

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

**Condensed Consolidated**

**Financial Statements for**

**The Period Ended 30 June 2013**

To The Shareholders and Board of Directors of

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

#### *Introduction*

We have reviewed the accompanying consolidated balance sheet of Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş. and its subsidiaries (Collectively referred to as “the Group”) as of June 31,2013 and related statement of consolidated income, consolidated statement of comprehensive income, consolidated statement of changes in shareholder’s equity and consolidated statement of cash flow for the three months period ended. The Group Management is responsible for the preparation of those condensed interim consolidated financial statements in accordance with financial reporting standards issued by Capital Market Board. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

#### **Scope of Review**

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

#### **Conclusion**

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

26.08.2013, Ankara

REFERANS BAĞIMSIZ DENETİM VE DANIŞMANLIK A.Ş.

Principal Auditor in Charge

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

	<b>Notes Number</b>	<b>30.06.2013</b>	<b>31.12.2012</b>
<b>Current Assets</b>		<b>34.123.990</b>	<b>31.895.569</b>
Cash and cash equivalents	[4]	2.075.673,00	2.212.721,00
Trade receivables	[6]	19.219.584,00	19.614.970,00
-Due from related parties		20,03	16,50
-Other		19.199.559,00	19.598.473,00
Other receivables	[7]	332,67	12,39
Inventories	[8]	6.849.359,00	5.128.973,00
Prepaid expenses	[16]	4.755.008,00	3.581.442,00
Assets related with current tax period	[16]	293,00	253,30
Other current assets	[16]	891,40	1.091.777,00
- Due from related parties		66,83	24,89
-Other		824,57	1.066.886,00
<b>Non-Current Assets</b>		<b>82.218.722,00</b>	<b>55.795.108,00</b>
Other receivables	[7]	34,36	30,83
Biological assets	[9]	2.485.000,00	2.338.000,00
Property, plant and equipment	[10]	70.552.045,00	44.421.647,00
-Finance lease		7.112.349,00	3.989.764,00
-Other		63.439.696,00	40.431.883,00
Intangible assets	[11]	8.552.737,00	8.345.857,00
-Royalties	[12]	1.969.390,00	1.969.390,00
-Other non-current assets		6.583.347,00	6.376.467,00
Prepaid expenses	[16]	594,58	658,78
<b>TOTAL ASSETS</b>		<b>116.342.712</b>	<b>87.690.677</b>
<b>Short-Term Liabilities</b>		<b>41.920.021</b>	<b>34.969.451</b>
Short-term borrowings	[5]	12.127.344	9.995.688
The short term portions of the long term borrowings	[5]	6.957.303	5.322.399
Trade payables	[6]	11.611.581	11.195.773
-Due to related parties		638,418	1.420.617
-Other		10.973.163	9.775.156
Due to the scope of benefits provided to employees	[16]	4.397.942	3.273.978
Other liabilities	[7]	1.377.065	1.208.907
-Due to related parties		1.260.112	1.201.923
-Other		116,953	6,984
Deferred revenue		150,916	61,342
Short-term provisions	[13]	178,503	109,833
-Other short-term provisions		178,503	109,833
Other short-term liabilities	[16]	5.119.367	3.801.531
<b>Long-Term Liabilities</b>		<b>12.398.005</b>	<b>10.921.490</b>
Long-term borrowings	[5]	7.874.117	8.396.471
Deferred revenue		2.489.912	1.723.025
Long-term provisions		530,703	434,502
-Provisions related with benefits provided to employees		530,703	434,502
Deferred tax liability	[24]	1.503.273	367,492
<b>Equity</b>		<b>62.024.686</b>	<b>41.799.737</b>
Parent Company Equity		<b>60.457.039</b>	<b>39.617.100</b>
Share capital	[17]	16.000.000	16.000.000
Share premium	[17]	7.694.861	7.694.861
Unrecoverable accumulated revenues and expenses		28.852.016	7.703.171
-Increasing in valuation of assets	[17]	29.062.701	7.855.933
-Identified benefits plan and remeasurement of gain and (loss)		-210,685	-152,762
Recoverable accumulated revenues and expenses		-6,048	0
-Foreign currency conversion adjustments		-6,048	0
Legal reserve	[17]	748,826	577,588
Previous years profits / losses	[17]	5.470.242	2.274.179
Net income (loss) for the period		1.697.142	5.367.301
Minority interest	[17]	1.567.647	2.182.637
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>116.342.712</b>	<b>87.690.677</b>

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

	<b>Notes Number</b>	<b>01.01.2013 30.06.2013</b>	<b>01.01.2012 30.06.2012</b>	<b>01.04.2013 30.06.2013</b>	<b>01.04.2012 30.06.2012</b>
<b>COMPREHENSIVE INCOME STATEMENT</b>					
Sales	[18]	52.398.442	48.456.233	25.988.590	24.734.771
Cost of sales (-)	[18]	-	-	-	-
		<u>44.099.246</u>	<u>36.189.124</u>	<u>23.015.122</u>	<u>19.204.235</u>
<b>Gross profit</b>		<b>8.299.196</b>	<b>12.267.109</b>	<b>2.973.468</b>	<b>5.530.536</b>
Marketing, sales and distribution (-)	[19]	-452.118	-305.951	-204.779	-139.213
Operating expenses (-)	[19]	-1.731.155	-1.322.439	-903.039	-707.203
Other revenues and profits	[20]	786.857	912.544	222,79	607,095
Other expenses and losses (-)	[21]	-4.439.667	-3.643.169	-2.126.661	-2.108.758
-Idle capacity		-3.465.649	-1.854.974	-2.157.528	-1.005.807
-Other		-974.018	-1.788.195	30,867	-1.102.951
		<u>2.463.113</u>	<u>7.908.094</u>	<u>-38.221</u>	<u>3.182.457</u>
<b>Operating profit (loss)</b>		<b>2.463.113</b>	<b>7.908.094</b>	<b>-38.221</b>	<b>3.182.457</b>
Financial revenues	[22]	514,762	535,275	382,74	121,602
Financial expenses (-)	[23]	-1.947.737	-1.940.572	-1.045.150	-984.261
		<u>1.030.138</u>	<u>6.502.797</u>	<u>-700.631</u>	<u>2.319.798</u>
<b>Before tax profit (loss)</b>		<b>1.030.138</b>	<b>6.502.797</b>	<b>-700.631</b>	<b>2.319.798</b>
<b>Tax income (expenses)</b>		<b>-34.116</b>	<b>-1.293.018</b>	<b>347,562</b>	<b>-405.850</b>
Tax expense	[24]	0	-385.573	0	-385.573
Deferred tax income (expenses)	[24]	-34.116	-907.445	347,562	-20.277
		<u>996,022</u>	<u>5.209.779</u>	<u>-353.069</u>	<u>1.913.948</u>
<b>NET INCOME</b>		<b>996,022</b>	<b>5.209.779</b>	<b>-353.069</b>	<b>1.913.948</b>
Earnings per share	[25]	0,062251	0,325611	-0,022067	0,119622
Distribution of Net Income		996,022	5.209.779	-353,069	1.913.948
Minority interest	[17]	-701,12	1.269.817	-521,781	390,09
Parents interest		1.697.142	3.939.962	168,712	1.523.858
		<u>01.01.2013 30.06.2013</u>	<u>01.01.2012 30.06.2012</u>	<u>01.04.2013 30.06.2013</u>	<u>01.04.2012 30.06.2012</u>
<b>Other Comprehensive Income Statement</b>					
<b>NET PROFIT (LOSS)</b>					
		<u>996,022</u>	<u>5.209.779</u>	<u>-353.069</u>	<u>1.913.948</u>
<b>Unrecoverable accumulated revenues and expenses</b>		<b>21.148.845</b>	<b>0</b>	<b>21.148.845</b>	<b>0</b>
Increasing/Decreasing in valuation of assets		22.322.914	0	22.322.914	0
Identified benefits plan and remeasurement of gain and (loss)		-72.404	0	-72.404	0
Tax related with unrecoverable accumulated revenues and expenses		-1.101.665	0	-1.101.665	0
		<u>-6.048</u>	<u>0</u>	<u>-6.048</u>	<u>0</u>
<b>Recoverable accumulated revenues and expenses</b>		<b>-6.048</b>	<b>0</b>	<b>-6.048</b>	<b>0</b>
Changes in foreign currency conversion adjustments		-6.048	0	-6.048	0
		<u>21.142.797</u>	<u>0</u>	<u>21.142.797</u>	<u>0</u>
<b>Total Comprehensive Income</b>		<b>22.138.819</b>	<b>5.209.779</b>	<b>20.789.728</b>	<b>1.913.948</b>

