

**LOKMAN HEKİM ENGÜRÜSAĞ SAĞLIK, TURİZM, EĞİTİM HİZMETLERİ
VE İNŞAAT TAAHHÜT A. Ş. INDEPENDENT AUDITOR’S REPORT ON THE
CONSILATED FINANCIAL STATEMENTS
FOR THE INTERM PERIOD 1 JANUARY – 31 DECEMBER 2020**

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL
STATEMENTS ORIGINALLY ISSUED IN TURKISH
INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED
FINANCIAL STATEMENTS OF LOKMAN HEKİM ENGÜRÜSAĞ SAĞLIK,
TURİZM, EĞİTİM HİZMETLERİ VE
İNŞAAT TAAHHÜT A.Ş. FOR 1 JANUARY – 31 DECEMBER 2020**

To The Board of Directors of

Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş.

Opinion

We have audited the Consolidated Financial Statements of the Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt Anonim Şirketi (the "Company") and its subsidiaries (collectively referred as the "Group") which comprise the statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Turkish Standards on Auditing issued by Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") and announcement of Capital Markets Board of Turkey ("CMB").

Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Professional Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Based on our professional judgments, The Key Audit Matters are most important issues on auditing period's consolidated financial statements.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters.

Vezin Bağımsız Denetim A.Ş.

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<u>Key Audit Matters</u>	<u>How The Key Audit Matters Has Been Approached in the Audit Process</u>
Reporting Revenue	
When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognized by reference to the stage of completion of the transaction at the end of the reporting period. The amount of revenue arising from health services after taking into account the amount of any trade discounts and volume rebates, in exchange for health services, contains; - For the billed health services, the amount billed - For the ongoing patient cares, the cost based on the type of the services In this context, determining the period and when to recognize revenue have importance from the point of our audit. There are detailed explanations and the Company's accounting policies related to revenue in Note 2.2, Note 6 and Note 26.	After understanding the accounting policies and its codes of practice related to reporting revenue, the audit process we perform includes; - Considering the revenue process, the period of sales and payments have been checked. - The past operations related to Social Security Institution (SSI) and other insurance companies have been reviewed and the timing of recognizing the revenue into financial statements have been checked. - Both from MEDULA (SSI Automation System) and from Hospital Information Management System, with using substantive tests, we have focused on the revenue associated with unbilled but recognized by reference to the stage of completion of the ongoing health care services. - Income accruals from past periods and the bills belongs to current period are reviewed and have been tested whether the revenue is recognized correctly or not. As a result of the audit we perform related the revenue, we had no material findings.

Key Audit Matters	How The Key Audit Matters Has Been Approached in the Audit Process
Recoverable of Trade Receivables	
Trade receivables amounting to the TRY 64,151,911 constitute a significant part of the financial statements as of December 31, 2020. The commercial receivables which corresponds to 72% of TRY 46,396,250 is related to the receivables from the Social Security Institution. The details of trade receivables are included in Note-6. Determining the provision for doubtful receivables for trade receivables, the payment ability of debtors, data on receivables that could not be collected in previous periods, extraordinary conditions in the current sector and in the current economic environment, assurances received from customers, payment performance of customers, factors such as the maturity analysis of receivables are taken into account. The estimates made based on these studies are accounted for. In this context, since determining the amount of the provision for impairment allocated for trade receivables involves significant judgement and assumptions of the management, this issue identified as one of the key audit issues.	Our audit procedures that we apply in this regard as follows; The process regarding the receive follow-up of the company's trade collections reviewed, and the structural status and mechanism of the internal controls for credit risk tested during the process. The aging study of the receivables was analyzed analytically and the non-traded receivables examined during the year. The existence of any conflict or case regarding the collection questioned by mutual consultation with the legal department and the recoverability of the receivables evaluated. In this framework, the collections made in the following period examined by sampling. Investigation of conflicts and cases related to receivables in order to audit the appropriateness of the special provisions reserved for trade receivables and and a letter of confirmation regarding the ongoing receivables proceedings from legal advisors. The existence of receivables and the confirmation of the balances examined by sending reconciliation letters to the customers for trade receivables.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Turkish Accounting Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). This responsibility includes designing, implementing and maintaining the necessary internal control system in order to ensure that the financial statements are free from material misstatement resulting from errors and / or fraud and irregularities, making accounting estimates required by the circumstances and selecting appropriate accounting policies in order to ensure that they reflect the truth in an honest way.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing ("ISA") will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also;

- Identify and assess the risks of material misstatements of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, override of internal control.
- Obtain and understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Vezin Bağımsız Denetim A.Ş.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures and the whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible of the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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Report on Other Liabilities Arising from the Legislation

- 1) In accordance with the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC"), no material issue has been found regarding the bookkeeping schedule of the Company for the period of 1 January - 31 December 2020 as to whether the financial statements do not conform to the provisions of the law and the Company's articles of incorporation for financial reporting.
- 2) In accordance with the fourth paragraph of Article 402 of the Turkish Commercial Code, the Board of Directors has made the required explanations within the scope of the audit and issued the requested documents.
- 3) The Auditor's Report on the Early Detection System of Risk and Committee organized in accordance with the fourth paragraph of Article 398 of the Turkish Commercial Code was presented to the Company's Board of Directors on 15 February 2021.

15 February 2021, Ankara
Vezin Bağımsız Denetim A.Ş.
Member Firm of HLB International



Fatma Zehra KOŞ, CPA
Auditor in Charge

Vezin Bağımsız Denetim A.Ş.

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	Notes	31 December 2020	31 December 2019
ASSETS			
Current Assets		108,330,423	117,636,235
Cash and Cash Equivalents	[4]	8,326,487	7,173,620
Financial Investments		64,151,911	68,684,089
- <i>Related Parties</i>	[30]	5,565,435	717,512
- <i>Other</i>	[6]	58,586,476	67,966,577
Other Receivables		1,442,201	2,812,899
- <i>Related Parties</i>	[30]	750,000	750,000
- <i>Other</i>	[7]	692,201	2,062,899
Inventories	[8]	19,664,250	24,873,444
Prepaid Expenses		13,560,982	9,902,552
- <i>Related Parties</i>	[30]	4,160,301	3,405,608
- <i>Other</i>	[18]	9,400,681	6,496,944
Assets Related to Current Period Tax	[17]	-	535,665
Other Current Assets	[16]	1,184,592	3,653,966
Non-Current Assets		281,355,891	255,217,204
Other Receivables	[7]	280,888	281,097
Biological Assets	[9]	13,710,350	12,258,642
Investment Property	[12]	6,400,000	6,400,000
Tangible Assets	[10]	158,320,751	123,436,120
- <i>Tangible Assets Acquired Through Financial Leasing</i>		8,187,113	8,248,428
- <i>Other Tangible Assets</i>		150,133,638	115,187,692
Right-of-Use Assets	[10]	44,470,129	58,452,451
Intangible Assets		23,231,455	24,565,973
- <i>Goodwill</i>	[13]	-	1,186,400
- <i>Other Intangible Assets</i>	[11]	23,231,455	23,379,573
Prepaid Expenses		17,702,157	7,924,015
- <i>Related Parties</i>	[30]	17,408,357	7,887,441
- <i>Other</i>	[18]	293,800	36,574
Deferred Tax Assets	[28]	17,240,161	21,898,906
Total Assets		389,686,314	372,853,439

The enclosed footnotes are the complementary part of the consolidated financial statements.

LIABILITIES	Notes	31 December 2020	31 December 2019
Short-Term Liabilities		146,243,373	148,818,524
Short-Term Borrowings	[5]	23,065,812	42,186,485
- Bank Loans		14,051,437	33,582,908
- Borrowings from Financial Leasing		1,352,155	997,428
- Borrowings from Leasing		7,662,220	7,606,149
Short-Term Portions of the Long-Term Borrowings	[5]	43,114,594	40,392,142
Trade Payables		40,161,867	40,480,910
- Related Parties	[30]	3,353,953	2,120,470
- Other	[6]	36,807,914	38,360,440
Payables Related to Employee Benefits	[19]	7,170,290	8,885,071
Other Payables		17,219,270	843,715
- Related Parties	[30]	16,100,829	226,454
- Other	[7]	1,118,441	617,261
Deferred Income	[18]	666,552	806,912
Period Profit Tax Liability	[28]	-	1,345,350
Short-Term Provisions	[14]	1,770,560	395,560
Other Short-Term Liabilities	[16]	13,074,428	13,482,379
Long-Term Liabilities		113,497,546	129,851,166
Long-Term Borrowings	[5]	99,856,264	109,014,610
- Bank Loans		62,128,468	55,290,955
- Borrowings from Financial Leasing		2,585,773	1,563,732
- Borrowings from Leasing		35,142,023	52,159,923
Deferred Income	[18]	1,707,314	3,596,663
Long-Term Provisions		5,051,409	6,107,018
- Provision for Employee Benefits	[15]	5,051,409	6,107,018
Liabilities Related to Current Period Tax	[17]	6,882,559	11,132,875
Equity	[20]	129,945,395	94,183,749
Equity Holders of the Parent		102,775,301	71,816,846
Paid-In Share Capital		24,000,000	24,000,000
Repurchased Shares (-)		(2,942,181)	(6,424,650)
Accumulated Other Comprehensive Income And Expenses not to be Reclassified to Profit or Loss		19,135,061	17,783,985
- Measurement of Revaluation Gains / (Losses)		22,522,283	22,522,283
- Gains / (Losses) on Remeasurement of Defined Benefit Plans		(3,387,222)	(4,738,298)
Accumulated Other Comprehensive Income and Expenses to be Reclassified to Profit or Loss		2,790,957	903,698
- Currency Translation Differences		2,790,957	903,698
Restricted Reserves		8,126,027	10,882,318
Prior Years' Profits / (Losses)		27,414,449	16,403,271
Net Profit (Loss) for the Period		24,250,988	8,268,224
Non-Controlling Shares		27,170,094	22,366,903
Total Liabilities and Equity		389,686,314	372,853,439

The enclosed footnotes are the complementary part of the consolidated financial statements.

	Notes	1 January 31 December 2020	1 January 31 December 2019
Income Statement			
Revenue	[21]	316,730,031	335,229,041
Cost of Sales (-)	[21]	(246,450,141)	(294,121,082)
Gross Profit / (Loss)		70,279,890	41,107,959
General Administrative Expenses (-)	[22]	(13,450,452)	(12,548,610)
Marketing, Sales and Distribution Expenses (-)	[22]	(3,530,366)	(2,441,407)
Other Operating Income	[23]	5,048,442	692,070
Other Operating Expenses (-)	[24]	(8,772,508)	(6,620,995)
Operating Profit / (Loss)		49,575,006	20,189,017
Income from Investment Activities	[25]	316,851	280,399
Operating Profit / (Loss) Before Financial Expenses		49,891,857	20,469,416
Financial Income	[26]	4,733,842	9,680,984
Financial Expenses (-)	[27]	(18,182,125)	(26,420,349)
Profit / (Loss) Before Tax		36,443,574	3,730,051
Tax Income / (Expenses)	[28]	(6,654,395)	7,276,726
Period Tax Expense		(2,333,417)	(1,107,128)
Deferred Tax Income/(Expense)		(4,320,978)	8,383,854
Net Profit / (Loss) for the Period		29,789,179	11,006,777
Distribution of Profit (Loss)		29,789,179	11,006,777
Non-Controlling Shares		5,538,191	2,738,553
Parent Company Shares		24,250,988	8,268,224
Earnings Per Share	[29]	1.01046	0.34451
Other Comprehensive Income Statement			
Net Profit / (Loss) for the Period		29,789,179	11,006,777
Items not to be Reclassified to Profit or Loss		(1,317,298)	(1,125,071)
Gains/(Losses) on Remeasurement of Defined Benefit Plans		(1,688,843)	(1,442,400)
Tax Income/(Expenses)		371,545	317,329
Items to be Reclassified to Profit or Loss		(1,887,259)	531,155
Currency Translation Differences		(1,887,259)	531,155
Other Comprehensive Income (After Tax)		(3,204,557)	(593,916)
Total Comprehensive Income		26,584,622	10,412,861
Distribution of Total Comprehensive Income		26,584,622	10,412,861
Non- Controlling Shares		5,538,191	2,738,553
Equity Holders of the Parent		21,046,431	7,674,308

The enclosed footnotes are the complementary part of the consolidated financial statements.

LOKMAN HEKİM ENGÜRÜSAĞ SAĞLIK, TURİZM, EĞİTİM HİZMETLERİ VE İNŞAAT TAAHHÜT A.Ş.

Consolidated Statement of Changes in Shareholder's Equity at 1 January-31 December 2020

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

			Other Comprehensive Income/(Expenses) not to be Reclassified to Profit or Loss	Other Comprehensive Income/ (Expenses) to be Reclassified to Profit or Loss			Retained Earnings		Other Comprehensive Income/Expenses	
	Paid-in Share Capital	Repurchased Shares (-)	Tangible Assets Revaluation Increase/ (Decrease)	Gains/ (Losses) on Remeasur- ment of Defined Benefit Plans	Currency Translation Differences	Restricted Reserves	Prior Years' Profits/(Losses)	Net Profit/(Loss) for the Period	Non- controlling Shares	Total
1 January 2019	24,000,000	(6,901,748)	22,522,283	(3,613,227)	372,543	10,475,466	8,528,016	8,340,261	20,182,400	83,905,994
Adjustments related to changes of accounting policies (IFRS 16)	-	-	-	-	-	-	(740,732)	-	-	(740,732)
Transfers	-	-	-	-	-	883,950	7,456,311	(8,340,261)	-	-
Currency Translation Differences	-	-	-	-	531,155	-	-	-	-	531,155
Gains/(Losses) on Remeasurement of Defined Benefit Plans	-	-	-	(1,442,400)	-	-	-	-	-	(1,442,400)
Tax Income/(Expense)	-	-	-	317,329	-	-	-	-	-	317,329
Repurchased Shares	-	477,098	-	-	-	(477,098)	2,262,531	-	-	2,262,531
Cash Dividend Distribution	-	-	-	-	-	-	(1,102,855)	-	-	(1,102,855)
Minority Shares	-	-	-	-	-	-	-	-	(554,050)	(554,050)
Net Profit/(Loss) for the Period	-	-	-	-	-	-	-	8,268,224	2,738,553	11,006,777
31 December 2019	24,000,000	(6,424,650)	22,522,283	(4,738,298)	903,698	10,882,318	16,403,271	8,268,224	22,366,903	94,183,749
1 January 2020	24,000,000	(6,424,650)	22,522,283	(4,738,298)	903,698	10,882,318	16,403,271	8,268,224	22,366,903	94,183,749
Transfers	-	-	-	-	-	726,178	7,542,046	(8,268,224)	-	-
Currency Translation Differences	-	-	-	-	1,887,259	-	-	-	-	1,887,259
Gains/(Losses) on Remeasurement of Defined Benefit Plans	-	-	-	1,688,843	-	-	-	-	-	1,688,843
Tax Income/(Expense)	-	-	-	(337,767)	-	-	-	-	-	(337,767)
Repurchased Shares	-	3,482,469	-	-	-	(3,482,469)	8,269,132	-	-	8,269,132
Cash Dividend Distribution	-	-	-	-	-	-	(4,800,000)	-	(735,000)	(5,535,000)
Net Profit/(Loss) for the Period	-	-	-	-	-	-	-	24,250,988	5,538,191	29,789,179
31 December 2020	24,000,000	(2,942,181)	22,522,283	(3,387,222)	2,790,957	8,126,027	27,414,449	24,250,988	27,170,094	129,945,395

The enclosed footnotes are the complementary part of the consolidated financial statements.

