

**Lokman Hekim Engurusag Health, Tourism, Education Services and
Construction Contractor Inc. and Its Subsidiaries**

Condensed Consolidated

Financial Statements for

The Period Ended 30 September 2013

To The Shareholders and Board of Directors of

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

Introduction

We have reviewed the accompanying consolidated balance sheet of Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş. and its subsidiaries (Collectively referred to as “the Group”) as of September 30,2013 and related statement of consolidated income, consolidated statement of comprehensive income, consolidated statement of changes in shareholder’s equity and consolidated statement of cash flow for the three months period ended. The Group Management is responsible for the preparation of those condensed interim consolidated financial statements in accordance with financial reporting standards issued by Capital Market Board. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with standards on auditing issued by Capital Market Board. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with standards on auditing issued by Capital Market Board and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that condensed interim consolidated financial statements are prepared, in all material respect, in accordance with financial reporting standards issued by Capital Market Board.

22.11.2013, Ankara

REFERANS BAĞIMSIZ DENETİM VE DANIŞMANLIK A.Ş.

Principal Auditor in Charge

30 September 2013 Period Consolidated Financial Statements Notes of
Lokman Hekim Engurusag Health, Tourism, Education Services and Construction Contractor Inc.
(Currency – Turkish Lira “TL” unless otherwise expressed)

	Notes Number	30.09.2013	31.12.2012
Current Assets		36.774.221	31.895.569
Cash and cash equivalents	[4]	1.860.417	2.212.721
Trade receivables	[6]	20.772.361	19.614.970
-Due from related parties		20.025	16.497
-Other		20.752.336	19.598.473
Other receivables	[7]	467.746	12.386
Inventories	[8]	7.281.380	5.128.973
Prepaid expenses	[16]	5.558.881	3.581.442
Assets related with current tax period	[16]	16	253.300
Other current assets	[16]	833.420	1.091.777
- Due from related parties		0	24.891
-Other		833.420	1.066.886
Non-Current Assets		83.970.804	55.795.108
Other receivables	[7]	35.051	30.827
Biological assets	[9]	2.585.000	2.338.000
Property, plant and equipment	[10]	72.300.669	44.421.647
-Finance lease		7.070.110	3.989.764
-Other		65.230.559	40.431.883
Intangible assets	[11]	8.461.437	8.345.857
-Royalties	[12]	1.969.390	1.969.390
-Other non-current assets		6.492.047	6.376.467
Prepaid expenses	[16]	588.647	658.777
TOTAL ASSETS		120.745.025	87.690.677
Short-Term Liabilities		50.010.406	34.969.451
Short-term borrowings	[5]	16.459.855	9.995.688
The short term portions of the long term borrowings	[5]	9.386.586	5.322.399
Trade payables	[6]	12.032.987	11.195.773
-Due to related parties		1.274.119	1.420.617
-Other		10.758.868	9.775.156
Due to the scope of benefits provided to employees	[16]	3.831.812	3.273.978
Other liabilities	[7]	1.440.837	1.208.907
-Due to related parties		1.363.783	1.201.923
-Other		77.054	6.984
Deferred revenue		181.270	61.342
Short-term provisions	[13]	178.503	109.833
-Other short-term provisions		178.503	109.833
Other short-term liabilities	[16]	6.498.556	3.801.531
Long-Term Liabilities		9.849.330	10.921.490
Long-term borrowings	[5]	4.794.625	8.396.471
Deferred revenue		2.446.124	1.723.025
Long-term provisions		702.621	434.502
-Provisions related with benefits provided to employees		702.621	434.502
Deferred tax liability	[24]	1.905.960	367.492
Equity		60.885.289	41.799.736
Parent Company Equity		59.532.942	39.617.099
Share capital	[17]	16.000.000	16.000.000
Share premium	[17]	7.694.861	7.694.861
Unrecoverable accumulated revenues and expenses		28.697.810	7.703.171
-Increasing in valuation of assets	[17]	29.062.701	7.855.933
-Identified benefits plan and remeasurement of gain and (loss)		-364.891	-152.762
Recoverable accumulated revenues and expenses		-19.455	0
-Foreign currency conversion adjustments		-19.455	0
Legal reserve	[17]	748.826	577.588
Previous years profits / losses	[17]	5.470.242	2.274.179
Net income (loss) for the period		940.658	5.367.300
Minority interest	[17]	1.352.347	2.182.637
TOTAL LIABILITIES AND EQUITY		120.745.025	87.690.677

30 September 2013 Period Consolidated Financial Statements Notes of
Lokman Hekim Engurusag Health, Tourism, Education Services and Construction Contractor Inc.
(Currency – Turkish Lira “TL” unless otherwise expressed)

COMPREHENSIVE INCOME STATEMENT	Notes Number	01.01.2013 30.09.2013	01.01.2012 30.09.2012	01.07.2013 30.09.2013	01.07.2012 30.09.2012
Sales	[18]	79.482.756	71.762.699	27.084.314	23.306.466
Cost of sales (-)	[18]	<u>(73.624.685)</u>	<u>(57.210.596)</u>	<u>(29.525.439)</u>	<u>(21.053.387)</u>
Gross profit		5.858.071	14.552.103	(2.441.125)	2.253.079
Marketing, sales and distribution (-)	[19]	(626.590)	(430.735)	(174.472)	(124.784)
Operating expenses (-)	[19]	(2.342.073)	(1.947.351)	(610.918)	(624.912)
Other revenues and profits	[20]	1.786.415	1.731.637	1.476.391	819.093
Other expenses and losses (-)	[21]	(1.666.959)	(5.016.827)	2.295.875	(1.373.658)
-Idle capacity		<i>(1.048.395)</i>	<i>(3.377.128)</i>	<i>2.417.254</i>	<i>(1.522.154)</i>
-Other		<i>(618.564)</i>	<i>(1.639.699)</i>	<i>(121.379)</i>	<i>148.496</i>
Operating profit (loss)		3.008.864	8.888.827	545.751	948.818
Financial revenues	[22]	633.188	721.734	118.426	186.459
Financial expenses (-)	[23]	<u>(3.143.578)</u>	<u>(2.636.973)</u>	<u>(1.195.841)</u>	<u>(696.401)</u>
Before tax profit (loss)		498.474	6.973.588	(531.664)	438.876
Tax income (expenses)		(475.354)	(1.436.247)	(441.238)	(136.847)
Tax expense	[24]	0	(293.071)	0	92.502
Deferred tax income (expenses)	[24]	<u>(475.354)</u>	<u>(1.143.176)</u>	<u>(441.238)</u>	<u>(229.349)</u>
NET INCOME		23.120	5.537.341	(972.902)	302.029
Earnings per share	[25]	0,001445	0,346084	-0,060806	0,119622
Distribution of Net Income		23.120	5.537.341	-972.902	302.029
Minority interest	[17]	-917.538	1.213.457	-216.418	-56.360
Parents interest		940.658	4.323.884	-756.484	358.389
Other Comprehensive Income Statement		01.01.2013 30.09.2013	01.01.2012 30.09.2012	01.07.2013 30.09.2013	01.07.2012 30.09.2012
NET PROFIT (LOSS)		23.120	5.537.341	(972.902)	302.029
Unrecoverable accumulated revenues and expenses		20.994.639	0	(154.206)	0
Increasing/Decreasing in valuation of assets		22.322.914	0	0	0
Identified benefits plan and remeasurement of gain and (loss)		(265.161)	0	(192.757)	0
Tax related with unrecoverable accumulated revenues and expenses		(1.063.114)	0	38.551	0
Recoverable accumulated revenues and expenses		(19.455)	0	(13.407)	0
Changes in foreign currency conversion adjustments		(19.455)	0	(13.407)	0
Other Comprehensive Income(After Tax)		20.975.184	0	(167.613)	0
Total Comprehensive Income		20.998.305	5.537.341	(1.140.514)	302.029