				Unrecoverable Accumulated Revenues and Expenses(Comprehensive)		Recoverable Accumulated Revenues and Expenses(Comprehensive)		Accumulated Profits		
	<u>Notes Number</u>	Share Capital	Share Premium	Unrecoverable Accumulated revenues and expenses	Identified Benefits Plan and Remeasurement of Gain and (Loss)	Foreign Currency Conversion Differences	Legal Reserves	Previous Years Profits/Losses	Net Income(loss) For The Period	Minority Shares
<b>01.01.2012</b>		<b>16.000.000</b>	<b>7.694.861</b>	<b>7.855.933</b>	<b>0</b>	<b>0</b>	<b>577,588</b>	<b>1.171.088</b>	<b>1.108.830</b>	<b>638,026</b>
Adjustments about changes in Accounting Policy					-25,096				25,096	
Period income by transfer								1.108.830	-1.108.830	
Through consolidation								-5,739		404,595
Minority interest	[18]									22,664
Net income (loss)									3.914.867	1.269.817
<b>30.06.2012</b>		<b>16.000.000</b>	<b>7.694.861</b>	<b>7.855.933</b>	<b>-25,096</b>	<b>0</b>	<b>577,588</b>	<b>2.274.179</b>	<b>3.939.963</b>	<b>2.335.102</b>
<b>01.01.2013</b>		<b>16.000.000</b>	<b>7.694.861</b>	<b>7.855.933</b>	<b>0</b>	<b>0</b>	<b>577,588</b>	<b>2.274.180</b>	<b>5.172.680</b>	<b>2.224.494</b>
Adjustments about changes in Accounting Policy					-152,762				194,619	-41,857
<b>01.01.2013(re-arranged)</b>		<b>16.000.000</b>	<b>7.694.861</b>	<b>7.855.933</b>	<b>-152,762</b>	<b>0</b>	<b>577,588</b>	<b>2.274.180</b>	<b>5.367.299</b>	<b>2.182.637</b>
Changes in valuation of assets	[17]			21.206.768						
Foreign currency conversion differences						-6,048				
Identified benefits plan and remeasurement of gain and (loss)					-57,923					
Period income by transfer							171,238	5.196.061	-5.367.299	
Dividend								-2.000.000		
Through consolidation										86,131
Net income (loss)									1.697.142	-701,12
<b>30.06.2013</b>		<b>16.000.000</b>	<b>7.694.861</b>	<b>29.062.701</b>	<b>-210,685</b>	<b>-6,048</b>	<b>748,826</b>	<b>5.470.241</b>	<b>1.697.142</b>	<b>1.567.648</b>

	Notes Number	01.01.2013 30.06.2013	01.01.2012 30.06.2012
<b>A. Cash Flows from Operating Activities</b>		<b>5.098.010</b>	<b>5.536.899</b>
Cash inflow from operating activities		51.851.010	39.110.411
Sales	[18]	51.915.688	46.634.905
Change in trade receivables	[7]	-64.678	-7.524.494
Cash outflow from operating activities		-45.513.716	-37.018.855
Cost of sales	[18]	-41.974.831	-36.969.005
Change in inventory	[9]	-1.720.386	-1.386.864
Change in trade payables	[7]	364.774	2.926.016
Cash outflows from operating expenses	[19]	-2.183.273	-1.589.002
<b>Cash flow from operating activities</b>		<b>6.337.294</b>	<b>2.091.556</b>
Cash flow from other activities		-1.239.284	3.445.343
Cash inflows from other income and revenue	[20]	786.857	807.06
Cash outflows from other expenses and losses	[21]	-4.161.806	-404.665
Cash inflows from financial revenues	[22]	417.922	535.275
Cash outflows from financial expenses	[23]	-1.429.223	-1.655.960
Changes in operating assets and liabilities	[8,15]	3.279.532	4.299.248
Tax Payments	[24]	-132.566	-135.615
<b>B. Cash Flows From Investing Activities</b>		<b>-6.479.264</b>	<b>-2.091.543</b>
Cash inflows from investing activities		0	223,614
Selling of fixed assets	[10,11]	0	223,614
Cash outflows from investing activities		-6.479.264	-2.315.157
Acquisition of fixed assets	[10,11]	-6.479.264	-2.315.157
<b>C. Cash Flows From Financing Activities</b>		<b>1.244.206</b>	<b>-2.827.926</b>
Cash inflows from financial activities		6.080.876	621,055
Capital payments of minority interest	[6]	3.994.704	
Cash inflows from long-term financial liabilities	[6]	2.086.172	
Minority capital payments		0	621,055
Cash outflows from financial activities		-4.836.670	-3.448.981
Cash outflows from short-term financial liabilities	[6]	-228.144	-788,578
Cash outflows from long-term financial liabilities	[6]	-2.608.526	-2.637.849
Paid dividend		-2.000.000	
Changes in financial leasing liabilities	[6]	0	-22,554
<b>D. Effects of Currency Differences on Cash and Cash Equivalents</b>			
<b>E. Cash Flow From Operating Activities</b>		<b>-137.048</b>	<b>617,43</b>
<b>F. Cash and Cash Equivalents at the Beginning of the Period</b>	[3]	<b>2.212.721</b>	<b>1.468.359</b>
<b>G. Cash and Cash Equivalents at the End of the Period</b>	[3]	<b>2.075.673</b>	<b>2.085.789</b>

## 1. Company's Organization and Main Activity

Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş. (“Parent Company”, “Gruop”, or “Company”) was established in Ankara in 1996. Firstly, it started to operate sale of medical stuff and procurement of medical equipment. Company is in service with two different hospitals which are “Özel Lokman Hekim Etlik Hospital” and “Özel Lokman Hekim Sincan Hospital”.

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

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

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

Ana ortaklığın sermaye ve ortaklık yapısı aşağıdaki gibidir;

	30.06.2013		31.12.2012	
	TL	%	TL	%
A Grubu	128.805	0,81	128.805	0,81
B Grubu	15.871.195	99,19	15.871.195	99,19
<b>Total</b>	<b>16.000.000</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;

Company	Principle Activity	Participation Rate(%)	
		30.06.2013	31.12.2012
Lokman Hekim Van Sağlık Hizmetleri ve İnşaat Taahhüt A.Ş.	Health	50.99	50.99
Hay Süt ve Süt Ürünleri Hayvancılık Gıda İth. İhr. A.Ş	Livestock, Dairy	73.62	73.62
Engürüsağ Genel Ticaret Ltd. Şti. (Erbil-Iraq)	Health	70,00	-

**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.

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

**Lokman Hekim Sincan Hospital:**

8 floor hospital building with 17.482 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.