LOKMAN HEKİM ENGÜRÜSAĞ SAĞLIK, TURİZM, EĞİTİM HİZMETLERİ VE İNŞAAT TAAHHÜT A.Ş.
Consolidated Statement of Cash Flow for the Period 1 January-31 December 2020
(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

	Notes	1 January 31 December 2020	1 January 31 December 2019
A. Cash Flows From Operating Activities		64,709,519	17,487,327
Profit/(Loss) for the Period		24,250,988	8,268,224
Adjustments to Reconcile Net Profit/(Loss) for the Period		30,080,296	3,513,231
Adjustments to Depreciation and Amortization Expense	[10-11]	19,027,874	17,692,177
Adjustments to Impairment (Cancellation)		(1,357,439)	1,473,496
Adjustments to Impairment (Cancellation) in Receivables	[6]	(1,357,439)	1,473,496
Adjustments to Provisions		(1,055,609)	1,786,401
Adjustments to (Cancellation) Provisions related with Employee Benefits	[15]	(1,055,609)	1,786,401
Adjustments to Interest (Income) Expenses		392,533	158,358
Adjustments to Interest Expenses	[27]	392,533	158,358
Adjustments to Unrealized Currency Translation Differences	[20]	1,887,259	531,155
Adjustments to Tax (Income) Expenses	[28]	4,658,745	(14,830,831)
Other Adjustments Related to Non-Cash Items		6,526,933	(3,297,525)
Changes in Working Capital		13,367,267	6,858,727
Adjustments to Increase/(Decrease) in Trade Receivables		(650,653)	(6,202,449)
Adjustments to Increase/(Decrease) in Trade Receivables from Related Parties	[30]	(4,847,923)	(712,248)
Adjustments to Increase/(Decrease) in Trade Receivables from Third Parties	[6]	4,197,270	(5,490,201)
Adjustments to Increase/(Decrease) in Other Receivables related with Operations		1,370,907	1,987,696
Adjustments to Increase/(Decrease) in Other Receivables from Related Parties related with Operations	[30]	1,452,863	2,064,683
Adjustments to Increase/(Decrease) in Other Receivables from Third Parties related with Operations	[7]	(81,956)	(76,987)
Adjustments to Increase/(Decrease) in Stocks	[8]	3,757,486	(386,802)
Adjustments to Increase/(Decrease) in Prepaid Expenses	[18]	(13,179,346)	6,893,157
Adjustments to Increase/(Decrease) in Trade Payables		(480,273)	2,587,727
Increase/(Decrease) in Trade Payables to the Related Parties	[30]	1,233,483	353,408
Increase/(Decrease) in Trade Payables to the Third Parties	[6]	(1,713,756)	2,234,319
Increase/(Decrease) in Payables related to Employee Benefit	[19]	(1,714,781)	1,025,300
Increase/(Decrease) in Other Payables related with Operations		19,364,587	506,463
Increase/(Decrease) in Other Payables to the Related Parties related with Operations	[30]	18,863,407	(4,300)
Increase/(Decrease) in Other Payables to the Third Parties related with Operations	[7]	501,180	510,763
Increase/(Decrease) in Deferred Income	[18]	(140,360)	495,013
Adjustments to Increase/(Decrease) in Working Capital		5,039,700	(47,378)
Increase/(Decrease) in Other Assets related with Operations	[16]	2,747,813	(224,383)
Increase/(Decrease) in Other Liabilities related with Operations	[16]	2,291,887	177,005
Cash Flows from Operations		67,698,551	18,640,182
Paid Dividends		(2,989,032)	(1,152,855)
B. Cash Flows from Investing Activities		(45,171,684)	(23,471,330)
Cash Outflows from Acquiring Tangible-Intangible Assets		(45,171,684)	(23,471,330)
Cash Outflows from Acquiring Tangible Assets	[10]	(49,875,701)	(25,164,625)
Cash Outflows from Acquiring Intangible Assets	[11]	4,704,017	1,693,295
C. Cash Flows from Financing Activities		(18,384,968)	11,179,032
Cash Inflows from Borrowings	[5]	88,443,990	202,327,281
- Cash Inflows from Loans		88,443,990	202,327,281
Cash Outflows from Repayments of Borrowings	[5]	(97,431,261)	(191,148,249)
- Cash Outflows from Loan Repayments		(97,431,261)	(191,148,249)
Other Cash Inflows/(Outflows)	[5]	(9,397,697)	-
Net Increase (Decrease) on Cash and Cash Equivalents Before the Effect of Currency Translation Differences		1,152,867	5,195,029
D. Effect of Currency Translation Differences on Cash and Cash Equivalents		-	-
Net Increase/(Decrease) on Cash and Cash Equivalents		1,152,867	5,195,029
E. Cash and Cash Equivalents at the Beginning of the Period	[4]	7,173,620	1,978,591
F. Cash and Cash Equivalents at the End of the Period (A+B+C+D+E)	[4]	8,326,487	7,173,620

The enclosed footnotes are the complementary part of the consolidated financial statements.

1. COMPANY'S ORGANIZATION AND MAIN ACTIVITY

Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim ve İnşaat Taahhüt A.Ş. ("Parent Company", "Company") was established in Ankara in 1996. Firstly, it started to operate sale of medical stuff and procurement of medical equipment.

Company amended the main contract in the meeting which was conducted on 23 May 2010 after the 2009 Ordinary General Assembly Meeting. Company's title of "Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş." changed as "Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş." relying on this amendment.

The Company's head office is located in Dumlupınar Bulvarı Kentpark No:164/306 Çankaya, Ankara.

Main partnership capital and partnership structure is;

	31 December 2020		31 December 2019	
	TRY	%	TRY	%
Group A	193,208	0.81	193,208	0.81
Group B	23,806,792	99.19	23,806,792	99.19
Total	24,000,000	100	24,000,000	100

A category shares are registered and cannot be sold in the stock exchange market. They cannot be transferred partially to third parties. A category shareholder has priority for sale of shares relying on real value (the value which is set jointly between parties). In the situation of conflict, revaluation of share will be made during a month by independent auditing firm which is jointly decided. At the transfers of a category share, in the situation that there is one or more than one A category shareholder which will take over, shares are transferred equally. When there is no A category shareholder to take over A category shares which are settled its value, shareholder is free to sell his shares to third parties over its settled value.

Affairs and management of the Company are conducted by board of directors consisted of minimum 7 or 9 people which are elected by General Board. If board of directors will consist of 7 people elected by General Board, 5 of them; and if board of directors will consist of 9 people, 6 of them will be elected by General Board between candidates jointly nominated by shareholders who have more than 51 percent of A category shares.

There is no granted privilege to B category shares.

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 01, 2011. According to the records of Central Registry Agency (CRA); shares representing 72.94% as of December 31 2020, are accepted as "in circulation".

Subsidiaries which are in the Company, are subjected to consolidation, are direct, and sphere of activities of these subsidiaries with its rate of share are as below;

Company	Principle Activity	Participation Rate (%)	
		31 December 2020	31 December 2019
Lokman Hekim Van Sağlık Hiz. ve İnş. Taah. A.Ş.	Healthcare	51	51
Hay Süt ve Süt Ürünleri Hay. Gıda İth. İhr. A.Ş.*	Livestock, Dairy	100	100
Engürüsağ Genel Ticaret Ltd. Şti. (Erbil)	Healthcare	95	95
Lokman Hekim Tıp Merkezleri A.Ş.**	Healthcare	100	100
Her Yerde Sağlık ve Elektronik Tic. A.Ş.***	e-Healthcare Services	100	100

(*) "The Company's" subsidiary's capital has been increased to TRY 11,000,000 on 08.11.2018. The capital is divided into 11,100,000 registered shares that has a nominal value of TRY 1 each. This increased capital consists of 550,000 A category shares which have privilege right and 10,545,000 B category shares.

(**) The Company has 49% of the shares owned by the company and 66% of the management representation and 100% of the profit share. Therefore, the company has been included into financial statements by fully consolidation method.

(***) The subsidiary of the company "Her Yerde Sağlık ve Elektronik A.Ş." was established on 19 July 2019 by committing its capital in cash. The capital share amount that corresponds to quarter of shares promised in cash is paid before the registration of the company by Lokman Hekim Engürüsağ Sağlık, Turizm Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş. The subsidiary's capital consists of 100,000 A category shares and 400,000 B category shares. The capital is divided into 500,000 registered shares that has a nominal value of TRY 1 each.

Lokman Hekim Etlik Hospital

In Etlik district in Ankara, five-storey hospital building that has 2,900 m² of indoor area has been rented for 15 years in 1999 and rental contract have been extended 5+5 years in 2014. There are 2 operating rooms, 2 delivery rooms, 3 newborn intensive care incubators, 3 intensive care beds, 31 inpatient beds with a total capacity of 37 beds.

The company has purchased the independent sections on the side of the hospital to grow the hospital, and the projecting and rebuilding works have been started within the year 2017. The construction of approximately 9.000 m² of the additional part was completed and the building usage permit was obtained. Republic of Turkey Ministry of Health licensing process and control process completed, and the additional hospital building started patient admission during the year. The renovation and furnishing works of the main hospital building has also started, and it is planned to be completed as soon as possible and to be operating as work in full capacity.

The hospital has TUV-CERT ISO 9001:2008 Certificate of Quality Management System and it supports the project of Baby-Friendly Hospital which is conducted by UNICEF and Ministry of Health. In this scope, hospital has Certificate of Baby-Friendly Hospital.

The hospital has got a score of 92.84 over 100 as a result of inspection of Health Quality Assessment by Ministry of Health.

Lokman Hekim Ankara Hospital

Hospital building that has 8 floors and 17,500 m² indoor areas in Sincan district in Ankara is the Company's own asset. The hospital has 6 full-fledged operation rooms and one heliport for air ambulance. The hospital has 51 intensive care rooms, 6 intensive care units for cardiology department, 1 coronary room with 4 beds and 21 newborn intensive care incubators and 134 patient beds with a total capacity of 216 beds.

Lokman Hekim Ankara Hospital has been leased with all its fixed assets, including real estate, to the Lokman Hekim University Health Application and Research Center for 3 years as of 1 January 2020. Also, all employees have been transferred to Lokman Hekim University as of 31 December 2019.

The rent between the "Company" and Lokman Hekim University will be calculated in variable consistency. The criteria taken into account in the calculation of the rent is the operating profit that is served by the foundation university hospitals but not private hospitals according to the regulations and amount paid by the Social Security Institution to foundation university.

The hospital license of Lokman Hekim Ankara Hospital has been conditionally donated to Lokman Hekim University as long as the University hospital operations continue. Lokman Hekim Ankara Hospital will be operated by Lokman Hekim University as title of Lokman Hekim University Health Application and Research Center as of 1 January 2020.

The net value of leased fixed assets in financial statements on 31 December 2019 is TRY 45,920,512. The ratio of this amount to the Total assets of the company in financial statements of the same date is %12. The provisions for termination indemnities for 487 personnel transferred to the University Hospital is TRY 1,374,468 in financial statements dated 31 December 2019.

The revenue of Lokman Hekim Ankara Hospital in comprehensive income statement dated 31 December 2019 is TRY 89,766,262 and its ratio to the Total revenue is %27. The change in business segment of the company will cause revenue and cost reduction effects. It is also evaluated that this lease agreement will have a positive impact financial statements of the company. (Note-21)

Lokman Hekim Akay Hospital

In Çankaya, Ankara, the 11-storey hospital built on 18,000 m² Total area was rented for 15 years and started its operation on 1 August 2016. The hospital has a Total bed capacity of 126 beds, including 3 beds internal intensive care, 4 beds coronary intensive care, 3 beds surgical intensive care, 6 newborn intensive care incubators, 9 beds KVC intensive care units and 101 patient beds.

Lokman Hekim Akay Hospital supports TQCSI ISO 9001: 2008 Quality Management System Standards document and Ministry of Health and Baby Friendly Hospital Project carried out by UNICEF and has Baby Friendly Hospital certificate.

The hospital has got a score of 96.03 over 100 as a result of inspection of Health Quality Assessment by Ministry of Health.

Lokman Hekim Van Hospital

In Van city center the 9-storey hospital building with 12,500 m² indoor area, the hospital has 5 fully-fledged operating rooms, 16 internal intensive care beds, 15 surgical intensive care beds, 5 beds for intensive care for cardiology department, 17 coronary rooms, 64 newborn intensive care incubators and 99 patient beds with a Total capacity of 216 beds.

The hospital has got a score of 96.65 over 100 as a result of inspection of Health Quality Assessment by Ministry of Health.

Lokman Hekim Hayat Hospital

In the center of Van, there are 2 operating rooms, 13 beds medical and surgical intensive care units, 26 newborn intensive care units and 30 patient beds in a 5-storey hospital which is installed in a closed area of approximately 4,500 m² and has a Total capacity of 69 beds.

The hospital has got a score of 96.95 over 100 as a result of inspection of Health Quality Assessment by Ministry of Health.

Engürüsağ General Trading Limited Company

The center was established to provide imaging and diagnostic facilities in Erbil, Iraq in 2013. The Company has 95% percent of the shares and titled as co-founder. The company operates in an indoor area of approximately 2,000 m² which includes radiology and laboratory units located in the center.

Hay Süt ve Süt Ürünleri Hayvancılık Gıda İth. İhr. A.Ş.

It operates in Haymana and Bala districts of Ankara. The capital of the company is divided into 11.100.000 registered shares, each with a nominal value of 1 TL.555.000 of the capital is privileged and consists of A group and 10.545.000 group B shares. A 100% participation in the company. Hay Süt is engaged in milk production and livestock breeding as a business that has European standards and a royal certificate.

Lokman Hekim Demet Tıp Merkezleri A.Ş.

It has been established in the Demetevler district of Yenimahalle in Ankara with a capital of TRY 50,000 on 12 April 2016 to provide a closed area of 2,400 m², outpatient treatment and health services. Licensing and furnishing studies of the Lokman Hekim Demet Medical Center were completed and patient admission started on 11 October 2016.

According to the Regulations Regarding Private Health Establishments Diagnosed and Treated Out of the Company, the share of the company's capital has been limited to 49%. Preemptive right with (49%) Company A shares that The Company have as founder shareholder and (51%) shares that was paid in the course of establishment; The Company's share rate is 100%. The absolute amount of profit share belongs to The Company.

Her Yerde Sağlık ve Elektronik Tic. A.Ş. (HYSET)

Her Yerde Sağlık ve Elektronik Tic. A.Ş. (HYSET) is established in technology park in Ankara with a capital of TRY 500,000. It will operate in digital transformation and marketing in healthcare. HYSET, is designed as a platform where the content, presentation form and prices of the services provided by the contracted health service providers can be compared, appointment could be prepared and purchased, and real user experiences are shared.

Laboratories

The laboratories located in the hospitals are members of the ONEWORLD ACCURACY and the reliability of the laboratory instruments and the measurement results are regularly checked with the External Quality Control Programs.

Medical Units

Anesthesia, re-animation, nutrition and dietetics, brain and nerve surgery, pediatric health and diseases, newborn, dermatology, radiology, physical medicine and rehabilitation, gastroenterology, general surgery, chest diseases, ophthalmology, hematology, internal medicine, gynecology and obstetrics, cardiology, cardiovascular surgery, otolaryngology, neurology, nephrology, orthopedics and traumatology, urology, dentistry, thoracic surgery, endocrinology, psychiatry, pediatric surgery, plastic reconstructive and aesthetic surgery, emergency medicine, biochemistry, microbiology, infectious diseases, pathology, interventional radiology, medical oncology, pediatric cardiology

Personnel:

Position	31 December 2020	31 December 2019
Doctor	201	296
Health Services	626	812
Health Support Services	344	501
Management Support Services	316	407
Managerial Staff	121	98
Veterinary and Laborers	12	12
Total	1,620	2,126

2. PRINCIPALS REGARDING TO THE PRESENTATION OF FINANCIAL STATEMENTS

2.1. Main Principles Regarding to the Presentation

Legal Books and Financial Statements

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

Financial statements are presented in accordance with the formats specified in the "Announcement on TMS Taxonomy" published by the POA on April 15, 2019, and the financial table examples and user guide published by the CMB.

