

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

01 January 2015 – 31 December 2015

Independent Auditor's Report

**INDEPENDENT AUDITOR’S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF
LOKMAN HEKİM ENGÜRÜSAĞ SAĞLIK, TURİZM, EĞİTİM HİZMETLERİ VE İNŞAAT TAAHHÜT A.Ş.
FOR THE YEAR ENDED 31 DECEMBER 2015**

To the Board of Directors of

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

Introduction

We have audited the accompanying consolidated financial statements of Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş. (the “Group”) which comprise the consolidated balance sheet as at 31 December 2015, consolidated statement of comprehensive income, consolidated statement of changes in equity, cash flows for the year then ended, and a summary of significant accounting policies and explanatory notes.

Management’s Responsibility for the Financial Statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with Turkish Accounting Standards (TAS) published by Public Oversight Accounting and Auditing Standards Authority (“POA”). This responsibility comprises the design, implementation and continuation of internal control system for the preparation of financial statements free from misstatement, whether due to fraud and/or error, making necessary accounting estimations and deciding appropriate accounting policies.

Auditors’ Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our independent audit in accordance with independent audit standards published by Capital Market Board. Those standards require compliance with ethical principles and planning and performing the audit to obtain reasonable assurance whether the independent audit and the financial statements are fairly presented.

Our audit involves performing independent audit procedures to obtain audit evidence about the amounts and footnotes in the consolidated financial statements. The selected procedures depend on our professional judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. Internal control system has been taken into consideration when making these risks assessments. However, our purpose is not give an opinion about the efficiency of internal control system of the company but to introduce connection between the internal control system and financial statements prepared by the management in order to design the independent audit procedures in accordance with the circumstances appropriately. Moreover, our independent audit includes accounting policies set by the management, significant accounting forecasts and evaluation of the appropriateness of the financial statements as a whole.

We believe that the audit evidences we obtained are sufficient and appropriate to provide a basis for our audit opinion.

Unqualified Opinion

In our opinion, the accompanying financial statements as at 31 December 2015 fairly represent the financial position of Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş. and also its consolidated financial performance for the year ended and consolidated cash flows within the frame of Turkish Accounting Standards published by "POA".

Report on Other Legal and Regulatory Requirements

1) In accordance with the paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on February 15, 2016.

2) In accordance with the paragraph four of the Article 402 of Turkish Commercial Code nothing has come to our attention that may cause us to believe that the Company's Group's set of accounts and financial statements prepared for the period 1 January- 31 December 2015 does not comply with TCC and the provisions of the Company' s articles of association in relation to financial reporting.

3) In accordance with the paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

15.02.2016

Ankara

Karar Bağımsız Denetim Danışmanlık SMMM A.Ş.
Member Firm of JHI Association

Ali Osman Eflatun

Auditor in Charge

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

Consolidated Statements of Financial Position For the Year Ended 31 December 2015

(Amounts are expressed in Turkish Lira unless otherwise stated)

	<u>Notes</u>	<u>31.12.2015</u>	<u>31.12.2014</u>
ASSETS			
Current Assets		46,145,319	41,422,051
Cash and cash equivalents	[4]	618,430	463,806
Trade receivables	[6]	31,857,444	28,926,160
-Due from related parties		870,106	669,055
-Other		30,987,338	28,257,105
Other receivables	[7]	845,584	543,332
Inventories	[8]	5,343,620	5,567,279
Prepaid expenses	[16]	5,872,799	4,991,760
Other current assets	[16]	1,607,442	929,714
Non-Current Assets		91,013,639	88,259,274
Other Receivables	[7]	65,475	57,224
Biological Assets	[9]	5,983,500	3,052,650
Tangible Fixed Assets	[10]	72,817,474	74,754,175
- Non-current assets purchased through financial leasing		7,689,601	8,127,841
- Other Non-current assets		65,127,873	66,626,334
Intangible assets	[11]	9,452,452	10,052,193
- Goodwill	[12]	1,969,390	1,969,390
- Other non-current assets		7,483,062	8,082,803
Prepaid expenses	[16]	177,843	343,032
Deferred tax assets	[24]	2,516,895	-
TOTAL ASSETS		137,158,958	129,681,325

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

Consolidated Statements of Financial Position For the Year Ended 31 December 2015

(Amounts are expressed in Turkish Lira unless otherwise stated)

LIABILITIES			
Short-Term Liabilities	Notes	36,294,515	42,397,256
Short-term borrowings	[5]	6,213,967	13,718,008
The short term portions of long term liabilities	[5]	5,682,027	5,366,450
Trade payables	[6]	13,883,896	16,281,523
-Due to related parties		1,934,306	3,013,601
-Other		11,949,590	13,267,922
Due to the scope of benefits provided to employees	[16]	4,752,259	4,290,284
Other liabilities	[7]	648,108	510,874
-Due to related parties		567,419	337,076
-Other		80,689	173,798
Deferred income	[16]	764,730	316,487
Current period income tax and other legal requirements	[24]	471,664	116,935
Short-term provisions	[13]	496,803	198,503
Other short term liabilities	[16]	3,381,061	1,598,192
Long Term Liabilities		34,029,449	26,762,852
Long-term liabilities	[5]	16,519,684	13,959,889
Deferred income	[16]	2,154,109	589,925
Long term provisions		1,362,317	1,006,628
- Long-term provisions for employee benefits	[15]	1,362,317	1,006,628
Liabilities on current period's tax	[16]	13,993,339	10,046,989
Deferred tax liabilities	[24]	-	1,159,421
Equity		66,834,994	60,521,217
Parent Company Equity	[17]	62,513,291	59,463,716
Paid-in share capital		24,000,000	24,000,000
Repurchased Shares (-)		(967,200)	-
Other comprehensive income or expenses not to be reclassified to profit or loss		27,748,951	28,173,852
- Remeasurement of gains / (losses)		29,062,701	29,062,701
- Defined benefits plan and remeasurement of gains and (losses)		(1,313,750)	(888,849)
Recoverable accumulated other comprehensive revenues and expenses		(226,552)	(506,168)
-Foreign currency conversion adjustments		(226,552)	(506,168)
Reserves on Retained Earnings		2,058,292	947,880
Previous years profits / losses		4,537,740	5,153,542
Net income (loss) for the period		5,362,060	1,694,610
Non-Controlling Interests	[17]	4,321,703	1,057,501
TOTAL LIABILITIES AND EQUITY		137,158,958	129,681,325

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

Consolidated Statement of Income For the Year Ended 1 January 2015 – 31 December 2015

(Amounts are expressed in Turkish Lira unless otherwise stated)

	Notes	01.01.2015 31.12.2015	01.01.2014 31.12.2014
Statement of Profit or Loss			
Revenue	[18]	141,577,223	125,500,569
Cost of Goods Sold (-)	[18]	(124,464,691)	(113,849,963)
Gross Profit/Loss		17,112,532	11,650,606
General Administrative Expenses (-)	[19]	(5,109,270)	(4,240,535)
Marketing & Selling and Distribution Expenses (-)	[19]	(1,267,990)	(891,522)
Other Operational Revenues and Income	[20]	568,107	1,365,375
Other Operational Expenses and Losses (-)	[21]	(2,028,201)	(2,063,705)
Profit (Loss) from Operations		9,275,178	5,820,219
Operating Profit/Loss Before Financial Expenses		9,275,178	5,820,219
Financial Income	[22]	1,282,966	1,796,390
Financial Expenses (-)	[23]	(4,618,823)	(5,317,980)
Profit/Loss Before Tax		5,939,321	2,298,629
Tax Income/Expenses		2,672,225	(275,895)
Current Period Tax Expense	[24]	(897,866)	(463,950)
Deferred Tax Income/Expense	[24]	3,570,091	188,055
Net Profit/Loss		8,611,546	2,022,734
Distribution of Net Profit/Loss	[17]	8,611,546	2,022,734
<i>Non-Controlling Interests</i>		3,249,486	328,124
<i>Parent Company Shares</i>		5,362,060	1,694,610
Earnings Per Share	[25]	0,223419	0,070609
Profit or Loss and Other Comprehensive Income Statement		01.01.2015 31.12.2015	01.01.2014 31.12.2014
Net Profit/Loss		8,611,546	2,022,734
Not-Reclassified to Profit / Loss	[17]	(424,901)	(354,582)
Identified benefits plan and remeasurement of gain and loss		(531,126)	(443,227)
Tax Revenues/Expenses		106,225	88,645
Reclassified to Profit / Loss		279,616	(474,164)
Changes in Currency Conversion Differences		279,616	(474,164)
Other Comprehensive Income (After Tax)		(145.285)	(828.746)
Total Comprehensive Income		8.466.261	1.193.988
Distribution of Total Comprehensive Income	[17]	8,466,261	1,193,988
<i>Non-Controlling Interests</i>		3,135,088	292,086
<i>Parent Company Shares</i>		5,331,173	901,902

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

Consolidated Statement of Changes in Shareholders' Equity For the Year Ended 01 January-31 December 2015

(Amounts are expressed in Turkish Lira unless otherwise stated)