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

**Lokman Hekim Van Hospital:**

The 9 floor hospital building in Van city centre with 13.500 m<sup>2</sup> indoor area is rental. The hospital has 4 operating room, 12 general intensive care beds, 3 beds for intensive care for cardiology department, 10 coronary rooms, 48 newborn intensive care incubators, 9 beds for child intensive care and 107 patient beds with a total capacity of 189 beds. (on 31.12.2012 there were 163 beds).

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

**Lokman Hekim Hayat Hospital:**

The hospital which is In Van and has 6.000 m<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

### **Personnel;**

<b>Position</b>	<b>30.06.2013</b>	<b>31.12.2012</b>
Doctor	161	150
Health Services (Nurse, ATT, Health Officer, Health Tech., Pharmacist, Dietician etc.)	428	375
Health Support Services (Health Support Personnel, Patient Relations)	297	301
Management Support Service	298	270
Management	60	62
<b>Total</b>	<b>1,244</b>	<b>1,158</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/TFRS respectively; Turkish Accounting Standard and Turkish Financial Reporting System, Public oversight, Accounting and Auditing Standards Authority (“KGK”) 5411 numbered Banking Law, Turkish Capital Markets Board of Turkey (“SPK”) 6362 numbered Capital Markets Law and with 5684 numbered Insurance Law and also 4683 numbered Individual Retirement and Investment Law are published on 20.05.2013, on Official Journal in 28652.

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.

Company	Principle Activity	Participation Rate(%)	
		30.06.2013	31.12.2012
Lokman Hekim Van Sağlık Hizmetleri ve İnşaat Taahhüt A.Ş.	Health	50.99	50.99
Hay Süt ve Süt Ürünleri Hayvancılık Gıda İth. İhr. A.Ş	Livestock, Dairy	73.62	73.62
Engürüsağ Genel Ticaret Ltd. Şti. (Erbil-Iraq)	Health	70,00	-

Included in the accompanying consolidated financial statements by full consolidation method

#### **2.1.2. Consolidation Principles;**

##### ***Full Consolidation Method***

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

#### **2.1.3. Functional Currency;**

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

#### **2.1.4. Declaration of Conformity;**

Attached financial statements of Group have been confirmed by the Board of Directors of the Company as of 31.05.2013. The right to change the attached financial statements belongs to the General Assembly of the Company or legal authorities.

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

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

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

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

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

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

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

The Group applied new and revised standards which are published by Public Oversight (“KGK”). in the current period and related to its field of business.

#### **2.2. Changes and Mistakes in the Accounting Policies**

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

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

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

#### **Correction of prior period financial statements and comparative information**

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

#### **2.3. Summary of Important Accounting Policies**

##### **2.3.1. Revenue:**

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

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

### **2.3.2. Inventories:**

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

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

It is assumed that the production activities would be at normal capacity on the distribution of fixed general production costs to conversion costs. Normal capacity is the expected average production amount under normal conditions within one or a few periods or sessions considering the loss of capacity due to the planned repair and maintenance works. If the real production level is close to the normal capacity, then this capacity is considered as normal capacity. It is found that the normal capacity of the company is %85.

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

Under this frame, normal capacity of Lokman Hekim Etlik Hospital is %85 and used capacities and fixed costs of production per this capacity for the Lokman Hekim Sincan Hospital is as follows;

Lokman Hekim Sincan	01.01.2013 30.06.2013	01.01.2012 31.12.2012
Normal Capacity	85,00%	85,00%
Actual Capacity	61,52%	62,13%
<b>Idle Capacity</b>	<b>23,48%</b>	<b>22,87%</b>
Sum of Fixed Costs	14.760.005	21.610.030
<b>Undistributed Costs</b>	<b>3.465.649</b>	<b>4.942.214</b>

### **2.3.3. Biological Assets**

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

### **2.3.4. 2.3.4. Tangible Fixed Assets**

Tangible assets which are expected to be used within the company for more than one year are registered with their costs at the time of purchase. In the following periods, revaluation method for lands and buildings are revaluated based on the method for cost of other tangible assets. Costs of other tangible assets which were purchased prior to 01.01.2005 are costs which are adjusted for inflation effects.

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

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

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

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

#### **2.3.5. Non-Tangible Fixed Assets**

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

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

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

#### **2.3.6. Royalty**

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

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

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

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

#### **2.3.7. Decline in the Values of Assets**

According to IAS 36 – Decline in the Values of Assets standard, book values of tangible and intangible assets and their recoverable values can be compared if it is deemed necessary due to domestic and international economic indications. If it is forecasted that the book value of the asset exceeds the recoverable value, then it is accepted that there is decline in the value of the asset. Recoverable value is the lesser of the exercise price and market price. Forecasted decline in the value is registered as loss at the term in which it is determined. However, existence of such decline in value is out of question.

### **2.3.8. Financial Instruments**

#### **a) Cash and Cash Equivalents**

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

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

#### **b) Trade Receivables and Payables**

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

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

The group, in case there is an objective proof that the collecting is impossible, makes provisions for doubtful receivables. The amount of this provision is registered value of the receivable less the guarantees and warranties. Following making a provision for the doubtful receivables, in case all or a portion of the doubtful receivable is not collected, the collected amount is written off from doubtful receivables and registered as other revenues.

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

#### **c) Other Receivables, Payables and Liabilities**

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

### **2.3.9. Benefits for Employees / Termination Indemnity**

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

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

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

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

### **2.3.10. Taxation**

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

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

### **2.3.11. Related Parties**

Parallel to the aim of these financial statements, related parties are considered and defined as the companies which are linked to the shareholders, important managerial employees and board members, their families and controlled by them or related to them, subsidiary and partnerships and minority partners of the affiliates.

Shareholders, major managers of these companies and members of the board of the Company and their families are also considered as related parties. Transactions made with the related parties are generally in accordance with the market conditions. Key managerial employees are also defined as the related parties of the company. The companies which are considered as related parties and the level of relation are as follows:

- Afşar Matbaacılık; Owners of the company are shareholders of Lokman Hekim A.Ş.. Goods are purchased in the current period.
- Bartek Bilgisayar; Owners of the company are shareholders of Lokman Hekim A.Ş.. No transaction in the current period.
- Bilgen İnşaat Konf. Taahhut Tic Ltd. Şti. ; Owners of the company are shareholders of Lokman Hekim A.Ş.. No transaction in the current period.
- Çetin Matbaacılık; Şirketin sahipleri Owners of the company are shareholders of Lokman Hekim A.Ş.. Goods are purchased in the current period.
- Lokman Hekim Tıbbi Hizmetler Tic. Ltd. Şti. ; Owners of the company are shareholders of Lokman Hekim A.Ş.. Services are purchased and rent revenue occurred in the current period.
- Özdemir İnşaat; Owners of the company are shareholders of Lokman Hekim A.Ş.. Rent is paid in the current period.
- Pozitron Sağlık Hizmetleri San.ve Tic. Ltd. Şti. ; Owners of the company are shareholders of Lokman Hekim A.Ş.. Services are purchased and sold in the current period.
- Şekerciler Gıda Tic.Ltd.Şti. ; Owners of the company are shareholders of Lokman Hekim A.Ş.. Goods are purchased in the current period.
- Kardiyotek Ltd. Şti.; Owners of the company are shareholders of Lokman Hekim A.Ş.. No transaction in the current period.
- Akgül Grup Gıda Ltd. Şti; Owners of the company are shareholders of Lokman Hekim A.Ş.. Rent revenue is obtained from café.
- Koç Medikal; Owners of the company are shareholders of Lokman Hekim A.Ş.. Goods are purchased in the current period.

