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**INDEPENDENT AUDITOR’S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF  
LOKMAN HEKİM ENGÜRÜSAĞ SAĞLIK, TURİZM, EĞİTİM HİZMETLERİ VE İNŞAAT TAAHHÜT A.Ş.  
FOR 1 JANUARY – 30 JUNE 2014 INTERIM PERIOD**

To the Board of Directors of

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

***Introduction***

We have reviewed the accompanied consolidated financial statements of Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş. (the “Group”) which comprise the consolidated balance sheet as of 30 June 2014, consolidated mid-term statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and summary of significant accounting policies and their footnotes. Management is responsible for the preparation and fair presentation of the financial statements in accordance with Turkish Accounting Standards published by Public Oversight Accounting and Auditing Standards Authority (“KGK”). Our responsibility is to express an opinion on these mid-term consolidated financial statements based on our limited audit.

***Scope of Limited Independent Audit***

We conducted our limited independent audit in accordance with standards on auditing issued by Capital Market Board. 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.

***The Base of Qualified Opinion***

The financial statements of The Group’s company Engürüsağ Genel Ticaret Limited Şirketi which is operating in Erbil/Iraq and its 70% shares are belonged by the Group have not been audited by us. The partnership’s shares within the Group is explained in Note-3

***Qualified Opinion***

In our opinion, except for the effects of the issue stated in the base of qualified opinion paragraph., the financial statements present fairly, in all material respects, the financial position of Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş.’s financial situation, financial performance and cash flow statement for 6 months period by the date of 30.06.2014.

05.08.2014, Ankara

REFERANS BAĞIMSIZ DENETİM VE DANIŞMANLIK A.Ş.

Özgür İnci

Auditor in Charge

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

Consolidated Financial Statement Position

For the period 1 January 2014 – 30 June 2014

(Amounts are expressed in Turkish Lira unless otherwise stated)

	Notes	30.06.2014	31.12.2013
<b>ASSETS</b>			
<b>Current Assets</b>		<b>39.867.526</b>	<b>37.706.618</b>
Cash and cash equivalents	[4]	2.441.940	1.952.102
Trade receivables	[6]	21.583.276	19.771.011
- Related parties		767.532	111.941
- 3rd parties		20.815.744	19.659.070
Other receivables	[7]	341.467	342.963
Stocks	[8]	9.268.699	8.677.401
Prepaid expenses	[16]	5.029.891	5.680.301
Assets related current period tax	[16]	164.030	118
Other current assets	[16]	1.038.223	1.282.722
<b>Non-Current Assets</b>		<b>88.375.123</b>	<b>89.148.982</b>
Other receivables	[7]	35.816	35.596
Biological assets	[9]	3.097.400	2.555.050
Tangible assets	[10]	74.470.441	75.276.971
- Tangible assets obtained by lease		7.076.813	7.796.000
- Other tangible assets		67.393.628	67.480.971
Intangible assets	[11]	10.375.354	10.841.081
- Goodwill	[12]	1.969.390	1.969.390
- Other intangible assets		8.405.964	8.871.691
Prepaid expenses	[16]	396.112	440.284
<b>Total Assets</b>		<b>128.242.649</b>	<b>126.855.600</b>
<b>RESOURCES</b>			
<b>Short-Term Liabilities</b>		<b>56.527.567</b>	<b>52.132.391</b>
Short-term borrowings	[5]	21.835.820	19.949.593
Short-term portion of long-term borrowings	[5]	3.840.841	7.152.840
Trade payables	[6]	18.505.977	17.888.770
- Related party		5.274.013	5.564.962
- 3rd party		13.231.964	12.323.808
Payables related employee benefits	[16]	3.918.611	3.840.341
Other payables	[7]	1.368.722	278.662
- Related party		1.295.044	215.923
- 3rd party		73.678	62.739
Deferred revenues	[16]	3.618.694	544.021
Short-term provisions	[13]	198.503	178.503
- Other short-term provisions		198.503	178.503
Other short-term liabilities	[16]	3.125.452	2.299.661
<b>Long-Term Liabilities</b>		<b>11.523.223</b>	<b>14.767.090</b>
Long-Term Liabilities	[5]	3.009.390	4.637.616
Deferred revenues	[16]	653.072	2.513.050
Long-Term Provisions		1.048.420	888.079
- Provisions related employee benefits	[15]	1.048.420	888.079
liabilities related current period tax	[15]	5.793.525	5.292.224
Deferred tax liabilities	[24]	1.018.816	1.436.121
<b>Equity</b>		<b>60.191.859</b>	<b>59.956.119</b>
Equities of main partners	[17]	59.790.770	59.562.207
Shared capital		24.000.000	16.000.000
Share premium		0	7.694.861
Other comprehensive revenue and expenses that are not reclassified as profit / loss		28.336.511	28.528.434
- Valuation increase of tangible assets		29.062.701	29.062.701
- Identified Benefit Plans of Remeasurement Gain / Losses		-726.190	-534.267
Other comprehensive revenue and expenses that are reclassified as profit / loss		12.010	-32.004
- Foreign exchange differences		12.010	-32.004
Restricted reserves from profit		947.880	748.826
Previous years profit / loss		5.148.143	5.470.242
Net profit / loss in the period		1.346.226	1.151.848
<b>Non-controlling interest</b>	<b>[17]</b>	<b>401.089</b>	<b>393.912</b>
<b>Total Resources and Equities</b>		<b>128.242.649</b>	<b>126.855.600</b>

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

Consolidated Income Statement

For the period 1 January 2014 – 30 June 2014

(Amounts are expressed in Turkish Lira unless otherwise stated)

	<b>Notes</b>	<b>01.01.2014 30.06.2014</b>	<b>01.01.2013 30.06.2013</b>
<b>Comprehensive Income Statement</b>			
<b>Ongoing Operations</b>			
Sales	[18]	59.052.431	52.398.442
Cost of sales (-)	[18]	(52.972.725)	(47.564.895)
<b>Gross Profit (Loss)</b>		<b>6.079.706</b>	<b>4.833.547</b>
Operating expenses (-)	[19]	(2.071.573)	(1.713.155)
Marketing, Sales and Distribution Expenses (-)	[19]	(390.517)	(452.118)
Other revenues from main activity	[20]	741.944	768.857
Other expenses from main activity (-)	[21]	(1.095.761)	(974.018)
<b>Operating profit (loss)</b>		<b>3.263.799</b>	<b>2.463.113</b>
Financial revenues	[22]	920.534	514.762
Financial losses (-)	[23]	(3.085.308)	(1.947.737)
<b>Ongoing Operations Profit (Loss) Before Tax</b>		<b>1.099.025</b>	<b>1.030.138</b>
<b>Ongoing Operations Tax Revenue / Expense</b>		<b>254.378</b>	<b>(34.116)</b>
Tax expense of period	[24]	(114.947)	0
Deferred tax revenue (expenses)	[24]	369.325	(34.116)
<b>Net Profit (Loss)</b>		<b>1.353.403</b>	<b>996.022</b>
Earnings per share	[25]	0,056392	0,062251
Distribution of Net Profit (Loss)		1.353.403	996.022
Non-controlling shares	[17]	7.177	-702.120
Main partnership shares		1.346.226	1.697.142
<b>Other Comprehensive Income Statement</b>			
<b>Net Profit (Loss)</b>		<b>1.353.403</b>	<b>996.022</b>
<b>Not-Reclassified In Profit / Loss</b>	[17]	<b>(191.923)</b>	<b>5.186</b>
Increasing/Decreasing in valuation of tangible assets		0	0
Identified benefits plan and remeasurement of gain and (loss)		(239.903)	6.483
Other comprehensive income's tax revenue / loss that are not reclassified in profit / loss		47.980	(1.297)
<b>Reclassified in Profit / Loss</b>		<b>44.014</b>	<b>0</b>
Changes in foreign exchange		44.014	0
<b>Other Comprehensive Income (Before Tax)</b>		<b>-147.909</b>	<b>5.186</b>
<b>Total Comprehensive Income</b>		<b>1.205.494</b>	<b>1.001.208</b>

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

Consolidated Statement of Changes in Shareholders' Equity  
For the period 1 January 2014 – 30 June 2014  
(Amounts are expressed in Turkish Lira unless otherwise stated)