	Notes	Capital Receipt	Repurchased Shares (-)	Share Premium	Other comprehensive income or expenses not to be reclassified to profit or loss	Other comprehensive income or expenses to be reclassified to profit or loss	Reserves on retained earnings	Accumulated Profits		Non-Controlling Interests	TOTAL	
					Gain / Loss of Tangible Assets revaluation and remeasurement	Identified Benefits Plan and Remeasurement of Gain and (Loss)		Foreign Currency Conversion Adjustments	Previous Years Profits/Losses			Current Period Net Profit /Loss
1.1.2014	[17]	16,000,000	0	7,694,861	29,062,701	(534,267)	(32,004)	748,826	5,470,241	1,151,848	393,912	59,956,118
Capital increase through bonus issues		8,000,000		(7,694,861)					(305,139)	0		0
Foreign Currency Conversion Adjustments							(474,164)				(26,640)	(500,804)
Identified Benefits Plan and Remeasurement of Gain and (Loss)						(443,227)						(443,227)
Transfer of Current Period Profit									1,151,848	(1,151,848)		0
Tax Income / Expenses						88,645						88,645
Transfers								199,054	(193,654)		(5,400)	0
Cash Dividend Payments									(969,754)			(969,754)
Minority Shares											367,505	367,505
Current Period Net Profit /Loss										1,694,610	328,124	2,022,734
31.12.2014		24,000,000	0	0	29,062,701	(888,849)	(506,168)	947,880	5,153,542	1,694,610	1,057,501	60,521,217
1.1.2015	[17]	24,000,000	0	0	29,062,701	(888,849)	(506,168)	947,880	5,153,542	1,694,610	1,057,501	60,521,217
Transfer of Current Period Profit				0				143,212	1,551,398	(1,694,610)		0
Foreign Currency Conversions Adjustments							279,616				14,716	294,332
Identified Benefits Plan and Remeasurement of Gain and (Loss)						(531,126)						(531,126)
Tax Income / Expenses						106,225						106,225
Repurchased Shares			(967,200)					967,200	(967,200)			(967,200)
Cash Dividend Payments									(1,200,000)			(1,200,000)
Azınlık payları												0
Current Period Net Profit /Loss										5,362,060	3,249,486	8,611,546
31.12.2015		24,000,000	(967,200)	0	29,062,701	(1,313,750)	(226,552)	2,058,292	4,537,740	5,362,060	4,321,703	66,834,994

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

Consolidated Statement of Cash Flow For the Year Ended 01 January – 31 December 2015

(Amounts are expressed in Turkish Lira unless otherwise stated)

	Notes	01.01.2015 31.12.2015	01.01.2014 31.12.2014
A. Cash Flows from Operating Activities		12.230.972	5.706.907
Cash Inflows from Main Activities		135,883,171	117,521,352
<i>Cash Inflow Through Sale of Goods and Services</i>	[18]	138,380,658	125,669,988
<i>Change in Trade Receivables</i>	[7]	(2,497,487)	(8,148,636)
Cash Outflows from Operating Activities		(126,074,563)	(112,258,061)
<i>Payments to the Suppliers for Goods and Services</i>	[18]	(116,928,704)	(107,196,946)
<i>Change in Inventories</i>	[9]	(167,006)	1,590,413
<i>Change in Trade Payables</i>	[7]	(2,601,593)	(1,519,471)
<i>Net Cash Flow From Operating Activities;</i>	[19]	(6,377,260)	(5,132,057)
Net Cash Flow From Operating Activities;		9,808,608	5,263,291
Cash Inflows From Other Profit and Revenues	[20]	566,304	1,854,469
Cash Outflows From Other Expenses and Losses	[21]	(2,034,720)	(1,814,913)
Cash Inflows From Financial Revenues	[22]	100,526	715,392
Cash Outflows From Financial Expenses	[23]	(2,939,631)	(3,503,395)
Cash Flows From Other Assets and Liabilities	[8,15]	7,627,751	3,656,013
Tax Payments/Refunds	[24]	(897,866)	(463,950)
B. Cash Flows From Investment Activities		(5,251,183)	(5,914,552)
<i>Cash Inflows Through Sale of Tangible/Intangible Assets</i>	[10,11]	278,457	358,143
<i>Cash Outflows Through Purchase of Tangible/Intangible Assets</i>	[10,11]	(5,529,640)	(6,272,695)
C. Cash Flows From Financing Activities		(6,825,165)	189,626
<i>Cash Outflows/Inflow From Short-Term Financial Liabilities (net)</i>		(6,101,797)	(8,465,213)
<i>Cash Outflows/Inflow From Long-Term Financial Liabilities (net)</i>		2,843,532	10,185,348
<i>Net Change from Financial Lease Contract</i>		(1,399,700)	(560,755)
<i>Paid Dividends</i>		(1,200,000)	(969,754)
<i>Payments to the Repurchased Shares</i>		(967,200)	0
D. Effects of Currency Differences on Cash and Cash Equivalents		0	0
E. Cash Flows From Operating Activities		154,624	(18,019)
F. Cash and Cash Equivalents at the Beginning of the Period	[3]	463,806	481,825
G. Cash and Cash Equivalents at the End of the Period	[3]	618,430	463,806

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

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2015

(Amounts are expressed in Turkish Lira unless otherwise stated)

1. Organization and Main Activity of the Company

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

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

Company's registered address is General Tevfik Sağlam Caddesi No: 119 Etlik/Ankara.

Main partnership' capital and partnership structure is;

	31.12.2015		31.12.2014	
	TL	%	TL	%
Group A	193,208	0,81	193,208	0,81
Group B	23,806,792	99,19	23,806,792	99,19
Total	24,000,000	100	24,000,000	100

A category shares are registered and cannot be sold in the stock exchange market. They cannot be transferred partially to 3rd parties. A category shareholder has priority for sale of shares relying on real value (the value which is set jointly between parties). In the situation of conflict, valuation of share will be made during a month by independent auditing firm which is jointly decided. At the transfer of a category share, in the situation that there is one or more than one A category shareholder which will take over, shares are transferred equally. When there is no A category shareholder to take over A category shares which are settled its value, shareholder is free to sell his shares to 3rd parties over its 1settled value.

Affairs and management of 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 it; and if board of directors will consist of 9 people, 6 of it will be elected by General Board between candidates jointly nominated by shareholders who have more than 51 percent of Category A shares.

There is no granted privilege to B category shares.

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

Company	Principle activity	Participation rate (%)	
		31.12.2015	31.12.2014
Lokman Hekim Van Sağlık Hizmetleri ve İnşaat Taahhüt A.Ş.	Health Service	50,99	50,99
Hay Süt ve Süt Ürünleri Hayvancılık Gıda İth. İhr. A.Ş	Livestock, Dairy	73,62	73,62
Engürüsağ Genel Ticaret Ltd. Şti. (Erbil)	Health Service	95,00	95,00

Lokman Hekim Etlik Hospital:

5 floor hospital building which is on the indoor area of 2.900 m2 in the district of Etlik in Ankara, has been rented for 15 years in 1999 and this contract has been renewed as 5+5 years. There are 2 operating room, 2 delivery room, 3 newborn intensive care incubator, 3 intensive care bed and hospital has 37 inpatient bed availability in total.

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 UNİCEF and Ministry of Health. In this scope, hospital has Certificate of Baby - Friendly Hospital

Lokman Hekim Ankara Hospital:

8 floor hospital building with 17.500 m2 indoor area in Sincan district in Ankara is Company's own asset. The hospital has 6 operation room and one heliport for air ambulance. The hospital has 38 intensive care room, 10 intensive care for cardiology department, 1 coronary room with 4 beds and 15 newborn intensive care incubator with a total capacity of 201 beds.

The hospital has granted with the TSE EN ISO 9001: 2008 Quality Management System Certificate in August, 2008 by Turkish Institute of Standards.

The hospital has been supporting a Baby-Friendly-Hospital Project having been operated by Unicef and Ministry of Health since 12.07.2010 and has become entitled to receive Baby-Friendly-Hospital Certificate.

Lokman Hekim Van Hospital:

The 9 floor hospital building in Van city center with 12.500 m2 indoor area The hospital has 5 operating room, 21 general intensive care beds, 3 beds for intensive care for cardiology department, 20 coronary rooms, 64 newborn intensive care incubators, 9 beds for child intensive care and 99 patient beds with a total capacity of 207 beds.

Lokman Hekim Hayat Hospital:

The hospital which is In Van and has 4.500m2 indoor area has 52 bed capacity. The hospital has 5 general care room, 17 newborn intensive care incubator, 2 operating room and total capacity of 52 beds. The hospital has started to operate on 25.02.2013.

Engürüsağ Genel Ticaret Ltd. Şti.

The center was established to provide imaging and diagnostic facilities in Erbil, Iraq on 13.05.2013 with an owners' equity of 12.000\$ (15 million Iraqi Dinars). The group has %70 percent of the shares and titled as co-founder. The company will operate in an indoor area of approximately 2,000 m2. which includes Radiology and Laboratory units located in the center. Company's participation rate has increased %70 to %95 at 08.09.2014

Laboratories

The lab centers in the hospitals are members of Bio – Rad Laboratories Egas, College of American Pathologists Cap in America and Randox Laboratories in London, Rigas External Quality Control Programs and UK Megas and reliabilities of the results and laboratory equipment are checked periodically.

Medical Units

Anaesthesia and Reanimation, Nutrition and Diet, Brain and Neurosurgery, Child Care and Pediatric, Child Neurology, Dermatology, Physical Med and Rehabilitation, Gastroenterology, General Surgery, Pulmonology, Eye Diseases, Internal Diseases, Gynecological Diseases and Delivery, Cardiology, Cardiovascular Surgery, Otorhinolaryngology, Neurology, Nephrology Orthopedics and Traumatology, Medical Oncology, IVF Unit, Urology, Dental Services

Personnel:

Position	31.12.2015	31.12.2014
Doctor	169	168
Health services (Nurse, ATT, Health Officer, Health Tech., Pharmacist, Dietician etc.)	580	542
Health support services (Health Support Personnel, Patient Relations)	368	346
Management support service	283	271
Management	74	75
Veterinary and laborers	10	9
Civil engineers and construction worker	-	12
Total	1.484	1.423

2. PRINCIPLES REGARDING TO THE PRESENTATION OF FINANCIAL STATEMENTS**2.1. Main Principles regarding to the Presentation****2.1.1. Legal Books and Financial Statements**

Within the scope of standards as TMS/TFRS respectively; Turkish Accounting Standard and Turkish Financial Reporting System, Public oversight, Accounting and Auditing Standards Authority ("KGK") 5411 numbered Banking Law, Turkish Capital Markets Board of Turkey ("SPK") 6362 numbered Capital Markets Law and with 5684 numbered Insurance Law and also 4683 numbered Individual Retirement and Investment Law are published on 20.05.2013, on Official Journal in 28652.

According to the Principles of Financial Reporting in Capital Markets Notification (II-14.1) of Capital Markets Board of Turkey (SPK), financial market institutions, with exclusion of exported capital market tools, the transactions in the stock market of investment funds and partnership, housing finance and asset finance funds, has to prepare its financial statement appropriately to the TMS/TFRS.

