226	67
Üçboyut Sağlık Hiz. Eğitim Medikal San. ve Tic. Tic. Ltd. Şti. (2)	899	75	289	105
Özdenler Sağ. Hiz. Dan. Turz. Gıd. San. Tic. Ltd. Şti. (2)	271	106	232	83
Sancak İnşaat Turizm Nak.ve Dış Tic. A.Ş.	360	-	-	-
Mt Sağlık Ürünleri Sanayi ve Ticaret A.Ş. (3)	160	54	164	49
Gazişehir Sağlık Hizmetleri San. ve Tic. Ltd. Şti. (2)	5	-	206	62
	<u>112,673</u>	<u>40,381</u>	<u>81,216</u>	<u>27,023</u>

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

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

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

	January 1 - September 30, 2018	July 1 - September 30, 2018	January 1 - September 30, 2017	July 1 - September 30, 2017
Sales to related parties				
A ve A Sağlık A.Ş. (1)	10,499	2,127	24,223	9,995
Supra-Medicalpark-Sonotom-Akademi İş Ortaklığı (Fatih Görüntüleme) (2)	1,884	578	1,695	416
Muharrem Usta	1,830	915	593	237
Cotyora Med.Özel Sağ.Taah. Hz. İnş. Tr. Loj. Ltd. Şti.	214	68	165	57
Fom Grup Mimarlık İnşaat ve Tic. A.Ş.	159	41	240	74
Miniso Mağazacılık A.Ş.	158	71	141	-
Samsunpark Özel Sağlık Tıbbi Malz. İnş. Turizm. Tem. Tic. A.Ş.	141	53	122	25
Atakum Özel Sağlık Hizmetleri İnş. Turizm ve San. Tic. A.Ş.	36	-	-	-
Livart Tüp Bebek Özel Sağlık Hizm. A.Ş.	92	29	107	-
Mt Sağlık Ürünleri Sanayi ve Ticaret A.Ş.	40	4	66	-
Tokat Medikal Grup Sağlık Turizm İnş. San. Tic. A.Ş.	72	31	24	-
Sancak İnşaat Turizm Nak.ve Dış Tic.A.Ş.	27	26	23	-
Saray Eczanesi	5	2	3	-
Sanport Gayrimenkul Geliştirme İnş. ve Tic. A.Ş.	8	8	38	-
	<u>15,165</u>	<u>3,953</u>	<u>27,440</u>	<u>10,804</u>

(1) Outsourcing laboratory services

(2) Imaging services

#### Compensation of key management personnel:

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

	January 1 - September 30, 2018	July 1 - September 30, 2018	January 1 - September 30, 2017	July 1 - September 30, 2017
Salaries and other short term benefits	14,084	4,740	13,649	3,870
	<u>14,084</u>	<u>4,740</u>	<u>13,649</u>	<u>3,870</u>

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

#### NOTE 4 - CASH AND CASH EQUIVALENTS

	September 30, 2018	December 31, 2017
Cash on hand	12,850	26,148
Cash at banks	261,334	183,341
Other cash equivalents	8,326	8,357
	<u>282,510</u>	<u>217,846</u>

#### NOTE 5 – FINANCIAL INSTRUMENTS

##### Financial Liabilities

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

Financial liabilities	September 30, 2018	December 31, 2017
Short-term bank borrowings	80,865	62,945
Short-term bonds issued	21,260	-
Current portion of long term borrowings	262,037	237,254
<i>Current portion of long-term bank loans</i>	<i>182,037</i>	<i>157,514</i>
<i>Current portion of long-term bonds issued</i>	<i>80,000</i>	<i>79,740</i>
Interest expense accruals	54,223	31,137
	<u>418,385</u>	<u>331,336</u>
Long-term bank loans	846,500	951,992
	<u>846,500</u>	<u>951,992</u>
Total financial liabilities	<u>1,264,885</u>	<u>1,283,328</u>

As of September 30, 2018, financial debt reconciliation is as follows:

	January 1, 2018	Financing cash flows	Foreign exchange effect	September 30, 2018
Bank loans (*)	1,283,328	(191,762)	173,319	1,264,885
Finance lease obligations (*)	315,920	(79,306)	111,795	348,409
	<u>1,599,248</u>	<u>(271,068)</u>	<u>285,114</u>	<u>1,613,294</u>

(\*) The Group has foreign exchange gain of TL 48,825, foreign exchange loss of TL 8,214 and interest income of TL 2,586 arising from the derivative instrument transactions stated in Note 22.

