Acıbadem Sağlık Hizmetleri ve Ticaret Anonim Şirketi and Its Subsidiaries

Convenience Translation into English of Consolidated Financial Statements as at and for the year ended 31 December 2015 With Independent Auditor's Report Thereon

18 March 2016

This report includes 2 pages of independent auditor's report and 83 pages of consolidated financial statements together with their explanatory notes.

Acıbadem Sağlık Hizmetleri ve Ticaret Anonim Şirketi and Its Subsidiaries

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Convenience Translation of the Independent Auditor's Report Originally Prepared and Issued in Turkish translated to English

To the Board of Directors of Acıbadem Sağlık Hizmetleri ve Ticaret Anonim Şirketi

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Acıbadem Sağlık Hizmetleri ve Ticaret Anonim Şirketi ("the Company") and its subsidiaries (collectively referred to as the "Group") which comprise the financial position as at 31 December 2015, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Group Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Turkish Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with standards on auditing issued by the Capital Markets Board of Turkey ("CMB") and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained during our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Acıbadem Sağlık Hizmetleri Anonim Şirketi and its subsidiaries as at 31 December 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Accounting Standards.

Report on Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period 1 January - 31 December 2015, the Company's bookkeeping activities and consolidated financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
A member of KPMG International Cooperative

T.C.
1923

Serkan Ercin, SMMM
Partner
18 March 2016
İstanbul, Türkiye

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Acıbadem Sağlık Hizmetleri ve Ticaret Anonim Şirketi and Its Subsidiaries
Consolidated Statement of Financial Position as at 31 December 2015
Amounts expressed in Turkish Lira ("TL") unless otherwise stated.

		Audited	
	Notes	**31 December 2015**	**31 December 2014**
ASSETS			
Current Assets		**947,193,867**	**558,588,996**
Cash and Cash Equivalents	*4*	282,120,662	147,613,489
Financial Investments	*5*	211,357,825	--
Trade Receivables		235,385,057	263,569,708
- Due from Related Parties	*29*	*24,380,371*	*25,379,769*
- Other Trade Receivables	*7*	*211,004,686*	*238,189,939*
Other Receivables		12,542,410	12,002,899
- Other Receivables from Related Parties	*29*	*996,699*	*914,297*
- Other Receivables	*8*	*11,545,711*	*11,088,602*
Inventories	*9*	53,755,611	39,124,164
Prepaid Expenses	*17*	11,220,121	6,112,192
Current Tax Related Assets		138,276	667,062
Other Current Assets	*18*	140,673,905	89,499,482
Non-Current Assets		**1,463,303,313**	**1,140,796,712**
Trade Receivables	*7*	31,696,905	--
Other Receivables		7,165,149	7,140,520
- Other Receivables from Related Parties	*29*	*6,145,655*	*6,294,682*
- Other Receivables	*8*	*1,019,494*	*845,838*
Property and Equipment	*10*	1,157,719,259	875,987,908
Intangible Assets	*11*	30,503,921	27,260,190
Goodwill	*12*	169,659,985	169,659,985
Deferred Tax Assets	*27*	51,236,828	32,400,363
Prepaid Expenses	*17*	9,073,533	9,947,125
Other Non-Current Assets	*18*	6,247,733	18,400,621
TOTAL ASSETS		**2,410,497,180**	**1,699,385,708**

The accompanying notes are an integral part of these consolidated financial statements.

Acıbadem Sağlık Hizmetleri ve Ticaret Anonim Şirketi and Its Subsidiaries
Consolidated Statement of Financial Position as at 31 December 2015
Amounts expressed in Turkish Lira ("TL") unless otherwise stated.

		Audited	
		31 December 2015	**31 December 2014**
LIABILITIES	***Notes***		
Current Liabilities		**512,936,507**	**633,960,110**
Loan and Borrowings	*6*	65,364,483	199,594,440
Short-Term Portion of Long-Term Loan and Borrowings	*6*	21,225,820	102,664,025
Trade Payables		224,427,664	159,317,449
- Due to Related Parties	*29*	*58,449,195*	*30,390,103*
- Other Trade Payables	*7*	*165,978,469*	*128,927,346*
Payables Related to Employee Benefits	*15*	35,881,910	30,556,297
Other Payables		43,096,263	31,714,415
- Due to Related Parties	*29*	*33,825,418*	*28,480,427*
- Other Payables	*8*	*9,270,845*	*3,233,988*
Deferred Income	*19*	1,344,031	2,688,346
Corporate Tax Payable	*27*	809,750	4,105,830
Provisions		102,651,451	88,109,073
-Short-term Provisions for Employee Benefits	*13*	*2,433,067*	*2,040,068*
-Other Provisions	*13*	*100,218,384*	*86,069,005*
Other Current Liabilities	*18*	*18,135,135*	*15,210,235*
Non-Current Liabilities		**1,681,753,751**	**808,828,913**
Loan and borrowings	*6*	1,636,877,523	780,748,576
Trade Payables		1,297,201	2,858,524
- Other Trade Payables	*7*	*1,297,201*	*2,858,524*
Long-term Payables Due to Employee Benefits	15	5,863,566	4,935,340
Deferred Income	*19*	85,241	311,456
Deferred Tax Liability	*27*	37,630,220	19,975,017
EQUITY		**215,806,922**	**256,596,685**
Equity Attributable to Equity Holders of Parent		**190,616,625**	**237,282,859**
Paid-in Capital	*20*	100,000,000	100,000,000
Legal Reserves	*20*	25,482,465	18,518,713
Other comprehensive income/(expense) to be reclassified to profit or loss		(1,438,208)	503,203
- Translation Reserves		*1,752,167*	*503,203*
-Change in fair value of available for sale financial assets		*(3,190,375)*	--
Other comprehensive income not to be reclassified to profit or loss		(13,795,166)	(8,663,484)
- Actuarial losses arising from employee benefits		*(13,795,166)*	*(8,663,484)*
Retained Earnings	*20*	101,778,174	51,263,847
Net Profit For the Year		(21,410,640)	75,660,580
Non-Controlling Interest		**25,190,297**	**19,313,826**
TOTAL LIABILITIES AND EQUITY		**2,410,497,180**	**1,699,385,708**

The accompanying notes are an integral part of these consolidated financial statements.

Acıbadem Sağlık Hizmetleri ve Ticaret Anonim Şirketi and Its Subsidiaries
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2015
Amounts expressed in Turkish Lira ("TL") unless otherwise stated.

		Audited	
		Current period	**Prior Period**
	Note	**1 January-31 December 2015**	**1 January-31 December 2014**
Revenues	*21*	2,023,494,131	1,727,913,000
Cost of Revenues	*21*	(1,605,806,866)	(1,387,984,000)
GROSS PROFIT		**417,687,265**	**339,929,000**
Selling, Marketing and Distribution Expenses (-)	*22*	(57,994,449)	(54,672,249)
General and Administrative Expenses (-)	*22*	(113,867,546)	(91,626,300)
Other Operating Income	*24*	12,431,310	12,783,737
Other Operating Expense (-)	*24*	(46,439,256)	(16,246,895)
OPERATING PROFIT		**211,817,324**	**190,167,293**
Income from Investment Activities	*25*	12,248,428	8,357,000
Expense from Investment Activities (-)	*25*	(269,681)	(101,000)
OPERATING PROFIT BEFORE FINANCIAL INCOME		**223,796,071**	**198,423,293**
Finance Income	*26*	154,133	235,786
Finance Expense (-)	*26*	(235,230,822)	(97,934,198)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**(11,280,618)**	**100,724,881**
Tax Expense from Continuing Operations		**(4,373,219)**	**(20,018,249)**
Current Tax Expense	*27*	(4,271,561)	(14,262,187)
Deferred Tax Benefit / (Expense)	*27*	(101,658)	(5,756,062)
NET PROFIT (LOSS) FOR THE YEAR		**(15,653,837)**	**80,706,632**
Other Comprehensive Income			
Items that are or maybe reclassified to profit or loss:		**(702,768)**	**(288,376)**
Change in currency translation differences		2,487,607	(288,376)
Fair value change of Available for Sale Financial Assets		*(3,190,375)*	--
Items that will never be reclassified to profit or loss:		**(5,131,682)**	**(4,521,321)**
-Actuarial Losses Arising From Employee Benefits		*(6,414,602)*	*(5,651,651)*
-Tax effect of actuarial loss from employee benefits		*1,282,920*	*1,130,330*
TOTAL OTHER COMPREHENSIVE INCOME		**(5,834,450)**	**(4,809,697)**
TOTAL COMPREHENSIVE INCOME		**(21,488,287)**	**75,896,935**
Net Profit Attributable to		**(15,653,837)**	**80,706,632**
Non-Controlling Interests		5,756,803	5,046,052
Owners of the Company		(21,410,640)	75,660,580
Total Comprehensive Income Attributable to		**(21,488,287)**	**75,896,935**
Non-Controlling Interests		6,995,446	5,046,052
Owners of the Company		(28,483,733)	70,850,883
Earnings per Share (for 1000 shares)	*28*	**(214.11)**	**756.61**
Diluted and Basic Earnings / (Losses) per Share (for 1000 shares)		(214.11)	756.61

The accompanying notes are an integral part of these consolidated financial statements.

Acıbadem Sağlık Hizmetleri ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated Statement of Changes in Equity As at and For the Year Ended 31 December 2015

Amounts expressed in Turkish Lira ("TL") unless otherwise stated.

	Note			Other comprehensive income to be reclassified to profit or loss		Other comprehensive income not to be reclassified to profit or loss	Retained Earnings				
		Paid-in Capital	Legal Reserves	Fair value change of Available For Sale financial assets	Translation Reserve	Actuarial gain/(loss) arising from employee benefits	Retained Earnings	Net Profit/(Loss) for The Year	Total before Non-Controlling Interest	Non-Controlling Interest	Total
As of 1 January 2014		**100,000,000**	**16,921,354**	**--**	**791,579**	**(4,142,163)**	**47,868,719**	**4,992,487**	**166,431,976**	**15,910,205**	**182,342,181**
Total Comprehensive Income											
Net Income		--	--	--	--	--	--	75,660,580	75,660,580	5,046,052	80,706,632
Other Comprehensive Income		--	--	--	(288,376)	(4,521,321)	--	--	(4,809,697)	--	(4,809,697)
Total Comprehensive Income		**--**	**--**	**--**	**(288,376)**	**(4,521,321)**	**--**	**75,660,580**	**70,850,883**	**5,046,052**	**75,896,935**
Transactions with owners of the Company, recognized directly in equity											
Total contributions by and distributions to owners of the Company											
Dividends		--	--	--	--	--	--	--	--	(1,642,431)	(1,642,431)
Transfers		--	1,597,359	--	--	--	3,395,128	(4,992,487)	--	--	--
As of 31 December 2014	*20*	**100,000,000**	**18,518,713**		**503,203**	**(8,663,484)**	**51,263,847**	**75,660,580**	**237,282,859**	**19,313,826**	**256,596,685**
As of 1 January 2015		**100,000,000**	**18,518,713**	**--**	**503,203**	**(8,663,484)**	**51,263,847**	**75,660,580**	**237,282,859**	**19,313,826**	**256,596,685**
Total Comprehensive Income											
Net Income/(loss)		--	--	--			--	(21,410,640)	(21,410,640)	5,756,803	(15,653,837)
Other Comprehensive Income		--	--	(3,190,375)	1,248,964	(5,131,682)	--	--	(7,073,093)	1,238,643	(5,834,450)
Total Comprehensive Income		**--**	**--**	**(3,190,375)**	**1,248,964**	**(5,131,682)**	**--**	**(21,410,640)**	**(28,483,733)**	**6,995,446**	**(21,488,287)**
Transactions with owners of the Company, recognised directly in Equity											
Total contributions by and distributions to owners of the Company											
Dividends		--	--	--	--	--	(18,182,501)	--	(18,182,501)	(1,118,975)	(19,301,476)
Transfers		--	6,963,752	--	--	--	68,696,828	(75,660,580)	--	--	--
As of 31 December 2015	*19*	**100,000,000**	**25,482,465**	**(3,190,375)**	**1,752,167**	**(13,795,166)**	**101,778,174**	**(21,410,640)**	**190,616,625**	**25,190,297**	**215,806,922**

The accompanying notes are an integral part of these consolidated financial statements.

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Acıbadem Sağlık Hizmetleri ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated Statements of Cash Flows for the Year Ended 31 December 2015

Amount expressed in Turkish Lira ("TL") unless otherwise stated.

A. CASH FLOWS FROM OPERATING ACTIVITIES	***Notes***	***Audited*** **2015**	***Audited*** **2014**
Profit for the Year		**(15,653,837)**	**80,706,632**
Adjustments for:			
Depreciation and amortisation expense	*10,11,23*	138,483,698	119,032,916
Provision for employee termination benefits	*15*	1,038,178	1,577,056
Provision for unused vacation	*13*	392,999	440,068
Provision on doubtful receivables	*7*	17,149,867	3,438,850
Rediscount income/expense	*24*	3,398,885	(110,979)
Unrealized foreign currency losses		159,385,240	42,084,805
Income accruals on inpatients	*18*	(21,816,454)	(4,858,974)
Expense accruals on doctors	*13*	6,625,352	11,595,575
Provision for legal cases	*13*	6,696,475	(953,737)
Taxation expense	*27*	4,373,219	20,018,249
Change in fair value of derivatives		--	(1,466,279)
Interest income	*25*	(9,654,996)	(4,352,905)
Interest expense	*26*	49,556,157	41,265,687
Translation differences on fixed assets	*10,11*	(3,384,526)	846,255
Gains and losses on sale of property and equipment, (net)	*25*	(2,323,751)	(2,436,816)
Net operating profit before changes in assets and liabilities		**334,266,506**	**306,826,403**
Change in trade receivables		(24,917,823)	(102,932,059)
Change in inventories	*9*	(14,631,447)	(8,710,819)
Change in other receivables		10,019,373	(30,093,281)
Change in other current assets		(15,173,725)	(8,756,115)
Change in prepaid expenses	*17*	(4,234,337)	4,202,487
Change in other non-current assets	*18*	(12,152,888)	9,987,010
Change in payables related to employee benefits	*15*	5,325,613	6,416,887
Change in deferred income	*19*	(1,570,530)	688,130
Change in trade payables		36,400,401	(2,905,112)
Change in due to related parties		5,357,833	6,779,425
Change in provisions	*13*	827,552	3,862,259
Corporate taxes paid		(7,567,641)	(11,666,761)
Change in other payables	*8*	6,036,857	(20,022,689)
Change in other liabilities	*18*	2,924,900	1,102,315
Employee severance indemnity paid	*15*	(6,524,554)	(6,755,419)
Net cash from operating activities		**314,386,090**	**148,022,661**
B. CASH FLOW FROM INVESTMENT ACTIVITIES			
Interest received	*25*	9,654,996	4,352,905
Acquisition of financial investments (Eurobond)		(214,548,200)	--
Acquisition of property and equipment	*10*	(374,318,977)	(259,447,852)
Proceeds from sale of property and equipment		15,633,312	36,738,785
Acquisition of tangible assets	*11*	(5,840,837)	(4,709,098)
Proceeds from sale of intangible assets		144,016	848,221
Net cash used in investing activities		**(569,275,690)**	**(222,217,039)**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from bank borrowings		1,460,540,173	189,794,264
Repayment of bank borrowings		(984,438,641)	(91,576,155)
Repayment of finance lease liabilities		(45,906,218)	(32,875,266)
(Repayments) / Proceeds from borrowings obtained from related parties	*29*	28,059,092	(9,867,288)
Interest paid	*26*	(49,556,157)	(44,253,949)
Dividends paid		(19,301,476)	(1,642,431)
Net cash used in financing activities		**389,396,773**	**9,579,175**
Net increase (decrease) in cash and cash equivalents		134,507,173	(64,615,203)
Cash and cash equivalents at 1 January		147,613,489	212,228,692
Cash and cash equivalents 31 December	*4*	**282,120,662**	**147,613,489**

The accompanying notes are an integral part of these consolidated financial statements.

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

1 Organization and nature of business

Acıbadem Sağlık was incorporated in 1991 in İstanbul, and provides healthcare services in seventeen general hospitals (Kadıköy, Bakırköy, Kozyatağı, Fulya, Eskişehir, Bursa, Kocaeli, Maslak, Kayseri, Adana, International Hospital, Aile Bahçelievler, Sistina Hospital, Ankara, Bodrum, Atakent and Taksim), thirteen medical centers (Etiler, Bağdat Caddesi, Ataşehir, Göktürk, Beylikdüzü, Gemtıp, Bodrum Medikal, Sesu, Medlife, Bahcesehir, Konur, Acibadem Sports, and Zekeriyaköy), and laboratories (Labmed Klinik Laboratuvarları, Merkez Patoloji Laboratuvarı, Genetik Tanı ve Hücre Tedavi Merkezi, Labvital Gıda Kontrol Laboratuvarı). In addition to its core business in health care the Company is engaged in healthcare related community services such as courses and seminars about first aid, diabetics, smokeless living, infant and elderly care.

