

**LOKMAN HEKİM ENGÜRÜSAĞ SAĞLIK, TURİZM,
EĞİTİM HİZMETLERİ VE İNŞAAT TAAHHÜT A.Ş.
INDEPENDENT AUDITOR'S REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2021**



**LOKMAN HEKİM ENGÜRÜSAĞ SAĞLIK,
TURİZM, EĞİTİM HİZMETLERİ VE İNŞAAT TAAHHÜT ANONİM ŞİRKETİ
CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY – 30 SEPTEMBER 2021
TOGETHER WITH THE INDEPENDENT AUDITOR'S REVIEW REPORT**

To the Board of Directors of

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

Introduction

We audited the accompanied balance sheet of Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş. (the "Company") as of September 30, 2021, statement of income, statement of changes in equity, statement of cash flows and summary of significant accounting policies and other explanatory notes. The Company management is responsible for the preparation and fair presentation of the aforementioned interim consolidated financial information in accordance with the Turkish Accounting Standard 34, Interim Financial Reporting Standard ("TAS 34"). Our responsibility is to report a conclusion on this interim consolidated financial information based on our review.

Scope of Review

Our review conducted in accordance with International Standard on Review Engagements ("ISRE") 2410, "Review of Interim Financial Information Performed by the Independent Auditor of The Entity". A review of interim financial information consists of questioning individuals, particularly those responsible for finance and accounting matters, and applying analytical procedures and other review procedures. Scope of review of interim financial information; It is significantly narrower than the scope of an independent audit, which is conducted in accordance with the Independent Auditing Standards and whose purpose is to report an opinion on the financial statements. Consequently, the review of interim financial information does not provide assurance that the firm will be aware of all material matters that may be identified in an independent audit. For this reason, we do not provide an independent audit opinion.

Conclusion

According to our limited audit, the accompanying interim consolidated financial information is based on the financial status of Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş. We did not observe any subject that cause us to believe that the cash flows do not provide an accurate and fair view in accordance with TAS 34 "Interim Financial Reporting" in all material respects.

9 November 2021, Ankara

Vezin Bağımsız Denetim A.Ş.

Member Firm of HLB International

Fatma Zehra KOŞ, Sworn in CPA
Auditor in Charge

Vezin Bağımsız Denetim A.Ş.

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		Limited Audited	Audited
		30 September 2021	31 December 2020
	Notes		
ASSETS			
Current Assets		115,112,969	108,330,423
Cash and Equivalents	[4]	3,890,294	8,326,487
Trade Receivables		73,128,998	64,151,911
- <i>Related Parties</i>	[29]	10,123,887	5,565,435
- <i>Other</i>	[6]	63,005,111	58,586,476
Other Receivables		1,694,472	1,442,201
- <i>Related Parties</i>	[29]	751,164	750,000
- <i>Other</i>	[7]	943,308	692,201
Inventories	[8]	18,462,453	19,664,250
Prepaid Expenses		13,825,552	13,560,982
- <i>Related Parties</i>	[29]	5,583,919	4,160,301
- <i>Other</i>	[17]	8,241,633	9,400,681
Current Tax Related Assets	[16]	2,171,033	-
Other Current Assets	[15]	1,940,167	1,184,592
Non-Current Assets		340,358,234	281,355,891
Other Receivables	[7]	301,694	280,888
Biological Assets	[9]	15,001,033	13,710,350
Investment Property	[12]	7,810,000	6,400,000
Tangible Assets	[10]	205,431,468	158,320,751
- <i>Tangible Assets</i>		7,284,111	8,187,113
- <i>Tangible Assets of which Acquired Through Financial Leasing</i>		198,147,357	150,133,638
Right-of-Use Assets	[10]	36,438,409	44,470,129
Intangible Assets	[11]	23,120,902	23,231,455
Prepaid Expenses		21,809,866	17,702,157
- <i>Related Parties</i>	[29]	21,292,334	17,408,357
- <i>Other</i>	[17]	517,532	293,800
Deferred Tax Assets	[27]	30,444,862	17,240,161
Total Assets		455,471,203	389,686,314

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

		Limited Audited	Audited
LIABILITIES	Notes	30 September 2021	31 December 2020
Short-Term Liabilities		171,724,330	146,243,373
Short-Term Borrowings	[5]	30,172,556	23,065,812
- Bank Loans		22,311,187	14,051,437
- Borrowings from Financial Leasing		953,131	1,352,155
- Borrowings from Leasing		6,908,238	7,662,220
Short-Term Portions of the Long-Term Borrowings	[5]	48,132,973	43,114,594
Trade Payables		53,014,108	40,161,867
- Related Parties	[29]	6,433,419	3,353,953
- Other	[6]	46,580,689	36,807,914
Payables Related to Employee Benefits	[18]	9,126,302	7,170,290
Other Payables		17,679,920	17,219,270
- Related Parties	[29]	17,077,458	16,100,829
- Other	[7]	602,462	1,118,441
Deferred Income	[17]	2,724,873	666,552
Period Profit Tax Liability	[27]	3,063,983	-
Short-Term Provisions	[13]	1,556,578	1,770,560
Other Short-Term Liabilities	[15]	6,253,037	13,074,428
Long-Term Liabilities		90,468,571	113,497,546
Long-Term Borrowings	[5]	69,991,589	99,856,264
- Bank Loans		42,922,806	62,128,468
- Financial Leasing		1,912,699	2,585,773
- Leasing		25,156,084	35,142,023
Deferred Income	[17]	1,186,714	1,707,314
Long-Term Provisions		10,728,446	5,051,409
- Provision for Employee Benefits	[14]	10,728,446	5,051,409
Liabilities Related to Current Period Tax	[16]	8,561,822	6,882,559
Equity	[19]	193,278,302	129,945,395
Equity Holders of the Parent		158,484,412	102,775,301
Paid-In Share Capital		36,000,000	24,000,000
Repurchased Shares (-)		(5,958,497)	(2,942,181)
Accumulated Other Comprehensive Income And Expenses not to be Reclassified to Profit or Loss		43,869,053	19,135,061
- Measurement of Revaluation Gains / (Losses)		49,500,981	22,522,283
- Gains / (Losses) on Remeasurement of Defined Benefit Plans		(5,631,928)	(3,387,222)
Accumulated Other Comprehensive Income and Expenses to be Reclassified to Profit or Loss		2,076,201	2,790,957
- Currency Translation Differences		2,076,201	2,790,957
Restricted Reserves		13,390,707	8,126,027
Prior Years' Profits / (Losses)		26,271,676	27,414,449
Net Profit (Loss) for the Period		42,835,272	24,250,988
Minority Interest		34,793,890	27,170,094
Total Liabilities and Equity		455,471,203	389,686,314

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 Income at 1 January-30 September 2021
(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

		Limited Audited	Limited Audited	Limited Audited	Limited Audited
	Notes	1 January 30 September 2021	1 July 30 September 2021	1 January 30 September 2020	1 July 30 September 2020
Income Statement					
Revenue	[20]	316,043,901	120,023,340	219,542,339	84,402,190
Cost of Sales (-)	[20]	(240,492,781)	(89,005,240)	(171,728,801)	(59,258,760)
Gross Profit/(Loss)		75,551,120	31,018,100	47,813,538	25,143,430
General Administrative Expenses (-)	[21]	(13,306,852)	(4,940,126)	(9,680,686)	(3,421,706)
Marketing, Sales and Distribution Expenses (-)	[21]	(5,755,769)	(2,705,068)	(2,354,023)	(683,920)
Other Operating Income	[22]	4,122,980	71,913	3,515,064	2,954,958
Other Operating Expenses (-)	[23]	(11,291,054)	(4,917,536)	(6,696,973)	(2,186,108)
Operating Profit/(Loss)		49,320,425	18,527,283	32,596,920	21,806,654
Income from Investment Activities	[24]	1,669,025	1,496,341	237,683	79,258
Operating Profit/(Loss) Before Financial Expenses		50,989,450	20,023,624	32,834,603	21,885,912
Financial Income	[25]	5,519,418	1,034,141	3,269,262	(330,348)
Financial Expenses (-)	[26]	(18,626,975)	(6,130,539)	(13,915,820)	(5,758,685)
Profit/(Loss) Before Tax		37,881,893	14,927,226	22,188,045	15,796,879
Tax Income/(Expenses)	[27]	12,577,175	10,474,973	(6,116,785)	(6,666,486)
Period Tax Expense		(3,063,983)	(922,478)	(956,751)	(99,374)
Deferred Tax Income/(Expense)		15,641,158	11,397,451	(5,160,034)	(6,567,112)
Net Profit/(Loss) for the Period		50,459,068	25,402,199	16,071,260	9,130,393
Distribution of Profit (Loss)		50,459,068	25,402,199	16,071,260	9,130,393
Minority Interest		7,623,796	3,562,463	3,504,007	1,101,167
Net Income Available for Shareholders		42,835,272	21,839,736	12,567,253	8,029,226
Earnings Per Share	[28]	1.18987	0.60666	0.34909	0.22303
Other Comprehensive Income Statement					
		1 January 30 September 2021	1 July 30 September 2021	1 January 30 September 2020	1 July 30 September 2020
Net Profit/(Loss) for the Period		50,459,068	25,402,199	16,071,260	9,130,393
Items not to be Reclassified to Profit or Loss		29,223,404	26,492,006	(1,330,521)	776,579
Tangible Assets Revaluation		26,978,698	26,978,698	-	-
Gains/(Losses) on Remeasurement of Defined Benefit Plans		2,805,882	(579,548)	(1,705,795)	995,615
Tax Gains/(Losses)		(561,176)	92,856	375,274	(219,036)
Items to be Reclassified to Profit or Loss		714,756	(50,521)	(1,525,953)	(1,613,629)
Currency Translation Differences		714,756	(50,521)	(1,525,953)	(1,613,629)
Other Comprehensive Income (After Tax)		29,938,160	26,441,485	(2,856,474)	(837,050)
Total Comprehensive Income		80,397,228	51,843,684	13,214,786	8,293,343
Distribution of Total Comprehensive Income		80,397,228	51,843,684	13,214,786	8,293,343
Minority Interest		7,623,796	3,562,463	3,504,007	1,101,167
Equity Holders of the Parent		72,773,432	48,281,221	9,710,779	7,192,176