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

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

##### Financial Liabilities (continued)

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

As at September 30, 2018 and December 31, 2017 the repayment schedule of the total borrowings as is follows:

Currency Type	Weighted Average Effective Interest Rate	September 30, 2018		
		Current	Non-current	Total
TL	24.17%	280,244	133,720	413,964
TL	TL Libor + 4.00%	25,765	152,441	178,206
EUR	Euribor + 5.5%	112,376	560,339	672,715
		<u>418,385</u>	<u>846,500</u>	<u>1,264,885</u>
Currency Type	Weighted Average Effective Interest Rate	December 31, 2017		
		Current	Non-current	Total
TL	16.79%	220,799	136,068	356,867
TL	TL Libor + 4.00%	19,324	178,206	197,530
EUR	5.50%	583	-	583
EUR	Euribor + 5.5%	90,630	637,718	728,348
		<u>331,336</u>	<u>951,992</u>	<u>1,283,328</u>

As of September 30, 2018, there are no blocked cash accounts related to the group's loans. (December 31, 2017: TL 260).

As at September 30, 2018 and December 31, 2017 the repayment schedule of the borrowings in TL are as follows:

	September 30, 2018	December 31, 2017
Interest expense accruals	54,223	31,137
To be paid within 1 year (*)	364,162	300,199
To be paid between 1-2 years	167,258	161,879
To be paid between 2-3 years	177,982	166,094
To be paid between 3-4 years	185,353	181,765
To be paid between 4-5 years	175,018	188,569
To be paid between 5-6 years	140,889	163,321
To be paid between 6-7 years	-	90,364
	<u>1,264,885</u>	<u>1,283,328</u>

(\*) TL 80,865 of the loans to be paid within one year consists of revolving loans and TL 101,260 part consists of bond payments which will be redeemed within 1 year. After the reporting date, the Group has paid TL 40,000 of the bonds amounting to TL 101,260 which obliged to pay on October 11, 2018.

##### Covenants:

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

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

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

##### Financial Liabilities (continued)

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

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

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

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

##### **Lease Obligations**

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

	Minimum lease payments		Present value of minimum lease payments	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Obligations under finance leases				
Within one year	133,037	112,936	110,662	91,488
In the second to ninth years inclusive	268,095	258,926	237,747	224,432
	401,132	371,862	348,409	315,920
Less : Future finance charges	(52,723)	(55,942)		
Present value of finance lease obligations	348,409	315,920	348,409	315,920
Less: Amounts due to settlement within twelve months (shown under current liabilities)			110,662	91,488
Amounts due for settlement after 12 months			237,747	224,432

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

#### NOTE 6 – TRADE RECEIVABLES AND PAYABLES

##### Trade Receivables

	September 30, 2018	December 31, 2017
<u>Current trade receivables</u>		
Trade receivables	734,754	640,279
Notes receivables	936	1,558
Trade receivables from related parties (Note 3)	8,287	15,183
Income accruals from continuing treatments	110,975	69,863
Other trade income accruals	41,954	41,256
Allowance for doubtful receivables (-)	(11,064)	(17,963)
	<u>885,842</u>	<u>750,176</u>
<u>Non current trade receivables</u>	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Income accruals	1,053	1,053
	<u>1,053</u>	<u>1,053</u>

Trade receivables due from the SSI constitute 32% (December 31, 2017: 40%) and receivables due from foreign patients constitute 33% (December 31, 2017: 30%) of total trade receivables.

The Group has trade receivables arising from health services given to foreign patients amounting to TL 244,450 as at September 30, 2018. These receivables have a longer maturity and higher profitability compared to other institutions that the Group works such as SSI and private insurance companies. Collections of these receivables are followed up regularly by the Group. In the period January 1, 2017 – September 30, 2018, the Group has made a collection amounting to TL 82,103 with regards to receivables from the Government of Libya amounting to TL 169,476 and the related collections are deducted from trade receivables on a first in first out method. Group Management expect to collect remaining receivables within 3 months.

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

As of September 30, 2018, trade receivables of an initial value of TL 11,064 (December 31, 2017: TL 17,963) were fully impaired and fully provided for. No collaterals are received in relation to these trade receivables.

	January 1 - September 30, 2018	January 1 - September 30, 2017
<u>Movement of allowance for doubtful receivables</u>		
Balance at beginning of the period	17,963	7,781
Charge for the period	3,109	2,005
Collections	(671)	(329)
Amount written off from the book value (*)	(9,337)	-
Balance at closing of the period	<u>11,064</u>	<u>9,457</u>

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

**MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

**NOTE 6 – TRADE RECEIVABLES AND PAYABLES (Continued)****Trade Payables**

	September 30, 2018	December 31, 2017
Short term trade payables		
Trade payables	569,178	561,589
Trade payables due to related parties (Note 3)	18,022	24,992
Other expense accruals	136,938	82,089
Other trade payables	529	1,305
	<u>724,667</u>	<u>669,975</u>

**NOTE 7 – OTHER RECEIVABLES AND PAYABLES****Other Receivables**

	September 30, 2018	December 31, 2017
Other current receivables		
Receivables from tax office	14,080	9,684
Deposits given	3,449	2,773
Non-trading receivables due from related parties (Note 3)	45,346	9,164
Other miscellaneous receivables	7,576	2,059
	<u>70,451</u>	<u>23,680</u>

	September 30, 2018	December 31, 2017
Other non-current receivables		
Deposits and guarantees given	1,198	1,434
	<u>1,198</u>	<u>1,434</u>