- B Ajans Medya Yayın ve Org. San. Tic.Ltd. Şti.; Owners of the company are indirectly the shareholders of Lokman Hekim A.Ş.. Advertisement service is purchased in the current period.
- Özkanlar Paz.İth. İhr. Gıda Mad. Tic. Ltd. Şti.; Owners of the company are the shareholders of Lokman Hekim A.Ş. Goods are purchased in the current period.
- Medisina Sağlık A.Ş.; Owners of the company are the shareholders of Lokman Hekim A.Ş.. No transaction in the current period.

#### **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 30.06.2012 and 31.12.2012 reports are as follows

	30.06.2013	31.12.2012
Dollar	1,9248	1,7826
Euro	2,5137	2,3517
SDR (Islam Dinar)	2,8973	2,7536

### **2.3.17. Important Accounting Review, Forecast and Assumptions**

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

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

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

- Useful lives of tangible and intangible assets
- Discount rate used for trade receivables and payables
- Provision rates for the receivable from SSI
- Regarding to the employee benefits, retirement term, increase rate, discount rate, rate for not to get any termination indemnity
- Rates used for deferred tax calculation

### **3. Operation Segment**

	01.01.2012 - 30.06.2013		01.01.2012 30.06.2012	
	Tutar	%	Tutar	%
Sales of Services(Etlik)	11.349.280	22	10.812.859	23
Sales of Services(Sincan)	22.530.199	44	22.960.632	46
Sales of Services(Van)	17.597.047	34	14.096.392	31
<b>Total Sales</b>	<b>51.476.526</b>	<b>100</b>	<b>47.869.883</b>	<b>100</b>

  

	01.01.2012 - 30.06.2013		01.01.2012 30.06.2012	
	Tutar	%	Tutar	%
Sales to SGK	36.211.242	70	35.793.898	72
Other Sales	15.265.284	30	12.075.985	28
<b>Total Sales</b>	<b>51.476.526</b>	<b>100</b>	<b>47.869.883</b>	<b>100</b>

  

	01.01.2012 - 30.06.2013		01.01.2012 30.06.2012	
	Tutar	%	Tutar	%
Health Revenue	51.476.526	98	47.869.883	99
Livestock and Dairy	971.758	2	505.992	1
<b>Total</b>	<b>52.448.284</b>	<b>100</b>	<b>48.375.875</b>	<b>100</b>

Revenue according to types of treatment is like below;

	01.01.2012 - 30.06.2013			01.01.2012 - 30.06.2013		
	Number of Patients	Net Sales TL	Net Sales %	Number of Patients	Net Sales TL	Net Sales %
Outpatient	404.162	22.402.584	44	388.746	24.499.806	51
Inpatient	24.808	29.073.942	56	14.787	23.370.077	49
<b>Total</b>	<b>428.970</b>	<b>51.476.526</b>	<b>100</b>	<b>403.533</b>	<b>47.869.883</b>	<b>100</b>

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

#### 4. Cash and Cash Equivalents

	30.06.2013	31.12.2012
Cash	231.908	131.671
Banks	1.078.873	773.012
Credit Cards	764.892	1.308.038
<b>Total</b>	<b>2.075.673</b>	<b>2.212.721</b>

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

#### 5. Financial Liabilities

Short-Term Financial Liabilities	30.06.2013	31.12.2012
Short-Term Loans	10.424.291	9.422.049
The short term portions of the long term borrowings	6.957.303	5.334.899
Financial Leasing(Net)	1.703.053	561.139
- Leasing payables	2.115.311	745.253
- Interest payables of deferred lease cost	-412.258	-184.114
<b>Total</b>	<b>19.084.647</b>	<b>15.318.087</b>
Long-Term Financial Liabilities	30.06.2013	31.12.2012
Bank Loans	4.853.546	7.317.869
Financial Leasing(Net)	3.020.571	1.078.602
- Leasing payables	3.311.754	1.225.582
- Interest payables of deferred lease cost	-291.183	-146.980
<b>Total</b>	<b>7.874.117</b>	<b>8.396.471</b>

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

Bank Loans	30.06.2013	31.12.2012
0 - 3 month	157.330	511.115
3 - 12 month	6.799.973	5.947.833
1 - 5 years	4.853.546	7.317.869
Undated	10.424.291	8.298.000
<b>Total</b>	<b>22.235.140</b>	<b>22.074.817</b>

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

Leasing(Rent Payments)	30.06.2013	31.12.2012
0 - 3 months	525.565	187.764
3 - 12 months	1.589.746	557.489
1 - 5 years	3.311.754	1.225.582
<b>Total</b>	<b>5.427.065</b>	<b>1.970.835</b>

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

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

Credit details are like below;

Name of Bank	Currency	Amount	Interest Rate	30.06.2013
Türkiye Kalkınma Bankası A.Ş.	İslam Dinar	855.764	% 8,0	2.479.406 TL
Türkiye Kalkınma Bankası A.Ş.	TL	2.202.138	% 12,5	2.202.138 TL
T.C Ziraat Bankası A.Ş.	TL	8.411.008	% 7,5	8.411.008 TL
Albaraka Türk Katılım Bankası A.Ş.	TL	1.478.360	% 12,4	1.478.360 TL
Halk Bankası A.Ş.	TL	815.007	% 7,5	815.007 TL
Türkiye Vakıflar Bankası T.A.O.	TL	3.933.646	% 6,2	3.933.646 TL
Türkiye İş Bankası A.Ş.	TL	1.400.000	% 6,4	1.400.000 TL
Ziraat Bankası Faizsiz Kredi	TL	1.515.575	-	1.515.575 TL
<b>Total</b>				<b>22.235.140</b>

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

#### 6. Trade Receivables / Payables

	30.06.2013	31.12.2012
Trade Receivables	19.678.656	19.880.576
Notes Receivable	12.667	35.130
Rediscount	-471.739	-300.736
Doubtful trade receivables	1.360.979	1.071.918
Provision for doubtful trade receivables	-1.360.979	-1.071.918
<b>Total</b>	<b>19.219.584</b>	<b>19.614.970</b>

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

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

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

	30.06.2013	31.12.2012
Beginning	1.071.918	865.114
Fair Will	0	-214.919
Collections / Cancelation	0	32.074
Additions	289.061	389.649
<b>End of Term</b>	<b>1.360.979</b>	<b>1.071.918</b>

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

	30.06.2013		31.12.2012	
	Tutar	%	Tutar	%
Receivables from SGK (*)	19.694.975	94	17.870.783	85
Other receivables	1.357.327	6	3.116.841	15
<b>Total Receivables</b>	<b>21.052.302</b>	<b>100</b>	<b>20.987.624</b>	<b>100</b>

\*1.047.211 TL of provisions which is separated for doubtful receivables are provisions which is separated for receivables from SGK (31.12.2012 – 886.524 TL).

	30.06.2013	31.12.2012
Trade payables	6.348.892	6.315.971
Other trade payables	5.416.680	5.084.827
Rediscount	-153.991	-205.025
<b>Total</b>	<b>11.611.581</b>	<b>11.195.773</b>

The interest rate that is used for discounting the payables with interim payments is %10 (31.12.2012 - %10).  
638.418 TL of trade payables (31.12.2012 – 1.133.258 TL), 226.323 TL of note payables are debts to related parties.