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-30 September 2021

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

			Other Comprehensive Income/(Expense) not to be Reclassified to Profit or Loss	Other Comprehensive Income/ (Expenses) to be Reclassified to Profit or Loss			Retained Earnings			
	Paid-in Share Capital	Repurchased Shares (-)	Tangible Assets Revaluation Increase/ (Decrease)	Gains/ (Losses) on Remeasurement of Defined Benefit Plans	Currency Translation Differences	Restricted Reserves	Prior Years' Profits/(Losses)	Net Profit/(Loss) for the Period	Minority Interest	Total
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	-	-	-	-	1,525,953	-	-	-	-	1,525,953
Gains/(Losses) on Remeasurement of Defined Benefit Plans	-	-	-	1,705,795	-	-	-	-	-	1,705,795
Tax Income/(Expense)	-	-	-	(375,274)	-	-	-	-	-	(375,274)
Repurchased Shares	-	5,489,163	-	-	-	(5,489,163)	10,289,163	-	-	10,289,163
Cash Dividend Distribution	-	-	-	-	-	-	(4,800,000)	-	-	(4,800,000)
Net Profit/(Loss) for the Period	-	-	-	-	-	-	-	12,567,253	3,504,007	16,071,260
30 September 2020	24,000,000	(935,487)	22,522,283	(3,407,777)	2,429,651	6,119,333	29,434,480	12,567,253	25,870,910	118,600,646
1 January 2021	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
Transfers	-	-	-	-	-	2,248,364	22,002,624	(24,250,988)	-	-
Cash Dividend Distribution	12,000,000	-	-	-	-	-	(12,000,000)	-	-	-
Currency Exchange Differences	-	-	-	-	(714,756)	-	-	-	-	(714,756)
Gains/(Losses) on Remeasurement of Defined Benefit Plans	-	-	-	(2,805,882)	-	-	-	-	-	(2,805,882)
Tangible Assets Revaluation	-	-	29,976,332	-	-	-	-	-	-	29,976,332
Tax Income/(Expense)	-	-	(2,997,634)	561,176	-	-	(129,873)	-	-	(2,566,331)
Repurchased Shares	-	(3,016,316)	-	-	-	3,016,316	(3,016,316)	-	-	(3,016,316)
Cash Dividend Distribution	-	-	-	-	-	-	(7,999,208)	-	-	(7,999,208)
Net Profit/(Loss) for the Period	-	-	-	-	-	-	-	42,835,272	7,623,796	50,459,068
30 September 2021	36,000,000	(5,958,497)	49,500,981	(5,631,928)	2,076,201	13,390,707	26,271,676	42,835,272	34,793,890	193,278,302

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 Interim Period Ended September 30, 2021
(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

		Limited Audited	Audited
		1 January 30 September 2021	1 January 30 September 2020
	Notes		
A. Cash Flows From Operating Activities		41,558,212	32,815,102
Profit/(Loss) for the Period		42,835,272	12,567,253
Adjustments to Reconcile Net Profit/(Loss) for the Period		6,488,632	28,064,386
Adjustments to Depreciation and Amortization Expense	[10-11]	18,214,246	13,589,955
Adjustments to Impairment (Cancellation)		(309,144)	2,977,013
Adjustments to Impairment (Cancellation) in Receivables	[6]	(309,144)	2,977,013
Adjustments to Provisions		5,677,037	(1,875,522)
Adjustments to (Cancellation) Provisions related with Employee Benefits	[14]	5,677,037	(1,875,522)
Adjustments to Interest (Income) Expenses		1,048,497	412,387
Adjustments to Interest Expenses	[26]	1,048,497	412,387
Adjustments to Unrealized Currency Translation Differences	[16]	(714,758)	1,525,953
Adjustments to Fair Value Gains/(Losses)		(1,410,000)	-
Adjustments for Fair Value Gains/(Losses) of Investment Properties	[12]	(1,410,000)	-
Adjustments to Tax (Income) Expenses	[27]	(16,202,335)	5,535,308
Other Adjustments Related to Non-Cash Items		185,089	5,899,292
Changes in Working Capital		(1,453,223)	(6,133,618)
Increase/(Decrease) in Financial Investments	[5]	-	(4,018,520)
Adjustments to Increase/(Decrease) in Trade Receivables		(8,982,122)	(5,129,039)
Adjustments to Increase/(Decrease) in Trade Receivables from Related Parties	[29]	(4,558,452)	(6,084,887)
Adjustments to Increase/(Decrease) in Trade Receivables from Third Parties	[6]	(4,423,670)	955,848
Adjustments to Increase/(Decrease) in Other Receivables related with Operations		(347,797)	806,583
Adjustments to Increase/(Decrease) in Other Receivables from Related Parties related with Operations	[29]	(326,991)	884,369
Adjustments to Increase/(Decrease) in Other Receivables from Third Parties related with Operations	[7]	(20,806)	(77,786)
Adjustments to Increase/(Decrease) in Stocks	[8]	(88,886)	1,554,442
Adjustments to Increase/(Decrease) in Prepaid Expenses	[17]	(4,148,547)	(16,224,262)
Adjustments to Increase/(Decrease) in Trade Payables		12,613,661	(5,782,924)
Increase/(Decrease) in Trade Payables to the Related Parties	[29]	3,099,466	95,568
Increase/(Decrease) in Trade Payables to the Third Parties	[6]	9,514,195	(5,878,492)
Increase/(Decrease) in Payables related to Employee Benefit	[18]	1,804,278	(2,121,720)
Increase/(Decrease) in Other Payables related with Operations		(489,619)	14,657,354
Increase/(Decrease) in Other Payables to the Related Parties related with Operations	[29]	(26,360)	14,655,466
Increase/(Decrease) in Other Payables to the Third Parties related with Operations	[7]	(515,979)	1,888
Increase/(Decrease) in Deferred Income	[17]	2,058,321	308,499
Adjustments to Increase/(Decrease) in Working Capital		(3,872,512)	9,815,969
Increase/(Decrease) in Other Assets related with Operations	[15]	(3,150,340)	(1,712,145)
Increase/(Decrease) in Other Liabilities related with Operations	[15]	(722,172)	11,528,114
Cash Flows from Operations		47,870,681	34,498,021
Dividend Payment		(6,312,469)	(1,682,919)
B. Cash Flows from Investing Activities		(30,085,322)	(27,254,139)
Cash Inflows from Sale of Tangible and Intangible Assets		1,309,980	-
Cash Inflows from Sale of Tangible Assets	[10]	1,309,980	-
Cash Outflows from Purchasing of Tangible and Intangible Assets		(31,395,302)	(27,254,139)
Cash Outflows from Purchasing of Tangible Assets	[10]	(31,395,302)	(28,449,363)
Cash Outflows from Purchasing of Intangible Assets	[11]	-	1,195,224
C. Cash Flows from Financing Activities		(15,909,083)	(9,820,986)
Cash Inflows from Borrowings	[5]	54,117,313	86,651,341
- Cash Inflows from Loans		54,117,313	86,651,341
Cash Outflows from Repayments of Borrowings	[5]	(62,165,441)	(89,528,913)
- Cash Outflows from Loan Repayments		(62,165,441)	(89,528,913)
Other Cash Inflows/(Outflows)	[5]	(7,860,955)	(6,943,414)
Net Increase (Decrease) on Cash and Equivalents Before the Effect of Currency Translation Differences		(4,436,193)	(4,260,023)
Effect of Foreign Currency Translation Differences on Cash and Equivalents		-	-
Net Increase/(Decrease) on Cash and Equivalents		(4,436,193)	(4,260,023)
E. Cash and Equivalents at the Beginning of the Period		8,326,487	6,327,982
F. Cash and Equivalents at the End of the Period (A+B+C+D+E)		3,890,294	2,067,959

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 Hizmetleri ve İnşaat Taahhüt A.Ş. ("Parent Company", "Group" or "Company") 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 conducted on May 23, 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.