				Accumulated comprehensive revenue / expenses that are not reclassified in profit / loss	Accumulated comprehensive revenue / expenses that are not reclassified in profit / loss			Accumulated Profit			
	Foot note	Shared capital	Share premium	Gain / Loss of Tangible Assets revaluation and remeasurement	Identified Benefits Plan and Remeasurement of Gain and (Loss)	Currency exchange differences	Restricted Reserve Throug profit	Previous Years Profit / loss	Net Profit / Loss	Non-controlling shares	TOTAL
01.01.2013		16.00.000	7.694.861	7.855.933	0	0	577.588	2.274.180	5.172.680	2.224.494	41.799.736
Adjustment related change in accounting policy	[2.2]				-152.762				194.619	-41.857	
01.01.2013	[17]	16.000.000	7.694.861	7.855.933	0	0	577.588	2.274.180	5.367.299	2.182.637	41.799.736
Change in tangible assets revaluation funds (net)				21.206.768							21.206.768
Foreign currency exchange differences						-6.048					-6.408
Identified benefits plan and remeasurement of gain and (loss)					-57.923						-57.923
Transfer of current profit							171.238	5.196.061	-5.367.299		0
Through consolidation								-2.000.000			-2.000.000
Minority shares										86.131	86.131
Net income /loss									1.697.142	-701.120	996.022
30.06.2013		16.000.000	7.694.861	29.062.701	-210.685	-6.048	748.826	5.470.241	1.697.142	1.567.648	62.024.686
01.01.2014	[17]	16.000.000	7.694.861	29.062.701	-534.267	-32.004	748.826	5.470.241	1.151.848	393.912	59.956.118
Change in tangible assets revaluation funds (net)		8.000.000	-7.694.861					-305.139			0
Foreign currency exchange differences						44.014					44.014
Identified benefits plan and remeasurement of gain and (loss)					-239.903						-239.903
Transfer of current profit								1.151.848	-1.151.848		0
Tax revenue / expenses					47.980						47.980
Transfers							199.054	-199.054			
Through consolidation								-969.753			-969.753
Minority shares											0
Net income / loss									1.346.226	7.177	1.353.403
30.06.2014		24.000.000	0	29.062.701	-726.190	12.010	947.880	5.148.143	1.346.226	401.089	60.191.859

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

Consolidated Cash Flow Statement  
For the period 1 January 2014 – 30 June 2014  
(Amounts are expressed in Turkish Lira unless otherwise stated)

		<b>01.01.2014</b>	<b>01.01.2013</b>
	<b>Notes</b>	<b>31.06.2014</b>	<b>31.06.2013</b>
<b>A. Cash Flows from Operating Activities</b>		<b>6.657.800</b>	<b>5.098.010</b>
Cash inflow from operating activities ;		58.181.850	51.851.010
<i>Cash inflow through sale of goods and services</i>	[18]	60.191.523	51.915.688
<i>Change in trade receivables</i>	[7]	(2.009.673)	(64.978)
Cash outflow from operating activities ;		(52.749.317)	(45.513.716)
<i>Payments to suppliers for goods and services</i>	[18]	(49.619.080)	(41.974.831)
<i>Change in inventories</i>	[9]	(1.323.686)	(1.720.386)
<i>Change in trade payables</i>	[7]	491.823	364.774
<i>Cash outflow from operating activities</i>	[19]	(2.298.374)	(2.183.273)
Net cash flow through operatings ;		<b>5.432.533</b>	<b>6.337.294</b>
<i>Cash inflow from other profit and revenues</i>	[20]	727.103	786.857
<i>Cash outflow from other expenses and losses</i>	[21]	(841.339)	(4.161.806)
<i>Cash inflow from financial revenues</i>	[22]	78.650	417.922
<i>Cash outflow from financial expenses</i>	[23]	(2.043.435)	(1.429.223)
<i>Cash flow from other assets and liabilities</i>	[8,15]	3.468.004	3.279.532
<i>Tax refund</i>	[24]	(163.716)	(132.566)
<b>B. Cash Flows From Investment Activities</b>		<b>(2.277.436)</b>	<b>(6.479.264)</b>
Cash inflow from investment activities		124.839	0
<i>Cash inflow through sale of tangible assets</i>	[10,11]	124.839	0
Cash outflow from invesment activities;		(2.402.276)	(6.479.264)
<i>Cash outflow from sale of tangible /intangible assets</i>	[10,11]	(2.402.276)	(6.479.264)
<b>C. Cash Flows From Financial Activities</b>		<b>(3.890.526)</b>	<b>(1.244.206)</b>
Cash inflow from financial activities ;	[6]	(2.920.773)	(3.244.206)
<i>Cash outflows/inflow from short-term financial liabilities (net)</i>		(1.363.038)	(3.766.560)
<i>Cash outflows/inflow from long-term financial liabilities (net)</i>		(539.566)	(522.354)
<i>Net change in leasing activities</i>		(1.018.169)	0
<i>Paid dividended</i>		(969.753)	(2.000.000)
<b>D. Effects of Currency Differences on Cash and Cash Equivalents</b>		<b>0</b>	<b>0</b>
<b>E. Cash Flow From Operating Activities</b>		<b>489.838</b>	<b>(137.048)</b>
<b>F. Cash and Cash Equivalents at the Beginning of the Period</b>	[3]	<b>1.952.102</b>	<b>2.212.721</b>
<b>G. Cash and Cash Equivalents at the End of the Period</b>	[3]	<b>2.441.940</b>	<b>2.075.673</b>

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

Notes to the Consolidated Financial Statements

For the period 1 January 2014 – 30 June 2014

(Amounts are expressed in Turkish Lira unless otherwise stated)

**1. Company's Organization and Main Activity**

Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş. ("Parent Company", "Grup", 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".

The company took a licence to build a Residential and Commercial construction in the 5.413 m2 area at Etimesgut/Ankara Bağlıca neighborhood in 2 May 2012. The construction is continuing.

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.

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

Main partnership' capital and partnership structure is;

	30.06.2014		31.12.2013	
	TL	%	TL	%
A Category	193.208	0,81	128.805	0,81
B Category	23.806.792	99,19	15.871.195	99,19
<b>Total</b>	<b>24.000.000</b>	<b>100</b>	<b>16.000.000</b>	<b>100</b>

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;

Companies	Principle activity	Participation rate (%)	
		30.06.2014	31.12.2013
Lokman Hekim Van Sağlık Hizmetleri ve İnşaat Taahhüt A.Ş.	Health	50,99	50,99
Hay Süt ve Süt Ürünleri Hayvancılık Gıda ith. İhr. A.Ş	Livestock, Dairy	73,62	73,62
Engürüsağ Genel Ticaret Ltd. Şti. (Erbil) *	Health	70,00	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 Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş.**

Notes to the Consolidated Financial Statements

For the period 1 January 2014 – 30 June 2014

(Amounts are expressed in Turkish Lira unless otherwise stated)

**Lokman Hekim Etlik Hospital:**

5 floor hospital building which is on the indoor area of 2.900m<sup>2</sup> 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.

**Lokman Hekim Sincan Hospital:**

8 floor hospital building with 17.482 m<sup>2</sup> 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.

The hospital has a Baby-Friendly-Hospital certificate from a project of Unicef and Ministry of Health in 12.07.2010.

**Lokman Hekim Van Hospital:**

The 9 floor hospital building in Van city centre with 13.500 m<sup>2</sup> indoor area is rental. The hospital has 5 operating room, 21 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).

**Lokman Hekim Hayat Hospital:**

The hospital which is In Van and has 4.500m<sup>2</sup> 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 m<sup>2</sup>. 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



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

Notes to the Consolidated Financial Statements

For the period 1 January 2014 – 30 June 2014

(Amounts are expressed in Turkish Lira unless otherwise stated)

**Personnel:**

<b>Position</b>	<b>30.06.2014</b>	<b>31.12.2013</b>
Doctor	161	159
Health Services (Nurse, ATT, Health Officer, Health Tech., Pharmacist, Dietician etc.)	462	472
Health Support Services (Health Support Personnel, Patient Relations)	345	322
Management Support Service	290	256
Management	68	62
Veterinary and laborers	10	12
Construction engineers and construction worker	14	14
<b>Total</b>	<b>1.350</b>	<b>1.297</b>

**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/IFRS respectively; Turkish Accounting Standard and Turkish Financial Reporting System, Public oversight, Accounting and Auditing Standards Authority ("KKG") 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/IFRS.