Acıbadem Sağlık is also responsible for the administration and management of a private hospital facility in Sulaimani, Iraq under a long term hospital management agreement with Faruk Group Holding.

The head office of the Company is located at Tekin Sok. No.8, Üsküdar/İstanbul.

As at 31 December shareholder structure of the Company is as follows:

Shareholder's Name	**31 December 2015 Share(%)**	**31 December 2014 Share(%)**
Acıbadem Sağlık Yatırımları Holding	99.38	99.37
Other individuals	0.58	0.58
Publicly owned shares (*)	0.04	0.05
	100.00	**100.00**

(*) Represents 100,000,000 shares.

1 Organization and nature of business *(continued)*

For the year ended 31 December 2015, The Group has commenced the construction of hospital and hospital expansion projects in Kartal-İstanbul, Maslak Expansion-İstanbul and Altunizade-İstanbul.

At 31 December 2015 consolidated subsidiaries of the Company comprised the following:

- Acıbadem Labmed Sağlık Hizmetleri Anonim Şirketi ("Acıbadem Labmed")
- Acıbadem Mobil Sağlık Hizmetleri Anonim Şirketi ("Acıbadem Mobil")
- Acıbadem Orta Doğu Sağlık Yatırımları Anonim Şirketi ("Acıbadem Orta Doğu")
- Acıbadem Poliklinikleri Anonim Şirketi ("Acıbadem Poliklinikleri")
- Acıbadem Sistina Medikal Kompani Doo Skopje" ("Acıbadem Sistina Medikal")
- Bodrum Medikal Özel Sağlık Hizmetleri Turizm Gıda İnşaat Pazarlama İthalat İhracat Sanayi ve Ticaret A.Ş.(''Bodrum Medikal'')
- Acıbadem Teknoloji A.Ş. (''Acıbadem Teknoloji'')
- Acıbadem International Medical Center B.V. ("Acıbadem Hollanda Tıp Merkezi")
- Clinical Hospital Acibadem Sistina Skopje ("Acıbadem Sistina Hastanesi")
- Gemtıp Özel Sağlık Hizmetleri Sanayi ve Ticaret Limited Şirketi ("Gemtıp")
- International Hospital İstanbul Anonim Şirketi ("International Hospital")
- Medlife Clinic Ambulance ve Özel Sağlık Hizmetleri Anonim Şirketi (''Medlife'')
- Özel Turgutreis Poliklinik Hizmetleri Ticaret Anonim Şirketi (''Turguteis'')
- Sesu Özel Sağlık Hizmetleri Tıbbi Malzemeler ve Ticaret Anonim Şirketi. (''Sesu'')

The Company and its consolidated subsidiaries are collectively named as "Group".

1 Organization and nature of business *(continued)*

The nature of the activities of the consolidated subsidiaries is as follows:

Acıbadem Poliklinikleri

Acıbadem Poliklinikleri has thirteen polyclinics at Etiler, Bağdat Caddesi, Ataşehir, Göktürk, Beylikdüzü, Gemtıp, Bodrum Medikal, Sesu, Medlife, Bahcesehir, Konur, Acibadem Sports, and Zekeriyaköy locations mainly operating in provision of healthcare services for outpatients.

Acıbadem Labmed

Acıbadem Labmed was established on 28 August 2001 and on 24 February 2004, a partnership was established with Labmed Dortmund Gmbh (located in Germany) to engage in laboratory services. There are two branches in Adana and Bursa.

On 15 January 2013, the Group acquired 50% ownership shares of Acıbadem Labmed from Labmed Dortmund Gmbh increasing the Group's total stake in Acıbadem Labmed to 100%.

International Hospital

International Hospital was established in 1989. The hospital provides inpatient, outpatient and emergency care services with the indoor area of 19,300 m² located on Yeşilköy-İstanbul. Acıbadem Sağlık acquired International Hospital, 90% of total shares on 20 August 2005 and 27 March 2009.

Acıbadem Sistina Medikal / Acıbadem Sistina Skopje Hospital

Acibadem Sistina Medikal was incorporated on 31 August 2011 and Acıbadem Sistina Skopje Hospital was incorporated on 7 April 2010 in Skopje, Macedonia. Main business purpose of the Acıbadem Sistina Medikal is to purchase and lease various medical equipment to be used in ongoing operations of Acıbadem Sistina Skopje Hospital whose business purpose is to provide healthcare services for inpatients and outpatients. Acibadem Sistina Medikal also has a 20-year sub-lease agreement with Acıbadem Sistina Hospital regarding 16.000 m² hospital building beginning 18 October 2011.

On October 21, 2011, Acıbadem Sağlık has acquired 50.00% of Acıbadem Sistina Medikal and 50.32% of Acıbadem Sistina Skopje Hospital.

1 Organization and nature of business *(continued)*

Acıbadem Mobil

Acıbadem Mobil operates in emergency healthcare services and ambulance services since 7 July 2008.

Acıbadem Ortadoğu

The Company was incorporated on 28 May 2012 with the purpose of investing in foreign hospital, medical center and other healthcare related projects in Middle East region.

Acıbadem Teknoloji

Acıbadem Teknoloji was established on 14 July 2015 in Istanbul for conduct research, develop and commercially market healthcare related software, operating and information systems, web-based applications and other technology solutions to national and international clientele.

Acıbadem International Medical Center B.V.

Acıbadem International Medical Center was established and registered on 17 February 2015 in Amsterdam, Netherlands.

Mergers during fiscal year 2015

On 30 September 2015, Bodrum Tedavi Hizmetleri A.Ş. was merged with the Acıbadem Poliklinikleri A.Ş. under the related section of "Simplified Merger of Joint Stock Companies" under respective articles of Turkish Commercial Code and Corporate Tax Law.

The related parties of the Group are as follows:

- SZA Gayrimenkul Yatırım İnşaat ve Ticaret A.Ş. eski ünvanı Acıbadem Holding Anonim Şirketi ("SZA Gayrimenkul")
- Acıbadem Sağlık ve Hayat Sigorta Anonim Şirketi ("Acıbadem Sigorta")
- Acıbadem Proje Yönetimi Anonim Şirketi ("Acıbadem Proje")
- Aplus Hastane ve Otelcilik Hizmetleri Anonim Şirketi ("Aplus Otelcilik")
- Acıbadem Sağlık Yatırımları Holding Anonim Şirketi ("Acıbadem Sağlık Yatırımları")
- Akademia Sağlık Hizmet ve Sistemleri Yönetim ve Danışmanlık Anonim Şirketi ("Akademia")
- Acıbadem Eğitim ve Sağlık Vakfı ("ASEV")
- Telepati Tanıtım Hizmetleri Anonim Şirketi ("Telepati Tanıtım")
- Acıbadem Üniversitesi ("Acıbadem Üniversite")
- Kerem Aydınlar Vakfı ("KAV")
- Aydınlar Sağlık Hizmetleri Limited Şirketi ("Aydınlar Sağlık")
- Acıbadem Grubu Sigorta Aracılık Hizmetleri Anonim Şirketi ("Acıbadem Sigorta Aracılık")
- IHH Healthcare Berhad iştirakleri ve bağlı ortaklıkları
- Bagan Lalang Ventures Sdn. Bhd.
- Acıbadem Diş Limited Şirketi ("Acıbadem Diş Limited")
- Çukurova Bilim Laboratuarları Anonim Şirketi ("Çukurova Bilim")
- Acıbadem Üniversitesi Spor Kulübü Derneği ("ACU Spor Kulübü Derneği")
- Acıbadem Meslek Okulları A.Ş.
- Acıbadem Üniversitesi İktisadi İşletmesi ("ACU İktisadi İşletmesi")

1 Organization and nature of business *(continued)*

The companies listed above have neither direct nor indirect capital and management relationships with Acıbadem Sağlık Hizmetleri Anonim Şirketi ("Acıbadem Sağlık") and not consolidated with the Group in the accompanying financial statements.

As at 31 December 2015, the Group employed 13,675 personnel (31 December 2014: 12,504), consisting of 4,914 administrative personnel (31 December 2014: 4,313), 8,478 doctors, nurses and medical personnel (31 December 2014: 7,943), and 283 personnel employed on contractual basis (31 December 2014: 248).

2 Basis of presentation of the consolidated financial statements

2.1 Statement of compliance

Except its subsidiaries located in Macedonia, the Group maintain its book of accounts and prepares its statutory financial statements in Turkish Lira in accordance with the Turkish Uniform Chart of Accounts, Turkish Commercial Code and Turkish Tax Code.

Foreign subsidiaries maintain their book of accounts and prepare financial statements in accordance with their own laws and regulations stated in their local currencies.

Accompanying consolidated financial statements are prepared in accordance with Turkish Accounting Standards ("TAS") published by Public Oversight Accounting and Auditing Standards Authority ("POA") as set out in the Communiqué serial II, No: 14.1 announcement of Capital Markets Board ("CMB") dated 13 June 2013 related to "Capital Market Communiqué on Principles Regarding Financial Reporting" ("Communiqué") which is published in official gazette, no 28676. TAS is composed of Turkish Accounting Standards, Turkish Financial Reporting Standards, appendixes and interpretations.

The accompanying consolidated financial statements and notes are presented in accordance with the illustrative financial statements published by CMB on 7 June 2013.

The accompanying consolidated financial statements of the Group have been approved by the Board of Directors of Acıbadem Sağlık Yatırımları Holding A.Ş. on 16 February 2015. The general of the shareholders and legal authorities has the authority to change the accompanying consolidated financial statements.

With the resolution taken on 17 March 2005, CMB has announced that, effective from 1 January 2005, the application of TAS 29 "Financial Reporting in Hyperinflationary Economies" issued by KGK is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Accounting Standards.

Since 1 January 2005, the consolidated financial statements have not been adjusted in accordance with TAS 29 "Financial Reporting in Hyperinflationary Economies".

2.1.1 Functional and presentation currency

The Group's subsidiaries located in Turkey maintain its book of accounts and prepares its statutory financial statements in Turkish Lira ("TL") in accordance with the Turkish Uniform Chart of Accounts, Turkish Commercial Code and Turkish Tax Code. Foreign subsidiaries located in Macedonia maintain their book of accounts and prepare financial statements in Macedonian Dinar ("MKD") in accordance with their own laws and regulations stated in their local currencies. These consolidated financial statements of the Group except foreign subsidiaries are presented in TL, which is the Group's functional currency. All financial information presented in TL unless otherwise stated. All other currencies are stated full unless otherwise stated.

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

2 Basis of of presentation of the consolidated financial statements *(continued)*

2.1.2 Basis of consolidation

The accompanying consolidated financial statements include the accounts of Acıbadem Sağlık Hizmetleri Anonim Şirketi and its subsidiaries and the basis set out in sections below. The financial statements of the entities included in the consolidation have been prepared as at the date of the consolidated financial statements.

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

As at 31 December, the subsidiaries in which the Group owns direct or indirect control their operations and the ownership interests are given below:

	Ownership percentage (%)	
Subsidiaries	**31 December 2015**	**31 December 2014**
Acıbadem Teknoloji	100.00	--
Acibadem International Medical Center B.V.	100.00	--
Acıbadem Poliklinikleri	99.99	99.99
International Hospital	90.00	90.00
Acıbadem Orta Doğu	90.00	90.00
Acıbadem Mobil	100.00	99.99
Acıbadem Labmed	99.99	99.99
Gemtıp	68.00	68.00
Medlife	60.00	59.99
Bodrum Medikal	60.00	59.99
Sesu	60.00	59.83
Turgutreis	60.00	59.99
Acıbadem Sistina Hastanesi	50.32	50.32
Acıbadem Sistina Medikal	50.00	50.00

As at 31 December 2015, subsidiaries are consolidated with full consolidation method and non-controlling interests on the subsidiaries are reflected as a non-controlling interest.

(ii) Acquisition of non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

2 Basis of of presentation of the consolidated financial statements *(continued)*

2.1.2 Basis of consolidation (continued)

(iii) Acquisitions through business combinations:

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

The fair value of the consideration transferred; plus

- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

(iv) Loss of control

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Transaction eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Consolidation adjustments

The balance sheets and income statements of subsidiaries are consolidated by using the full consolidation method and investments in subsidiaries and related share capital reflected in the equity are eliminated. Net assets of the subsidiaries which are not directly and /or indirect under the control of the parent company are reflected as "Non-controlling Interest" line of the balance sheet, and the net profit or loss which is not under the control of the parent company, is reflected as "Non-controlling Interest" line in the income statement. Transactions and balances between consolidated companies are eliminated during consolidation. Profit and loss occurred transactions of participation, main partnership and consolidated subsidiaries, were classified/ arranged in accordance with share of main partnership in participation. However, if losses after all these transactions showed the decline of value, then classification/arrangement did not exercise.

2 Basis of presentation of the consolidated financial statements *(continued)*

2.1.3 Comparative Information

The accompanying financial statements is presented in comparison with the previous year in order to identify the Group's financial condition,trends in performance and cash flows. In terms of comparative information to conform to presentation in the current period financial statements are reclassified, where necessary, and describes important differences.

2.1.4 Errors and changes in accounting policies

The accounting policies set out in 2.1.6 have been applied consistently by the Group to all periods presented in the consolidated financial statements. The Group consistently recognizes measures and presents the transactions, other events and situations with the same nature. Material changes in accounting policies or material errors (if any) are corrected, retrospectively; restating the prior period consolidated financial statements.

2.1.5 Changes in accounting estimates and errors

Effect of changes in accounting estimates affecting current period (if any) is recognized in the current period; effect of changes in accounting estimates affecting current and future periods is recognized in the current and also in future periods.

2 Basis of presentation of the consolidated financial statements *(continued)*

2.1.6 Standards issued but not yet effective and not early adopted

TFRS 9 Financial Instruments – Classification and measurement

As amended in December 2012, the new standard is effective for annual periods beginning on or after 1 January 2018. Phase 1 of this new TFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option ("FVO") liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. The Group is in the process of assessing the impact of the standard on the [consolidated] financial position or performance of the Group.

Clarification of acceptable methods of depreciation and amortisation (Amendments to TAS 16 and TAS 38)

The amendments to TAS 16 "Property, Plant and Equipment" explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments to TAS 38 "Intangible Assets" introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The amendments are effective for annual periods beginning on after 1 January 2016, and are to be applied prospectively. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

2 Basis of presentation of the consolidated financial statements *(continued)*

2.1.6 Standards issued but not yet effective and not early adopted *(continued)*

Accounting for acquisition of interests in joint operations (Amendments to TFRS 11)

The amendments clarify whether TFRS 3 "Business Combinations" applies when an entity acquires an interest in a joint operation that meets that standard's definition of a business. The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Sale or contribution of assets between an investor and its associate or joint venture (Amendments to TFRS 10 and TAS 28)

The amendments address the conflict between the existing guidance on consolidation and equity accounting. The amendments require the full gain to be recognised when the assets transferred meet the definition of a "business" under TFRS 3 "Business Combinations". The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Equity method in separate financial statements (Amendments to TAS 27)

The amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures, but also for subsidiaries. The amendments apply retrospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Disclosure Initiative (Amendments to TAS 1)

The narrow-focus amendments to TAS 1 "Presentation of Financial Statements" clarify, rather than significantly change, existing TAS 1 requirements. In most cases the amendments respond to overly prescriptive interpretations of the wording in TAS 1. The amendments relate to the following: Materiality, order of the notes, subtotals, accounting policies and disaggregation. The amendments apply for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

2 Basis of presentation of the consolidated financial statements *(continued)*

2.1.6 Standards issued but not yet effective and not early adopted *(continued)*

Improvements to TFRSs

The IASB issued Annual Improvements to IFRSs - 2012–2014 Cycle. The amendments are effective as of 1 January 2016. Earlier application is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Annual Improvements to TFRSs – 2012–2014 Cycle

TFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"

The amendments clarify the requirements of TFRS 5 when an entity changes the method of disposal of an asset (or disposal group) and no longer meets the criteria to be classified as held-for-distribution.

TFRS 7 "Financial Instruments: Disclosures"

TFRS 7 is amended to clarify when servicing arrangement are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognised in their entirety. TFRS 7 is also amended to clarify that the additional disclosures required by "Disclosures: Offsetting Financial Assets and Financial Liabilities" (Amendments to TFRS 7).

TAS 19 "Employee Benefits"

TAS 19 has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

TAS 34 "Interim Financial Reporting"

TAS 34 has been amended to clarify that certain disclosure, if they are not included in the notes to interim financial statements, may be disclosed "elsewhere in the interim financial report" – i.e. incorporated by cross-reference from the interim financial statements to another part of the interim financial report (e.g. management commentary or risk report).