	Notes Number	Share Capital	Share Premium	Unrecoverable Accumulated Revenues and Expenses(Comprehensive)		Recoverable Accumulated Revenues and Expenses(Comprehensive)		Accumulated Profits			TOTAL
				Unrecoverable Accumulated revenues and expenses	Identified Benefits Plan and Remeasurement of Gain and (Loss)	Foreign Currency Conversion Differences	Legal Reserves	Previous Years Profits/Losses	Net Income(loss) For The Period	Minority Shares	
01.01.2012		16.000.000	7.694.861	7.855.933	0	0	577.588	1.171.088	1.108.830	638.026	35.046.326
Adjustments about changes in Accounting Policy					-50.628				50.628		0
Period income by transfer								1.108.830	-1.108.830		0
Through consolidation								-5.739		404.595	398.856
Minority interest	[18]									22.664	22.664
Net income (loss)									4.273.256	1.213.457	5.486.713
30.09.2012		16.000.000	7.694.861	7.855.933	-50.628	0	577.588	2.274.179	4.323.884	2.278.742	40.954.559
01.01.2013		16.000.000	7.694.861	7.855.933	0	0	577.588	2.274.180	5.172.680	2.224.494	41.799.736
Adjustments about changes in Accounting Policy					-152.762				194.619	-41.857	0
01.01.2013(re-arranged)		16.000.000	7.694.861	7.855.933	-152.762	0	577.588	2.274.180	5.367.299	2.182.637	41.799.736
Changes in valuation of assets	[17]			21.206.768							21.206.768
Foreign currency conversion differences						-19.455					-19.455
Identified benefits plan and remeasurement of gain and (loss)					-212.129						-212.129
Period income by transfer							171.238	5.196.061	-5.367.299		0
Dividend								-2.000.000			-2.000.000
Through consolidation										87.249	87.249
Net income (loss)									940.658	-917.538	23.120
30.09.2013		16.000.000	7.694.861	29.062.701	-364.891	-19.455	748.826	5.470.241	940.658	1.352.348	60.885.289

30 September 2013 Period Consolidated Financial Statements Notes of
Lokman Hekim Engurusag Health, Tourism, Education Services and Construction Contractor Inc.
(Currency – Turkish Lira “TL” unless otherwise expressed)

	Notes Number	01.01.2013 30.09.2013	01.01.2012 30.09.2012
A. Cash Flows from Operating Activities		2.411.758	6.757.868
Cash inflow from operating activities		77.335.560	62.362.937
Sales	[18]	78.928.869	69.017.385
Change in trade receivables	[7]	(1.593.309)	(6.654.448)
Cash outflow from operating activities		(75.651.443)	(59.344.955)
Cost of sales	[18]	(71.396.709)	(58.523.312)
Change in inventory	[9]	(2.152.407)	(2.117.675)
Change in trade payables	[7]	866.336	3.674.118
Cash outflows from operating expenses	[19]	(2.968.663)	(2.378.086)
Cash flow from operating activities		1.684.117	3.017.982
Cash flow from other activities		727.641	3.739.886
Cash inflows from other income and revenue	[20]	1.686.501	1.111.874
Cash outflows from other expenses and losses	[21]	(1.509.050)	(580.137)
Cash inflows from financial revenues	[22]	358.981	721.734
Cash outflows from financial expenses	[23]	(2.635.552)	(2.420.690)
Changes in operating assets and liabilities	[8,15]	2.959.327	5.200.176
Tax Payments	[24]	(132.566)	(293.071)
B. Cash Flows From Investing Activities		(9.437.416)	(3.050.945)
Cash inflows from investing activities		220.505	234.287
Selling of fixed assets	[10,11]	220.505	234.287
Cash outflows from investing activities		(9.657.921)	(3.285.232)
Acquisition of fixed assets	[10,11]	(9.657.921)	(3.285.232)
C. Cash Flows From Financing Activities		6.673.354	(2.937.249)
Cash inflows from financial activities		12.201.476	1.677.608
Capital payments of minority interest	[6]	10.464.616	0
Cash inflows from long-term financial liabilities	[6]	1.736.860	0
Minority capital payments		0	1.256.088
Cash outflows from financial activities		0	421.520
Cash outflows from short-term financial liabilities	[6]	(5.528.122)	(4.614.857)
Cash outflows from long-term financial liabilities	[6]	(189.416)	(1.428.614)
Paid dividend		(5.338.706)	(3.095.704)
Changes in financial leasing liabilities	[6]	0	(90.539)
D. Effects of Currency Differences on Cash and Cash Equivalents			
E. Cash Flow From Operating Activities		(352.304)	769.674
F. Cash and Cash Equivalents at the Beginning of the Period	[3]	2.212.721	1.468.359
G. Cash and Cash Equivalents at the End of the Period	[3]	1.860.417	2.238.033

1. Company's Organization and Main Activity

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 sale of medical stuff and procurement of medical equipment. Company is in service with two different hospitals which are “Özel Lokman Hekim Etlik Hospital” and “Özel Lokman Hekim Sincan Hospital”.

Company obtained building license to build area of residence and trading at an area of 500m2 which is at the boundary of BAĞLICA Mahallesi in the district of ETİMESGUT in the province of ANKARA. 70 percent of the project under consideration as a residence area and 30 percent of it a trading area is planned. The cost of this construction is envisioned as 15000000 TL.

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

Şirket'in kayıtlı adresi General Tevfik Sağlam Caddesi No: 119 Etlik/Ankara'dır.

Ana ortaklığın sermaye ve ortaklık yapısı aşağıdaki gibidir;

	30.09.2013		31.12.2012	
	TL	%	TL	%
A Grubu	128.805	0,81	128.805	0,81
B Grubu	15.871.195	99,19	15.871.195	99,19
Total	16.000.000	100	16.000.000	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 settled 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 A category 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(%)	
		30.09.2013	31.12.2012
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	Livestock, Dairy	73.62	73.62
Engürüsağ Genel Ticaret Ltd. Şti. (Erbil-Iraq)(*)	Health	70,00	-

*Necessary legal process continues for acquisition of 25% of shares of Engürüsağ Genel Ticaret Ltd Şti, after acquisition completed the Group's shareholding ratio is going to be 95%.

Lokman Hekim Etlik Hospital:

5 floor hospital building which is on the indoor area of 2.900m² in the district of Etlik in Ankara, has been rented for 15 years in 1999. 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.

Moreover, the hospital is graded in the highest score interval (601-1000) for 2012 in the scope of “Health Quality Standards” which is made by T.R. Ministry of Health for evaluation of service quality .

Lokman Hekim Sincan Hospital:

8 floor hospital building with 17.482 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 183 beds (on 31.12.2012 there were 164 beds).

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

Furthermore, the hospital got a top score (Between 601 – 1000) from the “Health Quality Standard” test run by Ministry of Health which is performed every year. The hospital is also supporting the Baby Friendly Hospital Project organised by Ministry of Health and UNICEF on 12.07.2010 and rewarded with Baby Friendly Hospital Certificate.

Lokman Hekim Van Hospital:

The 9 floor hospital building in Van city centre with 13.500 m² indoor area is rental. The hospital has 4 operating room, 12 general intensive care beds, 3 beds for intensive care for cardiology department, 10 coronary rooms, 48 newborn intensive care incubators, 9 beds for child intensive care and 107 patient beds with a total capacity of 189 beds. (on 31.12.2012 there were 163 beds).

The hospital got a top score (Between 601 – 1000) from the “Health Quality Standard” test run by Ministry of Health which is performed every year. Moreover, the hospital is stepped up to B level hospital (with a score of 601 – 800) at the end of 2011 after the evaluation by Social Security Institution for Private Hospitals and Private University Hospitals

Lokman Hekim Hayat Hospital:

The hospital which is In Van and has 6.000 m² indoor area has 35 bed capacity. The hospital has 3 general intensive care beds, 2 newborn intensive care incubator, 2 operating room and 2 delivery room. 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.

Laboratories

The lab centres 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 Paediatric, Child Neurology, Dermatology, Physical Med and Rehabilitation, Gastroenterology, General Surgery, Pulmonology, Eye Diseases, Internal Diseases, Gynaecological Diseases and Delivery, Cardiology, Cardiovascular Surgery, Otorhinolaryngology, Neurology, Nephrology Orthopaedics and Traumatology, Medical Oncology, IVF Unit, Urology, Dental Services

Personnel;

Position	30.09.2013	31.12.2012
Doctor	165	150
Health Services (Nurse, ATT, Health Officer, Health Tech., Pharmacist, Dietician etc.)	491	375
Health Support Services (Health Support Personnel, Patient Relations)	339	301
Management Support Service	268	270
Management	63	62
Total	1.326	1.158

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 31.03.2013, 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).