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

**2.1.2Principles of Consolidation:**

<b>Company</b>	<b>Principal Activity</b>	<b>Participation rate (%)</b>	
		<b>30.06.2014</b>	<b>31.12.2013</b>
Lokman Hekim Van Sağlık Hizmetleri ve İnşaat Taahhüt A.Ş.	Health	50,99	50,99
Hay Süt ve Süt Ürünleri Hayvancılık Gıda ith. İhr. A.Ş.	Milk production and livestock	73,62	73,62
Engürüsağ Genel Ticaret Ltd. Şti. (Erbil-Iraq)	Health	70,00	70,00

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

### **Consolidation Method**

- Consolidated balance sheets and income statement items of the partnerships are consolidated through adding up to each other. Book values of the shares owned by Main Partnership in consolidated subsidiaries are set off from the shareholders' equity accounts of the subsidiary.
- Receivables and payables, sale of good and services and income and loss items resulting from the transactions between the partnerships from each other which are within the scope of consolidation are set off.
- Tangible and intangible assets purchased between the partnerships which are subject to consolidation method are presented in the consolidated balance sheet through their costs of acquisition after the necessary adjustments are made.
- The amounts equal to the external shares of main partnership and subsidiaries are deducted from all shareholders' equity items, including the paid/issued capitals of the subsidiaries which are within the scope of consolidation, and are presented as "Minority Shares" before the shareholders' equity account group in the balance sheet.
- Cost of acquisition of shares in the capital of subsidiary by main partnership as of the date when the partnership within the scope of consolidation become subsidiary and just for the one time for the following share purchases, is set off from the value in the shareholders' equity in the re-valued balance sheet of the subsidiary based on the fair value as of the purchase date.
- Acquisition of the Group is accounted through purchase method. In this method, acquisition is registered based on cost. The group, starting from the acquisition date, includes the operation results of the company which is acquired in its income statement and also presents each definable asset and liability of the acquired company as well as the goodwill or negative goodwill aroused as a result of the acquisition in the balance sheet as of this date.

#### **2.1.3. Functional Currency:**

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

#### **2.1.4. Declaration of Conformity:**

Attached financial statements of Group have been confirmed by the Board of Directors of the Company as of 05.08.2014. The right to change the attached financial statements belongs to the General Assembly of the Company or legal authorities

#### **2.1.5. Netting / Set Off**

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

#### **2.1.6. Financial Statement of Partnerships in Foreign Countries**

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

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

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

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

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

The 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.

#### **Comparative information and restatement of prior period financial statements**

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 31 December 2012 amounting to TL 152.672 pre-tax actuarial gains accounted / loss classified under other comprehensive income. Company statement of financial position 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)".

The idle capacity of the company at Ankara Sincan Hospital continues for a long time; therefore, this capacity has become an actual capacity as a result of repetition of this unused capacity for periods of time over and over. Accordingly, a cost for idle capacity has not been occurred. The cost of idle capacity that is 1.308.121 TL, at the date of 31.03.2013 which was classified under other expenses is added to cost of services sold in this period

Company reclassified its deferred tax liabilities which was classified as other long term liabilities before. 5.292.224 TL is stated in the Liabilities Related Current Period Tax under the Long-term Liabilities, before 31.12.2013 it is was stated in Other Short-term Liabilities. This tax liabilities are deferred regarding to announcement of force majeure by Revenue Administration in Van because of earthquake in 23.11.2013. The end date of force majeure will be announced by administration.

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 realizable value is the value expected sales value under normal conditions less the total of expected costs of completion and expected sales costs in order to perform the sale.

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

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

### **2.3.3. 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. 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.

Group's beneficial life for tangible assets are ;

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

### **2.3.5. 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.

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

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

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

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

### **2.3.6. Goodwill**

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

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

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

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

### **2.3.7. 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.

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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:

- Owner of Afşar Matbaacılık is shareholder of Lokman Hekim A.Ş.
- Owner of Akgül Grup Gıda Ltd. Şti. is shareholder of Lokman Hekim A.Ş.
- Owner of Bartek Bilgisayar is shareholder of Lokman Hekim A.Ş.
- Owner of B Ajans Medya Yayın ve Org. San. Tic. Ltd. Şti. is indirectly shareholder of Lokman Hekim A.Ş.
- Owner of Bilgen İnşaat Konf. Taah. Tic. Ltd. Şti. is shareholder of Lokman Hekim
- Owner of Çetin Matbaacılık is shareholder of Lokman Hekim A.Ş.
- Owner of Lokman Hekim Tıbbi Hizmetler Tic. Ltd. Şti. is shareholder of Lokman Hekim A.Ş.
- Owner of Özdemir İnşaat is shareholder of Lokman Hekim A.Ş.
- Owner of Pozitron Sağlık Hizmetleri San. ve Tic. Ltd. Şti. is shareholder of Lokman Hekim A.Ş.
- Owner of Şekerciler Gıda Tic. Ltd. Şti. is shareholder of Lokman Hekim A.Ş.
- Owner of Kardiyotek Ltd. Şti. is shareholder of Lokman Hekim A.Ş.
- Owner of Koç Medikal is shareholder of Lokman Hekim A.Ş.
- Owner of Özkanlar Paz. İth. İhr. Gıda Mad. Tic. Ltd. Şti. is shareholder of Lokman Hekim A.Ş.
- Owner of Medisina Sağlık A.Ş. is shareholder of Lokman Hekim A.Ş.
- Owner of Özer Yapı Vizyon Ltd. Şti. is shareholder of Lokman Hekim A.Ş.
- Owner of Van Divan Sağlık Eğitim Turizm Sanayi Ticaret A.Ş. is related party of Lokman Hekim Van A.Ş.
- Owner of Safi Sağlık Sanayi Ticaret A.Ş. is related party of Lokman Hekim Van A.Ş.

### **2.3.12. 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 30.06.2014 and 31.12.2013 reports are as follows

	30.06.2014	31.12.2013
Dollar	2,1234	2,1343
Euro	2,8919	2,9365
SDR (Islam Dinar)	3,8919	3,2895

### **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.



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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**

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

	01.01.2014 – 30.06.2014		01.01.2013 30.06.2013	
	Amount	%	Amount	%
Etlik Hospital Service Sales	12.061.050	21	11.349.280	22
Sincan Hospital Service Sales	26.325.518	45	22.608.283	44
Van Hospital Service Sales	17.871.484	31	17.597.047	34
Hayat Hospital Service Sales	1.350.923	2	-	-
Erbil Diagnostic Center Service Sales	435.590	1	-	-
<b>Total Sales</b>	<b>58.044.565</b>	<b>100</b>	<b>51.476.526</b>	<b>100</b>

  

	01.01.2014 – 30.06.2014		01.01.2013-30.06.2013	
	Amount	%	Amount	%
Sales to SSI	36.286.170	63	36.211.242	70
Other sales	21.758.395	37	15.265.284	30
<b>Total Sales</b>	<b>58.044.565</b>	<b>100</b>	<b>21.148.902</b>	<b>100</b>

  

	01.01.2014 - 30.06.2014		01.01.2013- 30.06.2013	
	Amount		Amount	
Health service sales revenue	58.044.565		51.476.526	
Biological assets and milk sales	1.007.866		921.916	
<b>Total</b>	<b>59.052.431</b>		<b>52.398.442</b>	

  

	01.01.2014 - 30.06.2014		01.01.2013-30.06.2013	
	Amount	%	Amount	%
Receivables from SSI (*)	19.754.309	92	19.148.544	91
Other receivables	1.828.697	8	2.000.358	9
<b>Total Receivables</b>	<b>21.583.276</b>	<b>100</b>	<b>21.148.902</b>	<b>100</b>

Revenue based on treatment sort is as follows;

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	01.01.2014-30.06.2014			01.01.2013-30.06.2013		
	Number of patient	Net Sales	Net Sales (%)	Number of patient	Net Sales	Net Sales (%)
Outpatient	397.531	24.523.795	42	404.192	22.402.584	44
Inpatient	21.444	33.520.770	58	24.808	29.073.942	56
<b>Total</b>	<b>418.975</b>	<b>58.044.565</b>	<b>100</b>	<b>428.970</b>	<b>51.476.526</b>	<b>100</b>

The biggest client of the company is ISS.