#### 7. Other Receivables / Other payables

Other Receivables Short-Term	30.06.2013	31.12.2012
Depositos and guarantees given	17.666	12.370
Receivables from related parties	-	-
Receivables from personnel	-	-
Sundry receivables	315.007	16
<b>Total</b>	<b>332.673</b>	<b>12.386</b>

Other Receivables Long-Term	30.06.2013	31.12.2012
Depositos and guarantees given	34.363	30.827
<b>Total</b>	<b>34.363</b>	<b>30.827</b>

Other Payables Short-Term	30.06.2013	31.12.2012
Depositos and guarantees received	6.984	6.984
Due to shareholders	1.037.134	984.627
Sundry payables	332.947	217.296
<b>Total</b>	<b>1.377.065</b>	<b>1.208.907</b>

1.260.112 TL of the other debts (31.12.2012 – 984.627) and 211.343 TL of payables to personnel (21.12.2012 – 217.296 TL) are payables to related parties.

## 8. Inventories

	30.06.2013	31.12.2012
Medical inventories	1.749.178	1.584.278
Financial expenses	-52.869	-63.795
Feedstocks	109.426	563.456
Housing constructions (*)	5.043.624	3.045.034
<b>Total</b>	<b>6.849.359</b>	<b>5.128.973</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 52.869 TL in the current stocks is reported in the financial expenses. (31.12.2012 – 63.795 TL)

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

## 9. Biological Assets

Biological Assets	30.06.2013	31.12.2012
Book Value	1.951.475	1.909.103
Changes in the fair value	533.525	428.897
<b>Total</b>	<b>2.485.000</b>	<b>2.338.000</b>

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

## 10. Tangible Assets

Tangible Assets	01.01.2013	Addition	Disposals	Valuation	30.06.2013
Lands	4.194.000	100.000		7.972.000	12.266.000
Buildings	22.052.013	11.504		12.802.483	34.866.000
Property, plant and equipment	10.848.378				10.848.378
Vehicles	411.007	25.517			436.524
Furniture and fittings	11.729.569	2.043.476			13.773.045
Finance lease	6.276.192	3.549.900			9.826.092
Other fixed assets	546.104	7.532			553.636
Ongoing Investments	-	-			0
<b>Total</b>	<b>56.057.263</b>	<b>5.737.929</b>	<b>0</b>	<b>20.774.483</b>	<b>82.569.675</b>

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

Depreciation	01.01.2013	Addition	Disposals	Valuation	30.06.2013
Buildings	-1.319.144	-229.288		1.548.432	0
Property, plant and equipment	-3.009.932	-443.447			-3.453.379
Vehicles	-132.132	-33.165			-165.297
Furniture and fittings	-4.640.927	-768.279			-5.409.206
Finance lease	-2.283.135	-427.315			-2.710.449
Other fixed assets	-250.346	-28.952			-279.298
<b>Toplam</b>	<b>-11.635.616</b>	<b>-1.930.447</b>	<b>0</b>	<b>1.548.432</b>	<b>-12.017.630</b>
<b>Net Value</b>	<b>44.421.647</b>				<b>70.552.045</b>

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

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

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

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

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

#### 11. Intangible Assets

Assets	01.01.2013	Addition	Disposals	30.06.2013
Special cost	1.521.766	0	–	1.521.766
Rights	5.368.240	594.335	–	5.962.575
<b>Total</b>	<b>6.890.006</b>	<b>594.335</b>	<b>0</b>	<b>7.484.341</b>
Depreciation	01.01.2013	Addition	Disposals	30.06.2013
Special cost	-410.398	-242.332	–	-652.730
Haklar	-103.141	-145.122	–	-248.263
<b>Total</b>	<b>-513.539</b>	<b>-387.455</b>	<b>0</b>	<b>-900.994</b>
<b>Net Value</b>	<b>6.376.467</b>			<b>6.583.347</b>

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

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

#### 12. Royalties

	30.06.2013	31.12.2012
Royalties	1.969.390	1.969.390

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

Lawsuits and Provisions;

Lawsuits and Provisions; - 30.06.2013	Amount	Cover
Lawsuits to be filed by the Company, enforcement proceedings	194.151	-194.151
Company against claims arising from labor service	178.503	-178.503
The case against SGK	-1.050.912	-1.050.912
Lawsuits and Provisions; - 31.12.2012	Amount	Cover
Lawsuits to be filed by the Company, enforcement proceedings	188.039	-188.039
Company against claims arising from labor service	109.833	-109.833
The case against SGK	-883.879	-883.879

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

Contingent Liabilities;

Name	place of issue	30.06.2013	31.12.2012
Letter of collaterals	Başkent Elkt Dağ. A.Ş.	44.218 TL	44.218 TL
Letter of collaterals	Shell A.Ş.	40.000 TL	40.000 TL
Letter of collaterals	Enerjisa	60.000 TL	60.000 TL
Letter of collaterals	Altu Mimarlık	5.000 TL	5.000 TL
Checks of collaterals	Aksa Jeneratör	180.000 TL	180.000 TL
Letter of collaterals	Alternatif İnşaat A.Ş.	100.000 €	100.000 €
Surety Bonds Issued (Leasing)	Finans Leasing	211.627 €	-
Checks of collaterals	Siemens A.Ş.	50.000 €	-
Checks of collaterals	Siemens A.Ş.	42.336 €	-
Letter of collaterals	Siemens A.Ş.	70.000 TL	-
Letter of collaterals	Başkent Doğalgaz	258.000 TL	-
Surety Bonds Issued (Loan)	Kalkınma Bankası A.Ş.	4.330.766 TL	4.330.766 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.	11.100.000 TL	11.100.000 TL
Mortgage (Loan)	Ziraat Bankası A.Ş.	11.250.000 TL	11.250.000 TL
Mortgage (Loan)	Türkiye Halk Bankası A.Ş.	4.030.000 TL	4.030.000 TL
Mortgage (Loan)	Albaraka Türk A.Ş.	-	5.000.000 TL
Mortgage (Loan)	Vakıfbank A.Ş.	240.000 TL	240.000 TL
<b>Total- TL</b>		<b>47.964.609</b>	<b>51.125.330</b>

Contingent Assets;

Type	Place at Taken	30.06.2013	31.12.2012
Guarantee checks and bonds	Customer	1.709.000 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</b>		<b>2.029.180</b>	<b>1.971.435</b>



#### 14. **Commitments**

	30.06.2013	31.12.2012
A CPM's given for companies own legal personality	47.964.609	51.125.330
B CPM's given on behalf of fully consolidated companies		
C CPM's given for continuation of its activities on behalf of third parties		
D Total amount of other CPM's		
- Total amount of CPM's given on behalf of the majority shareholder		
- Total amount of CPM's given to on behalf of other Group Companies which are not in scope of B and C.		
- Total amount of CPM's given on behalf of third parties which are not in scope of C.		
<b>Total</b>	<b>47.964.609</b>	<b>51.125.330</b>

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

#### 15. **Benefits Provided to Employees**

	30.06.2013	31.12.2012
Severance pay provision	299.257	297.572
Provisions for Days Off	231.446	136.930
<b>Total</b>	<b>530.703</b>	<b>434.502</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 %4 annually (increase on wages of employee) until the date of retirement. So that the termination indemnity is calculated on the retirement date at the time of balance sheet date. This amount is discount by %8 in accordance with the remaining time for retirement and net present value is calculated The rate of those who left their jobs without getting any termination indemnity is %90. Cap for termination indemnity is 3.254 TL (31.12.2012– 3.034 TL).

Assumptions on the calculation of termination indemnity are as follows

	30.06.2013	31.12.2012
Working period	F: 20years, M: 25 years	F: 20years, M: 25 years
Increase of wage	4%	4%
Not receive severance pay rate	90%	94%
Discount rate	8%	8%

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

	30.06.2013	31.12.2012
Beginning of the term	297.572	199.957
Payments	-139.883	-186.337
Interest cost	11.875	15.484
Period expense	57.288	112.380
Actuarial Gain / loss	72.404	156.088
<b>End-of-period</b>	<b>299.257</b>	<b>297.572</b>

Actuarial income and losses are reported in income statement .