**Other Payables**

	September 30, 2018	December 31, 2017
Other current payables		
Other taxes and funds payable	10,093	10,694
Payables relating to business combinations	9,671	9,129
Non-trading payables due to related parties (Note 3)	820	1,408
Other miscellaneous payables	242	94
	<u>20,826</u>	<u>21,325</u>

	September 30, 2018	December 31, 2017
Other non-current payables		
Payables relating to business combinations	36,664	39,223
	<u>36,664</u>	<u>39,223</u>



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

**NOTE 8 – INVENTORIES**

Inventories	September 30, 2018	December 31, 2017
Laboratory inventory	41,720	21,647
Medical consumables inventory	18,114	12,529
Pharmaceutical inventory	20,332	14,809
Other inventory	2,274	2,361
	<u>82,440</u>	<u>51,346</u>

**NOTE 9 – PREPAID EXPENSES AND DEFERRED INCOME****Prepaid Expenses**

Short term prepaid expenses	September 30, 2018	December 31, 2017
Order advances	110,439	64,192
Prepaid insurance expenses	17,590	11,156
Prepaid rent expenses	16,262	9,758
Prepaid sponsorship expenses	225	406
Other	6,542	4,687
	<u>151,058</u>	<u>90,199</u>

Long term prepaid expenses	September 30, 2018	December 31, 2017
Fixed asset advances given	118,284	90,550
Prepaid rent expenses	44,929	39,870
Prepaid sponsorship expenses	530	2,559
Other	7,050	7,509
	<u>170,793</u>	<u>140,488</u>

**Deferred Income**

Short term accrued income	September 30, 2018	December 31, 2017
Advances received	93,799	31,119
Deferred revenue	8,226	2,522
	<u>102,025</u>	<u>33,641</u>
Long term accrued income	September 30, 2018	December 31, 2017
Deferred revenue	5,502	1,053
	<u>5,502</u>	<u>1,053</u>

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Leased assets	Leasehold improvements	Construction in progress	Total
<u>Cost</u>								
Opening balance as of January 1, 2018	2,611	404,999	1,568	172,901	517,067	421,919	125,930	1,646,995
Additions	1,183	69,397	195	25,333	-	19,692	106,810	222,610
Disposals	(1,398)	(6,018)	-	(514)	-	-	-	(7,930)
Transfers	-	58,176	71	29,756	(37,234)	9,510	(59,470)	809
Closing balance as of September 30, 2018	2,396	526,554	1,834	227,476	479,833	451,121	173,270	1,862,484
<u>Accumulated depreciation</u>								
Opening balance as of January 1, 2018	(139)	(227,744)	(1,568)	(100,283)	(362,862)	(202,263)	-	(894,859)
Charge for the period (*)	(25)	(45,373)	(98)	(22,300)	(46,004)	(21,979)	-	(135,779)
Disposals	68	1,863	-	6	159	-	-	2,096
Closing balance as of September 30, 2018	(96)	(271,254)	(1,666)	(122,577)	(408,707)	(224,242)	-	(1,028,542)
Carrying value as of September 30, 2018	2,300	255,300	168	104,899	71,126	226,879	173,270	833,942

(\*) As of January 1 – September 30, 2018, depreciation and amortization expense of TL 137,478 (January 1 - September 30, 2017: TL 126,193) has been charged to ‘cost of service’, TL 3,468 (January 1 - September 30, 2017: TL 1,873) in ‘general administrative and marketing expenses’ and TL 21 (January 1 - September 30, 2017: TL 297) in ‘other income and expenses’.

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

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

	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Leased assets	Leasehold improvements	Construction in progress	Total
<u>Cost</u>								
Opening balance as of January 1, 2017	2,611	311,431	1,639	123,964	544,748	373,203	73,683	1,431,279
Additions	-	58,512	106	33,269	-	35,735	56,480	184,102
Disposals	-	(600)	(325)	(500)	(1,239)	(337)	(14,792)	(17,793)
Transfers	-	26,581	172	7,862	(19,393)	5,787	(16,355)	4,654
Closing balance as of September 30, 2017	2,611	395,924	1,592	164,595	524,116	414,388	99,016	1,602,242
<u>Accumulated depreciation</u>								
Opening balance as of January 1, 2017	(95)	(174,291)	(1,639)	(80,411)	(302,124)	(171,296)	-	(729,856)
Charge for the year	(33)	(38,694)	(278)	(15,293)	(48,177)	(22,104)	-	(124,579)
Disposals	-	380	325	342	608	290	-	1,945
Closing balance as of September 30, 2017	(128)	(212,605)	(1,592)	(95,362)	(349,693)	(193,110)	-	(852,490)
Carrying value as of September 30, 2017	2,483	183,319	-	69,233	174,423	221,278	99,016	749,752