CMB, with its resolution dated 17 March 2005, announced that all publicly traded entities operating in Turkey was not obliged to apply inflationary accounting effective from 1 January 2005. In accordance with this resolution, IAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied to the consolidated financial statements since 1 January 2005.

The Company prepares its Financial Statements in according to Turkish Commercial Code ("TCC") and Ministry of Finance Standards and used the currency is Turkish Lira(s).

The consolidated financial statements are prepared in accordance with the historical cost basis records for the purpose of fair presentation in accordance with Turkish Accounting Standards and Turkish Financial Reporting System (IAS/IFRS).

Principles of Consolidation:

Company	Principle Activity	Participation Rate (%)	
		31 December 2020	31 December 2019
Lokman Hekim Van Sağlık Hiz. ve İnş. Taah. A.Ş.	Healthcare	51	51
Hay Süt ve Süt Ürünleri Hayv. Gıda İth. İhr. A.Ş.	Livestock, Dairy	100	100
Engürüsağ Genel Tic. Ltd. Şti. (Erbil)	Healthcare	95	95
Lokman Hekim Tıp Merkezleri A.Ş.*	Healthcare	100	100
Her Yerde Sağlık ve Elektronik Tic. A.Ş.	e-Healthcare Services	100	100

All of the above companies have been consolidated within the framework of the principles explained below.

(*) This ratio refers to 49% of Group A registered shares owned by the Company and 51% of Group B shares, the pre-purchase price paid by the parent company in the establishment of the company. Group A shares provide a privilege of 66% in the representation of the Management and 100% in the profit share. For this reason, the company has been included to the financial statements by full consolidation method.

Consolidation Method

- Consolidated balance sheets and income statement items of the partnerships are consolidated through adding up to each other. Book values of the shares owned by main partnership in consolidated subsidiaries are set off from the shareholders' equity accounts of the subsidiary.

- Receivables and payables, sale of good and services and income and loss items resulting from the transactions between the partnerships from each other which are within the scope of consolidation are set off.
- Tangible and intangible assets purchased between the partnerships which are subject to consolidation method are presented in the consolidated balance sheet through their costs of acquisition after the necessary adjustments are made.
- From all equity account group items of the subsidiaries within the scope of consolidation, including the paid / issued capital, the amounts corresponding to the shares other than the parent company and subsidiaries are deducted and shown before the equity account group of the consolidated statement of financial position, "Non-Controlling Shares" account group. Minority share has not been calculated in Lokman Hekim Medical Centers Inc., an affiliate of the company, as the parent has the right to receive a 100% share from the profit. Minority interest has not been calculated in Lokman Hekim Tıp Merkezleri A.Ş. that is a subsidiary of the company because as the parent company has the right to receive a %100 share from the profit.
- Cost of acquisition of shares in the capital of subsidiary by main partnership as of the date when the partnership within the scope of consolidation become subsidiary and just for the one time for the following share purchases, is set off from the value in the shareholders' equity in the re-valued balance sheet of the subsidiary based on the fair value as of the purchase date.
- Acquisition of the Company is accounted through purchase method. In this method, acquisition is registered based on cost. The Company, starting from the acquisition date, includes the operation results of the company which is acquired in its income statement and also presents each definable asset and liability of the acquired company as well as the goodwill or negative goodwill aroused as result of the acquisition in the balance sheet as of this date.

Comparative Information and Correction of Prior Period Financial Statements

The Company's consolidated financial statements are prepared in comparison with the previous period in order to allow the determination of financial status and performance trends.

In order to comply with the presentation of the current period consolidated financial statements, comparative information is reclassified when necessary and significant differences are disclosed.

Functional Currency:

Functional currency of the Group is Turkish Lira (TRY) and attached consolidated financial statements and notes to consolidated financial statements are presented in Turkish Lira (TRY).

Declaration of Conformity:

Attached financial statements of Company have been confirmed by the Board of Directors of the Company as of **15 February 2021**. The right to change the attached consolidated financial statements belongs to the General Assembly of the Company or legal authorities.

Netting/Set Off

Financial assets and liabilities are presented at their net values in cases of a required legal right, related assets and liabilities are intended to be netted or acquisition of assets are followed by the performing of the liabilities.

Financial Statement of Partnerships Operating in Foreign Countries

Financial statements of partnerships and subsidiaries in foreign countries are prepared in accordance with the host countries' standards and law. The accounting principles of the Company are adjusted according to these laws and standards.

If the currencies of the Company companies are different from reporting currency, then the translation method is below;

- All the assets and liabilities are translated with the exchange rate on the date of balance sheet.

- Revenues and expenses are translated with the exchange rate on the date of balance sheet and the difference of translation is stated in the comprehensive income statement.

2.2. New and Revised Turkish Accounting/Financial Reporting Standards

The Company has applied the new and revised standards and interpretations issued by the POA as of 1 January 2020 and related to its own activity.

- **Amendment to IFRS 16, 'Leases' - COVID-19 - 19 related rent concessions**

It is valid on June 1,2020 or for annual reporting starting after this date. As a result of the coronavirus (COVID - 19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID - 19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. This change has no effect on the financial status and performance of the Company.

- **Amendments to IFRS 17 and IFRS 4, 'Insurance contracts', deferral of IFRS 9**

It is valid on January 1,2021 or for annual reporting starting after this date. These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial Instrument until 1 January 2023. This change has no effect on the financial status and performance of the Company.

- **Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform**

It is valid on January 1,2020 or for annual reporting starting after this date. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries. This change has no effect on the financial status and performance of the Company.

- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2**

It is valid on January 1,2021 or for annual reporting starting after this date. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. This change has no effect on the financial status and performance of the Company.

- **Amendments to IAS 1, "Presentation of financial statements' on classification of liabilities"**

It is valid on January 1,2022 or for annual reporting starting after this date. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. This change has no effect on the financial status and performance of the Company.

- **A number of narrow - scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;**

It is valid on January 1,2022 or for annual reporting starting after this date. Amendments to IFRS 3, "Business combinations" update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, "Property, plant and equipment" prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss. Amendments to IAS 37, "Provisions, contingent liabilities and contingent assets" specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, "First - time Adoption of IFRS", IFRS 9, "Financial instruments", IAS 41, "Agriculture" and the Illustrative Examples accompanying IFRS 16, "Leases". This change has no effect on the financial status and performance of the Company.

- **IFRS 17, 'Insurance contracts'**

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It is valid on January 1,2021 or for annual reporting starting after this date. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. The amendments will not have an impact on the financial position or performance of the Company.

- **Amendments to TAS 1 and TAS 8 on the definition of material**

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It is valid on January 1,2020 or for annual reporting starting after this date. These amendments to TAS 1, 'Presentation of financial statements', and TAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other TFRS's;

- i. Use a consistent definition of materiality throughout TFRSs and the Conceptual Framework for Financial Reporting
- ii. Clarify the explanation of the definition of material; and
- iii. Incorporate some of the guidance in TAS 1 about immaterial information.

This change has no effect on the financial status and performance of the Company.

- **Amendments to TFRS 3 - definition of a business**

It is valid on January 1,2020 or for annual reporting starting after this date. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. This change has no effect on the financial status and performance of the Company.

2.3. Summary of Important Accounting Policies

Revenue:

Revenue means – in exchange of the health services provided – invoice amount of the invoiced services, the amount to be invoiced for the performed but not invoiced services and the amount calculated based on the completion level for not invoiced but still continuing services, less returns and discounts.

In case an uncertainty arises to collect a revenue, amount which was presented in the financial statements, uncollectable or the amount which becomes impossible to collect be considered as cost in the financial statements rather than adjusting the first registered revenue.

The Company reports income accruals of patients whose treatment is continuing at the end of the period in sales of healthcare service.

Inventories:

Costs of inventories are compromise of cost of all purchases, conversion costs and other costs burdened to perform the current position and condition of the inventories. For the inventory purchases with interim payments, the differences between the cash value and future value are recognized as finance costs in the period it occurred.

Inventory method is weighted average cost method.

Inventories are valued with the lowest of cost and net realizable value. Net realizable value is the value expected sales value under normal conditions less the total of expected costs of completion and expected sales costs in order to perform the sale.

It is assumed that the production activities would be at normal capacity on the distribution of fixed general production costs to conversion costs. Normal capacity is the expected average production amount under normal conditions within one or a few periods or sessions considering the loss of capacity due to the planned repair and maintenance works. If the real production level is close to the normal capacity, then this capacity is considered as normal capacity. If the actual production level is continuously below from the pre-determined normal capacity, then the normal capacity is accepted as realized actual capacity and all the fixed production costs add into the production costs of services.

Biological Assets:

Biological assets are recognized initially at cost. They are valued at fair value at the end of each reporting period. In cases where fair value cannot be calculated or determined clearly, so-called biological asset is re-valued through its cost less all related accumulated depreciation and accumulated provisions for loss. Gains or losses on the values are linked with the period profit or loss.

The Company displays livestock and agricultural products at fair value. Agricultural products that are not harvested valued after deducting estimated sales costs from their market values.

Tangible Assets:

Tangible assets which are expected to be used within the company for more than one year are registered with their costs at the time of purchase. In the following periods, revaluation method for lands and buildings are revaluated based on the method for cost of other tangible assets. Costs of other tangible assets which were purchased prior to 1 January 2005 are costs which are adjusted for inflation effects.

The company used pro rata basis depreciation for tangible assets according to normal depreciation method.

When the Company determines the depreciation lives for its tangible assets, it considers the useful life of the asset.

Costs of tangible assets which are purchased through leasing are the costs less the interest and foreign exchange difference. Interests and foreign exchange differences are registered as financial costs in the relevant period.

Company's beneficial lives for tangible assets are below;

Buildings	50 Years
Machinery, plants and equipment	5 – 20 Years
Vehicles	5 Years
Fixtures	2 – 20 Years
Assets Purchased Through Leasing	5 – 20 Years
Other intangible assets	5 – 20 Years

Intangible Assets:

Intangible assets which are expected to be used within the company for more than one year are registered with its costs at the time of purchase. They are re-valued based on the cost model in the following periods. Cost of Intangible assets which were purchased prior to 1 January 2005 are costs which are adjusted for the inflation effect.

“Doctor Staff and Medical License Fee” is reported in Intangible assets as Rights for Lokman Hekim Akay Hospital, Lokman Hekim Demet Hospital, Lokman Hekim Van Hospital and Lokman Hekim Hayat Hospital,

According to the issued change in the Official Journal in 11 July 2013, transfer of staff and license is allowed with article 6 of Private Hospital Regulation.

The Company takes the useful lives of the assets into consideration when determining the depreciation lives of the Intangible assets.

Indefinite-life intangible assets (Doctor Staff and Medical License Fee) are not subjected to amortization but they are tested for impairment. The Company determined useful lives for its intangible assets 3 to 15 years.

Goodwill:

Purchase price burdened related to the purchase of a company is distributed to the identifiable assets, liabilities and conditional liabilities at the time of purchase of the purchased company. The difference between purchase price and fair value of the identifiable assets, liabilities and conditional liabilities of the purchased company is registered as goodwill in the consolidated financial statements. In the mergers, assets, Intangible assets and conditional liabilities which are not stated in the financial statements of the purchased company/enterprise but can be separated from the goodwill are reflected to the consolidated financial statements with their fair values. Goodwill in the financial statements of purchased company is not considered as identifiable assets.

In case of the buyers' share of the fair values of the purchased identifiable assets, liabilities and conditional liabilities exceeds the purchase price, then the difference is linked with the consolidated income statement.

In case any value decline in the goodwill amount, its effect is reflected to the period results. Testing for the value decline at the same time every year to determine whether there is a value decline in the goodwill amount or not.

Legal mergers among the enterprises which are under the control of the Company are considered within the scope of IFRS 3. Therefore, no goodwill is calculated in such mergers. Moreover, transactions occurred during legal mergers are subject to adjustment process during the preparation of consolidated financial statements.

Decline in the Values of Assets:

According to IAS 36 – Decline in the Values of Assets standard, book values of tangible and intangible assets and their recoverable values can be compared if it is deemed necessary due to domestic and international economic indications. If it is forecasted that the book value of the asset exceeds the recoverable value, then it is accepted that there is decline in the value of the asset.

Recoverable value is the lesser of the exercise price and market price. Forecasted decline in the value is registered as loss at the term in which it is determined.

Financial Instruments:

a) Cash and Cash Equivalents;

Cash on hand of the Company consists of cash and bank deposits. Cash equivalents consist of receivables from credit card.

Bank deposit balances of foreign currencies are re-valued from the foreign exchange rate of T.R. Central Bank at the date of balance sheet. Current values of the cash in the balance sheet and deposits in the bank and receivables from credit card are the fair value of these assets.

b) Trade Receivables Impairment Loss And Expected Credit Losses;

Trade receivables and payables resulting from providing a service to a customer by the Company or purchasing a good or service from a supplier are presented after clarified from deferred financing revenues and costs.

It is assumed that the discounted values of trade receivables and provision for doubtful receivables are equivalent to the fair values of the assets.

The company, in case there is an objective proof that the collecting is impossible, makes provisions for doubtful receivables. The amount of this provision is registered value of the receivable less the guarantees and warranties.

Following making a provision for the doubtful receivables, in case all or a portion of the doubtful receivable is not collected, the collected amount is written off from doubtful receivables and registered as other revenues.

The Company measures the allowance for trade receivables at an amount equal to the "expected life-time credit losses" (except for realized impairment losses) where the trade receivables are not impaired for some reason. Expected credit losses are a weighted estimate of the likelihood of credit losses over the expected life of a financial instrument.

In the calculation of expected credit losses, the Company takes into account past credit loss experience as well as forecasts for the future.

It is assumed that the discounted values of trade payables are equivalent to the fair values of the assets.

c) Other Receivables, Payables and Liabilities

Registered based on accrual basis and it is assumed that the registered values are equivalent to fair values.

Benefits for Employees/Termination Indemnity:

According to applicable Labor Law, the company shall pay a termination indemnity not less than 30 days for each year for the employee who is fired from the company except those fired due to bad behaviors. For this reason, the company has to estimate the total cost to be paid and discount the estimated payments so that find the net present value. Therefore, the company reports its total liability at the date of balance sheet which is discounted to net present value.

It is assumed that man who has worked 25 years and woman who has worked 20 years would be retired and termination indemnity would be paid at that time. Accordingly, the company tries to find out the expected termination indemnity liability which it would pay at the time of retirement or firing its employees in the future. Net present value of the portion of the termination indemnity right holds by the employee at the date of balance sheet within this total liability which is expected to be paid is registered into the balance sheet as provision for termination indemnity. It is assumed that ratio of the number of employees who were fired or leave the company in the previous periods without getting any termination indemnity to the total number of employees would be the same in the following periods and total liability is declined at this rate.

The difference of the total termination indemnity between the two periods is distributed to cost of interest, cost of service for the current period and actuarial income /(loss). Cost of interest is the cost of use of the liability in the previous period's balance sheet during the period and equals to the liability amount at the beginning of the period for the employees who are still working multiplied by discount rate used in that year. The cost of service for the current period is the portion of the termination indemnity at the time of it is going to be paid which the employees get the right for termination indemnity for their services at the time of balance sheet through discount rate. All other differences are reflected to actuarial income and loss. Actuarial income /(loss), cost of interest and cost of services for the current period are presented in the comprehensive income statement.

Except from the wages, bonuses and other social benefits provided to employees, there is not any contribution plan to be paid after the retirement or resigning period.

Taxation:

Tax payable in the attached financial statements is consist of tax provision for the current period and deferred tax. The provision for the liabilities regarding to the corporate tax to be resulted from the activities in the current period is set based on the legal tax rates at the time of balance sheet.