**4. Cash and Cash Equivalents**

	30.06.2014	31.12.2013
Cash	265.181	39.633
Banks	189.845	442.192
Credit cards Receivables	1.952.107	1.470.277
<b>Total</b>	<b>2.441.940</b>	<b>1.952.102</b>

Average maturity date of credit cards receivables is 40 days. (31.12.2013– 20 days)

**5. Financial Liabilities**

Short-term Financial Liabilities	30.06.2014	31.12.2013
Short-term Loans	19.523.728	17.737.992
Short term portion of long term borrowings	3.840.841	7.152.840
Financial leasing borrowings	2.282.092	2.211.601
- Financial leasing borrowings	2.592.948	2.641.620
- Deferred interest cost	-310.856	-430.019
<b>Total</b>	<b>25.676.661</b>	<b>27.102.433</b>

Long-term Financial Liabilities	30.06.2014	31.12.2013
Long-term loans	1.236.481	1.776.047
Financial Leasing borrowings	1.772.909	2.861.569
- Financial leasing borrowings	1.874.357	3.088.108
- Deferred interest cost	-101.448	-226.539
<b>Total</b>	<b>3.009.390</b>	<b>4.637.616</b>

Bank loans and leasing liabilities' maturities are as below;

Bank Loans	30.06.2014	31.12.2013
0 - 3 Months	660.746	885.545
3 - 12 Months	3.180.095	4.518.962
1 - 5 Year	1.236.481	1.776.047
Undated	19.553.728	19.486.325
<b>Total</b>	<b>24.631.050</b>	<b>26.666.879</b>

Leasings (Rental Payment)	30.06.2014	31.12.2013
0 - 3 Months	612.723	580.983
3 - 12 Months	1.669.370	1.630.618
1 - 5 Yearsl	1.772.909	2.861.569
<b>Total</b>	<b>4.055.001</b>	<b>5.073.170</b>

80.829 TL of leasing payment is in EURO term. ( 31.12.2013– 176.036 TL is in EURO term)

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Mortgages and gurantees are given for credit as the amount of 40.441.544 TL (31.12.2013– 40.441.544 TL).

Details of credit is in foreign currency term is as follows;

Type of Credit	Currency	Amount	30.06.2014
Investment Credit	İslam Dinarı	-	-
<b>Total</b>			-

Type of Credit	Currency	Amount	31.12.2013
Investment Credit	İslam Dinarı	434.116	1.428.023 TL
<b>Total</b>			<b>1.428.023 TL</b>

Interest rate of credit in terms of İslam Dinar is 8%, interest rate of credit in terms of TL changes between 9% and 14%. (Interest rate of credit in terms of İslam Dinar is 8%, interest rate of credit in terms of TL changes between 9,25% and 12,25% in 31.12.2013)

**6. Trade Receivables / Payables**

	30.06.2014	31.12.2013
Other receivables	21.086.999	19.455.781
Notes receivables	227.888	724.606
Rediscount	-499.143	-521.317
Doubtful trade receivables	1.188.097	968.515
Provision for doubtful trade receivables	-1.188.097	-968.515
Due from related parties	767.532	111.941
<b>Total</b>	<b>21.583.276</b>	<b>19.771.011</b>

The interest rate that is used for discounting the receivables is 10%. (31.12.2013– %11).

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

	30.06.2014	31.12.2013
Beginning	968.515	1.071.918
Fair Will	-	-353.316
Collections / Cancelation	14.841	-
Additions	204.741	249.913
<b>End of Term</b>	<b>1.188.097</b>	<b>968.515</b>

877.803 TL of provisions which is separated for doubtful receivables are provisions which is separated for receivables from SSI (31.12.2013–731.825 TL).

Company's receivables based on large receivables are as below;

	01.01.2014 – 30.06.2014		01.01.2013 31.12.2013	
	Amount	%	Amount	%
Receivables from SSI (*)	19.754.309	92	19.148.544	97
Receivables from others	1.828.967	8	622.467	3
<b>Total receivables</b>	<b>21.583.276</b>	<b>100</b>	<b>19.771.011</b>	<b>100</b>

	30.06.2014	31.12.2013
Trade payables	8.586.910	7.692.610
Notes payables	4.921.826	5.033.354
Rediscount	-276.772	-402.156
Payables to related parties	5.274.013	5.564.962
<b>Total</b>	<b>18.505.977</b>	<b>17.888.770</b>

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The interest rate that is used for discounting the receivables is 10%. (31.12.2013– %11).

**7. Other Receivables / Other payables**

Other short-term receivables	30.06.2014	31.12.2013
Deposits and guarantees given	26.342	27.956
Receivables from Tax Office	253.125	253.007
Receivables from SSI with reservation	62.000	62.000
<b>Total</b>	<b>341.467</b>	<b>342.963</b>

Other long-term receivables	30.06.2014	31.12.2013
Deposits and guarantees given	35.816	35.596
<b>Total</b>	<b>35.816</b>	<b>35.596</b>

Other short-term payables	30.06.2014	31.12.2013
Deposits and guarantees given	6.984	6.984
Due to shareholders	941.750	52.667
Due to related parties	353.294	163.256
Other payables	66.694	55.755
<b>Total</b>	<b>1.368.722</b>	<b>278.662</b>

**8. Inventories**

	30.06.2014	31.12.2013
Medical inventories	1.577.429	1.628.546
Financial expenses	-64.079	-69.749
Feedstocks	366.839	415.524
Housing constructions (*)	7.388.510	6.703.080
<b>Total</b>	<b>9.268.699</b>	<b>8.677.401</b>

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 64.079 TL in the current stocks is reported in the financial expenses. (31.12.2013– 69.749 TL).

(\*)The company took a licence to build a Residential and Commercial construction in the 5.413 m2 area at Etimesgut/Ankara Bağlıca neighborhood in 2 May 2012. The construction is continuing.

**9. Biological Assets**

Biological Assets	30.06.2014	31.12.2013
Book Value	2.579.766	2.077.381
Changes in the fair value	517.634	477.669
<b>Total</b>	<b>3.097.400</b>	<b>2.555.050</b>

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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 39.966 TL. (31.12.2013: 48.771 TL)

**10. Tangible Assets**

Tangible Assets	01.01.2014	Inputs	Outputs	Valuation	30.06.2014
Lands	12.266.000			–	12.266.000
Buildings	35.183.482	1.609.144		–	36.769.626
Property, plant and equipment	11.010.091	8.199		–	11.018.290
Vehicles	665.528	1.908	-20.200	–	647.236
Furniture and fittings	18.799.828	547.739	-15.000	–	19.332.567
Finance lease	11.165.138			–	11.165.138
Other fixed assets	555.801	8.394		–	564.195
Ongoing Investments	89.639		-89.639	–	–
<b>Total</b>	<b>89.735.507</b>	<b>2.175.384</b>	<b>-124.839</b>	<b>–</b>	<b>91.786.051</b>
Depreciation	01.01.2014	Depreciation expense	Outputs		30.06.2014
Buildings	-229.779	-366.804		–	-599.582
Property, plant and equipment	-3.904.548	-457.869		–	-4.362.417
Vehicles	-117.604	-56.774	11.152	–	-163.226
Furniture and fittings	-6.528.448	-1.250.186	8.231	–	-7.770.403
Finance lease	-3.369.139	-719.186		–	-4.088.325
Other fixed assets	-309.019	-25.638		–	-334.657
<b>Total</b>	<b>-14.458.536</b>	<b>-2.876.457</b>	<b>19.383</b>	<b>–</b>	<b>-17.315.661</b>
<b>Net Value</b>	<b>75.276.971</b>				<b>74.470.441</b>
Tangible Assets	01.01.2013	Inputs	Outputs	Valuation	31.12.2013
Lands	4.194.000	100.000		7.972.000	12.266.000
Buildings	22.052.013	328.986		12.802.483	35.183.482
Property, plant and equipment	10.848.378	161.713			11.010.091
Vehicles	411.007	339.533	-85.012		665.529
Furniture and fittings	11.729.569	7.070.259			18.799.828
Finance lease	6.276.192	4.888.946			11.165.138
Other fixed assets	546.104	9.697			555.801
Ongoing Investments	–	89.639			89.639
<b>Total</b>	<b>56.057.263</b>	<b>12.988.774</b>	<b>-85.012</b>	<b>20.774.483</b>	<b>89.735.508</b>
Depreciation	01.01.2013	Depreciation expense	Outputs	Valuation	31.12.2013
Buildings	-1.319.144	-459.066		1.548.432	-229.779
Property, plant and equipment	-3.009.932	-894.616			-3.904.548
Vehicles	-132.132	-56.281	70.809		-117.604
Furniture and fittings	-4.640.927	-1.887.521			-6.528.448
Finance lease	-2.283.135	-1.086.004			-3.369.139
Other fixed assets	-250.346	-58.673			-309.019
<b>Total</b>	<b>-11.635.616</b>	<b>-4.442.161</b>	<b>70.809</b>	<b>1.548.432</b>	<b>-14.458.537</b>
<b>Net Value</b>	<b>44.421.647</b>				<b>75.276.971</b>