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

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

Cost	Licenses	Rights	Other	Total
Opening balance as of January 1, 2018	401,236	49,149	495	450,880
Additions	-	6,944	29	6,973
Transfers	-	(1,774)	965	(809)
Closing balance as of September 30, 2018	401,236	54,319	1,489	457,044
<u>Accumulated amortization</u>				
Opening balance as of January 1, 2018	-	(23,207)	(157)	(23,364)
Charge for the period	-	(5,049)	(139)	(5,188)
Closing balance as of September 30, 2018	-	(28,256)	(296)	(28,552)
Carrying value as of September 30, 2018	401,236	26,063	1,193	428,492
Cost	Licenses	Rights	Other	Total
Opening balance as of January 1, 2017	401,236	48,603	331	450,170
Additions	-	4,704	164	4,868
Transfers	-	(4,657)	-	(4,657)
Closing balance as of September 30, 2017	401,236	48,650	495	450,381
<u>Accumulated amortization</u>				
Opening balance as of January 1, 2017	-	(18,905)	(87)	(18,992)
Charge for the year	-	(3,735)	(49)	(3,784)
Closing balance as of September 30, 2017	-	(22,640)	(136)	(22,776)
Carrying value as of September 30, 2017	401,236	26,010	359	427,605

#### NOTE 11 – PAYABLES FOR EMPLOYEE BENEFITS

##### Payables for employment benefits:

	September 30, 2018	December 31, 2017
Fees payable to doctors and other personnel	65,860	62,620
Social security premiums payable	20,569	23,066
	86,429	85,686

**MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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**NOTE 11 – PAYABLES FOR EMPLOYEE BENEFITS (continued)**Short term provision for employment benefits:

	September 30, 2018	December 31, 2017
Unused vacation provision	10,727	9,628
	<u>10,727</u>	<u>9,628</u>

Long term provision for employment benefits:

	September 30, 2018	December 31, 2017
Unused vacation provision	2,534	1,663
Retirement pay provision	14,268	12,743
	<u>16,802</u>	<u>14,406</u>

**NOTE 12 – OTHER ASSETS AND LIABILITIES**

	September 30, 2018	December 31, 2017
<u>Other current assets</u>		
VAT carried forward	24,767	26,474
Other miscellaneous current assets	4,873	1,454
	<u>29,640</u>	<u>27,928</u>

**NOTE 13 – PROVISIONS**

	September 30, 2018	December 31, 2017
<u>Other short-term provisions</u>		
Litigation provisions	8,567	8,828
Social Security discounts provisions	5,323	5,922
	<u>13,890</u>	<u>14,750</u>

# MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

### NOTE 14 – COMMITMENTS

September 30, 2018	Total	TL	USD	EUR
A. CPM given on behalf of its own legal entity				
-Collateral	53,882	46,748	1,191	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
B. CPM given on behalf of the subsidiaries included in full consolidation				
-Collateral (*)	73,025	42,524	5	4,384
-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	-	-	-	-
<b>Total</b>	<b>126,907</b>	<b>89,272</b>	<b>1,196</b>	<b>4,384</b>

(\*) The Group has given guarantees amounting to TL 120,991 related to the loans in Note 5 for the companies under full consolidation.

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

# MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

### NOTE 14 – COMMITMENTS (continued)

December 31, 2017	Total	TL	USD	EUR
A. CPM given on behalf of its own legal entity				
-Collateral	39,749	35,219	1,201	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
B. CPM given on behalf of the subsidiaries included in full consolidation				
-Collateral (*)	61,572	41,757	5	4,384
-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	-	-	-	-
<b>Total</b>	<b>101,321</b>	<b>76,976</b>	<b>1,206</b>	<b>4,384</b>

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

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

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

Shareholders	%	September 30, 2018	%	December 31, 2017
Lightyear Healthcare B.V.	30.69%	63,844	47.22%	83,324
Sancak İnşaat Turizm Nakliyat ve Dış Ticaret A.Ş.	15.35%	31,943	23.63%	41,691
Muharrem Usta	8.98%	18,678	13.81%	24,377
Hujori Financieringen B.V.	3.98%	8,287	6.13%	10,815
Adem Elbaşı	2.99%	6,226	4.60%	8,125
İzzet Usta	1.20%	2,490	1.84%	3,250
Saliha Usta	0.90%	1,868	1.38%	2,438
Nurgül Dürüstkan Elbaşı	0.90%	1,868	1.38%	2,438
Publicly Traded (*)	35.01%	72,833	-	-
Nominal capital	100.00%	208,037	100.00%	176,458

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

As of September 30, 2018 the total number of ordinary shares is 208,037 thousand shares (2017: 176,458 thousand shares) with a par value of TL 1 per share (2017: TL 1 per share).

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

In accordance with the Capital Markets Board’s (the “CMB”) Resolution No: 21/655 issued on July 23, 2010, it is regarded that 33.46% of the shares are in circulation in accordance with CSD as of September 30, 2018 (Note 1). Shares in circulation rate is 33.46% as of October 1, 2018.