Deferred tax asset/(liability) is the difference between account value and tax value (timing difference). Current tax rate is considered on the calculation of deferred tax asset. Deferred tax liability is presented in the financial statements for all taxable or deductible provisional differences, but deferred tax asset is presented in the financial statements provided that there are taxable profits are possible from which the deductible provisional differences can be set off. Net deferred tax assets resulting from the timing differences are reduced at the rate of the tax deductions provided that it is not certain that they can be used in the following years according to the information on hand.

Related Parties:

Parallel to the aim of these financial statements, related parties are considered and defined as the companies which are linked to the shareholders, important managerial employees and board members, their families and controlled by them or related to them, subsidiary and partnerships and minority partners of the affiliates. Shareholders, major managers of these companies and members of the board of the Company and their families are also considered as related parties. Transactions made with the related parties are generally in accordance with the market conditions. Key managerial employees are also defined as the related parties of the company.

Cost of Borrowing:

Bank loans received in return for interest are reflected in the records on the basis of the net amount received after deducting the purchase cost. Income or expenses arising during the redemption process or registration of liabilities are associated with the comprehensive income statement. Borrowing costs are recognized on an accrual basis even if their due dates are not due in the period they arise.

• **IFRS 15 - Revenue from Contracts with Customers**

In September 2016 POA issued IFRS 15 that includes amendments made by IASB in April to clarify IFRS 15. New five stage model in standard describes requirements for revenue recognition and measurement. Standard provides a model that applies to revenue from contracts with costumers. This model also helps recognition and analyze with sale of non-financial assets that are not related to the ordinary activities of an entity. The standard replaces existing IFRS guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, Total consideration measured will be the amount to which the Company expects to be entitled, rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognizing revenue over time. The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. These amendments will be not effective on the Company's financial position or its performance.

• **IFRS 9 - Financial Instruments**

In January 2017, POA issued IFRS 9 "Financial Instruments" in its final version. This final version of IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value.

The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted by applying all requirements of the standard. Alternatively, entities may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as FVTPL without applying the other requirements in the standard.

IFRS 16 “Leases”

For agreements concluded prior to 1 January 2018, the Company determines whether an agreement is a lease or whether it contains a lease and based on the substance of the agreement;

- (a) whether the realization of the agreement depends on the use of a particular asset or assets;
- (b) and whether the agreement transfers the right of use of the related asset.

As of 1 January 2019, the first date of IFRS 16 has been used, the Company has not reexamined whether the agreements are leasing or not. Instead of this, the Company applied IFRS 16 “Leases” to agreements that are detected whether it is a leasing or not by examined in scope with IAS 17 “Leasing Transactions” and IFRS Comment 4 “Determination of Whether an Agreement Contains Leases”. IFRS 16 “Leases” has not been applied to the agreements that previously defined as not a leasing accordance with IAS 17 “Leasing Transactions” and IFRS Comment 4 “Determination of Whether an Agreement Contains Leases”.

Therefore, there is no need to restate the consolidated financial statements of the previous years, these financial statements are presented in accordance with IAS 17 “Leases” and IFRS Comment 4 “Determination of whether an Agreement Contains Leases”.

As the lessee, the Company has classified the leases where the risks and rewards of ownership of the assets previously subject to the lease belong to the Company as finance leases. Other leasing transactions are classified as operational leasing. As of 1 January 2018, the Company has measured its lease obligations with net worth of outstanding lease payments. Lease payments are rediscounted by using the implied interest rate, if the interest rate can be easily determined otherwise, using the Company's alternative borrowing interest rate.

Lease payments are discounted by using implied interest rate in the lease agreement if the interest rate can be determined easily, or by using the company's alternative borrowing interest rate if it cannot be determined.

The company has chosen to use the following facilitating practices;

- Applies a single rediscount rate to a portfolio of leases with similar characteristics.
- As an alternative to the impairment review, the Company assesses whether leases are economically disadvantageous by applying IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”, just before the date of initial application.
- For contracts with options to extend or terminate the lease, he has used his past experience in determining the lease term. The Company preferred not to use the exceptions for short term leases and leases where the asset is underrated according to IFRS 16 “Leases”.

Right-of-use asset

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- (a) the amount of the initial measurement of the lease liability,
- (b) any lease payments made at or before the commencement date, less any lease incentives received
- (c) any initial direct costs incurred by the Company,

(d) an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).

When applying the cost model, Company measures the right-of-use asset at cost;

(a) less any accumulated depreciation and any accumulated impairment losses; and

(b) adjusted for any remeasurement of the lease liability.

The Company applies the depreciation requirements in IAS 16 Property, Plant and Equipment Standard in depreciating the right-of-use asset. The company applies IAS 36 Impairment of Assets Standard to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease debts

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease, if that rate can be readily determined, or by using the Company's incremental borrowing rate.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date;

(a) fixed payments, less any lease incentives receivable,

(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,

(c) Price of usage option if the Company is reasonably sure that it will use the purchase option and

(d) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, Company measures the lease liability by;

(a) increasing the carrying amount to reflect interest on the lease liability,

(b) reducing the carrying amount to reflect the lease payments made, and

(c) remeasuring the carrying amount to reflect any reassessment or lease modifications.

The interest of lease liability for each period in the lease term is the amount found by applying a fixed periodic interest rate to the remaining balance of the lease liability. The periodic interest rate, if easily determined, is the implied interest rate on the lease. If this rate cannot be easily determined, the Company uses its own alternative borrowing interest rate.

After the lease commences, the Company remeasures the lease liability to reflect changes in lease payments. The Company reflects the remeasurement amount of the lease liability to the financial statements as an adjustment to the right of use asset.

The Company remeasures the lease liability by reducing the revised lease payments at a revised discount rate if following conditions occurs;

(a) Change in rental time. The Company determines revised lease payments based on the revised lease term.

(b) Change in the assessment of option to purchase the underlying asset. The Company determines revised lease payments in order to reflect the change in amounts payable under purchase option.

The Company determines revised discount rate as implied interest rate on the lease for remainder of lease term if it is easily determined. If this rate cannot be easily determined, the Company uses its own alternative borrowing interest rate.

The Company remeasures its rent obligation by reducing the revised lease payments if either of the following conditions occurs;

(a) Change in the amounts expected to be paid under a residual value commitment. The Company determines revised lease payments in order to reflect the change in amounts payable under purchase option.

(b) Change in these payments as a result of an index or rate change used to determine future lease payments. The Company remeasures the lease liability to reflect these revised lease payments only when there is a change in cash flows.

The Company determines the revised lease payments for the remaining lease period based on the revised contractual payments. The Company uses an unaltered discount rate in this case.

The Company, recognizes restructuring of the lease as a separate lease if both of the following conditions are met;

(a) Extends scope of lease by adding the right of use one or more underlying assets and

(b) The consideration received for the lease increases by an amount commensurate with the stand-alone price for the increase in scope.

Earnings (Loss) Per Share:

Earnings (Loss) per share are calculated through net profit or loss of the period divided by the weighted average of the number of common shares in the current period.

In Turkey, companies, equity to existing shareholders from retained earnings and inflation adjustment difference of distributing shares (bonus shares) can increase their capital. When calculating the profit / (loss) per share, these bonus shares are considered as issued shares. Therefore, the weighted average of shares used in the calculation of profit / (loss) per share is obtained through retrospective application in terms of bonus shares.

Events after the Balance Sheet Date:

In case there are some events after the balance sheet date which requires adjustment entries, these amounts in the financial statements are adjusted according to the new situation; but in case there are events after the balance sheet date which does not require any adjustment entry, there are explanations in the related period if the events are important.

Provisions, Conditional Liabilities and Conditional Assets:

Provisions;

Provisions are the accruals provided that there would be a liability (legal or structural liability) resulting from the events happened in the past, and it is probable that this liability will cause a decline in the asset items and the liability amount can be determined reliably. Accrued provisions are reviewed in every balance sheet period and revised in order to reflect the current expectations.

Conditional Liabilities and Conditional Assets;

Transactions which cause commitment and conditional liability mean the conditions which are linked to the result of one or more than one event that may happened in the future. Therefore, since some transactions have possible damage, risk and uncertainty in the future, they are defined as items out of balance sheet. In case there is a forecast for possible obligations or losses to be occurred in the future, these liabilities are considered as costs and debt for the Company. However, income and profits which are probable to occur in the future are presented in the financial statements.

Assets and Liabilities in Terms of Foreign Currency:

Assets in the balance sheet in terms of foreign currencies are converted to Turkish Lira based on buying rate of foreign exchange and liabilities from selling rate of foreign exchange published by T.R. Central Bank. Transactions with foreign currencies within the period are converted to Turkish Lira from the actual rates at the date of transaction. Foreign exchange gains and losses arising from these transactions are presented in the income statements.

Rates used in the financial statements on 31 December 2020 and 31 December 2019 reports are as follows;

	31 December 2020		31 December 2019	
	Buying	Selling	Buying	Selling
USD	7.3405	7.3537	5.9402	5.9509
EUR	9.0079	9.0241	6.6506	6.6625

Important Accounting Review, Forecast and Assumptions:

Preparation of financial statements requires management to apply policies and make decisions, forecasts and assumptions which affect the assets, liabilities, incomes and losses which are reported. Real outcomes may be different from these forecasts.

Forecasts and assumptions which are the basis of the forecasts should be revised all the time.

Important forecasts and assumptions used by the Company during the preparation of the financial statements are as follows;

- Useful lives of tangible and intangible assets,
- Discount rates used for trade receivables and payables,
- Provision rates for the receivables from Social Security Institutions ("SSI"),
- Income accruals arising from ongoing patient cares and progress payments,
- Regarding to the employee benefits, retirement term, increase rate, discount rate, rate for not to get any termination indemnity,
- Estimated operation results related to coming years as long as goodwill is based on the impairment test,
- Rates used for deferred tax calculation,
- Recognition of assets subject to operating leases.

Effect of COVID-19 Outbreak on Company Activities:

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

In order to prevent the Covid-19 epidemic and the spread of the epidemic, the Ministry of Health General Directorate of Health Services published its memorandum on "Pandemic Hospitals" numbered 14500235-403.99 on March 20, 2020. According to Article 1 of memorandum, all foundation hospitals and private hospitals are obliged to treat the patient until the diagnosis of Covid-19 becomes definite. According to the memorandum, when hospitals within the group are evaluated, all hospitals except "Lokman Hekim Etlik Hastanesi" and "Demet Tıp Merkezi" have become "Pandemi Hospital. In this context, all hospitals under the management of Group have taken all precautions regarding the Covid-19 outbreak and provided the necessary environment for the health of our employees and the safe treatment of our patients.

During the COVID 19 (Coronavirus) outbreak, the company started to make use of the short-time work allowance incentive as of April 6, 2020, limited to the services experiencing a decrease in demand. The short work allowance incentive terminated as of 5 July 2020.

The possible negative effects of the COVID-19 epidemic which affected the whole world are observed by the Company and precautions are taken for all of the situations. As uncertainties which regard the violence of the pandemic process in the world and in our country and the period it will end continue, an effective evaluation can be made to depend on the developments that will occur over time. In this context, although the pandemic effect has been minimized as a result of the measures taken by the company, due to continued uncertainty about the economic impact of the outbreak as of the reporting date, the effects on the company's financial statements cannot be considerably forecasted.

Details of sales and receivables are calculated based on its sources such as hospitals, customers, kind of treatment.

The effect of temporary article-10 of Corporate Income Tax on Deferred Tax:

The corporate tax rate is 20% applied to the legal tax base to be found by adding the non-deductible expenses in accordance with the tax laws to the commercial earnings of the institutions and deducting the exemptions in the tax laws.

The corporate tax rate was increased from 20% to 22% for the years 2018, 2019 and 2020 within the scope of the "Law on Amendment of Some Tax Laws and Other Laws" numbered 7061, which was published in the Official Gazette dated December 5, 2017. Temporary differences are calculated with 20% rate for the part that will create tax effect in 2021 and following periods.

Changes and Mistakes in the Accounting Policies

An enterprise can only change its accounting policies only in case of following conditions and apply backwards;

- Required by a standard or an interpretation,
- If it is in a character which provides a more appropriate and trustable way to present the effects of the transactions and events on the financial statement, performance or cash flow of the enterprise.

Parties who use the financial statements should have the opportunity to compare the financial statements throughout the time in order to find out the trends of the financial position, performance and cash flow. Therefore, as long as a change in an accounting policy does not meet one of the criteria described above, same accounting policies should be used in every period and financial period.

In order to allow determination of financial position and performance trends, the Company's current period financial statements are prepared comparatively with the prior period. Comparative information's can be reclassified, if it is necessary. This reclassification is in terms of conformity with presentation in the current period financial statements.

The Company has applied IFRS 9 "Financial Instruments" and IFRS 15 "Revenue Standards from Customer Agreements" IFRS 16 "Leases" Standard has chosen to apply early. IFRS 9 Financial Instruments Standard has no significant effect on the financial statements.

The Company started to apply IFRS 16 "Leases" Standard on 1 January 2019 for the first time. Previously it has been classified as operating leases in accordance with IAS 17. As of 1 January 2019, the right of use assets has been reflected to the consolidated financial statements for leases at an amount equal to the lease liability that agreement of which has been signed, prepaid or corrected for all lease payments accrued.

The effects of IFRS 9 and IFRS 16 are presented below on the consolidated statement of financial position as of 31 December 2019 and the consolidated profit or loss statement for the period ended at the same date. The application of the standards has no significant effect on the consolidated other comprehensive income statement and the consolidated cash flow statement.

	Previously reported 1 January 2019	IFRS 16	After changes in standards 1 January 2019
Assets Subject to Operating Lease	-	66,636,453	66,636,453
- Hospital Buildings	-	66,636,453	66,636,453
Impact on total assets	-	66,636,453	66,636,453
Leasing Debts	-	(67,377,184)	(67,377,184)
Impact on total liabilities	-	(67,377,184)	(67,377,184)
Prior years' profits/(losses)	-	(740,732)	(740,732)
Impact on total equity	-	(740,732)	(740,732)

The company recognized assets subject to operating leases which are used as lessee (Akay, Etlik, Demet, Van, Hayat hospitals and Head Office) within the scope of IFRS 16. Depreciation expenses reserved amount of TRY 7,406,303 for these assets is in the current period (31 December 2019: TRY 7,975,077). (Notes:10) In addition to that the Company recognized financial expense amount of TRY 1,781,954 (31 December 2019: TRY 669,661).

The Company has recalculated the changes in the lease payment and increase rates regarding the right of use assets within the scope of IFRS-16 by reflecting it to profit/(loss).

3. OPERATION SEGMENT

The company prepares its sales as its operating on the basis of hospital, major buyers, types of activities and outpatient and inpatient services.

Revenues from Activities	1 January 2020 31 December 2020		1 January 2019 31 December 2019	
	Amount	%	Amount	%
Sales of Healthcare Service	264,735,176	84	326,578,224	97
Sales of Biological Assets and Milk	10,502,678	3	8,650,817	3
Hospital Rental Income	27,352,819	9	-	-
Other Incomes	14,139,358	4	-	-
Total Sales	316,730,031	100	335,229,041	100

Service Sales / Hospital	1 January 2020 31 December 2020		1 January 2019 31 December 2019	
	Amount	%	Amount	%
Akay Hastanesi Service Sales	99,562,817	38	92,604,621	28
Van Hastanesi Service Sales	76,860,654	29	63,476,917	19
Etlik Hastanesi Service Sales	43,070,646	16	40,671,061	12
Hayat Hastanesi Service Sales	24,403,739	9	22,862,693	7
Demet Tıp Merkezi Service Sales	11,503,984	4	9,915,341	3
Erbil Tanı Merkezi Service Sales	8,158,921	3	5,173,033	2
Elazığ ŞH FTR Service Sales	1,174,415	1	2,108,296	1
Ankara Hastanesi Service Sales	-	-	89,766,262	28
Total Sales	264,735,176	100	326,578,224	100

Service Sales / Institution	1 January 2020 31 December 2020		1 January 2019 31 December 2019	
	Amount	%	Amount	%
Sales to SSI *	100,573,078	38	155,739,697	48
Other Sales	164,162,098	62	170,838,527	52
Total Sales	264,735,176	100	326,578,224	100

Trade Receivables / Institution	31 December 2020		31 December 2019	
	Amount	%	Amount	%
Receivables from SSI *	46,396,250	72	51,850,080	75
Other Receivables	17,755,661	28	16,834,009	25
Total	64,151,911	100	68,684,089	100

(*) Major customer of the company is the Social Security Institution (SSI).