2 Basis of presentation of the consolidated financial statements *(continued)*

2.1 Summary of significant accounting policies *(continued)*

2.1.6 Standards issued but not yet effective and not early adopted *(continued)*

The new standards, amendments and interpretations that are issued by IASB but not issued by POA

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued to TFRS by the POA, thus they do not constitute part of TFRS. Such standards, interpretations and amendments that are issued by the IASB but not yet issued by the POA are referred to as IFRS or IAS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

IFRS 9 Financial Instruments – hedge accounting and amendments to TFRS 9, TFRS 7 and TAS 39 - (2013)

In November 2013, the IASB issued a new version of IFRS 9, which includes the new hedge accounting requirements and some related amendments to IAS 39 and IFRS 7. Entities may make an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39 for all of their hedging transactions. This standard is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is in the process of assessing the impact of the standard on consolidated financial position or performance of the Group.

IFRS 9 Financial instruments (2014)

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from TMS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is in the process of assessing the impact of the standard on consolidated financial position or performance of the Group.

IFRS 15 Revenue from contracts with customers

The standard replaces existing IFRS and US GAAP guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Company expects to be entitled, rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognising revenue over time. The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted under IFRS. The Group is in the process of assessing the impact of the amendment on consolidated financial position or performance of the Group.

2 Basis of presentation of the consolidated financial statements *(continued)*

2.1 Summary of significant accounting policies *(continued)*

2.1.7 Offsetting

The Group's financial assets and liabilities are offset and the net amount is presented in the balance sheet when and only when there is a legally enforceable right to set off the amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.2 Summary of significant accounting policies

Significant accounting policies applied during the preparation of the consolidated financial statements are summarized as follows:

2.2.1 Revenue

Revenue of the Group comprised of income from the inpatient/outpatient services given at the hospitals, polyclinics, laboratories, catering and ambulance services. Revenue from rendering of services is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed with reference to the surveys of services performed. The revenues for these services are mostly realized in cash or collectible from the insurance companies including State owned Social Security Institution ("SGK"). The interest rate which reduces the nominal value of the related service to its cash sale price is used to determine the present value of the receivables.

When an uncertainty arises about the collectability of an amount already included in revenue, the doubtful receivable amount is recognized as an expense, rather than as an adjustment of the revenue already recognized. Net sales represents invoiced gross sales amount minus returns and discounts.

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

2 Basis of presentation of the consolidated financial statements *(continued)*

2.2 Summary of significant accounting policies *(continued)*

2.2.2 Inventories

Inventories are measured at the lower of cost or net realizable value. Cost elements included in inventories are all procurement costs, conversion costs and all other relevant costs in bringing the inventories into their current state of location. The cost of inventories is determined on the weighted average basis. Net realizable value is the estimated selling price in the ordinary course of the business, less the estimated costs of completion and estimated costs necessary to make the sale.

2.2.3 Property and equipment

i) Recognition and measurement

The costs of property and equipment purchased before 1 January 2005 are restated for the effects of inflation current at 31 December 2004 less accumulated depreciation and impairment losses. The costs of tangible assets purchased after 31 December 2004 are carried at cost less accumulated depreciation and impairment losses if any. Cost of tangible assets includes initial purchase cost, import taxes non-refundable purchase taxes, costs incurred to make the assets ready for use and interests cost of loans utilized during the investment period of tangible fixed assets. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and capitalized borrowing costs.

ii) Subsequent expenditures

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group. The costs of the day-to-day servicing of tangible asset are recognised in the consolidated statement of income comprehensive as incurred.

iii) Depreciation

Depreciation is recognized on a straight-line basis over the useful lives of the tangible assets from the date of acquisition or assembly. Leasehold improvements are depreciated on a straight-line basis over the lease period. Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term, which generally includes reasonably assured option periods, or the estimated useful lives of the assets. Depreciation expenses are presented under cost of sales, general and administrative expenses and selling, marketing expense on the consolidated statement of comprehensive income. Land is not depreciated, since useful live of it is accepted as infinite.

The estimated useful lives are as follows:

Buildings	50 years
Machinery and equipments	3-20 years
Vehicles	4-7 years
Furniture and fixtures	3-10 years
Leased Assets	5-12 years
Other tangible assets	5 years
Leasehold improvements	2-30 years

Depreciation methods, useful lives and residual values are reviewed at each reporting period end and adjusted if appropriate.

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

2 Basis of presentation of the consolidated financial statements *(continued)*

2.2 Summary of significant accounting policies *(continued)*

2.2.3 Property and equipment (continued)

(iv) Disposal

Gains or losses on disposals of property and equipment are included in the relevant income and expense accounts and the cost and accumulated depreciation of property and equipment has been derecognized from the relevant accounts as appropriate.

2.2.4 Intangible assets

Intangible assets consist of acquired software and other intangible assets. The costs of intangible assets purchased before 1 January 2005 are restated for the effects of inflation current at 31 December 2004 less accumulated amortization and impairment losses. The costs of intangible assets purchased after 31 December 2004 are carried at cost less accumulated amortization and impairment losses, if any. The carrying amount of an intangible asset is reduced to its recoverable amount if there is impairment.

(i) Amortization

Intangible assets are amortized on a straight-line basis in the comprehensive income statement over their estimated useful lives for a period.

The estimated useful lives are as follows:

Software	3-10 years
Other intangible assets	2-15 years

2.2.5 Goodwill

After 1 January 2005, in accordance with TFRS 3 "Business Combinations", the excess amount of fair value of identified assets, liabilities and conditional liabilities that are acquired purchasing price over is recorded as goodwill. The goodwill arising from the merger is not amortized. Goodwill is subject to impairment test once a year or more frequently when there is an indication of impairment.

For the test of impairment, goodwill arised from the merger is allocated amongst the units or groups, without looking that the units or groups which expect to derive benefits from the merger include any other assets of liabilities. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Impairment losses are determined by assessing the recoverable value of cash-generating unit or group related to goodwill. Impairment loss is recognized even if the recoverable amount of the cash-generating unit connected to the unit less than the amount of the cash generating unit. Impairment losses relating to goodwill cannot be reversed in future periods.

2.2.6 Impairment of assets

i) Financial Assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

2 Basis of presentation of the consolidated financial statements *(continued)*

2.2 Summary of significant accounting policies *(continued)*

2.2.6 Impairment of assets (continued)

i) Financial Assets (continued)

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in the consolidated statement of comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. The reversal of the impairment in respect of the discounted financial assets is recognized in the consolidated statement of comprehensive income.

Available-for-sale-financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

ii) Non-financial assets

At each balance sheet date the Group reviews the carrying amount of the assets to determine whether there is an indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

Impairment losses are recognized if the carrying amount of the assets or the cash generating unit exceeds its estimated recoverable amount. Assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. Impairment losses are recognized in the consolidated statement of comprehensive income. Impairment losses recognized in respect of the cash generating units are allocated first to reduce the carrying amount of goodwill then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2 Basis of presentation of the consolidated financial statements *(continued)*

2.2 Summary of significant accounting policies *(continued)*

2.2.6 Impairment of assets (continued)

ii) Non-financial assets (continued)

According to TAS 36 "The Standard on Impairment of Assets", if there are changes in conditions and circumstances that would be an indication of impairment in goodwill, the impairment tests are performed more frequently than once a year.

2.2.7 Financial instruments

i) Non derivative financial assets

The Group initially recognizes loans and the receivables on the date they are originated. All other financial assets are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the inflows.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets are presented on the consolidated financial statements with net present values calculated with effective interest method of the difference in initial cost and repayment amount which are depreciated on the comprehensive income statement.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Non-derivative financial assets of the Group comprise trade and other receivables, cash and cash equivalents

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Trade and Other Receivables

Trade receivables are previously recognized at invoice value. Nevertheless, after the initial The fair values of trade and other receivables, excluding construction work in progress, are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial.

Available-for-sale-financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognised in other comprehensive income and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

2 Basis of presentation of the consolidated financial statements *(continued)*

2.2 Summary of significant accounting policies *(continued)*

2.2.7 Financial instruments (continued)

ii) Non derivative financial liabilities

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only if the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Non-derivative financial liabilities of the Group comprise loans and trade payables and other payables.

Financial liabilities are initially recorded at their initial costs less any transaction costs. In the periods subsequent to their initial recognition the difference between their initial amounts their present value as determined by discounting their repayment amounts by applying the effective interest rate is reflected in the consolidated statements of comprehensive income.

iii) Paid-in capital

Ordinary shares are classified as paid-in capital.

iv) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Derivatives are recognised initially at acquisition cost; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value. The Group's derivative financial instrument consists of mainly forward transactions and interest rate swap. Although these financial instruments provide effective economic protection against risks, they are accounted for as derivative financial instruments reflected as trading securities or other financial liabilities because they do not meet the hedge accounting criteria under TAS 39.

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

2 Basis of presentation of the consolidated financial statements *(continued)*

2.2 Summary of significant accounting policies *(continued)*

2.2.8 Foreign currency transactions

Transactions in foreign currencies have been translated to TL at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the balance sheet dates. Foreign exchange gains or losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities are recognized in the consolidated statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies are translated to TL with the exchange rates at the dates of transaction.

At 31 December 2015 and 31 December 2014, Central Bank of the Republic of Turkey ("Central Bank")'s buying foreign currency rates are as follows:

	31 December 2015	**31 December 2014**
Amerikan Dolar ("USD")	2.9076	2.3189
European Union Currency ("EUR")	3.1776	2.8207

2.2.9 Earnings per share

Earnings per share disclosed in the consolidated statement of comprehensive income is determined by dividing net earnings by the weighted average number of shares that have been outstanding during the related period concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustments on equity items. Such bonus shares are taken into consideration in the computation of earnings per share as issued share certificates.

2.2.10 Subsequent events

Subsequent events cover all the events between balance sheet date and the date of authorization for release of the financial statements even if these events arise after any announcement about profit or loss or disclosures of selected financial information to the public.

If there has been events after the balance sheet date that would require the restatement of the consolidated financial statements; the Group restates the consolidated financial statements accordingly. If such events are significant but do not require the restatement of the consolidated financial statements, they are disclosed in the related notes.

2.2.11 Provisions, contingent assets and liabilities

A provision is recognized in the accompanying consolidated financial statements if as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Contingent liabilities are reviewed to determine if there is a possibility that the outflow of economic benefits will be required to settle the obligation. Except for the economic benefit outflow possibility is remote such contingent liabilities is disclosed in the notes to the financial statements. If the inflow of economic benefits is probable contingent assets have been disclosed in the notes to the financial statements. If the inflow of the economic benefit is more than likely to occur such asset and income statement effect has been recognized in the financial statements at the relevant period that income change effect occurs.

2 Basis of presentation of the consolidated financial statements *(continued)*

2.2 Summary of significant accounting policies *(continued)*

2.2.12 Leasing transactions

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. The property and equipment acquired through financial leasing in the Group's consolidated balance sheet, are recorded on the asset side at the lower of its fair value or the present value of the minimum lease payments, and related obligation is reflected on the liability side at the present value of the minimum lease payments. Interest element included in the lease installments are reflected in the consolidated income statement. The property and equipment obtained by way of financial leases are depreciated through their useful lives.

When the lease period is shorter than the useful life of the leased asset and it is not certain whether the Group will purchase the leased asset at the end of the lease period, it is depreciated during the period of lease. When the leased asset's useful life is shorter than leased period, leased assets are depreciated during the useful life.

The lease transactions are classified as operational leasing where the risks and rewards are on the part of the lessor. For an operating lease, the Company recognizes rent expense on a straight-line basis over the lease term, or on another systematic basis if it is more representative of the pattern of benefits to the lessee over time.

2.2.13 Related parties

Subsidiaries, shareholders of the Company and companies of the shareholders, and also other companies managed by these companies or related to these companies and managers and directors of these companies are referred to as related parties. Group is managing transactions with its subsidiaries due to common operations.

(a) A person or a close member of that person's family is related to a reporting entity if that person:
(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
(b) An entity is related to a reporting entity if any of the following conditions applies:
(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a).
(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2 Basis of presentation of the consolidated financial statements *(continued)*

2.2 Summary of significant accounting policies *(continued)*

2.2.14 Segment reporting

TFRS 8 requires that a measure of segment assets be disclosed only if the amounts are regularly provided to Chief Decision Maker, consistent with the equivalent requirement for the measure of segment liabilities.

The Group's main business activity consists of hospital, healthcare and non-healthcare services. As a result of the activity variation, the Group revenues are allocated as hospital and healthcare branches. All Group revenues have been realized in domestic basis except subsidiaries in Macedonia.

2.2.15 Income taxes

Income tax comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Transfer pricing regulations

In Turkey, the transfer pricing provisions have been stated under the Article 13 of the Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding the sale or purchase of goods and services with related parties, where the prices are not set in accordance with the arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

2 Basis of presentation of the consolidated financial statements *(continued)*

2.2 Summary of significant accounting policies *(continued)*

2.2.16 Employee benefits

According to the enacted laws in Turkey, the Group is liable to pay lump sum payments to its employees in case of retirement or the termination of the employment contract of the employees except for the rules stated in the labor laws. Such payments are computed according to the severance indemnity ceiling valid at the reporting date. Employee severance indemnity is recognized as the present value of the estimated total reserve of the future probable obligation of the Group.

There is no funding requirement for defined benefit plans. The Group recognizes actuarial gains and losses in the consolidated statement of comprehensive income.

2.2.17 Statement of cash flows

Cash flows for the period are reported based on operating, investing and financing activities. Cash flows from operating activities represent the Group's cash flows generated from operating activities. The Group presents the cash flows by using the indirect method such as adjusting the accruals for cash inflows and outflows from gross profit/loss, other non-cash transactions, prior and future transactions or deferrals.

Cash flows from investing activities represent the cash flows used in/provided from investing activities (capital expenditures).

Cash flows from financing activities represent the funds used in and repayment of the funds during the period.

For purposes of the statement of cash flows, cash and cash equivalents include cash in hand, cheques in collection, bank deposits with a maturity less than three months and other cash and cash equivalents less blockage amount and interest income accruals.

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

2 Basis of presentation of the consolidated financial statements *(continued)*

2.2 Summary of significant accounting policies *(continued)*

2.2.18 Expenses

Expenses are accounted for on accrual basis. Expenses related to cost of sales and operating expenses are recognized as they incur. Rent payments are recorded as expense on installments in the consolidated comprehensive income statement during the rent period.

Financial incomes and expenses

Interest income and expenses in income statement are accounted on accrual basis considering the effective interest rate and applicable variable interest rate on the related asset. Interest income and expenses consist of the present value of the difference or premium or discount of the accounted value of an interest bearing instrument and the due date value calculated with the effective interest rate system. Finance expenses related to the investment cost can be capitalized during the investment process.

2.3 Accounting estimates and judgments

Preparation of consolidated financial statements requires management to implement the policies and to make estimations and judgments which affect the income and expense amounts, assets and liabilities. Actual results may be differ from this estimated amounts.

Estimations and judgments which form a basis for these assumptions are reviewed on a regular basis. Updates in accounting estimations are recorded in the period of update and following periods which are affected from these judgments.

Significant estimations and assumptions used by Group to prepare consolidated financial statements are shown in the notes below:

Note 2.2.3- 2.2.4	- Useful lives of tangible and intangible assets
Note 2.2.7	- Financial Instruments
Note 7	- Impairment of trade receivables
Note 12	- Goodwill impairment tests
Note 13	- Provisions, contingent assets and liabilities
Note 15	- Provision for employee benefits
Note 27	- Tax assets and liabilities
Note 31	- Fair value disclosure of financial instruments

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

3 Segment reporting

Main business activity of the Group is defined as providing of healthcare services. The Group defined its operating segments as hospital and other healthcare related activities.

1 January– 31 December 2015

	Hospital	Healthcare	Total
External revenues	1,621,498,146	220,463,383	1,841,961,529
Inter-segment revenue	169,945,358	11,587,244	181,532,602
Reportable segment revenue	1,791,443,504	232,050,627	2,023,494,131
Reportable segment cost of revenue	(1,398,694,850)	(207,112,016)	(1,605,806,866)
Reportable segment gross profit	392,748,654	24,938,611	**417,687,265**
Operating expenses			(171,861,995)
Other operating income/expense (net)			(34,007,946)
Investment income/expense (net)			11,978,747
Financial income/expense (net)			(235,076,689)
Tax expense			(4,373,219)
Net loss for the period			**(15,653,837)**

31 December 2015

	Hospital	Healthcare	Total
Reportable segment assets	2,246,697,719	163,799,461	2,410,497,180
Capital expenditures	396,651,134	31,035,860	427,686,994
Reportable segment liabilities	2,089,974,222	104,716,036	2,194,690,258
Amortization and depreciation	123,770,853	14,712,845	138,483,698

1 January– 31 December 2014

	Hospital	Healthcare	Total
External revenues	1,472,310,793	107,600,981	1,579,911,774
Inter-segment revenue	139,082,045	8,919,181	148,001,226
Reportable segment revenue	1,611,392,838	116,520,162	1,727,913,000
Reportable segment cost of revenue	(1,339,483,685)	(48,500,315)	(1,387,984,000)
Reportable segment gross profit	271,909,153	68,019,847	**339,929,000**
Operating expenses			(146,298,549)
Other operating income/expense (net)			(3,463,158)
Investment income/expense (net)			8,256,000
Financial income/expense (net)			(97,698,412)
Tax expense			(20,018,249)
Net income for the period			**80,706,632**

31 December 2014

	Hospital	Healthcare	Total
Reportable segment assets	1,563,711,777	135,673,931	1,699,385,708
Capital expenditures	223,347,279	37,537,608	260,884,887
Reportable segment liabilities	1,360,848,616	81,939,407	1,442,788,023
Amortization and depreciation	114,827,661	4,205,255	119,032,916

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

3 Segment reporting *(continued)*

Geographical information

The Hospital and healthcare segments primarily operate in Turkey and Macedonia. According to geographical segment reporting, revenues are presented with respect to the geographical locations of customers, assets are presented with respect to the geographical locations of assets.