The consolidated financial statements are prepared in accordance with the historical cost basis records for the purpose of fair presentation in accordance with CMB Financial Reporting Standards.

2.1.2. Consolidation Principles:

Company	Principle Activity	Participation Rate(%)	
		30.09.2013	31.12.2012
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	Livestock, Dairy	73.62	73.62
Engürüsağ Genel Ticaret Ltd. Şti. (Erbil-Iraq)	Health	70,00	-

Included in the accompanying consolidated financial statements by full consolidation method

Consolidation Method

- Consolidated balance sheets and income statement items of the partnerships are consolidated through adding up to each other. Book values of the shares owned by Main Partnership in consolidated subsidiaries are set off from the shareholders’ equity accounts of the subsidiary.
- Receivables and payables , sale of good and services and income and loss items resulting from the transactions between the partnerships from each other which are within the scope of consolidation are set off.
- Tangible and intangible assets purchased between the partnerships which are subject to consolidation method are presented in the consolidated balance sheet through their costs of acquisition after the necessary adjustments are made.
- 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 royalty or negative royalty 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 22.11.2013. 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 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 Group applied new and revised standards which are published by Public Oversight (“KGK”) in the current period and related to its field of business.

2.2. 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.

Correction of prior period financial statements and comparative information

IAS 19 - Employee benefits related to employee benefits as part of changes in the standard of actuarial gains / losses are recognized in equity. This application for annual periods beginning on or after 1 January 2013 and applies retroactively applied to the application. The company, the cost of services sold in the income statement at 30 June 2012 amounting to TL 31,369 pre-tax actuarial gains accounted / loss in other comprehensive income classified. Company statement of financial position as at 31 December 2012 amounting to TL 152,762 demonstrated in net profit after tax actuarial gains / loss on the statement of financial position at the "Defined Benefit Plans Re-measurement gains / (losses)" in the classified.

The company changed its normal capacity from 85% to 65% in the current period because its actual capacity continuously remained below from this rate. As a result of this change, the period in 01.01.2013 – 30.06.2013 idle capacity cost was 3.465.469TL, but in the current period this cost is realized as 1.048.395TL.

Capital Markets Board of Turkey (SPK) issued financial statement samples and user guide at the date of 07.07.2013 and in the 20/670. meeting for the financial market institutions which is covered in Principles of Financial Reporting in Capital Markets Notifications, after the interim period of March 31,2013. According to this enacted methods, various classifications are made in the consolidated financial statement, consolidated profit/loss and other comprehensive income statement.

2.3. Summary of Important Accounting Policies

2.3.1. 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.

2.3.2. 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.

In the previous period, normal capacity was accepted 85% for all the Group. But Sincan Branch is constantly remain below this rate so in the current period normal capacity is set as 65%.

Fixed costs of services cannot be added to the costs of inventory due to the low capacity or idle capacity. Fixed general production costs which cannot be distributed are reported in the period they occurred under other costs or losses section in the comprehensive income statement.

Under this frame, normal capacity of Lokman Hekim Etlik Hospital is 65% and used capacities and fixed costs of production per this capacity for the Lokman Hekim Sincan Hospital is as follows;

Lokman Hekim Sincan	01.01.2013 30.09.2013	01.01.2012 31.12.2012
Normal Capacity	65,00%	85,00%
Actual Capacity	60,09%	62,13%
Idle Capacity	4,91%	22,87%
Sum of Fixed Costs	21.337.805	21.610.030
Undistributed Costs	1.048.395	4.942.214

2.3.3. 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.

2.3.4. 2.3.4. 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. When the 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.

Buildings	50 Years
Machinery, Plants and Equipment	5–20 Years
Vehicles	5 Years
Fixtures	2–20 Years
Assets Purchased Through Lease	5–15 Years
Other Non-Tangible Fixed Assets	5–20 Years

2.3.5. Non-Tangible Fixed Assets

Non-tangible 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.

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.

2.3.6. Royalty

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 royalty 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 royalty are reflected to the consolidated financial statements with their fair values. Royalties 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 royalty 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 royalty 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 royalty is calculated in such mergers. Moreover, transactions occurred during legal mergers are subject to adjustment process during the preparation of consolidated financial statements.

2.3.7. 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.

2.3.8. 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.

2.3.9. Benefits for Employees / 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.

2.3.10. 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.

2.3.11. 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:

- Afşar Matbaacılık; Owners of the company are shareholders of Lokman Hekim A.Ş.. Goods or services are purchased in the current period.
- Bartek Bilgisayar; Owners of the company are shareholders of Lokman Hekim A.Ş.. No transaction in the current period.
- Bilgen İnşaat Konf. Taahhut Tic Ltd. Şti. ; Owners of the company are shareholders of Lokman Hekim A.Ş.. No transaction in the current period.
- Çetin Matbaacılık; Şirketin sahipleri Owners of the company are shareholders of Lokman Hekim A.Ş.. No transaction in the current period.
- Lokman Hekim Tıbbi Hizmetler Tic. Ltd. Sti. ; Owners of the company are shareholders of Lokman Hekim A.Ş.. Services or goods are purchased in the current period.
- Özdemir İnşaat; Owners of the company are shareholders of Lokman Hekim A.Ş.. Goods or services are purchased in the current period.

- Pozitron Sağlık Hizmetleri San.ve Tic. Ltd. Şti. ; Owners of the company are shareholders of Lokman Hekim A.Ş.. Services or goods are purchased in the current period.
- Şekerciler Gıda Tic.Ltd.Şti. ; Owners of the company are shareholders of Lokman Hekim A.Ş.. Goods or services are purchased in the current period.
- Kardiyotek Ltd. Şti.; Owners of the company are shareholders of Lokman Hekim A.Ş..
- Akgül Grup Gıda Ltd. Şti; Owners of the company are shareholders of Lokman Hekim A.Ş.. Goods or services are purchased and sold in the current period.
- Koç Medikal; Owners of the company are shareholders of Lokman Hekim A.Ş.. Goods or services are purchased and sold in the current period.
- B Ajans Medya Yayın ve Org. San. Tic.Ltd. Şti.; Owners of the company are indirectly the shareholders of Lokman Hekim A.Ş. Goods or services are purchased in the current period.
- Özkanlar Paz.İth. İhr. Gıda Mad. Tic. Ltd. Şti.; Owners of the company are the shareholders of Lokman Hekim A.Ş.
- Medisina Sağlık A.Ş.; Owners of the company are the shareholders of Lokman Hekim A.Ş.. Goods or services are purchased in the current period.
- Özer Yapı Vizyon Ltd. Şti. ; Owners of the company are the shareholders of Lokman Hekim A.Ş.

2.3.12. 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.

2.3.13. 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.

In Turkey companies, can increase their owners' equity by distributing accumulated profits arise from inflation adjustments with shares (free) to their existing stockholders.

2.3.14. 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.

2.3.15. 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.

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.