#### Share premiums

On February 7, 2018, the Group launched initial public offering (“IPO”) of 72,833 thousand B type bearer shares corresponding to 35.01% of total shares. From the initial public offering, TL 600,000 was generated to the Group. After the IPO related expenses amounting to TL 12,259 that were deducted from proceeds, out of amounting TL 587,741, share capital increase was made with the amount of TL 31,579 and the remaning amount was used in the share premium increase by TL 556,162.

Share premiums represents the difference between the nominal amount and the sales amount of the publicly offered shares.



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

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

#### NOTE 15 – SHARE CAPITAL / OTHER RESERVES (Continued)

##### Reserves:

	September 30, 2018	December 31, 2017
Legal reserves	302	302
Exemption from gain on fixed asset sales	9,958	9,958
Revaluation reserves	39,752	39,752
	<u>50,012</u>	<u>50,012</u>

##### Legal reserves

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

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

Revenue	January 1- September 30, 2018	July 1- September 30, 2018	January 1- September 30, 2017	July 1- September 30, 2017
Hospital services (*)	2,251,332	781,618	1,873,356	625,164
	<u>2,251,332</u>	<u>781,618</u>	<u>1,873,356</u>	<u>625,164</u>

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

Cost of services	January 1- September 30, 2018	July 1- September 30, 2018	January 1- September 30, 2017	July 1- September 30, 2017
Material consumption	(512,266)	(184,121)	(432,910)	(140,586)
Doctor expenses	(509,494)	(175,514)	(429,071)	(146,765)
Personnel expenses	(338,344)	(112,639)	(294,999)	(100,268)
Rent expenses (hospitals)	(175,212)	(65,547)	(135,150)	(45,659)
Depreciation and amortization expenses (Note 10)	(137,478)	(49,621)	(126,193)	(43,628)
Services rendered by third parties	(101,502)	(36,585)	(73,018)	(23,758)
Other (*)	(127,684)	(47,288)	(101,198)	(36,518)
	<u>(1,901,980)</u>	<u>(671,315)</u>	<u>(1,592,539)</u>	<u>(537,182)</u>

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

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**NOTE 17 – GENERAL ADMINISTRATIVE AND MARKETING EXPENSES**

General administrative and marketing expenses	January 1- September 30, 2018	July 1- September 30, 2018	January 1- September 30, 2017	July 1- September 30, 2017
Personnel expenses	(77,575)	(25,723)	(59,886)	(21,278)
Sponsorship and advertising expenses (*)	(65,778)	(25,938)	(36,747)	(18,279)
Bad debt allowance	(3,109)	(1,308)	(2,005)	132
Rent expenses	(5,732)	(2,084)	(4,669)	(1,634)
Outsourcing expenses	(6,712)	(2,116)	(3,739)	(1,290)
Depreciation and amortization expenses (Note 10)	(3,468)	(1,267)	(1,873)	(744)
Taxes and duties	(4,758)	(2,659)	(1,991)	(691)
Representation and entertainment expenses	(2,419)	(793)	(4,389)	(1,559)
Maintenance expenses	(2,275)	(783)	(1,801)	(689)
Utility expenses	(1,214)	(430)	(1,692)	(570)
Lawsuit provision	261	441	(3,924)	(1,968)
Communication expenses	(739)	(272)	(363)	(101)
Other	(15,981)	(3,418)	(13,344)	(4,754)
	<u>(189,499)</u>	<u>(66,350)</u>	<u>(136,423)</u>	<u>(53,425)</u>

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

**NOTE 18 – FINANCE EXPENSES**

Finance expenses	January 1- September 30, 2018	July 1- September 30, 2018	January 1- September 30, 2017	July 1- September 30, 2017
Interest expenses from bank borrowings (*)	(99,389)	(45,823)	(73,084)	(35,839)
Interest expenses from financial lease obligations (*)	(22,021)	(6,864)	(28,409)	(9,206)
Interest expenses from bonds issued	(21,419)	(7,381)	(22,604)	(8,148)
Bank commissions	(17,065)	(5,452)	(13,616)	(4,769)
Other interest expenses	(10,031)	(3,438)	(12,632)	(1,323)
Total interest expenses	<u>(169,925)</u>	<u>(68,958)</u>	<u>(150,345)</u>	<u>(59,285)</u>
Net foreign exchange loss (*)	(285,114)	(175,074)	(87,882)	(36,692)
	<u>(455,039)</u>	<u>(244,032)</u>	<u>(238,227)</u>	<u>(95,977)</u>

(\*) The Group has foreign exchange gain of TL 48,825, foreign exchange loss of TL 8,214 and interest income of TL 2,586 arising from the derivative instrument transactions stated in Note 22.