The main partnership capital and partnership structure is;

	30 September 2021		31 December 2020	
	TRY	%	TRY	%
Group A	291,600	0.81	193,208	0.81
Group B	35,708,400	99.19	23,806,792	99.19
Total	36,000,000	100	24,000,000	100

Group A shares are registered and cannot be sold in the stock exchange market. They cannot be transferred partially to third parties. Group A 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 Group A share, in the situation that there is one or more than one Group A shareholder which will take over, shares are transferred equally. When there is no Group A shareholder to take over Group A 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 Group A shares.

There is no granted privilege to Group B 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 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 62.74% as of September 30, 2021 are accepted as "in circulation".

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

Company	Principle Activity	Participation Rate (%)	
		30 September 2021	31 December 2020
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 has 49% of the shares owned by the company and 66% of the management representation and 100% of the profit share. Therefore, the Company included into financial statements by fully consolidation method.

Lokman Hekim Etlik Hospital

In Etlik district in Ankara, five-storey hospital building that has 2,900 m² of indoor area rented for 15 years in 1999 and rental contract 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 purchased the independent sections on the side of the hospital to grow the hospital, and the construction works for the additional hospital building started within the year 2017. The construction of approximately 9,000 m² of the additional part completed and the building usage permit obtained. Republic of Turkey Ministry of Health registration 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 completed and the registration process completed as of the reporting period. Etlik Hospital whose investment completed has a capacity of 4 operating rooms, 2 delivery rooms, 21 intensive care beds, 6 newborn intensive care beds, 73 patient beds with a total capacity of 100 beds.

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 leased with all its fixed assets, including real estate, to the Lokman Hekim University Health Application and Research Center for 3 years as of January 1, 2020. Also, all employees transferred to Lokman Hekim University as of December 31, 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 belonging to Lokman Hekim Ankara Hospital conditionally donated to Lokman Hekim University as long as the University Hospital operation continues. Lokman Hekim Ankara

Hospital is operated by Lokman Hekim University under the title of Lokman Hekim University SUAM as of January 1, 2020.

Lokman Hekim Akay Hospital

In Çankaya, Ankara, the 11-storey hospital built on 18,000 m² total area rented for 15 years and started its operation on August 1, 2016. The hospital has 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 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, 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 established in the Demetevler district of Yenimahalle in Ankara with a capital of TRY 50,000 on April 12, 2016 to provide a closed area of 2,400 m², outpatient treatment and health services. Licensing and furnishing studies of the Lokman Hekim Demet Tıp Merkezi completed and patient admission started on October 11, 2016.

According to the Regulations Regarding Private Health Establishments Diagnosed and Treated Out of the Company, the share of the company's capital 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. It is participated at %100 in the formation of the Company.

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 and 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	30 September 2021	31 December 2020
Doctor	217	201
Health Services	669	626
Health Support Services	336	344
Management Support Services	305	316
Managerial Staff	132	121
Veterinary and Laborers	8	12
Total	1,667	1,620

2. PRINCIPLES REGARDING TO THE PRESENTATION OF FINANCIAL STATEMENTS

2.1. Main Principles Regarding to the Presentation

Legal Books and Financial Statements

The company maintains and prepares its legal books and legal financial statements in accordance with the Turkish Commercial Code ("TCC") and accounting principles established by tax legislation.

The consolidated financial statements of the Group have been prepared in accordance with the Turkish Financial Reporting Standards, ("IFRS") 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. IFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards ("IFRS") by the communiqués announced by the POA.

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

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).

The company reported the financial statements according to the continuity principle,

Principles of Consolidation:

Company	Principle Activity	Participation Rate (%)	
		30 September 2021	31 December 2020
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 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 "Minority Interest" account group. Minority share was not 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 was not 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 **November 9, 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 applied the new and revised standards and interpretations issued by the POA as of January 1, 2020 and related to its own activity.

- **Amendment to IFRS 16, 'Leases' - COVID-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 granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On May 28, 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. This amendment 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 January 1, 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9. Financial Instrument until January 1, 2023. This amendment has no effect on the financial status and performance of the Company.

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

It is valid on January 1, 2020 or for annual reporting starting after this date. These amendments provide specific facilitation practices regarding benchmark interest rate reform. These practices relate to hedging accounting, and the effect of the IBOR (Interbank Offered Rate) reform should generally not terminate of hedging accounting. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the prevalence of hedging accounting in IBOR-based contracts, these facilitating practices will affect all companies in the sector. This amendment 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 Benchmark Interest Rate Reform Phase 2**

It is valid on January 1, 2021 or for annual reporting starting after this date. The Phase 2 amendment addresses issues arising from the implementation of reforms, including the revision of a benchmark rate with an alternative. This amendment 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 Benchmark Interest Rate Reform Phase 2**

It is valid on January 1, 2022 or for annual reporting starting after this date. These narrow-scope amendments made to IAS 1. "Presentation of financial statements", explain that liabilities are classified as current or non-current, depending on the rights that exist at the end of the reporting period. The classification is unaffected by the expectations of the entity or events after the reporting date (for example, receipt of a concession or breach of contract). The amendment also clarifies what IAS 1 means to "settlement" an obligation. This amendment 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, IFRS 3 Amendments in business combinations; This amendment revises a reference to the Conceptual Framework for Financial Reporting in IFRS 3, without changing the accounting requirements for business combinations. Amendments to TAS 16 'Tangible fixed assets'; prohibits a company from deducting the income from the sale of manufactured products from tangible fixed assets until the asset is ready for use. Instead, the company will reflect such sales revenue and related cost in profit or loss. IAS 37 'Amendments to Provisions, Contingent Liabilities and Contingent Assets', this amendment specifies what costs a company includes when deciding whether to lose or not from the contract. Annual improvements make minor amendments in explanatory patterns for IFRS 1, "First - time Adoption of IFRS". IFRS 9, "Financial instruments", IAS 41, "Agriculture" and the Illustrative Examples accompanying IFRS 16, "Leases". This amendment has no effect on the financial status and performance of the Company.

- **"IFRS 17 "Insurance Contracts"**

This standard replaces IFRS 4, which currently allows a wide variety of applications. IFRS 17 will fundamentally change the accounting of all enterprises that issue insurance contracts and investment contracts with discretionary participation features. It is valid on January 1, 2023 or for annual reporting starting after this date. This amendment has no effect on the financial status and performance of the Company.

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

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 IFRS'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 materiality; and
- iii) Incorporate some of the guidance in TAS 1 about immaterial information,

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

- **Amendments to IFRS 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 amendment has no effect on the financial status and performance of the Company.

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 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 revenue recognitions of patients whose treatment is continuing at the end of the period in sales of healthcare service.

Stocks:

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 January 1, 2005 are costs which are adjusted for inflation effects.

The Company revalued its tangible and intangible assets in its legal records by indexing them based on the rates determined by the Republic of Turkey Ministry of Treasury and Finance through Article 11 of the Law No. 7326 on Restructuring Certain Receivables and Amending Certain Laws with numbered 1346 the Board of Directors Decision dated July 6, and with reference to the Provisional Article 31 added to the Tax Procedure Law Assets valued in accordance with the Tax Procedure Law differ from the fair value for IFRS based on the market approach. Deferred tax calculated based on the difference between tax value resulting from revaluation operations according to Tax Provision of Law and over the resulting difference in accounting value.

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. Costs of intangible assets purchased prior to January 1, 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 July 11, 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.

The Company determined useful lives for its intangible assets 3 to 15 years. Intangible assets with indefinite useful lives (doctor staff fees and hospital licenses) are not subject to amortization, but they are tested for impairment.

Impairment 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 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 worked 25 years and woman who 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 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.