The revenue based on the treatment types is as follows;

	1 January 2020 31 December 2020			1 January 2019 31 December 2019		
	Number of Patient	Net Sales	Net Sales (%)	Number of Patient	Net Sales	Net Sales (%)
Outpatient	674,291	121,778,181	46	1,079,408	154,408,862	47
Inpatient	37,538	142,956,995	54	59,573	172,169,362	53
Total	711,829	264,735,176	100	1,138,981	326,578,224	100

4. CASH AND CASH EQUIVALENTS

	31 December 2020	31 December 2019
Cash	446,199	382,964
Banks	4,890,106	5,945,018
Debit Card Receivables	2,990,182	845,638
Total	8,326,487	7,173,620

Average maturity of credit card receivables is 40 days (31 December 2019: 40 Days).

5. FINANCIAL LIABILITIES

Short-Term Financial Liabilities	31 December 2020	31 December 2019
Short-Term Bank Borrowings	14,051,437	33,582,908
Short-Term Portion of Long-Term Banks Borrowings	43,114,594	40,392,142
Operational Leasing Debts	7,662,220	7,606,149
Financial Leasing Debts	1,352,155	997,428
- Financial Leasing Debts	1,743,542	1,400,182
- Deferred Interest Cost	(391,387)	(402,754)
Total	66,180,406	82,578,627

Long-Term Financial Liabilities	31 December 2020	31 December 2019
Long-Term Bank Borrowings	62,128,468	55,290,955
Operational Leasing Debts	35,142,023	52,159,923
Financial Leasing Debts	2,585,773	1,563,732
- Financial Leasing Debts	3,005,710	1,927,200
- Deferred Interest Cost	(419,937)	(363,468)
Total	99,856,264	109,014,610

Details of bank borrowings are as follows;

Bank Borrowings	31 December 2020	31 December 2019
0 - 3 Months	12,159,596	10,874,394
3 - 12 Months	45,006,435	63,100,656
1 - 5 Years	62,128,468	55,052,860
More than 5 Years	-	238,095
Total	119,294,499	129,266,005

Mortgage amount of TRY 164,990,400 has been given for bank borrowings. (31 December 2019: TRY 117,770,802).

Financial Leasing Debts	31 December 2020	31 December 2019
0 - 3 Months	342,093	338,860
3 - 12 Months	1,010,062	658,568
1 - 5 Years	2,585,773	1,563,732
Total	3,937,928	2,561,160

Operational Leasing Debts	31 December 2020	31 December 2019
0 - 3 Months	2,001,738	1,900,030
3 - 12 Months	5,660,482	5,706,119
More than 1 Years	35,142,023	52,159,923
Total	42,804,243	59,766,072

6. TRADE RECEIVABLES AND TRADE PAYABLES

Trade Receivables	31 December 2020	31 December 2019
Trade Receivables	50,515,370	53,700,011
Notes Receivables	91,649	113,300
Rediscounts on Notes Receivables (-)	(1,055,594)	(1,422,055)
Doubtful Trade Receivables	3,501,755	4,859,194
Provision for Doubtful Trade Receivables	(3,501,755)	(4,859,194)
Receivables from Related Parties *	5,565,435	717,512
Income Accruals **	9,035,051	15,575,321
Total	64,151,911	68,684,089

(*) The related party transactions are indicated in Note-30.

(**) The income accruals made for patients whose treatment continues consists of TRY 7,965,051. (31 December 2019: TRY 14,672,303).

The interest rate applied in discounting the short-term receivables is 12.5%. (31 December 2019: 17%).

In-period transactions of doubtful receivables are as follows and made provisions based on past experiences of irrecoverable amounts;

Doubtful Receivables	31 December 2020	31 December 2019
Beginning of the Period	4,859,194	3,385,698
Additions with-in the Period	86,784	1,846,444
Worthless Receivables, Collections/(Cancellations)	(1,444,223)	(372,948)
Total	3,501,755	4,859,194

Trade Receivables/ Institutions	31 December 2020		31 December 2019	
	Amount	%	Amount	%
Receivables from SSI*	46,396,250	72	51,850,080	75
Other Receivables	17,755,661	28	16,834,009	25
Total Receivables	64,151,911	100	68,684,089	100

(*) Major customer of The Company is Social Security Institution (SSI).

Trade Payables	31 December 2020	31 December 2019
Trade Payables	19,486,714	21,615,822
Notes Payables	17,595,427	18,200,593
Rediscount on Notes Payables (-)	(951,973)	(2,039,306)
Other Trade Payables	159,195	226,010
Trade Payables to Related Parties*	3,353,953	2,120,470
Expense Accruals	518,551	357,321
Total	40,161,867	40,480,910

(*) Related party transactions are explained in Note-30.

The interest rate applied in discounting the short-term payables is 12% (31 December 2019:17%).

7. OTHER RECEIVABLES AND OTHER PAYABLES

Other Short-Term Receivables	31 December 2020	31 December 2019
Other Miscellaneous Receivables*	577,234	2,030,097
Other Receivables from Related Parties**	750,000	750,000
Deposits and Guarantees Given	114,967	32,802
Other Doubtful Receivables	837,500	437,500
Provision for Other Doubtful Receivables (-)	(837,500)	(437,500)
Total	1,442,201	2,812,899

(*) The amount of 400,000 TRY in other miscellaneous receivables consists of medical malpractice receivables from doctors (31 December 2019: TRY 900,000).

(**) Related party transactions are explained in Note-30.

Other Long-Term Receivables	31 December 2020	31 December 2019
Deposits and Guarantees Given	280,888	281,097
Total	280,888	281,097

Other Payables	31 December 2020	31 December 2019
Other Miscellaneous Payables	1,118,441	617,261
Other Payables to Related Parties*	13,171,214	226,454
Due to Shareholders **	2,929,615	-
Total	17,219,270	843,715

(*) Related party transactions are explained in Note-30.

(**) In accordance with the decision taken in the 2019 ordinary General Assembly of the Company, the profit of TRY 4,800,000 to be distributed paid on 28 September 2020, according to the 12th article of the Law No. 7244 and the provisional article 13 added to the Turkish Commercial Code. As a result of the evaluation made by the board of directors, the remaining amount of TRY 2,824,488 paid on 4 January 2021 and 6 January 2021.

8. INVENTORIES

Inventories	31 December 2020	31 December 2019
Medical Inventories	13,277,814	18,352,596
Feed Stocks	2,924,352	5,874,994
Other Stocks	3,462,084	645,854
Total	19,664,250	24,873,444

9. BIOLOGICAL ASSETS

Biological Assets	31 December 2020	31 December 2019
Book Value	17,970,079	14,704,696
Changes in the Fair Value	(4,259,729)	(2,446,054)
Total	13,710,350	12,258,642

The biological assets are first time application accounted at cost price. They are evaluated at fair value at the end of each reporting period. In the current period, there has been a decrease of TRY 1,697,770 at the fair value for milk and livestock animals. (31 December 2019: TRY 1,632,108).

As of 31 December 2020, the company has a total of 1,003 biological assets (31 December 2019: 1,023).

The total amount of insurance on biological assets is TRY 5,742,800 (31 December 2019: TRY 3,870,300).

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10. TANGIBLE ASSETS

Tangible Assets	1 January 2020	Additions	Classification	Disposal	31 December 2020
Lands	11,262,750	-	(4,919,000)	-	6,343,750
Buildings	34,026,349	-	28,428,133	-	62,454,482
Machinery, Equipment and Installment	26,012,982	4,750,156	3,502,350	(3,984,751)	30,280,737
Vehicles	1,219,099	445,474	-	(135,505)	1,529,068
Furniture and Fittings	34,965,669	13,311,039	20,183,007	(191,988)	68,267,727
Assets Acquired Through Financial Leases	19,271,561	3,753,500	(3,361,711)	-	19,663,350
Special Costs	19,661,738	7,633,665	-	-	27,295,403
Right of Use Assets *	80,742,984	4,606,464	-	(13,996,159)	71,353,289
Other Tangible Assets	1,202,898	5,515	-	(135,493)	1,072,920
Construction in Progress **	35,397,756	19,940,008	(43,832,779)	(1,124,155)	10,380,830
Total	263,763,786	54,445,821	-	(19,568,051)	298,641,556

Accumulated Depreciation	1 January 2020	Depreciation Expense	Classification	Disposal	31 December 2020
Buildings	(2,121,727)	(854,394)	-	-	(2,976,121)
Machinery, Equipment and Installment	(13,656,170)	(2,813,953)	(538,967)	1,834,670	(15,174,420)
Vehicles	(494,840)	(252,931)	-	97,808	(649,963)
Furniture and Fittings	(25,317,889)	(3,850,900)	-	116,283	(29,052,506)
Assets Acquired Through Financial Leases	(11,023,133)	(992,071)	538,967	-	(11,476,237)
Right of Use Assets *	(22,290,533)	(7,406,303)	-	2,813,676	(26,883,160)
Special Costs	(6,295,628)	(2,473,750)	-	-	(8,769,378)
Other Tangible Assets	(675,295)	(193,596)	-	-	(868,891)
Total	(81,875,215)	(18,837,898)	-	4,862,437	(95,850,676)
Net	181,888,571				202,790,880

(*) It arises from changes in the lease and planned lease increases that the company pay within the scope of right-of-use assets within the scope of IFRS-16.

(**) Additional hospital building of Etlik opened in current year and the financing cost of TRY 19,979,259 in total capitalized within the scope of the qualifying asset. The financing expense of TRY 719,600 which is included in the company's construction in progress account at the end of the period is included in the modernization process of Etlik Hospital.

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Tangible Assets	1 January 2019	Effects of IFRS 16	Additions	Classification	Disposal	31 December 2019
Lands	11,262,750	-	-	-	-	11,262,750
Buildings	34,026,349	-	-	-	-	34,026,349
Machinery, Equipment and Installations	23,091,943	-	1,238,710	1,693,295	(10,966)	26,012,982
Vehicles	1,030,929	-	772,635	-	(584,465)	1,219,099
Furniture and Fittings	32,194,331	-	2,830,202	-	(58,864)	34,965,669
Assets Acquired Through Financial Leases	20,106,904	-	-	(835,343)	-	19,271,561
Special Costs	9,941,192	-	3,869,844	5,850,702	-	19,661,738
Right of Use Assets	-	80,742,984	-	-	-	80,742,984
Other Intangible Fixed Assets	2,060,850	-	-	(857,952)	-	1,202,898
Construction in Progress **	25,457,990	-	15,790,468	(5,850,702)	-	35,397,756
Total	159,173,238	80,742,984	24,501,859	-	(654,295)	263,763,786

Accumulated Depreciation	1 January 2019	Effects of IFRS 16	Depreciation Expense	Classification	Disposal	31 December 2019
Buildings	(1,409,458)	-	(712,269)	-	-	(2,121,727)
Machinery, Equipment and Installations	(10,861,666)	-	(2,166,480)	(629,746)	1,722	(13,656,170)
Vehicles	(433,614)	-	(137,784)	-	76,558	(494,840)
Furniture and Fittings	(21,947,383)	-	(3,378,047)	-	7,541	(25,317,889)
Assets Acquired Through Financial Leases	(9,937,973)	-	(1,364,459)	279,299	-	(11,023,133)
Right of Use Assets	-	(14,315,456)	(7,975,077)	-	-	(22,290,533)
Special Costs	(4,744,414)	-	(1,551,214)	-	-	(6,295,628)
Other Intangible Fixed Assets	(778,352)	-	(247,390)	350,447	-	(675,295)
Total	(50,112,860)	(14,315,456)	(17,532,720)	-	85,821	(81,875,215)
Net	109,060,378					181,888,571

(**) The financial expense of TRY 14,127,686 in the company's construction in progress account was capitalized with new Etlik Hospital. The construction of the 9-storey and 100-vehicle car park capacity of the hospital in Etlik, which will be built on an area of 9,000 m2, was started in 2017 and after the construction was completed, occupancy permit obtained. Republic of Turkey Ministry of Health licensing process and control process completed, and the additional hospital building started patient admission during the year. The renovation and furnishing works of the main hospital building has also started, and it is planned to be completed as soon as possible and to be operating as work in full capacity. Modernization processes related to the Akay Hospital have been capitalized in the Special Costs Account.

The total insurance amount of tangible assets was TRY 211,745,000 (31 December 2019: TRY 203,925,000).

11. INTANGIBLE ASSETS

Intangible Assets	1 January 2020	Additions	Disposal / Classification	31 December 2020
Rights	774,701	41,858	-	816,559
Doctor Staff and Medical License Fee	22,888,881	-	-	22,888,881
Total	23,663,582	41,858	-	23,705,440

Accumulated Depreciation	1 January 2020	Depreciation Expense	Disposal / Classification	31 December 2020
Rights	(284,009)	(189,976)	-	(473,985)
Total	(284,009)	(189,976)	-	(473,985)
NET	23,379,573			23,231,455

Intangible Assets	1 January 2020	Additions	Disposal / Classification	31 December 2020
Rights	488,999	285,702	-	774,701
Doctor Staff and Medical License Fee	22,888,881	-	-	22,888,881
Total	23,377,880	285,702	-	23,663,582

Accumulated Depreciation	1 January 2020	Depreciation Expense	Disposal / Classification	31 December 2020
Rights	(124,552)	(159,457)	-	(284,009)
Total	(124,552)	(159,457)	-	(284,009)
Net Value	23,253,328			23,379,573

12. INVESTMENT PROPERTY

	01 January 2020	Valuation	Classification	Disposal	31 December 2020
Buildings	6,400,000	-	-	-	6,400,000
Total	6,400,000	-	-	-	6,400,000

	01 January 2019	Valuation	Classification	Disposal	31 December 2020
Buildings	6,400,000	-	-	-	6,400,000
Total	6,400,000	-	-	-	6,400,000

It consists independent sections that are leased to the Higher Education Credit and Hostels Institution located in Bağlıca Etimesgut Ankara.

The company reports its investment properties at fair value, and it was accounted in the financial statements of 31 December 2016, taking into account the last valuation report dated on 05 January 2017.

13. GOODWILL

	31 December 2020	31 December 2019
Goodwill	-	1,186,400
Total	-	1,186,400

The Goodwill which results from the purchasing of 37.83% shares of Hay Süt A.Ş. by the parent company has been subjected to an impairment test and zeroed. (31 December 2019: It has been subjected to impairment test, after the cancellation of minority interest, an impairment amounting to TRY 661,936 was recognized. In the impairment study, the market multiplier method representing the market approach, the net cash flows method representing the income approach and the net asset value method representing the cost approach used.)

14. PROVISIONS, CONDINGENT ASSETS AND LIABILITIES

Lawsuits and Provisions;

Lawsuits and Provisions 31 December 2020	Amount	Provision
Lawsuits to be Filed by The Company and Enforcement Proceedings	34,781,967	-
Lawsuits to be Filed Against to The Company Related to Labor Payments	9,932,503	(1,770,560)
Lawsuits and Provisions 31 December 2019	Amount	Provision
Lawsuits to be Filed by The Company and Enforcement Proceedings	30,125,609	-
Lawsuits to be Filed Against to The Company Related to Labor Payments	395,560	(395,560)

The company filed 620 cases (31 December 2019: 678) and the total amount of cases is 34,781,967 TRY (31 December 2019: 30,125,609 TRY). The 139 cases (31 December 2019: 149) were sued against the company, and the total of the cases to be filed against the company is 1,770,560 TRY (31 December 2019: 395,560 TRY).