In the number of the meeting 20/670 of Capital Markets Board of Turkey (SPK), the number of notification II-14.1 for the financial market institutions, with exclusion of exported capital market tools, the transactions in the stock market of investment funds and partnership, housing finance and asset finance funds after the interim periods of 31.12.2013, the methods came into force. This methods announced in the weekly newsletter at the date 07.07.2013 and in the number of 2013/19. The company prepared its consolidated financial statement after 30.07.2013 according to this standards.

The decision taken on 17 March 2005, operating in Turkey and preparing their financial statements in accordance with Capital Markets Board("CMB") Financial Reporting Formats for companies with effect from 1 January 2005, application of inflation accounting is no longer required. The financial statements for 1 January 2005, provided that the No. 29 "Financial Reporting in Hyperinflationary Economies" Standard ("IAS 29") applied.

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

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

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2015

(Amounts are expressed in Turkish Lira unless otherwise stated)

The consolidated financial statements are prepared in accordance with the historical cost basis records for the purpose of fair presentation in accordance with TMS/TFRS.

2.1.2. Principles of Consolidation:

Company	Principal Activity	Participation rate (%)	
		31.12.2015	31.12.2014
Lokman Hekim Van Sağlık Hizmetleri ve İnşaat Taahhüt A.Ş.	Health	50,99	50,99
Hay Süt ve Süt Ürünleri Hayvancılık Gıda İth. İhr. A.Ş	Milk production and husbandry	73,62	73,62
Engürüsağ Genel Ticaret Ltd. Şti. (Erbil)	Health	95,00	95,00

All the companies above is consolidated accordance to the principles below.

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.
- The amounts equal to the external shares of main partnership and subsidiaries are deducted from all shareholders' equity items, including the paid/issued capitals of the subsidiaries which are within the scope of consolidation, and are presented as "Minority Shares" before the shareholders' equity account group in the balance sheet.
- 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 Group is accounted through purchase method. In this method, acquisition is registered based on cost. The group, 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 a result of the acquisition in the balance sheet as of this date.

2.1.3. Functional Currency:

Functional currency of the Group is Turkish Lira (TL) and attached financial statements and footnotes are presented in Turkish Lira (TL).

2.1.4. Declaration of Conformity:

Attached financial statements of Group have been confirmed by the Board of Directors of the Company as of 15.02.2016 The right to change the attached financial statements belongs to the General Assembly of the Company or legal authorities

2.1.5. 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.

2.1.6. Financial Statement of Partnerships 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 Group are adjusted according to these laws and standards.

If the currencies of the Group companies are different from reporting currency. Then the conversion method is below;

- All the assets and liabilities are converted with the exchange rate on the date of balance sheet.
- Revenues and expenses are converted with the exchange rate on the date of balance sheet. And the difference of conversion is stated in the comprehensive income statement.

2.1.7. New and Revised Turkish Accounting / Financial Reporting Standards:

The Company implemented new and revised standards, announced by Public Oversight Authority ("POA"), relating to its own field of operation.

(a) New standards applicable as of 31 December 2015 and amendments and interpretations to current and previous standards:

- Amendment in IFRS 19, Defined Benefit Plans, is applicable to annual reporting periods beginning on or after 1 July 2014. This limited amendment is applied to contributions from employees or third parties to Defined Benefit Plans. It permits a practical expedient if the amount of the contributions is independent of the number of years of service, as an example, in the cases of withholding a fixed portion of the employee's salary as contribution.
- Annual Amendments 2012: is applicable to annual reporting periods beginning on or after 1 July 2014. The Amendment Project brought about amendments to 7 standards below:
 - IFRS 2, Payments on Share Basis
 - IFRS 3, Business Combinations
 - IFRS 8, Operation Segments
 - IFRS 13, Fair Value Measurement
 - IAS16, Tangible Fixed Assets ve IAS 38, Intangible Fixed Assets
 - IFRS 9, Financial Instruments; IAS 37, Provisions, Conditional Liabilities and Conditional Assets
 - IAS 39, Financial Instruments - Recognition
- Annual Amendments 2013; is applicable to annual reporting periods beginning on or after 1 July 2014. The Amendment Project brought about amendments to 4 standards below:
 - IFRS 1, Initial Application of IFRS
 - IFRS 3, Business Combination
 - IFRS 13, Fair Value Measurement
 - IAS 40, Investment Property

(b) Amendments and standards announced as of 31 December 2015 but have not come into effect yet:

- IFRS 11, Amendments in "Joint Ventures": is applicable to annual reporting periods beginning on or after 1 January 2016. This Amendment clarifies how the interest acquisitions are recognized in the joint operations which has the characteristics of business.
- IAS 16 Amendments related to fructiferous plants in "Tangible Assets" and IAS 41 "Agricultural Activity" is applicable to annual reporting periods beginning on or after 1 January 2016. This amendment revises the financial reporting of grape vine, rubber tree and oil palm. It is decided that fructiferous plants will be recognized likewise tangible assets since their usage takes after the usage of tangible assets in the production process. Correspondingly, the amendment excluded these plants from the scope of IAS 41 and took them into the scope of IAS 41. These plants will be evaluated in scope of IAS during its growing process.
- IAS and IAS 38 "Tangible Assets" and "Intangible Assets", Amortization and Depletion Expenses, " is applicable to annual reporting periods beginning on or after 1 January 2016. This amendment pronounced that usage of methods on proceed basis in calculating amortization of an asset is improper. Because proceed grossed as a result of a transaction operated by using an asset generally reflects more different factors than consumption of economical benefit of an asset At the same time, It was pronounced that proceed does not form a proper basis for the measurement of economical benefit of an asset.
- IFRS 14, "Deferred Accounts Subject to Regulation" is applicable to annual reporting periods beginning on or after 1 January 2016. This amendment permits companies, which will implement IFRS for the first time to alter accounts subject to former regulation. However, presentation of the effect of the regulation rate is required independent of the other items.
- IAS 27 "Individual Financial Statements", is applicable to annual reporting periods beginning on or after 1 January 2016. This Amendment permits businesses to use Equity Method when recognizing its participations, subsidiaries and investments in joint ventures.
- IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Subsidiaries and Joint Ventures", is applicable to annual reporting periods beginning on or after 1 January 2016. This Amendment refers to inconsistency related to investor and subsidiary or joint ventures or sales of an asset between requirements of IFRS 10 and IAS. The main result of this amendment is, when a transaction carried out in the field of operation of the Company (held by participation or not), if the transaction is purchase or sales of an asset, recognition of a portion of the profit or loss resulted from given transaction, is required while recognizing all of the profit or loss resulted from the transaction.
- Annual Amendments 2014; is applicable to annual reporting periods beginning on or after 1 January 2014. Amendments have brought about 4 alterations to standards.
 - "Tangible assets from held for sale and discontinued operations", amendments relating to sales methods,
 - IFRS 7, "Financial Instruments: Disclosures", Amendment relating to service contracts executed pursuant to IFRS 1.
 - IAS 19, Amendments relating to "Employee Benefits" discount rates.
 - IAS 34 Amendments relating to disclosure of informations of "Interim Period Financial Reporting"
- IAS 1 Presentation of financial statements; effective for annual periods beginning on or after 1 January 2016.

- "IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures; applicable for annual periods beginning on or after 1 January 2016.
- IAS 15 "Proceed from Customer Contracts" is applicable to annual reporting periods beginning on or after 1 January 2018. It aimed to ensure comparability between reporting of total income of the financial statements and new standard proceed resulted from harmonization work with Accounting Standards Adopted in USA.
- IFRS 9, "Financial Instruments", is applicable to annual reporting periods beginning on or after 1 January 2018. These standards replaces IAS 39. It includes obligations related to classification and measurement of liabilities as well as expected credit risk model that will replace the loss of decline realized in the value model.

The Company is going to evaluate the effects of the amendments above and implement them as of their effective dates. It is expected that the implementation of given amendments will not affect financial statements significantly.

Changes and Mistakes in the Accounting Policies

An enterprise can only changes 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.

Comparative information and restatement of prior period financial statements

The Group reclassified its receivables from credit cards, which it had classified in the cash and cash equivalents, in the trade receivables.

The Group reclassified its rental incomes from other receivables to revenues

2.2. Summary of Important Accounting Policies

2.2.1. Revenue:

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

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

2.2.2. Inventories:

Costs of inventories are compromise of cost of all purchases, conversion costs and other costs burdened to perform the current position and condition of the inventories. For the inventory purchases with interim payments, the differences between the cash value and future value are recognised 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 realisable value. Net realisable 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.

The Company's actual capacity in Ankara Hospital of Sincan continued for periods, and has been accepted as the normal capacity and this capacity calculations were made accordingly. Therefore, the cost of an idle capacity has not been occurred.

2.2.3. Biological Assets

Biological assets are registered with their costs at the time of purchase. At the end of each reporting period, they are evaluated based on fair value. 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 Group accounts its livestocks and agricultural products with their fair values. The products, which are not harvested, will be valued in the harvest place after discounting their estimated sales costs from their market values.

2.2.4. Tangible Fixed 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 01.01.2005 are costs which are adjusted for inflation effects.

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

Group 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.

Group's beneficial life for tangible assets are;

Buildings	50 Years
Machinery, plants and equipment	5 – 20 Years
Vehicles	5 Years
Fixtures	2 – 20 Years
Assets Purchased Through Leasing	5 – 15 Years
Other non-tangible fixed assets	5 – 20 Years

2.2.5. Intangible Fixed Assets:

Intangible assets which are expected to be used within the company for more than one year are registered with its costs at the time of purchase. They are re-valued based on the cost model in the following periods. Cost of non-tangible assets which were purchased prior to 01.01.2005 are costs which are adjusted for the inflation effect.

Doctor staff costs and hospital license are reported in non-tangible assets as Rights for Lokman Hekim Van Hospital and Lokman Hekim Hayat Hospital.

According to the issued change in the Official Gazette in 11.07.2013, transfer of staff and license is allowed with article 6 of Private Hospital Regulation.

The Group takes the useful lives of the assets into consideration when determining the depreciation lives of the non-tangible assets.

The Group determined useful lives for its non-tangible assets 3 to 15 years.