2.3.16. 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 30.09.2013 and 31.12.2012 reports are as follows

	<u>30.09.2013</u>	<u>31.12.2012</u>
Dollar	2,0342	1,7826
Euro	2,7484	2,3517
SDR (Islam Dinar)	3,1208	2,7536

2.3.17. 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 Segment

	<u>01.01.2013 - 30.09.2013</u>		<u>01.01.2012 30.09.2012</u>	
	<u>Tutar</u>	<u>%</u>	<u>Tutar</u>	<u>%</u>
Sales of Services(Etlik)	17.385.214	22,89	16.289.338	23
Sales of Services(Sincan)	32.240.891	42,44	33.019.835	47
Sales of Services(Van)	25.241.636	33,23	21.663.135	30
Sales of Services(Hayat)	998.092	1,31	-	-
Sales of Services(Erbil)	98.045	0,13		
Total Sales	75.963.878	100	70.972.308	100

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	01.01.2013 - 30.09.2013		01.01.2012 30.09.2012	
	Tutar	%	Tutar	%
Sales to SGK	56.762.343	74,72	51.982.560	73
Other Sales	19.201.535	25,28	18.989.748	27
Total Sales	75.963.878	100	70.972.308	100

	01.01.2013 - 30.09.2013		01.01.2012 30.09.2012	
	Tutar	%	Tutar	%
Health Revenue	75.963.878	95,57	70.972.308	99
Construction Revenue	1.383.525	1,74	-	-
Livestock and Dairy	2.135.353	2,69	790.391	1
Total Sales	79.482.756	100	71.762.699	100

	30.09.2013		31.12.2012	
	Tutar	%	Tutar	%
Receivable from SGK (*)	19.155.352	84,91	17.870.783	85,15
Other Receivable	3.405.556	15,09	3.116.841	14,85
Total Receivable	22.560.908	100	20.987.624	100

Revenue according to types of treatment is like below;

	01.01.2013 - 30.09.2013			01.01.2012 - 30.09.2013		
	Number of Patients	Net Sales TL	Net Sales %	Number of Patients	Net Sales TL	Net Sales %
Outpatient	524.346	34.208.997	45	578.312	36.323.628	51
Inpatient	34.964	41.754.881	55	13.484	34.648.681	49
Total	633.882	75.963.878	100	591.796	70.972.308	100

Net profit on sales cannot be determined because of not clearly separating of cost by types of treatment.

Social Security Institution (SSI) is the largest customer of the company. In the current period, 84.91% of sales (30.09.2012: %72,46) are realized to SSI. At the end of the period, 84.91% of receivables (31.12.2012: 85.15%) again consist from this institution.

4. Cash and Cash Equivalents

	30.09.2013	31.12.2012
Cash	199.319	131.671
Banks	745.839	773.012
Credit Cards	915.259	1.308.038
Total	1.860.417	2.212.721

Average maturity of receivables from credit cards is 20 days. (31.12.2012 – 40 days)

5. Financial Liabilities

	30.09.2013	31.12.2012
Short-Term Financial Liabilities		
Short-Term Loans	14.598.481	9.422.049

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The short term portions of the long term borrowings

	9.386.586	5.334.899
Financial Leasing(Net)	1.861.374	561.139
- Leasing payables	2.234.904	745.253
- Interest payables of deferred lease cost	-373.530	-184.114
Total	25.846.441	15.318.087

<u>Long-Term Financial Liabilities</u>	<u>30.09.2013</u>	<u>31.12.2012</u>
Bank Loans	2.085.854	7.317.869
Financial Leasing(Net)	2.708.771	1.078.602
- Leasing payables	2.962.42	1.225.582
- Interest payables of deferred lease cost	-253.671	-146.980
Total	4.794.625	8.396.471

There is recognizance of company's partners on all the current credits.

<u>Bank Loans</u>	<u>30.09.2013</u>	<u>31.12.2012</u>
0 - 3 month	2.486.249	511.115
3 - 12 month	8.520.159	5.947.833
1 - 5 years	2.085.854	7.317.869
Undated	12.978.659	8.298.000
Total	26.070.921	22.074.817

<u>Leasing(Rent Payments)</u>	<u>30.09.2013</u>	<u>31.12.2012</u>
0 - 3 months	499.810	187.764
3 - 12 months	1.735.094	557.489
1 - 5 years	2.962.442	1.225.582
Total	5.197.346	1.970.835

207.765 TL of leasing payments is in EURO terms. (31.12.2012 – 157.132 TL of it is in EURO)

Mortgage and back bonds are given valued at 45.303.259 TL for credits. (31.12.2012 – 49.883.259 TL)

Credit details are like below;

Name of Bank	Currency	Amount	Interest Rate	30.09.2013
Türkiye Kalkınma Bankası A.Ş.	İslam Dinarı	855.764	% 8,0	2.670.669 TL
Türkiye Kalkınma Bankası A.Ş.	TL	2.202.138	% 12,5	2.202.138 TL
T.C Ziraat Bankası A.Ş.	TL	9.093.183	% 10,4	8.673.891 TL
Albaraka Türk Katılım Bankası A.Ş.	TL	1.321.030	% 12,4	1.321.030 TL
Halk Bankası A.Ş.	TL	3.015.000	% 9,25	3.015.000 TL
Türkiye Vakıflar Bankası T.A.O.	TL	3.813.646	% 9,25	3.813.646 TL
Türkiye İş Bankası A.Ş.	TL	2.700.000	% 9,75	2.700.000 TL
T. Finans Bankası	TL	158.972		158.972 TL
T.C Ziraat Bankası Faizsiz Kredi	TL	1.515.575		1.515.575 TL
Total				26.070.921 TL

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Name of Bank	Currency	Amount	Interest Rate	31.12.2012
Türkiye Kalkınma Bankası A.Ş.	İslam Dinarı	1.289.891	% 8,0	3.551.844 TL
Türkiye Kalkınma Bankası A.Ş.	TL	2.950.906	% 12,5	2.950.906 TL
T.C Ziraat Bankası A.Ş.	TL	4.716.372	% 10,3	4.716.372 TL
Albaraka Türk Katılım Bankası A.Ş.	TL	3.792.120	% 12,4	3.792.120 TL
Halk Bankası A.Ş.	TL	2.100.000	% 10,2	2.100.000 TL
Türkiye Vakıflar Bankası T.A.O.	TL	3.398.000	% 6,2	3.398.000 TL
Ziraat Bankası Faizsiz Kredi	TL	1.565.575		1.565.575 TL
Total				22.074.817

6. Trade Receivables / Payables

	30.09.2013	31.12.2012
Trade Receivables	21.259.039	19.880.576
Notes Receivable	82.329	35.130
Rediscount	-569.007	-300.736
Doubtful trade receivables	1.239.565	1.071.918
Provision for doubtful trade receivables	-1.239.565	-1.071.918
Total	20.772.361	19.614.970

The interest rate that is used for discounting the receivables is %11 (31.12.2012 - %10). 20.025 TL of trade payables consist of trade receivables from parties (31.12.2012 – 16.497 TL).

Current term transactions of doubtful receivables is like below and provision is made for all of it.

	30.09.2013	31.12.2012
Beginning	1.071.918	865.114
Fair Will	0	-214.919
Collections / Cancelation	0	32.074
Additions	167.647	389.649
End of Term	1.239.565	1.071.918

Company's receivables on the basis of big receivables are like below

	30.09.2013		31.12.2012	
	Tutar	%	Tutar	%
Receivables from SGK (*)	19.155.352	84,91	17.870.783	85
Other receivables	3.405.556	15,09	3.116.841	15
Total Receivables	22.560.908	100	20.987.624	100

*1.086.178 TL of provisions which is separated for doubtful receivables are provisions which is separated for receivables from SGK (31.12.2012 – 886.524 TL).

	30.09.2013	31.12.2012
Trade payables	7.366.583	6.315.971
Other trade payables	4.900.551	5.084.827
Rediscount	-234.147	-205.025
Total	12.032.987	11.195.773

The interest rate that is used for discounting the payables with interim payments is %11 (31.12.2012 - %10).
995.472 TL of trade payables (31.12.2012 – 1.133.258 TL), 278.647 TL of note payables (31.12.2012– 287.359 TL)
are debts to related parties.

7. Other Receivables / Other payables

Other Receivables Short-Term	30.09.2013	31.12.2012
Depositos and guarantees given	34.666	12.370
Receivables from related parties	-	-
Receivables from personnel	-	-
Sundry receivables	433.080	16
Total	467.746	12.386

Other Receivables Long-Term	30.09.2013	31.12.2012
Depositos and guarantees given	35.051	30.827
Total	35.051	30.827

Other Payables Short-Term	30.09.2013	31.12.2012
Depositos and guarantees received	6.984	6.984
Due to shareholders	1.138.128	984.627
Sundry payables	295.725	217.296
Total	1.440.837	1.208.907

8. Inventories

	30.09.2013	31.12.2012
Medical inventories	1.813.025	1.584.278
Financial expenses	-53.060	-63.795
Feedstocks	219.220	563.456
Housing constructions (*)	5.302.195	3.045.034
Total	7.281.380	5.128.973

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 52.869 TL in the current stocks is reported in the financial expenses. (31.12.2012 – 63.795 TL)

*Company obtained building license to build area of 5.413 m2 which is at the boundary of BAĞLICA Mahallesi in the district of ETİMESGUT in the province of ANKARA (77 3+1 flats, 137 1+0 flats, and 4 shops). 70 percent of the project under consideration as a residence area and 30 percent of it as a trading area is planned. The cost of this construction is envisioned as 15.000.000 TL.