DTA (Deferred Tax Asset)/(Liability) is the difference between account value and tax value (timing difference). Current tax rate is considered on the calculation of DTA (Deferred Tax Asset). DTL (Deferred Tax Liability) is presented in the financial statements for all taxable or deductible provisional differences, but DTA (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 DTA (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 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 January 1, 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 January 1, 2019, 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 January 1, 2019, the first date of IFRS 16 has been used, the Company 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" 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 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 January 1, 2018, the Company 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 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 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 provisions contained in TAS 16 Tangible Assets while depreciating the right-to-use asset. In the event that the supplier transfers the ownership of the underlying asset to the Company at the end of the lease term or the cost of the right-of-use asset indicates that the Company will use a purchase option, the Company depreciates the right-to-use asset from the actual start of the lease until the end of the useful life of the underlying asset in other cases, the existence of the Company's right of use, the useful life of the asset, starting from the date the lease actually commences or depreciate according to the shorter of the lease term.

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 CBTR. 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 September 30, 2021 and December 31, 2020 reports are as follows;

	30 September 2021		31 December 2020	
	Buying	Selling	Buying	Selling
USD	8.8433	8.8592	7.3405	7.3537
EUR	10.3135	10.3321	9.0079	9.0241

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 and doctor's progress payments related to the patients whose treatment is ongoing,
- Regarding employee benefits; retirement period, rate of raise, discount rate, severance pay rate,
- 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 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 Hospital" and "Demet Tıp Merkezi" have become "Pandemic 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 July 5, 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 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.

The effect of temporary article-13 of Corporate Income Tax on Deferred Tax;

The corporate tax rate is the corporate tax rate 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 companies, and deducting the exemptions in the tax laws, Corporate Tax Law Provisional Article 13 and corporate tax rate; 20% for the corporate earnings for the 2021 taxation period and 23% for the 2022 taxation period.

For the part of temporary differences that will have tax effect, calculations are made with a rate of 23% for the 2022 period and 20% for the following periods.

The Company revalued its tangible and intangible assets in its legal records by indexing them based on the rates determined by the Republic of Turkey Ministry of Treasury and Finance through Article 11 of the Law No. 7326 on Restructuring Certain Receivables and Amending Certain Laws with numbered 1346 the Board of Directors Decision dated July 6, and with reference to the Provisional Article 31 added to the Tax Procedure Law Assets valued in accordance with the Tax Procedure Law differ from the fair value for IFRS based on the market approach. Deferred tax calculated based on the difference between tax value resulting from revaluation operations according to Tax Provision of Law and over the resulting difference in accounting value.

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 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 January 1, 2019 for the first time. Previously it classified as operating leases in accordance with IAS 17, As of January 1, 2019, the right of use assets 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.

3. OPERATIONAL 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 30 September 2021		1 January 30 September 2020	
	Amount	%	Amount	%
Sales of Healthcare Service	267,361,129	85	186,648,282	85
Sales of Biological Assets and Milk	7,546,260	2	5,761,883	3
Hospital Rental Income	34,389,533	11	17,625,331	8
Other Incomes	6,746,979	2	9,506,843	4
Total Sales	316,043,901	100	219,542,339	100

Service Sales/Hospital	1 January 30 September 2021		1 January 30 September 2020	
	Amount	%	Amount	%
Akay Hospital Service Sales	99,644,812	37	71,819,841	38
Van Hospital Service Sales	76,769,893	29	53,808,281	29
Etlik Hospital Service Sales	51,650,202	19	29,812,536	16
Hayat Hospital Service Sales	21,411,250	8	17,304,651	9
Demet Tıp Merkezi Service Sales	11,095,128	4	7,499,249	4
Erbil Tanı Merkezi Service Sales	6,789,844	3	5,480,561	3
Elazığ CH PMR Service Sales	-	-	923,163	1
Total Sales	267,361,129	100	186,648,282	100

Service Sales/Institution

	1 January 30 September 2021		1 January 30 September 2020	
	Amount	%	Amount	%
Sales to SSI *	92,472,712	35	72,970,462	39
Other Sales	174,888,417	65	113,677,820	61
Total Sales	267,361,129	100	186,648,282	100

Trade Receivables/Institution

	30 September 2021		31 December 2020	
	Amount	%	Amount	%
Receivables from SSI*	50,626,860	69	46,396,250	72
Other Receivables	22,502,138	31	17,755,661	28
Total	73,128,998	100	64,151,911	100

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

The revenue based on the treatment types is as follows;

	1 January - 30 September 2021			1 January - 30 September 2020		
	Number of Patient	Net Sales	Net Sales (%)	Number of Patient	Net Sales	Net Sales (%)
Outpatient	520,553	132,556,578	49%	452,719	89,027,266	48
Inpatient	31,432	134,804,551	51%	24,007	97,621,016	52
Total	551,985	267,361,129	100%	476,726	186,648,282	100

4. CASH AND EQUIVALENTS

	30 September 2021	31 December 2020
Cash	378,898	446,199
Banks	231,387	4,890,106
Debit Card Receivables	3,280,009	2,990,182
Total	3,890,294	8,326,487

Average maturity of credit card receivables is 40 days (31 December 2020: 40 Days).

5. FINANCIAL LIABILITIES

Short-Term Financial Liabilities	30 September 2021	31 December 2020
Short-Term Bank Borrowings	22,311,187	14,051,437
Short-Term Portion of Long-Term Banks Borrowings	48,132,973	43,114,594
Operational Leasing Debts	6,908,238	7,662,220
Financial Leasing Debts	953,131	1,352,155
- Financial Leasing Debts	1,232,294	1,743,542
- Deferred Interest Cost	(279,163)	(391,387)
Total	78,305,529	66,180,406

Long-Term Financial Liabilities	30 September 2021	31 December 2020
Long-Term Bank Borrowings	42,922,806	62,128,468
Operational Leasing Debts	25,156,084	35,142,023
Financial Leasing Debts	1,912,699	2,585,773
- Financial Leasing Debts	2,133,375	3,005,710
- Deferred Interest Cost	(220,676)	(419,937)
Total	69,991,589	99,856,264

Details of bank borrowings are as follows;

Bank Borrowings	30 September 2021	31 December 2020
0 - 3 Months	14,265,649	12,159,596
3 - 12 Months	56,178,511	45,006,435
1 - 5 Years	42,922,806	62,128,468
Total	113,366,966	119,294,499

Mortgage amount of TRY 164,990,400 given for bank borrowings (31 December 2020: TRY 164,990,400).

Financial Leasing Debts	30 September 2021	31 December 2020
0 - 3 Months	280,056	342,093
3 - 12 Months	673,075	1,010,062
1 - 5 Years	1,912,699	2,585,773
Total	2,865,830	3,937,928

Operational Leasing Debts	30 September 2021	31 December 2020
0 - 3 Months	1,746,910	2,001,738
3 - 12 Months	5,161,328	5,660,482
1 - 5 Years	25,156,084	35,142,023
Total	32,064,322	42,804,243

6. TRADE RECEIVABLES AND PAYABLES

Trade Receivables	30 September 2021	31 December 2020
Trade Receivables	55,117,423	50,515,370
Notes Receivables	169,434	91,649
Rediscounts on Notes Receivables (-)	(1,002,618)	(1,055,594)
Doubtful Trade Receivables	3,192,611	3,501,755
Provision for Doubtful Trade Receivables	(3,192,611)	(3,501,755)
Receivables from Related Parties *	10,123,887	5,565,435
Income Accruals **	8,720,872	9,035,051
Total	73,128,998	64,151,911

(*) Related party transactions are explained in Note-29.

(**) The income accruals made for patients whose treatment continues consists of TRY 7,659,045 (31 December 2020: TRY 7,695,051).

Doubtful Receivables	30 September 2021	31 December 2020
Beginning of the Period	3,501,755	4,859,194
Additions with-in the Period	341,964	86,784
Worthless Receivables	(877,731)	(1,444,223)
Collections/(Cancellations)		
Total	3,192,611	3,501,755

Trade Receivables/Institutions	30 September 2021		31 December 2020	
	Amount	%	Amount	%
Receivables from SSI*	50,626,860	69	46,396,250	72
Other Receivables	22,502,138	31	17,755,661	28
Total Receivables	73,128,998	100	64,151,911	100

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

Trade Payables	30 September 2021	31 December 2020
Trade Payables	25,558,931	19,486,714
Notes Payables	21,221,347	17,595,427
Rediscount on Notes Payables (-)	(1,195,047)	(951,973)
Other Trade Payables	218,327	159,195
Trade Payables to Related Parties*	6,433,419	3,353,953
Expense Accruals	777,131	518,551
Total	53,014,108	40,161,867

(*) Related party transactions are explained in Note-29.