Provisions for Days Off

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

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

	30.06.2013	31.12.2012
Beginning of the term	136.930	131.668
Payments / Cancellations	-33.544	-14.019
Additional	128.060	19.281
<b>End-of-period</b>	<b>231.446</b>	<b>136.930</b>

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

	30.06.2013	31.12.2012
Current Period Tax-Related Assets		
Prepaid Taxes and Funds	293	253.300
<b>Total</b>	<b>293</b>	<b>253.300</b>

	30.06.2013	31.12.2012
Other Current Asset		
Deferred VAT	626.173	1.036.107
Work advances	247.962	44.008
Advances to personnel	17.265	11.662
<b>Total</b>	<b>891.400</b>	<b>1.091.777</b>

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

	30.06.2013	31.12.2012
Other Liabilities -Shot Term		
Taxes and funds payable	1.120.124	897.686
Restructured, deferred tax liabilities (*)	3.358.272	2.105.956
Prepaid salary promotional contract revenue	171.080	221.398
Doctor premiums	469.891	576.491
<b>Total</b>	<b>5.119.367</b>	<b>3.801.531</b>

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

	30.06.2013	31.12.2012
Payables under Employee Benefits		
Personnel Wage Accruals	2.672.882	2.467.233
Social security premiums	1.725.060	806.745
<b>Total</b>	<b>4.397.942</b>	<b>3.273.978</b>

Prepaid Expenses and Income Accruals	30.06.2013	31.12.2012
Advances given	1.526.366	770.824
Prepaid expenses	520.196	584.926
Unbilled service income accrual	2.708.446	2.225.692
<b>Total</b>	<b>4.755.008</b>	<b>3.581.442</b>
Prepaid expenses (long-term)	30.06.2013	31.12.2012
Prepaid expenses	594.577	658.777
<b>Total</b>	<b>594.577</b>	<b>658.777</b>
Deferred Revenues	30.06.2013	31.12.2012
Advances received (Short-Term)	150.916	61.342
Advances received (long-term)	2.489.912	1.723.025
<b>Total</b>	<b>2.640.828</b>	<b>1.784.367</b>

## 17. Shareholder's Equity

### Capital

	30.06.2013	31.12.2012
Capital	16.000.000	16.000.000
<b>Paid in Capital</b>	<b>16.000.000</b>	<b>16.000.000</b>

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

### Share Issuance Premiums;

Share Issuance Premiums	30.06.2013	31.12.2012
Share Issuance Premiums	8.709.225	8.709.225
Public offering expenses	-1.014.364	-1.014.364
<b>Total</b>	<b>7.694.861</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.

### Revaluation Funds;

Revaluation Funds	30.06.2013	31.12.2012
Revaluation fund on fixed assets	30.592.317	8.269.403
Effect of deferred tax	-1.529.616	-413.470
<b>Total</b>	<b>29.062.701</b>	<b>7.855.933</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. As of the date of 26.06.2013 in order to determine the real value of the lands and buildings.

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

Defined Benefit Plans Re-measurement gains / (losses)	30.06.2013	31.12.2012
Beginning of the period	-190.952	0
Additions during the period	-72.404	-190.952
Deferred Tax	52.671	38.190
<b>Total</b>	<b>-210.685</b>	<b>-152.762</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 exchange;

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

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

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

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

**30.06.2013:** 6.048 TL (31.12.2012: None.)

Legal Reserves::

	30.06.2013	31.12.2012
Restricted Reserves		
Legal reserves of beginning of the period	577.588	539.002
Prior period earnings allocated from the legal reserve		
	171.238	38.586
<b>Total</b>	<b>748.826</b>	<b>577.588</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.

	30.06.2013	31.12.2012
Profit from Previous Years;		
Extraordinary reserves	985.042	225.266
- Beginning of the period	225.266	225.266
- Prior year income reserved	759.776	-
Prior year profit / loss	4.485.200	2.048.913
<b>Total</b>	<b>5.470.242</b>	<b>2.274.179</b>

In the 2012 General Assembly held on 28 May, it was decided to to distribute dividends the gross profit of ₺ 2,000,000. Dividend distribution has been completed on 06.03.2013.

Non-Controlling Shares:

	30.06.2013	31.12.2012
Non-Controlling Shares		
Minority shares	1.044.050	957.920
Minority shares in prior year's profit	1.224.717	107.365
Minority shares in period's profit / loss	-701.120	1.117.352
<b>Total</b>	<b>1.567.647</b>	<b>2.182.637</b>

**18. Sales and Cost of Sales**

	01.01.2013	01.01.2012
	30.06.2013	30.06.2012
Sales of health care	51.426.684	47.869.883
Biological assets, milk sales	867.130	432.237
Biological assets value increases	104.628	154.113
<b>Total</b>	<b>52.398.442</b>	<b>48.456.233</b>
Cost of health care sales	-42.977.602	-35.455.369
Cost of biological assets and milk sales	-1.121.644	-733.755
<b>Total</b>	<b>-44.099.246</b>	<b>-36.189.124</b>
<b>Gross profit</b>	<b>8.299.196</b>	<b>12.267.109</b>

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

	01.01.2013 30.06.2013	01.01.2012 30.06.2012
Fees and similar expenses	-24.530.785	-18.509.430
Raw materials and supplies	-10.729.300	-11.885.807
Depreciation and amortisation	-1.536.100	-1.554.757
Energy, fuel and water charges	-1.475.544	-1.393.548
Maintenance service expenses	-1.193.374	-926.528
Rent expenses	-1.580.664	-963.494
Publicity expenses	-82.596	-77.222
Other	-2.970.883	-878.338
<b>Total</b>	<b>-44.099.246</b>	<b>-36.189.124</b>

Late interest regarding to the stocks in the period at an amount of 210.563 is reported under financial costs. (30.06.2012– 209.863 TL). 3.465.649 TL portion of fixed general production costs is reported under other costs which could not be distributed due to idle capacity (30.06.2012–1.854.974 TL).

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

	01.01.2013 30.06.2013	01.01.2012 30.06.2012
Marketing, sales and distribution expenses	-452.118	-305.951
Operating expenses	-1.731.155	-1.322.439
<b>Total</b>	<b>-2.183.273</b>	<b>-1.628.390</b>

	01.01.2013 30.06.2013	01.01.2012 30.06.2012
Marketing, sales and distribution expenses	-447.955	-304.793
Advertising Expenses	-4.163	-1.158
Sundry expenses	-4.163	-1.158
<b>Total</b>	<b>-452.118</b>	<b>-305.951</b>

	01.01.2013 30.06.2013	01.01.2012 30.06.2012
General Administrative Expenses	-884.927	-759.168
Fees and similar expenses	-54.129	-31.007
Representation, travel and transportation expenses	-198.547	-109.012
Consultancy, advisory, litigation execution and notary expenses	-38.386	-44.391
Energy, fuel and water charges	-8.082	-85.448
Maintenance service expenses	-118.784	-63.583
Rent expenses	-21.031	-28.639
Communication expenses	-187.586	-161.803
Sundry expenses	-219.683	-39.388
Depreciation and amortisation	-219.683	-39.388
<b>Total</b>	<b>-1.731.155</b>	<b>-1.322.439</b>