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Amount of mortgages over land and buildings is 34.853.300 TL (31.12.2013– 34.853.300 TL). Total amount of assurance of tangible assets is 99.513.820 TL (31.12.2013– 99.513.820 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**

Intangible Assets	01.01.2014	Inputs	Outputs	30.06.2014
Special Cost	2.155.826	226.895	0	2.382.721
Rights	8.024.237	0	0	8.024.237
<b>Total</b>	<b>10.180.063</b>	<b>226.895</b>	<b>0</b>	<b>10.406.958</b>
Depreciation	01.01.2014	Depreciation Cost	Outputs	30.06.2014
Special Cost	-720.564	-147.864	-	-895.428
Rights	-587.808	-517.758	-	-1.105.566
<b>Total</b>	<b>-1.308.372</b>	<b>-387.455</b>	<b>0</b>	<b>-2.000.994</b>
<b>Net Value</b>	<b>8.871.691</b>			<b>8.405.964</b>

Intangible Assets	01.01.2013	Inputs	Outputs	31.12.2013
Special Cost	1.521.766	634.060	-	2.155.826
Rights	5.270.000	2.754.237	-	8.024.237
<b>Total</b>	<b>6.791.766</b>	<b>3.388.297</b>	<b>0</b>	<b>10.180.063</b>
Depreciation	01.01.2013	Depreciation Cost	Outputs	31.12.2013
Special Cost	-410.398	-310.166	-	-720.564
Rights	-103.141	-484.667	-	-587.808
<b>Total</b>	<b>-513.539</b>	<b>-794.833</b>	<b>0</b>	<b>-1.308.372</b>
<b>Net Value</b>	<b>6.278.227</b>			<b>8.871.691</b>

The amount appeared in Rights of 8.043.446 TL composes costs of doctor's staff.

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

**12. Goodwill**

	30.06.2014	31.12.2013
Goodwill	1.969.390	1.969.390

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**13. Provisions, Conditional Assets and Liabilities**

Lawsuits and Provisions;

<u>Lawsuits and Provisions – 30.06.2014</u>	<u>Amount</u>	<u>Provision</u>
Lawsuits to be filed by the Company, enforcement proceedings	-	-
The case against SSI	129.833	-129.833
Company against claims arising from labor service	68.670	-68.670
<u>Lawsuits and Provisions – 31.12.2013</u>	<u>Amount</u>	<u>Provision</u>
Lawsuits to be filed by the Company, enforcement proceedings	236.690	-236.690
The case against SSI	731.825	-731.825
Company against claims arising from labor service	178.503	-178.503

Contingent Liabilities;

<u>Türü</u>	<u>Issued Place</u>	<u>30.06.2014</u>	<u>31.12.2013</u>
Letter of collaterals	Başkent Elkt Dağ. A.Ş.	44.218 TL	44.218 TL
Letter of collaterals	Shell A.Ş.	-	40.000 TL
Letter of collaterals	Enerjisa	60.000 TL	60.000 TL
Letter of collaterals	Altı Mimarlık	5.000 TL	5.000 TL
Letter of collaterals	Alternatif İnşaat A.Ş.	100.000 €	100.000 €
Checks of collaterals	Siemens A.Ş.	-	50.000 €
Checks of collaterals	Siemens A.Ş.	-	42.336 €
Surety Bonds Issued (Leasing)	Finans Leasing	211.627 €	211.627 €
Letter of collaterals	Başkent Doğalgaz	258.000 TL	258.000 TL
Surety Bonds Issued (Loan)	Kalkınma Bankası A.Ş.	2.200.000 TL	2.200.000 TL
Surety Bonds Issued (Loan)	Kalkınma Bankası A.Ş.	1.903.029 €	1.903.029 €
Mortgage (Loan)	Kalkınma Bankası A.Ş.	4.200.000 €	4.200.000 €
Mortgage (Loan)	Kalkınma Bankası A.Ş.	7.000.000 TL	7.000.000 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
Letter of collaterals	DHMI	-	610.000 TL
Letter of collaterals	Ankara Adliyesi	69.581 TL	69.581 TL
Letter of collaterals	Mamak Belediyesi	23.500 TL	-
Letter of collaterals	Mamak Belediyesi	2.500 TL	-
Letter of collaterals	Türk Telekom A.Ş.	9.448 TL	-
Letter of collaterals (Van)	Aksa Doğalgaz A.Ş.	142.054 TL	-
Letter of collaterals (Van)	Van Gölü Elektrik A.Ş.	63.000 TL	-
Letter of collaterals	Keçiören Belediyesi	15.744 TL	-
Letter of collaterals	Kredi Yurtlar Kurumu	44.000 TL	-
Letter of collaterals	Aksa Enerji	90.000 TL	-
<b>Total TL provision</b>		<b>44.097.589</b>	<b>44.234.999</b>

<u>Type</u>	<u>Taken place</u>	<u>30.06.2014</u>	<u>31.12.2013</u>
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
<b>Total TL provision</b>		<b>2.099.394</b>	<b>1.971.435</b>

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**14. Commitments**

	30.06.2014	31.12.2013
A CPM's given for companies own legal personality	44.097.589	44.234.999
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.		
<b>Total</b>	<b>44.097.589</b>	<b>44.234.999</b>

There is a cross-sureties in favor to eachother for bank credit in the scope of consolidation of companies.

**15. Benefits Provided to Employees**

	30.06.2014	31.12.2013
	30.06.2014	31.12.2013
Severance pay provision	736.073	596.084
Provisions for Days Off	312.347	291.995
<b>Total</b>	<b>1.048.420</b>	<b>888.079</b>

The company assumes that the men will leave their jobs after working 25 years and women after 20 years. It is assumed as of the date of Balance Sheet Date that the termination indemnity will increase by %5 annually (increase on wages of employee) until the date of retirement(31.12.2013: %5). 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 %87. Cap for termination indemnity is 3.438 TL (31.12.2013– 3.438 TL)

Assumptions on the calculation of termination indemnity are as follows;

	30.06.2014	31.12.2013
Working period	F: 20years, M: 25 years	F: 20years, M: 25 years
Increase of wage	5%	5%
Not receive severance pay rate	83%	87%
Discount rate	8%	8%

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

	30.06.2014	31.12.2013
Beginning of the term	596.084	297.572
Payments	-286.129	-378.637
Interest cost	45.355	0
Period expense	122.859	200.268
Actuarial Gain / loss	239.904	476.881
<b>End of period</b>	<b>736.073</b>	<b>596.084</b>

Actuarial income and losses are reported in income statement.



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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:

	30.06.2014	31.12.2013
Beginning of the term	291.995	136.930
Payments / Cancellations	-268.129	-93.653
Additional	288.481	248.718
<b>End-of-period</b>	<b>312.347</b>	<b>291.995</b>

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

	30.06.2014	31.12.2013
Other Current Asset		
Deferred VAT	678.339	1.081.054
Work advances	348.810	187.205
Advances to personnel	11.074	14.463
<b>Total</b>	<b>1.038.223</b>	<b>1.282.722</b>

	30.06.2014	31.12.2013
Prepaid Expenses and Income Accruals		
Advances given	1.824.557	1.143.655
Prepaid expenses	379.666	531.920
Unbilled service income accrual	2.825.668	4.004.726*
<b>Total</b>	<b>5.029.891</b>	<b>5.680.301</b>

\*1.116.475 TL part of amount in 31.12.2013 is acccrual income related with sales of office. All of the rest portion is accraul income of service provided to hospitalized patients.