CPMs Given by the Company	31 December 2020	31 December 2019
A. CPM's Given on Behalf of Company's Own Legal Entity	180,009,709	127,699,210
B. CPM's Given on Behalf of the Consolidated Companies	1,287,529	5,702,312
C. CPM's Given for Continuation of Its Activities on Behalf of Third Parties	-	-
D. Total Amount of Other CPM's	-	-
- Total Amount of CPM's Given on Behalf of the Majority Shareholder	-	-
- Total Amount of CPM's Given on Behalf of Company	-	-
Companies Which are not In Scope of B and C.	-	-
- Total Amount of CPM's Given on Behalf of Third Parties Which are not In Scope of C.	-	-
Total	181,297,238	133,401,522

Contingent Liabilities;

Type	Given To	31 December 2020	31 December 2019
Mortgage Given (Loan)	Banks	164,990,400	117,770,802
Checks of Collaterals Given	Banks	9,200,000	9,200,000
Letter of Collaterals Given	Courts	3,610,102	2,839,343
Letter of Collaterals Given	The Council of Higher Education*	1,000,000	1,000,000
Letter of Collaterals Given	Subscription Procedures	2,069,636	1,889,042
Letter of Collaterals Given	PPP Hospital Projects	200,000	600,000
Letter of Collaterals Given	Public Tenders	77,100	102,335
Letter of Collaterals Given	Leases	150,000	-
		181,297,238	133,401,522

(*) The letter is given to The Council of Higher Education on behalf of T.R. Lokman Hekim University.

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Type	Given To	31 December 2020	31 December 2019
Checks of Collaterals Received	Client	488,514 ₺	1,829,119 ₺
Checks of Collaterals Received	Client	-	147,810 €
Letter of Collaterals Received	Client	-	412,000 ₺
TRY Equivalent		488,514	3,224,144

The companies included in the consolidation have cross surety given in favor of each other for bank loans. In all loan and leasing contracts which are used, at least two of the chairmen of the board Mustafa Sarioğlu and board members Mehmet Altuğ and Celil Göçer have personal sureties.

15. BENEFITS PROVIDED TO EMPLOYEES

	31 December 2020	31 December 2019
Provisions for Termination Indemnity *	4,116,475	5,208,498
Provisions for Days Off	934,934	898,520
Total	5,051,409	6,107,018

(*) The severance pay of 1,374,468 TRY for 487 personnel which work in Ankara Lokman Hekim Hospital transferred to Lokman Hekim University Health Application and Research Center.

The Company assumes that all its staff leave the job when they fill seniority as working for 25 years for men and 20 years for women. It assumes that the severance pay earned as of the balance sheet date increase by 10% (31 December 2019: 15%) per year (increase in wages of employees) until the date of retirement. Thus, when retired, it finds the portion of the severance pay to be received in accordance with the seniority period at the balance sheet date.

This amount is discounted at the rate of 12.5% (31 December 2019: 17%) in accordance with the period remaining to retirement and the net present value is found. The amount of severance pay is subject to an upper limit which is determined every year for these calculations, the upper limit of the wage base for severance pay has been taken into account. This upper limit is TRY 7,117.17 valid from 1 July 2020 (31 December 2019: TRY 6,730.15).

The assumptions used in the calculation of the severance pay are as follows;

	31 December 2020	31 December 2019
Working Period	F:20 years, M:25 years	F:20 Years, M:25 years
Pay Raise	10%	15%
Turnover Rate without Receiving Termination Indemnity	70.36%	60.40%
Discount Rate	13%	17%

The transactions within the period in provisions for severance pay are as follows;

	31 December 2020	31 December 2019
Beginning of the Period	4,305,222	2,627,265
Payments	(612,098)	(1,248,420)
Interest Cost	400,271	442,284
Period Expense	856,525	1,041,693
Actuarial Gain /(Loss)	(1,688,843)	1,442,400
End of the Period	3,261,077	4,305,222
Termination Indemnity Liability associated with Akay Hospital*	855,398	903,276
Total	4,116,475	5,208,498

(*) It shows the severance pay burden taken over by the company regarding the Akay Hospital purchase made on 28 July 2016. In the current period, a severance pay of TRY 47,878 was made to Akay Hospital employees (31 December 2019: TRY 121,421).

Actuarial gains and losses are reported in the Shareholder's Equity.

Provisions of unused vacation pay:

According to the applicable Code of Labor in Turkey, in case a labor agreement is terminated for any reason, the company has to pay wages for the annual unused vacation pay to the employee or his/her legal representatives in terms of the wage on the termination date of the contract.

In-period activities for unused vacation pay are given as below;

	31 December 2020	31 December 2019
Beginning of the Period	898,520	668,655
Additions with-in the Period	36,414	229,865
End of the Period	934,934	898,520

16. OTHER CURRENT ASSETS / OTHER SHORT-TERM LIABILITIES

Other Current Assets	31 December 2020	31 December 2019
Deferred VAT	757,052	736,770
Work Advances	427,540	2,785,000
Advances Given to Personnel	-	132,196
Total	1,184,592	3,653,966

Other Short-Term Liabilities	31 December 2020	31 December 2019
Taxes and Funds Payable *	12,280,952	12,725,126
Compulsory P.P.S. Checkoff	117,004	111,571
Income from Salary Contracts Promotions for the Following Months	676,472	645,682
Total	13,074,428	13,482,379

(*) The deferred tax debts; It consists of deferred tax debts due to force majeure declared by the Revenue Administration due to the earthquake that occurred in Van on 23 November 2011 and tax debts that have been paid in installments within the scope of Law No. 7256.

17. ASSETS / LIABILITIES RELATED TO CURRENT PERIOD TAX

Assets Related Current Period Tax	31 December 2020	31 December 2019
Prepaid Tax and Funds (Short-term)	-	535,665
Total	-	535,665

Liabilities Related Current Period Tax	31 December 2020	31 December 2019
Deferred or Restructured Taxes (Long-term) *	6,882,559	11,132,875
Total	6,882,559	11,132,875

(*) The deferred tax debts; It consists of deferred tax debts due to force majeure declared by the Revenue Administration due to the earthquake that occurred in Van on 23 November 2011 and tax debts that have been paid in installments within the scope of Law No. 7256.

18. PREPAID EXPENSES AND DEFERRED REVENUES

Prepaid Expenses (Short-Term)	31 December 2020	31 December 2019
Advances Given to Suppliers	8,366,883	5,390,566
Advances Given to Related Parties*	4,160,301	3,405,608
Prepaid Expenses for the Following Months	1,033,798	1,106,378
Total	13,560,982	9,902,552

Prepaid Expenses (Long-Term)	31 December 2020	31 December 2019
Expenses for the Following Years	293,800	36,574
Related Party Expenses*	17,408,357	7,887,441
Total	17,702,157	7,924,015

(*) Further described in "Note – 30 Related Party Disclosures".

Deferred Income (Short-Term)	31 December 2020	31 December 2019
Advances Received	666,552	806,912
Total	666,552	806,912

Deferred Income (Long-Term)	31 December 2020	31 December 2019
Advances Received	12,657	1,336,776
Income from Salary Contracts Promotion for the Following Years	1,694,657	2,259,887
Total	1,707,314	3,596,663

19. PAYABLES UNDER EMPLOYEE BENEFITS

Payables Under Employee Benefits	31 December 2020	31 December 2019
Wage Accruals	4,940,504	6,272,718
Social Security Premiums Payable	2,229,786	2,612,353
Total	7,170,290	8,885,071

20. SHAREHOLDER'S EQUITYCapital:

	31 December 2020	31 December 2019
Capital	24,000,000	24,000,000
Paid Capital	24,000,000	24,000,000

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The company has increased the registered capital ceiling (TRY 200,000,000) period for five years be effective as of 2020-2024.

Repurchased Shares:

	31 December 2020	31 December 2019
Repurchased Shares	(2,942,181)	(6,424,650)
Total	(2,942,181)	(6,424,650)

The second buyback program implemented by the company to ensure price stability in stocks was approved at the general assembly meeting dated 1 April 2018. The repurchase upper price limit is TRY 15 and it will be able to make repurchase until it reaches a nominal value of TRY 2,400,000, limited to 10% of the capital including previous purchases. Within the scope of the program, Lokman Hekim Van Sağlık Hizmetleri İnşaat Taahhüt ve Ticaret A.Ş. It is one of the subsidiaries that can make repurchase. The Board of Directors of the Company has been authorized for 3 years to buy back.

Up-to-date share information of buybacks made by the company and its subsidiary as of the report date;

Number of shares owned by Lokman Hekim Engürüsağ A.Ş. / Ratio to Capital (%): 81,200 / 0.33

Number of shares owned by Lokman Hekim Van A.Ş. / Ratio to Capital (%): 280,124/1.16

On 08 July 2020, 752,849 shares with a unit cost of TRY 8.73 were transferred to Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş. Sold by. Lokman Hekim Engürüsağ Health, Tourism, Education Services and Construction Contracting Inc. on 11 September 2020. The sales of 390,068 units with a price of TRY 11.78 regarding the shares of Lokman Hekim Van Sağlık A.Ş. carried out by. The profit of TRY 4,720,185 arising from the sale has been recognized in equity.

Total Purchases Under Repurchase Program / Percentage to Capital (%): 361,324 / 1.19

Share Premiums:

Share premiums consist of cash inflows resulting from the sale of shares at market prices. These premiums are shown under equity and cannot be distributed. However, it can be used for future capital increases.

Revaluation Funds:

Revaluation Funds	31 December 2020	31 December 2019
Revaluation Fund from Tangible Assets	25,305,936	25,305,936
Deferred Tax Effect	(2,783,653)	(2,783,653)
Total	22,522,283	22,522,283

Revaluation fund related to tangible assets includes value increases arising from the lands and buildings which are demonstrated at their fair value. The net deferred tax effect is calculated as 10% after the assumption that the 50% exemption right stated in Article 5 of the Corporate Tax Law was used in the calculation of deferred tax effect of value increases. (31 December 2019: 11%)

The Company has revaluated buildings and buildings reported in tangible assets in accordance with the report dated 5 January 2017 prepared by D Gayrimenkul Değerleme ve Danışmanlık A.Ş., an independent real estate appraisal company licensed by the CMB, which is not related to the Company. The management of the company thinks that the revaluation company has occupational accumulation related to the subject and has updated information about the class and place of the land and buildings.

Defined Benefit Plans Remeasurement Gains /(Losses) (Actuarial Gain/(Loss)):

Defined Benefit Plans Remeasurement Gains / (Losses)	31 December 2020	31 December 2019
Beginning of the Period	(4,738,298)	(3,613,227)
Additions with-in the Period	352,972	(2,460,942)
Deferred Tax Effect	998,104	1,335,871
Total	(3,387,222)	(4,738,298)

A Total severance pay burden between the two periods, interest expense in the current period service cost and actuarial gains/(losses) are divided into sections. Interest cost of the previous fiscal year and the cost of the use of the balance sheet or in the period of the obligation to those who continue to work for the amount of the liability at the beginning of the period, multiplied by the amount of the discount rate used in that year. Current service cost in the current accounting period of the severance pay they deserve to be paid for work of employees in the amount of the discount rate, expected to reach the part resulting from the balance sheet day. Other differences reflect the actuarial gains and losses. Actuarial gains/(losses) recognized in equity and current service cost and interest cost is recognized in the statement of comprehensive income.

Currency Translation Differences:

The Company's functional currency is the Turkish Lira. Iraq one of the Company companies Engürüsağ General Trading Co. Ltd. (Erbil) which operates in Iraq prepares its financial statements in U.S. dollars. Related company's financial statements are translated into the functional currency. Financial statements exchanged into Turkish Lira in accordance with the International Accounting Standards (IAS) No. 21, "The Effects of Changes in Foreign Exchange Rates."

Currency Translation Differences	31 December 2020	31 December 2019
Beginning of the Period	903,698	372,543
Additions with-in the Period	1,887,259	531,155
Total	2,790,957	903,698

In terms of translation, asset items, payables, shareholders' equity are translated to the functional currency with rates of the balance sheet date. Income and expenses are translated with rates of transaction date.

Legal Reserves:

Restricted Reserves	31 December 2020	31 December 2019
Legal Reserves at the Beginning of the Period	10,882,318	10,475,466
Legal Reserves allocated from Prior Years' Profit	726,178	883,950
Legal Reserves allocated from Repurchased Shares	(3,482,469)	(477,098)
Total	8,126,027	10,882,318

TRY 2,942,181 of the restricted reserves separated from profit consists of shares bought back (31 December 2019: TRY 6,424,650).

Restricted reserves allocated from profit are reserves allocated from the profit of the previous period due to obligations arising from law or contract or for certain purposes other than profit distribution.

General Legal Reserves are separated according to Article 519 of the Turkish Commercial Code and are used according to the principles specified in this article. These principles are as follows;

- 1) Five percent of the annual profit is allocated to general legal reserves until it reaches twenty percent of the paid-in capital.
- 2) After reaching the limit in the first paragraph;
 - a) The portion of the premium provided for issuing new shares that has not been used for issuance expenses, redemption provisions and charitable payments,
 - b) The portion remaining after deducting the costs of issuing new bills from the amount paid for share certificates canceled due to Extinguishment,
 - c) Ten percent of the total amount to be distributed to people who will receive a share from the profit, after a five percent dividend is paid to the shareholders, is added to the general legal reserve.
- 3) If the general legal reserve does not exceed half of the capital or the issued capital, it can only be used to cover losses, to continue the business when things are not going well, or to take measures to prevent unemployment and mitigate its consequences.
- 4) The provisions of subparagraph (c) and third paragraph of the second paragraph do not apply to holding companies whose primary purpose is to join other enterprises.
- 5) The provisions regarding the reserves of joint stock companies subject to special laws are reserved.

Prior Years' Profit/Loss:

Prior years' profit is TRY 27,414,449 (31 December 2019: TRY 16,403,271).

On 31 December 2019, the company sold 600,000 shares with a unit cost of TRY 3.6367 at a price of TRY 5.60. The amount of TRY 1,117,990 arising from the sale has been recognized in equity.

In accordance with the decision taken in the 2019 ordinary General Assembly of the Company, the profit of TRY 4,800,000 to be distributed paid on 28 September 2020, according to the 12th article of the Law No. 7244 and the provisional article 13 added to the Turkish Commercial Code. As a result of the evaluation made by the board of directors, the remaining amount of TRY 2,824,488 paid on 4 January 2021 and 6 January 2021.

On 8 July 2020, 752,849 shares with a unit cost of TRY 8.73 were transferred to Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş. Sold by. Lokman Hekim Engürüsağ Health, Tourism, Education Services and Construction Contracting Inc. on 11 September 2020. sales of 390,068 units with a price of TRY 11.78 regarding the shares of Lokman Hekim Van Sağlık A.Ş. carried out by. The profit of TRY 4,720,185 arising from the sale has been recognized in equity.

Cash profit distribution amounting to TRY 1,200,000 was realized on 28 November 2019 with regard to the general assembly decision.