2.2.6. Goodwill;

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

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

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

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

2.2.7. Decline in the Values of Assets;

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

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

However, existence of such decline in value is out of question.

2.2.8. Financial Instruments:

a) Cash and Cash Equivalents

Cash on hand of the Group 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 TC 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 and Payables

Trade receivables and payables resulting from providing a service to a customer by the Group 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 group, 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.

It is assumed that the discounted values of the trade receivables 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.

2.2.9. Employee Benefits / Termination Indemnity:

According to applicable Labour 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 behaviours. For this reason, the company has to estimate the total cost to be paid and discount the estimated payments so that find the net present value. Therefore, the company reports its total liability at the date of balance sheet which is discounted to net present value.

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

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

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

2.2.10. Taxation;

Tax payable in the attached financial statements is consist of tax provision for the current period and deferred tax. The provision for the liabilities regarding to the corporate tax to be resulted from the activities in the current period is set based on the legal tax rates at the time of balance sheet. Deferred tax asset/liability is the difference between account value and tax value (timing difference). Current tax rate is considered on the calculation of deferred tax asset.

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

2.2.11.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. The companies which are considered as related parties and the level of relation are as follows:

- Owner of Afşar Matbaacılık is shareholder of Lokman Hekim A.Ş.
- Owner of Akgül Grup Gıda Ltd. Şti. is shareholder of Lokman Hekim A.Ş.
- Owner of Bartek Bilgisayar is shareholder of Lokman Hekim A.Ş.
- Owner of B Ajans Medya Yayın ve Org. San. Tic. Ltd. Şti. is indirectly shareholder of Lokman Hekim A.Ş.
- Owner of Bilgen İnşaat Konf. Taah. Tic. Ltd. Şti. is shareholder of Lokman Hekim
- Owner of Çetin Matbaacılık is shareholder of Lokman Hekim A.Ş.
- Owner of Lokman Hekim Tıbbi Hizmetler Tic. Ltd. Sti is shareholder of Lokman Hekim A.Ş.

(Amounts are expressed in Turkish Lira unless otherwise stated)

- Owner of Özdemir İnşaat is shareholder of Lokman Hekim A.Ş.
- Owner of Pozitron Sağlık Hizmetleri San. ve Tic. Ltd. Şti. is shareholder of Lokman Hekim A.Ş.
- Owner of Şekerciler Gıda Tic. Ltd. Şti. is shareholder of Lokman Hekim A.Ş.
- Owner of Kardiyotek Ltd. Şti. is shareholder of Lokman Hekim A.Ş.
- Owner of Koç Medikal is shareholder of Lokman Hekim A.Ş.
- Owner of Özkanlar Paz. İth. İhr. Gıda Mad. Tic. Ltd. Şti. is shareholder of Lokman Hekim A.Ş.
- Owner of Medisina Sağlık A.Ş. is shareholder of Lokman Hekim A.Ş.
- Owner of Özer Yapı Vizyon Ltd. Şti. is shareholder of Lokman Hekim A.Ş.
- Owner of Van Divan Sağlık Eğitim Turizm Sanayi Ticaret A.Ş. is related party of Lokman Hekim Van A.Ş.
- Owner of Safi Sağlık Sanayi Ticaret A.Ş. is related party of Lokman Hekim Van A.Ş.

2.2.12. Costs of Borrowing:

Bank loans with interest are registered at their net amounts after deducting the cost of borrowing. Revenues or costs which are arising at the time of amortization or registration of the liabilities are linked to income statement. Costs of borrowings are also registered based on accruals even if the maturities have not become due yet at the time they arise.

2.2.13. 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 commons share in the current period.

Companies in Turkey can increase their owners' equity by distributing accumulated profits arising from inflation adjustments with shares (free) to their existing stockholders.

2.2.14. Events after the Balance Sheet Date:

In case there are some events after the balance sheet date which require 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 do not require any adjustment entry, there are explanations in the related period if the events are important.

2.2.15. 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.

(Amounts are expressed in Turkish Lira unless otherwise stated)

2.2.16. 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.

2.2.17. Assets and Liabilities In terms of Foreign Currency:

Assets in the balance sheet in terms of foreign currencies are converted to Turkish Lira based from buying rate of foreign exchange and liabilities from selling rate of foreign exchange published by T.C. Central Bank. Transactions with foreign currencies within the period are converted to Turkish Lira from the actual rates at the date of transaction. Foreign exchange gains and losses arising from these transactions are presented in the income statements. Rates used in the financial statements in 31.12.2015 and 31.12.2014 reports are as follows;

	31.12.2015		31.12.2014	
	Buying	Selling	Buying	Selling
Dollar	2,9076	2,9128	2,3189	2,3230
Euro	3,1776	3,1833	2,8207	2,8258

2.2.18. 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 rate used for trade receivables and payables
- Provision rates for the receivable from SSI
- Regarding to the employee benefits, retirement term, increase rate, discount rate, rate for not to get any termination indemnity
- Rates used for deferred tax calculation

3. OPERATION SEGMENTS

The Company prepared its sales based on hospitals, based on large customers, based on operation kind and based on outpatient care – inpatient treatment.

Health Revenue on Hospital Basis	01.01.2015-31.12.2015		01.01.2014-31.12.2014	
	Amount	%	Amount	%
Etlik Hospital service sales	27,686,821	20	24,163,082	21
Sincan Hospital service sales	54,257,661	40	49,478,566	43
Van Hospital service sales	44,289,025	32	36,354,216	31
Hayat Hospital service sales	9,392,947	7	4,892,603	4
Erbil Diagnosis Center service sales	1,213,298	1	701,337	1
Total Sales	136,839,651	100	115,589,804	100

Health Revenues on Institution Basis	01.01.2015 - 31.12.2015		01.01.2014 - 31.12.2014	
	Amount	%	Amount	%
Sales to Social Security Institution (SSI)	88.868.459	65	81.158.772	70
Sales to other individuals and institutions	47.971.192	35	34.431.032	30
Total Sales	136.839.651	100	115.589.804	100

Revenues on Sectoral Basis	01.01.2015 -31.12.2015		01.01.2014 -31.12.2014	
	Health service sales revenue	136,839,651		115,589,804
Biological assets and milk sales	2,571,426		1,765,722	
Biological assets revaluation	1,568,067		7,606,079	
Construction incomes	598,077		538,964	
Total	141,577,223		125,500,569	

Trade Receivables on Institution Basis	31.12.2015		31.12.2014	
	Amount	%	Amount	%
Receivables from SSI (*)	25,337,516	80	25,763,519	89
Receivables from other individuals and institutions	6,519,928	20	3,162,641	11
Total Receivables	31,857,444	100	28,926,160	100

(*)The biggest client of the company is SSI.

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Notes to the Consolidated Financial Statements For the Year Ended 31 December 2015

(Amounts are expressed in Turkish Lira unless otherwise stated)

Revenue based on treatment sort is as follows;

	01.01.2015 - 31.12.2015			01.01.2014 - 31.12.2014		
	Number of patient	Net Sales	%	Number of patient	Net Sales	%
Outpatient	800,071	56,693,505	41	762,874	51,423,606	44
Inpatient	48,190	80,146,146	59	42,222	64,166,198	56
Total	848,261	136,839,651	100	805,096	115,589,804	100

4. CASH AND CASH EQUIVALENTS

	31.12.2015	31.12.2014
Cash	284,480	341,504
Banks	333,950	122,302
Total	618,430	463,806

5. FINANCIAL LIABILITIES

Short-term Financial Liabilities	31.12.2015	31.12.2014
Short-term loans	4,785,465	11,173,543
Short term portion of long term borrowings	5,682,027	5,366,450
Financial leasing borrowings	1,428,502	2,544,465
- Financial leasing borrowings	1,716,428	2,907,903
- Deferred interest cost	(287,926)	(363,438)
Total	11,895,994	19,084,458

Long Term Financial Liabilities	31.12.2015	31.12.2014
Long term loans	14,804,927	11,961,395
Financial leasing borrowings	1,714,757	1,998,494
- Financial leasing borrowings	1,959,059	2,265,170
- Deferred interest cost	(244,302)	(266,676)
Total	16,519,684	13,959,889

Bank loans and leasing liabilities' maturities are as below;

Bank Loans	31.12.2015	31.12.2014
0 - 3 Months	6,082,424	13,214,135
3 - 12 Months	4,385,068	3,325,858
1 - 5 Year	14,804,927	11,961,395
Total	25,272,419	28,501,388

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<u>Leasings</u>	<u>31.12.2015</u>	<u>31.12.2014</u>
0 - 3 Months	614,180	656,950
3 - 12 Months	814,322	1,887,515
1 - 5 Year	1,714,757	1,998,494
Total	3,143,259	4,542,959

Mortgages and gurantees are given for credit as the amount of 59.365.000 TL (31.12.2014–59.830.000 TL).

6. Trade Receivables / Trade Payables

	<u>31.12.2015</u>	<u>31.12.2014</u>
Trade receivables	29,667,970	26,625,641
Notes receivables	494,227	475,446
Rediscount on Notes Receivables	(678,983)	(806,158)
Doubtful trade receivables	840,816	1,147,438
Provisions for doubtful trade receivables	(840,816)	(1,147,438)
Credit card receivables	1,504,124	1,962,176
Receivables from related parts	870,106	669,055
Total	31,857,444	28,926,160

The interest rate used for discounting the receivables is 10%, (31.12.2014– 10%),

The avarage due date for credit card receivables is 40 days (31.12.2014: 40 days).