	30.06.2014	31.12.2013
Assets related current period tax		
Prepaid tax and funds	164.030	118
<b>Total</b>	<b>164.030</b>	<b>118</b>

	30.06.2014	31.12.2013
Prepaid expenses (long-term)		
Expenses of next years	396.112	440.284
<b>Total</b>	<b>396.112</b>	<b>440.284</b>

	30.06.2014	31.12.2013
Payables under Employee Benefits		
Personnel Wage Accruals	2.962.939	2.890.134
Social security premiums	955.672	950.207
<b>Total</b>	<b>3.918.611</b>	<b>3.840.341</b>

	30.06.2014	31.12.2013
Deferred revenues		
Advances received (Short-Term)	460.818	400.000
Advances of Bağyaka Residence	3.157.876	-
<b>Total</b>	<b>3.618.694</b>	<b>544.021</b>

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Other Short-term Liabilities	30.06.2014	31.12.2013
Taxes and funds payable	1.376.013	1.057.907
Restructured deferred tax and SSI liabilities	1.158.706	537.183
Prepaid salary promotional contract revenue	114.583	111.935
Doctor premiums	476.150	592.636
<b>Total</b>	<b>3.125.452</b>	<b>2.299.661</b>

Liabilities related current period tax	30.06.2014	31.12.2013
Restructured deferred tax and SSI liabilities (*)	5.795.525	5.292.224
<b>Total</b>	<b>5.371.832</b>	<b>5.292.224</b>

(\*)Restructured, deferred tax liabilities are deferred regarding to announcement of force majeure by Revenue Administration in Van because of earthquake in 23.11.2011. The end date of force majeure will be announced by administration

Deferred revenues (Long run)	30.06.2014	31.12.2013
Advance Premium of Bağkaya Konutları	-	2.508.283
Housing premium	653.072	4.767
<b>Total</b>	<b>4.767</b>	<b>2.513.050</b>

**17. Shareholder's Equity**Capital

	30.06.2014	31.12.2013
Capital	24.000.000	16.000.000
<b>Paid capital</b>	<b>24.000.000</b>	<b>16.000.000</b>

The Company's capital increased by 8 Million TL from internal sources has been increased to TL 24 million. Capital of TL 1 each. The denominator consists of 24 million units. (31 December 2013: The Company's share capital is 16 million TL, each share was 1 TL). Capital participation rates of the company's shareholders indicated in "Note 1" .

Share Issuance Premiums;

Share Issuance Premiums	30.06.2014	31.12.2013
Share Issuance Premiums	7.694.861	8.709.225
Supply to public expenses	-	-1.014.364
Addings to capital	-7.694.861	
<b>Total</b>	<b>-</b>	<b>7.694.861</b>

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.

Increased capital of 7.694.861 TL has been paid from share premiums.

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Revaluation Funds:

Revaluation funds	30.06.2014	31.12.2013
Revaluation fund on fixed assets	30.592.317	30.592.317
Effect of deferred tax	-1.529.616	-1.529.616
<b>Total</b>	<b>29.062.701</b>	<b>29.062.701</b>

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 (Actuarial Gain / Loss)	30.06.2014	31.12.2013
Beginning of the term	-534.267	-152.762
Additions within the period	-239.903	-476.881
Deferren tax	47.980	95.376
<b>Total</b>	<b>-726.190</b>	<b>-534.267</b>

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 terms of 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,

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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

Exchange differences	30.06.2014	31.12.2013
Beginning of term	-32.004	-32.004
Additons within period	44.014	-
<b>Total</b>	<b>12.010</b>	<b>-32.004</b>

**Legal Reserves:**

Restricted reserves	30.06.2014	31.12.2013
Legal reserves in beginning	748.826	577.588
Legal reserves from previous period' profit	199.054	171.238
<b>Total</b>	<b>947.880</b>	<b>748.826</b>

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.

Previous years Profit	30.06.2014	31.12.2013
Extraordinary Reserves	3.492.171	985.042
- Beginning term	958.042	225.264
- coming from previous year profit	2.812.268	759.778
Previous year profit / loss	-964.581	4.485.200
<b>Total</b>	<b>5.148.143</b>	<b>5.470.242</b>

Increased capital of 305.139 TL has been paid from extraordinary reserves.

On 05.04.2014 the Company's annual general assembly, in the year 2013, 969.753 TL gross profit of the year was decided to distribute as dividends. (gross per share 0.0606 TL)

**Non-controlling shares;**

Non-controlling shares	30.06.2014	31.12.2013
Minotory shares	1.045.168	1.045.168
Minority shares in previous year's profit	-651.256	1.224.717
Minority shares in period's profit / loss	7.177	-1.875.973
<b>Total</b>	<b>401.089</b>	<b>393.912</b>

**18. Sales and Cost of Sales**

	01.01.2014	01.01.2013
	30.06.2014	30.06.2013
Sales of Health care	54.044.566	51.426.684
Sales of biological assets and milk	967.700	867.130
Biological assets value rising	39.966	104.628
<b>Total</b>	<b>59.052.432</b>	<b>52.398.442</b>
Cost of sales health servicing	-52.325.589	-46.443.251
Cost of sales biological assets and milk	-457.505	-1.121.644
<b>Total</b>	<b>-52.972.726</b>	<b>-47.564.895</b>
<b>Gross Profit</b>	<b>6.079.706</b>	<b>4.833.547</b>

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

	01.01.2014 30.06.2014	01.01.2013 30.06.2013
Fees and fees related expenses	-27.227.355	-26.653.713
Raw material and supplies	-12.929.140	-10.838.787
Depreciation and amortization	-3.386.790	-2.518.763
Energy, fuel and water charges	-2.452.857	-1.632.795
Maintenance service expenses	-1.355.255	-1.314.199
Rental expenses	-2.033.053	-1.699.237
Representation expenses	-172.120	-120.882
Communication, shiipping, food expenses	-1.422.559	-370.831
Consulting expenses	-1.387.567	-1.415.568
Miscellaneous expenses	-605.266	-1.000.020
<b>Total</b>	<b>-52.972.725</b>	<b>-47.564.896</b>

Late interest regarding to the stocks in the period at an amount of 188.328 TL is reported under financial costs. (31.06.2013–210.563 TL).

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

	01.01.2014 30.06.2014	01.01.2013 30.06.2013
Marketing, sales and distribution expenses	-390.517	-452.118
Operating expenses	-2.071.573	-1.731.155
<b>Total</b>	<b>-2.462.090</b>	<b>-2.183.273</b>

	01.01.2014 30.06.2014	01.01.2013 30.06.2013
Marketing, sales and distribution expenses	-382.932	-447.955
Advertising Expenses	-7.584	-4.163
Miscellaneous Expenses		
<b>Total</b>	<b>-390.517</b>	<b>-452.118</b>

	01.01.2014 30.06.2014	01.01.2013 30.06.2013
Operating expenses	-829.914	-884.927
Fees and similar expenses	-114.907	-54.129
Representation, travel and transportation expenses	-286.223	-198.547
Consultancy, advisory, litigation execution and notary expenses	-18.415	-38.386
Energy, fuel and water charges	-20.212	-8.082
Maintenance service expenses	-122.399	-118.784
Rent expenses	-28.727	-21.031
Communication expenses	-559.694	-187.586
Depreciation	-91.303	-219.683
Other		
<b>Total</b>	<b>-2.071.795</b>	<b>-1.731.155</b>

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**20. Other Income**

	01.01.2014 30.06.2014	01.01.2013 30.06.2013
Provisions no longer required	14.841	-
The revenues from the Bank's salary contracts	111.758	101.695
Sales of consumables	-	387.493
Rent income	341.524	169.850
Insurance income	30.909	38.432
Incentives and support revenue	36.658	4.866
Capital gain	23.133	-
Other	183.122	84.501
<b>Total</b>	<b>741.944</b>	<b>786.857</b>

**21. Other Costs**

	01.01.2014 30.06.2014	01.01.2013 30.06.2013
Provision expenses	-254.423	-265.924
Donations and grants	-40.987	-117.493
Sponsorship expenses	-	-175.000
Tax and other penalties	-58.709	-28.107
Other	-741.643	-387.493
<b>Total</b>	<b>-1.095.762</b>	<b>-974.017</b>

**22. Financial Income**

	01.01.2014 30.06.2014	01.01.2013 30.06.2013
Interest revenue	3.439	100.504
Foreign exchange gains	75.211	317.418
Accrued interest revenue	841.884	96.840
<b>Total</b>	<b>920.534</b>	<b>514.762</b>

**23. Financial Costs**

	01.01.2014 30.06.2014	01.01.2013 30.06.2013
Foreign exchange losses	-205.683	-213.322
Accrued interest loss	-1.704.527	-1.215.901
Interest Expenses	-1.175.098	-518.514
<b>Total</b>	<b>-3.085.308</b>	<b>-1.947.737</b>

**24. Tax Revenue / 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

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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 one 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:

	30.06.2014	30.06..2013
Current tax provision		
Tax provision of current income	-114.947	-
Prepaid taxes	-	-
<b>Net</b>	<b>-114.947</b>	<b>-</b>

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.

Contribution to Investment

(\* ) Corporate Tax Law Article 32 / A of the application with the reduced corporate tax came into force on 28.02.2009. The promotion of investment since 2009 has started on a different system than before. These systems are based on the 2009/15199 and 2012/3305 are described by the Council of Ministers Decision.