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

	September 30, 2018	December 31, 2017
Short term payables due to current tax		
Current period tax liabilities	4,969	3,595
	<u>4,969</u>	<u>3,595</u>
	September 30, 2018	December 31, 2017
Current tax liabilities		
Current corporate tax provision	9,767	11,573
Less: Prepaid taxes and funds	(4,798)	(7,978)
	<u>4,969</u>	<u>3,595</u>

  

	January 1- September 30,2018	July 1- September 30,2018	January 1- September 30,2017	July 1- September 30,2017
Tax income / (expense)				
Current tax expense	(9,767)	(2,420)	(8,553)	(6,179)
Deferred tax income	75,588	22,223	23,498	13,113
	<u>65,821</u>	<u>19,803</u>	<u>14,945</u>	<u>6,934</u>

#### Corporate Tax

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

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

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

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

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

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

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

##### Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between 24 April 2003 – 22 July 2006 is 10% and commencing from 23 July 2006, this rate has been changed to 15% upon the Council of Minister's' Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax. Withholding tax at the rate of 19.8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, the investments without investment incentive certificates do not qualify for tax allowance.

##### Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and they are given below. Tax rate used in the calculation of deferred tax assets and liabilities was 22% over temporary timing differences expected to be reversed in 2018, 2019 and 2020, and 20% over temporary timing differences expected to be reversed in 2021 and the following years (2017: 20%).

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

##### Investment Incentive Certificate

The Group has various investment incentive certificates that were signed by the Turkish Ministry of Economy and approved by General Directorate of Incentive Implementation and Foreign Capital. With those incentives, the Group is eligible for a corporate tax deduction rate ranging between 50% - 80% for an unlimited time, which amounts to a total deferred tax asset of TL 119,539 (December 31, 2017: TL 70,783). Respective deferred tax asset was calculated to be 15% - 40% of total investment contribution with regards to the respective investment incentive certificates. Additionally, the Group is entitled to social security premium support from the Turkish Ministry of Economy, related to the hospitals that have completed their greenfield investments. Such investment income of TL 5,174 will be netted off against personnel expenses over the period of 2018-2020.

As of September 30, 2018, the Group has tax loss amounting to TL 595,849 (December 31, 2017: TL 388,511). TL 121,600 (December 31, 2017: TL 80,190) deferred tax assets have been recorded concerning this loss.

	September 30, 2018	December 31, 2017
Deferred tax assets / (liabilities):		
Tax losses carried forward	121,600	80,190
Depreciation / amortization differences of tangible and intangible assets	(127,245)	(119,498)
Provision for employment termination benefits	2,854	2,549
Vacation pay liability	2,917	2,484
Temporary difference between the tax base and carrying amount of financial liabilities	3,537	1,552
Prepaid building expenses	(7,675)	(3,853)
Tax advantage from investment incentive	119,539	70,783
Derivative instruments	(9,504)	-
Other	43,670	38,974
	<u>149,693</u>	<u>73,181</u>
Deferred tax asset	294,117	197,317
Deferred tax liability	<u>(144,424)</u>	<u>(124,136)</u>
	<u>149,693</u>	<u>73,181</u>

# MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

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

#### Deferred Tax (continued)

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

	September 30, 2018	
	Losses carried forward for which deferred tax assets recognized	Losses carried forward for which deferred tax assets not recognized
Expiration schedule of carryforward tax losses		
Expiring in 2019	54,188	-
Expiring in 2020	67,388	-
Expiring in 2021	59,857	-
Expiring in 2022	155,252	-
Expiring in 2023	259,164	-
	<u>595,849</u>	<u>-</u>

  

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

Movement of deferred tax (assets)/liabilities for the period ended September 30, 2018 and year ended September 30, 2017 are as follows:

	January 1- September 30, 2018	January 1- September 30, 2017
Movement of deferred tax asset / (liabilities):		
Opening balance as at January 1	(73,181)	(22,356)
Charged to profit or loss	(75,588)	(23,498)
Charged to equity	(924)	(971)
Closing balance as at year end	<u>(149,693)</u>	<u>(46,825)</u>

**MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

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

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

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

Reconciliation of tax provision:	January 1- September 30, 2018	January 1- September 30, 2017
Loss before tax	(208,732)	(88,007)
Tax at the domestic income tax rate of 22% (2017: 20%)	45,921	17,601
Tax effects of:		
- expenses that are not deductible in determining taxable profit	(16,780)	(14,210)
- effect of tax advantage from investment incentive	48,756	11,746
- discounted corporate tax effect	-	777
- tax losses carried forward not subject to deferred tax	(6,051)	(1,475)
- previously unrecognized and unused tax losses and tax offsets now recognized as deferred tax assets	(9,433)	-
- change in income tax rate from 20% to 22%	2,995	-
- other	413	197
- other deduction	-	309
Income tax income recognized in profit or loss	65,821	14,945

**NOTE 20 – EARNINGS PER SHARE**

For the periods ended September 30, 2018 and September 30, 2017 earnings per share is as follows:

Gain / (loss) per share	January 1- September 30, 2018	July 1- September 30, 2018	January 1- September 30, 2017	July 1- September 30, 2017
Weighted average number of shares	205,582	204,328	176,458	176,458
Net gain / (loss) for the period for the equity holders of the parent	(158,056)	(135,061)	(68,008)	(51,359)
<b>Gain / (loss) per share for equity holder of the parent</b>	<b>(0.77)</b>	<b>(0.66)</b>	<b>(0.39)</b>	<b>(0.29)</b>

# MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

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

#### Financial Risk Factors

##### Foreign currency risk management

#### Foreign currency risk

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

	September 30, 2018			
	TL Equivalent (Functional currency)	USD	EUR	GBP
1. Trade receivables	150,057	24,555	427	-
2a. Monetary financial assets	216,193	1,862	29,475	19
2b. Non monetary financial assets	83,272	3,177	9,234	1
3. Other	299	-	43	-
<b>4. CURRENT ASSETS</b>	<b>449,821</b>	<b>29,594</b>	<b>39,179</b>	<b>20</b>
6b. Non monetary financial assets	56,328	9,379	21	-
7. Other	228	38	-	-
<b>8. NON CURRENT ASSETS</b>	<b>56,556</b>	<b>9,417</b>	<b>21</b>	<b>-</b>
<b>9. TOTAL ASSETS</b>	<b>506,377</b>	<b>39,011</b>	<b>39,200</b>	<b>20</b>
10. Trade payables	(65,316)	(4,618)	(5,359)	(52)
11a. Financial liabilities (loans)	(112,376)	-	(16,168)	-
11b. Financial liabilities (leasing)	(83,229)	(2,299)	(9,993)	-
12a. Other monetary liabilities	(59,083)	(6,027)	(3,304)	(2)
<b>13. CURRENT LIABILITIES</b>	<b>(320,004)</b>	<b>(12,944)</b>	<b>(34,824)</b>	<b>(54)</b>
15a. Financial liabilities (loans)	(560,339)	-	(80,619)	-
15b. Financial liabilities (leasing)	(203,713)	(3,762)	(26,067)	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non monetary liabilities	-	-	-	-
<b>17. NON CURRENT LIABILITIES</b>	<b>(764,052)</b>	<b>(3,762)</b>	<b>(106,686)</b>	<b>-</b>
<b>18. TOTAL LIABILITIES</b>	<b>(1,084,056)</b>	<b>(16,706)</b>	<b>(141,510)</b>	<b>(54)</b>
<b>19. Net assets / liability position of off-balance sheet derivatives (19a-19b)</b>	<b>283,219</b>	<b>-</b>	<b>40,748</b>	<b>-</b>
19.a Off balance sheet foreign currency derivative assets	283,219	-	40,748	-
19.b Off balance sheet foreign currency derivative liabilities	-	-	-	-
<b>20. Net foreign currency asset liability position (9+18+19)</b>	<b>(294,460)</b>	<b>22,305</b>	<b>(61,562)</b>	<b>(34)</b>
<b>21. Monetary Items Net Foreign Currency Asset / Liability Position (1+2a+10+11+12a+14+15+16a)</b>	<b>(717,806)</b>	<b>9,711</b>	<b>(111,608)</b>	<b>(35)</b>

# MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

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

#### Financial Risk Factors (continued)

#### Foreign currency risk management (continued)

#### Foreign currency risk (continued)

	December 31, 2017			
	TL Equivalent (Functional currency)	USD	EUR	GBP
1. Trade receivables	117,511	31,152	2	-
2.a Monetary financial assets	37,441	8,300	1,329	25
2.b Non monetary financial assets	120,557	16,136	13,218	-
3. Other	456	75	38	-
<b>4. CURRENT ASSETS</b>	<b>275,965</b>	<b>55,663</b>	<b>14,587</b>	<b>25</b>
6.b. Non monetary financial assets	44,261	11,734	-	-
7. Other	3,805	1,005	3	-
<b>8. NON CURRENT ASSETS</b>	<b>48,066</b>	<b>12,739</b>	<b>3</b>	<b>-</b>
<b>9. TOTAL ASSETS</b>	<b>324,031</b>	<b>68,402</b>	<b>14,590</b>	<b>25</b>
10. Trade payables	(44,055)	(6,737)	(4,129)	-
11.a. Financial liabilities (loans)	(91,213)	-	(20,200)	-
11.b. Financial liabilities (leasing)	(60,978)	(2,459)	(11,450)	-
12.a Other monetary liabilities	(39,023)	(5,047)	(4,425)	-
<b>13. CURRENT LIABILITIES</b>	<b>(235,269)</b>	<b>(14,243)</b>	<b>(40,204)</b>	<b>-</b>
15a. Financial liabilities (loans)	(637,718)	-	(141,229)	-
15b. Financial liabilities (leasing)	(170,125)	(5,470)	(33,106)	-
16.b Other non monetary liabilities	-	-	-	-
<b>17. NON CURRENT LIABILITIES</b>	<b>(807,843)</b>	<b>(5,470)</b>	<b>(174,335)</b>	<b>-</b>
<b>18. TOTAL LIABILITIES</b>	<b>(1,043,112)</b>	<b>(19,713)</b>	<b>(214,539)</b>	<b>-</b>
19. Net assets / liability position of off-balance sheet derivatives (19a-19b)	-	-	-	-
19.a Off balance sheet foreign currency derivative assets	-	-	-	-
19.b Off balance sheet foreign currency derivative liabilities	-	-	-	-
<b>20. Net foreign currency asset liability position (9+18+19)</b>	<b>(719,081)</b>	<b>48,689</b>	<b>(199,949)</b>	<b>25</b>
<b>21. Monetary Items Net Foreign Currency Asset / Liability Position (1+2a+10+11+12a+14+15+16a)</b>	<b>(888,160)</b>	<b>19,739</b>	<b>(213,208)</b>	<b>25</b>



# MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

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

#### Financial Risk Factors (continued)

##### Foreign currency risk management (continued)

##### Foreign currency sensitivity

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

The following table details the Group's sensitivity to a 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 TL strengthens 20% against the relevant currency. For a 20% weakening of the TL against the relevant currency, there would be a comparable impact on the profit before tax or equity, and the balances would be negative.

September 30, 2018		
Profit /Loss		
	Valuation of foreign currency	Devaluation of foreign currency
In the case of US dollar gaining 20% value against TL		
1 - USD net asset / liability	11,634	(11,634)
2- Portion hedged against USD risk (-)	-	-
<b>3- USD net effect (1+2)</b>	<b>11,634</b>	<b>(11,634)</b>
In the case of EUR gaining 20% value against TL		
4 -EUR net asset / liability	(155,146)	155,146
5 Portion hedged against EUR risk (-)	56,644	(56,644)
<b>6- EUR net effect (4+5)</b>	<b>(98,502)</b>	<b>98,502</b>
<b>TOTAL (3+6)</b>	<b>(86,868)</b>	<b>86,868</b>
December 31, 2017		
Profit /Loss		
	Valuation of foreign currency	Devaluation of foreign currency
In the case of US dollar gaining 20% value against TL		
1 - USD net asset / liability	36,730	(36,730)
2- Portion hedged against USD risk (-)	-	-
<b>3- USD net effect (1+2)</b>	<b>36,730</b>	<b>(36,730)</b>
In the case of EUR gaining 20% value against TL		
4 -EUR net asset / liability	(180,574)	180,574
5 Portion hedged against EUR risk (-)	-	-
<b>6- EUR net effect (4+5)</b>	<b>(180,574)</b>	<b>180,574</b>
<b>TOTAL (3+6)</b>	<b>(143,844)</b>	<b>143,844</b>

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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

#### NOTE 22 – DERIVATIVE FINANCIAL INSTRUMENTS

	September 30, 2018		December 31, 2017	
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange transactions	48,825	(8,214)	-	-
Forward interest rate swap	2,689	(103)	-	-
	<u>51,514</u>	<u>(8,317)</u>	<u>-</u>	<u>-</u>

As of July 2018 and September 2018, the Group has hedged all principal and interest payments of the euro-denominated loans for the 2018-2024 period amounting to EUR 114,118 of the total EUR 43,119 of total debt service for the 2018-2020 period using a currency hedging through cross currency interest swap transactions and as for September 2018, the Group has hedged all principal and interest payments of the euro denominated lease obligation loans for the 2018-2020 period amounting to EUR 7,454 of the total EUR 40,644 of total lease obligation for the 2018-2024 period using a forward interest rate swap through cross currency interest swap transactions. The total hedged portion is 32.68% of the total euro-denominated loan related debt service.

#### NOTE 23 - EVENTS AFTER THE REPORTING PERIOD

As of October 2018, the Group has hedged principal and interest payments of the euro-denominated financial lease obligation for the 2018-2020 period amounting to EUR 13,419 using a cross currency interest swap transactions. The total hedged portion is 41.35% of the total euro-denominated debt related debt service.

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

### UNAUDITED FINANCIAL INFORMATION

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

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

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

The EBITDA calculation movements for the period ended September 30, 2018 and September 30, 2017 are as follow:

<b>EBITDA CALCULATION</b>	<b>September 30, 2018</b>	<b>September 30, 2017</b>
i. Net gain/ (loss) before tax	(208,732)	(88,007)
ii. Depreciation and amortization of tangible and intangible fixed assets including non-cash provisions related to assets such as goodwill	140,967	128,363
iii. Total net finance expenses, net of interest income	153,378	143,844
iv. Fx gains / losses, net under finance expenses	285,114	87,882
v. Extraordinary (income)/ expenses	(19,569)	6,729
vi. Rediscount income/expense (net imputed interest)	(4,783)	(6,690)
vii. Legal case provision expenditures which are reflected to financial statements by the general accounting principles	(261)	2,745
viii. Unused vacation pay provision expenses which are reflected to financial statements by the general accounting principles	1,970	1,277
ix. Retirement pay provision expenses which are reflected to financial statements by the general accounting principles	2,599	4,167
x. Doubtful receivables provision expenses which are reflected to financial statements by the general accounting principles (Note 6);	2,438	1,676
xi. Non cash sale and lease back expenses which are reflected to financial statements by the general accounting principles (Note 3);	590	590
xii. (Income)/ expenses from investment operations	(1,164)	(283)
<b>EBITDA</b>	<b>352,547</b>	<b>282,293</b>