**20. Other Income**

	01.01.2013 30.06.2013	01.01.2012 30.06.2012
Provisions no longer required	-	3.789
The revenues from the Bank's salary contracts	101.695	101.695
Sales of consumables	387.493	44.820
Rent income	169.850	112.103
Profit on sale of fixed assets	-	18.642
Insurance income	38.432	277.946
Incentives and support revenue	4.886	-
Cadre sale price	-	270.000
Sundry expenses	84.501	83.549
<b>Total</b>	<b>786.857</b>	<b>912.544</b>

**21. Other Income**

	01.01.2013 30.06.2013	01.01.2012 30.06.2012
Undistributed fixed service production costs	-3.465.650	-1.854.974
Provision expenses	-265.924	-1.316.972
Donations and grants	-117.493	-6.050
Incomplete collection from SGK	0	-421.035
Sponsorship expenses	-175.000	0
Tax and other penalties	-28.107	-23.517
Sundry expenses	-387.493	-20.621
<b>Total</b>	<b>-4.439.667</b>	<b>-3.643.169</b>

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

	01.01.2013 30.06.2013	01.01.2012 30.06.2012
Undistributed fixed service production costs	-2.122.928	-1.559.007
Fees and similar expenses	-982.663	-86.293
Depreciation and amortisation	-155.971	-66.648
Energy, fuel and water charges	-120.825	-88.129
Maintenance service expenses	-51.037	-35.106
Rent expenses	-32.226	-19.791
Sundry expenses	-	-
<b>Total</b>	<b>-3.465.650</b>	<b>-1.854.974</b>

The detail of the provisional is as follows;

	01.01.2013 30.06.2013	01.01.2012 30.06.2012
Provision Expenses	-161.187	-662.187
From SGK	0	-10.584
Other	-104.737	-644.201
Provision for litigation	-	-
<b>Total</b>	<b>-265.924</b>	<b>-1.316.972</b>

## 22. Financial Income

	01.01.2013 30.06.2013	01.01.2012 30.06.2012
Interest income	197.344	353
Foreign exchange gains	317.418	534.922
<b>Total</b>	<b>514.762</b>	<b>535.275</b>

## 23. Financial Costs

	01.01.2013 30.06.2013	01.01.2012 30.06.2012
Foreign exchange losses	-213.322	-183.795
Overdue charges (net)	-518.514	-284.612
Interest expense	-1.215.901	-1.472.165
<b>Total</b>	<b>-1.947.737</b>	<b>-1.940.572</b>

## 24. Tax Income / Expense

### Corporate Tax

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

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

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

According to Turkish tax regulations, financial losses can be carried forward for 5 years in order to be written off from the future corporate profits. However, financial losses cannot be written off from previous years' profits.

There is not any procedure like reaching a mutual agreement with the tax office for the taxes to be paid in Turkey. Corporate tax declarations are submitted in for months following end of financial year. Tax authorities can inspect the tax declarations and related documents for 5 consecutive years and make necessary adjustments based on the findings;



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

Tax income / expense as follows:

	01.01.2013 30.06.2013	01.01.2012 30.06.2012
Current tax provision	0	-385.573
Amounts recognised in shareholders' equity	-1.101.665	0
- <i>Deferred Tax (end-of-period)</i>	-1.476.945	-413.470
Amounts recognised at profit / loss	-34.116	-907.445
- <i>Deferred Tax (beginning of the term)</i>	367.492	959.103
- <i>Deferred Tax (end-of-period)</i>	-401.608	51.658
<b>Total</b>	<b>-34.116</b>	<b>-1.293.018</b>
Current income tax liabilities	30.06.2013	31.12.2012
Current income tax provision	-	132.566
Prepaid taxes	-	-132.566
<b>Net</b>	<b>-</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.

Deferred Tax - 30.06.2013	Temporary Differences	Deferred Tax Assets	Deferred Tax Liabilities
Investment tax credit	4.921.114	984.223	0
Valuation differences of biological assets	455.769	0	91.154
Valuation increases in the fixed assets (*)	30.178.847		1.508.943
Value adjustments of fixed assets (*)	5.575.104	63.394	1.368.599
Stock adjustment	-52.869	10.574	0
Doctor's progress payment premiums	277.625	55.525	0
Provisions for employee benefits	530.703	106.140	0
Receivable provision	-1.325.594	265.119	0
Financial Losses	1.496.190	299.238	0
Credit rediscount	-471.739	94.348	0
Dept rediscount	-150.867	0	30.173
Accruals related to the patients with ongoing treatment	1.516.658	0	303.332
Maintenance expense adjustments	576.668	0	115.334
<b>Total</b>		<b>1.914.262</b>	<b>3.417.535</b>
<b>NET</b>			<b>1.503.273</b>

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

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

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

## 25. Earnings Per Share

	01.01.2013 30.06.2013	01.01.2012 30.06.2012
Period Profit / Loss	1.697.142	3.939.962
Number of Shares	16.000.000	16.000.000
<b>Earnings / loss per share</b>	<b>0,106071</b>	<b>0,246248</b>

## 26. Explanations regarding to Related Parties

Receivables / payables	30.06.2013		31.12.2012	
	Commercial	Non-commercial	Commercial	Non-commercial
Due from related parties	20.025	66.834	16.947	24.891
Due to related parties	638.418	1.260.112	1.420.617	1.201.923
<b>Total</b>	<b>658.443</b>	<b>1.326.946</b>	<b>1.437.564</b>	<b>1.226.814</b>
<b>NET</b>	<b>1.985.389</b>		<b>2.664.378</b>	

Revenue / Expenses	01.01.2013	30.06.2013	01.01.2012	30.06.2012
	Revenue	Expenses	Revenue	Expenses
Afşar Matbaacılık Ofset Ve Tipo Tesisleri	–	-197.522	–	-100.838
Bartek Barla Bilgisayar Tek. San. Tic. Ltd.Şti.	–	–	–	-1.890
Akgül Grup Gıda	105.726	-8.138	94.800	-4.276
Çetin Matbaacılık Ofset Tipo	–	–	–	-9.731
Lokman Hekim Tıbbi Hizmetler Tic.Ltd.Şti.	–	-529.538	12.712	-354.372
Koç Medikal Tıbbi Hizmetler	2.325	-137.349	5.867	-56.319
Özdemir İnşaat Tah. Müh. VeOrm. Ürün. Tic Ltd.Şti	–	-41.750	–	-38.400
Medisina Sağlık A.Ş.	–	–	–	-2.200
Pozitron Sağlık Hiz. San. Ve Tic. Ltd. Şti.	–	-815.633	–	-626.742
Şekerciler Gıda Tic. Ltd. Şti.	–	–	–	-19.400
B Ajans Medya Yayın Dan. Org San. Tic. Ltd. Şti	–	-17.100	–	-7.849
Safi Sağlık Ticaret A.Ş.	–	-9.000	–	-170.257
Van Divan Sağlık Eğitim A.Ş.	–	-210.000	–	-35.000
income / expenses obtained from related individuals	132	-10.162	6.422	-51.860
Benefits provided for managing the top managerial staff	–	-700.819	–	-474.761
Benefits provided to Senior management for professional activities	–	-634.400	–	-495.249
Benefits provided to partners working in the company	–	-603.313	–	-834.970
<b>Total</b>	<b>108.183</b>	<b>-3.914.724</b>	<b>119.801</b>	<b>-3.284.114</b>
<b>NET</b>	<b>-3.806.541</b>		<b>-3.164.313</b>	

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

## 27. Nature and Extent of Risks Arising from Financial Instruments

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

30.06.2013	Receivables				Bank Deposit	Other
	Trade Receivables		Other Receivables			
	Related Parties	Other	Related Parties	Other		
Maximum exposed credit risk as of reporting date (A+B)	20.025	19.199.559	0	332.673	1.843.765	6.241.278
- Secured portion of the maximum credit risk by guarantees, etc						
A. Net book value of financial assets either are not due or not impaired	20.025	19.199.559	0	332.673	1.843.765	6.241.278
B. Net book value of impaired assets		0				
- Overdue (Gross book value)		1.360.979				
- Impairment (-)		-1.360.979				

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

### Liquidity Risk

**Liquidity Risk:** Liquidity Risk is that company does not fulfill its obligation of net funding. Decrease in the fund resources such as breakdowns in the markets or reducing credit score causes emergence of liquidity risk. Company management manages the liquidity risk by means of distributing the fund resources and holding enough cash and cash equivalents to fulfill its current and possible obligations. Statement that demonstrates the company's liquidity risk in 30.06.2012 and in 31.12.2012 is below.