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

Contribution to investment amount, reduced corporate tax to be applied for collection with the foregone tax through investments amount to be covered by the state. The investment contribution rate is represented by the division of total contribution amount by the total investment incentive.

Reduced corporate tax contribution amount will be applied until it reaches to amount of contribution investment.. Therefore, reduction in corporate tax practice is not limited to a certain period.

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**Deferred tax**

Deferred Tax - 30.06.2014

	Temporary Differences	Tax assets	Tax liabilities
Contribution to investment	1.815.420	326.776	
Valuation differences of biological assets	517.634		103.527
Valuation increases in fixed assets (*)	30.592.317		1.529.616
Value adjustments of fixed assets (*)			
Value adjustments of fixed assets (**)	7.002.729		1.400.546
Stock Adjustment	64.079	12.816	
Doctor's progress payment premiums	142.954	28.591	
Provisions for employee benefits	1.048.420	209.684	
Receivable provision	1.165.434	233.087	
Financial Losses	5.902.798	1.180.560	
Credit rediscount	520.535	104.106	
Dept rediscount	276.722		55.534
Accrued income related with ongoing treatment of patients	663.500		132.700
Case provisions	78.670	15.734	
Maintenance expense adjustments	346.002	69.200	
Exchange differences and interest accruals	133.325	24.509	2.136
<b>Total</b>		<b>2.205.063</b>	<b>3.223.879</b>
<b>NET</b>			<b>1.018.816</b>

Deferred tax - 31.12.2013

	Temporary Differences	Tax asset	Tax liabilities
Investment discount	1.049.075	209.815	
Valuation differences of biological assets	1.580.864		316.173
Valuation increases in the fixed assets (*)	30.592.317		1.529.616
Value adjustments of fixed assets (**)	6.731.638		1.346.328
Stock adjustment	69.749	13.950	
Doctor's progress payment premiums	502.051	100.410	
Provisions for employee benefits	888.079	177.616	
Receivable provision	951.452	190.290	
Financial Losses	7.515.932	1.503.186	
Credit rediscount	521.317	104.263	
Dept rediscount	402.156		80.431
Accrued income related with ongoing treatment of patients	1.338.964		267.793
Case provision	178.503	35.701	
Maintenance expense adjustments	230.667		46.133
Exchange differences and interest accruals	373.890		74.778
Income accruals	550.498		110.100
<b>Total</b>		<b>2.335.231</b>	<b>3.771.352</b>
<b>NET</b>			<b>1.436.121</b>

(\*)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;



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- 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**

	01.01.2014 30.06.2014	01.01.2013 30.06.2013
Profit / Loss	1.353.453	996.022
Number of Shares	24.000.000	16.000.000
<b>Earnings / Loss per share</b>	<b>0,056392</b>	<b>0,062251</b>

**26. Explanations regarding to Related Parties**

Receivables / Payables	30.06.2014		31.12.2013	
	Commercial	Non-commercial	Commercial	Non-commercial
Receivables from related parties	767.532	-	111.941	0
Payables to related parties	-5.274.013	1.295.044	-5.564.962	-215.923
<b>Total</b>	<b>-6.041.545</b>	<b>1.295.044</b>	<b>-5.453.021</b>	<b>-215.923</b>
<b>NET</b>	<b>-4.506.481</b>		<b>-5.668.944</b>	

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Revenue/Expenses	30.06.2014		30.06.2013	
	Revenue	Expenses	Revenue	Expenses
Afşar Matbaacılık Ofset Ve Tipo Tesisleri	-	-139.276	-	-197.522
Bilgen İnş.Konf. Taah.San.Tic.Ltd.Şti.	1.116.475	-	-	-
Akgül Grup Gıda	148.165	-10.187	105.726	-8.138
Çetin Matbaacılık Ofset Tipo	-	-1.400	-	-
Lokman Hekim Tıbbi Hizmetler Tic.Ltd.Şti.	-	-458.935	-	-529.538
Koç Medikal Tıbbi Hizmetler	1.440	-67.216	2.325	-137.349
Özdemir İnşaat Tah. Müh. Ve Orm. Ürün. Tic Ltd.Şti	-	-44.800	-	-41.750
Özkanlar Paz.İth. İhr. Gıda Mad. Tic. Ltd. Şti.	-	-949	-	-
Medisina Sağlık A.Ş.	-	-37.115	-	-
Pozitron Sağlık Hiz. San. Ve Tic. Ltd. Şti.	-	-732.186	-	-815.633
Şekerciler Gıda Tic. Ltd. Şti.	-	-2.153	-	-
B Ajans Medya Yayın Dan. Org San. Tic. Ltd. Şti	-	-	-	-17.100
Safi Sağlık Ticaret A.Ş.	-	-9.000	-	-9.000
Van Divan Sağlık Eğitim A.Ş.	-	-210.000	-	-210.000
Revenues and expenses from related persons	-	-	132	-10.162
Benefits provided for managing the top managerial staff	-	-599.902	-	-700.819
Benefits provided to Senior management for professional activities	-	-642.121	-	-634.400
Benefits to employed partners in the company	-	-669.204	-	-603.313
Total	<b>1.266.080</b>	<b>-3.624.444</b>	<b>108.183</b>	<b>-3.914.724</b>
NET	<b>-2.358.364</b>		<b>-3.806.541</b>	

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

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**27. Levels and Characteristics of Risks Arising from Financial Instruments**

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

30.06.2014	Receivables				Bank Deposits	Other
	Trade Receivables		Other Receivables			
	Related Parties	Other	Related Parties	Other		
Maximum exposed credit risk as of reporting date (A+B)	767.535	20.815.744	-	341.467	2.176.159	6.664.072
- Secured portion of the maximum credit risk by guarantees, etc						
A. Net book value of financial assets either are not due or not impaired	767.535	20.815.744	-	341.467	2.176.159	6.664.072
B. Net book value of impaired assets		0				
- Overdue (Gross book value)		1.188.097				
- Overdue (Gross book value)		-1.188.097				

31.12.2013	Receivables				Bank Deposits	Other
	Trade Receivables		Other Receivables			
	Related Parties	Other	Related Parties	Other		
Maximum exposed credit risk as of reporting date (A+B)	111.941	19.614.970	0	12.386	1.912.469	7.439.021
- Secured portion of the maximum credit risk by guarantees, etc						
A. Net book value of financial assets either are not due or not impaired	111.941	19.659.070	0	342.963	1.912.469	7.439.021
B. Net book value of impaired assets		0				
- Overdue (Gross book value)		968.515				
- Impairment (-)		-968.515				

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

<b>30.06.2014</b>							
<b>Contractual maturities</b>	<b>Book value</b>	<b>Total of contract based cash outflow (=I+II+III+IV)</b>	<b>0-3 month (I)</b>	<b>3-12 months (II)</b>	<b>1-5 years (III)</b>	<b>5 - years (IV)</b>	<b>Demand deposit</b>
<b>Non-derivative financial liabilities</b>							
Financial liabilities	24.631.050	24.631.050	660.746	3.180.095	1.236.481		19.553.728
Financial leasing liabilities	4.538.806	4.055.001	616.277	1.669.370	1.769.355		
<b>Expected maturities</b>	<b>Book value</b>	<b>Total of contract based cash outflow (=I+II+III+IV)</b>	<b>0-3 month (I)</b>	<b>3-12 months (II)</b>	<b>1-5 years (III)</b>	<b>5 - years (IV)</b>	<b>Demand deposit</b>
<b>Non-derivative financial liabilities</b>							
Trade payables	18.505.977	18.505.977	13.757.211	1.414.300			3.334.465
Other payables	1.368.722	1.368.722	73.678	353.294	941.750		
Current income tax liabilities	114.947	114.947	114.947				
Debt provisions	198.503	198.503					198.503
Other liabilities	7.750.065	7.750.065	3.754.809	3.730.907	264.349		
Provisions related employee benefits	1.048.420	1.048.420					1.048.420
<b>31.12.2013</b>							
<b>Contractual maturities</b>	<b>Book value</b>	<b>Total of contract based cash outflow (=I+II+III+IV)</b>	<b>0-3 month (I)</b>	<b>3-12 months (II)</b>	<b>1-5 years (III)</b>	<b>5 - years (IV)</b>	<b>Demand deposit</b>
<b>Non-derivative financial liabilities</b>							
Financial liabilities	26.666.879	26.634.868	853.557	4.518.962	2.531.816		18.730.533
Financial leasing liabilities	5.073.170	5.521.846	556.765	1.614.627	3.350.454		
<b>Expected maturities</b>	<b>Book value</b>	<b>Total of contract based cash outflow (=I+II+III+IV)</b>	<b>0-3 month (I)</b>	<b>3-12 months (II)</b>	<b>1-5 years (III)</b>	<b>5 - years (IV)</b>	<b>Demand deposit</b>
<b>Non-derivative financial liabilities</b>							
Trade payables	17.888.770	17.888.770	17.070.508	818.262			
Other payables	278.662	278.662	203.495	75.167	0,270		
Current income tax liabilities	0	0	0				
Debt provisions	178.503	178.503					178.503
Other liabilities	7.591.885	7.591.885	3.678.173	3.654.759	258.952		
Provisions related employee benefits	888.079	888.079					888.079