Current term transactions of doubtful receivables is as below and provision is made for all of them,

	<u>31.12.2015</u>	<u>31.12.2014</u>
Beginning	1,147,438	968,515
Uncollectible receivables Collections /	(836,831)	(56,051)
Additions	530,209	234,974
End of term	840,816	1,147,438

Company's trade receivables on high receivable basis are as below;

	<u>31.12.2015</u>		<u>31.12.2014</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Receivables from SSI	25,337,516	80	25,763,519	89
Receivables from others	6,519,928	20	3,162,641	11
Total Receivables	31,857,444	100	28,926,160	100

	<u>31.12.2015</u>	<u>31.12.2014</u>
Trade payables	7,634,766	8,252,646
Notes payables	4,589,271	5,484,162
Rediscount on Notes Payables	(285,966)	(489,932)
Other trade payables	11,519	21,046
Payables to related parties	1,934,306	3,013,601
Total	13,883,896	16,281,523

The interest rate used for discounting the receivables is 10% (31.12.2014– 10%)

7. Other Receivables / Other Payables

	31.12.2015	31.12.2014
Other short-term receivables		
Deposits and guarantees given	21,706	-
Other receivables	823,878	543,332
Total	845,584	543,332
Other long-term receivables		
Deposits and guarantees given	65,475	57,224
Total	65,475	57,224
Other short-term payables		
Due to shareholders	355,702	203,110
Due to related parties	211,717	133,966
Other payables	80,689	173,798
Total	648,108	510,874

8. Inventories

	31.12.2015	31.12.2014
Medical inventories	1,912,200	1,649,830
Financial expenses	(76,007)	(68,813)
Feedstocks	338,912	391,177
Housing constructions in progress	3,006,709	3,568,070
Other inventories	161,806	27,015
Total	5,343,620	5,567,279

Average cost is used for measurement of cost of stock and there is no stock which is demonstrated in net realizable value,

At the end of period, late charge of 76,007 TL in the current stocks is reported in the financial expenses, (31.12.2014– 68,813 TL).

9. BIOLOGICAL ASSETS

Dairy and Livestocks	31.12.2015	31.12.2014
Book value	5,719,062	2,961,856
Changes in the fair value	213,832	90,794
Total	5,983,500	3,052,650

Biological assets are recorded with their cost value firstly, At the end of each report period, it is evaluated on the fair value basis. In the current period, the basis of the fair value increased 417,275TL (31.12.2014: Fair value of dairy and livestock decreased 630,505)

10. TANGIBLE ASSET

Tangible Fixed Assets	1.1.2015	Inputs	Outputs	31.12.2015
Lands	12,266,000	1,196,000	-	13,462,000
Buildings	37,198,258	333,155	-	37,531,413
Property, plant and equipment	11,171,991	45,780	(18,000)	11,199,771
Vehicles	571,051	15,254	(19,157)	567,148
Furniture and fittings	20,280,222	1,555,575	(241,302)	21,594,496
Leasing assets	12,965,873	1,280,359	-	14,246,232
Other fixed assets	564,021	111,672	-	691,693
Ongoing Investments	-	-	-	-
Total	95,017,415	4,537,801	(278,458)	99,292,753
Accumulated Depreciation	1.1.2015	Depreciation expense	Outputs	31.12.2015
Buildings	(966,038)	(817,861)	-	(1,783,899)
Property, plant and equipment	(4,824,832)	(919,068)	13,500	(5,730,400)
Vehicles	(189,978)	(99,459)	17,600	(271,837)
Furniture and fittings	(9,083,990)	(2,677,305)	54,510	(11,706,785)
Tangible Assets Received Through Leasing	(4,838,032)	(1,718,599)	-	(6,556,631)
Other tangible assets	(360,370)	(65,356)	-	(425,726)
Total	(20,263,239)	(6,297,648)	85,609	(26,475,279)
Net Value	74,754,176			72,817,474
Tangible Assets	1.1.2014	Inputs	Outputs	31.12.2014
Lands and Parcels	12,266,000	-	-	12,266,000
Buildings	35,183,482	2,014,775	-	37,198,257
Property, plant and equipment	11,010,091	161,900	-	11,171,991
Vehicles	665,529	150,722	(245,200)	571,051
Furniture and fittings	18,799,828	1,500,081	(19,688)	20,280,221
Tangible Assets Received Through Leasing	11,165,138	1,800,735	-	12,965,873
Other Tangible assets	555,801	11,837	(3,617)	564,021
Continuing Investments	89,639	-	(89,639)	-
Total	89,735,508	5,640,050	(358,143)	95,017,414

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Accumulated Depreciation	01.01.2014	Depreciation expense	Outputs	31.12.2014
Buildings	(229,779)	(736,259)	-	(966,038)
Property, plant and equipment	(3,904,548)	(920,284)	-	(4,824,832)
Vehicles	(117,604)	(83,526)	11,152	(189,978)
Furniture and fittings	(6,528,448)	(2,563,968)	8,426	(9,083,990)
Tangible Assets Received Through Leasing	(3,369,139)	(1,468,893)	-	(4,838,032)
Other tangible assets	(309,019)	(51,351)	-	(360,370)
Total	(14,458,537)	(5,824,280)	19,578	(20,263,239)
Net Value	75,276,971			74,754,175

Amount of mortgages over land and buildings is 59,365,000 TL (31.12.2014– 59,825,000 TL), Total amount of assurance of tangible assets is 153,775,350 TL (31.12.2014: 153,775,350 TL),

There is a rent annotation on the transformer over the company's land of hospital building with license and occupancy permit in the district of Sincan in the province of Ankara (Lokman Hekim Sincan Hospital) in favor of TEDAŞ for 99 years at the amount of 1 TL (31.12.2014).

11. INTANGIBLE FIXED ASSETS

Intangible Assets	1.1.2015	Inputs	Outputs	31.12.2015
Special cost	2,788,471	975,546	(4,325)	3,759,692
Rights	8,024,237	4,623	-	8,028,861
Total	10,812,708	980,170	(4,325)	11,788,553
Accumulated Depreciation	01.01.2015	Depreciation expense	Outputs	31.12.2015
Special cost	(1,106,582)	(539,302)	-	(1,645,884)
Rights	(1,623,323)	(1,036,284)	-	(2,659,607)
Total	(2,729,905)	(1,575,586)	-	(4,305,491)
Net Value	8,082,803			7,483,062

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Intangible Fixed Assets	01.01.2014	Inputs	Outputs	31.12.2014
Special cost	2,155,826	632,645	-	2,788,471
Rights	8,024,237	-	-	8,024,237
Total	10,180,063	632,645	-	10,812,708

Accumulated Depreciation	01.01.2014	Depreciation expense	Outputs	31.12.2014
Special cost	(720,564)	(386,018)	-	(1,106,582)
Rights	(587,808)	(1,035,515)	-	(1,623,323)
Total	(1,308,372)	(1,421,532)	-	(2,729,905)

Net Value	8,871,691			8,082,803
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The amount 4,270,000 TL reported in the "Rights" comprises of Doctor's staffing costs.

In accordance with the amendment in the the Regulation of Private Hospitals promulgated in the Official Gazette dated 11.07.2013, permission of The Ministry of Health is stipulated for licence and personnel cadre transfers.

12. GOODWILL

	31.12.2015	31.12.2014
Goodwill	1,969,390	1,969,390
Total	1,969,390	1,969,390

13. PROVISIONS, CONDITIONAL ASSETS AND LIABILITIES

Lawsuits and Provisions;

Lawsuits and Provisions – 31.12.2015	Amount	Provision
Lawsuits to be filed by the Company, enforcement proceedings	840,816	(840,816)
Company against claims arising from labor service	1,619,501	(496,803)

Lawsuits and Provisions - 31.12.2014	Amount	Provision
Lawsuits to be filed by the Company, enforcement proceedings	1,147,438	(1,147,438)
Company against claims arising from labor service	1,085,601	(198,503)

The number of lawsuit brought by the Company is 367 and total amount of these lawsuits is 6,001,125 TL (31.12.2014: 331 cases amounting 3,073,123 TL).

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Contingent Liabilities;

Type	Issued Place	31.12.2015	31.12.2014
Letter of Collaterals	Başkent Elektrik Dağ. A.Ş.	34,218	44,218
Letter of Collaterals	Enerjisa A.Ş.	60,000	60,000
Letter of Collaterals	Altu Mimarlık	-	5,000
Letter of Collaterals	14. Asliye Hukuk Mahkemesi	69,581	69,581
Letter of Collaterals	Mamak Belediyesi	73,500	70,100
Letter of Collaterals	Keçiören Belediyesi	25,490	14,040
Letter of Collaterals	Türk Telekom A.Ş.	9,448	9,448
Letter of Collaterals	Başkent Doğalgaz A.Ş.	258,000	258,000
Collateral Bill	Alternatif İnşaat A.Ş.	-	100,000 €
Letter of Collaterals	Başkent Elektrik Dağ. A.Ş.	10,000	-
Mortgages(Bank Credit)	Türkiye Halk Bankası A.Ş.	4,300,000	4,300,000
Mortgages(Bank Credit)	Vakıfbank A.Ş.	52,240,000	52,240,000
Mortgages(Bank Credit)	Ziraat Bankası A.Ş.	2,825,000	3,290,000
Letter of Collaterals	SGK Davaları	107,149	-
Letter of Collaterals	Aksa Doğalgaz A.Ş.	106,148	106,148
Letter of Collaterals	Aksa Van Doğal Gaz Dağıtım A.Ş.	142,054	-
Letter of Collaterals	Van Gölü Elektrik Perakende Satış A.Ş.	63,000	-
Letter of Collaterals	Ankara 8. Asliye Hukuk Mahkemesi	16,148	-
Letter of Collaterals	Elmadağ Belediyesi	8,000	-
Letter of Collaterals	Eti Maden İşletmesi	3,600	-
Letter of Collaterals	Van 1.Asliye Hukuk Mahkemesi	12,000	-
Letter of Collaterals	GE Medikal System Türkiye Ltd.Şti.	304,500	-
Letter of Collaterals	Işık Kardeşler Medikal Kimya Ltd.Şti.	32,200	-
Letter of Collaterals	Van 3.Asliye Hukuk Mahkemesi	29,000	-
Total TL Provision		60,729,037	60,748,605

Type	Issuance Place	31.12.2015	31.12.2014
Guarantee checks and bonds	Costumer	1,829,119	1,874,119
Guarantee checks and bonds	Costumer	145,500 €	45,500 €
Letter of collaterals	Costumer	200,000	200,000
Total TL Provision		2,491,460	2,202,692

14. COMMITMENTS

	31.12.2015	31.12.2014
A CPM's given for companies own legal personality	60,729,037	60,748,605
B CPM's given on behalf of fully consolidated companies	-	-
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 to on behalf of other Group 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	60,729,037	60,748,605

There is a cross-sureties in favor to each other for bank loans in the scope of consolidation of companies.