As at 31 December, total geographical area of risk concentrations are indicated below:

	2015	
	Revenues	**Non-current Assets(*)**
Turkey	1,935,791,954	1,148,910,333
Macedonia	87,702,177	39,312,847
	2,023,494,131	**1,188,223,180**

	2014	
	Revenues	**Non-current Assets(*)**
Turkey	1,651,132,940	875,477,156
Macedonia	76,780,060	27,770,942
	1,727,913,000	**903,248,098**

(*) Non-current assets comprised of tangible assets and intangible assets.

4 Cash and cash equivalents

As at 31 December, cash and cash equivalents comprised the following:

	31 December 2015	**31 December 2014**
Cash on hand	686,400	587,904
Banks – demand deposits	2,732,468	2,448,185
Banks – time deposits	278,701,794	144,556,631
Mutual fund (B type liquid fund)	--	20,769
	282,120,662	**147,613,489**

As at 31 December 2015, maturity of time deposits is between 1-37 days for TL (31 December 2014: between 32-33 days for TL) and 32 days for EUR (31 December 2014: None). As at 31 December 2015, there isn't any time deposits in USD (31 December 2014: 2-38 days for USD).

The effective interest rates for the time deposits in TL is between 5.3% and 13% (31 December 2014: between 9.5% and 9.8%), in EUR between 2.1%-2.2% (31 December 2014: EUR-None, USD 0.2%-2.7%).

As of 31 December 2015, the Group and its subsidiaries don't have any blocked deposits in banks and other financial institutons (2014: None).

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

5 Financial investment

As at 31 December, available for sale investments comprised the following:

	31 December 2015	31 December 2014
Eurobonds	211,357,825	--
	211,357,825	**--**

As at 31 December 2015, the details of investments in Eurobonds are as follows:

		31 December 2015	
Currency	Interest Rate (%)	Nominal Value Original Currency	Market Value
USD	3.5%-6.75%	69,535,000	201,643,902
EUR	3.5%	3,000,000	9,713,923
			211,357,825

Investments in Eurobonds with maturities ranging from 2 to 5 years are classified as available for sale. Information about the Group's exposure to credit and market risks, and fair value measurement is included in Note 31.

6 Loans and borrowings

As at 31 December, short term financial liabilities comprised the following:

	31 December 2015	31 December 2014
Spot loans	16,063,049	164,164,048
Financial lease liabilities, net	49,301,434	35,430,392
Current financial liabilities	**65,364,483**	**199,594,440**
Short term portion of long-term loan and borrowings	21,225,820	102,664,025
Total financial liabilities	**86,590,303**	**302,258,465**

As at 31 December, long term financial liabilities comprised the following:

	31 December 2015	31 December 2014
Long term bank borrowings	1,549,707,198	706,375,118
Financial lease liabilities, net	87,170,325	74,373,458
	1,636,877,523	**780,748,576**

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

6 Loans and borrowings *(continued)*

Bank borrowings

31 December 2015 the details of bank borrowings comprised the following:

Type	**Collateral**	**Currency**	**Maturity**	**31 December 2015 Face Value**	**31 December 2015 Carrying Value**
Investment	Secured	EUR	2023	136,280,656	136,685,368
Investment	Unsecured	USD	2020	359,195,229	359,478,268
Investment	Unsecured	EUR	2020	1,058,534,640	1,059,696,304
Operating	Secured	EUR	2020	1,821,304	1,821,304
Investment	Unsecured	USD	2019	6,431,552	6,443,611
Operating	Unsecured	TL	2017	31,314	31,314
Operating	Unsecured	EUR	2017	6,776,849	6,776,849
Operating	Unsecured	EUR	2016	4,291,934	4,386,327
Spot loan	Unsecured	TL	2016	11,676,722	11,676,722
				1,585,040,200	**1,586,996,067**

As at 31 December 2015, interest rates for bank loans in USD range between Libor + %1.75 - % 3.2; for the bank loan in EUR interest rate is Euribor+ %0.65 and %5.75, and for bank loans in TL range between % 0 - % 16.20 respectively.

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

6 Loans and borrowings *(continued)*

As at 31 December 2015, repayment schedule of the long term bank borrowings of the Group is as follows:

Year	Year	Original Currency Amount	TL Amount
2023	EUR	3,620,450	11,504,343
2022	EUR	5,611,234	17,830,259
2021	EUR	5,611,234	17,830,259
2020	EUR	89,855,593	285,525,132
2020	USD	31,036,673	90,242,230
2019	EUR	180,932,991	574,932,672
2019	USD	65,470,152	190,361,014
2018	USD	28,080,609	81,647,179
2018	EUR	79,795,491	253,558,152
2017	EUR	7,727,991	24,556,464
2017	USD	580,609	1,688,179
2017	TL	31,315	31,315
			1,549,707,198

As at 31 December 2015, the Group has fulfilled its financial covenants (31 December 2014: None).

Bank borrowings

As at 31 December 2015, the maturities of bank borrowings were as follows:

Maturity	31 December 2015
0 – 3 months	16,579,487
3 months – 1 year	20,709,382
1 – 5 years	1,502,542,337
Above 5 years	47,164,861
	1,586,996,067

As at 31 December 2015, the guarantees given related to the bank borrowings are as follows:

		31 December 2015	
Type of Guarantee	Currency	Original Currency Amount	TL Amount
Commercial Pledge	USD	3,765,947	10,949,867
Commercial Pledge	EUR	31,500,000	100,094,400
			111,044,267

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

6 Loans and borrowings *(continued)*

As at 31 December 2014, the details of bank borrowings comprised the following:

Type	Collateral	Currency	Year of Maturity	31 December 2014 Face Value	31 December 2014 Carrying amount
Investment	Secured	USD	2019	4,866,658	4,875,657
Investment	Secured	USD	2019	1,608,532	1,611,676
Investment	Secured	USD	2018	227,252,200	232,157,508
Investment	Secured	USD	2018	439,434,981	440,608,753
Investment	Secured	USD	2018	40,052,414	40,507,742
Investment	Secured	EUR	2018	82,870,950	83,115,031
Operating	Unsecured	EUR	2017	5,923,470	5,923,470
Operating	Unsecured	TL	2017	238,884	238,884
Operating	Unsecured	TL	2015	160,226,512	160,226,512
Operating	Secured	MKD	2015	3,842,590	3,937,958
				966,317,191	**973,203,191**

As at 31 December 2014, interest rates for bank loans in USD ranged between 3-month Libor + 1.75 - % 6.35; for bank loans in EUR ranged between 6-month Eurobior+%0,70-%5; for the bank loans in MKD interest rate is % 6.50; and for bank loans in TL ranged between % 0 - % 12.50 respectively.

As at 31 December 2014, repayment schedule of the long term bank borrowings of the Group was as follows:

Year	Currency	Original Currency Amount	TL Amount
2020	EUR	11,113,854	31,348,848
2019	USD	470,152	1,090,235
2019	EUR	3,653,427	10,305,222
2018	USD	195,409,402	453,134,862
2018	EUR	3,653,427	10,305,222
2017	USD	37,596,620	87,182,802
2017	EUR	5,753,427	16,228,692
2017	TL	31,312	31,312
2016	USD	37,228,892	86,330,078
2016	EUR	3,653,427	10,305,222
2016	TL	112,623	112,623
			706,375,118

As at 31 December 2014, the maturities of bank borrowings were as follows:

Maturity	31 December 2014
0 – 3 months	196,975,355
3 months – 1 year	69,852,718
1 – 5 years	675,026,270
Above 5 years	31,348,848
	973,203,191

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

6 Loans and borrowings *(continued)*

31 December 2014, the guarantees given related to the bank borrowings were as follows:

		31 December 2014	
Type of Guarantee	**Currency**	**Original Currency Amount**	**TL Amount**
Commercial pledge	USD	3,765,947	8,732,853
Commercial pledge	TL	1,150,000,000	1,150,000,000
			1,158,732,853

Finance lease liabilities:

As at 31 December, short term finance lease liabilities are as follows:

	31 December 2015	**31 December 2014**
Financial lease liabilities	54,293,226	40,168,857
Deferred financial lease liabilities (-)	(4,991,792)	(4,738,465)
	49,301,434	**35,430,392**

As at 31 December, long term finance lease liabilities are as follows:

	31 December 2015	**31 December 2014**
Financial lease liabilities	94,606,506	80,547,195
Deferred financial lease liabilities (-)	(7,436,181)	(6,173,737)
	87,170,325	**74,373,458**

As at 31 December, the maturities of finance lease liabilities are as follows:

	2015			**2014**		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than 1 year	54,293,226	4,991,792	49,301,434	40,168,857	4,738,465	35,430,392
1 - 5 years	85,554,058	7,134,353	78,419,705	78,486,463	6,126,306	72,360,157
5 years and	9,052,448	301,828	8,750,620	2,060,732	47,431	2,013,301
	148,899,732	**12,427,973**	**136,471,759**	**120,716,052**	**10,912,202**	**109,803,850**

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

7 Trade receivables and payables

As at 31 December , trade receivables comprised the following:

	31 December 2015	31 December 2014
Trade receivables from customers	209,062,802	237,064,552
Notes receivables	1,941,884	1,125,387
Doubtful receivables	25,069,260	15,716,814
Allowance for doubtful receivables (-)	(25,069,260)	(15,716,814)
	211,004,686	**238,189,939**

The Group evaluated its receivables with due date 90 days and more as doubtful receivables in accordance with the historical collection experience of the Company.

As at 31 December, long term trade receivables comprised the following:

	31 December 2015	31 December 2014
Trade receivables from customers	39,494,326	--
Trade receivables written off	(4,964,356)	--
Allowance for doubtful receivables (-)	(2,833,065)	--
	31,696,905	**--**

The Group has written off part of its receivables, from the institutions which are affiliated to Libyan Government, amounting to TL 4,964,356 of the total receivable balance of TL 39,494,326. The Group has also recorded a bad debt provision amount of TL 2,833,065 by considering the collection risk of those receivables. The remaining receivables amounting to TL 31,696,905 has been reclassified to long term trade receivables since the Company does not expect to collect due balances within one year from the balance sheet date.

As at 31 December, the aging analysis of the trade receivable is as follows:

	31 December 2015	31 December 2014
Overdue receivables	26,531,649	29,752,963
Overdue receivables - Libya	31,696,905	25,024,474
Not overdue	184,473,037	183,412,502
	242,701,591	**238,189,939**

The aging analysis of overdue trade receivable as at 31 December is as below:

	31 December 2015	31 December 2014
Between 1-30 days	28,297,575	26,663,858
Between 31-60 days	14,383,323	22,547,512
61 days and more	15,547,656	5,566,067
	58,228,554	**54,777,437**

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

7 Trade receivables and payables *(continued)*

The Group records allowance on certain customers as respective receivables from these become doubtful. Allowance amounts includes the balances from customers which are deemed as uncollectible. For the years ended 31 December, the movement of the allowance for doubtful receivables is as follows:

	31 December 2015	**31 December 2014**
Beginning balance	15,716,814	13,242,956
Additions	17,485,167	3,438,850
Recoveries (-)	(335,300)	(964,992)
	32,866,681	**15,716,814**

As at 31 December, short term trade payables to others comprised the following:

	31 December 2015	**31 December 2014**
Payables to suppliers	157,218,964	117,418,448
Notes payables	8,759,505	11,508,898
	165,978,469	**128,927,346**

As at 31 December, long term trade payables comprised the following:

	31 December 2015	**31 December 2014**
Payables to suppliers	717,803	1,687,982
Notes payables	579,398	1,170,542
	1,297,201	**2,858,524**

As at 31 December, the aging analysis of trade payables is as follows:

	31 December 2015	**31 December 2014**
0 - 3 months	49,088,075	40,782,002
3 months – 1 year	116,890,394	88,145,344
1 year – 5 years	1,297,201	2,858,524
	167,275,670	**131,785,870**

The Group's exposure to credit and currency risks related to trade receivables and payables and liquidity and currency risks of trade payables are disclosed in Note 30.

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

8 Other receivables and payables

As at 31 December, other short-term receivables comprised the following:

	31 December 2015	**31 December 2014**
Advances given to personnel	2,810,101	4,055,740
Receivables from Tax Office	834,051	797,214
Other (*)	7,901,559	6,235,648
	11,545,711	**11,088,602**

(*) As of 31 December 2015 other receivables mainly consist of receivables from municipality and rent receivables of TL 2,850,000 TL (31 December 2014: TL 2,850,000) and TL 4,149,935 respectively (31 December 2014: TL 2,648,082).

As at 31 December, other long-term receivables comprised the following:

	31 December 2015	**31 December 2014**
Deposits and guarantees given	997,123	745,460
Other	22,371	100,378
	1,019,494	**845,838**

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

8 Other receivables and payables *(continued)*

As at 31 December, other short-term payables comprised the following:

	31 December 2015	**31 December 2014**
Advances received from patients	9,182,850	2,807,642
Other	87,995	426,346
	9,270,845	**3,233,988**

9 Inventories

As at 31 December, inventories comprised the following:

	31 December 2015	**31 December 2014**
Medical materials and medicine	52,834,253	38,736,242
Other inventories (*)	921,358	387,922
	53,755,611	**39,124,164**

(*) Consists of goods in transit.

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

10 Property and equipment

For the year ended 31 December 2015, the movement in property and equipment is as follows:

Cost	Land	Buildings	Machinery and equipments	Vehicles	Furniture and fixture	Leased assets	Leasehold improvements	Construction in progress (*)	Total
1 January 2015	33,780,497	213,610,395	516,535,167	7,527,362	151,451,561	198,024,219	387,759,901	101.154.417	1.609.843.519
Effect of movements in exchange rates	--	7,579	3,178,680	54,550	660,726	10,437	479,903	--	4.391.875
Additions	--	2,717,841	91,236,056	2,642,198	28,831,829	53,368,017	73,625,569	175.265.484	427.686.994
Disposals	--	(776,140)	(21,127,841)	(1,174,558)	(1,464,281)	(2,883,816)	(2,506,093)	(1.178.472)	(31.111.201)
Transfers	--	--	5,026,281	--	6,447,104	7,503,438	46,602,874	(65.579.697)	--
As at 31 December 2015	**33,780,497**	**215,559,675**	**594,848,343**	**9,049,552**	**185,926,939**	**256,022,295**	**505,962,154**	**209.661.732**	**2.010.811.187**
Accumulated depreciation									
1 January 2015	--	39,633,770	313,742,978	2,512,723	91,209,906	137,365,001	149,391,233	--	733.855.611
Effect of movements in exchange rates	--	602	743,312	18,565	271,030	1,218	14,062	--	1.048.789
Charge for period	--	7,198,347	48,667,347	1,382,901	17,272,495	24,574,683	36,893,395	--	135.989.168
Disposals	--	(193,752)	(14,577,193)	(761,100)	(506,331)	(811,231)	(952,033)	--	(17.801.640)
As at 31 December 2015	**--**	**46,638,967**	**348,576,444**	**3,153,089**	**108,247,100**	**161,129,671**	**185,346,657**	**--**	**853.091.928**
Net book value	**33,780,497**	**168,920,708**	**246,271,899**	**5,896,463**	**77,679,839**	**94,892,624**	**320,615,497**	**209,661,732**	**1,157,719,259**

As at 31 December 2015, property and equipment have been insured to the extent of TL 3,070,833,955 (2014: TL 2,098,592,935).

For the year ended 31 December 2015, depreciation expenses amounting to TL 128,076,780 has been recognised under cost of sales TL 7,525,887 under administrative expenses and TL 386,501 under selling, marketing and distribution expenses, (31 December 2014: TL 114,621,619 TL has been recognised under cost of sales and TL 2,419,077 under administrative expenses and TL 336,399 under selling, marketing and distribution expenses).

As at 31 December 2015, there is no pledge on property and equipment for Group's loans and borrowings excluding financial lease liabilities. (31 December 2014: None).

For the year ended 31 December 2015 and 2014, the Group utilizes property and equipment which have nil net book value on its accounts (31 December 2015: TL 421,976,050; 31 December 2014: TL 390,476,000).

The Group leases medical equipment under a number of finance lease agreements. Some leases provide the Group with the option to purchase the equipment at a beneficial price. At 31 December 2015, the net carrying amount of leased equipment was TL 94,892,624 (2014: TL 60,659,218).