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**Currency Risk;**

<b>Foreign Currency Position Table - 30.06.2014</b>	<b>TL Equivalent (Functional currency)</b>	<b>Dollars</b>	<b>Euro</b>
1. Trade receivables	344.859	106.400	41.125
2a. Monetary financial assets (Cash, Bank accounts included etc.)	2.262	27	762
2b. Non-monetary financial assets	-	-	-
3. Other	240.709	113.360	0
<b>4. Current Assets (1 +2 +3)</b>	<b>587.829</b>	<b>219.787</b>	<b>41.887</b>
5. Trade payables	17.037	8.023	-
6a. Monetary financial liabilities	-	-	-
6b. Non-monetary financial assets	-	-	-
7. Other	3.610	1.700	0
<b>8. Fixed Assets (5 +6 +7)</b>	<b>20.647</b>	<b>9.723</b>	<b>0</b>
<b>9. Total Assets (4 +8)</b>	<b>608.476</b>	<b>229.511</b>	<b>41.887</b>
10. Trade Payables	134.967	8.023	40.779
11. Financial Liabilities	84.488	0	29.215
12a. Other monetary liabilities	-	-	-
12b. Other non-monetary liabilities	2.731	-	944
<b>13. Short-Term Liabilities (10+11+12)</b>	<b>222.186</b>	<b>8.023</b>	<b>70.939</b>
14. Trade Payables	-	-	-
15. Financial Liabilities	19.309	0	6.677
16 a. Other monetary liabilities	-	-	-
16 b. Other non-monetary liabilities	-	-	0
<b>17Long-Term Liabilities (14+15+16)</b>	<b>19.309</b>	<b>0</b>	<b>6.677</b>
<b>18. Total Liabilities (13 +17)</b>	<b>241.494</b>	<b>8.023</b>	<b>77.616</b>
<b>19. Off-balance sheet foreign currency derivative instruments Net Asset / (Liability) Position (19a-19b)</b>			
<b>19a. Active-balance sheet foreign currency derivative assets</b>			
<b>19b. Off-balance Sheet Foreign Currency Derivative assets</b>			
<b>20. Net foreign currency asset / (liability) position (9-18+19)</b>	<b>366.982</b>	<b>221.487</b>	<b>-35.729</b>
<b>21. Monetary accounts net foreign Currency Asset / (Liability) Position (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>125.394</b>	<b>106.427</b>	<b>-34.785</b>
<b>22. Fair value of financial instruments used to manage foreign currency position</b>			
<b>23. Amount of Hedged Foreign Currency Assets</b>			
<b>24. Amount of Currency Hedged Liabilities</b>			
<b>25. Export</b>			
<b>26. Import</b>			

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

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(Amounts are expressed in Turkish Lira unless otherwise stated)

<b>Foreign Currency Position Table - 31.12.2013</b>	<b>TL Equivalent (Functional currency)</b>	<b>Dollars</b>	<b>Euro</b>	<b>Islam Dinar</b>
1. Trade receivables	324.003	102.406	35.906	-
2a. Monetary financial assets (Cash, Bank accounts included etc.)	960	449	0	-
2b. Non-monetary financial assets	-	-	-	-
3. Other	0	0	0	-
<b>4. Current Assets (1 +2 +3)</b>	<b>324.963</b>	<b>102.855</b>	<b>35.906</b>	<b>0</b>
5. Trade payables	-	-	-	-
6a. Monetary financial liabilities	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	3.628	1.700	0	-
<b>8. Fixed Assets (5 +6 +7)</b>	<b>3.628</b>	<b>1.700</b>	<b>0</b>	<b>0</b>
<b>9. Total Assets (4 +8)</b>	<b>328.591</b>	<b>104.555</b>	<b>35.906</b>	<b>0</b>
10. Trade Payables	-253.622	- 59.281	-43.282	-
11. Financial Liabilities	-1.572.118	0	-49.070	-434.116
12a. Other monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-
<b>13. Short-Term Liabilities (10+11+12)</b>	<b>-1.825.740</b>	<b>-59.282</b>	<b>-92.352</b>	<b>-434.116</b>
14. Trade Payables	-	-	-	-
15. Financial Liabilities	-3.995	0	-1.360	0
16 a. Other monetary liabilities	-	-	-	-
16 b. Other non-monetary liabilities	-	-	0	-
<b>17Long-Term Liabilities (14+15+16)</b>	<b>-3.995</b>	<b>0</b>	<b>-1.360</b>	<b>0</b>
<b>18. Total Liabilities (13 +17)</b>	<b>-1.829.735</b>	<b>-59.282</b>	<b>-93.712</b>	<b>-434.116</b>
<b>19. Off-balance sheet foreign currency derivative instruments Net Asset / (Liability) Position (19a-19b)</b>	-	-	-	-
<b>19a. Active-balance sheet foreign currency derivative assets</b>				
<b>19b. Off-balance Sheet Foreign Currency Derivative assets</b>				
<b>20. Net foreign currency asset / (liability) position (9-18+19)</b>	<b>-1.501.143</b>	<b>45.274</b>	<b>-57.806</b>	<b>-434.116</b>
<b>21. Monetary accounts net foreign Currency Asset / (Liability) Position (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>-1.501.143</b>	<b>45.274</b>	<b>-57.806</b>	<b>-434.116</b>
<b>22. Fair value of financial instruments used to manage foreign currency position</b>				
<b>23. Amount of Hedged Foreign Currency Assets</b>				
<b>24. Amount of Currency Hedged Liabilities</b>				
<b>25. Export</b>				
<b>26. Import</b>				

**Sensitivity analysis;**

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(Amounts are expressed in Turkish Lira unless otherwise stated)

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 30.06.2014 and 31.12.2013.

<b>30.06.2014</b>	<b>Gain / Loss</b>	
	Foreign exchange appreciation	Foreign exchange depreciation
<b>In case +/-10% fluctuation of USD rate:</b>		
1- U.S. Dollar net asset / liability	47.031	-47.031
2- Hedged portion from U.S. Dollar risk (-)		
<b>3- U.S. Dollar Net Effect (1 +2)</b>	<b>47.031</b>	<b>-47.031</b>
<b>In case +/-10% fluctuation of EURO rate</b>		
4- EURO net asset / liability	-10.332	10.332
5- Hedged portion from EURO risk (-)		
<b>6- EURO Net Effect (4+5)</b>	<b>-10.332</b>	<b>10.332</b>
<b>TOTAL (3+6)</b>	<b>36.698</b>	<b>-36.698</b>

<b>31.12.2013</b>	<b>Gain / Loss</b>	
	Foreign exchange appreciation	Foreign exchange depreciation
<b>In case +/-10% fluctuation of USD rate:</b>		
1- U.S. Dollar net asset / liability	9.663	-9.663
2- Hedged portion from U.S. Dollar risk (-)		
<b>3- U.S. Dollar Net Effect (1 +2)</b>	<b>9.663</b>	<b>-9.663</b>
<b>In case +/-10% fluctuation of EURO rate</b>		
4- EURO net asset / liability	-16.975	16.975
5- Hedged portion from EURO risk (-)		
<b>6- EURO Net Effect (4+5)</b>	<b>-16.975</b>	<b>16.975</b>
<b>In case +/-10% fluctuation of Islam Dinar rate</b>		
7- Islam Dinar net asset / liability	-142.802	142.802
8- Hedged portion from Islam Dinar risk (-)		
<b>9- Islam Dinar Net Effect (7+8)</b>	<b>-142.802</b>	<b>142.802</b>
<b>TOTAL (3+6+9)</b>	<b>-150.114</b>	<b>150.114</b>