9. Biological Assets

Biological Assets	30.09.2013	31.12.2012
Book Value	2.042.995	1.909.103
Changes in the fair value	542.005	428.897
Total	2.585.000	2.338.000

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Biological assets are recorded with its cost value firstly. At the end of each report period, it is evaluated on the basis of fair value. In the current period, the basis of the fair value increased 113.108 TL. (31.12.2012: 45.831 TL)

10. Tangible Assets

Tangible Assets	01.01.2013	Addition	Disposals	Valuation	30.09.2013
Lands	4.194.000	100.000		7.972.000	12.266.000
Buildings	22.052.013			12.802.483	34.854.496
Property, plant and equipment	10.848.377	152.424			11.000.801
Vehicles	411.008	88.033	-85.012		414.030
Furniture and fittings	11.729.569	4.395.422			16.124.991
Finance lease	6.276.193	3.824.841			10.101.034
Other fixed assets	546.105	9.697			555.802
Ongoing Investments		47.753			47.753
Total	56.057.265	8.618.170	-85.012	20.774.483	85.364.906
Depreciation	01.01.2013	Addition	Disposals	Valuation	30.09.2013
Buildings	-1.319.144	-343.860		1.548.432	-114.572
Property, plant and equipment	-3.006.637	-669.196			-3.675.833
Vehicles	-132.131	-39.459	70.809		-100.782
Furniture and fittings	-4.640.929	-1.207.091			-5.848.020
Finance lease	-2.286.429	-744.495			-3.030.924
Other fixed assets	-250.346	-43.759			-294.106
Toplam	-11.635.616	-3.047.860	70.809	1.548.432	-13.064.236
Net Value	44.421.648				72.300.669

Tangible Assets	01.01.2012	Addition	Disposals	Valuation	31.12.2012
Lands	4.194.000	-	-	-	4.194.000
Buildings	22.016.443	35.570	-	-	22.052.013
Property, plant and equipment	9.872.478	1.211.185	-235.285	-	10.848.378
Vehicles	321.938	191.130	-102.061	-	411.007
Furniture and fittings	9.437.239	2.310.840	-18.510	-	11.729.569
Finance lease	4.829.485	1.545.733	-99.026	-	6.276.192
Other fixed assets	503.706	42.398	0	-	546.104
Ongoing Investments	321.056			-	-
Total	51.496.345	5.336.856	-454.882	-	56.057.263

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Depreciation	01.01.2012	Addition	Disposals	Valuation	31.12.2012
Buildings	-860.961	-458.183	-	-	-1.319.144
Property, plant and equipment	-2.258.852	-850.354	99.274	-	-3.009.932
Vehicles	-113.238	-43.626	24.732	-	-132.132
Furniture and fittings	-3.428.336	-1.216.445	3.854	-	-4.640.927
Finance lease	-1.847.751	-459.040	23.656	-	-2.283.135
Other fixed assets	-200.213	-50.133	-	-	-250.346
Total	-8.709.351	-3.077.781	151.516	-	-11.635.616
Net Value	42.786.994				44.421.647

Amount of mortgages over land and buildings is 41.077.140 TL (31.12.2012 - 41.077.140 TL). Total amount of assurance of tangible assets is 100.510.000 TL (31.12.2012- 100.510.000 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

The Company has taken a value assessment report from Zirve Real Estate Inc. As of the date of 26.06.2013 in order to determine the real value of the lands and buildings.

In the valuation according to valuation report of Zirve Real Estate Inc. ,total value of land and buildings raised 21.206.768TL from the recent financial statement records.

11. Intangible Assets

Assets	01.01.2013	Addition	Disposals	30.09.2013
Special cost	1.521.766	742.789	-	2.264.555
Rights	5.368.240	-	-	5.368.240
Total	6.890.006	742.789	0	7.632.795
Depreciation	01.01.2013	Addition	Disposals	30.09.2013
Special cost	-410.398	-263.709	-	-674.107
Haklar	-103.141	-363.500	-	-466.641
Total	-513.539	-627.209	0	-1.140.748
Net Value	6.376.467			6.492.047

Assets	01.01.2012	Addition	Disposals	31.12.2012
Special cost	521.766	1.000.000	-	1.521.766
Rights	4.270.000	1.098.240	-	5.368.240
Total	4.791.766	2.098.240	0	6.890.006
Depreciation	01.01.2012	Addition	Disposals	31.12.2012
Special cost	-92.398	-318.000	-	-410.398
Rights	-32.056	-71.085	-	-103.141
Total	-124.454	-389.085	0	-513.539
Net Value	4.667.312			6.376.467

The amount appeared in Rights of 5.270.000 TL composes costs of doctor's staff.

12. Royalties

	30.09.2013	31.12.2012
Royalties	1.969.390	1.969.390

13. Provisions, Conditional Assets and Liabilities

Lawsuits and Provisions;

Lawsuits and Provisions; - 30.09.2013	Amount	Cover
Lawsuits to be filed by the Company, enforcement proceedings	199.013	-199.013
Company against claims arising from labor service	178.503	-178.503
The case against SGK	-1.488.654	-1.488.654
Lawsuits and Provisions; - 31.12.2012	Amount	Cover
Lawsuits to be filed by the Company, enforcement proceedings	188.039	-188.039
Company against claims arising from labor service	109.833	-109.833
The case against SGK	-883.879	-883.879

Contingent Liabilities;

Name	place of issue	30.09.2013	31.12.2012
Letter of collaterals	Başkent Elkt Dağ. A.Ş.	44.218 TL	44.218 TL
Letter of collaterals	Shell A.Ş.	40.000 TL	40.000 TL
Letter of collaterals	Enerjisa	60.000 TL	60.000 TL
Letter of collaterals	Altu Mimarlık	5.000 TL	5.000 TL
Checks of collaterals	Aksa Jeneratör	180.000 TL	180.000 TL
Letter of collaterals	Alternatif İnşaat A.Ş.	100.000 €	100.000 €
Surety Bonds Issued (Leasing)	Finans Leasing	211.627 €	-
Checks of collaterals	Siemens A.Ş.	50.000 €	-
Checks of collaterals	Siemens A.Ş.	42.336 €	-
Letter of collaterals	Siemens A.Ş.	0 TL	-
Letter of collaterals	Başkent Doğalgaz	258.000 TL	-
Surety Bonds Issued (Loan)	Kalkınma Bankası A.Ş.	3.375.104 TL	4.330.766 TL
Surety Bonds Issued (Loan)	Kalkınma Bankası A.Ş.	1.290.391 €	1.903.029 €
Mortgage (Loan)	Kalkınma Bankası A.Ş.	4.200.000 €	4.200.000 €
Mortgage (Loan)	Kalkınma Bankası A.Ş.	11.100.000 TL	11.100.000 TL
Mortgage (Loan)	Ziraat Bankası A.Ş.	11.250.000 TL	11.250.000 TL
Mortgage (Loan)	Türkiye Halk Bankası A.Ş.	4.030.000 TL	4.030.000 TL
Mortgage (Loan)	Vakıfbank A.Ş.	240.000 TL	240.000 TL
Total- TL		46.782.365	46.365.330

Contingent Assets;

Type	Place at Taken	30.09.2013	31.12.2012
Guarantee checks and bonds	Customer	1.759.000 TL	1.659.000 TL
Guarantee checks and bonds	Customer	-	-
Guarantee checks and bonds	Customer	47.810 €	47.810 €
Letter of collaterals	Customer	200.000 TL	200.000 TL
Total- TL		2.090.401	1.971.435

14. Commitments

	30.09.2013	31.12.2012
A CPM's given for companies own legal personality	46.782.365	46.365.330
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	46.782.365	46.365.330

The ratio of other CPMs issued by the company to the shareholders' equity of the company is %0. (31.12.2012 %0)

15. Benefits Provided to Employees

	30.09.2013	31.12.2012
Severance pay provision	436.074	297.572
Provisions for Days Off	266.547	136.930
Total	702.621	434.502

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. So that the termination indemnity is calculated on the retirement date at the time of balance sheet date. This amount is discount by %8 in accordance with the remaining time for retirement and net present value is calculated The rate of those who left their jobs without getting any termination indemnity is %88. Cap for termination indemnity is 3.254 TL (31.12.2012–3.034 TL).

