

13. ACCOUNTANTS' REPORT (cont'd)

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Consolidated Statements of Changes in Equity
 As at and for the years ended 31 December 2010 and 2009

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



	Note	Paid-in Capital	Share Premium	Legal Reserves	Accumulated Loss	Income/(Loss)	Net Non-Controlling Interest	Total before Non-Controlling Interest	Non-Controlling Interest	Total
As of 1 January 2009	17	668,000,000	22,809,940	1,214,040	(5,077,618)	(141,136,511)	545,809,851	23,531,342	569,341,193	
Total Comprehensive Income										
Net Loss		--	--	--	--	(9,666,720)	(9,666,720)	(630,191)	(10,296,911)	
Other Comprehensive Income		--	--	--	--	--	--	--	--	
Total Other Comprehensive Income		--	--	--	--	--	--	--	--	
Total Comprehensive Income		--	--	--	--	(9,666,720)	(9,666,720)	(630,191)	(10,296,911)	
Acquisition of non-controlling interest		--	--	634,832	(271,764)	--	363,068	(4,250,676)	(3,887,608)	
Transfers		--	--	--	(141,136,511)	141,136,511	--	--	--	
As of 31 December 2009	17	668,000,000	22,809,940	1,848,872	(146,485,893)	(9,666,720)	536,506,199	18,650,475	555,156,674	
As of 1 January 2010	17	668,000,000	22,809,940	1,848,872	(146,485,893)	(9,666,720)	536,506,199	18,650,475	555,156,674	
Total Comprehensive Income										
Net Loss		--	--	--	--	(23,108,139)	(23,108,139)	(365,268)	(23,473,407)	
Other Comprehensive Income		--	--	--	--	--	--	--	--	
Total Other Comprehensive Income		--	--	--	--	--	--	--	--	
Total Comprehensive Income		--	--	--	--	(23,108,139)	(23,108,139)	(365,268)	(23,473,407)	
Acquisition of Subsidiary with Non-Controlling Interest		--	--	692,638	--	--	692,638	618,363	1,311,001	
Acquisition of Non-Controlling Interest		--	--	--	(5,761,782)	--	(5,761,782)	(3,194,287)	(8,956,069)	
Transfers		--	--	--	(9,666,720)	9,666,720	--	--	--	
As of 31 December 2010	17	668,000,000	22,809,940	2,541,510	(161,914,395)	(23,108,139)	508,328,916	15,709,283	524,038,199	

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

13. ACCOUNTANTS' REPORT (cont'd)



Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Consolidated Statements of Comprehensive Income

As at and for the years ended 31 December 2010 and 2009

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

	Note	Audited	
		2010	2009
Revenues	18	731,582,530	558,827,953
Cost of Revenue	18	(586,157,703)	(476,837,534)
GROSS PROFIT		145,424,827	81,990,419
Selling, Marketing and Distribution Expenses (-)	19	(32,596,131)	(20,278,987)
General Administrative Expenses (-)	19	(41,983,421)	(36,518,756)
Other Operating Income	21	5,496,659	4,286,106
Other Operating Expense (-)	21	(11,219,828)	(4,650,355)
OPERATING PROFIT		65,122,106	24,828,427
Finance Income	22	4,969,358	4,805,451
Finance Expense	23	(85,475,041)	(58,611,411)
LOSS FROM CONTINUING OPERATIONS BEFORE TAX		(15,383,577)	(28,977,534)
Tax (Expense)/ Benefit from Continuing Operations		(8,089,830)	18,680,623
Current Tax Expense	24	(8,419,341)	(578,483)
Deferred Tax Credit	24	329,511	19,259,106
LOSS FROM CONTINUING OPERATIONS AFTER TAX		(23,473,407)	(10,296,911)
NET LOSS FOR THE YEAR		(23,473,407)	(10,296,911)
Other Comprehensive Income		--	--
TOTAL COMPREHENSIVE INCOME/ (LOSS)		(23,473,407)	(10,296,911)
Distribution of Net Loss		(23,473,407)	(10,296,911)
Non-Controlling Interest		(365,268)	(630,191)
Owners of the Company		(23,108,139)	(9,666,720)
Earnings/ (Loss) per Share (for 1000 shares)	25	(34,593)	(14,471)
Diluted and Basic Earnings / (Losses) per Share (for 1000 shares)		(34,593)	(14,471)
Earnings/ (Loss) per Share from Continuing Operations (for 1000 shares)		(34,593)	(14,471)
Diluted and Basic Earnings / (Losses) per Share from Continuing Operations (for 1000 shares)		(34,593)	(14,471)

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



Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Consolidated Statements of Cash Flows

As at and for the years ended 31 December 2010 and 2009

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

Appendix I

	2010	2009
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	(23,473,407)	(10,296,911)
Adjustments:		
Amortisation and depreciation expense	71,734,319	62,325,489
Provision for employee termination benefits	2,861,478	(2,565,072)
Provision on doubtful receivables	2,166,622	976,840
Unrealized finance income / (loss)	58,224	298,340
Income accruals on intangibles	(2,440,238)	(2,706,956)
Expense accruals on doctors	13,564,343	12,509,028
Deferred tax assets	(321,735)	(19,259,106)
Provision on corporate taxes	4,369,409	1,848,029
Provision for legal cases	2,966,263	427,521
Accruals related to forward transactions	(1,044,252)	1,141,180
Change in fair value of interest rate swap	2,673,444	1,623,746
Interest income	(812,766)	(1,159,078)
Interest expense	39,162,844	37,658,728
Gain on sale of property and equipment (net)	(234,933)	1,150,936
Net operating profit before changes in assets and liabilities	111,229,615	83,974,714
Change in trade receivables	(16,630,682)	(26,738,054)
Change in inventory	(2,170,553)	(3,815,531)
Change in financial investments	4,396,118	--
Change in other receivables	(10,591,595)	599,151
Change in other current assets	(5,715,996)	(2,784,162)
Change in other non-current assets	11,138,951	22,403,737
Change in trade payables	2,430,103	17,284,809
Change in due to related parties	(2,323,157)	(7,503,420)
Change in provisions	(2,572,709)	16,070
Corporate taxes paid	(17,384,737)	(1,697,165)
Change in other trade payables	6,182,294	36,028,329
Change in other liabilities	(2,629,722)	(1,742,276)
Employee severance indemnity paid	(12,667,711)	(5,688,628)
Provisions paid	63,604,261	116,274,071
Net cash from operating activities	(91,403,282)	(134,319,113)
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Acquisition of property and equipment	3,075,860	9,301,215
Proceeds from sale of property and equipment	(910,254)	(397,105)
Acquisition of intangible assets	--	8,148
Proceeds from sale of intangible assets	(2,359,370)	(50,532,694)
Cash outflow from acquisition of subsidiaries, net	861,290	(1,113,718)
Interest received	(90,735,756)	(177,052,667)
Net cash (used in)/from investing activities	144,941,195	129,705,181
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings	(112,576,369)	(61,106,414)
Repayment of bank borrowings	26,827,547	(460,394)
Finance lease liabilities	(1,351,731)	1,393,703
Proceeds from borrowings obtained from related parties	(8,263,435)	--
Acquisition of non-controlling interest	(16,091,478)	(11,388,914)
Interest paid	(10,587,214)	(5,873,024)
Change in restricted cash	22,718,515	52,270,138
Net cash (used in)/from financing activities	(4,412,980)	(8,508,459)
Net decrease (increase) in cash and cash equivalents	13,919,984	22,428,443
Cash and cash equivalents at 1 January	9,507,004	13,919,984
Cash and cash equivalents 31 December		

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



Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL, otherwise stated

TABLE OF CONTENTS

	PAGE
1 Organization and nature of business	6
2 Basis of presentation of the consolidated financial statements	9
3 Segment reporting	26
4 Cash and cash equivalents	28
5 Financial liabilities	29
6 Trade receivables and payables	33
7 Other receivables and payables	35
8 Inventories	35
9 Property and equipment	36
10 Intangible assets	38
11 Acquisition of subsidiary and non controlling interests	39
12 Provisions	42
13 Commitments	43
14 Employee benefits	46
15 Post employment benefits	47
16 Other assets and liabilities	47
17 Equity	48
18 Revenues	50
19 Selling, marketing and distribution expenses, general administrative expenses	50
20 Expenses by nature	51
21 Other operating income and expenses	51
22 Financial income	51
23 Financial expenses	52
24 Tax assets and liabilities	52
25 Earnings per share	56
26 Related parties	56
27 Nature and level of risks arising from financial instruments	56
28 Financial Instruments: Fair value disclosure	61
29 Subsequent events	74



Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL, otherwise stated

I Organization and nature of business

Acıbadem Sağlık Yatırımları Holding A.Ş. ("the Company") was incorporated in 2007 in İstanbul to invest into shares and assets of companies which operate in the Turkish insurance, advisory, hospital, healthcare and service sectors.

The head office is located at Fâhrettin Kerim Gökay Caddesi, Altunizade Mahallesi, No: 49, Üsküdar-İstanbul.

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

Shareholder's Name	31 December	
	2010	31 December 2009
	Share(%)	Share(%)
Almond Holding Cooperative U A	50.00	50.00
Mehmet Ali Aydınlar	46.41	46.41
Hatice Seher Aydınlar	3.59	3.59
Ethem Erhan Aydınlar (*)	0.00	0.00
Zeynep Aydınlar (*)	0.00	0.00
	100.00	100.00

(*) Ethem Erhan Aydınlar and Zeynep Aydınlar hold shares less than 0.01%.

As at 31 December 2010 consolidated subsidiaries comprised the following:

- Almond Holding Anonim Şirketi ("Almond Holding")

- Acıbadem Sağlık Hizmetleri ve Ticaret A.Ş. ("Acıbadem Sağlık") and its subsidiaries

As at 31 December 2010 consolidated subsidiaries of Acıbadem Sağlık comprised the following:

- Acıbadem Poliklinikleri Anonim Şirketi ("Acıbadem Poliklinikleri")

- Acıbadem Labmed Sağlık Hizmetleri Anonim Şirketi ("Acıbadem Labmed")

- International Hospital İstanbul Anonim Şirketi ("International Hospital")

- International Hospital Sağlık Yatırımları Anonim Şirketi ("International Hospital Sağlık Yatırımları")

- Acıbadem Kayseri Hastanesi Anonim Şirketi ("Acıbadem Kayseri")

- Konur Sağlık Hizmetleri Anonim Şirketi ("Konur Sağlık")

- Acıbadem Mobil Sağlık Hizmetleri Anonim Şirketi ("Acıbadem Mobil")

As at 31 December 2009 consolidated subsidiaries comprised the following:

- Almond Holding Anonim Şirketi ("Almond Holding")

- Acıbadem Sağlık Hizmetleri ve Ticaret A.Ş. ("Acıbadem Sağlık") and its subsidiaries

As at 31 December 2009 consolidated subsidiaries of Acıbadem Sağlık comprised the following:

- Acıbadem Poliklinikleri Anonim Şirketi ("Acıbadem Poliklinikleri")

- Acıbadem Labmed Sağlık Hizmetleri Anonim Şirketi ("Acıbadem Labmed")

- International Hospital İstanbul Anonim Şirketi ("International Hospital")

- International Hospital Sağlık Yatırımları Anonim Şirketi ("International Hospital Sağlık Yatırımları")

- Acıbadem Kayseri Hastanesi Anonim Şirketi ("Acıbadem Kayseri")

- Acıbadem Mobil Sağlık Hizmetleri Anonim Şirketi ("Acıbadem Mobil")

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and consolidated subsidiaries are collectively named as "Group".



Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL, otherwise stated

I Organization and nature of business (continued)

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

Almond Holding A.Ş.

Almond Holding A.Ş. was incorporated on 30 July 2007 in İstanbul. The purpose of Almond Holding's establishment is to invest into any type of healthcare related institutions, hospitals and companies which operate in the healthcare and real estate sectors.

Acıbadem Sağlık Hizmetleri ve Ticaret A.Ş.

Acıbadem Sağlık was incorporated in 1991 in İstanbul, and provides health services in ten general hospitals (Kadıköy, Bakırköy, Kozyatağı, Fulya, Eskişehir, Bursa, Kocaeli, Maslak, Kayseri, Adana). 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, diabetes, smokeless living and infant care.

Acıbadem Sağlık is subject to Capital Market Board ("CMB") regulations and its shares have been traded on the İstanbul Stock Exchange ("ISE") since 15 June 2000.

Acıbadem Sağlık also has Joint Commission International accreditation standards and ISO 9001 Quality Management System standards.

The head office is located at Fâhrettin Kerim Gökay Caddesi, Altunizade Mahallesi, No: 49, Üsküdar - İstanbul.

Acıbadem Poliklinikleri

Acıbadem Poliklinikleri has six polyclinics at Etiler, Bağdat Caddesi, Ataşehir, Gökçtürk, Beylikdüzü and Uludağ locations for outpatients.

Acıbadem Göz Sağlığı Hizmetleri Anonim Şirketi was established in June 2003 in İstanbul and was merged with Acıbadem Poliklinikleri, on 24 October 2008.

Acıbadem Ayaktan Tedavi Merkezleri Anonim Şirketi was established on 17 April 2006 in Beylikdüzü, İstanbul and was merged with Acıbadem Poliklinikleri on 24 October 2008.

Acıbadem Labmed

Acıbadem Labmed was established on 28 August 2001 under the name of Acıbadem Sağlık Yönetimi Anonim Şirketi, in İstanbul. On 24 February 2004 the name of the company was changed to Acıbadem Labmed Sağlık, and a partnership was established with Labmed Dorfmond GmbH (located in Germany) to engage in laboratory services. There are 2 branches in Adana and Antalya.

International Hospital

International Hospital was established in 1989 on 19,300 m² indoor area and engaged in providing inpatient, outpatient and emergency care services with 5 intensive care units with 26 beds rendering services in 1 coronary, 1 internal diseases, 1 general surgery, 1 cardio surgery and 1 new born units at its hospital located in Yeşilköy, İstanbul. The hospital has 6 surgery rooms, 22 follow up beds, 99 patient beds and total inpatient bed availability of the hospital is 121. Acıbadem Sağlık acquired International Hospital, on 20 August 2005 (50%) and on 27 March 2009 (40%) and increased its shares to 90% of total shares.

In the accompanying consolidated financial statements as at 31 December 2010, International Hospital Sağlık Yatırımları was fully consolidated with International Hospital.



Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

1 Organization and nature of business (continued)

International Hospital Sağlık Yatırımları

The polyclinic was established in Etiler, İstanbul in December 2002. It has ear-nose and throat units, cardiology, orthopedic and traumatology, neurology, neurosurgery, psychiatry and psychology, radiology, laboratory and internal diseases units available for outpatients.

Acıbadem Kayseri Hospital

In accordance with the nationwide expansion project, Acıbadem Sağlık acquired the 51% of Memleket Medikal Cerrahi Özel Sağlık Hizmetleri Anonim Şirketi in 2007 and then increased its shares to 99.99%. The hospital started to accept patients from 23 March 2009. The hospital is built over an indoor area of 20,000m², consisting of 5 intensive care units and 26 beds used for 4 general purpose, 1 cardio surgery and 1 new born units. The hospital has 6 operating theatres, 22 follow up beds, 89 patient beds and total inpatient bed availability of the hospital is 111.

Acıbadem Mobil Sağlık Hizmetleri

Acıbadem Mobil has been providing emergency healthcare services and ambulance services since 7 July 2008. It is fully consolidated in the accompanying consolidated financial statements.

The related parties of the Group are as follows:

- Acıbadem Holding Anonim Şirketi ("Acıbadem Holding")
- 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")
- Abraaj Capital Limited ("Abraaj Capital")
- Akademia Sağlık Hizmet ve Sistemleri Yönetim ve Danışmanlık Anonim Şirketi ("Akademia")
- Çamlıca Turizm ve Yaçılık Anonim Şirketi ("Çamlıca Turizm")
- Acıbadem Diş Sağlığı Hizmetleri Anonim Şirketi ("Acıbadem Diş")
- Acıbadem Eğitim ve Sağlık Vakfı ("Acıbadem Vakfı")
- Telepati Tanıtım Hizmetleri Anonim Şirketi ("Telepati Tanıtım")
- Çukurova Bilim Laboratuvarları Anonim Şirketi ("Çukurova Bilim")
- Acıbadem Üniversitesi ("Acıbadem Üniversitesi")
- Kerem Aydınlar Vakfı ("Kerem Aydınlar")
- BLAB Laboratuvar Hizmetleri Anonim Şirketi ("BLAB")
- Aydınlar Sağlık Hizmetleri Limited Şirketi ("Aydınlar Sağlık")

These companies have neither direct nor indirect capital and management relationships with the Group and accordingly are excluded from consolidation in the accompanying financial statements.

As at 31 December 2010, the Group employed 7,883 personnel (31 December 2009: 6,643), consisting of 777 (31 December 2009: 653) administrative personnel, 5,953 (31 December 2009: 5,281) doctors, nurses and medical personnel and 1,153 (31 December 2009: 709) personnel employed on contractual basis.

The hospital certifications owned by the Group are indefinite.



Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

2 Basis of presentation of the consolidated financial statements

2.1 Basis of presentation

2.1.1 Statement of compliance

The Group maintains its book of accounts and prepares its statutory financial statements in TL in accordance with the Turkish Uniform Chart of Accounts promulgated by Capital Markets Board of Turkey ("CMB"), Turkish Commercial Code and Turkish Tax Code.

According to the reflection the truth principle of financial statements, the accompanying consolidated financial statements, classification and adjustments based on the legal records are prepared in conformity with the principle of CMB accounting and reporting published by the appropriate authorities. The Group's accompanying consolidated financial statements was prepared in accordance with the provisions of Capital Market Board ("CMB") 9 April 2008, and 26842 of the Official Gazette Series XI, 29 No. "Basis for Financial Reporting in the Capital Markets" ("Communiqué No: XI-29").

According to the Article 5 of the Communiqué, companies will apply The International Accounting/Financial Reporting Standards ("IAS / IFRS") adopted by the European Union. However, according to the Transitional Article 2 included in the same Communiqué, IAS/IFRS will be applied until the differences between IAS/IFRS that are adopted by European Union and IAS/IFRS that are adopted by International Accounting Standards Board ("IASB"), are announced by Turkey Accounting Standards Board ("TASB").

With the government decree law numbered 660 published in official gazette on 2 November 2011, the establishment article of TASB stated in the 2499 numbered law with an additional article number one has been superseded and the Council of Ministers decided to establish Public Oversight Accounting and Auditing Standards Agency ("Oversight Agency"). In accordance with the transitional article number one of the governing decree law, until the date of the issuing of standards and regulations by Oversight Agency, the existing regulations will be applied. Accordingly, as of reporting date, the Basis of Presentation has not been changed.

The accompanying consolidated financial statements of the Group have been approved by the board of directors of the Group on 15 March 2012. The general assembly of the shareholders and legal authorities has the authority to change the accompanying consolidated financial statements.

Additional paragraph for convenience translation to English:

The accompanying financial statements are not intended to present the financial position and results of its operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

Basis of measurement

The CMB announced that, effective from 1 January 2005, the application of IAS 29 "Financial Reporting in Hyperinflationary Economies" issued by IASB is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Accounting Standards on 17 March 2005. The equity items including paid-in capital, share premium, legal reserves and special reserves are presented in accordance with the Turkish Commercial Code basis amounts and the effects of inflation over those equity items as at 31 December 2004 were reflected in retained earnings.

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value and balance sheet items affected by the implementation of IAS 29.



Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

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

2.1 Basis of presentation (continued)

2.1.3 Functional and presentation currency

These consolidated financial statements 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.

2.1.4 Basis of consolidation

The accompanying consolidated financial statements include the accounts of the parent Company, ASYH, 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 financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that 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 controls their operations and the shareholding interests are given below:

Title of the Partnership	Ownership interest (%)	
	31 December 2010	31 December 2009
Almond Holding A.Ş.	99.99	99.99
Indirect Ownership Interest on the Subsidiaries		
Acıbadem Sağlık	91.96	91.96
Acıbadem Politiklikleri	91.96	91.96
Acıbadem Labmed	45.97	45.97
International Hospital	82.76	82.76
International Hospital Sağlık Yatırımları	82.76	82.76
Acıbadem Kayseri	91.95	66.60
Konur Sağlık	45.98	--
Acıbadem Mobil	91.95	91.95

As at 31 December 2010 and 2009, subsidiaries are fully consolidated with non-controlling interest's ownership reflected as a non-controlling interest.

(ii) Acquisition of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

(iii) Acquisitions through business combinations:

The effects of such acquisition are presented as "acquisitions through business combinations" in the notes to the consolidated financial statements.



Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

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

2.1 Basis of presentation (continued)

2.1.4 Basis of consolidation (continued)

(iv) Loss of control

On the loss of control, the Group derecognises 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.