(*) CIP additions mainly consists the expenditures for ongoing investments for medical centers and hospitals amounting to TL 138,574,851 detailed as ongoing investments below (page 42)

As at 31 December 2015, the capitalized borrowing cost is TL 12,656,098 (31 December 2014: TL 3,780,300)

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

10 Property and equipment *(continued)*

For the period ended 31 December 2014, the movement in property and equipment is as follows:

Cost	**Land**	**Buildings**	**Machinery and equipments**	**Vehicles**	**Furniture and fixture**	**Leased assets**	**Leasehold improvements**	**Construction in progress (*)**	**Total**
1 January 2014	33,780,497	210,121,187	400,109,975	5,625,001	114,277,555	199,407,651	260,171,749	171.678.182	1.395.171.797
Effect of movements in exchange rates	--	(2,364)	(837,699)	(6,641)	(138,488)	192	(87,805)	--	(1.072.805)
Additions	--	3,491,572	49,150,294	3,745,940	37,877,794	1,437,035	49,748,199	115.434.053	260.884.887
Disposals	--	--	(15,584,327)	(1,897,403)	(565,300)	(2,820,659)	(7,000,289)	(17.198.608)	(45.066.586)
Transfers	--	--	83,696,924	60,465	--	--	84,928,047	(168.759.210)	(73.774)
As at 31 December 2014	**33,780,497**	**213,610,395**	**516,535,167**	**7,527,362**	**151,451,561**	**198,024,219**	**387,759,901**	**101.154.417**	**1.609.843.519**
Accumulated depreciation									
1 January 2014	--	32,306,975	281,110,982	2,909,278	76,281,523	113,414,413	121,534,917	--	627.558.088
Effect of movements in exchange rates	--	(125)	(191,110)	(3,423)	(47,013)	22	46	--	(241.603)
Charge for period	--	7,326,920	40,484,063	1,037,800	15,314,100	24,796,099	28,418,113	--	117.377.095
Disposals	--	--	(7,660,957)	(1,430,932)	(338,704)	(845,533)	(561,843)	--	(10.837.969)
As at 31 December 2014	**--**	**39,633,770**	**313,742,978**	**2,512,723**	**91,209,906**	**137,365,001**	**149,391,233**	**--**	**733.855.611**
Net book value	**33,780,497**	**173,976,625**	**202,792,189**	**5,014,639**	**60,241,655**	**60,659,218**	**238,368,668**	**101,154,417**	**875,987,908**

10 Property and equipment *(continued)*

Ongoing investments

	31 December 2015
Project	**Expenditure Amount (TL)**
Acıbadem Altunizade Hospital	71,345,506
Acıbadem Kartal Hospital	48,675,000
Acıbadem Maslak Expansion	18,554,345
	138,574,851

Acıbadem Altunizade Hospital

Acıbadem Sağlık has a hospital project, which is located in Altunizade, İstanbul with an estimated closed area of 95.000 m^2 .

Acıbadem Kartal Hospital

Acıbadem Sağlık has a hospital project, which is located in Kartal, İstanbul with an estimated closed area of 27.000 m^2.

Acıbadem Maslak Expansion

Acıbadem Sağlık has a hospital expansion project to its existing hospital facility, which is located in Maslak, İstanbul with an estimated closed area of 60.000 m^2.

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

11 Intangible assets

For the year ended 31 December 2015, movement in the intangible assets is as follows:

	Rights	Other intangible assets	Total
Cost			
1 January 2015	24,682,274	11,720,819	36,403,093
Effects of movements in exchange rates	--	90,184	90,184
Additions	2,628,518	3,212,319	5,840,837
Disposals	(215,504)	(24,650)	(240,154)
31 December 2015	**27,095,288**	**14,998,672**	**42,093,960**
Accumulated Amortization			
1 January 2015	3,653,918	5,488,985	9,142,903
Effects of movements in exchange rates		48,744	48,744
Charge for year	1,685,697	808,833	2,494,530
Disposals	(82,410)	(13,728)	(96,138)
31 December 2015	**5,257,205**	**6,332,834**	**11,590,039**
Net book value	**21,838,083**	**8,665,838**	**30,503,921**

For the year ended 31 December 2015, amortization expenses amounting to TL 2,494,530 (31 December 2014: TL 1,655,821) have been included in administrative expenses.

As at 31 December 2015, the Group utilizes intangible assets which have zero net book value on its accounts (31 December 2015: TL 5,896,970, 31 December 2014: TL 5,112,305).

For the year ended 31 December 2014, movement in the intangible assets is as follows:

	Rights	Other intangible assets	Total
Cost			
1 January 2014	22,842,956	9,842,509	32,685,465
Effects of movements in exchange rates	--	(24,703)	(24,703)
Additions	2,008,810	2,700,288	4,709,098
Disposals	--	(797,275)	(797,275)
Transfers	(169,492)	--	(169,492)
31 December 2014	**24,682,274**	**11,720,819**	**36,403,093**
Accumulated Amortization			
1 January 2014	2,977,277	4,638,001	7,615,278
Effects of movements in exchange rates	--	(9,650)	(9,650)
Charge for year	676,641	979,180	1,655,821
Disposals	--	(118,546)	(118,546)
31 December 2014	**3,653,918**	**5,488,985**	**9,142,903**
Net book value	**21,028,356**	**6,231,834**	**27,260,190**

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

12 Goodwill

As at 31 December, goodwill recognized as a result of Group's acquisitions was shown as below:

	31 December 2015	**31 December 2014**
Acıbadem Sistina	50,441,981	50,441,981
Yeni Sağlık	46,417,257	46,417,257
International Hospital	39,292,955	39,292,955
Bodrum Klinikleri	23,005,484	23,005,484
Acıbadem Poliklinikleri	6,234,605	6,234,605
Tolga Sağlık (*)	2,686,849	2,686,849
Konur Sağlık (*)	1,547,107	1,547,107
Blab (*)	33,747	33,747
	169,659,985	**169,659,985**

(*)Have not been subjected to impairment testing due to immateriality of the amounts.

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

12 Goodwill *(continued)*

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to Group's four cash generating units ("CGU") namely Acıbadem Sistina, International, Acıbadem Poliklinikleri and Bodrum Tedavi. All CGU's impairment tests were based on value in use as at 31 December 2015 which was estimated using discounted cash flow method.

Financial projections prepared by the management were used in the value in use analysis of each CGU. The growth in business plan figures is mainly driven by the overall demand for private healthcare in Turkey, macroeconomic indicators, opportunities in companies' business, increase in patient volume, healthcare market developments in Turkey, changes in prices and completion of substantially started projects of the Group.

As a result of the impairment testing performed on CGU basis, no impairment loss recognised as at 31 December 2015.

Key assumptions used in discounted cash flow projections

Key assumptions used in calculation of recoverable amounts are discount rates and terminal growth rates. These assumptions are as follows:

	Discount rate	Terminal growth rate	Projected EBITDA growth rate
Acıbadem Sistina	% 14.0	% 7.0	% 11
International	% 14.0	% 7.0	% 6
Bodrum, *total*	% 14.0	% 7.0	% 21
Acıbadem Poliklinikleri	% 14.0	% 7.0	% 15

The discount rate used in discounted cash flows is determined as the weighted average cost of capital ("WACC") for the respective CGUs.

For all CGU's five years cash flows were included in the discounted cash flow model. A long-term growth rate including long-term inflation rate into perpetuity was determined based on management's estimate of the long-term compound annual growth rate in EBITDA, which management believed was consistent with the assumption that a market participant would make under existing economic and healthcare market conditions.

EBITDA growth rates were determined based on the following:

Revenue growth was estimated based on the growth during 2016 for the first year of projection period which is in line with the Group's financial budget as approved by Board of Directors. In addition, historical growth rates, future economic outlook and impact of new investments that have been substantially started as of 31 December 2015 were further considered in order to predict Group's cash flows between the years 2017-2020. Price increase for Group's healthcare services which is a key driver for the growth is estimated to increase in line with the inflation rate.

The estimated recoverable amounts of CGUs exceed their respective carrying amounts. Thus, the Company management concluded that there is no indication of impairment due to an expected or probable change in key assumptions such as EBITDA growth and discount rates. Recoverable amounts of CGU's are not sensitive to the reasonable changes in key assumptions. Unreasonable and hypothetic changes in key assumptions and their effects have not been disclosed accordingly as at 31 December 2015.

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

13 Provisions, contingent assets and liabilities

As at 31 December, other short-term provisions comprised the following:

	31 December 2015	**31 December 2014**
Provision for doctor payments	80,201,977	73,576,625
Lawsuit provisions	12,091,714	5,395,239
Donation provisions (*)	2,488,153	3,500,000
Accruals for purchase of inventories	1,780,629	1,146,562
Provisions for miscellaneous expenditures	1,588,612	1,374,197
Other	2,067,299	1,076,382
	100,218,384	**86,069,005**

(*) Donation amount represents the amount that will be paid based on the benefits of cooperation between Acıbadem Sağlık and Acıbadem University.

There are 175 lawsuits (31 December 2014: 148) against the Group with a total claim amount of TL 30,871,304 (31 December 2014: TL 22,848,401) and 210 related to employee litigation (31 December 2014: 176) amounting to TL 1,773,051 (31 December 2014: TL 1,548,944). The Group has provided provisions in the amount of TL 12,091,714 (31 December 2014: TL 5,395,239) for the lawsuits in the accompanying consolidated financial statements.

The movement of provisions for year ended 31 December 2015 is as follows::

	1 January 2015	***Additions***	***Payments***	***Reversals***	***31 December 2015***
Provision for doctor payments	73,576,625	80,201,977	(73,576,625)	--	80,201,977
Lawsuit provisions	5,395,239	8,958,337	(1,340,587)	(921,275)	12,091,714
Provisions for miscellaneous expenses	1,374,197	1,588,612	(1,374,197)	--	1,588,612
Accruals for inventories	1,146,562	1,780,629	(1,146,562)	--	1,780,629
Donation provisions	3,500,000	8,605,715	(9,617,562)	--	2,488,153
Other	1,076,382	2,067,299	(1,076,382)	--	2,067,299
	86,069,005	**103,202,569**	**(88,131,915)**	**(921,275)**	**100,218,384**

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

13 Provisions, contingent assets and contingent liabilities *(continued)*

The movement of provisions for year ended 31 December 2014 is as follows:

	1 January 2014	*Additions*	*Payments*	*Reversals*	*31 December 2014*
Provision for doctor payments	61,981,050	73,576,625	(61,981,050)	--	73,576,625
Lawsuit provisions	6,348,976	2,097,594	(801,206)	(2,250,125)	5,395,239
Provisions for miscellaneous expenses	1,399,976	1,374,197	(1,399,976)	--	1,374,197
Accruals for inventories	90,568	1,146,562	(90,568)	--	1,146,562
Donation provisions	--	3,500,000	--	--	3,500,000
Other	1,744,338	1,076,382	(1,744,338)	--	1,076,382
	71,564,908	**82,771,360**	**(66,017,138)**	**(2,250,125)**	**86,069,005**

Other short-term provisions for employee benefits

As at 31 December 2015, other short-term provisions for employee benefits included unused vacation pay liability with a total amount of TL 2,433,067 (31 December 2014: TL 2,040,068).

Contingent liabilities

On November 2014, Acıbadem Sağlık received a notification from tax authorities related to withholding of the value added tax ("VAT") as 18% instead of 8% for services rendered by outsourced doctors who are partners or employees of another company ("outsourced doctors"). These outsourced doctors invoiced Acıbadem Sağlık with 8% VAT for their supply of healthcare services and the Group had accordingly withheld 90% of the 8% VAT to the tax authorities as promulgated by regulations. However, according to the tax authorities' interpretation, the services from these outsourced doctors should be treated as a supply of labor instead of a provision of healthcare services. As such, a VAT rate of 18% is warranted. Total imposed tax, penalty and interest for the period starting January 2008 to July 2013 amounted to approximately TL 75.3 million including the interest accrual.

The Group management has evaluated the claim internally as well as with external tax consultants. The Company has also requested more clarification from the tax authority on the claim as existing tax rules do not provide a clear guidance on the exact tax rate to be applied for such services rendered. Based on the facts and circumstances of the claim, the management believes that the Group has a valid and strong defense against the claim and it is not probable that a future cash outflow would be required as of 31 December 2015. Accordingly, no provision has been recorded in the Group's consolidated financial statements and disclosed as contingent liability as of 31 December 2015 (31 December 2014: None).

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

14 Commitments

As at 31 December 2015, commitments given are as follows:

	31 December 2015			
	TL Equivalent	**TL**	**USD**	**EUR**
A Commitments given on behalf of own corporate identities	**304,701,979**	**32,991,012**	**3,809,965**	**82,022,002**
-Commitments	193,657,712	32,991,012	44,018	50,522,002
-Pledges (Commercial Pledges)	111,044,267	--	3,765,947	31,500,000
-Mortgages	--	--	--	--
B Commitments given on behalf of consolidated subsidiaries	**144,054,760**	**117,886,360**	**9,000,000**	**--**
-Commitments	144,054,760	117,886,360	9,000,000	--
-Pledges (Commercial Pledges)	--	--	--	--
-Mortgages	--	--	--	--
C Commitments given on behalf of third parties to continue its operations	**--**	**--**	**--**	**--**
D Other commitments given	**--**	**--**	**--**	**--**
- on behalf of parent company	**--**	**--**	**--**	**--**
- on behalf of group companies other than mentioned in bullets B and C	**--**	**--**	**--**	**--**
- on behalf of third parties other than mentioned in bullet C	**--**	**--**	**--**	**--**
Total	**448,756,739**	**150,877,372**	**12,809,965**	**82,022,002**

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

14 Commitments *(continued)*

As at 31 December 2014, commitments given are as follows:

	31 December 2014			
	TL Equivalent	**TL**	**USD**	**EUR**
A Commitments given on behalf of own corporate identities	**1,327,755,550**	**1,174,363,096**	**3,765,947**	**51,285,000**
-Commitments	169,022,695	24,363,096	--	51,285,000
-Pledges (Commercial Pledges)	1,158,732,855	1,150,000,000	3,765,947	--
-Mortgages	--	--	--	--
B Commitments given on behalf of consolidated subsidiaries	**36,136,700**	**29,180,000**	**3,000,000**	**--**
-Commitments	36,136,700	29,180,000	3,000,000	--
-Pledges (Commercial Pledges)	--	--	--	--
-Mortgages	--	--	--	--
C Commitments given on behalf of third parties to continue its operations	**--**	**--**	**--**	**--**
D Other commitments given	**--**	**--**	**--**	**--**
- on behalf of parent company	**--**	**--**	**--**	**--**
- on behalf of group companies other than mentioned in bullets B and C	**--**	**--**	**--**	**--**
- on behalf of third parties other than mentioned in bullet C	**--**	**--**	**--**	**--**
Total	**1,363,892,250**	**1,203,543,096**	**6,765,947**	**51,285,000**

Mortgages

There are no mortgages or pledges on the Group's real estate properties as of 31 December 2015 (31 December 2014: None).

Pledges and commitments that are currently placed on Group's assets are listed as below:

Pledges

As at 31 December 2015, pledges given to a banking institution under a loan facility agreement amounts to TL 111,044,267 (31 December 2014:TL 1,158,732,855).

Commitments received

Commitments received by the Group amounts to TL 18,986,824 as of 31 December 2015 (31 December 2014: TL 26,889,135). Commitments received totaled to TL 9,894,357 of guaranteed cheques (31 December 2014: TL 20,157,480) and TL 9,092,467 of letter of guarantee as of 31 December 2015 (31 December 2014: TL 6,731,655).

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

15 Employee benefits

Reserve for Employment Termination Benefits

Under the Turkish Labor Law, the Company and its subsidiaries in Turkey are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, called up for military service, dies or who retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men). Since the legislation was changed, there are certain transitional provisions relating to length of service prior to retirement.

The termination benefits is calculated as one month gross salary for each year of service and as at 31 December 2015, the ceiling amount as announced by the government has been capped at TL 3,828 (31 December 2014: TL 3,438). Termination benefits are computed and reflected in the consolidated financial statements on a current basis. The reserve has been calculated by estimating the present value of future estimated obligation of the Company and its subsidiaries in Turkey arising from the retirement of the employees.

IFRS require actuarial valuation methods to be developed to estimate the Group's obligation. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation.

The provision at 31 December 2015 has been calculated assuming an annual inflation rate of 6% and a discount rate of 11% resulting in a real discount rate of approximately 4.72% (31 December 2014: annual inflation rate of 5% and a discount rate of 9% resulting in a real discount rate of approximately 3.81).

	31 December 2015	31 December 2014
Opening balance	4,935,340	4,462,052
Interest cost	436,509	654,276
Cost of services	601,669	922,780
Payments made during the year	(6,524,554)	(6,755,419)
Actuarial losses	6,414,602	5,651,651
	5,863,566	**4,935,340**

Actuarial gains or losses arise from the changes in expectations about the salary increases and the difference between the expected retirement ages of employees and paid severances. All actuarial differences are recognised in other comprehensive income.