15. BENEFITS PROVIDED TO EMPLOYEES

	31.12.2015	31.12.2014
Severance pay provision	1,053,487	687,434
Provisions for days off	308,830	319,194
Total	1,362,317	1,006,628

The company assumes that the men will leave their jobs after working 25 years and women after 20 years, It is assumed as of the date of Balance Sheet Date that the termination indemnity will increase by 5% annually (increase on wages of employee) until the date of retirement (31.12.2014: 5%). So that the termination indemnity is calculated on the retirement date at the time of balance sheet date, This amount is discount by 9% in accordance with the remaining time for retirement and net present value is calculated Cap for termination indemnity is 4,092 TL (31.12.2014–3,541 TL)

Assumptions on the calculation of termination indemnity are as follows;

	31.12.2015	31.12.2014
Working period	F: 20 years, M: 25 years	F: 20 years, M: 25 years
Increase of wage	5%	5%
Not receive severance pay rate	84%	90%
Discount rate	9%	8%

Transactions within the period related to termination indemnity are as follows;

	31.12.2015	31.12.2014
Beginning of the term	687,434	596,084
Payments	(437,117)	(578,666)
Interest cost	48,256	42,852
Current Service Cost	223,790	183,938
Actuarial gain / loss	531,126	443,227
End of the Year	1,053,487	687,434

Actuarial income and losses are reported in income statement,

Provisions for Days Off

According to the applicable Code of Labour in Turkey, in case a labour agreement is terminated for any reason, the company has to pay wages for the annual days off which the employee did not take to the employee or his/her legal representatives at the time of termination.

In-period activities in the provisions for days off are given as below:

	31.12.2015	31.12.2014
Beginning of the term	319,194	291,995
Payments / Cancellations	(24,762)	-
Additional	14,398	27,199
End of the Year	308,830	319,194

16. OTHER CURRENT – NON-CURRENT ASSETS / OTHER LIABILITIES, PREPAID EXPENSES, CURRENT PERIOD TAX-RELATED ASSETS, PAYABLES UNDER EMPLOYEE BENEFITS, DEFERRED REVENUES

Prepaid Expenses and Income Accruals	31.12.2015	31.12.2014
Advances given for purchases	1,191,995	736,111
Prepaid expenses for next months	488,241	328,801
Unbilled service income accrual	4,192,563	3,926,848
Total	5,872,799	4,991,760
Other Current Asset	31.12.2015	31.12.2014
Deferred VAT	378,602	459,512
Work advances	1,224,391	461,052
Advances to personnel	4,449	9,150
Total	1,607,442	929,714
Prepaid Expenses (Long Term)	31.12.2015	31.12.2014
Prepaid expenses for future years	177,843	343,032
Total	177,843	343,032
Payables In Scope of Employee Benefits	31.12.2015	31.12.2014
Personnel salary accruals	3,563,201	3,181,479
SSI deductions payables	1,189,058	1,108,805
Total	4,752,259	4,290,284
Deferred Incomes	31.12.2015	31.12.2014
Advances received from customers	317,545	87,783
Other advances received from customers	447,185	228,704
Total	764,730	316,487
Other Short-Term Liabilities	31.12.2015	31.12.2014
Taxes and funds payable (*)	2,983,973	1,040,291
Prepaid salary promotional contract revenue	129,194	213,806
Doctor premiums	267,894	344,095
Total	3,381,061	1,598,192

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Long-Term Deferred Incomes	31.12.2015	31.12.2014
Prepaid salary promotional contract revenue	484,109	589,925
Advances received from customers	1,670,000	-
Total	2,154,109	589,925
Long-Term liabilities related current period tax	31.12.2015	31.12.2014
Restructured deferred tax and SSI liabilities (*)	13,933,339	10,046,989
Total	13,933,339	10,046,989

(*) Restructured, deferred tax liabilities are deferred regarding to announcement of force majeure by Revenue Administration in Van because of earthquake in 23.11.2011. The end date of force majeure will be announced by administration. The amount 1,749,185 TL recognized in the Long-term Tax Payables reclassified in the Short-Term Tax and Funds Payables in the current period.

17. SHAREHOLDER'S EQUITY

	31.12.2015	31.12.2014
Capital	24.000.000	24.000.000
Paid Capital	24.000.000	24.000.000

The company has increased registered capital ceiling from 100,000,000 TL to 200,000,000 TL to be effective in 2015-2019 years.

	31.12.2015	31.12.2014
Repurchased shares	(967,200)	-
Total	(967,200)	-

The Management has been authorized by General Assembly during 2014 Ordinary Meeting of General Assembly, dated 29.03.2015, to repurchase The Company's Shares, if appropriate, in order to prevent its shares to be adversely affected by market conditions and significant value decrease, protect shareholders, assure the price of its shares to maintain in stability and form their prices compliant with fair value and protect the trust placed towards the company. Thus; The Management is authorized to repurchase its shares amounting 10% of its capital with the price limit down 0 TL and the price limit up 6,00 TL for the next 3 years.

The Company repurchased 429,573 shares as of 31.12.2015 and the rate of these shares in the Company's Capital is 1,79%.

Share Issuance Premiums:

Share premiums consist of cash inflows caused as a result of the sale of the shares from market prices, These premiums are presented under shareholders' equity and cannot be distributed, However, they can be used for capital increase.

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*(Amounts are expressed in Turkish Lira unless otherwise stated)***Revaluation Funds:**

	31.12.2015	31.12.2014
Revaluation funds		
Revaluation fund on fixed assets	30,592,317	30,592,317
Effect of deferred tax	(1,529,616)	(1,529,616)
Total	29,062,701	29,062,701

Value increases contain the increases in the value which tangible assets with a fair value of land and buildings are displayed, In the calculation of the increase in value of deferred tax, the assumption of right to use 75% of exception has been considered which referred to in Article 5 of the Corporate Tax Law, Eventually, net of deferred tax effect has been 5%.

The Company has carried out a valuation on its lands and lots which are repored in the tangible assets in accordance with the report written by Zirve Gayrimenkul Değerleme A.Ş., a Capital Market Board licenced real estate value assessment company which has no relation with it, The Company Management considers that the Assessment Company has the vocational experience reagarding to the given operation and up-to-date information with respect to classification and location of the land and buildings.

According to report, the total value of lands and buildings raised 21,206,768TL from value of latest financial statement records.

Defined Benefit Plans Re-measurement gains / losses (Actuarial Gain / Loss):

Defined Benefit Plans Re-measurement gains / losses	31.12.2015	31.12.2014
Beginning of the term	(888,849)	(534,267)
Additons within the period	(531,126)	(443,227)
Deferred tax	106,225	88,645
Total	(1,313,750)	(888,849)

The total burden of severance pay between the two periods is divided into interest expense, current period service cost and actuarial gains / losses, Interest expense is the cost of the use of the liability in the period that existed in the balance sheet of the previous accounting period and is the amount of liability of those who continue to work at the beginning of the period and also the one that was multiplied by the amount of the discount rate used in that year,

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 than that the 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.

Foreign Currency Conversion Differences:

The Group's functional currency is the Turkish Lira, Iraq One of the Group companies Engürüsağ General Trading Co. Ltd. Şti. (Erbil) which operates in Iraq prepares its financial statements

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in U.S. dollars, Related company's financial statements are translated into the functional currency, Financial statements have been exchanged into Turkish Lira in accordance with the International Accounting Standards (IAS) No, 21, "The Effects of Changes in Foreign Exchange Rates"

Foreign Currency Conversion Differences;	31.12.2015	31.12.2014
Beginning of term	(506,168)	(32,004)
Additons within period	279,616	(474,174)
Total	(226,552)	(506,168)

In terms of exchange;

Assets and liabilities are translated into TL at the date of balance sheet, shareholder's equity translated into TL by using historic rate, income/expenses are translated into TL with the transaction date of currency.

Legal Reserves:

Restricted reserves	31.12.2015	31.12.2014
Legal reserves in beginning	947,880	748,826
Legal reserves from previous year's profit	1,110,412	199,054
Total	2,058,292	947,880

According to Turkish Commercial Code, legal reserves consist of first and second class legal reserves, First class legal reserves are reserved by %5 of the legal period profit until it reaches %20 of the company's capital,

Previous Year's Profit	31.12.2015	31.12.2014
Extraordinary reserves	5,013,207	3,492,171
- Beginning term	3,492,171	985,042
- coming from previous year profit	(3,492,171)	2,812,268
- Additions	(1,200,000)	(305,139)
Repurchased Shares	(967,200)	-
Previous year profit / loss	1,691,733	1,661,371
Total	4,537,740	5,153,542

Non-controlling shares;	31.12.2015	31.12.2014
Minority shares	1,412,673	1,412,673
Minority shares in previous year's profit	(328,532)	(683,296)
Minority shares in period's profit / loss	3,237,562	328,124
Total	4,321,703	1,057,501

18. SALES AND COST OF SALES

	01.01.2015 31.12.2015	01.01.2014 31.12.2014
Sales of health care	136,839,651	115,589,804
Sales of biological assets and milk (*)	2,571,426	1,765,722
House and office sales	1,568,067	7,606,079
Rental Income	598,077	538,964
Total	141,577,223	125,500,569
Cost of sales health servicing	(120,521,630)	(105,905,294)
Cost of sales biological assets and milk	(2,151,033)	(1,539,629)
Cost of sales construction	(1,792,028)	(6,405,040)
Total	(124,464,691)	(113,849,963)
Gross Profit	17,112,532	11,650,606

(*) Value increase amounting 417,275 TL is reported in the Sales of Biological Assets and Milk (31.12.2014: Value decrease amounting 630,505 TL is reported in the Sales of Biological Assets and Milk)

Costs of service sales based on their character are as follows:

	01.01.2015 31.12.2015	01.01.2014 31.12.2014
Fees and fee equivalent expenses	(70,084,922)	(59,242,484)
Raw material and supplies used	(31,600,042)	(30,363,553)
Amortization Expenses and Repurchase	(7,669,658)	(6,645,258)
Energy, fuel and water charges	(4,417,065)	(4,378,097)
Maintenance service expenses	(2,607,734)	(3,415,859)
Rental expenses	(4,582,160)	(4,354,036)
Representation and entertainment expenses	(657,262)	(479,596)
Miscellaneous expenses	(2,845,848)	(4,971,080)
Total	(124,464,691)	(113,849,963)

19. MARKETING, SALES AND DISTRIBUTION COSTS, GENERAL ADMINISTRATIVE COSTS

	01.01.2015 31.12.2015	01.01.2014 31.12.2014
General administrative expenses	(5,109,270)	(4,240,535)
Marketing, sales and distribution expenses	(1,267,990)	(891,522)
Total	(6,377,260)	(5,132,057)

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	01.01.2015 31.12.2015	01.01.2014 31.12.2014
Marketing, sales and distribution expenses		
Advertisement, Sales and Marketing Expenses	(1,226,100)	(864,983)
Rental Expenses	(41,890)	(26,539)
Total	(1,267,990)	(891,522)
General Administrative Expenses		
Fees and fee equivalent expenses	(3,210,331)	(2,919,839)
Representation, business travel costs	(17,812)	(13,775)
Consultancy, advisory, litigation execution and notary expenses	(540,079)	(370,308)
Energy, fuel and water charges	(118,936)	(79,952)
Maintenance service expenses	(18,471)	(30,358)
Rental expenses	(314,321)	(242,441)
Communication expenses	(37,972)	(42,607)
Depreciation	(249,566)	(212,490)
General assembly expenses	(10,760)	(13,015)
Miscellaneous expenses	(591,023)	(315,750)
Total	(5,109,270)	(4,240,535)

20. OTHER REVENUES

	01.01.2015 31.12.2015	01.01.2014 31.12.2014
Provisions no longer required	1,803	49,870
Revenues from the Bank's due to salary contracts	224,327	245,174
Insurance income	171,747	163,938
Profit from the sales of tangible assets	56,894	564,493
Incentives and support revenues	14,458	16,215
Profit from sales of power	-	102,431
Miscellaneous expenses	98,878	223,253
Total	568,107	1,365,375

21. OTHER EXPENSES

	01.01.2015 31.12.2015	01.01.2014 31.12.2014
Provision expenses	(949,395)	(254,974)
Charity and donations	(55,233)	(68,507)
Tax and other penalties	(28,403)	(56,175)
Expenses related to previous' years	(801,703)	(1,121,438)
Comission expenses	-	(16,031)
Miscellaneous expenses	(193,467)	(546,580)
Total	(2,028,201)	(2,063,705)

22. FINANCIAL INCOME

	01.01.2015 31.12.2015	01.01.2014 31.12.2014
Interest revenues	30,937	5,360
Profit from foreign currencies	69,589	710,032
Rediscount on interest gain	1,182,440	1,080,998
Total	1,282,966	1,796,390

23. FINANCIAL COSTS

	01.01.2015 31.12.2015	01.01.2014 31.12.2014
Foreign exchange losses	(69,163)	(450,974)
Rediscount interest expense (-)	(1,649,896)	(1,669,667)
Interest Expenses	(2,899,764)	(3,197,339)
Total	(4,618,823)	(5,317,980)

24. TAX REVENUE / EXPENSECorporate Tax

The rate of corporate tax is %20 which is calculated on legal tax base that is the commercial income of the companies plus non-deductible costs which are not allowed according to tax regulations less the exemptions which are allowed according to tax codes.

There is withholding on the dividend payments and this withholding liability is accrued in the dividend payment period. Dividend payments made to limited liable tax payer institutions which gain income through a company in Turkey or permanent agent and corporations resides in Turkey are subject to withholding tax at a rate of %15. Double Taxation Agreements are also taken into consideration on the determination of withholding rates on the dividend payments made to limited liable tax payers and real persons. Contribution of previous years' profits to capital are not considered as dividend payment, therefore not subject to withholding tax.

Rules regarding to transfer pricing are set under Article 13 of Corporate Tax Law, section "Hidden dividend distribution through transfer pricing". General Communiqué on the hidden dividend distribution through transfer pricing dated 18 November 2007 includes regulations about the implementation. If a tax payer interacts with a related party through selling / buying of goods or services and prices cannot be determined in such a way that independent of both parties and each has no control on the other, then related profits are considered to be distributed in a hidden way through transfer pricing. Such hidden dividend distributions cannot be deducted from corporate tax calculation.

According to Turkish Tax Regulations, financial losses can be carried forward for 5 years in order to be written off from the future corporate profits. However, financial losses cannot be written off from previous years' profits. There is not any procedure like reaching a mutual agreement with the tax office for the taxes to be paid in Turkey. Corporate tax declarations are submitted in for months following end of financial year. Tax authorities can inspect the tax declarations and related documents for 5 consecutive years and make necessary adjustments based on the findings;

(Amounts are expressed in Turkish Lira unless otherwise stated)

Tax income / expense as follows:

Current year tax Income/Expenses	31.12.2015	31.12.2014
Tax expense for the current period	(897,866)	(463,950)
Deferred tax income/losses	3,570,091	188,055
Net	2,672,225	(275,895)

Investment Deduction

It has been ruled that according to Provisional Article 69 which was added to Income Tax Law numbered 193 through Law numbered 5479 and become effective after 1 January 2006 and published in Official Gazette numbered 26133 and dated 8 April 2006, within the scope of this article tax payers can only deduct the calculated investment deduction amount – in accordance with the rules applicable on 31. December 2012 – (including the rules regarding the tax rates) from their corporate incomes for the financial years 2006, 2007 and 2008; therefore, implementation of investment deduction has abolished as of 31 January 2006. Under this frame, tax payers which have not used a portion or all of their right to deduct investment deduction incentive in three year period had lost their rights as of 31 December 2008. On the other hand, Article 2 and 15 of law numbered 5479 and Article 19 of Income Tax Law has been abolished as of 1 January 2006 and so that it is not allowed to use the investment deduction incentive on the investment costs which has been made between 1 January 2006 and 8 April 2006.

Reduced Corporate Tax and Unused Amount of Contribution to Investment;

(*) Corporate Tax Law Article 32 / A of the application with the reduced corporate tax came into force on 28.02.2009. 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 Council of Ministers Decision.

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.

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Deferred Tax

Deferred Tax 31.12.2015	Temporary Differences	Tax asset	Tax liabilities
Unused amount of contribution to investment	-	4,264,394	-
Valuation differences of biological assets	264,438	(52,888)	-
Valuation increases in the fixed assets (*)	30,592,317	-	(1,529,616)
Value adjustments of fixed assets (**)	6,395,632	-	(1,279,126)
Adjustments on Inventories	76,007	15,201	-
Doctor's progress payment premiums	253,859	50,772	-
Provisions for employee benefits	1,362,317	272,464	-
Receivable provision	723,230	144,646	-
Financial losses	2,467,052	493,410	-
Rediscount on Receivables	678,983	135,797	-
Rediscount on Payables	285,966	-	(57,193)
Case provisions	240,970	48,194	-
Exchange differences and interest accruals	54,203	10,840	-
Total		5,382,830	(2,865,935)
NET			2,516,895

Deferred Tax - 31.12.2014	Temporary Differences	Tax assets	Tax liabilities
Investment deductions	2,339,360	421,085	-
Valuation differences of biological assets	(152,837)	30,567	-
Valuation increases in the fixed assets (*)	30,592,317	-	(1,529,616)
Value adjustments of fixed assets (**)	6,951,951	-	(1,390,390)
Adjustments on Inventories	68,813	13,762	-
Doctor's progress payment premiums	137,084	27,417	-
Provisions for employee benefits	1,006,628	201,326	-
Receivable provision	1,076,662	215,333	-
Financial losses	5,159,333	1,031,866	-
Rediscounts on borrowings	827,661	165,532	-
Rediscounts on payables	489,932	-	(97,986)
Income accruals related to ongoing treatment of patients	1,175,556	-	(235,111)
Case provisions	78,670	15,734	-
Adjustments on maintenance expenses	230,670	46,134	-
Exchange differences and interest accruals	453,014	7,764	(82,838)
Total		2,176,520	(3,335,941)
NET			(1,159,421)

(*)Company made the calculation of deferred tax of appreciation which occurred after the result of valuation of land and buildings with assumption of getting benefit from the exception at the rate of %75 which is indicated in Article 5 in Corporate Tax Law. Conditions for getting benefit from this exception are like below;

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

(**) This amount is net correction over the other intangible assets separated from intangible assets that valuation made for it (value correction which is made over its amortizations because of calculation of amortization according to its cost and useful life) and effect of deferred tax is considered as %20.

25. EARNINGS / LOSSES PER SHARE

	01.01.2015 31.12.2015	01.01.2014 31.12.2014
Net Profit for the year (Parent Company Share)	5,362,060	1,694,610
Number of Shares	24,000,000	24,000,000
Profit / Loss per Share	0,223419	0,070609

26. RELATED PARTY DISCLOSURES

Debit and credit balances realized with the related parties as at 31 December 2015 and 31 December 2014 are as follows;

Receivables / Payables	31.12.2015		31.12.2014	
	Commercial	Non-commercial	Commercial	Non-commercial
Receivables from related parties	870,106	-	669,055	-
Payables to related parties	(1,934,306)	(567,419)	(3.013.601)	(337,076)
Total	(1,064,200)	(567,419)	(2,344,546)	(337,076)
NET	(496,781)		(2,681,622)	

Carges paid to key managers are in the "providing benefits to top managerial staff because of the management". Key managerial personnel are not provided any other benefit apart from charge.