Assumptions on the calculation of termination indemnity are as follows

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	30.09.2013	31.12.2012
Working period	F: 20years, M: 25 years	F: 20years, M: 25 years
Increase of wage	5%	4%
Not receive severance pay rate	87%	94%
Discount rate	8%	8%

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

	30.09.2013	31.12.2012
Beginning of the term	297.572	199.957
Payments	-265.757	-186.337
Interest cost	5.842	15.484
Period expense	133.256	112.380
Actuarial Gain / loss	265.161	156.088
End-of-period	436.074	297.572

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 for days off are given as below:

	30.09.2013	31.12.2012
Beginning of the term	136.930	131.668
Payments / Cancellations	-69.701	-14.019
Additional	199.318	19.281
End-of-period	266.547	136.930

16. Other Current – Non-Current Assets / Other Liabilities, Prepaid Expenses, Current Period Tax-Related Assets, Payables under Employee Benefits, Deferred Revenues

	30.09.2013	31.12.2012
Current Period Tax-Related Assets	16	253.300
Prepaid Taxes and Funds	16	253.300
Total	16	253.300

	30.09.2013	31.12.2012
Other Current Asset	699.726	1.036.107
Deferred VAT	128.734	44.008
Work advances	4.960	11.662
Advances to personnel	4.960	11.662
Total	833.420	1.091.777

6.621 TL of the advances given (31.12.2012– 24.000 TL), and 0 TL of the advances (31.12.2012– 891 TL) are related to the related parties.

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Other Liabilities -Short Term	30.09.2013	31.12.2012
Taxes and funds payable	1.733.986	897.686
Restructured, deferred tax liabilities (*)	3.983.767	2.105.956
Prepaid salary promotional contract revenue	115.730	221.398
Doctor premiums	665.073	576.491
Total	6.498.556	3.801.531

(*)All of the restructured, deferred tax liabilities are the deferred tax liabilities that were declared as force majeure by the Department of Revenue Administration because of the earthquake took place in city of Van in the date of 23.11.2011. The expiration date of Force majeure will be announced by the administration in the future.

Payables under Employee Benefits	30.09.2013	31.12.2012
Personnel Wage Accruals	2.867.375	2.467.233
Social security premiums	964.437	806.745
Total	3.831.812	3.273.978

Prepaid Expenses and Income Accruals	30.09.2013	31.12.2012
Advances given	2.070.766	770.824
Prepaid expenses	401.768	584.926
Unbilled service income accrual	3.086.347	2.225.692
Total	5.558.881	3.581.442

Prepaid expenses (long-term)	30.09.2013	31.12.2012
Prepaid expenses(*)	588.647	658.777
Total	588.647	658.777

*169.376TL consists from advance payment of administrative rent building.

Deferred Revenues	30.09.2013	31.12.2012
Advances received (Short-Term)	181.270	61.342
Advances received (long-term)(*)	2.446.124	1.723.025
Total	2.627.394	1.784.367

*Long term advances received consists of the continueing construction's in the Etimesgut-Bağlica.

17. Shareholder's Equity

Capital

	30.09.2013	31.12.2012
Capital	16.000.000	16.000.000
Paid in Capital	16.000.000	16.000.000

Capital of the company is 16.000.000 TL and consists of 16.000.000 shares each has 1 TL value. (31.12.2012 – Capital of the company is 16.000.000 TL and consists of 16.000.000 shares each has 1 TL value) Shareholders of the company and their capital contributions are specified under Footnote 1.)

Share Issuance Premiums;

	30.09.2013	31.12.2012
Share Issuance Premiums	8.709.225	8.709.225
Public offering expenses	-1.014.364	-1.014.364
Total	7.694.861	7.694.861

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.

The company offered its shares at an amount of 2.782.500 TL to public on 25.01.2011. Following public offering, the company gained share premium at an amount of 8.709.255 TL. 1.014.364 TL which has been burdened due to the offering of shares to public has been reported after deducting from share premiums gained.

Revaluation Funds:

Revaluation Funds	30.09.2013	31.12.2012
Revaluation fund on fixed assets	30.592.317	8.269.403
Effect of deferred tax	-1.529.616	-413.470
Total	29.062.701	7.855.933

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 taken a value assessment report from Zirve Real Estate Inc. for the land and buildings which include to tangible fixed assets. According to report, the real value of lands and buildings raised 21.206.768TL from value of recent financial statement records.

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

Defined Benefit Plans Re-measurement gains / (losses)	30.09.2013	31.12.2012
Beginning of the period	-190.952	0
Additions during the period	-265.161	-190.952
Deferred Tax	91.222	38.190
Total	-364.891	-152.762

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 exchange differences:

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

In exchange;

Asset items are converted to the functional currency with the exchange rates on the balance sheet.

Payables are converted to the functional currency with the exchange rates on the balance sheet,

Shareholders' equity is converted to the functional currency with the rate of date's exchange.

Income and expenses are exchanged to the functional currency with rates of the transaction date.

30.09.2013: 19.455TL (31.12.2012: None.)

Legal Reserves::

Restricted Reserves	30.09.2013	31.12.2012
Legal reserves of beginning of the period	577.588	539.002
Prior period earnings allocated from the legal reserve	171.238	38.586
Total	748.826	577.588

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. Second class legal reserves are reserved 1/10 of the dividend payments exceeding the %5 of the company's capital if the dividend is distributed according to CMB regulations and 1/11 of the dividend payments exceeding the %5 of the company's capital if dividend is distributed according to legal records. First and second class legal reserves do not distributed unless they exceed %50 of the total capital; however, in case provisional legal reserves are run out, they may be used to recompense the losses.

Profit from Previous Years;	30.09.2013	31.12.2012
Extraordinary reserves	985.042	225.266
- Beginning of the period	225.266	225.266
- Prior year income reserved	759.776	-
Prior year profit / loss	4.485.200	2.048.913
Total	5.470.242	2.274.179

In the 2012 General Assembly held on 28 May, it was decided to to distribute dividends the gross profit of 2,000,000 TL. (Gross per share is 0.125 TL)Dividend distribution has been completed on 03.06.2013.

Non-Controlling Shares;

Non-Controlling Shares	30.09.2013	31.12.2012
Minority shares	1.045.168	957.920
Minority shares in prior year's profit	1.224.717	107.365
Minority shares in period's profit / loss	-917.538	1.117.352
Total	1.352.347	2.182.637

18. Sales and Cost of Sales

	01.01.2013 30.09.2013	01.01.2012 30.09.2012
Sales of health care	75.963.878	70.976.708
Biological assets, milk sales	2.022.245	547.068
Biological assets value increases	113.108	238.923
Construction sales	1.383.525	-
	79.482.756	71.762.699
Total		
Cost of health care sales	-70.102.510	-56.115.536
Cost of biological assets and milk sales	-2.352.076	-1.095.060
Cost of construction sales	-1.170.099	-
	-73.624.685	-57.210.596
Total		
Gross Profit	5.858.071	14.552.103

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

	01.01.2013 30.09.2013	01.01.2012 30.09.2012
Fees and similar expenses	-39.335.985	-29.604.617
Raw materials and supplies	-20.249.799	-17.691.465
Depreciation and amortisation	-3.872.660	-2.133.429
Energy, fuel and water charges	-2.425.714	-2.566.080
Maintenance service expenses	-1.928.256	-1.671.945
Rent expenses	-2.546.630	-1.516.265
Publicity expenses	-145.222	-154.221
Other	-3.120.419	-1.872.574
	-73.624.685	-57.210.596
Total		

Late interest regarding to the stocks in the period at an amount of 210.563 is reported under financial costs. (30.09.2012– 225.913 TL). 1.048.395 TL portion of fixed general production costs is reported under other costs which could not be distributed due to idle capacity (30.09.2012–3.377.128TL).