As of 31 December, payables related to employee benefits are as follows:

	31 December 2015	31 December 2014
Social security and taxes payable	9,631,133	8,293,420
Payable to personnel	26,250,777	22,262,877
	35,881,910	**30,556,297**

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

16 Post-employment benefits

None.

17 Prepaid expenses

As at 31 December, other current assets comprised the following:

	31 December 2015	31 December 2014
Prepaid insurance expenses	5,884,089	2,131,602
Prepaid advertisement expenses	1,699,115	965,079
Prepaid rent expenses	1,508,795	1,738,752
Prepaid maintenance expenses	1,327,691	207,973
Others	800,431	1,068,786
	11,220,121	**6,112,192**

As at 31 December, other non-current prepaid expenses comprised the following:

	31 December 2015	31 December 2014
Prepaid rent expenses	8,196,673	8,815,370
Prepaid insurance expenses	566,857	883,751
Others	310,003	248,004
	9,073,533	**9,947,125**

18 Other assets and liabilities

As at 31 December, other current assets comprised the following:

	31 December 2015	31 December 2014
Income accrual for inpatients	51,153,342	29,336,888
Deferred VAT	41,005,855	23,098,536
Income accrual for SGK receivables	26,691,152	21,230,411
Advances given for suppliers	9,298,703	9,470,525
Advances given to personnel	8,564,549	4,944,847
Prepaid taxes and funds	1,028,736	140,884
Others	2,931,568	1,277,391
	140,673,905	**89,499,482**

As at 31 December, other non-current assets comprised the following:

	31 December 2015	31 December 2014
Advances given for fixed assets	6,247,733	18,400,621
	6,247,733	**18,400,621**

As at 31 December, other current liabilities comprised the following:

	31 December 2015	31 December 2014
Taxes payables	17,799,063	14,666,480
Others	336,072	543,755
	18,135,135	**15,210,235**

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

19 Deferred income

	31 December 2015	31 December 2014
Current		
Deferred income	1,344,031	2,688,346
	1,344,031	**2,688,346**
Non-current		
Deferred income	85,241	311,456
	85,241	**311,456**

As at 31 December 2015, other long term liabilities amounting to TL 85,241 (31 December 2014: TL 311,456) consists the income according to the bank agreement related to assignment of salary payment rights.

20 Equity

Paid In Capital

As at 31 December 2015, Company's paid-in-capital is TL 100,000,000 (31 December 2014: TL 100,000,000) and is divided into 100,000,000 shares with par value of 1 TL each. (31 December 2014: 100,000,000 shares). As at 31 December, the composition of shareholders and their respective percentage of ownership are summarized as follows:

	31 December 2015		31 December 2014	
Shareholder's name	**Share (%)**	**Amount**	**Share (%)**	**Amount**
Acıbadem Sağlık Yatırımları Holding	99.38	99,382,186	99.37	99,376,098
Mehmet Ali Aydınlar	0.00	1	0.00	1
Hatice Seher Aydınlar	0.00	1	0.00	1
Other individuals	0.58	577,918	0.58	577,918
Publicly owned shares	0.04	39,894	0.05	45,982
	100.00	**100,000,000**	**100.00**	**100,000,000**

Mehmet Ali Aydınlar is the Chairman of the Board and the CEO of Acıbedem Sağlık Yatırımları Holding A.Ş.

Series	Type	Registered/Bearer	Nominal Value (TL)	Privilege
3, 4, 5	A	Registered (Acıbadem Sağlık Yatırımları Holding A.Ş.)	4,249,973	Right to nominate board members, right to vote
3, 4, 5	B	Bearer	95,750,027	--

The favorable vote of Group A shares is required in order to increase in share capital. Group A shareholder has the right to nominate four out of five board members, and Group B shareholders has the right to nominate one out of five board members. Each Group A share has 100 votes against one vote of Group B shareholders.

The registered share capital of the Company is TL 250,000,000. Capital Market Board approved the registered share capital system with the permission dated 9 August 2001 and numbered 37/1033.

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

20 Equity *(continued)*

Reserves

***Legal reserves*:**

The legal reserves consist of first and second legal reserves in accordance to the Turkish Commercial Code ("TCC"). The first legal reserves are generated by annual appropriations amounting to 5 percent of income disclosed in the Company's statutory accounts until it reaches 20 percent of paid-in share capital. If the dividend distribution is made in accordance with statutory records, a further 1/11 of dividend distributions, in excess of 5 percent of paid-in capitals are to be appropriated to increase second legal reserves. Under the TCC applicable as at 31 December 2015, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50 percent of paid-in capital. At 31 December 2015, the Group's legal reserves amounting to TL 25,482,465 (31 December 2014: TL 18,518,713).

Retained earnings / (Accumulated losses)

	31 December 2015	31 December 2014
Extraordinary reserves	167,893,397	99,796,864
Retained earnings / (Accumulated losses)	(66,115,223)	(48,533,017)
	101,778,174	**51,263,847**

In accordance with TAS 29, amounts exist during the initial reconciliation of financial statements adjusted for inflation and recorded on "retained earnings" shall be considered as a discount item for distribution of profits based on inflation adjusted financial statements in accordance with CMB's regulations around distribution of profits. In addition, this respective amount maintained under "retained earnings", current period profit if any and undistributed prior period earnings could be offset against the reserve balances arising from the inflation adjustment of extraordinary reserves, legal reserves and capital amounts.

The movement of retained earnings / (accumulated losses) is as follows:

	31 December 2015	31 December 2014
Opening balance	51,263,847	47,868,719
Transfer to legal reserves	(6,963,752)	(1,597,359)
Dividend paid	(18,182,501)	--
Transfer from net income for the year	75,660,580	4,992,487
	101,778,174	**51,263,847**

Dividends

During General Assembly Meeting of Shareholders dated 11 May 2015, it was decided to distribute TL 18,182,501 portion of 2014 net income.

In addition, in year 2015, the Group has paid TL 1,118,975 dividends to minority shareholders through its subsidiaries.

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

21 Revenues and cost of revenues

For the years ended 31 December, revenues and cost of revenues comprised the following:

	2015	**2014**
Domestic sales	1,980,843,127	1,671,358,577
International sales	87,702,177	77,205,146
Sales returns and discounts (-)	(45,051,173)	(20,650,723)
Net revenues	**2,023,494,131**	**1,727,913,000**
Cost of revenues (-)	(1,605,806,866)	(1,387,984,000)
Gross profit	**417,687,265**	**339,929,000**

22 Selling, marketing and distribution expenses, general administrative expenses

Selling, marketing and distribution expenses

For the years ended 31 December, selling, marketing and distribution expenses comprised the following:

	2015	**2014**
Advertisement and sponsorship expenses	25,260,947	23,383,373
Personnel expenses	15,160,278	17,448,055
Commission expenses	10,268,174	7,801,207
Travel expenses	1,708,352	1,498,740
Representation expenses	1,676,277	1,369,315
Communication expenses	504,361	470,307
Published material expenses	503,631	654,599
Depreciation and amortization	386,501	336,399
Other	2,525,928	1,710,254
	57,994,449	**54,672,249**

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

22 Selling, marketing and distribution expenses, general administrative expenses *(continued)*

General and administrative expenses

For the years ended 31 December, general administrative expenses comprised the following:

	2015	2014
Personnel expenses	75,824,305	62,544,223
Depreciation and amortization	10,020,417	4,074,898
Rent expenses	6,942,772	5,747,780
Consultancy, legal, notary expenses	5,079,344	4,754,033
Representation and travel expenses	3,999,385	3,517,824
Cleaning and meal expenses	2,554,964	2,337,883
Energy expenses	2,348,338	1,876,287
Communication and other office expenses	1,848,831	1,753,307
Repair and maintenance expenses	1,263,651	906,404
Other	3,985,539	4,113,661
	113,867,546	**91,626,300**

23 Expenses by nature

For the years ended 31 December, expenses by nature comprised the following:

	2015	2014
Depreciation and amortization expenses		
Cost of revenue	128,076,780	114,621,619
General administrative expenses	10,020,417	4,074,898
Selling, marketing and distribution expenses	386,501	336,399
	138,483,698	**119,032,916**

Personnel expenses	2015	2014
Cost of revenue	874,404,175	742,614,262
General and administrative expenses	75,824,305	62,544,223
Selling, marketing and distribution expenses	15,160,278	17,448,055
	965,388,758	**822,606,540**

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

24 Other operating income and expenses

For the years ended 31 December, other operating income comprised the following:

	2015	2014
Rent income	4,654,530	2,612,214
Premium from bank related salary payment right assignment (*)	1,500,013	1,500,013
Insurance compensation gain	1,164,329	2,621,829
Rediscount income on trade payables	840,800	410,012
Recoveries from doubtful receivables	335,300	964,992
Incentive income for foreign patients	773,516	442,051
Release of lawsuits provisions	--	953,737
Other income	3,162,822	3,278,889
	12,431,310	**12,783,737**

(*) The premium arose from amounts received from the bank which was awarded Group's salary accounts for its personnel.

For the years ended 31 December, other operating expenses comprised the following:

	2015	2014
Allowance for doubtful receivables	17,485,167	3,438,850
Donations (*)	9,199,720	4,755,307
Lawsuit provision (****)	6,696,475	--
Damage losses	6,412,905	5,168,057
Rediscount expense on trade receivables (***)	4,239,685	299,033
Foreign exchange losses from operational activities	2,025,870	845,499
Tax expenses regarding law number 6111	--	152,786
Other (**)	379,434	1,587,363
	46,439,256	**16,246,895**

(*) Includes TL 8,605,715 of donations made to Acıbadem University.

(**) Includes TL 1,024,000 expenses related to the close down of Kapadokya Clinic in October 2014.

(***) Includes TL 3,759,017 of rediscount expense related to long term receivables from Libyan Government.

(****)Includes lawsuit provision expenses associated with agent commission expenses.

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

25 Income and expenses from investment activities

For the years ended 31 December, income from investment activities comprised the following:

	2015	2014
Interest income on time deposits	5,621,954	4,352,905
Eurobonds interest income	4,033,042	--
Gain on sale of property and equipment	2,593,432	2,537,816
Net change in fair value of derivatives	--	1,466,279
Income from investment activities	**12,248,428**	**8,357,000**

For the years ended 31 December, expense from investment activities comprised the following:

	2015	2014
Loss on sale of property and equipment	269,681	101,000
Expenses from investment activities(-)	**269,681**	**101,000**

26 Finance income and expenses

For the years ended 31 December, finance income comprised the following:

	2015	2014
Commission income	33,376	109,063
Other	120,757	126,723
	154,133	**235,786**

For the years ended 31 December, finance expenses comprised the following:

	2015	2014
Foreign exchange losses on bank borrowings	163,654,003	41,181,211
Interest expense on bank loans	43,172,479	34,542,778
Credit card commission expenses	10,944,814	9,290,822
Finance lease interest expense	6,383,678	6,722,909
Letter of credit and other bank commission expenses	3,109,022	2,408,798
Other	7,966,826	3,787,680
	235,230,822	**97,934,198**

27 Tax assets and liabilities

Corporate taxes

Turkey

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit after adding non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized. In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate at 31 December 2015 is 20%. (31 December 2014: 20%)

There is also a withholding tax on the dividends paid and is accrued only at the time of such payments. The withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15 percent. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

According to the Corporate Tax Law, 75 percent of the capital gains arising from the sale of property and equipment and investments owned for at least two years are exempted from corporate tax on the condition that such gains are reflected in equity from the date of the sale. The remaining 25 percent of such capital gains are subject to corporate tax.

The transfer pricing law is covered under Article 13 "disguised profit distribution via transfer pricing" of the Corporate Tax Law. The General Communiqué on disguised profit distribution via transfer pricing dated 18 November 2007 sets details about implementation. If a tax payer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length basis, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as a tax deductible for corporate income tax purposes.

In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes shown in the consolidated financial statements reflects the total amount of taxes calculated on each entity that are included in the consolidation.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back.

In Turkey, there are no procedures for a final and definite agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

In Macedonia

Macedonian corporate income tax is levied at a rate of 10% on dividend distribution and tax on nondeductible items. Unless there is a dividend distribution, no corporate tax is levied. Losses cannot be carried forward in determining corporate tax base. Corporate taxpayers should pay tax on their non-deductible items at a rate of %10. The tax base established on the basis of unrecognized expenditures for tax purposes is decreased by the amount of the expenditures subject to taxation for which the time period for their recognition has matured. If formed tax base for the tax period is less than the amount of its decrease for the same tax period, than the taxpayer shall declare tax loss. Tax losses can be carried forward for five years according to the amendment on tax legislation.

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

27 Tax assets and liabilities *(continued)*

As at 31 December, current year corporate tax payable comprised the following:

	31 December 2015	**31 December 2014**
Corporate tax provision	4,271,561	14,262,187
Prepaid taxes and funds	(3,461,811)	(10,156,357)
Corporate tax payable	**809,750**	**4,105,830**

For years ended 31 December, tax expenses comprised the following:

	2015	**2014**
Current tax expense	(4,271,561)	(14,262,187)
Deferred tax benefit / (expense)	(101,658)	(5,756,062)
	(4,373,219)	**(20,018,249)**

The reported tax expense for the years ended 31 December is different than the amounts computed by applying statutory tax rate to profit before tax as shown in the following reconciliation:

	2015		**2014**	
		%		**%**
Profit/(loss) before tax	**(11,280,618)**	**20**	**100,724,881**	**20**
Taxes on reported profit per statutory tax rate	2,256,124	(20.00)	(20,144,976)	(20.00)
Effect of tax rate differences in foreign jurisdictions	1,742,006	(15.4)	822,079	0.82
Non-deductible expenses	(5,000,683)	44.3	(1,846,328)	(1.83)
Tax exempt income	182,861	(1.6)	906,068	0.89
Utilization and recognition of previously unrecognized statutory tax losses	(687,118)	6.1	606,357	0.60
Statutory tax losses for which no deferred tax assets recognized	(2,074,270)	18.4	(515,235)	(0.51)
Foreign patient incentives	163,873	(1.5)	125,449	0.12
Other	(956,012)	8.5	28,337	0.03
Taxation charge	**(4,373,219)**	**38.8**	**(20,018,249)**	**(19.88)**

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

27 Tax assets and liabilities *(continued)*

Deferred tax assets and liabilities

The Group calculates deferred tax assets and liabilities based on temporary differences arising between the carrying amount of assets and liabilities as reported under Turkish Accounting Standards and their tax base for statutory purposes. These temporary differences are mainly due to the timing differences of certain income and expense items in statutory and Turkish Accounting Standards financial statement as disclosed below.

Deferred tax assets and deferred tax liabilities as at 31 December were attributable to the items detailed in the table below:

	31 December 2015		**31 December 2014**	
	Deferred tax base	**Deferred tax asset/(liability)**	**Deferred tax base**	**Deferred tax asset/(liability)**
Property, equipment and intangible assets – Deferred tax asset	(34,267,755)	(6,853,551)	(18,008,060)	(3,601,612)
Financial liabilities	(2,829,965)	(565,993)	(445,960)	(89,192)
Employee benefits	5,863,565	1,172,713	4,935,340	987,068
Trade and other receivables	(27,949,055)	(5,589,811)	(9,386,975)	(1,877,395)
Provisions	80,201,525	16,040,305	76,190,515	15,238,103
Tax loss carried forward	47,014,725	9,402,945	8,841,868	1,768,374
	68,033,040	**13,606,608**	**62,126,728**	**12,425,346**

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

27 Tax assets and liabilities *(continued)*

Accounted deferred tax assets and liabilities *(continued)*

For the years ended 31 December, the deferred tax assets/(liabilities) are as follows:

	31 December 2015	31 December 2014
Deferred tax assets	51,236,828	32,400,363
Deferred tax liabilities	(37,630,220)	(19,975,017)
Deferred tax assets, net	**13,606,608**	**12,425,346**

For years ended 31 December, movement of deferred tax assets/(liabilities) are as follows:

	2015	2014
Beginning balance	**12,425,346**	**17,051,078**
Deferred tax (expense)/income	1,181,262	(4,625,732)
-Recognized in profit or loss	(101,658)	(5,756,062)
-Recognized in other comprehensive income	1,282,920	1,130,330
Ending balance	**13,606,608**	**12,425,346**

Recognized deferred tax assets

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods. The Group management estimated that there will be taxable profits in the following years. Therefore, as at 31 December 2015, deferred tax asset is recognized in the accompanying consolidated financial statements for tax losses carried forward amounting to TL 47,014,725 (31 December 2014: TL 8,841,868).

Expiration dates of tax losses are as follows:

	31 December 2015	31 December 2014
2020	42,568,205	--
2019	3,784,126	3,784,126
2018	662,394	4,235,427
2017	--	--
2016	--	2,061
2015	--	820,254
	47,014,725	**8,841,868**

Unrecognized deferred tax assets

Deferred tax asset amounting to TL 2,074,270, (31 December 2014: TL 515,235) has not been recognized in respect of the current year statutory tax losses of subsidiaries, because it is not probable that future taxable profit will be available against which the Group can utilize the benefits there from.