7. OTHER RECEIVABLES AND PAYABLES

Other Short-Term Receivables	30 September 2021	31 December 2020
Other Miscellaneous Receivables	676,607	577,234
Other Receivables from Related Parties*	751,164	750,000
Benefits for Employees	151,734	-
Deposits and Guarantees Given	114,967	114,967
Other Doubtful Receivables	1,237,500	837,500
Provision for Other Doubtful Receivables (-)	(1,237,500)	(837,500)
Total	1,694,472	1,442,201

(*) Related party transactions are explained in Note-29.

Other Long-Term Receivables	30 September 2021	31 December 2020
Deposits and Guarantees Given	301,694	280,888
Total	301,694	280,888

Other Payables	30 September 2021	31 December 2020
Other Miscellaneous Payables	602,462	1,118,441
Other Payables to Related Parties*	13,086,729	13,171,214
Due to Shareholders **	3,990,729	2,929,615
Total	17,679,920	17,219,270

(*) Related party transactions are explained in Note-29.

(**) 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 TRY 1,975,512 on September 28, 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 January 4, 2021 and January 6, 2021.

In accordance with the decision taken in the 2020 ordinary General Assembly of the Company, the profit of TRY 8,000,000 to be distributed paid TRY 4,000,000 within the period, and the remaining TRY 4,000,000 will be paid on November 22, 2021.

8. INVENTORIES

Inventories	30 September 2021	31 December 2020
Medical Inventories	11,624,458	13,277,814
Feed Stocks	2,563,004	2,924,352
Other Stocks	4,274,991	3,462,084
Total	18,462,453	19,664,250

9. BIOLOGICAL ASSETS

Biological Assets	30 September 2021	31 December 2020
Book Value	22,977,446	17,970,079
Changes in the Fair Value	(7,976,413)	(4,259,729)
Total	15,001,033	13,710,350

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 is a decrease of TRY 4,784,606, at the fair value for milk and livestock animals (31 December 2020: TRY 1,697,770).

As of September 30, 2021, the Company has a total of 1006 biological assets (31 December 2020: 1,003).

The total amount of insurance on biological assets is TRY 5,742,800 (31 December 2020: TRY 5,742,800).

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Notes to the Consolidated Financial Statements for the Interim Period ended September 30, 2021

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

10. TANGIBLE ASSETS

Tangible Assets	1 January 2021	Additions	Classification/ Valuation	Disposal	30 September 2021
Lands	6,343,750	-	5,703,174	-	12,046,924
Buildings	62,454,482	432,618	20,032,449	-	82,919,549
Machinery, Equipment and Installment	30,280,737	1,649,732	-	(83)	31,930,386
Vehicles	1,529,068	562,488	-	(177,567)	1,913,989
Furniture and Fittings	68,267,727	13,938,614	-	(1,419,004)	80,787,337
Assets Acquired Through Financial Leases	19,663,350	-	-	-	19,663,350
Special Costs**	27,295,403	8,902,108	-	-	36,197,511
Right of Use Assets *	71,353,289	155,388	-	(5,901,948)	65,606,729
Other Tangible Assets	1,072,920	42,865	-	-	1,115,785
Construction in Progress	10,380,830	5,711,490	-	-	16,092,320
Total	298,641,556	31,395,303	25,735,623	(7,498,602)	348,273,880
Accumulated Depreciation	1 January 2021	Depreciation Expense	Classification	Disposal	30 September 2021
Buildings	(2,976,121)	(1,264,588)	4,240,709	-	-
Machinery, Equipment and Installment	(15,174,420)	(2,390,934)	-	73	(17,565,281)
Vehicles	(649,963)	(236,912)	-	45,025	(841,850)
Furniture and Fittings	(29,052,506)	(5,138,878)	-	241,576	(33,949,808)
Assets Acquired Through Financial Leases	(11,476,237)	(903,002)	-	-	(12,379,329)
Right of Use Assets ***	(26,883,160)	(5,308,142)	-	3,022,983	(29,168,319)
Special Costs	(8,769,378)	(2,811,988)	-	-	(11,581,366)
Other Tangible Assets	(868,891)	(49,249)	-	-	(918,140)
Total	(95,850,676)	(18,103,693)	4,240,709	3,309,657	(106,404,003)
Net	202,790,880				241,869,877

(*) 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.

The total insurance amount of tangible fixed assets is TRY 211,745,000 (31 December 2020: TRY 211,745,000).

(**) The raise in private cost which emerged from Etlik Hospital is equaled to 6,118,670 and the part of 1,913,367 emerged from logistics operations.

(***) The land and buildings of the company were valued with the report of Ege Gayrimenkul Değerleme ve Danışmanlık A.Ş dated September 28, 2021.

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Notes to the Consolidated Financial Statements for the Interim Period ended September 30, 2021

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

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.

(**) Etlik Additional Hospital Building has been put into service during the year and a total of TRY 19,979,259 financing cost has been activated within the scope of the featured asset. The financing expense of TRY 719,600 which is included in the company's ongoing investments account at the end of the period, is within the scope of Etlik Hospital renewal works.

11. INTANGIBLE ASSETS

Intangible Assets	1 January 2021	Additions	Disposal/ Classification	30 September 2021
Rights	816,559	-	-	816,559
Doctor Staff and Medical License Fee	22,888,881	-	-	22,888,881
Total	23,705,440	-	-	23,705,440

Accumulated Depreciation	1 January 2021	Depreciation Expense	Disposal/ Classification	30 September 2021
Rights	(473,985)	(110,553)	-	(584,538)
Total	(473,985)	(110,553)	-	(584,538)
NET	23,231,455			23,120,902

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

12. INVESTMENTS

	1 January 2021	Valuation	Classification	Disposal	30 September 2021
Buildings	6,400,000	1,410,000	-	-	7,810,000
Total	6,400,000	1,410,000	-	-	7,810,000

	1 January 2020	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 accounted in the financial statements taking into account the last valuation report dated on September 28, 2021.

13. PROVISIONS, STATE CONTINGENT ASSETS AND LIABILITIES

Lawsuits and Provisions;

Lawsuits and Provisions 30 September 2021	Amount	Provision
Lawsuits to be Filed by The Company and Enforcement Proceedings	25,944,451	-
Lawsuits to be Filed Against to The Company Related to Labor Payments	14,264,502	(1,556,578)
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)

The company filed 579 cases (31 December 2020: 620) and the total amount of cases is 25,944,452 TRY (31 December 2020: 34,781,967 TRY). The 195 cases (31 December 2020: 139) sued against the company, and the total of the cases to be filed against the company is 1,555,578 TRY (31 December 2020: 1,770,560 TRY).

CPMs Given by the Company	30 September 2021	31 December 2020
A,. CPM's Given on Behalf of Company's Own Legal Entity	181,341,559	180,009,709
B. CPM's Given on Behalf of the Consolidated Companies	2,728,274	1,287,529
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	184,069,832	181,297,238

Contingent Liabilities;

Type	Given To	30 September 2021	31 December 2020
Mortgage Given (Loan)	Banks	164,990,400	164,990,400
Checks of Collaterals Given	Banks	9,200,000	9,200,000
Letter of Collaterals Given	Courts	4,490,611	3,610,102
Letter of Collaterals Given	The Council of Higher Education*	1,000,000	1,000,000
Letter of Collaterals Given	Subscription Procedures	3,086,922	2,069,636
Letter of Collaterals Given	PPP Hospital Projects	-	200,000
Letter of Collaterals Given	Public Tenders	131,899	77,100
Letter of Collaterals Given	Leases	150,000	150,000
Letter of Collaterals Given	Device Supply	1,020,000	-
		184,069,832	181,297,238

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

Type	Given To	30 September 2021	31 December 2020
Checks of Collaterals Received	Client	738,514	1,829,119
TRY Equivalent		738,514	1,829,119

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.

14. BENEFITS PROVIDED TO EMPLOYEES

	30 September 2021	31 December 2020
Provisions for Termination Indemnity	7,427,904	4,116,475
Provisions for Days Off	3,300,542	934,934
Total	10,728,446	5,051,409

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 20% (31 December 2020: 10%) 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 15.75% (31 December 2020: 12.5%) 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 taken into account. This upper limit is TRY 8,284.51 valid from July 1, 2021 (31 December 2020: TRY 7,117.17).

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

	30 September 2021	31 December 2020
Working Period	F:20 years, M:25 years	F:20 years, M:25 years
Pay Raise	20%	10%
Turnover Rate without Receiving Termination Indemnity	70.40%	70.36%
Discount Rate	15,75%	12,5%

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

	30 September 2021	31 December 2020
Beginning of the Period	3,261,077	4,305,222
Payments	(1,215,791)	(612,098)
Interest Cost	367,818	400,271
Period Expense	1,353,519	856,525
Actuarial Gain /(Loss)	2,805,883	(1,688,843)
End of the Period	6,572,506	3,261,077
Termination Indemnity Liability associated with Akay Hospital*	855,398	855,398
Total	7,427,904	4,116,475

(*) It shows the severance pay burden taken over by the company regarding the Akay Hospital purchase made on July 28, 2016. There is no severance payment to Akay Hospital Employees in the current period. (31 December 2020: TRY 47,878).