19. Marketing, Sales and Distribution Costs, General Administrative Costs

	01.01.2013 30.09.2013	01.01.2012 30.09.2012
Marketing, sales and distribution expenses	-626.590	-430.735
Operating expenses	-2.342.073	-1.947.351
	-2.968.663	-2.378.086
Total		

	01.01.2013 30.09.2013	01.01.2012 30.09.2012
Marketing, sales and distribution expenses	-622.360	-419.787
Advertising Expenses	-4.230	-10.948
Sundry expenses	-	-
	-626.590	-430.735
Total		

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	01.01.2013 30.09.2013	01.01.2012 30.09.2012
General Administrative Expenses		
Fees and similar expenses	-1.456.313	-1.147.303
Representation, travel and transportation expenses	-106.479	-63.630
Consultancy, advisory, litigation execution and notary expenses	-174.437	-153.428
Energy, fuel and water charges	-57.402	-64.906
Maintenance service expenses	-15.758	-88.817
Rent expenses	-177.033	-90.434
Communication expenses	-39.300	-64.111
Sundry expenses	-236.497	-212.464
Depreciation and amortisation	-78.854	-62.258
Total	-2.342.073	-1.947.351

20. Other Income

	01.01.2013 30.09.2013	01.01.2012 30.09.2012
Provisions no longer required	0	599.282
The revenues from the Bank's salary contracts	0	164.548
Sales of consumables	1.211.289	61.619
Rent income	180.463	159.503
Profit on sale of fixed assets	29.348	56.077
Insurance income	55.238	18.642
Incentives and support revenue	22.886	218.543
Cadre sale price	0	84.905
Sundry expenses	108.603	270.000
	178.589	98.518
Total	1.786.415	1.731.637

21. Other Costs

	01.01.2013 30.09.2013	01.01.2012 30.09.2012
Undistributed fixed service production costs	-1.048.395	-3.377.128
Provision expenses	-144.510	-1.102.499
Donations and grants	-146.027	-7.100
Incomplete collection from SGK	0	-473.028
Sponsorship expenses	-177.000	0
Tax and other penalties	-16.728	-27.573
Sundry expenses	-134.298	-29.499
Total	-1.666.959	-5.016.827

The detail of the fixed costs of services which could not be distributed due to idle capacity is as follows:

	01.01.2013 30.09.2013	01.01.2012 30.09.2012
Undistributed fixed service production costs		
Fees and similar expenses	-807.300	-2.702.096
Used raw materials	-9.064	0
Depreciation and amortisation	-87.643	-311.864
Energy, fuel and water charges	-61.259	-127.964
Maintenance service expenses	-41.902	-143.541
Rent expenses	-16.020	-60.320
Sundry expenses	-25.208	-31.343
Toplam	-1.048.395	-3.377.128

The detail of the provisional is as follows;

	01.01.2013 30.09.2013	01.01.2012 30.09.2012
Provision Expenses		
From SGK	-32.909	-1.064.450
Other	0	-38.049
Provision for litigation	-111.601	0
Total	-144.510	-1.102.499

22. Financial Income

	01.01.2013 30.09.2013	01.01.2012 30.09.2012
Interest income	5.729	152.033
Foreign exchange gains	353.252	569.701
Overdue charges (net)	274.207	-
Total	633.188	721.734

23. Financial Costs

	01.01.2013 30.09.2013	01.01.2012 30.09.2012
Foreign exchange losses	-430.727	-227.498
Overdue charges (net)	-764.732	-216.283
Interest expense	-1.948.119	-2.193.192
Total	-3.143.578	-2.636.973

24. Tax Income / Expense

Corporate 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 no has 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;

Tax income / expense as follows:

	01.01.2013 <u>30.09.2013</u>	01.01.2012 <u>30.09.2012</u>
Current tax provision	0	-293.071
Amounts recognised in shareholders' equity	1.063.114	-12.656
- <i>Deferred Tax (beginning of the term)</i>	-375.280	-413.470
- <i>Deferred Tax (end-of-period)</i>	-1.438.394	-400.814
Amounts recognised at profit / loss		
- <i>Deferred Tax (beginning of the term)</i>	-475.354	-1.143.176
- <i>Deferred Tax (end-of-period)</i>	7.788	1.372.573
Current tax provision	-467.566	229.397
Total	-475.354	1.436.247
Current income tax liabilities	30.09.2013	31.12.2012
Current income tax provision	-	132.566
Prepaid taxes	-	-132.566
Net	-	-

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.

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Deferred Tax - 30.09.2013	Temporary Differences	Deferred Tax Assets	Deferred Tax Liabilities
Investment tax credit	184.947	36.989	0
Valuation differences of biological assets	542.005	0	108.401
Valuation increases in the fixed assets (*)	30.592.317	0	1.529.616
Value adjustments of fixed assets (*)	6.667.609	0	1.333.522
Value adjustments of fixed assets (**)	18.172	10.612	0
Stock adjustment	444.154	88.831	0
Doctor’s progress payment premiums	702.621	140.524	0
Provisions for employee benefits	1.188.474	237.694	0
Receivable provision	4.301.234	860.247	0
Financial Losses	568.707	113.741	0
Credit rediscount	234.147	0	46.830
Dept rediscount	1.508.847	0	301.769
Case provision	178.503	35.701	0
Maintenance expense adjustments	576.667	0	115.333
Foreign exchange differences and interest accruals	25.862	5.172	0
Total		1.529.511	3.435.471
NET			1.905.960

Deferred Tax- 31.12.2012	Temporary Differences	Deferred Tax Assets	Deferred Tax Liabilities
Investment tax credit	4.802.923	960.585	
Valuation differences of biological assets	428.897		85.779
Valuation increases in the fixed assets (*)	8.269.403		413.470
Value adjustments of fixed assets (*)	-1.661.517	83.076	
Value adjustments of fixed assets (**)	6.473.763		1.294.752
Stock adjustment	-63.795	12.759	
Doctor’s progress payment premiums	576.491	115.298	
Provisions for employee benefits	434.502	86.901	
Receivable provision	-1.071.918	214.384	
Financial Losses	1.334.003	266.801	
Credit rediscount	-300.736	60.147	
Dept rediscount	-205.025		41.005
Accruals related to the patients with ongoing treatment	1.079.911		215.982
Provision for litigation	109.833	21.967	
Maintenance expense adjustments	692.107		138.421
Total		1.821.918	2.189.410
NET			367.492

(*)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 Per Share

	01.01.2013 30.09.2013	01.01.2012 30.09.2012
Period Profit / Loss	23.120	5.537.341
Number of Shares	16.000.000	16.000.000
Earnings / loss per share	0,001445	0,346084

26. Explanations regarding to Related Parties

Receivables / payables	30.09.2013		31.12.2012	
	Commercial	Non-commercial	Commercial	Non-commercial
Due from related parties	20.025	0	16.947	24.891
Due to related parties	1.274.119	1.363.783	1.420.617	1.201.923

Charges 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 aside from charge.