28 Earnings per share

The calculation of basic and diluted earnings/ (losses) per share was calculated by dividing the income attributable to ordinary shareholders in consolidated statement of comprehensive income of this report to the weighted average number of ordinary shares outstanding:

	2015	2014
Net profit attributable to Owners of the Company	(21,410,640)	75,660,580
Weighted average number of shares	100,000,000	100,000,000
Basic and Diluted Earnings per 1.000 Shares	**(214.11)**	**756.61**

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

29 Related parties

As at 31 December, short-term trade receivables from related parties are as follow:

	31 December 2015	**31 December 2014**
Trade receivables	24,380,371	25,379,769
Other receivables	996,699	914,297
	25,377,070	**26,294,066**

As at 31 December, short-term trade payables to related parties are as follow:

	31 December 2015	**31 December 2014**
Trade payables	58,449,195	30,390,103
Other payables	33,825,418	28,480,427
	92,274,613	**58,870,530**

As at 31 December, long-term other receivables from related parties are as follow:

	31 December 2015	**31 December 2014**
Other receivables	6,145,655	6,294,682
	6,145,655	**6,294,682**

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

29 Related parties *(continued)*

Transactions between company and its subsidiaries, not mentioned in this note ,are eliminated during consolidation process.Details of the transactions between group and related parties are described below:

Due from related parties

	31 December 2015		31 December 2014	
	Trade Receivables	**Other Receivables**	**Trade Receivables**	**Other Receivables**
Related Companies				
Acıbadem Sigorta ([1])	24,224,915	17,351	25,277,655	45,602
Aydınlar Sağlık Hizmetleri	61,388	5,874	3,355	5,874
Acıbadem Proje	45,212	--	35,303	--
Acıbadem Diş Limited	31,030	157	4,563	153
ACU Spor Klubü Derneği	16,838	1,073	33,690	1,646
Acıbadem Üniversitesi	--	--	23,289	5,478
Kerem Aydınlar Vakfı	988	9	1,914	7,658
Akademia	--	2,021	--	2,119
Acıbadem Sağlık ve Eğitim Vakfı İktisadi İşletmesi	--	--	--	3,836
Acıbadem Meslek Okulları	--	2,641	--	2,641
Aplus ([2])	--	7,113,228	--	7,133,972
	24,380,371	**7,142,354**	**25,379,769**	**7,208,979**

([1])Acıbadem Sigorta: Transactions with this company include receivables from the treatment of Acıbadem Sigorta's customers at Acıbadem hospitals and outpatient clinics.

([2])Aplus: Payables related with laundry, catering and cleaning services received.

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

29 Related parties *(continued)*

Due to related parties

	31 December 2015		31 December 2014	
	Trade Payables	**Other Payables**	**Trade Payables**	**Other Payables**
Related Companies				
Acıbadem Proje ([3])	36,765,804	654,871	17,698,888	--
APlus ([2])	10,929,635	--	6,297,642	4,964
Acıbadem Sağlık Yatırımları ([1])	4,029,930	30,607,556	2,795,258	26,930,338
Acıbadem Sigorta ([4])	2,362,327	344	1,823,852	
Acıbadem Üniversitesi ([5])	1,396,800	1,300	1,340,621	25,770
Telepati Tanıtım	1,217,555	--	188,313	--
ACU İktisadi İşletmesi	1,055,855	1,338	16,820	--
SZA Gayrimenkul	463,876	--	64,469	--
Çukurova Bilim	105,608	10,696	--	--
Acıbadem Diş Limited	69,077	--	36,878	18,644
Aydınlar Sağlık Hizmetleri	52,523	--	127,157	--
Acıbadem Sigorta Aracılık	205	--	205	324
ACU Spor Kulübü Derneği İktisadi İşletmesi	--	21,328	--	--
IHH Berhad	--	2,527,985	--	1,500,387
	58,449,195	**33,825,418**	**30,390,103**	**28,480,427**

([1]) Acıbadem Sağlık Yatırımları: Other payables related to Company`s dividend payment and other payable balances.

([2]) APlus: Payables related with laundry, catering and cleaning services received.

([3]) Acıbadem Proje: Company provides services related with renovation/improvement of hospital buildings of Acıbadem Sağlık.

([4]) Acıbadem Sigorta: Payables related with services rendered for insurance policies.

([5]) Acıbadem Üniversitesi: Payables related with education services rendered

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

29 Related parties *(continued)*

Related party transactions (Sales)

For the years ended 31 December, sales and services to related parties are as follows:

	2015		
	Service	**Fixed Asset**	**Other**
Acıbadem Sigorta	176,425,003	--	--
Aplus	554,131	345	1,697,036
Aydınlar Sağlık	1,321,929	--	82
Acıbadem Proje Yönetimi	278,109	--	12,691
Acıbadem Üniversitesi	131,724	--	72,873
Telepati Tanıtım Hizmetleri	92,880	58,416	--
Acıbadem Sağlık Yatırımları	370	--	4,070
	178,804,146	**58,761**	**1,786,752**

	2014		
	Service	**Fixed Asset**	**Other**
Acıbadem Sigorta	144,428,768	--	--
Acıbadem Üniversitesi	214,861	--	169,408
Aplus	106,791	9,291,083	2,549,211
Acıbadem Proje Yönetimi	43,238	--	298,102
Aydınlar Sağlık	629,212	--	32,898
Acıbadem Diş	10,103	--	204,533
Acıbadem Sağlık Yatırımları	2,318	--	4,329
Telepati Tanıtım Hizmetleri	--	94,279	108,932
SZA Holding	--	--	208,223
	145,435,291	**9,385,362**	**3,575,636**

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

29 Related parties *(continued)*

Related party transactions (Purchases)

For the years ended 31 December, the purchases from related parties are as follows:

	2015		
	Service	**Fixed Asset**	**Other**
Aplus (*)	82,992,866	537,822	299,603
Acıbadem Sigorta (**)	29,175,927	--	--
Acıbadem Üniversitesi (*******)	16,826,822	--	5,253
Aydınlar Sağlık (*****)	11,343,102	--	--
Mehmet Ali Aydınlar (****)	3,426,610	--	435,955
Acıbadem Sağlık Yatırımları	2,600,285	--	--
Telepati Tanıtım	1,844,639	93,201	48,478
SZA Holding(******)	1,720,185	--	5,188,070
Seher Aydınlar	1,047,418	--	294,897
Zeynep Aydınlar	632,626	--	360,550
Acıbadem Proje (***)	156,410	132,310,222	498
Acıbadem Eğitim Vakfı	120,000	--	--
Acıbadem Sigorta Aracılık	66,130	--	--
	151,953,020	**132,941,245**	**6,633,304**

	2014		
	Service	**Fixed Asset**	**Other**
Aplus (*)	73,593,501	--	554,274
Acıbadem Sigorta (**)	28,024,070	--	--
Aydınlar Sağlık (*****)	8,541,739	--	--
Acıbadem Üniversitesi(*******)	5,832,246	--	250
Telepati Tanıtım	3,544,295	--	14,180
Acıbadem Diş	3,522,137	--	--
SZA Holding (******)	1,967,582	--	3,792,632
Acıbadem Sağlık Yatırımları	1,533,210	--	--
Mehmet Ali Aydınlar (****)	2,649,298	--	292,345
Acıbadem Sigorta Aracılık	74,470	--	--
Zeynep Aydınlar	611,027	--	265,813
Seher Aydınlar	903,226	--	292,345
Acıbadem Proje (***)	639,383	125,730,190	--
	131,436,184	**125,730,190**	**5,211,839**

(*)APlus purchases include the laundry, catering and cleaning services.

(**)Acıbadem Sigorta purchases include insurance policies related with health and medical equipment.

(***)Acıbadem Proje purchases include the services related with renovation/improvement and construction of hospital buildings and polyclinics

(****) Mehmet Ali Aydınlar: Rental expense of head quarter building.

(*****) Aydınlar Sağlık: Rental expense of dental services at Acıbadem Hospitals.

(******) SZA Holding: Rental payment for Bodrum Hospital and other miscellanous expenses.

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

29 Related parties *(continued)*

Related party transactions (Purchases) *(continued)*

(*******) Acıbadem Üniversitesi: Payment for doctors employed by the Group that are faculty members of Acibadem University and donations expenses

Guarantees and similar obligations

As at 31 December 2015, the details of the guarantees given as security for the loans used by related parties are as follows:

Guarantee given	Date	Type of Foreign Currency	Original Amount	Amount TL
Aplus	12.02.2008	500,000	TL	500,000
Aplus	02.07.2012	350,000	TL	350,000
Aplus	27.08.2012	350,000	TL	350,000
Aplus	30.07.2012	350,000	TL	350,000
Aplus	01.10.2012	350,000	TL	350,000
Aplus	15.10.2015	350,000	TL	350,000
Aplus	15.10.2015	438,000	TL	438,000
Acıbadem Proje	19.10.2012	350,000	TL	350,000
Acıbadem Proje	17.08.2012	350,000	TL	350,000
Acıbadem Proje	19.09.2012	350,000	TL	350,000
Acıbadem Proje	02.07.2012	350,000	TL	350,000
				4,088,000

As at 31 December 2014, the details of the guarantees given as security for the loans used by related parties are as follows:

Guarantee given	Date	Type of Foreign Currency	Original Amount	Amount TL
Aplus	12.02.2008	500,000	TL	500,000
Aplus	02.07.2012	350,000	TL	350,000
Aplus	27.08.2012	350,000	TL	350,000
Aplus	30.07.2012	350,000	TL	350,000
Aplus	01.10.2012	350,000	TL	350,000
Acıbadem Proje	19.10.2012	350,000	TL	350,000
Acıbadem Proje	17.08.2012	350,000	TL	350,000
Acıbadem Proje	19.09.2012	350,000	TL	350,000
Acıbadem Proje	02.07.2012	350,000	TL	350,000
				3,300,000

Key management compensation

For the year ended 31 December 2015, total compensation to key management is amounting to TL 33,365,185 (2014: TL 21,838,630). Total compensation amount contains wages and salaries paid to the key management.

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

30 Nature and level of risks arising from financial instruments

Financial risk management policies

The main financial instruments of the Group are bank loans, cash and short term bank deposit. The main reason for the usage of these financial instruments is providing funds for the Group's activities. The Group also has trade receivables and trade payables that directly occur during the main activities.

The financial risks are currency risk, interest risk, credit risk and liquidity risk. The Group management manages these risks as explained below:

Capital risk management

The primary objective of the Group is ensuring the continuity of operations while increasing profitability by using the balance between liabilities and equity in a most effective way. The capital structure of the Group is consists of the items which include the liabilities, cash and cash equivalents, paid-in capital which is explained in Note 20, capital reserves and profit reserves.

The cost of capital and the risks associated with each share capital component are evaluated by the key management of the Group. During these evaluations, if the acceptance of Board of Directors is needed, the key management represents the evaluation to the Board of Directors for their evaluation.

The general policy and procedure of the Group is not different from the prior periods.

Major accounting policies

The Group's major accounting policies about financial instruments are explained in Note 2 (Bases of presentation of the consolidated financial statements)

Credit risk

Credit risk is the risk of handling a financial loss which is caused by another related party by not fulfilling the obligations regarding to a financial instrument.

Having the financial instruments gives the risk of not fulfilling the requirements of the agreement by the other parties. The collection risk of the Group is mainly caused from its trade receivables and cash. Trade receivables are evaluated by management according to the Group's procedure and policies and are carried in the balance sheet as the net of impairment provision (Note 7).

At 31 December 2015, the maximum exposure to credit risk for long and short term trade receivables by geographic region was as follows:

	31 December 2015	**31 December 2014**
Turkey	188,283,770	175,651,058
Middle East	47,292,602	55,768,739
Europe	7,125,219	6,770,142
	242,701,591	**238,189,939**

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

30 Nature and level of risks arising from financial instruments *(continued)*

Credit risk *(continued)*

As at 31 December 2015, credit risk details are as follows:

	Receivables						
	Trade receivables		**Other receivables**				
	Related party	**Other party**	**Related party**	**Other party**	**Bank deposits**	**Financial investments**	**Other**
31 December 2015							
Maximum exposure to credit risk at the reporting date (A+B+C+D+E)	24,380,371	241,279,737	7,142,354	12,565,205	281,434,262	211,357,825	1,421,854
- Secured portion of maximum credit risk with collateral	--	--	--	--	--	--	--
A, Carrying amount of financial assets that are not overdue and not impaired	24,380,371	183,051,183	7,142,354	12,565,205	281,434,262	211,357,825	1,421,854
B, Carrying amount of financial assets whose terms were renegotiated, otherwise are overdue and impaired	--	--	--	--	--	--	--
C, Carrying amount of assets that are overdue but not impaired	--	58,228,554	--	--	--	--	--
- Carrying amount secured with collateral	--	--	--	--	--	--	--
D, Carrying amount of assets that are impaired	--	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	32,866,681	--	--	--	--	--
- Impairment (-)	--	(32,866,681)	--	--	--	--	--
- Carrying amount secured with collateral	--	--	--	--	--	--	--
- Not overdue (gross carrying amount	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--
- Carrying amount secured with collateral	--	--	--	--	--	--	--
E, Factors that include off balance sheet credit risks	--	--	--	--	--	--	--

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

30 Nature and level of risks arising from financial instruments *(continued)*

***Credit risk** (continued)*

As at 31 December 2014, credit risk details are as follows:

	Receivables					
	Trade receivables		Other receivables			
	Related party	Other party	Related party	Other party	Bank deposits	Other
31 December 2014						
Maximum exposure to credit risk at the reporting date (A+B+C+D+E)	25,379,769	238,189,939	914,297	11,934,440	147,004,816	1,315,903
- Secured portion of maximum credit risk with collateral	--	--	--	--	--	--
A, Carrying amount of financial assets that are not overdue and not impaired	25,379,769	143,068,454	914,297	11,934,440	147,004,816	1,315,903
B, Carrying amount of financial assets whose terms were renegotiated, otherwise are overdue and impaired	--	--	--	--	--	--
C, Carrying amount of assets that are overdue but not impaired	--	95,121,485	--	--	--	--
- Carrying amount secured with collateral	--	--	--	--	--	--
D, Carrying amount of assets that are impaired	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	15,716,814	--	--	--	--
- Impairment (-)	--	(15,716,814)	--	--	--	--
- Carrying amount secured with collateral	--	--	--	--	--	--
- Not overdue (gross carrying amount	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
- Carrying amount secured with collateral	--	--	--	--	--	--
E, Factors that include off balance sheet credit risks	--	--	--	--	--	--

Liquidity risk

The Group manages its liquidity needs by regularly planning its cash flows or by maintaining sufficient funds and borrowing sources by matching the maturities of liabilities and assets.

Liquidity risk is probability of not fulfill fund obligations of the Group. Prudent liquidity risk management implies maintaining sufficient cash, securing availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages its present and future funding risk by maintaining a balance between continuity and availability of funding through the use of bank loans and other borrowing sources from high quality lenders.

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

30 Nature and level of risks arising from financial instruments *(continued)*

Liquidity risk *(continued)*

As at 31 December 2015, maturities of non-derivative financial liabilities are as follows:

Contractual maturities	Carrying value	Total cash outflow per agreement (=I+II+III)	Within one year (I)	Between 1-5 years (II)	Over 5 years (III)
Financial liabilities					
Financial liabilities	1,586,996,067	1,757,841,540	77,500,179	1,632,604,573	47,736,788
Financial lease liabilities	136,471,759	148,899,732	54,293,226	85,554,058	9,052,448
Expected maturities	**Carrying value**	**Total cash outflow per agreement (=I+II+III)**	**Within one year (I)**	**Between 1-5 years (II)**	**Over 5 years (III)**
Non-derivative financial liabilities					
Trade payables	167,275,618	169,662,556	168,363,332	1,299,224	--
Due to related parties	92,274,613	92,469,164	92,469,164	--	--
Other payables (*)	126,856,168	126,856,168	126,856,168	--	--

(*) Other payables comprise of other current payables TL 387,007, accruals TL 100,218,384 and salaries payable TL 26,250,777.

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

30 Nature and level of risks arising from financial instruments *(continued)*

Liquidity risk *(continued)*

As at 31 December 2014, maturities of non-derivative financial liabilities are as follows:

Contractual maturities	Carrying value	Total cash outflow per agreement (=I+II+III)	Within one year (I)	Between 1-5 years (II)	Over 5 years (III)
Financial liabilities					
Financial liabilities	973,203,191	1,054,205,389	295,397,827	721,970,583	36,836,979
Financial lease liabilities	109,803,850	120,716,052	40,168,857	78,486,463	2,060,732
Expected maturities	**Carrying value**	**Total cash outflow per agreement (=I+II+III)**	**Within one year (I)**	**Between 1-5 years (II)**	**Over 5 years (III)**
Non-derivative financial liabilities					
Trade payables	131,785,818	133,439,300	130,492,479	2,946,821	--
Due to related parties	58,870,530	58,961,368	58,961,368	--	--
Other payables (*)	109,283,196	109,283,196	109,283,196	--	--

(*) Other payables comprise of other current payables TL 951,314, accruals TL 86,069,005 and salaries payable TL 22,262,877.