2.2 Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In preparation of the consolidated financial statements, the significant estimates and judgments used by the Group are as follows:

Note 2.6.3- 2.6.4	- Useful life of property and equipment and intangible assets
Note 2.6.6	- Derivative financial instruments
Note 6	- Provision for impairment on trade receivables
Note 12	- Provisions, contingent assets and liabilities
Note 14	- Employee benefits
Note 24	- Tax assets and liabilities
Note 28	- Financial instruments: Fair value disclosures

13. ACCOUNTANTS' REPORT (cont'd)



Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL, otherwise stated

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

2.3 Changes in accounting policies

The accounting policies set out in 2.6 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.

i) Overview

The Group has applied changes in IAS/IFRS effective from 1 January 2010 summarized below:

- Accounting for business combinations – IFRS 3
- Accounting for increases in non-controlling interests
- Borrowing costs – IAS 23

ii) Accounting for business combinations

From 1 January 2010, the Group has applied IFRS 3 Business Combinations (2008) in accounting for business combinations. The change in accounting policy is applied prospectively and had no material impact on earnings per share ("EPS").

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which 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 currently are exercisable.

For acquisitions on or after 1 January 2010, 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 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.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

13. ACCOUNTANTS' REPORT (cont'd)



Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL, otherwise stated

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

2.3 Changes in Accounting Policies (continued)

(ii) Accounting for business combinations (continued)

For acquisitions before 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

iii) Acquisition of non-controlling interests

Acquisition of non-controlling interests is accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

iv) Borrowing costs

IAS 23 Borrowing Costs has been revised and the Companies are required to capitalize eligible borrowing costs. The Group has applied revised IAS 23.

2.4 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.

2.5 Changes in IFRS

2.5.1 New Standards and Interpretations Adopted in 2010

Revised IFRS 5 "Non-current assets Held for Sale and Discontinued Operations" clarifies that the required disclosures for non-current assets (or disposal groups) classified as held for sale or discontinued operations are specified in IFRS 5. The revised IFRS 5 does not have any effect on the consolidated financial statements of the Group.

Revised IAS 1 "Presentation of Financial Statements" The amendments clarify that the classification of the liability component of a convertible instrument as current or non-current is not affected by terms that could, at the option of the holder of the instrument, result in settlement of the liability by the issue of equity instruments. The revised IAS 1 is applied in the 2010 and does not have any effect on the consolidated financial statements of the Group.

Revised IAS 7 "Statement of Cash Flows" The amendments clarify that only expenditures that result in the recognition of an asset can be classified as a cash flow from investing activities. Changes in the standard do not have any impact on the cash flow of the Group.



Appendix I

Açbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

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

2.5 Changes in IFRS (continued)

2.5.1 New Standards and Interpretations Adopted in 2010 (continued)

Revised to IAS 17 "Leases" The International Accounting Standards Board ("IASB") deleted guidance stating that a lease of land with an indefinite economic life normally is classified as an operating lease, unless at the end of the lease term title is expected to pass to the lessee. The amendments clarify that when a lease includes the land and building elements, an entity should determine the classification of each element based on paragraphs 7 - 13 of IAS 17, taking account of the fact that land normally has an indefinite economic life. The revised IAS 17 is applied in 2010 and does not have any effect on the consolidated financial statements of the Group.

Revised IAS 36 "Impairment of Assets" The amendments clarify that the largest unit to which goodwill should be allocated is the operating segment level as defined in IFRS 8 before applying the aggregation criteria of IFRS 8. The amendments apply prospectively. Changes in the standard do not have any impact on the impairment tests of the Company.

IAS 38 "Intangible Assets" Amendments clarify the description of valuation techniques commonly used to measure fair value of intangible assets acquired in a business combination for which no active market exists. The revised IAS 38 is applied in 2010 and does not have any effect on the consolidated financial statements of the Group.

Amendments to IAS 39 "Financial Instruments. Recognition and Measurement"

The amendments:

- provide additional guidance on determining whether loan prepayment penalties result in an embedded derivative that needs to be separated;
- clarify that the scope exemption in IAS 39 paragraph 2(e) is restricted to forward contracts, i.e. not options, between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date within a reasonable period normally necessary to obtain any required approvals and to complete the transaction; and
- clarify that the gains or losses on a cash flow hedge should be reclassified from other comprehensive income to profit or loss during the period that the hedged forecast cash flows impact profit or loss.

2.5.2 New Standards and Interpretations Not Yet Adopted As At 31 December 2010

As at 31 December 2010, some new standards, amendments to standards and interpretations which are not effective have not been applied during the preparation of the accompanying consolidated financial statements. The amendments which are presented below have not been issued by International Accounting Standards Board ("IASB") yet, but is prospected near future, these have been took place in International Financial Reporting Standard ("IFRS") however, do not any effect on the accompanying consolidated financial statements of the Group.

On 20 December 2010, the International Accounting Standards Board ("IASB") issued two narrow amendments to IFRS 1.

The first amendment replaces references to a fixed transition date of '1 January 2004' with 'the date of transition to IFRSs', thus eliminating the need for companies adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs.

The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.



Appendix I

Açbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

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

2.5 Changes in IFRS (continued)

2.5.2 New Standards and Interpretations Not Yet Adopted As At 31 December 2010 (continued)

IFRS 7 "Financial Instruments" is amended to add an explicit statement that the interaction between qualitative and quantitative disclosures better enables users to evaluate an entity's exposure to risks arising from financial instruments. The amendment is effective for annual periods beginning on or after 1 January 2011 and it is not expected to have any impact on the consolidated financial statements.

IFRS 7 "Financial Instruments" is amended to will allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitisations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

IFRIC 13 "Customer Loyalty Programmes - Fair Value of Award Credit" amended to state that the fair value of award credits takes into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits. The amendment is effective for annual periods beginning on or after 1 January 2011 and it is not expected to have any impact on the consolidated financial statements.

IAS 34 "Interim Financial Reporting - Significant Events and Transactions" A number of examples have been added to the list of events or transactions that require disclosure under IAS 34. The amendment is effective for annual periods beginning on or after 1 January 2011 and it is not expected to have any impact on the consolidated financial statements.

IAS 27 "Consolidated and Separate Financial Statements - Transition requirements for amendments made as a result of IAS 27 (2008) to IAS 21, IAS 28 and IAS 31" Consequential amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures (as a result of prior amendments to IAS 27) to be applied prospectively, except for the amendments to IAS 28 and IAS 31 that solely are the result of renumbering in IAS 27 (2008). The amendment is effective for annual periods beginning on or after 1 January 2011 and it is not expected to have any impact on the consolidated financial statements.

IFRS 9 "Financial Instruments" has been issued on November 2009, by the IASB as the first step in its project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. The amendment is effective for annual periods beginning on or after 1 January 2015, although entities are permitted to adopt them earlier. Prior periods need not be restated if an entity adopts the standard for reporting periods beginning before 1 January 2015.

Amendments to IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. It does not address the accounting by the creditor. The amendment is effective for annual periods beginning on or after 1 January 2011 and earlier application is permitted. It is not expected to have any impact on the consolidated financial statements.



Appendix I

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

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

2.5 Changes in IFRS (continued)

2.5.2 New Standards and Interpretations Not Yet Adopted As At 31 December 2010 (continued)

IASB issued interpretations about prepayments of a minimum funding (interpretations for IFRIC 14) on 26 November 2009. The amendments to IFRIC 14, which is itself an interpretation of IAS 19 applies in the limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendment permits such an entity to treat the benefit of such an early payment as an asset. The amendment, *Prepayments of a Minimum Funding Requirement*, has an effective date for mandatory adoption of 1 January 2011, with early adoption permitted.

The revised IAS 24 "Related Party Disclosures" amends the definition of a related party and modifies certain related party disclosure requirements government-related entities. The main changes to IAS 24 are:

- A partial exemption from the disclosure requirements for transactions between a government-controlled reporting entity and that government or other entities controlled by that government; and
- Amendments to the definition of a related party.

IASB agreed that the partial exemption from the disclosure requirements should be required to be made retrospectively, because this should result in a reduction of "clutter" in the footnotes and an identification of better information about the nature and extent of significant transactions with the government.

In addition, IASB agreed that the definition of a related party should also be applied retrospectively from the effective date.

In addition, the Board agreed that an entity should be permitted to adopt the partial exemption for government-controlled entities before the effective date even if it does not adopt the amended definition of related party until a later date.

The International Accounting Standards Board (IASB) has issued amendments to IAS 12 Income Taxes as at 31 December 2010. The amendments set out in Deferred Tax: Recovery of Underlying Assets, result from proposals published for public comment in an exposure draft in September.

IAS 12 "Income Taxes" requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 Investment Property. The amendment provides a practical solution to the problem by introducing a presumption that recovery of the carrying amount will, normally be, be through sale.

As a result of the amendments, SIC-21 Income Taxes—Recovery of Revalued Non-Depreciable Assets would no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC-21, which is accordingly withdrawn. The amendment is effective for annual periods beginning on or after 1 January 2012.



Appendix I

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

2.6 Summary of significant accounting policies

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

2.6.1 Revenue

Revenue of the Group comprised the income from the inpatient/outpatient services given at the hospitals, polyclinics, laboratories and ambulance services of the Group. 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. The difference between the nominal value of the sale price and the fair value obtained by this way is reflected as interest income to the related periods.

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.

2.6.2 Inventories

Inventories are stated 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 selling expenses.

2.6.3 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 if any. The costs of property and equipment purchased after 1 January 2005 are carried at cost less accumulated depreciation and impairment losses if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, 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 property and equipment are recognised in the consolidated statement of income comprehensive as incurred.

13. ACCOUNTANTS' REPORT (cont'd)



Appendix I

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL, otherwise stated

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

2.6 Summary of significant accounting policies (continued)

2.6.3 Property and equipment (continued)

ii) Depreciation

Depreciation is recognized on a straight-line basis over the useful lives of the property and equipment from the date of acquisition or assembly. Leasehold improvements are depreciated on a straight-line basis over the lease period.

Depreciation expenses are presented mainly under cost of sales, general and administrative expenses and selling, marketing expense in the consolidated statement of comprehensive income.

Land is not depreciated, since useful life 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	During the lease period

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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.

2.6.4 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. 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 income statement over their estimated useful lives for a period.

The estimated useful lives for the current periods are as follows:

Software	3-10 year
Other intangible assets	3-10 year

Amortization method, economic useful lives and residual values of intangible assets are revised at each reporting date and adjusted if appropriate.