Revenue / Expense	30.09.2013		31.12.2012	
	Revenue	Expense	Revenue	Expense
Afşar Matbaacılık Ofset Ve Tıpo Tesisleri	-	-244.730	13	-209.253
Bartek Barla Bilgisayar Tek. San. Tic. Ltd.Şti.	-	-	-	-2.161
Akgül Grup Gıda	156.635	-11.029	193.110	-10.196
Çetin Matbaacılık Ofset Tıpo	-	-	-	-10.631
Lokman Hekim Tıbbi Hizmetler Tic.Ltd.Şti.	-	-773.241	12.712	-961.417
Koç Medikal Tıbbi Hizmetler	3.888	-145.129	11.099	-146.354
Özdemir İnşaat Tah. Müh. Ve Orm. Ürün. Tic Ltd.Şti	-	-63.900	-	-71.400
Medisina Sağlık A.Ş.	-	-51.968	-	-
Pozitron Sağlık Hiz. San. Ve Tic. Ltd. Şti.	-	-1.200.842	-14.164	-1.427.518
Şekerciler Gıda Tic. Ltd. Şti.	-	-207	-	-
B Ajans Medya Yayın Dan. Org San. Tic. Ltd. Şti	-	-36.000	-	-66.679
Safi Sağlık Ticaret A.Ş.	-	-13.500	-	-183.909
Van Divan Sağlık Eğitim A.Ş.	-	-315.000	-	-576.779
Benefits provided for managing the top managerial staff	-	-1.024.322	-	-1.589.501
Benefits provided to Senior management for professional activities	-	-945.842	-	-1.536.205
Benefits provided to company's working partners	-	-937.056	-	-1.205.601
Total	160.523	-5.762.766	202.770	-7.997.604
NET		-5.602.243		-7.794.834

27. Nature and Extent 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.

30.09.2013	Receivables				Bank Deposits	Other
	Trade Receivables		Other Receivables			
	Related Parties	Other	Related Parties	Other		
Maximum exposed credit risk as of reporting date (A+B)	20.025	20.752.336	0	502.797	1.661.098	6.980.964
- Secured portion of the maximum credit risk by guarantees, etc						
A. Net book value of financial assets either are not due or not impaired	20.025	20.752.336	0	502.797	1.661.098	6.980.964
B. Net book value of impaired assets		0				
- Overdue (Gross book value)		1.239.565				
- Impairment (-)		-1.239.565				

31.12.2012	Receivables				Bank Deposits	Other
	Trade Receivables		Other Receivables			
	Related Parties	Other	Related Parties	Other		
Maximum exposed credit risk as of reporting date (A+B)	16.497	19.598.473	0	12.386	2.081.050	5.585.296
- Secured portion of the maximum credit risk by guarantees, etc						
A. Net book value of financial assets either are not due or not impaired	16.497	19.598.473	0	12.386	2.081.050	5.585.296
B. Net book value of impaired assets		0				
- Overdue (Gross book value)		1.071.918				
- Impairment (-)		-1.071.918				

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Liquidity Risk

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 liquidity risk in 30.09.2013 and in 31.12.2012 is below.

30.09.2013							
Contractual 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	26.070.921	26.070.921	2.486.249	8.520.159	2.085.854		12.978.659
Financial leasing liabilities	4.570.145	5.197.346	499.810	1.735.094	2.962.442		
Expected maturities							
Contractual 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							
Trade payables	12.032.987	12.568.917	11.795.095	773.822	0		0
Other payables	1.440.837	1.440.837	1.138.128	302.709			
Current income tax liabilities	178.503	178.503			178.503		
Debt provisions	6.498.556	6.498.556	2.399.059	4.099.497			
Other liabilities	702.621	702.621					702.621
31.12.2012							
Contractual 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	22.074.817	23.805.849	695.781	6.901.160	7.910.909		8.298.000
Financial leasing liabilities	1.639.741	1.970.835	187.764	557.489	1.225.582		
Expected maturities							
Contractual 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							
Trade payables	11.195.773	10.622.028	10.136.159	485.869	0		
Other payables	3.676.140	3.676.140	2.684.529	991.611	0		
Current income tax liabilities	109.833	133.711			133.711		
Debt provisions	6.392.643	4.834.519	2.342.264	2.327.354	164.901		
Other liabilities	434.502	434.502					434.502

Currency Risk

Foreign Currency Position Table - 30.09.2013	TL Equivalent (Functional currency)	Dollars	Euro	Islam Dinar
1. Trade receivables	1.035.018	-	376.589	-
2a. Monetary financial assets (Cash, Bank accounts included etc.)	32.696	-	11.896	-
2b. Non-monetary financial assets	-	-	-	-
3. Other	749	0	272	-
4. Current Assets (1 +2 +3)	1.068.462	0	388.758	0
5. Trade payables	-	-	-	-
6a. Monetary financial liabilities	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	7.043	3.462	0	-
8. Fixed Assets (5 +6 +7)	7.043	3.462	0	0
9. Total Assets (4 +8)	1.075.504	3.462	388.758	0
10. Trade Payables	217.968	66.264	30.263	-
11. Financial Liabilities	4.121.461	0	5.403	1.315.884
12a. Other monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-
13. Short-Term Liabilities (10+11+12)	4.339.429	66.264	35.666	1.315.884
14. Trade Payables	-	-	-	-
15. Financial Liabilities	4.742.565	0	0	1.519.663
16 a. Other monetary liabilities	-	-	-	-
16 b. Other non-monetary liabilities	-	-	0	-
17 Long-Term Liabilities (14+15+16)	4.742.565	0	0	1.519.663
18. Total Liabilities (13 +17)	9.081.994	66.264	35.666	2.835.547
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)	-8.006.490	-62.802	353.092	-2.835.547
21. Monetary accounts net foreign Currency Asset / (Liability) Position (=1+2a+5+6a-10-11-12a-14-15-16a)	-8.014.281	-66.264	352.820	-2.835.547
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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	TL Equivalent (Functional currency)	Dollars	Euro	Islam Dinar
Foreign Currency Position Table - 31.12.2012				
1. Trade receivables	253.620	-	107.846	-
2a. Monetary financial assets (Cash, Bank accounts included etc.)	324	0	138	-
2b. Non-monetary financial assets	-	-	-	-
3. Other	141	0	60	-
4. Current Assets (1 +2 +3)	254.085	0	108.043	0
5. Trade payables	-	-	-	-
6a. Monetary financial liabilities	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	3.931	2.200	4	-
8. Fixed Assets (5 +6 +7)	3.931	2.200	4	0
9. Total Assets (4 +8)	258.016	2.200	108.047	0
10. Trade Payables	117.421	0	49.930	-
11. Financial Liabilities	2.429.551	0	59.864	831.192
12a. Other monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-
13. Short-Term Liabilities (10+11+12)	2.546.972	0	109.794	831.192
14. Trade Payables	-	-	-	-
15. Financial Liabilities	1.336.458	-	59.991	434.115
16 a. Other monetary liabilities	-	-	-	-
16 b. Other non-monetary liabilities	-	-	-	-
17 Long-Term Liabilities (14+15+16)	1.336.458	0	59.991	434.115
18. Total Liabilities (13 +17)	3.883.430	0	169.784	1.265.307
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)	-3.625.414	2.200	-61.737	-1.265.307
21. Monetary accounts net foreign Currency Asset / (Liability) Position (=1+2a+5+6a-10-11-12a-14-15-16a)	-3.629.486	0	-61.801	-1.265.307
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;

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 30.09.2013 and 31.12.2012.

30.09.2013	Gain / Loss	
	Foreign exchange appreciation	Foreign exchange depreciation
+/-10% fluctuation of USD rate:		
1- U.S. Dollar net asset / liability	-12.775	12.775
2- Hedged portion from U.S. Dollar risk (-)		
3- U.S. Dollar Net Effect (1 +2)	-12.775	12.775
+/-10% fluctuation of EURO rate		
4- EURO net asset / liability	97.044	-97.044
5- Hedged portion from EURO risk (-)		
6- EURO Net Effect (4+5)	97.044	-97.044
+/-10% fluctuation of Islam Dinar rate		
7- Islam Dinar net asset / liability	-884.918	884.918
8- Hedged portion from Islam Dinar risk (-)		
9- Islam Dinar Net Effect (7+8)	-884.918	884.918
TOTAL (3+6+9)	-800.649	800.649

31.12.2012	Gain / Loss	
	Foreign exchange appreciation	Foreign exchange depreciation
+/-10% fluctuation of USD rate:		
1- U.S. Dollar net asset / liability	392	-392
2- Hedged portion from U.S. Dollar risk (-)		
3- U.S. Dollar Net Effect (1 +2)	392	-392
+/-10% fluctuation of EURO rate		
4- EURO net asset / liability	-14.519	14.519
5- Hedged portion from EURO risk (-)		
6- EURO Net Effect (4+5)	-14.519	14.519
+/-10% fluctuation of Islam Dinar rate		
7- Islam Dinar net asset / liability	-348.415	348.415
8- Hedged portion from Islam Dinar risk (-)		
9- Islam Dinar Net Effect (7+8)	-348.415	348.415
TOTAL (3+6+9)	-362.541	362.541