Non-controlling Shares	31 December 2020	31 December 2019
Non-controlling Shares in Equity	1,412,673	1,412,673
Non-controlling Shares in Period's Profit/(Loss)	5,538,191	2,738,553
Cash Dividend Distribution	20,219,230	18,215,677
Total	27,170,094	22,366,903

21. SALES AND COST OF SALES

	1 January 31 December 2020	1 January 31 December 2019
Sales of Healthcare Service	264,735,176	326,578,224
Sales of Biological Assets and Milk	10,502,678	8,650,817
Hospital Rental Incomes	27,352,819	-
Other Incomes	14,139,358	-
Total	316,730,031	335,229,041
	1 January 31 December 2020	1 January 31 December 2019
Sales of Healthcare Service	(225,305,524)	(285,802,989)
Sales of Biological Assets and Milk	(10,408,034)	(8,318,093)
Hospital Rental Incomes	(2,620,976)	-
Other Incomes	(8,115,607)	-
Total	(246,450,141)	(294,121,082)
Gross Profit / (Loss)	70,279,890	41,107,959

The biological assets are first time application accounted at cost price. They are evaluated at fair value at the end of each reporting period In the current period, there has been a decrease of TRY 1,697,770 at the fair value for milk and livestock animals (31 December 2019: TRY 1,632,108).

Costs of sales based on its type are as follows.

	1 January 31 December 2020	1 January 31 December 2019
Expenses related to Salaries	(124,855,005)	(169,069,596)
Raw Material and Supplies	(75,100,281)	(75,966,133)
Energy, Fuel and Water Expenses	(8,687,451)	(12,426,037)
Maintenance, Service Expenses	(6,731,356)	(6,121,020)
Rental Expenses	(4,661,705)	(5,146,049)
Depreciation Expenses related to Right-of-Use Assets	(7,300,789)	(7,975,077)
Depreciation and Amortization Expenses	(11,367,229)	(9,541,756)
Representation Expenses	(195,926)	(534,116)
Communication, Internet, Cargo, Delivery,	(813,516)	(712,301)
Transportation, Insurance and Car Park Expenses	(1,283,666)	(691,059)
Consultation Expenses	(1,452,596)	(1,429,031)
Stationery, Education, Textil and Fixed Assets	(4,000,621)	(4,508,907)
Recognized as Expense		
Others		
Total	(246,450,141)	(294,121,082)

22. MARKETING, SALES AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

	1 January 31 December 2020	1 January 31 December 2019
General Administrative Expenses (-)	(13,450,452)	(12,548,610)
Marketing, Sales and Distribution Expenses (-)	(3,530,366)	(2,441,407)
Total	(16,980,818)	(14,990,017)

General Administrative Expenses	1 January 31 December 2020	1 January 31 December 2019
Expenses related to Salaries	(8,098,397)	(7,605,329)
Representation, Travel and Transportation Expenses	(104,933)	(269,189)
Consultancy, Advisory, Litigation and Notary Expenses	(2,267,497)	(1,736,511)
Energy, Fuel and Water etc., Expenses	(58,651)	(161,893)
Maintenance, Service Expenses	(286,517)	(70,313)
Rental Expenses	(533,116)	(378,725)
Communication Expenses	(169,371)	(122,152)
Depreciation Expenses	(254,342)	(175,344)
Rent Depreciation Expenses	(105,514)	-
General Assembly Expenses	(5,766)	(24,792)
Other Expenses	(501,866)	(518,199)
Outsourced Benefits Expenses	(150,534)	(998,756)
Taxes, Charges, Duties Payable	(913,948)	(487,407)
Total	(13,450,452)	(12,548,610)

Marketing, Sales and Distribution Expenses	1 January 31 December 2020	1 January 31 December 2019
Advertising Expenses	(955,086)	(1,448,876)
Personnel Expenses	(1,445,667)	-
Rental Expenses	(84,267)	(96,617)
Travel and Representation Expenses	(13,656)	(86,171)
Commission Expenses	(1,001,284)	(584,307)
Other Expenses	(30,406)	(225,436)
Total	(3,530,366)	(2,441,407)

23. OTHER INCOME

	1 January 31 December 2020	1 January 31 December 2019
Provisions No Longer Required	436,532	376,433
Income from Insurance	-	2,767
Gain on Sale of Non-current Assets	1,132,408	28,412
Rental Income	132,100	-
Remeasurement, Income, Loses *	3,073,405	-
Others	273,997	284,458
Total	5,048,442	692,070

(*) Within the scope of TFRS-16, it refers to the amounts reflected on the profit/(loss) arising from the increase in the rent of the company and the change in the rent amounts planned to be paid.

24. OTHER EXPENSES

	1 January 31 December 2020	1 January 31 December 2019
Provision Expenses	(2,185,178)	(3,275,334)
Grants and Donations *	(4,206,357)	(1,359,367)
Sundry Expenses	(1,879,314)	(437,046)
Taxes and Other Penalties	(40,461)	(1,513,032)
Loss from Sale of Non-current Assets	(201,469)	(36,216)
Remeasurement, Income, Loses **	(259,729)	-
Total	(8,772,508)	(6,620,995)

(*) The amount of donation made to Lokman Hekim University is TRY 2,963,627 and amount of donation made to Sevgi Foundation is TRY 1,035,540.

(**) Within the scope of TFRS-16, it refers to the amounts reflected on the profit/(loss) arising from the increase in the rent of the company and the change in the rent amounts planned to be paid.

25. INCOME / (EXPENSE) FROM INVESTING ACTIVITIES

	1 January 31 December 2020	1 January 31 December 2019
Rental Income	316,851	280,399
Total	316,851	280,399

26. FINANCIAL INCOME

	1 January 31 December 2020	1 January 31 December 2019
Interest Income*	2,086,445	6,357,205
Foreign Exchange Gains	273,369	32,536
Rediscount Interest Income	2,374,028	3,291,243
Total	4,733,842	9,680,984

(*) Financial costs were calculated from the date of the loan, for the advance payments given to the Sevgi Foundation within the scope of the affiliation planned with Lokman Hekim University, and an allowance amounting to TRY 1,675,457 was calculated.

27. FINANCIAL EXPENSES

	01 January 31 December 2020	01 January 31 December 2019
Right-of-Use Assets Financial Expenses	(1,781,954)	(669,661)
Interest Expenses	(13,251,650)	(21,562,338)
Foreign Exchange Loss	(53,621)	(44,151)
Rediscount Interest Expenses	(3,094,900)	(4,144,199)
Total	(18,182,125)	(26,420,349)

28. TAX REVENUE / (EXPENSE)

Corporate Tax:

Turkish tax legislation does not allow the parent company to file a tax return over the consolidated financial statements of its subsidiaries. Therefore, tax liabilities reflected in these consolidated financial statements are calculated separately for all companies included in the scope of consolidation.

The corporate tax rate is % 20 applied to the legal tax base to be found by adding the non-deductible expenses in accordance with the tax laws to the commercial earnings of the institutions and deducting the exemptions in the tax laws.

The corporate tax rate was increased from 20% to 22% for the years 2018, 2019 and 2020 within the scope of the "Law on Amendment of Some Tax Laws and Other Laws" numbered 7061, which was published in the Official Gazette dated December 5, 2017. Temporary differences are calculated with 20% rate for the part that will create tax effect in 2021 and following periods.

There is a withholding tax obligation on dividend distributions, and this withholding obligation is accrued in the period when the dividend payment is made. Dividend payments to non-resident institutions other than those made in Turkey with offices or through income-tax payers' permanent representative in Turkey are subject to a withholding tax of 15 percent.

In the application of the withholding rates regarding the dividend distributions made to non-resident taxpayer institutions and real persons, the withholding rates included in the related Double Taxation Agreements are also taken into consideration. Allocation of previous years' profits to capital is not considered as profit distribution, therefore it is not subject to income tax.

According to the Turkish tax legislation, financial losses can be carried forward for five years to be deducted from the future corporate income.

To reconcile with the tax authorities about the tax payable in Turkey is not such an application. Corporate tax returns are submitted within four months following the closing month of the accounting period. Authorities competent for tax inspection can examine tax returns and the underlying accounting records for five years following the fiscal period and re-assess as a result of their findings.

Income Tax Liability of the Period	31 December 2020	31 December 2019
Calculated Corporate Tax Provision	2,333,417	1,345,350
Calculated Corporate Tax and Other Liabilities (-)	(2,333,417)	-
Total	-	1,345,350

Tax income/(expense) are as follows;

Tax Income / (Expense) for the Period	1 January 31 December 2020	1 January 31 December 2019
Tax Expense for the Period	(2,333,417)	(1,107,128)
Deferred Tax Income/(Expense)	(4,320,978)	8,383,854
Net	(6,654,395)	7,276,726

Deferred tax assets and liabilities are calculated by taking into account the effects of temporary differences arising as a result of different evaluations between the financial statements of financial status statement items issued in accordance with TAS / TFRS and legal financial statements issued by KGK.

Contribution to Investment and Reduced Corporate Tax:

Corporate Tax Law Article 32 / A of the application with the reduced corporate tax came into practice on 28 February 2009. The promotion of investment since 2009 has started on a different system than before. These systems are based on the 2009/15199 and 2012/3305 are described by the Decisions of the Council of Ministers.

Reduced corporate tax investments to be made with the application of the proceeds from the contribution amount until it reaches the reduced corporate tax rate of taxation is intended. These investments contribute to the system by determining the rate and amount of investment gains in the amount of the contribution is based on the principle of less taxation. Defined contribution amount for each investment until the reduced corporate tax rate by applying the tax to be charged in the amount of the contribution of the investment is promoted.

Contribution to investment amount reduced corporate tax to be applied for collection with the foregone tax through investments amount to be covered by the state. The investment contribution rate is represented by the division of Total contribution amount by the Total investment incentive. Reduced corporate tax contribution amount will be applied until it reaches to amount of contribution investment. Therefore, reduction in corporate tax practice is not limited to a certain period.

Deferred Tax – 31 December 2020	Temporary Difference	Tax Assets	Tax Liabilities
Reduced Corporation Tax *	-	19,999,586	-
Revaluation Differences from Biological Assets	1,697,770	339,554	-
Revaluation Fund of Investment Property	2,912,579	-	582,516
Revaluation Increases from Non-Current Assets **	25,305,936	-	2,530,594
Value Adjustments of Non-Current Assets ***	24,166,711	-	3,553,160
Doctor Payroll Premiums	518,551	103,710	-
Provisions for Benefits Provided to Employees	5,051,409	1,010,281	-
Provisions for Receivables	3,838,414	767,683	-
Financial Loss	5,324,573	1,064,915	-
Rediscounts on Receivables	1,055,594	211,119	-
Rediscounts on Payables	945,449	-	189,090
Provisions for Lawsuits	1,770,560	354,112	-
Currency Translation Differences and Interest Accruals	2,071,992	414,399	-
Right-of-Use Assets	1,665,886	-	333,177
Inventory Adjustments	800,834	160,167	-
Others	15,859	3,172	-
Total		24,428,698	7,188,537
NET			17,240,161

Deferred Tax – 31 December 2019	Temporary Differences	Tax Assets	Tax Liabilities
Reduced Corporation Tax *	-	22,298,282	-
Revaluation Differences from Biological Assets	1,632,108	359,064	-
Revaluation Fund of Investment Property	2,912,579	-	640,767
Revaluation Increases from Non-Current Assets **	25,305,936	-	2,783,653
Value Adjustments of Non-Current Assets ***	12,470,878	-	2,561,570
Doctor Payroll Premiums	357,320	78,611	-
Provisions for Benefits Provided to Employees	6,107,018	1,343,544	-
Provisions for Receivables	4,791,137	1,054,050	-
Financial Loss	5,903,174	1,298,699	-
Rediscounts on Receivables	4,651,822	1,023,399	-
Rediscounts on Payables	2,034,605	-	447,613
Provisions for Lawsuits	395,560	87,023	-
Currency Translation Differences and Interest Accruals	2,005,969	441,313	-
Right-of-Use Assets	3,052,723	288,996	-
Inventory Adjustments	270,584	59,528	-
Total		28,332,509	6,433,603
NET			21,898,906

(*) Project-Based Support for Investments No.6745 consists of the Lokman Hekim Ankara Hospitals and Lokman Hekim Van Hospitals Investment Incentive Documents with reduced corporate tax.

(**) Company made the calculation of deferred tax of appreciation which occurred after the result of revaluation of land and buildings with assumption of getting benefit from the exception at the rate of 50% which is indicated in Article 5 in Corporate Tax Law (31 December 2019: 50%). Conditions for getting benefit from this exception are like below;

- Real Estates will be in company's asset minimum for 2 years.
- Profits arising from sales of Real Estates will be held in a private fund account at liabilities for 5 years.
- Sale price will be collected at the end of following the second year after sale is made.

(***) This amount is the net adjustment made on other fixed assets other than the fixed assets under valuation (the value adjustment made in the depreciation due to the calculation of depreciation based on cost or useful life) and the deferred tax effect has been taken into account as 20% as of the current period. (31 December 2019: 22%).

The corporate tax rate was increased from 20% to 22% for the years 2018, 2019 and 2020 within the scope of the "Law on Amendment of Some Tax Laws and Other Laws" numbered 7061, which was published in the Official Paper dated December 5, 2017. Temporary differences are calculated with 20% rate for the part that will create tax effect in 2021 and following periods.

29. EARNINGS PER SHARE

	1 January 31 December 2020	1 January 31 December 2019
Net Profit for the Period (Parent Shares)	24,250,988	8,268,224
Number of Shares	24,000,000	24,000,000
Earnings / (Loss) per share	1,01046	0,34451

30. RELATED PARTY DISCLOSURES

According to IAS 24 – “Related Party Disclosures”; shareholders, key management personnel and Board of Directors members, their close family members and the legal entities over which these related parties exercise control and significant influence are considered and expressed as “related parties”.

All transactions with related parties are significant and measurable.

The summary of balances and transactions between the Company and related parties is as follows;

Receivables from Related Parties	31 December 2020		31 December 2019	
	Commercial	Non-Commercial	Commercial	Non-Commercial
The University of Lokman Hekim SUAM*	5,562,881	-	-	-
The University of Lokman Hekim	-	-	717,512	-
Safi Sağlık Sanayi Ticaret A.Ş.	-	750,000	-	750,000
Others	2,554	-	-	-
Total	5,565,435	750,000	717,512	750,000
	6,315,435		1,467,512	

(*) Consist of trade receivables which take shape due to rental of the Lokman Hekim Ankara Hospital.

Prepaid Expenses to Related Parties	31 December 2020		31 December 2019	
	Short-Term	Long-Term	Short-Term	Long-Term
Safi Sağlık Sanayi ve Tic. A.Ş.	447,730	-	311,244	-
Van Divan Sağlık Eğitim Tur. San. Tic. A.Ş.	3,286,521	-	3,094,364	-
Pozitron Sağlık Hiz. San. Ve Tic. Ltd. Şti.	406,050	-	-	-
Pek Sağlık Hizm. San. Ve Tic. Ltd. Şti.	20,000	-	-	-
The University of Lokman Hekim	-	1,238	-	-
Sevgi Foundation*	-	17,407,119	-	7,887,441
Total	4,160,301	17,408,357	3,405,608	7,887,441

(*) Consist of advance payments in the scope of affiliation between Hospitals in Ankara and Lokman Hekim University. Total financial costs related to advances given is TRY 3,923,501 and reflecting to Sevgi Foundation periodically. Collection of the advance is planned to take place in next 3 years. Efficiency and overall service quality of the hospitals are expected to increase due to cooperation.

* Affiliation: It is a cooperation model put into practice by the Council of Higher Education and the Ministry of Health for the development of education and training between Foundation Universities and private hospitals. With the cooperation made within the framework of this model, there is an invoicing for private hospitals above the pricing specified in the Health Implementation Communiqué (SUT).