13. ACCOUNTANTS' REPORT (cont'd)



Appendix I

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL, otherwise stated

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

2.6 Summary of significant accounting policies (continued)

2.6.5 Goodwill

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

2.6.6 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 derecognises 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 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 realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets: loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade and other receivables.

Cash and cash equivalents comprise of cash, deposits with maturity periods of less than three-months and highly liquid investments with maturity periods of less than three-months and having no conversion risk exposure other than the impact of foreign currency changes.

ii) Non derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

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 realise the asset and settle the liability simultaneously.



Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL, otherwise stated

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

2.6 Summary of significant accounting policies (continued)

2.6.6 Financial instruments (continued)

i) Non derivative financial liabilities (continued)

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

iii) Paid-in capital and dividends

Ordinary shares are classified as paid-in capital. Dividends distributed on ordinary shares are offset with retained earnings in the period in which they are declared.

iv) Derivative financial instruments

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

Derivatives are recognized initially at acquisition cost; attributable transaction costs are recognized 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 IAS 39.

2.6.7 Impairment of assets

i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy.

The Group considers evidence of impairment for loans and receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant loans and receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.



Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL, otherwise stated

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

2.6 Summary of significant accounting policies (continued)

2.6.7 Impairment of assets (continued)

i) Financial assets (continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Impairment losses are recognized in the profit or loss.

The recoverable amount of an asset or CGU 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 the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

Impairment losses recognized in respect of the cash generating units are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets, impairment losses recognised 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 amortisation, if no impairment loss had been recognised.

13. ACCOUNTANTS' REPORT (cont'd)



Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

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

2.6 Summary of significant accounting policies (continued)

2.6.8 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.

As at 31 December, Central Bank of the Republic of Turkey ("Central Bank")'s buying foreign currency rates are as follows:

	31 December 2010	31 December 2009
American Dollar ("USD")	1.5460	1.5057
European Union Currency ("EUR")	2.0491	2.1603

2.6.9 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. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issued without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and each earlier year.

2.6.10 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.

13. ACCOUNTANTS' REPORT (cont'd)



Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

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

2.6 Summary of significant accounting policies (continued)

2.6.11 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.

2.6.12 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. Operational lease payments are recorded as expense in the consolidated statement of comprehensive income on a linear basis.

2.6.13 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 according to IAS 24 - Related party disclosures.

Appendix I



Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

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

2.6 Summary of significant accounting policies (continued)

2.6.14 Segment reporting

IFRS 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 healthcare services. As a result of the activity variation, the Group revenues are allocated as hospital, healthcare and healthcare branches. All Group revenues have been realized in domestic basis; accordingly no geographical classification has been presented.

The operating segments of the Group are presented in Note 3.

2.6.15 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 realised 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 utilised. 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.

Appendix I

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

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

2.6 Summary of significant accounting policies (continued)

2.6.16 Employee Benefits

In accordance with the existing Labour Law in Turkey, the Group entities operating in Turkey are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire, are called up for military service or die.

In the accompanying consolidated financial statements, the Group has used actuarial valuation method to estimate its obligation.

As at 31 December, the following assumptions were used in the calculation of the total liability:

	31 December 2010	31 December 2009
Discount Rate	4.66%	5.92%
Turnover Rate for the calculation of retirement	77%	77%

Reserve for employee termination benefits is calculated based on the ceiling amount which is determined by the Government. The management of the Group used some assumptions in the calculation of the retirement pay provision. As at 31 December 2010 and 31 December 2009, the ceiling amount has been limited to TL 2,517 and TL 2,365 per year of employment, respectively. The liability is not funded, as there is no funding requirement.

2.6.17 Financial incomes and expenses

Finance income comprises interest income on funds invested; fair value gains on financial assets at fair value through profit or loss and gains on derivative instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Finance costs comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, (other than trade receivables) and losses on derivative instruments that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

13. ACCOUNTANTS' REPORT (cont'd)



Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

3 Segment reporting

The Group's reportable segments are based on Hospital, Healthcare and Non-Healthcare segments. As at 31 December 2010 Hospital segment includes the following:

- Acıbadem Sağlık
- International Hospital
- Acıbadem Kayseri

As at 31 December 2010 Non-Healthcare segment includes the following:

- Almond Holding
- Acıbadem Sağlık Yatırımları Holding Anonim Şirketi

As at 31 December 2010 Healthcare segment includes the following:

- Acıbadem Labmed
- Acıbadem Poliklinikleri
- International Hospital Sağlık Yatırımları
- Acıbadem Mobil
- Konur Sağlık

As at 31 December 2009 Hospital segment includes the following:

- Acıbadem Sağlık
- International Hospital
- Acıbadem Kayseri

As at 31 December 2009 Non-Healthcare segment includes the following:

- Almond Holding
- Acıbadem Sağlık Yatırımları Holding Anonim Şirketi

As at 31 December 2009 Healthcare segment includes the following:

- Acıbadem Labmed
- Acıbadem Poliklinikleri
- International Hospital Sağlık Yatırımları
- Acıbadem Mobil

Almond Holding and Acıbadem Sağlık Yatırımları Holding Anonim Şirketi are holding companies and do not have any activity.

1 January–31 December 2010

	Hospital	Healthcare	Non-healthcare	Eliminations	Total
Revenues	697,205,081	80,824,161	--	(46,446,712)	731,582,530
Cost of sales (-)	(561,954,026)	(68,607,148)	--	44,403,471	(586,157,703)
Gross Profit					145,424,827
Operating expenses					(74,579,552)
Other operating income/expense (net)					(5,723,169)
Financial income/expense (net)					(80,505,683)
Tax expense					(8,089,830)
Net loss for the period					(23,473,407)

13. ACCOUNTANTS' REPORT (cont'd)



Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

3 Segment reporting (continued)

	Hospital	Healthcare	Non-healthcare	Eliminations	Total
Reportable segment assets	744,175,456	44,052,178	777,585,253	(18,657,623)	1,547,155,264
Capital expenditures	(90,161,902)	(2,151,634)	--	--	(92,313,536)
Reportable segment liabilities	635,904,596	21,026,553	384,843,539	(18,657,623)	1,023,117,065
Amortization and depreciation	(67,230,783)	(4,503,536)	--	--	(71,734,319)

1 January–31 December 2009

	Hospital	Healthcare	Non-healthcare	Eliminations	Total
Revenues	533,099,214	65,148,949	--	(39,420,210)	558,827,953
Cost of sales (-)	(456,956,886)	(55,220,555)	--	35,339,907	(476,837,534)
Gross Profit					81,990,419
Operating expenses					(56,797,743)
Other operating income/expense (net)					(364,249)
Financial income/expense (net)					(53,805,960)
Tax expense					18,680,623
Net loss for the period					(10,296,910)

	Hospital	Healthcare	Non-healthcare	Eliminations	Total
Reportable segment assets	678,831,308	33,405,437	778,023,528	(7,995,679)	1,482,266,594
Capital expenditures	(99,324,850)	(35,391,368)	--	--	(134,716,218)
Reportable segment liabilities	554,748,874	12,661,231	351,704,136	7,995,679	927,109,920
Amortization and depreciation	(58,137,922)	(4,187,567)	--	--	(62,325,489)



Appendix I

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

4 Cash and cash equivalents

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

	31 December 2010	31 December 2009
Cash on hand	424,837	433,845
Banks – demand deposits	5,019,643	1,410,827
Banks – time deposits	18,249,666	17,363,607
Mutual fund (B type liquid fund)	147,676	--
Credit card receivables	2,177,396	636,705
	26,019,218	19,844,984

As at 31 December 2010 maturity of time deposits is between 3-11 days (31 December 2009: 4-11 days).
The effective interest rates for the time deposits in TL were between 6% and 7% (31 December 2009: 6.50% - 9.25%).

As at 31 December 2010, the Group has blocked deposits at an amount of TL 16,512,214 (31 December 2009: TL 5,925,000) in Türkiye Garanti Bankası Anonim Şirketi ("Garanti Bankası") in purpose of a guarantee for six month period interest payments of bank borrowing amounting to USD 196,900,000.

As at 31 December 2010, the interest and maturity details of time deposits at banks are as follows:

31 December 2010	Interest Rate (%)	Maturity	Currency Type	Principal Amount (TL)	Interest Accruals	Total
Time deposit	7.00	10.01.2011	TL	16,512,214	3,167	16,515,381
Time deposit	6.00	03.01.2011	TL	1,234,000	203	1,234,203
Time deposit	6.00	03.01.2011	TL	500,000	82	500,082
				3,452	18,249,666	

31 December 2009	Interest Rate (%)	Maturity	Currency Type	Principal Amount (TL)	Interest Accruals	Total
Time deposit	9.25	11.01.2011	TL	12,662,000	3,205	12,665,205
Time deposit	7.25	04.01.2010	TL	2,743,030	488	2,743,518
Time deposit	6.50	04.01.2010	TL	920,000	164	920,164
Time deposit	6.50	04.01.2010	TL	280,000	50	280,050
Time deposit	6.50	04.01.2010	TL	200,000	36	200,036
Time deposit	6.50	04.01.2010	TL	78,416	--	78,416
Time deposit	0.50	04.01.2010	USD	114,825	--	114,825
Time deposit	0.50	04.01.2010	USD	361,393	5	361,393
				3,943	17,363,607	



Appendix I

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

4 Cash and cash equivalents (continued)

For purposes of the statement of cash flows, cash and cash equivalents include bank deposits and short-term investments that are easily convertible to cash with high liquidity and with a maturity of up to three months.