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Income / Expense	31.12.2015		31.12.2014	
	Income	Expense	Income	Expense
Afşar Matbaacılık Ofset Ve Tipo Tesisleri	-	(222,841)	-	(293,583)
Akgül Grup Gıda Tem. Turz. Rek. Dan Tic. Ltd. Şti.	243,870	(20,146)	197,060	(20,580)
B Ajans MedyaYayın Dan. Ve Org.Ltd.Şti.	-	-	-	-
Bilgen İnş.Konf.Taah.San.Tic.Ltd.Şti.	-	-	1,116,475	-
Çetin Matbacılık Ofset Tipo	-	-	-	(1,400)
İrfan Güvendi	-	-	222,772	(24,125)
Koç Medikal Tib. Mal.Tic.Ltd.Şti.	17,525	(133,197)	5,140	(159,171)
Lokman Hekim Tibbi Hizmetler Tic.Ltd.Şti.	-	(1,988,997)	-	(1,024,787)
Medisina Grup Sağlık Dan.Eğt.İnş.Temz.Tic.Ltd.Şti.	-	(255,650)	-	(80,220)
Özdemir İnş. Taah.Müh.Turz.Nak.Mak.San.Tic.Ltd.Şti	-	(99,400)	-	(91,000)
Özkanlar Paz.İth. İhr. Gıda Mad. Tic. Ltd. Şti.	-	-	-	(9,049)
Pozitron Sağlık Hiz. San. Ve Tic. Ltd. Şti.	-	(1,506,704)	324	(1,376,614)
Safi Sağlık Ticaret A.Ş.	-	-	10,320	(18,000)
Van Divan Sağlık Eğitim A.Ş.	-	-	-	(420,000)
Şekerciler Gıda Tic. Ltd. Şti.	-	(2,833)	-	(2,555)
Benefits provided for managing the top managerial staff	-	(639,626)	-	(1.157.070)
Benefits provided to Senior management due to professional activities	-	(967,582)	-	(1,246,257)
Benefits to employed partners in the company	-	(1,246,922)	-	(1,323,219)
Total	261,395	(7,083,898)	1,552,091	(7,247,630)
NET		(6,822,503)		(5,695,539)

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27. Levels and Characteristics of Risks Arising from Financial Instruments

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

31.12.2015	Receivables				Bank Deposits	Other
	Trade Receivables		Other Receivables			
	Related Parties	Other	Related Parties	Other		
Maximum exposed credit risk as of reporting date (A+B)	870,106	30,987,338	-	854,584	333,950	284,480
- Secured portion of the maximum credit risk by guarantees, etc	-	-	-	-	-	-
A. Net book value of financial assets either are not due or not impaired	870,106	30,987,338	-	854,584	333,950	284,480
B. Net book value of impaired assets	-	-	-	-	-	-
- Overdue (Gross book value)	-	840,816	-	-	-	-
- Impairment (-)	-	(840,816)	-	-	-	-

31.12.2014	Receivables				Bank Deposits	Other
	Trade Receivables		Other Receivables			
	Related Parties	Other	Related Parties	Other		
Maximum exposed credit risk as of reporting date (A+B)	669,055	28,257,105	-	543,332	122,302	341,504
- Secured portion of the maximum credit risk by guarantees, etc						
A. Net book value of financial assets either are not due or not impaired	669,055	28,257,105	-	543,332	122,302	341,504
B. Net book value of impaired assets						
- Overdue (Gross book value)		1,147,438				
- Impairment (-)		(1,147,438)				

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Liquidity Risk: Liquidity Risk is that company does not fulfill its obligation of net funding. Decrease in the fund resources such as breakdowns in the markets or reducing credit score causes emergence of liquidity risk. Company management manages the liquidity risk by means of distributing the fund resources and holding enough cash and cash equivalents to fulfill its current and possible obligations. Statement that demonstrates the company's current and previous liquidity risk is below.

31.12.2015							
CONTRACT BASED CASH MATURITIES	Book value	Total of contract based cash outflow (=I+II+III+IV)	0-3 month (I)	3-12 months (II)	1-5 years (III)	5 - years (IV)	Demand deposit
Non-Derivative Financial Liabilities							
Financial liabilities	28.415.678	30.363.406	2.542.192	6.524.572	16.967.642	-	4.329.000
Financial leasing liabilities	3.675.487	5.170.149	1.111.376	1.453.024	2.605.748	-	-
Expected maturities							
Non-Derivative Financial Liabilities							
Trade payables	13.883.896	13.883.896	13.883.896	-	-	-	-
Other payables	648.108	648.108	648.108	-	-	-	-
Current income tax liabilities	471.664	471.664	471.664	-	-	-	-
Debt provisions	496.803	496.803	-	-	-	-	496.803
Other liabilities	3.381.061	3.381.061	215.081	70.180	3.095.801	-	-
Provisions related employee benefits	1.362.317	1.362.317	-	-	-	-	1.362.317

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31.12.2014							
CONTRACT BASED CASH MATURITIES	Book value	Total of contract based cash outflow (=I+II+III+IV)	0-3 month (I)	3-12 months (II)	1-5 years (III)	5 - years (IV)	Demand deposit
Non-Derivative Financial Liabilities							
Financial liabilities	28.501.388	28.501.388	2.040.646	3.325.858	486.915	-	22.647.968
Financial leasing liabilities	4.542.959	4.542.959	656.950	1.861.859	2.024.149	-	-
Expected maturities							
Non-Derivative Financial Liabilities							
Trade payables	16.281.523	16.281.523	16.281.523	-	-	-	-
Other payables	510.874	510.874	510.874	-	-	-	-
Current income tax liabilities	-	-	-	-	-	-	-
Debt provisions	198.503	198.503	-	-	-	-	198.503
Other liabilities		11.645.181	1.040.291	557.901	10.046.989	-	-
Provisions related employee benefits	1.006.628	1.006.628	-	-	-	-	1.006.628

Currency Risk;

Foreign Currency Position Table - 31.12.2015	TL Equivalent (Functional Currency)	Dollar	Euro
1. Trade receivables	794,535	141,016	121,009
2a. Monetary financial assets (Cash, Bank accounts included etc.)	205	70	-
2b. Non-monetary financial assets	-	-	-
3. Other	766,257	263,536	-
4. Current Assets (1 +2 +3)	1,560,997	404,622	121,009
5. Trade payables	-	-	-
6a. Monetary financial liabilities	-	-	-
6b. Non-monetary financial assets	-	-	-
7. Other	-	-	-
8. Fixed Assets (5 +6 +7)	0	0	0
9. Total Assets (4 +8)	1,560,997	404,622	121,009
10. Trade Payables	42,809	14,723	-
11. Financial Liabilities	-	-	-
12a. Other monetary liabilities	(305)	-	(96)
12b. Other non-monetary liabilities	-	-	-
13. Short-Term Liabilities (10+11+12)	42,504	14,723	(96)
14. Trade Payables	-	-	-
15. Financial Liabilities	-	-	-
16 a. Other monetary liabilities	(305)	-	(96)
16 b. Other non-monetary liabilities	-	-	-
17Long-Term Liabilities (14+15+16)	(305)	0	(96)
18. Total Liabilities (13 +17)	42,199	14,723	(192)
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)	1,518,798	389,899	121,201
21. Monetary accounts net foreign Currency Asset / (Liability) Position (=1+2a+5+6a-10-11-12a-14-15-16a)	752,541	126,363	121,201
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	-	-	-

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Foreign Currency Position Table - 31.12.2014	TL Equivalent (Functional currency)	Dollar	Euro
1. Trade receivables	39,396	-	8,028
2a. Monetary financial assets (Cash, Bank accounts included etc.)	464	200	-
2b. Non-monetary financial assets	-	-	-
3. Other	9,872	-	3,500
4. Current Assets (1 +2 +3)	49,732	200	11,528
5. Trade payables	2782	1200	-
6a. Monetary financial liabilities	-	-	-
6b. Non-monetary financial assets	-	-	-
7. Other	-	-	-
8. Fixed Assets (5 +6 +7)	2,782	1,200	0
9. Total Assets (4 +8)	52,514	1,400	11,528
10. Trade Payables	6,582	1150	1,364
11. Financial Liabilities	-	-	-
12a. Other monetary liabilities	-	-	-
12b. Other non-monetary liabilities	-	-	-
13. Short-Term Liabilities (10+11+12)	6,582	1,150	1,364
14. Trade Payables	-	-	-
15. Financial Liabilities	-	-	-
16 a. Other monetary liabilities	-	-	-
16 b. Other non-monetary liabilities	-	-	-
17 Long-Term Liabilities (14+15+16)	-	-	-
18. Total Liabilities (13 +17)	6,582	1,150	1,364
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)	45,932	250	10,164
21. Monetary accounts net foreign Currency Asset / (Liability) Position (=1+2a+5+6a-10-11-12a-14-15-16a)	36,060	250	6,664
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	-	-	-

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Sensitivity analysis is done with the assumption that all variables are constant such as in the situations of depreciation or appreciation of TL by %10 against exchange rate and interest rates as from the date of 31.12.2015 and 31.12.2014.

31.12.2015	Gain / Loss	
	Foreign exchange appreciation	Foreign exchange appreciation
In case +/-10% fluctuation of USD rate:		
1- U.S. Dollar net asset / liability	118,658	(118,658)
2- Hedged portion from U.S. Dollar risk (-)		
3- U.S. Dollar Net Effect (1 +2)	118,658	(118,658)
In case +/-10% fluctuation of EURO rate		
4- EURO net asset / liability	41,465	(41,465)
5- Hedged portion from EURO risk (-)		
6- EURO Net Effect (4+5)	41,465	(41,465)
TOTAL (3+6)	160,123	(160,123)

31.12.2014	Gain / Loss	
	Foreign exchange appreciation	Foreign exchange appreciation
In case +/-10% fluctuation of USD rate:		
1- U.S. Dollar net asset / liability	267	(267)
2- Hedged portion from U.S. Dollar risk (-)		
3- U.S. Dollar Net Effect (1 +2)	267	(267)
In case +/-10% fluctuation of EURO rate		
4- EURO net asset / liability	2,872	(2,872)
5- Hedged portion from EURO risk (-)		
6- EURO Net Effect (4+5)	2,872	(2,872)
TOTAL (3+6)	3,139	(3,139)

28. Events Occurring After The Balance Sheet Date

As a result of the transactions operated by Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri Ve İnşaat Taahhüt A.Ş. within the frame of Repurchase Programme, 704,753 shares have been repurchased and the rate of these shares reached the limit of 2,94% as of 12.02.2016.