30 Nature and level of risks arising from financial instruments *(continued)*

Market risk

The Group is exposed to market risk arising from changes in interest rates, foreign currency or in the fair value of financial assets and other financial contracts that may affect the Group adversely. The major risks for the Group are currency risk and interest rate risk, which result from operating activities.

Foreign currency risk and related sensitivity analysis

Foreign exchange risk of Group mainly results from that the Group has liabilities denominated in USD and Euro.

Additionally, the Group has foreign exchange risk resulting from the transactions it makes. These risks are derived from good purchases and sales and use of loans and finance leases in foreign currency which is different from the Group's functional currency.

As at 31 December 2015 and 2014, the net foreign currency (short) position of the Group is as follows:

	31 December 2015	**31 December 2014**
Foreign currency denominated assets	472,008,206	147,907,093
Foreign currency denominated liabilities	(1,721,896,414)	(918,430,868)
Net foreign currency position	**(1,249,888,208)**	**(770,523,775)**

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

30 Nature and level of risks arising from financial instruments *(continued)*

Market risk *(continued)*

31 December 2015							
CONSOLIDATED	**TL Equivalent (Functional currency)**	**USD**	**Euro**	**MKD**	**GBP**	**CHF**	**Other**
1. Trade receivables	1,500,163	138,055	345,781	--	--	--	--
2a.Monetary financial assets (include cash and bank deposit)	470,508,043	69,805,488	84,190,138	--	1,858	3,768	--
2b. Non-monetary financial assets	--	--	--	--	--	--	--
3. Other	--	--	--	--	--	--	--
4. Current Assets (1+2+3)	**472,008,206**	**69,943,543**	**84,535,919**	**--**	**1,858**	**3,768**	**--**
5. Trade receivables	--	--	--	--	--	--	--
6a. Monetary financial assets	--	--	--	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--	--	--	--
7. Other	--	--	--	--	--	--	--
8. Non Current Assets (5+6+7)	--	--	--	--	--	--	**--**
9. Total Assets (4+8)	**472,008,206**	**69,943,543**	**84,535,919**	**--**	**1,858**	**3,768**	**--**
10. Trade payables	15,212,272	3,236,189	1,427,030	--	1,801	430,512	--
11. Financial liabilities	71,570,911	3,189,045	14,842,367	--	--	5,169,526	--
12a. Other monetary liabilities	--	--	--	--	--	--	--
12b. Other non-monetary liabilities	--	--	--	--	--	--	--
13. Current Liabilities (10+11+12)	**86,783,183**	**6,425,234**	**16,269,397**	**--**	**1,801**	**5,600,038**	**--**
14. Trade payables	--	--	--	--	--	--	--
15. Financial liabilities	1,635,113,231	126,996,070	393,410,965	--	--	5,381,780	--
16a. Other monetary liabilities	--	--	--	--	--	--	--
16b. Other non-monetary liabilities	--	--	--	--	--	--	--

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

30 Nature and level of risks arising from financial instruments *(continued)*

Market risk *(continued)*

17. Non-Current Liabilities (14+15+16)	1,635,113,231	126,996,070	393,410,965	--	--	5,381,780	--
18. Total Liabilities (13+17)	1,721,896,414	133,421,304	409,680,362	--	1,801	10,981,818	--
19. Off balance sheet foreign currency	--	--	--	--	--	--	--
denominated derivatives	--	--	--	--	--	--	--
net assets/liabilities position (19a-19b)	--	--	--	--	--	--	--
19a. Off balance sheet foreign currency	--	--	--	--	--	--	--
denominated derivatives assets amount	--	--	--	--	--	--	--
19b. Off balance sheet foreign currency	--	--	--	--	--	--	--
denominated derivatives liabilities amount	--	--	--	--	--	--	--
20. Net foreign currency denominated assets /(liabilities) position (9-18+19)	(1,249,888,208)	(63,477,761)	(325,144,443)	--	57	(10,978,050)	--
21. Monetary accounts net foreign currency denominated assets /(liabilities) position (1+2a+5+6a-10-11-12a-14-15-16a)	(1,249,888,208)	(63,477,761)	(325,144,443)	--	57	(10,978,050)	--
22. Fair value of hedging financial instruments	--	--	--	--	--	--	--
23. Hedged foreign currency denominated assets	--	--	--	--	--	--	--
24. Hedged foreign currency denominated liabilities	--	--	--	--	--	--	--
25. Export	--	--	--	--	--	--	--
26. Import	--	--	--	--	--	--	--

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

30 Nature and level of risks arising from financial instruments *(continued)*

Market risk *(continued)*

31 December 2014							
CONSOLIDATED	**TL Equivalent (Functional currency)**	**USD**	**Euro**	**MKD**	**GBP**	**CHF**	**Other**
1. Trade receivables	2,063,669	351,793	441,449	--	751	--	--
2a.Monetary financial assets (include cash and bank deposit)	144,995,028	62,106,066	345,212	--	627	545	--
2b. Non-monetary financial assets	--		--	--	--	--	--
3. Other	848,396	--	300,775	--	--	--	--
4. Current Assets (1+2+3)	**147,907,093**	**62,457,859**	**1,087,436**	**--**	**1,378**	**545**	**--**
5. Trade receivables	--	--	--	--	--	--	--
6a. Monetary financial assets	--	--	--	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--	--	--	--
7. Other	--	--	--	--	--	--	--
8. Non Current Assets (5+6+7)	--	--	--	--	--	--	**--**
9. Total Assets (4+8)	**147,907,093**	**62,457,859**	**1,087,436**	**--**	**1,378**	**545**	**--**
10. Trade payables	19,931,321	2,825,975	4,207,834	--	1,174	643,206	--
11. Financial liabilities	132,625,590	39,611,027	10,383,326	--	--	4,908,036	--
12a. Other monetary liabilities	1,659,707	709,837	4,845	--	--	--	--
12b. Other non-monetary liabilities	--	--	--	--	--	--	--
13. Current Liabilities (10+11+12)	**154,216,618**	**43,146,839**	**14,596,005**	**--**	**1,174**	**5,551,242**	**--**
14. Trade payables	--	--	--	--	--	--	--
15. Financial liabilities	764,214,250	274,183,260	36,818,151	--	--	10,496,102	--
16a. Other monetary liabilities	--	--	--	--	--	--	--
16b. Other non-monetary liabilities	--	--	--	--	--	--	--

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

30 Nature and level of risks arising from financial instruments *(continued)*

Market risk *(continued)*

17. Non-Current Liabilities (14+15+16)	764,214,250	274,183,260	36,818,151	--	--	10,496,102	--
18. Total Liabilities (13+17)	918,430,868	317,330,099	51,414,156	--	1,174	16,047,344	--
19. Off balance sheet foreign currency	--	--	--	--	--	--	--
denominated derivatives	--	--	--	--	--	--	--
net assets/liabilities position (19a-19b)	--	--	--	--	--	--	--
19a. Off balance sheet foreign currency	--	--	--	--	--	--	--
denominated derivatives assets amount	--	--	--	--	--	--	--
19b. Off balance sheet foreign currency	--	--	--	--	--	--	--
denominated derivatives liabilities amount	--	--	--	--	--	--	--
20. Net foreign currency denominated assets /(liabilities) position (9-18+19)	(770,523,775)	(254,872,240)	(50,326,720)	--	204	(16,046,799)	--
21. Monetary accounts net foreign currency denominated assets /(liabilities) position (1+2a+5+6a-10-11-12a-14-15-16a)	(770,523,775)	(254,872,240)	(50,326,720)	--	204	(16,046,799)	--
22. Fair value of hedging financial instruments	--	--	--	--	--	--	--
23. Hedged foreign currency denominated assets	--	--	--	--	--	--	--
24. Hedged foreign currency denominated liabilities	--	--	--	--	--	--	--
25. Export	--	--	--	--	--	--	--
26. Import	--	--	--	--	--	--	--

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

30 Nature and level of risks arising from financial instruments *(continued)*

Market risk *(continued)*

The foreign currency risk of the Group is mainly related to the bank loans borrowed and financial lease liabilities. The Group has a pricing policy that changes according to the deviations in the long term borrowings and volatility of foreign exchange rates for minimizing this risk.

The changes in foreign currency position of the Group as of the balance sheet date are as follows:

Foreign currency sensitivity analysis				
31 December 2015				
	Profit/Loss		**Equity**	
	Increase of foreign currency	**Decrease of foreign currency**	**Increase of foreign currency**	**Decrease of foreign currency**
Change of USD exchange rate against TL by 10%:				
1- USD denominated net assets/liabilities	(18,456,794)	18,456,794	(305,198)	305,198
2- Hedged amount against USD Dollar risk (-)	--	--	--	--
3- Net effect of USD (1+2)	**(18,456,794)**	**18,456,794**	**(305,198)**	**305,198**
Change of Euro exchange rate against TL by 10%:				
4- Euro denominated net assets/liabilities	(103,317,898)	103,317,898	(13,840)	13,840
5- Hedged amount against Euro risk (-)	--	--	--	--
6- Net effect of Euro (4+5)	**(103,317,898)**	**103,317,898**	**(13,840)**	**13,840**
Change of other currencies against TL by 10%:				
7- Other foreign currency denominated net assets/liabilities	(3,214,129)	3,214,129	--	--
8- Hedged amount against other foreign risk (-)	--	--	--	--
9- Net effect of other foreign currency (7+8)	**(3,214,129)**	**3,214,129**	**--**	**--**
	(124,988,821)	**124,988,821**	**(319,038)**	**319,038**

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

30 Nature and level of risks arising from financial instruments *(continued)*

Market risk *(continued)*

Foreign currency sensitivity analysis				
31 December 2014				
	Profit/Loss		**Equity**	
	Increase of foreign currency	**Decrease of foreign currency**	**Increase of foreign currency**	**Decrease of foreign currency**
Change of USD exchange rate against TL by 10%:				
1- USD denominated net assets/liabilities	(59,102,324)	59,102,324	--	--
2- Hedged amount against USD Dollar risk (-)	--	--	--	--
3- Net effect of USD (1+2)	**(59,102,324)**	**59,102,324**	**--**	**--**
Change of Euro exchange rate against TL by 10%:				
4- Euro denominated net assets/liabilities	(14,195,658)	14,195,658	--	--
5- Hedged amount against Euro risk (-)	--	--	--	--
6- Net effect of Euro (4+5)	**(14,195,658)**	**14,195,658**	**--**	**--**
Change of other currencies against TL by 10%:				
7- Other foreign currency denominated net assets/liabilities	(3,754,396)	3,754,396	--	--
8- Hedged amount against other foreign risk (-)	--	--	--	--
9- Net effect of other foreign currency (7+8)	**(3,754,396)**	**3,754,396**	**--**	**--**
	(77,052,378)	**77,052,378**	**--**	**--**

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

30 Nature and level of risks arising from financial instruments *(continued)*

Interest rate risk

The Group is exposed to interest rate risk arising from interest rate sensitive financial assets and liabilities. As part of its fund management policy, the interest risk of interest bearing liabilities and assets are calculated by performing sensitivity analysis. The sensitivity of interest sensitive assets in response to changes in market interest rates is computed based on the average maturities and average interest sensitive assets; the interest rate risk arising from the securities portfolio held as part of fund management function is monitored within expectations of market rates by closely watching the financial markets.

Interest rate position			
		31 December 2015	**31 December 2014**
Fixed interest bearing financial instruments			
Financial assets	Time deposits and Eurobond	490,059,619	144,556,631
Financial liabilities		153,616,783	320,638,416
Variable interest bearing financial instruments			
Financial liabilities		1,562,303,551	762,368,625

Cash flow sensitivity analysis for variable rate instruments

As at 31 December 2015, variable interest bearing assets and liabilities consist of bank loans, bank deposits and financial leases, if the interest rates applied to Group increase or decrease by 1 percent, the net profit of the period will decrease/increase by TL 15,623,036 (31 December 2014: TL 7,623,686).

Fair value sensitivity analysis for fixed rate instruments

Except for the AFS Eurobonds, the Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the financial year would not affect profit or loss.

A change of 100 basis points in market interest rate would have increase or decrease equity by TL 6,876,023 (2014:None) arising from the AFS Eurobonds

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

31 Financial instruments: Fair value disclosure

As at 31 December, fair value of financial assets and liabilities are as below:

		31 December 2015		31 December 2014	
	Note	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets					
Cash and cash equivalents (*)	4	281,434,262	281,434,262	147,025,585	147,025,585
Financial investments	5	211,357,825	211,357,825	--	--
Trade receivables	7	242,701,591	242,701,591	238,189,939	238,189,939
Trade receivables from related parties	29	24,380,371	24,380,371	25,379,769	25,379,769
Other receivables from related parties	29	996,699	996,699	914,297	914,297
Other receivables (**)	8	11,540,623	11,540,623	11,186,769	11,186,769
Other current and non-current assets(***)	18	3,000,421	3,000,421	1,206,672	1,206,672
		775,411,792	**775,411,792**	**423,903,031**	**423,903,031**

(*)For the fair value measurement, cash on hand is excluded from cash and cash equivalents.

(**)For the fair value measurement, deposists and guarantees received is excluded from other receivables.

(***)For the fair value measurement; various income accruals, VAT receivables and advances given are excluded from other current and non-current assets.

	Note	31 December 2015		31 December 2014	
Financial liabilities		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities	6	1,723,467,826	1,723,872,820	1,083,007,041	1,083,412,035
Trade payables	7	167,275,618	167,275,618	131,785,818	131,785,818
Trade payables to related parties	29	58,449,195	58,449,195	30,390,103	30,390,103
Other payables to related parties	29	33,825,418	33,825,418	28,480,427	28,480,427
Other payables (*)	8	87,995	87,995	426,346	426,346
Other liabilities	15,18	26,586,849	26,586,849	22,806,632	22,806,632
		2,009,692,901	**2,010,097,895**	**1,296,896,367**	**1,297,301,361**

(*) For the fair value measurement, social security, taxes payable, advances received and deferred income is excluded from other liabilities.

Fair value is the amount which can be measurable with closest market price that can be obtained in a sale process except forced sale or liquidation in which there are applicants for both selling and buying.

The estimated fair values of financial instruments have been determined using available market information by the Group, using appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to determine the estimated fair value. While the management of the Group has used available market information in estimating the fair values, the market information may not be fully reflective of the value that could be realized in the current circumstances. The following methods and assumptions are used for the determination of fair values of financial instruments:

Fair values of cash and cash equivalents, including accrued interest, and other financial assets are assumed to approximate their carrying amounts due to their short-term maturity and being subject to insignificant credit risk. Fair values of trade receivables net of doubtful receivables are assumed to approximate their carrying amounts.

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

31 Financial instruments: Fair value disclosure *(continued)*

Interest rate swaps

Due to the Group's overall interest rate risk position and funding structure, its risk management policies require that it should minimize its exposure to changes in interest rate within certain guidelines. Interest rate swaps are derivative financial instruments used to manage the potential earnings impact of interest rate movements. The purpose of the hedging activities is to protect the Group from the risk that the net cash inflows will be adversely affected by changes in interest rates.

There are no interest rate swaps as of 31 December 2015 (31 December 2014: None).

Classification of fair value measurement

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (i.e. unobservable inputs for the Group, inputs are current rates for similar types of borrowings).

The classification of fair value measurements of financial assets and liabilities measured and / or disclosed at fair value is as follows:

31 December 2015	**Level 1**	**Level 2**	**Level 3**
Financial liabilities	--	--	1,586,996,067
Financial assets	--	211,357,825	--

31 December 2014	**Level 1**	**Level 2**	**Level 3**
Financial liabilities	--	--	973,203,191
Financial assets	--	--	--

Capital management policies

The Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group monitors the return on capital as well as the level of dividends to ordinary shareholders. No changes have been made in the objectives, policies or processes during the years 2015 and 2014.

Amounts expressed in Turkish Lira ("TL") unless otherwise stated

32 Operating leases

As at 31 December, the future minimum lease payments under non-cancellable operating lease payables as follows:

	31 December 2015	**31 December 2014**
Less than one year	103,959,979	89,104,275
Between one and five years	391,602,906	316,997,073
More than five years	1,340,011,976	1,082,206,399
	1,835,574,861	**1,488,307,747**

Group leases certain properties for its operations such as hospital and polyclinics buildings, apartments and lodgments via operating leases. Some of leasing agreements includes additional lease payments based on the local indexes. Maturity date of all the leasing and sub-leasing agreements are finalized in the year 2042 and before 2042.

Group does not have any long-term rent commitment as lessor.

33 Subsequent events

Effective January 1 2016, the net minimum wage paid by Turkish businesses to their employees increased by about 30%, from a net amount of TL1,000 to TL1,300 per month. This will have a significant impact on overall personnel costs of Turkish companies including the Group.

On 4 January 2016, the Group has settled a malpractice case that was transferred as part of International acquisition. Total amount of settlement was TL 4,048,242 which was fully provisioned on Group's consolidated financial statements as of 31 December 2015.