Cash and cash equivalents included in the statement of cash flows for the years ended 31 December is comprised of the followings:

	31 December 2010	31 December 2009
Cash on hand	424,837	433,845
Banks – demand deposits	5,019,643	1,410,827
Banks – time deposits	18,249,666	17,363,607
Mutual fund (B type liquid fund)	147,676	--
Credit card receivables	2,177,396	636,705
Restricted cash	(16,512,214)	(5,925,000)
	9,507,004	13,919,984

5 Financial liabilities

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

	31 December 2010	31 December 2009
Short term bank borrowings and short term portion of long term bank borrowings	77,722,338	34,613,235
Financial lease liabilities, net	14,080,748	6,439,898
	91,803,086	41,053,133

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

	31 December 2010	31 December 2009
Long term bank borrowings	681,002,966	668,651,215
Financial lease liabilities, net	83,729,844	65,410,825
	764,732,810	734,062,040



Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

5 Financial liabilities (continued)

Bank borrowings

As at 31 December 2010, the details of bank borrowings comprised the following:

Type	Currency	Nominal Interest Rate (%)	Year of Maturity	Face Value	Carrying amount
Operating	TL	7.35-7.60	2011	35,346,251	35,346,251
Tax	TL	--	2011	3,720,819	3,720,819
Vehicle	TL	11.5	2011	40,908	40,908
Investment	USD	3.3	2011	3,109,289	3,109,289
Investment	USD	Libor + 3.90	2018	310,958,875	309,725,109
Investment	Euro	Euribor + 0.625	2012	6,493,943	6,489,276
Investment	USD	Libor + 4.25	2014	15,491,920	15,491,920
Investment	USD	Libor + 5.75	2015	384,801,732	384,801,732
				759,963,737	758,725,304

As at 31 December 2010, repayment schedule of the long term bank borrowings Group is as follows:

Years	Currency Type	Original Currency Amount	TL Amount
2012	USD	38,024,863	58,786,438
2013	USD	30,500,000	47,153,000
2014	USD	30,500,000	47,153,000
2015	USD	269,378,375	416,458,968
2016	USD	28,000,000	43,288,000
2017	USD	28,000,000	43,288,000
2018	USD	14,000,000	21,644,000
2012	Euro	1,577,063	3,231,560
			681,002,966



Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

5 Financial liabilities (continued)

As at 31 December 2010, the maturities of bank borrowings are as follows:

Maturity	31 December 2010
0 - 3 months	38,826,706
3 months - 1 year	38,895,632
1 - 5 years	572,782,966
5 years and more	108,220,000
	758,725,304

As at 31 December 2010, the guarantees given related to the bank borrowings are as follows:

Type of Guarantee	Currency Type	Original Currency Amount	TL Amount
Mortgages	USD	164,865,000	254,881,290
Blocked Deposit	TL	--	16,512,214
Commercial Pledge	TL	--	600,000,000
Share pledge	TL	--	690,000,000
		164,865,000	1,561,393,504

Garanti Bankası has a pledge on Almond's shares amounting to TL 690,000,000 as a guarantee for the USD 200,000,000 loan obtained from Garanti Bankası.

As at 31 December 2009, the details of bank borrowings comprised the following:

Type	Currency	Nominal Interest Rate (%)	Year of Maturity	31 December 2009 Face Value	31 December 2009 Carrying amount
Operating	Secured	TL	2010	10,810,331	10,810,331
Tax	Unsecured	TL	2010	2,813,339	2,813,339
Investment	Secured	USD	2010	3,037,851	3,037,851
Investment	Secured	USD	2015	367,660,647	366,619,848
Investment	Secured	USD	2018	309,725,109	309,725,109
Investment	Secured	Euro	2012	10,257,972	10,257,972
				704,305,249	703,264,450



Appendix I

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL, otherwise stated

5 Financial liabilities (continued)

As at 31 December 2009, repayment schedule of the long term bank borrowings Group is as follows:

Years	Currency	Type	Original Currency Amount	TL Amount
2011	USD		16,500,000	24,844,050
2012	USD		38,024,863	57,254,036
2013	USD		30,500,000	45,923,850
2014	USD		30,500,000	45,923,850
2015	USD		254,029,733	382,492,569
2016	USD		28,000,000	42,159,600
2017	USD		28,000,000	42,159,600
2018	USD		14,000,000	21,079,800
2011	Euro		1,577,063	3,406,930
2012	Euro		1,577,063	3,406,930
				668,651,215

As at 31 December 2009, the maturities of bank borrowings are as follows:

Maturity	31 December 2009
0 - 3 months	3,023,669
3 months - 1 year	31,589,566
1 - 5 years	180,759,646
5 years and more	487,891,569
	703,264,450

As at 31 December 2009, the guarantees given related to the bank borrowings are as follows:

Type of Guarantee	31 December 2009	
	Currency	Original Currency Amount
Mortgages	USD	164,865,000
Share pledges	TL	248,237,230
Commercial Pledge	TL	600,000,000
Blocked Deposit	TL	690,000,000
		5,925,000
		1,644,162,230

Finance lease liabilities

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

	31 December 2010	31 December 2009
Financial lease liabilities	21,763,748	13,150,029
Deferred financial lease liabilities (-)	(7,683,000)	(6,710,131)
	14,080,748	6,439,898

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

	31 December 2010	31 December 2009
Financial lease liabilities	107,639,335	89,488,256
Deferred financial lease liabilities (-)	(23,909,491)	(24,077,431)
	83,729,844	65,410,825



Appendix I

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL, otherwise stated

5 Financial liabilities (continued)

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

	2010		2009	
	Future minimum lease payments	Present value of minimum lease payments	Future minimum lease payments	Present value of minimum lease payments
Less than 1 year	21,763,748	7,683,000	14,080,748	13,150,029
1 - 5 years	94,671,661	20,443,030	74,228,631	57,788,478
5 years and more	12,967,674	3,466,461	9,301,213	31,699,778
	129,403,083	31,592,491	97,810,592	102,638,285
			30,787,561	71,850,723

6 Trade receivables and payables

As at 31 December, trade receivable comprised the following:

	31 December 2010	31 December 2009
Trade receivable	68,529,646	55,154,691
Notes receivable	1,041,068	172,713
Doubtful receivables	5,473,602	4,396,956
Allowance for doubtful receivables (-)	(5,473,602)	(4,396,956)
	69,570,714	55,327,404

Acbadem Sağlık has borrowed a loan amounting to USD 200,000,000 based on an agreement signed between Garanti Bankası on 10 January 2008. The purpose of the loan was funding the constructions in progress and the repayment of existing loans at that time. Acbadem Sağlık has provided 80% of the trade receivables as a guarantee for the outstanding bank loan of USD 196,000,000 of the USD 200,000,000 loan.

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

	31 December 2010		31 December 2009	
	Original Currency Amount	TL Amount	Original Currency Amount	TL Amount
Overdue receivables	9,555,207	4,971,369	9,555,207	4,971,369
Up to 3 month	60,015,507	50,356,035	60,015,507	50,356,035
	69,570,714	55,327,404	69,570,714	55,327,404

As at 31 December 2010, overdue receivables are amounting to TL 9,555,207 (31 December 2009: TL 4,971,369). No allowance has been recorded for these receivables as they were found to be overdue due to commercial reasons and were expected to be collected within a time period. Additionally 90 days overdue is accepted as normal trade term in the sector which the Group operates.

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

	31 December 2010	31 December 2009
Between 1-30 days	3,666,678	1,555,579
Between 31-60 days	1,440,137	1,120,802
61 days and more	4,448,392	2,294,988
	9,555,207	4,971,369



Appendix I

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

6 Trade receivables and payables (continued)

The Group records allowance for doubtful receivable on customer terms. Allowances comprised the customers which are not expected to repay. For the years ended 31 December, the movement of the allowances for doubtful receivable is as follows:

	2010	2009
Beginning balance	4,396,956	3,531,232
Additions	2,166,622	976,840
Collections (-)	(1,088,806)	(111,116)
Write-offs (-)	(1,170)	--
	5,473,602	4,396,956

As at 31 December, short term trade payable comprised the following:

	31 December 2010	31 December 2009
Payable to suppliers	66,160,933	49,820,737
Notes payable	6,259,911	4,963,791
	72,420,844	54,784,528

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

	31 December 2010	31 December 2009
Payable to suppliers	6,255,212	7,960,635
Notes payable	431,848	4,503,253
	6,687,060	12,463,888

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

	31 December 2010	31 December 2009
0 - 3 months	60,419,545	42,243,774
3 months - 1 year	12,001,299	12,540,754
1 year-5 years	6,687,060	12,463,888
	79,107,904	67,248,416



Appendix I

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

7 Other receivables and payables

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

	31 December 2010	31 December 2009
Receivables from tax office	341,238	273,534
Deposits and guarantees given	84,148	71,781
Rent and advances given to other suppliers	--	27,084
Other	50,721	67,286
	476,107	439,685

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

	31 December 2010	31 December 2009
Deposits and guarantees given	250,029	232,809
Other	737,954	1,333,946
	987,983	1,566,755

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

	31 December 2010	31 December 2009
Hospimed Health Corporation*	18,552,000	--
Advances received from patients	1,936,570	1,775,227
Other	38,730	--
	20,527,300	1,775,227

(*) Acibadem Sağlık has increased its shares to 90% by acquiring 40% (400,000 shares) of International Hospital's shares from Hospimed Health Corporation on 27 March 2009.

8 Inventories

As at 31 December, inventories comprised the following:

	31 December 2010	31 December 2009
Medical materials and medicine	13,917,132	11,965,617
Other inventories	268,984	23,667
Provision for slow moving inventories	(39,598)	(126,398)
	14,146,518	11,862,886

At 31 December, inventories are accounted at cost and no inventory was recognized at its net realizable value.

13. ACCOUNTANTS' REPORT (cont'd)

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements
As at and for the years ended 31 December 2010 and 2009
Amounts expressed in TL, otherwise stated

KPMG

9 Property and equipment (continued)

For the period ended 31 December 2009, the movement in property and equipment is as follows:

Cost	Land	Buildings	Machinery and equipments	Vehicles	Furniture and fixture	Leased assets	Leasehold improvements	Other tangible assets	Construction in progress	Total
1 January 2009	19,766,070	105,978,171	228,043,094	2,666,796	47,542,427	17,694,806	81,825,176	523,207	190,904,914	694,944,661
Additions	--	3,848,843	21,788,742	383,637	5,502,557	19,058,930	16,535,839	48,193	66,321,850	133,488,591
Acquisition through business combination	--	11,281,569	2,032,335	50,008	2,142,673	--	--	--	--	15,506,585
Disposals	--	--	(4,282,526)	(27,207)	(2,485,376)	--	(11,950,755)	(7,864)	--	(18,753,728)
Transfer	--	58,706,100	37,229,599	44,970	15,582,220	44,745,498	74,756,759	--	(231,295,927)	(230,781)
As at 31 December 2009	19,766,070	179,814,683	284,811,244	3,118,204	68,284,501	81,499,234	161,167,019	563,536	25,930,836	824,955,328
Accumulated depreciation										
1 January 2009	--	13,145,583	170,938,198	1,344,018	35,304,230	7,891,462	33,821,250	38,901	--	262,485,612
Charge for period	--	3,541,836	25,537,875	474,365	6,905,514	11,273,689	14,077,010	18,980	--	61,829,269
Disposals	--	--	(3,895,967)	(20,740)	(2,347,807)	--	(2,037,064)	--	--	(8,301,578)
As at 31 December 2009	--	16,687,419	192,580,106	1,797,643	39,861,937	19,165,151	45,861,195	57,881	--	316,011,332
Net Book Value										508,943,996