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;

	30 September 2021	31 December 2020
Beginning of the Period	934,934	898,520
Additions with-in the Period	2,365,608	36,414
End of the Period	3,300,542	934,934

15. OTHER CURRENT ASSETS/OTHER SHORT-TERM LIABILITIES

Other Current Assets	30 September 2021	31 December 2020
Deferred VAT	673,443	757,052
Work Advances	1,266,724	427,540
Total	1,940,167	1,184,592

Other Short-Term Liabilities	30 September 2021	31 December 2020
Taxes and funds payable	4,247,314	3,933,522
Overdue, deferred or restruc. Tax*	1,177,396	8,347,430
Compulsory P.P.S. Checkoff	131,718	117,004
Income from Salary Contracts Promotions for the Following Months	676,609	676,472
Deposits and Guarantees Received	20,000	-
Total	6,253,037	13,074,428

(*) 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 November 23, 2011 and tax debts that paid in installments within the scope of Law No. 7256.

16. ASSETS / LIABILITIES RELATED TO CURRENT PERIOD TAX

Assets Related to Current Period Tax	30 September 2021	31 December 2020
Prepaid Taxes and Funds	2,171,033	-
Total	2,171,033	-

Liabilities Related Current Period Tax	30 September 2021	31 December 2020
Deferred or Restructured Taxes (Long-term)*	8,561,822	6,882,559
Total	8,561,822	6,882,559

(*) 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 November 23, 2011 and tax debts that have been paid in installments within the scope of Law No. 7256.

17. PREPAID EXPENSES AND DEFERRED REVENUES

Prepaid Expenses (Short-Term)	30 September 2021	31 December 2020
Advances Given to Suppliers	7,626,878	8,366,883
Advances Given to Related Parties*	5,583,919	4,160,301
Prepaid Expenses for the Following Months	614,755	1,033,798
Total	13,825,552	13,560,982

Prepaid Expenses (Long-Term)	30 September 2021	31 December 2020
Expenses for the Following Years	517,532	293,800
Related Party Expenses*	21,292,334	17,408,357
Total	21,809,866	17,702,157

(*) Further described in "Note – 29 Related Party Disclosures".

Deferred Income (Short-Term)	30 September 2021	31 December 2020
Advances Received	2,724,873	666,552
Total	2,724,873	666,552

Deferred Income (Long-Term)	30 September 2021	31 December 2020
Advances Received	-	12,657
Income from Salary Contracts Promotion for the Following Years	1,186,714	1,694,657
Total	1,186,714	1,707,314

18. PAYABLES UNDER EMPLOYEE BENEFITS

	30 September 2021	31 December 2020
Payables Under Employee Benefits		
Wage Accruals	6,441,857	4,940,504
Social Security Premiums Payable	2,684,445	2,229,786
Total	9,126,302	7,170,290

19. SHAREHOLDER'S EQUITY

Capital;

	30 September 2021	31 December 2020
Capital	36,000,000	24,000,000
Paid Capital	36,000,000	24,000,000

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

Repurchased Shares;

	30 September 2021	31 December 2020
Repurchased Shares	(5,958,497)	(2,942,181)
Total	(5,958,497)	(2,942,181)

The third buyback program implemented by the company to ensure price stability in stocks approved at the general assembly meeting dated March 27, 2021. The repurchase upper price limit is TRY 30 and it will be able to make repurchase until it reaches a nominal value of TRY 30,000,000 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 authorized for 3 years to buy back.

Actual 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. (%) :412,083/1.14

Number of shares owned by Lokman Hekim Van A.Ş. / Ratio to Capital (%) :420,186/1.17

On July 8, 2020, 752,849 shares with a unit cost of TRY 8.73 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 September 11, 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. The profit of TRY 4,720,185 arising from the sale recognized in equity.

Total Purchases Under Repurchase Program / Percentage to Capital (%) : 832,269/2.31

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	30 September 2021	31 December 2020
Revaluation Fund from Tangible Assets	55,282,268	25,305,936
Deferred Tax Effect	(58,781,287)	(2,783,653)
Total	49,500,981	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 2020: 10%)

The Company has revaluated buildings and buildings reported in tangible assets in accordance with the report dated September 28, 2021 prepared by Ege Taşınmaz 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)	30 September 2021	31 December 2020
Beginning of the Period	(3,387,222)	(4,738,298)
Additions with-in the Period	(3,803,986)	352,972
Deferred Tax Effect	1,559,280	998,104
Total	(5,631,928)	(3,387,222)

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	30 September 2021	31 December 2020
Beginning of the Period	2,790,957	903,698
Additions with-in the Period	(714,756)	1,887,259
Total	2,076,201	2,790,957

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:

	30 September 2021	31 December 2020
Restricted Reserves		
Legal Reserves at the Beginning of the Period	8,126,027	10,882,318
Legal Reserves allocated from Prior Years' Profit	2,248,364	726,178
Legal Reserves allocated from Repurchased Shares	3,016,316	(3,482,469)
Total	13,390,707	8,126,027

TRY 5,658,160 of the restricted reserves separated from profit consists of shares bought back (31 December 2020: TRY 2,942,181).

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 26,271,676 (31 December 2020: TRY 27,414,499).

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 TRY 1,975,512 on September 28, 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 January 4, 2021 and January 6, 2021.

In accordance with the decision taken in the 2020 ordinary General Assembly of the Company, the profit of TRY 8,000,000 to be distributed paid TRY 4,000,000 within the period, and the remaining TRY 4,000,000 will be paid on November 22, 2021.

The company increased its capital by TRY 12,000,000 from previous years' profits and registered on June 7, 2021.

Minority Interest	30 September 2021	31 December 2020
Minority Interest in Equity	1,412,673	1,412,673
Minority Interest in Period's Profit/(Loss)	7,623,796	5,538,191
Cash Dividend Distribution	25,757,421	20,219,230
Total	34,793,890	27,170,094

20. SALES AND COST OF SALES

	1 January 30 September 2021	1 January 30 September 2020
Sales of Healthcare Service	267,361,129	186,648,282
Sales of Biological Assets and Milk	7,546,260	5,761,883
Hospital Rental Incomes	34,389,533	17,625,331
Other Incomes	6,746,979	9,506,843
Total	316,043,901	219,542,339

	1 January 30 September 2021	1 January 30 September 2020
Sales of Healthcare Service	(228,762,096)	(155,623,431)
Sales of Biological Assets and Milk	(7,319,872)	(5,536,667)
Hospital Rental Incomes	(2,182,289)	(2,035,550)
Other Incomes	(2,228,524)	(8,533,153)
Total	(240,492,781)	(171,728,801)
Gross Profit/(Loss)	75,551,120	47,813,538

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 a decrease of TRY 4,784,606 at the fair value for milk and livestock animals (31 December 2020: TRY 1,697,770).

Costs of sales based on its type are as follows;

	1 January 30 September 2021	1 January 30 September 2020
Salary and Related Expenses	(127,378,827)	(87,263,258)
Raw Material and Supplies	(70,435,116)	(49,124,491)
Depreciation and Amortization Expenses	(12,509,735)	(7,917,280)
Energy, Fuel and Water Expenses	(8,465,303)	(6,438,357)
Right-of-use Assets Depreciation Expenses	(5,070,736)	(5,475,593)
Maintenance, Service Expenses	(5,353,359)	(4,560,696)
Rental Expenses	(4,185,718)	(3,254,501)
Miscellaneous Expenses	(3,551,948)	(5,282,788)
Consultation Expenses	(1,549,860)	(761,563)
Stationery, Education, Textil and Fixed Assets	(972,389)	(1,006,512)
Telephone, Internet, Cargo, Mail, Transportation,	(797,137)	(497,580)
Insurance, parking Expenses	(222,653)	(146,182)
Representation Expenses	(222,653)	(146,182)
Total	(240,492,781)	(171,728,801)