Payables to Related Parties	31 December 2020		31 December 2019	
	Commercial	Non-Commercial	Commercial	Non-Commercial
Lokman Hekim Tıbbi Hizmetler Ltd. Şti.	1,528,188	-	1,097,851	-
Medisina Grup Sağ. Dan. Eğt. İnş. Tem. Tic. Ltd. Şti.	815,507	-	429,107	-
Afşar Matbaacılık Ofset ve Tipo Tesisleri	118,335	-	102,278	-
Koç Medikal Tıb. Mal. Tic. Ltd. Şti.	-	-	253,669	-
Pozitron Sağlık Hiz. San. ve Tic. Ltd. Şti.	-	-	5,606	-
Akgül Grup Gıda Tem. Turz. Rek. Dan. Tic. Ltd. Şti.	-	226,454	-	226,454
T.C. Lokman Hekim Üniversitesi SUAM	821,944	-	-	-
Etlik Gayrimenkul Yatırım A.Ş.	-	12,944,760	-	-
Executive Management	69,979	-	231,959	-
Others	-	2,929,615	-	-
Total	3,353,953	16,100,829	2,120,470	226,454
	19,454,782		2,346,924	

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Expenses related to benefits provided to key managers are reported under “Benefits provided for the Executive Management”.

As of December 31, 2020 and December 31, 2019, income and expense balances with related parties are as follows;

Income / (Expense)	1 January 31 December 2020		1 January 31 December 2019	
	Income	Expense	Income	Expense
Akgül Grup Gıda Tem. Turz. Rek. Dan. Tic. Ltd. Şti.	204,560	(845)	279,195	(15,502)
Koç Medikal Tıb. Mal. Tic. Ltd. Şti.	-	(624,968)	83,240	(543,155)
Medisina Grup Sağ. Dan. Eğt. İnş. Tem. Tic. Ltd. Şti.	-	(885,552)	-	(520,568)
Lokman Hekim Tıbbi Hizmetler Tic. Ltd. Şti.	1,125	(5,533,304)	-	(4,837,045)
Pozitron Sağlık Hiz. San. ve Tic. Ltd. Şti.	40,317	(864,481)	12,047	(1,739,834)
Benefits Provided for the Executive Management	-	(2,920,800)	1,458	(3,187,721)
Others	-	(140,935)	-	(208,048)
Total	246,002	(10,970,885)	375,940	(11,051,873)
NET	(10,724,883)		(10,675,933)	

31. LEVELS AND CHARACTERISTICS OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Credit Risk: The Company's credit risk can arise from its trade receivables. Company management evaluates its trade receivables considering past experiences and current economic situation. Company management does not envision additional risk about trade receivables.

31 December 2020	Receivables				Bank Deposits	Other
	Trade Receivables		Other Receivables			
	Related Parties	Other	Related Parties	Related Parties		
The Maximum Amount of Exposure to Credit Risk as of Reporting Date (A+B)	5,565,435	58,586,476	750,000	973,089	4,890,106	3,436,381
- The Amount of Maximum Risk that Have Been Secured with Collaterals, etc.	-	-	-	-	-	-
A. Net Book Value of Financial Assets that are neither Past Due nor Impaired	5,565,435	58,586,476	750,000	973,089	4,890,106	3,436,381
B. Net Book Value of Impaired Assets	-	-	-	-	-	-
- Overdue (Gross Book Value)	-	3,501,755	-	837,500	-	-
- Impairment (-)	-	(3,501,755)	-	(837,500)	-	-

31 December 2019	Receivables				Bank Deposits	Other
	Trade Receivables		Other Receivables			
	Related Parties	Other	Related Parties	Other		
The Maximum Amount of Exposure to Credit Risk as of Reporting Date (A+B)	717,512	68,812,215	750,000	2,343,996	5,945,018	1,228,602
- The Amount of Maximum Risk that Have Been Secured with Collaterals, etc.	-	-	-	-	-	-
A. Net Book Value of Financial Assets that are neither Past Due nor Impaired	717,512	68,812,215	750,000	2,343,996	5,945,018	1,228,602
B. Net Book Value of Impaired Assets	-	-	-	-	-	-
- Overdue (Gross Book Value)	-	4,859,194	-	437,500	-	-
- Impairment (-)	-	(4,859,194)	-	(437,500)	-	-

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Liquidity Risk;

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed in illiquid markets. In the framework of liquidity risk management, funding sources are being diversified and sufficient cash and cash equivalents are held. Statement that demonstrates the company's current and previous liquidity risk is below.

31 December 2020							
Contractual Maturities	Book Value	Total Cash Outflow According to Contract (VI=I+II+III+IV+V)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)	On Demand (V)
Non-Derivative Financial Liabilities							
Financial Liabilities	119,294,499	134,014,471	15,708,124	50,268,374	68,037,973	-	-
Financial Leasing Liabilities	3,937,928	4,725,613	457,785	1,262,118	3,005,710	-	-
Operational Leasing Liabilities	42,804,243	99,314,287	2,676,371	8,109,046	45,635,870	42,893,000	
Expected Maturities	Book Value	Total Cash Outflow According to Contract (VI=I+II+III+IV+V)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)	On Demand (V)
Non-Derivative Financial Liabilities							
Trade Payables	40,161,867	41,113,840	21,009,172	20,022,440	82,228	-	-
Other Payables	17,219,270	17,219,270	-	17,219,270	-	-	-
Tax Liabilities on Period's Profit	2,265,040	2,265,040	-	2,265,040	-	-	-
Debt Provisions	1,770,560	1,770,560	-	1,770,560	-	-	-
Other Liabilities	13,905,757	13,905,757	13,905,757	-	-	-	-
Provisions Related to Employee Benefits	5,051,409	5,051,409	-	-	-	-	5,051,409

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31 December 2019							
Contractual Maturities	Book Value	Total Cash Outflow According to Contract (VI=I+II+III+IV+V)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)	On Demand (V)
Non-Derivative Financial Liabilities							
Financial Liabilities	129,266,005	155,252,671	14,199,347	72,910,801	67,893,048	249,475	-
Financial Leasing Liabilities	2,561,160	3,589,055	456,030	1,038,819	2,094,206	-	-
Operational Leasing Liabilities	59,766,072	168,384,130	2,276,483	7,401,745	158,705,902	-	-
Expected Maturities	Book Value	Total Cash Outflow According to Contract (VI=I+II+III+IV+V)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)	On Demand (V)
Non-Derivative Financial Liabilities							
Trade Payables	40,480,910	42,520,216	21,755,893	20,613,123	151,200	-	-
Other Payables	843,715	843,715	-	843,715	-	-	-
Tax Liabilities on Period's Profit	1,345,350	1,345,350	-	1,345,350	-	-	-
Debt Provisions	395,560	395,560	-	395,560	-	-	-
Other Liabilities	13,482,379	13,482,379	13,482,379	-	-	-	-
Provisions Related to Employee Benefits	6,107,018	6,107,018	-	-	-	-	6,107,018

Currency Risk:

Foreign Currency Position Table - 30 December 2020	TRY Equivalent (Functional Currency)	USD	EUR
1.Trade Receivables	213,435	2,700	21,494
2a. Monetary Financial Assets (Cash, Bank Accounts Included Etc.)	27,740	3,779	-
2b. Non-Monetary Financial Assets	-	-	-
3.Other	1,725,508	206,954	22,909
4.Current Assets (1+2+3)	1,966,683	213,433	44,403
5.Trade Receivables	-	-	-
6a. Monetary Financial Assets	-	-	-
6b. Non-Monetary Financial Assets	-	-	-
7. Other	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-
9. Total Assets (4+8)	1,966,683	213,433	44,403
10. Trade Payables	135,424	18,390	48
11. Financial Liabilities	-	-	-
12a. Other Monetary Liabilities	273,756	15,080	18,102
12b. Other Non-Monetary Liabilities	-	-	-
13.Short-Term Liabilities (10+11+12)	409,180	33,470	18,150
14.Trade Payables	-	-	-
15.Financial Liabilities	-	-	-
16a. Other Monetary Liabilities	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-
17. Long-Term Liabilities (14+15+16)	-	-	-
18. Total Liabilities (13 +17)	409,180	33,470	18,150
19. Off-Balance Sheet Foreign Currency Derivative Instruments Net Asset / (Liability) Position (19a-19b)	-	-	-
19a. Active-Balance Sheet Foreign Currency Derivative Assets	-	-	-
19b. Off-Balance Sheet Foreign Currency Derivative Assets	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	1,557,503	179,963	26,253
21. Monetary Accounts Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	(168,005)	(26,991)	3,344
22. Fair Value Of Financial Instruments Used To Manage Foreign Currency Position	-	-	-
23. Amount Of Hedged Foreign Currency Assets	-	-	-
24. Amount Of Currency Hedged Liabilities	-	-	-
25.Export	-	-	-
26.Import	-	-	-

Foreign Currency Position Table – 31 December 2019	TRY Equivalent (Functional Currency)	USD	EUR
1.Trade Receivables	2,078,173	341,489	7,467
2a, Monetary Financial Assets (Cash, Bank Accounts Included Etc.)	127,713	10,202	10,091
2b. Non-Monetary Financial Assets	926,784	156,019	-
3. Other	3,545,497	596,865	-
4.Currebt Assets (1+2+3)	6,678,168	1,104,575	17,558
5.Trade Receivables	-	-	-
6a.Monetary Financial Assets	-	-	-
6b. Non-Monetary Financial Assets	-	-	-
7.Other	-	-	-
8.Non – Current Assets (5+6+7)	-	-	-
9.Total Assets (4+8)	6,678,168	1,104,575	17,558
10.Trade Payables	116,862	19,673	-
11.Financial Liabilities	-	-	-
12a.Other Monetary Liabilities	-	-	-
12b.Other Non – Monetary Liabilities	-	-	-
13. Short-Term Liabilities (10+11+12)	116,862	19,673	-
14.Trade Payables	-	-	-
15.Financial Liabilities	-	-	-
16a.Other Monetary Liabilities	-	-	-
16b.Other Non-Monetary Liabilities	-	-	-
17.Long-Term Liabilities (14+15+16)	-	-	-
18.Ttal Liabilities (13+17)	116,862	19,673	-
19. Off-Balance Sheet Foreign Currency Derivative Instruments Net Asset/ (Liability) Position (19a-19b)	-	-	-
19a. Active-Balance Sheet Foreign Currency Derivative Assets	-	-	-
19b. Off-Balance Sheet Foreign Currency Derivative Assets	-	-	-
20. Net Foreign Currency Asset/ (Liability) Position (9-18+19)	6,561,306	1,084,902	17,558
21. Monetary Accounts Net Foreign Currency Asset/ (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	2,089,025	332,018	17,558
22. Fair Value Of Financial Instruments Used To Manage Foreign Currency Position	-	-	-
23. Amount Of Hedged Foreign Currency Assets	-	-	-
24. Amount Of Currency Hedged Liabilities	-	-	-
25.Export	-	-	-
26.Import	-	-	-

Sensitivity Analysis;

Sensitivity analysis has been made in order to indicate the base scenario that as of 31 December 2019, 20% depreciation and appreciation of the Turkish Lira against the exchange rate and assuming that all the variables, including the interest rates, are fixed. (31 December 2019: 20%)

31 December 2020	Gain / (Loss)	
	Foreign Exchange Appreciation	Foreign Exchange Depreciation
In case + / - 20 % Fluctuation of USD Rate		
1- U.S. Dollar Net Asset/(Liability)	264,204	(264,204)
2- Hedged Portion from U.S. Dollar Risk (-)	-	-
3- U.S. Dollar Net Effect (1 + 2)	264,204	(264,204)
In case + / - 20 % Fluctuation of EURO Rate		
4- EURO Net Asset/(Liability)	47,297	(47,297)
5- Hedged Portion from EURO Risk (-)	-	-
6- EURO Net Effect (4 + 5)	47,297	(47,297)
TOTAL (3+6)	311,501	(311,501)

31 December 2019	Gain / (Loss)	
	Foreign Exchange Appreciation	Foreign Exchange Depreciation
In case + / - 20 % Fluctuation of USD Rate		
1- U.S. Dollar Net Asset/(Liability)	1,288,907	(1,288,907)
2- Hedged Portion from U.S. Dollar Risk (-)	-	-
3- U.S. Dollar Net Effect (1 + 2)	1,288,907	(1,288,907)
In case + / - 20 % Fluctuation of EURO Rate		
4- EURO Net Asset/(Liability)	23,354	(23,354)
5- Hedged Portion from EURO Risk (-)	-	-
6- EURO Net Effect (4 + 5)	23,354	(23,354)
TOTAL (3+6)	1,312,261	(1,312,261)

32. NOTES TO CASH FLOW STATEMENT

Cash flow statement has been presented with consolidated financial statements.

Cash-Flow Items	Beginning of the Period	Generating Cash Flow	Non-Generating Cash Flow *	End of the Period
Short-Term Bank Borrowings	73,975,050	(61,385,358)	32,010,146	44,599,838
Long-Term Bank Borrowings	55,290,955	51,044,381	(31,600,481)	74,734,855
Leasing Debts (Short-Term)	7,606,149	(6,943,415)	7,072,209	7,734,943
Leasing Debts (Long-Term)	52,159,923	-	(15,188,229)	36,971,694
Financial Leasing Debts (Short-Term)	997,428	(1,812,419)	842,775	27,784
Financial Leasing Debts (Long-Term)	1,563,732	(1,051,369)	(138,399)	373,964

(*) Interest accruals and fair value differences have been reported in this column.

33. FINANCIAL INSTRUMENTS- EXPLANATIONS ON THE FAIR VALUE AND FINANCIAL RISK MANAGEMENT

Fair Value of Financial Instruments

Fair value is the amount which can be measurable with closest market price that can be obtained in a sale process except forced sale or liquidation in which there are applicants for both selling and buying. The estimated fair values of financial instruments have been determined using available market information by the Company, using appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to determine the estimated fair value. While the management of the Company has used available market information in estimating the fair values, the market information may not be fully reflective of the value that could be realized in the current circumstances. The following methods and assumptions are used for the determination of fair values of financial instruments:

Financial Assets

Fair values of cash and cash equivalents, including accrued interest, and other financial assets are assumed to approximate their carrying amounts due to their short-term maturity and being subject to insignificant credit risk. Fair values of trade receivables net of doubtful receivables are assumed to approximate their carrying amounts.

Financial Liabilities

Trade payables and other monetary liabilities are thought that their fair value converges to their real value due to their short-term nature. Bank loans are denoted by rediscounted cost and transaction costs are added into initial residual cost of bank loans. It is predicted that the bank loans are valued by their fair values, since interest rates are updated by taking into consideration the changing market conditions. It is foreseen that the trade payables are close to their fair values after deducting the provision for rediscount.

Fair Value Hierarchy Table

As of 31 December 2020 and 31 December 2019, the Company has financial assets and liabilities held at fair value in the balance sheet. The company determines and shows the fair value and price, uses the following hierarchy:

Level 1: Identical assets and liabilities quoted in active markets,

Level 2: Direct and indirect observation of inputs that may have a significant effect on the fair value reflected in the financial statements,

Level 3: Determination of inputs that may have a material effect on the fair value reflected in the financial statements without observable market data.

31 December 2020			
Valuation Inputs to Fair Value	Level 1	Level 2	Level 3
Biological Assets	-	-	13,710,350
Land and Buildings	-	-	65,822,111
Goodwill	-	-	-
Doctor Staff and Medical License Fee	-	-	22,888,881
Investment Property	-	-	6,400,000

31 December 2019			
Valuation Inputs to Fair Value	Level 1	Level 2	Level 3
Biological Assets	-	-	12,258,642
Land and Buildings	-	-	43,167,372
Goodwill	-	-	1,186,400
Doctor Staff and Medical License Fee	-	-	22,888,881
Investment Property	-	-	6,400,000

34. SUBSEQUENT EVENTS

In accordance with the decision taken in the 2019 ordinary General Assembly of the Company, the profit of TRY 4,800,000 to be distributed paid on 28 September 2020, according to the 12th article of the Law No. 7244 and the provisional article 13 added to the Turkish Commercial Code. As a result of the evaluation made by the board of directors, the remaining amount of TRY 2,824,488 paid on 4 January 2021 and 6 January 2021.