37

13. ACCOUNTANTS' REPORT (cont'd)

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements
As at and for the years ended 31 December 2010 and 2009
Amounts expressed in TL, otherwise stated

KPMG

9 Property and equipment

For the year ended 31 December 2010, the movement in property and equipment is as follows:

Cost	Land	Buildings	Machinery and equipments	Vehicles	Furniture and fixture	Leased assets	Leasehold improvements	Other tangible assets	Construction in progress	Total
1 January 2010	19,766,070	179,814,683	284,811,244	3,118,204	68,284,502	81,499,234	161,167,019	563,536	25,930,836	824,955,329
Additions from acquisitions	--	--	339,368	77,301	705,917	--	543,244	--	--	1,665,830
Additions	11,879,632	1,709,133	6,344,514	1,238,025	4,717,402	17,771,669	14,897,262	--	32,845,645	91,403,282
Disposals	--	--	(2,463,145)	(98,432)	(99,266)	(627,478)	(2,291,552)	--	(280,630)	(5,860,503)
Transfer	--	--	5,709,747	53,128	3,604,697	18,840,215	27,937,277	--	(56,246,487)	(101,423)
As at 31 December 2010	31,645,702	181,523,816	294,741,728	4,388,225	77,213,251	117,483,640	202,253,280	563,536	2,249,366	912,062,515
Accumulated depreciation										
1 January 2010	--	16,687,419	192,580,106	1,797,643	39,861,937	19,165,151	45,861,195	57,881	--	316,011,332
Additions from acquisitions	--	--	12,548	25,683	443,838	--	223,214	--	--	705,283
Charge for period	--	4,154,184	25,273,572	572,295	7,887,346	17,392,554	15,977,811	21,036	--	71,278,798
Disposals	--	--	(2,389,633)	(22,311)	(80,675)	(480,754)	(46,201)	--	--	(3,019,574)
As at 31 December 2010	--	20,841,603	215,476,593	2,373,310	48,112,446	36,076,951	62,016,019	78,917	--	384,975,839
Net book value										527,086,675

Property and equipment amounting to TL 101,423 (2009: TL 230,781) has been transferred to other intangible assets

Capitalized borrowing costs related to the construction of hospitals amounted to TL 338,190 (2009: TL 112,530).

Advances given to suppliers for the hospital construction projects of the Group

As at 31 December 2010, property and equipment have been insured to the extent of TL 848,276,863

For the year ended 31 December 2010, depreciation expenses amounting to TL 68,595,744 has been recognised under cost of revenues and TL 2,576,656 has been included under administrative expenses and TL 106,398 has been included under selling, marketing and distribution expenses (31 December 2009: TL 60,370,491 has been recognised under cost of sales, TL 1,458,778 has been recognised under administrative expenses)

As at 31 December 2010, property and equipment are pledged to the extent of TL 254,881,290 (31 December 2009: TL 248,237,230)

For the year ended 31 December 2010, the Company utilizes property and equipment which have nil net book value on its accounts (31 December 2010 Cost: TL 184,658,966, Accumulated Depreciation: TL 184,658,966) (31 December 2009 Cost: TL 165,598,379, Accumulated Depreciation: TL 165,598,379).



Appendix I

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL, otherwise stated

9 Property and equipment (continued)

Construction in progress

Project	31 December 2010	
	Expenditure Amount (TL)	Total Cost of Project (USD)
Acibadem Ankara Hospital	631,700	30,000,000
Acibadem Bodrum Hospital	1,617,666	20,000,000
	2,249,366	50,000,000

Acibadem Ankara Hospital

According to the agreement at 23 July 2010, the hospital project, which is located in Dikmen District Çankaya in Ankara, will have 16 floors and closed area of 10,000 m². The hospital is planned to be opened in July 2012.

Acibadem Bodrum Hospital

Acibadem Sağlık has a hospital project, which is located Ortakent District in the town of Bodrum in Muğla province with closed area of 11,500 m². The hospital is planned to be opened in June 2012.

10 Intangible assets

For the year ended 31 December 2010, movement in the intangible assets is as follows:

Cost	Other intangible assets		Total
	Rights	assets	
1 January 2010	2,041,462	4,737,282	6,778,744
Additions	315,502	594,752	910,254
Acquisition through business combination	61,058	2,245	63,303
Transfer	10,809	90,614	101,423
31 December 2010	2,428,831	5,424,893	7,853,724

Accumulated Amortization		Total
1 January 2010	1,173,011	
Charge for the year	146,654	455,521
Additions from acquisitions	34,298	34,761
31 December 2010	1,353,963	4,809,866
Net Book Value		3,043,858



Appendix I

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL, otherwise stated

10 Intangible assets (continued)

For the year ended 31 December 2009, movement in the intangible assets is as follows:

Cost	Other intangible assets		Total
	Rights	assets	
1 January 2009	1,403,669	4,329,647	5,732,716
Additions	217,648	179,457	397,105
Transfer from goodwill	428,748	--	428,748
Transfer	--	230,781	230,781
Disposals	(8,003)	(2,603)	(10,606)
31 December 2009	2,041,462	4,737,282	6,778,744

Accumulated Amortization		Total
1 January 2009	1,023,531	
Charge for the year	149,480	346,740
Disposals	--	(2,458)
31 December 2009	1,173,011	4,319,584
Net Book Value		2,459,160

For the year ended 31 December 2010, amortization expenses amounting to TL 455,521 (31 December 2009: TL 496,220) have been included in administrative expenses.

As at 31 December 2010 and 2009, Acibadem Sağlık utilizes intangible assets which have nil net book value on its accounts (31 December 2010 Cost: TL 3,900,693, Accumulated Amortization: TL 3,900,693; 31 December 2009 Cost: TL 3,251,727, Accumulated Amortization: TL 3,251,727).

11 Acquisition of subsidiary and non controlling interests

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

	31 December 2010	31 December 2009
Acibadem Sağlık	773,424,095	773,424,095
International Hospital	39,292,955	39,292,955
Acibadem Poliklinikleri	6,234,605	6,234,605
Konur Sağlık	1,547,107	--
	820,498,762	818,951,655



Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

11 Acquisition of subsidiary and non controlling interests (continued)

Acıbadem Sağlık

Following the formation of its Almond Holding subsidiary in July 2007, the Group entered into several share purchase agreements with the investors of Acıbadem Sağlık and acquired equity shares in the Company to provide the Group with a controlling interest in Acıbadem Sağlık. Goodwill resulting from the acquisition in stages was calculated based on the net assets of Acıbadem Sağlık on each acquisition date and the consideration paid by the Group. The payments for the share purchases were completed via capital increases by the Group based on the fair value of the shares at each acquisition date.

On 16 August 2007, the Group acquired 24.99% of the outstanding equity shares of Acıbadem Sağlık. On 10 January 2008 (on which the control was acquired) and 27 May 2008, the Group acquired additional 49.19% and 17.79% of the outstanding equity shares respectively. As a result of these share purchases, the Group became Acıbadem Sağlık's parent company.

The following summarizes the Group's holdings in Acıbadem Sağlık, the subsequent increases in its holdings and the computation of goodwill at each acquisition date:

1st Acquisition	
Consideration transferred	244,297,803
Subsidiary's net book value (24.99 %)	(33,224,485)
Goodwill (1st acquisition in year 2007)	211,073,318
2nd Acquisition	
Consideration transferred	471,324,121
Subsidiary's net book value (49.19 %)	(64,991,646)
Goodwill (2nd acquisition in year 2008)	406,332,475
3rd Acquisition	
Consideration transferred	177,157,252
Subsidiary's net book value (17.79 %)	(21,138,950)
Goodwill (3rd acquisition in year 2008)	156,018,302
Total Goodwill	773,424,095



Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

11 Acquisition of subsidiary and non controlling interests (continued)

International Hospital

In the accompanying consolidated financial statements, details of the goodwill according to acquisition dates for International Hospital is given below:

1 st Acquisition	2010	2009
Consideration transferred	33,182,500	33,182,500
Subsidiaries net book value (50 %)	(10,054,636)	(10,054,636)
Fair value adjustment of land	(8,983,435)	(8,983,435)
Fair value adjustment of buildings	(6,842,863)	(6,842,863)
Goodwill (1st acquisition on 20 August 2005)	7,301,566	7,301,566
2nd Acquisition	2010	2009
Consideration transferred	53,462,129	53,462,129
Subsidiaries net book value (additional 40%)	(5,535,407)	(5,535,407)
Fair value adjustment of buildings	(11,281,569)	(11,281,569)
Fair value adjustment of furniture and fixtures	(2,032,335)	(2,032,335)
Fair value adjustment of machinery and equipment	(2,142,673)	(2,142,673)
Fair value adjustment of vehicles	(50,008)	(50,008)
Fair value adjustment of rights	(428,748)	(428,748)
Goodwill (2nd acquisition on 27 March 2009)	31,991,389	31,991,389
Total Goodwill	39,292,955	39,292,955

Acıbadem Poliklinikleri

Under the growth strategies of the 'Group', Acıbadem Sağlık acquired 736,802 shares of Acıbadem Poliklinikleri amounting to USD 5,710,217 and those shares correspond 36.84 % of the share capital. Before the acquisition, Acıbadem Sağlık owned 63.15 % of the share capital, so the company increased its share to 99.95% in Acıbadem Poliklinikleri.

The detail of the goodwill computed is as below:

	2010	2009
Consideration transferred	6,948,763	6,948,763
Subsidiaries net book value (additional 36.84 %)	(714,158)	(714,158)
Goodwill	6,234,605	6,234,605



Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

11 Acquisition of subsidiary and non controlling interests (continued)

Kontur Sağlık

As at 13 February 2010, Acıbadem Poliklinikleri, the consolidated subsidiary of the Acıbadem Sağlık purchased the 50 % of the shares of Kontur Sağlık Hizmetleri Anonim Şirketi, a medical center operating in Bursa, Turkey. The detail of the goodwill computed is as below:

	31 December 2010
Acquisition cost	2,046,814
Subsidiaries net book value (50 %)	(499,707)
Goodwill (13 February 2010)	1,547,107

12 Provisions

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

	31 December 2010	31 December 2009
Provision for doctor payments	13,564,343	12,509,028
Lawsuit provisions	3,677,494	869,914
Consultancy commission provisions	669,953	--
Accrued Social Security Institution ("SGK") expenses	286,608	22,538
Provisions for miscellaneous expenses	264,311	194,415
Other	1,271,697	299,583
	19,734,406	13,895,478

There are 72 lawsuits (31 December 2009: 46) against the Group amounting to TL 15,132,129 (31 December 2009: TL 8,988,061) and 118 related to personnel (31 December 2009: 75) amounting to TL 706,034 (31 December 2009: TL 869,914). The Group has provided provisions for the lawsuits which the probability of losing is greater than the probability of winning in the accompanying consolidated financial statements.