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

	1 January 30 September 2021	1 January 30 September 2020
General Administrative Expenses (-)	(13,306,852)	(9,680,686)
Marketing, Sales and Distribution Expenses (-)	(5,755,769)	(2,354,023)
Total	(19,062,621)	(12,034,709)
General Administrative Expenses	1 January 30 September 2021	1 January 30 September 2020
Expenses related to Salaries	(7,814,978)	(5,975,802)
Consultancy, Advisory, Litigation and Notary Expenses	(1,626,682)	(1,302,659)
Taxes, duties, fees, insurance, bank, license, dues expenses	(650,752)	(730,287)
Rental Expenses	(597,331)	(420,483)
Depreciation Expenses	(396,369)	(197,082)
Others	(1,022,908)	(116,481)
Right-of-use assets depreciation expense	(237,406)	-
Representation, Travel and Transportation Expenses	(266,715)	(77,329)
Maintenance and Repair Expenses	(184,294)	(192,313)
Communication expenses	(178,601)	(126,994)
Energy, Fuel and Water etc,, Expenses	(152,674)	(10,361)
Outsourced Benefits Expenses	(139,676)	(525,129)
General Assembly Expenses	(38,466)	(5,766)
Total	(13,306,852)	(9,680,686)

	1 January 30 September 2021	1 January 30 September 2020
Marketing, Sales and Distribution Expenses		
Personnel Expenses	(1.709.720)	(1.046.186)
Commission Expenses	(2.525.431)	(551.708)
Advertising Expenses	(987.933)	(632.716)
Other Expenses	(372.372)	(14.283)
Rental Expenses	(145.206)	(109.130)
Travel and Representation Expenses	(15.107)	-
Total	(5.755.769)	(2.354.023)

22. OTHER INCOME

	1 January 30 September 2021	1 January 30 September 2020
Provisions No Longer Required	865,089	57,047
Gain on Sale of Non-current Assets	330,710	150,500
Rental Income	105,285	192,720
Remeasurement, Income, Loses *	2,806,771	3,015,568
Others	15,125	99,229
Total	4,122,980	3,515,064

(*) Within the scope of IFRS-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.

23. OTHER EXPENSES

	1 January 30 September 2021	1 January 30 September 2020
Provision Expenses	(2,255,648)	(3,034,060)
Grants and Donations *	(6,247,500)	(3,185,878)
Rental expenses	(73,819)	-
Taxes and Other Penalties	(80,634)	(88,811)
Sundry Expenses	(946,713)	(238,244)
Tax restructuring expenses	(1,273,359)	(149,481)
Fixed asset sales losses	(413,381)	(499)
Total	(11,291,054)	(6,696,973)

(*) The amount of donation made to Sevgi Foundation is TRY 6,236,000.

24. INCOME/(EXPENSE) FROM INVESTING ACTIVITIES

	1 January 30 September 2021	1 January 30 September 2020
Rental Income	259,025	237,683
Fair Value Appreciation for Investment Property	1,410,000	-
Total	1,699,025	237,683

25. FINANCIAL INCOME

	1 January 30 September 2021	1 January 30 September 2020
Interest Income*	2,988,969	1,122,463
Foreign Exchange Gains	279,808	236,827
Rediscount Interest Income	2,250,641	1,909,972
Total	5,519,418	3,269,262

(*) Financial costs 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 2,829,215 calculated.

26. FINANCIAL EXPENSES

	1 January 30 September 2021	1 January 30 September 2020
Right-of-Use Assets Financial Expenses	(1,106,856)	(1,230,064)
Interest Expenses	(15,417,562)	(9,227,037)
Foreign Exchange Loss	(147,966)	(50,761)
Rediscount Interest Expenses	(1,954,591)	(3,407,958)
Total	(18,626,975)	(13,915,820)

27. 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.

With the Law No, 7316 on the Procedure for the Collection of Public Claims and the Law Amending the Laws, published in the Official Gazette dated April 22, 2021 and numbered 31462, the Corporate Tax Rate was amended. Corporate Tax will be applied as 25% for the 2021 calendar year with the written letter. However; 2021/1, the corporate tax rate will be 20% for the provisional tax period and 25% for the 2021/

2-3 and 4th terms. The rate will be applied as 23% for the corporate earnings for the taxation period of 2022.

The Company revalued its tangible and intangible assets in its legal records by indexing them based on the rates determined by the Republic of Turkey Ministry of Treasury and Finance through Article 11 of the Law No. 7326 on Restructuring Certain Receivables and Amending Certain Law and with reference to the Provisional Article 31 added to the Tax Procedure Law Assets valued in accordance with the Tax Procedure Law differ from the fair value for IFRS based on the market approach. In the deferred tax calculation based on the cancellation of the revaluation operations made by the Company in accordance with the Tax Procedure Law; The rate accepted is 10% for evaluable real estate and %20 for other assets within the scope of TPL, 5-1/e.

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	30 September 2021	31 December 2020
Calculated Corporate Tax Provision	3,063,983	2,333,417
Calculated Corporate Tax and Other Liabilities (-)	-	(2,333,417)
Total	3,063,983	-

Tax income/(expense) are as follows;

Tax Income/(Expense) for the Period	1 January 30 September 2021	1 January 30 September 2020
Tax Expense for the Period	(3,063,983)	(956,751)
Deferred Tax Income/(Expense)	15,641,158	(5,160,034)
Net	12,577,175	(6,116,785)

DTA (Deferred Tax Assets) and DTL (Deferred Tax 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 / IFRS and legal financial statements issued by POA.

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 February 28, 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 – 30 September 2021	Temporary Difference	Tax Assets	Tax Liabilities
Reduced Corporation Tax *	-	22,612,434	-
Revaluation Differences from Biological Assets	5,671,603	1,134,321	-
Revaluation Fund of Investment Property	4,322,579	-	864,516
Revaluation Increases from Non-Current Assets **	55,282,267	-	5,528,227
Value Adjustments of Non-Current Assets ***	75,548,040	9,357,231	-
Doctor Payroll Premiums	767,874	153,574	-
Provisions for Benefits Provided to Employees	10,728,446	2,145,689	-
Provisions for Receivables	3,929,270	785,854	-
Financial Loss	4,800,954	960,191	-
Rediscounts on Receivables	1,002,618	200,524	-
Rediscounts on Payables	1,191,347	-	238,269
Provisions for Lawsuits	1,556,578	311,315	-
Currency Translation Differences and Interest Accruals	650,278	130,056	-
Right-of-Use Assets	4,374,087	-	874,818
Inventory Adjustments	800,834	160,167	-
Others	3,319	-	664
Total		37,951,356	7,506,494
NET			30,444,862

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	2,071,992	414,399	-
Accruals	-	-	-
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

(*) 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 2020: 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 taken into account as 20% as of the current period (31 December 2020: 20%). The Company revalued its tangible and intangible assets in its legal records by indexing them based on the rates determined by the Republic of Turkey Ministry of Treasury and Finance through Article 11 of the Law No. 7326 on Restructuring Certain Receivables and Amending Certain Laws with numbered 1346 the Board of Directors Decision dated July 6, and with reference to the Provisional Article 31 added to the Tax Procedure Law Assets valued in accordance with the Tax Procedure Law differ from the fair value for IFRS based on the market approach. Deferred tax calculated based on the difference between tax value resulting from revaluation operations according to Tax Provision of Law and over the resulting difference in accounting value.

The corporate tax rate 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 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.

With the Law No, 7316 on the Procedure for the Collection of Public Claims and the Law Amending the Laws, published in the Official Gazette dated April 22, 2021 and numbered 31462, the Corporate Tax Rate

amended. Corporate Tax will be applied as 25% for the 2021 calendar year with the written letter. However; 2021/1, the corporate tax rate will be 20% for the provisional tax period and 25% for the 2021 / 2-3 and 4th terms. The rate will be applied as 23% for the corporate earnings for the taxation period of 2022.

For the part of the temporary differences, planning is made with 25% for the 2021 period, 23% for the 2022 period and 20% for the previous periods.

28. EARNINGS PER SHARE

	1 January 30 September 2021	1 January 30 September 2020
Net Profit for the Period (Parent Shares)	42,835,272	12,567,253
Number of Shares	36,000,000	36,000,000
Earnings/(Loss) per share	1.18987	0.34909

29. 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.

As of September 30, 2021 and December 31, 2020, the summary of balances and transactions between the Company related parties is as follows;

Receivables from Related Parties	30 September 2021		31 December 2020	
	Commercial	Non-Commercial	Commercial	Non-Commercial
T.C. Lokman Hekim Üniversitesi SUAM*	10,091,239	-	5,562,881	-
Akgül Grup Gıda Tem. Tur. Rek. Dan. Tic. Ltd. Şti.	21,048	-	-	-
Safi Sağlık Sanayi ve Tic A.Ş.	-	750,000	-	750,000
Other	11,600	1,164	2,554	-
Total	10,123,887	751,164	5,565,435	750,000
	10,875,051		6,315,435	

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

Prepaid Expenses to Related Parties	30 September 2021		31 December 2020	
	Short Term	Long Term	Short Term	Long Term
Safi Sağlık Sanayi ve Tic. A.Ş.	557,230	-	447,730	-
Van Divan Sağlık Eğitim Tur. San. Tic. A.Ş.	3,186,520	-	3,286,521	-
Pozitron Sağlık Hiz. San. ve Tic. Ltd. Şti.	420,280	-	406,050	-
Pek Sağlık Hizm. San. Ve Tic. Ltd. Şti.	-	-	20,000	-
T.C. Lokman Hekim Üniversitesi	-	-	-	1,238
Bilgen İnş.Konf.Taah.Tic.ve San.Ltd.Şti.	1,409,747	-	-	-
Sevgi Vakfı*	-	21,292,334	-	17,407,119
Diğer	10,142	-	-	17,407,119
Total	5,583,919	21,292,334	4,160,301	17,408,357

(*) 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 6,752,716 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 (HIC).