<b>30.06.2013</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	22.235.140	22.235.140	157.330	6.799.973	4.853.546		10.424.291
Financial leasing liabilities	4.723.624	5.427.065	525.565	1.589.746	3.311.754		
<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	11.611.581	11.611.581	10.668.700	915.248			27.633
Other payables	1.377.065	1.377.065	1.037.134	339.931			
Current income tax liabilities	0	0	0				
Debt provisions	178.503	178.503					178.503
Other liabilities	6.844.427	6.844.427	3.315.075	3.529.352	0		
Provisions for employee benefits	530.703	530.703					530.703
<b>31.12.2012</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	22.074.817	23.805.849	695.781	6.901.160	7.910.909		8.298.000
Financial leasing liabilities	1.639.741	1.970.835	187.764	557.489	1.225.582		
<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	11.195.773	10.622.028	10.136.159	485.869	0		
Other payables	3.676.140	3.676.140	2.684.529	991.611	0		
Current income tax liabilities	72.104.889	0	0				
Debt provisions	109.833	133.711			133.711		
Other liabilities	6.392.643	4.834.519	2.342.264	2.327.354	164.901		
Provisions for employee benefits	434.502	434.502					434.502

#### Currency Risk

<b>Foreign Currency Position Table - 30.06.2013</b>	<b>TL Equivalent (Functional currency)</b>	<b>Dollars</b>	<b>Euro</b>	<b>Islam Dinar</b>
1. Trade receivables	182.887	-	77.768	-
2a. Monetary financial assets (Cash, Bank accounts included etc.)	67.837	0	28.846	-
2b. Non-monetary financial assets	-	-	-	-
3. Other	70.551	0	30.000	-
<b>4. Current Assets (1 + 2 + 3)</b>	<b>321.276</b>	<b>0</b>	<b>136.614</b>	<b>0</b>
5. Trade payables	-	-	-	-
6a. Monetary financial liabilities	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	4.235	0	1.801	-
<b>8. Fixed Assets (5 + 6 + 7)</b>	<b>4.235</b>	<b>0</b>	<b>1.801</b>	<b>0</b>
<b>9. Total Assets (4 + 8)</b>	<b>325.511</b>	<b>0</b>	<b>138.415</b>	<b>0</b>
10. Trade Payables	22.732	-	9.666	-
11. Financial Liabilities	-1.405.730	1.700	-34.871	-481.825
12a. Other monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-
<b>13. Short-Term Liabilities (10+11+12)</b>	<b>-1.382.998</b>	<b>1.700</b>	<b>-25.205</b>	<b>-481.825</b>
14. Trade Payables	-	-	-	-
15. Financial Liabilities	-1.342.462	0	-62.543	-434.115
16 a. Other monetary liabilities	-	-	-	-
16 b. Other non-monetary liabilities	-	-	-4.826	-
<b>17Long-Term Liabilities (14+15+16)</b>	<b>-1.353.811</b>	<b>0</b>	<b>-67.369</b>	<b>-434.115</b>
<b>18. Total Liabilities (13 +17)</b>	<b>-2.736.809</b>	<b>1.700</b>	<b>-92.575</b>	<b>-915.940</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>3.062.320</b>	<b>-1.700</b>	<b>230.989</b>	<b>915.940</b>
<b>21. Monetary accounts net foreign Currency Asset / (Liability) Position (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>2.976.184</b>	<b>-1.700</b>	<b>194.362</b>	<b>915.940</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>				

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

<b>Foreign Currency Position Table - 31.12.2012</b>	<b>TL Equivalent (Functional currency)</b>	<b>Dollars</b>	<b>Euro</b>	<b>Islam Dinar</b>
1. Trade receivables	253.620	-	107.846	-
2a. Monetary financial assets (Cash, Bank accounts included etc.)	324	0	138	-
2b. Non-monetary financial assets	-	-	-	-
3. Other	141	0	60	-
<b>4. Current Assets (1 +2 +3)</b>	<b>254.085</b>	<b>0</b>	<b>108.043</b>	<b>0</b>
5. Trade payables	-	-	-	-
6a. Monetary financial liabilities	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	3.931	2.200	4	-
<b>8. Fixed Assets (5 +6 +7)</b>	<b>3.931</b>	<b>2.200</b>	<b>4</b>	<b>0</b>
<b>9. Total Assets (4 +8)</b>	<b>258.016</b>	<b>2.200</b>	<b>108.047</b>	<b>0</b>
10. Trade Payables	117.421	0	49.930	-
11. Financial Liabilities	2.429.551	0	59.864	831.192
12a. Other monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-
<b>13. Short-Term Liabilities (10+11+12)</b>	<b>2.546.972</b>	<b>0</b>	<b>109.794</b>	<b>831.192</b>
14. Trade Payables	-	-	-	-
15. Financial Liabilities	1.336.458	-	59.991	434.115
16 a. Other monetary liabilities	-	-	-	-
16 b. Other non-monetary liabilities	-	-	-	-
<b>17Long-Term Liabilities (14+15+16)</b>	<b>1.336.458</b>	<b>0</b>	<b>59.991</b>	<b>434.115</b>
<b>18. Total Liabilities (13 +17)</b>	<b>3.883.430</b>	<b>0</b>	<b>169.784</b>	<b>1.265.307</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>-3.625.414</b>	<b>2.200</b>	<b>-61.737</b>	<b>-1.265.307</b>
<b>21. Monetary accounts net foreign Currency Asset / (Liability) Position (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>-3.629.486</b>	<b>0</b>	<b>-61.801</b>	<b>-1.265.307</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;**

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 30.06.2013 and 31.12.2012.

<b>30.06.2013</b>	<b>Gain / Loss</b>	
	Foreign exchange appreciation	Foreign exchange depreciation
<b>+/-10% fluctuation of USD rate:</b>		
1- U.S. Dollar net asset / liability	-327	327
2- Hedged portion from U.S. Dollar risk (-)		
<b>3- U.S. Dollar Net Effect (1 +2)</b>	<b>-327</b>	<b>327</b>
<b>+/-10% fluctuation of EURO rate</b>		
4- EURO net asset / liability	58.064	-58.064
5- Hedged portion from EURO risk (-)		
<b>6- EURO Net Effect (4+5)</b>	<b>58.064</b>	<b>-58.064</b>
<b>+/-10% fluctuation of Islam Dinar rate</b>		
7- Islam Dinar net asset / liability	265.375	-265.375
8- Hedged portion from Islam Dinar risk (-)		
<b>9- Islam Dinar Net Effect (7+8)</b>	<b>265.375</b>	<b>-265.375</b>
<b>TOTAL (3+6+9)</b>	<b>323.112</b>	<b>-323.112</b>

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

The Group does not have any interest sensitive financial instruments.