The movement of provisions for year ended 31 December 2010 is as follows:

	1 January 2010	Additions	Payments	Reversals	31 December 2010
Provision for doctor payments	12,509,028	13,564,343	(12,509,028)	--	13,564,343
Lawsuit provisions	869,914	2,966,263	(1,58,683)	--	3,677,494
Consultancy commission provisions	--	669,953	--	--	669,953
Provisions for miscellaneous expenses	194,415	264,311	(194,415)	--	264,311
Accrued Social Security Institution ("SGK") expenses	22,538	286,608	(22,538)	--	286,608
Other	299,583	1,271,697	(299,583)	--	1,271,697
	13,895,478	19,023,175	(13,184,247)	--	19,734,406



Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

12 Provisions (continued)

The movement of provisions for year ended 31 December 2009 is as follows:

	1 January 2009	Additions	Payments	Reversals	31 December 2009
Provision for doctor payments	5,688,628	12,509,028	(5,688,628)	--	12,509,028
Lawsuit provisions	442,393	427,521	--	--	869,914
Accrued Social Security Institution ("SGK") expenses	38,637	--	(16,099)	--	22,538
Provisions for miscellaneous expenses	362,456	194,415	(362,456)	--	194,415
Other	99,373	291,147	(90,937)	--	299,583
	6,631,487	13,422,111	(6,158,120)	--	13,895,478

Annotations

There is a decision which was given by the Bakırköy Municipality to demolish the supplement International Hospital building since the amount is immaterial the Group does not book any impairment. On the same property there are two annotations of 99 yearly rent statements in favor of Turkish Electricity Administration ("TEİAŞ"). Additionally, there are two annotations of 99 yearly rent statements in favor of İstanbul Public Transportation Administration ("İETT") and also two annotations in favor of Avcılar Municipality on the land owned by the Group at Avcılar District.

13 Commitments

According to the decision of CMB on 9 September 2009 related to the commitments of publicly owned companies given to the guarantee third party's debts:

The commitments given:

- For their own corporate identities,
- In favor of consolidated subsidiaries,
- In favor of third parties to continue their operations will not be limited.

After the decision is published at the Public Disclosure Platform, publicly owned companies will not give commitments to real people or corporations other than mentioned at the bullets (i) and (ii) above or to third parties other than mentioned at the bullet (iii). If any commitments are already given they will be reduced to nil until 31 December 2014.



Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

I3 Commitments (continued)

As at 31 December 2010, commitments given are as follows:

	31 December 2010	
	TL Equivalents	USD
A. Commitments given on behalf of own corporate identities	--	--
B. Commitments given on behalf of consolidated subsidiaries	1,621,403,205	180,486,000
C. Commitments given on behalf of third parties to continue its operations	--	--
D. Other commitments given - on behalf of parent company	4,397,300	50,000
- on behalf of group companies other than mentioned in bullets B and C	4,397,300	50,000
- on behalf of third parties other than mentioned in bullet ii)	--	--
Total	1,625,800,505	180,536,000

As at 31 December 2009, commitments given are as follows:

	31 December 2009	
	TL Equivalents	USD
A. Commitments given on behalf of own corporate identities	--	--
B. Commitments given on behalf of consolidated subsidiaries	1,398,627,647	180,486,000
C. Commitments given on behalf of third parties to continue its operations	--	--
D. Other commitments given - on behalf of parent company	4,395,285	50,000
- on behalf of group companies other than mentioned in bullets B and C	4,395,285	50,000
- on behalf of third parties other than mentioned in bullet iii)	--	--
Total	1,603,022,932	180,536,000



Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

I3 Commitments (continued)

The total value of mortgages and pledges on the Group's land and buildings are as follows:

Mortgages				31 December 2010 (USD)
Collateral type	Duration	Cause of collateral and place	Pledged asset	
Mortgage 1 st degree	Relevance of the mortgage	Loan Collateral - Garant Bankası	Acıbadem Bursa Hospital	77,000,000
Mortgage 1 st degree	Relevance of the mortgage	Loan Collateral - Garant Bankası	Acıbadem Kızılköyü Building	12,060,000
Mortgage 1 st degree	Relevance of the mortgage	Loan Collateral - Garant Bankası	Acıbadem Kızılköyüli warehouse	2,000,000
Mortgage 1 st degree	Relevance of the mortgage	Loan Collateral - Garant Bankası	Acıbadem Adana Hospital	24,060,000
Mortgage 1 st degree	Relevance of the mortgage	Loan Collateral - Garant Bankası	Cumhuriyetköy Acıbadem Eğitim ve Sosyal Tesisleri	1,330,000
Mortgage 1 st degree	Relevance of the mortgage	Loan Collateral - Garant Bankası	International Hospital	32,000,000
Mortgage 1 st degree	Relevance of the mortgage	Loan Collateral - Garant Bankası	Erikan Apt. various flats and apartments	1,820,000
Mortgage 1 st degree	Relevance of the mortgage	Loan Collateral - Garant Bankası	Manolya Apt. No. 2-3	1,695,000
Mortgage 1 st degree	Relevance of the mortgage	Loan Collateral - Vakıfbank	Acıbadem Kayseri	13,000,000
				164,865,000
Collateral type	Duration	Cause of collateral and place	Pledged asset	31 December 2009 (USD)
Mortgage 1 st degree	Relevance of the mortgage	Loan Collateral - Garant Bankası	Acıbadem Bursa Hospital	77,000,000
Mortgage 1 st degree	Relevance of the mortgage	Loan Collateral - Garant Bankası	Acıbadem Kızılköyüli Building	12,000,000
Mortgage 1 st degree	Relevance of the mortgage	Loan Collateral - Garant Bankası	Acıbadem Kızılköyüli warehouse	2,000,000
Mortgage 1 st degree	Relevance of the mortgage	Loan Collateral - Garant Bankası	Acıbadem Adana Hospital	24,000,000
Mortgage 1 st degree	Relevance of the mortgage	Loan Collateral - Garant Bankası	Cumhuriyetköy Acıbadem Eğitim ve Sosyal Tesisleri	1,330,000
Mortgage 1 st degree	Relevance of the mortgage	Loan Collateral - Garant Bankası	International Hospital	32,000,000
Mortgage 1 st degree	Relevance of the mortgage	Loan Collateral - Garant Bankası	Erikan Apt. various flats and apartments	1,820,000
Mortgage 1 st degree	Relevance of the mortgage	Loan Collateral - Garant Bankası	Manolya Apt. No. 2-3	1,695,000
Mortgage 1 st degree	Relevance of the mortgage	Loan Collateral - Vakıfbank	Acıbadem Kayseri	13,000,000
				164,865,000



Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

13 Commitments (continued)

Pledges

Acıbadem Sağlık has ceded 80% of account receivable and blockage on the bank deposit amounting to TL 16,512,214 related with the bank borrowing from Garanti Bankası. The shares of Acıbadem Sağlık owned by Almond Holding, which constitute 18.62% of Acıbadem Sağlık's capital has been pledged at first degree and 63.82% of Acıbadem Sağlık's shares has been pledged at second degree, 50% share of International Hospital has been pledged at first degree, 99.99% share of Acıbadem Kayseri has been pledged at first degree, 49.99% share of Acıbadem Labmed has been pledged at first degree, 99.92% share of Acıbadem Poliklinikleri has been pledged at first degree.

The Group has given letter of guarantees to different institutions amounting to TL 13,090,385 (2009: TL 7,670,877).

14 Employee benefits

Reserve for Employment Termination Benefits

Under the Turkish Labour Law, the Company and its subsidiaries are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is 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 every employment year and as at 31 December 2010 the ceiling amount has been limited to TL 2,517 (31 December 2009: TL 2,365). Termination benefits is computed and reflected in the financial statements on a current basis. The reserve has been calculated by estimating the present value of future probable obligation of the Company and its Turkish subsidiaries and joint ventures arising from the retirement of the employees. The calculation was based upon the retirement pay ceiling announced by the government.

The provision has been calculated by estimating the present value of the future probable obligation of the Company and its subsidiaries arising from the retirement of employees. IFRSs 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. Consequently, in the accompanying consolidated financial statements as at 31 December 2010, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provision at 31 December 2010 has been calculated assuming an annual inflation rate of 5.10% and a discount rate of 10.00% resulting in a real discount rate of approximately 4.66% (31 December 2009: annual inflation rate of 4.80% and a discount rate of 11.00% resulting in a real discount rate of approximately 5.92%).

	31 December 2010	31 December 2009
Opening balance	1,863,931	6,171,278
Interest cost	3,519,952	1,726,618
Cost of services	653,881	1,649,333
Payments made during the period	(2,629,722)	(1,742,276)
Actuarial gains	(1,296,479)	(5,941,023)
	2,111,563	1,863,930
<i>Provision for employee termination benefits from the acquisition of a subsidiary - for cash flows</i>	(15,876)	---



Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

14 Employee benefits (continued)

Reserve for Employment Termination Benefits (continued)

Actuarial gains or losses arise from the changes in interest rates and changes in expectations about the salary increases. Actuarial differences are recorded as incurred. As at 31 December 2010, TL 2,711,499 of interest cost, cost of services and actuarial gains or losses are recorded as cost of sales (31 December 2009: TL 2,354,686 expense). TL 163,713 is recorded as general administrative expenses (31 December 2009: TL 183,266 expense) and TL 2,142 is recorded as selling, marketing and distribution expenses (31 December 2009: TL 28,030).

15 Post employment benefits

None.

16 Other assets and liabilities

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

	31 December 2010	31 December 2009
Income accrual for SGK receivables	11,905,903	4,724,494
Value added tax receivable	10,471,935	16,501,279
Prepaid rent expenses	5,855,445	215,037
Income accrual for patients	5,054,774	3,526,761
Prepaid advertisement expenses	3,230,830	3,009,813
Prepaid insurance expense	2,947,928	2,480,741
Advances given to personnel	2,399,761	1,625,145
Prepaid taxes and funds	1,591,200	5,158
Advances given for inventory	1,310,437	207,947
Prepaid maintenance expense	173,007	67,115
Job advances	69,103	250,914
Prepaid subscription expense	22,402	14,321
Other	249,836	90,198
	45,882,561	32,718,923

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

	31 December 2010	31 December 2009
Prepaid rent	4,054,360	---
Advances given for fixed assets	1,231,714	830,521
Prepaid insurance	15,590	---
Other	7,483	---
	5,309,147	830,521

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

	31 December 2010	31 December 2009
Social security and taxes payable	12,926,860	8,332,400
Payable to personnel	10,505,163	8,015,423
Deferred rent income	82,032	206,182
	23,514,055	16,554,005



Appendix I

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

As at 31 December 2010, the other long term liabilities amounted to TL 500,388 consist of transfer of salary payment rights. As at 31 December 2009 the balance includes payables to Hospimed arising from the acquisition of International Hospital shares (Note 7).