Payables to Related Parties	30 September 2021		31 December 2020	
	Commercial	Non-Commercial	Commercial	Non-Commercial
Lokman Hekim Tıbbi Hizmetler Ltd. Şti.	5,879,645	-	1,528,188	-
Medisina Grup Sağ. Dan. Eğt. İnş. Tem. Tic. Ltd. Şti.	362,260	-	815,507	-
Afşar Matbaacılık Ofset ve Tipo Tesisleri	76,950	-	118,335	-
Akgül Grup Gıda Tem. Turz. Rek. Dan. Tic. Ltd. Şti.	24,178	-	-	226,454
T.C. Lokman Hekim Üniversitesi SUAM	2,818	-	821,944	-
Etlik Gayrimenkul Yatırım A.Ş.	-	13.000.000	-	12,944,760
Executive Managment	-	86.729	69,979	-
Others	87,568	3.990.729	-	2,929,615
Total	6,433,419	17.077.458	3,353,953	16,100,829
	23,510,877		19,454,782	

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

As of September 30, 2021 and December 31, 2020, income and expense balances with related parties are as follows;

Income/(Expense)	1 January 30 September 2021		1 January 31 December 2020	
	Income	Expense	Income	Expense
Akgül Grup Gıda Tem. Turz. Rek. Dan. Tic. Ltd. Şti.	95,760	-	188,720	(511)
Koç Medikal Tıb. Mal. Tic. Ltd. Şti.	-	(525,214)	-	(426,660)
Medisina Grup Sağlık Dan. Eğt. İnş. Tem. Tic. Ltd. Şti.	-	(762,821)	-	(451,969)
Lokman Hekim Tıbbi Hizmetler Tic. Ltd. Şti.	-	(5,750,943)	-	(3,142,891)
Celsa Sağlık Hiz.Ltd.Şti.	-	(411,447)	-	-
Özdemir İnş. Taah. Müh. Turz. Nak. Mak. San. Tic. Ltd. Şti.	-	-	-	(88,192)
Afşar Matbaacılık Ofset ve Tipo Tes.	-	(1,923)	-	(47,935)
Pozitron Sağlık Hiz. San. ve Tic. Ltd. Şti.	47,445	(729,814)	-	(642,774)
Income/(expenses) to senior management staff from managerial, professional and other activities	139	(2,129,018)	-	(921,753)
Total	143,344	(9,899,733)	188,720	(5,722,685)
NET		(9,756,389)		(5,533,965)

30. 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.

30 September 2021	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)	10,123,887	63,005,111	751,164	1,245,002	231,387	3,658,907
- 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	10,123,887	63,005,111	751,164	1,245,002	231,387	3,658,907
B. Net Book Value of Impaired Assets	-	-	-	-	-	-
- Overdue (Gross Book Value)	-	3,192,611	-	1,237,500	-	-
- Impairment (-)	-	(3,192,611)	-	(1,237,500)	-	-

31 December 2020	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)	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)	-	-

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

Notes to the Consolidated Financial Statements for the Interim Period ended September 30, 2021

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

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 Equivalents are held, statement that demonstrates the company's current and previous liquidity risk is below.

30 September 2021							
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	113,366,966	124,164,504	15,783,530	61,414,758	46,966,216	-	-
Financial Leasing Liabilities	2,865,831	3,643,035	346,547	872,335	2,424,153	-	-
Operational Leasing Liabilities	32,064,322	80,601,077	2,590,091	8,208,266	34,019,528	35,783,192	-
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	53,014,108	54,209,155	27,700,878	26,399,858	108,418	-	-
Other Payables	17,679,920	17,679,920	-	17,679,920	-	-	-
Tax Liabilities on Period's Profit	3,063,983	867,908	-	867,908	-	-	-
Debt Provisions	1,556,578	1,546,215	-	1,546,215	-	-	-
Other Liabilities	6,253,037	6,253,037	6,253,037	-	-	-	-
Provisions Related to Employee Benefits	10,728,446	10,728,446	-	-	-	-	10,728,446

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

Notes to the Consolidated Financial Statements for the Interim Period ended September 30, 2021

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

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	-	-	-	-	-	-	-
Debt Provisions	1,770,560	1,770,560	-	1,770,560	-	-	-
Other Liabilities	13,074,428	13,074,428	13,074,428	-	-	-	-
Provisions Related to Employee Benefits	5,051,409	5,051,409	-	-	-	-	5,051,409

Currency Risk:

Foreign Currency Position Table - 30 September 2021	TRY Equivalent (Functional Currency)	USD	EUR
1.Trade Receivables	317,317	2,700	28,452
2a. Monetary Financial Assets (Cash, Bank Accounts Included Etc,)	10,612	1,200	-
2b. Non-Monetary Financial Assets	-	-	-
3.Other	1,027,297	96,632	16,750
4.Current Assets (1+2+3)	1,355,226	100,532	45,202
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)	1,355,226	100,532	45,202
10. Trade Payables	107,013	12,045	48
11. Financial Liabilities	-	-	-
12a. Other Monetary Liabilities	253,146	6,348	19,102
12b. Other Non-Monetary Liabilities	-	-	-
13.Short-Term Liabilities (10+11+12)	360,159	18,393	19,150
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)	360,159	18,393	19,150
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)	995,067	82,139	26,052
21. Monetary Accounts Net Foreign Currency Asset/(Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	(32,230)	(14,493)	9,302
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 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	-	-	-

Sensitivity Analysis;

Sensitivity analysis made in order to indicate the base scenario that 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 2020: 20%)

30 September 2021	Gain/(Loss)	
	Foreign Exchange Appreciation	Foreign Exchange Depreciation
In case +/- 20% Fluctuation of USD Rate		
1- U.S. Dollar Net Asset/(Liability)	145,276	(145,276)
2- Hedged Portion from U.S. Dollar Risk (-)	-	-
3- U.S. Dollar Net Effect (1 +2)	145,276	(145,276)
In case +/- 20% Fluctuation of EURO Rate		
4- EURO Net Asset/(Liability)	53,737	(53,737)
5- Hedged Portion from EURO Risk (-)	-	-
6- EURO Net Effect (4+5)	53,737	(53,737)
TOTAL (3+6)	199,013	(199,013)

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. NOTES TO CASH FLOW STATEMENT

Cash flow statement presented with consolidated financial statements.

	Beginning of the Period	Generating Cash Flow	Non-Generating Cash Flow*	End of the Period
Short-Term Bank Borrowings	57,166,031	3,902,397	9,375,732	70,444,160
Long-Term Bank Borrowings	62,128,468	24,555,798	(43,761,460)	42,922,806
Leasing Debts (Short-Term)	7,662,220	(7,241,107)	6,487,125	6,908,238
Leasing Debts (Long-Term)	35,142,023	-	(9,985,939)	25,156,084
Financial Leasing Debts (Short-Term)	1,352,155	(1,373,555)	974,531	953,131
Financial Leasing Debts (Long-Term)	2,585,773	-	(673,074)	1,912,699

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

32. 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 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 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 September 30, 2021 and December 31, 2020 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.

30 September 2021			
Valuation Inputs to Fair Value	Level 1	Level 2	Level 3
Biological Assets	-	-	15,001,033
Land and Buildings	-	-	94,966,473
Goodwill	-	-	-
Doctor Staff and Medical License Fee	-	-	22,888,881
Investment Property	-	-	7,810,000

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

33. SUBSEQUENT EVENTS

The Company that has entire participate and direct subsidiary in HAY SÜT VE SÜT URUNLERI TARIM HAYVANCILIK GIDA İNŞAAT İTHALAT İHRACAAT VE TİCARET A.Ş. take over assets and liabilities through as a whole and in simplified way and with the decision of the Capital Markets Board dated October 27, 2021 and numbered 55/1580 received positively and the certified declaration text published by the Board.

Modernization works started with the activation of Lokman Hekim Yeni Etlik Hospital. The registration process of the Ministry of Health completed following the completion of the works and started to provide services with a capacity of 100 beds.