17 Equity

Paid-in capital

As at 31 December 2010 paid-in capital of the Group is TL 668,000,000 (31 December 2009: TL 668,000,000) made up of 334,000,000 shares classified as A group and 334,000,000 shares classified as B group. As at 31 December 2010 and 2009, the composition of shareholders and their respective percentage of ownership are summarized as follows:

Shareholder's name	31 December 2010		31 December 2009	
	Share (%)	Amount	Share (%)	Amount
Almond Holding Cooperative U A	50.00	334,000,000	50.00	334,000,000
Mehmet Ali Aydınlar	46.41	310,010,990	46.41	310,010,990
Hatice Seher Aydınlar	3.59	23,989,008	3.59	23,989,008
Ethem Erhan Aydınlar	0.00	1	0.00	1
Zeynep Aydınlar	0.00	1	0.00	1
	100.00	668,000,000	100.00	668,000,000

The favorable vote of Group A shares is required in order to decide on an 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.

Pledges on Shares

According to the Share Pledge Agreements which are signed on 10 January 2008 and additional amendments of the agreements which are signed on 6 February 2008 and 6 August 2008, the shares of Almond Holding, Acibadem Sağlık and its subsidiaries were pledged (1st and 2nd degree) on behalf of T. Garanti Bankası as the guarantee of the loans, amounted to USD 200,000,000 for Acibadem Sağlık and USD 200,000,000 for Almond Holding.

*Reserves**(i) 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 CMB regulations, a further 1/10 of dividend distributions, in excess of 5 percent of paid-in capital is to be appropriated to increase second legal reserves. 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 capital are to be appropriated to increase second legal reserves. Under the TCC, 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. As at 31 December 2010, the Group's legal reserves amount to TL 2,541,510 (31 December 2009: TL 1,848,872).

(ii) Share Premium

Share premium arises from the initial public offering of Acibadem Sağlık in Istanbul Stock Exchange. Share premium cannot be distributed.



Appendix I

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

17 Equity (continued)

Dividend distribution:

Publicly traded companies distribute dividends based on the Capital Market Board ("CMB") regulations as explained below:

According to CMB's decision on 27 January 2010 numbered 02/51 Companies traded on the stock exchange market are not obliged to distribute a specified amount of dividends (2009: 20 percent). For companies that will distribute dividends, in relation to the resolutions in their general meeting the dividends may be in cash, may be bonus shares by adding the profit into equity, or may be mixture of cash and bonus shares, it is also permitted not to distribute determined first party dividends falling below 5 percent of the paid-in capital of the company but, companies that increased capital before distributing the previous year's dividends and as a result their shares are separated as "old" and "new" are obliged to distribute first party dividends in cash.

There is no requirement for profit distribution in year 2010 since in the consolidated financial statements of Acibadem Sağlık which is publicly traded subsidiary there is no distributable profit after netting off with the accumulated losses.

Retained Earnings / (Accumulated Losses)

	31 December 2010	31 December 2009
Extraordinary reserves	42,835,820	23,706,024
Retained earnings / (Accumulated losses)	(204,750,215)	(170,191,917)
	(161,914,395)	(146,485,893)

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

	2010	2010
Beginning balance	(146,485,893)	
Change in non-controlling interest	(5,761,782)	
Transfer of period profit to retained earnings	(9,666,720)	
	(161,914,395)	(161,914,395)



Appendix I

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

18 Revenues

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

	2010	2009
Domestic sales	812,136,178	623,503,982
Unearned finance expense	(3,151,060)	(2,937,912)
Sales returns and discounts	(77,402,588)	(61,738,117)
Net sales	731,582,530	558,827,953
Cost of revenues	(586,157,703)	(476,837,534)
Gross profit	145,424,827	81,990,419

19 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:

	2010	2009
Advertisement and sponsorship expenses	19,225,656	14,385,953
Commission expenses	5,090,999	1,498,549
Personnel expenses	4,208,630	2,866,797
Representation expenses	1,006,434	189,741
Consultancy expense	871,289	424,037
Publishing expenses	811,851	560,212
Travel expenses	579,278	278,751
Vehicle rent expenses	210,190	---
Mail, newspaper, magazine expenses	180,096	29,897
Depreciation and amortization	106,398	---
Other	305,310	45,050
General administration expenses	32,596,131	20,278,987

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

	2010	2009
Personnel expenses	23,609,219	21,104,394
Consultancy, legal, notary expenses	5,151,724	5,288,345
Depreciation and amortization	3,032,177	1,954,998
Communication and other office expenses	2,358,418	1,350,950
Rent expense	1,416,014	1,479,562
Energy expenses	1,302,346	598,190
Cleaning and meal expenses	1,240,902	1,227,622
Representation and travel expenses	889,192	644,160
Repair and maintenance expenses	630,277	664,971
Other	2,353,152	2,205,564
Other	41,983,421	36,518,756



Appendix I

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

20 Expenses by nature

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

	2010	2009
Amortization and depreciation expenses		
Cost of revenues	68,495,744	60,370,491
General administrative expenses	3,032,177	1,954,998
Selling, marketing and distribution expenses	106,398	---
	71,734,319	62,325,489
Personnel expenses		
Cost of revenues	313,994,521	249,953,212
General administrative expenses	23,609,219	21,104,394
Selling, marketing and distribution expenses	4,208,630	2,866,797
	341,812,370	273,924,403

21 Other operating income and expenses

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

	2010	2009
Insurance compensation gain (*)	2,302,306	1,863,204
Recovery of impairment for doubtful receivables	734,322	112,943
Premium from bank related salary payment right assignment (**)	468,007	309,583
Gain on sale of fixed assets	325,761	1,274,459
Other income	1,666,263	725,917
	5,496,659	4,286,106

(*) The gain obtained from the insurance companies when equipments are damaged during transportation.

(**) The premium arose from the change of the bank from which salary payments are made.

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

	2010	2009
Damage loss (*)	3,034,808	2,617,590
Provision for the lawsuits	2,988,143	409,996
Allowance for doubtful receivable	2,166,622	976,840
Donations	1,372,777	448,520
Loss on sale of property and equipment	90,828	123,523
Other	1,566,650	73,886
	11,219,828	4,650,355

(*) Losses incurred when equipments are damaged during transportation.

22 Financial income

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

	2010	2009
Imputed interest on cost of revenue	3,058,162	2,680,638
Discount on trade payables	1,075,127	936,124
Interest income on time deposits	812,766	1,159,078
Other financial income	23,303	29,611
	4,969,358	4,805,451

Appendix I

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

23 Financial expenses

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

	2010	2009
Interest expense on bank loans	39,162,844	37,658,728
Foreign exchange loss, net	25,456,064	3,563,276
Finance lease interest expense	5,877,668	4,132,255
Credit card commission expenses	5,411,959	4,973,543
Net change in fair value of derivatives	4,299,190	1,625,746
Actuarial interest cost	3,519,952	1,736,618
Imputed interest on revenue	909,554	2,544,965
Letter of credit and other bank commission expenses	622,195	864,586
Change in fair value of forward transactions	96,928	1,141,180
Other	118,687	380,514
	85,475,041	58,611,411

(*) Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in net gain or loss position.

24 Tax assets and liabilities

Corporate tax

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilised. In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate at 31 December 2010 is 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 is no procedure for a final and definitive 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.



Appendix I

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

24 Tax assets and liabilities (continued)

Investment allowance

The Temporary Article 69 added to the Income Tax Law no.193 with the Law no.5479, which became effective starting from 1 January 2006, upon being promulgated in the Official Gazette no.26133 dated 8 April 2006, stating that taxpayers can deduct the amount of the investment allowance exemption which they are entitled to according to legislative provisions effective at 31 December 2005 (including rulings on the tax rate) only from the taxable income of 2006, 2007 and 2008. Accordingly, the investment allowance practice was ended as of 1 January 2006. At this perspective, an investment allowance which cannot be deducted partially or fully in three years time was not allowed to be carried forward to the following years and became unavailable as of 31 December 2008. On the other side, the Article 19 of the Income Tax Law was annulled and the investment allowance practice was ended as of 1 January 2006 with effectiveness of the Article 2 and the Article 15 of the Law no.5479 and the investment allowance rights on the investment expenditures incurred during the period of 1 January 2006 and 8 April 2006 became unavailable.

However, at 15 October 2009, the Turkish Constitutional Court decided to cancel the clause no.2 of the Article 15 of the Law no.5479 and the expressions of "2006, 2007, 2008" in the Temporary Article 69 related to investment allowance mentioned above that enables effectiveness of the Law as of 1 January 2006 rather than 8 April 2006, since it is against the Constitution. Accordingly, the time limitations for the carried forward investment allowances that were entitled to in the previous period of mentioned date and the limitations related with the investments expenditures incurred between the issuance date of the Law promulgated and 1 January 2006 were eliminated. According to the decision of Turkish Constitutional Court, cancellation related with the investment allowance became effective with promulgation of the decision on the Official Gazette and the decision of the Turkish Constitutional Court was promulgated in the Official Gazette no.27456 dated 8 January 2010.

According to the decision mentioned above, the investment allowances carried forward to the year 2006 due to the lack of taxable income and the investment allowances earned through the investments started before 1 January 2006 and continued after that date constituting economic and technical integrity will be used not only in 2006, 2007 and 2008, but also in the following years. In addition, 40% of investment expenditures that are realized between 1 January 2006 and 8 April 2006, within the context of the Article 19 of the Income Tax Law will have the right for investment allowance exemption.

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

	31 December 2010	31 December 2009
Corporate tax provision	8,419,341	1,848,029
Prepaid taxes and funds	(5,765,515)	(990,903)
	2,653,826	857,126

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

	2010	2009
Current year corporate tax provision	(8,419,341)	(1,848,029)
Reversal for the excess of the previous year tax provision	---	1,269,546
Deferred tax credit / (charge)	329,511	19,259,106
	(8,089,830)	18,680,623



Appendix I

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL, otherwise stated

24 Tax assets and liabilities (continued)

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:

	2010	%	2009	%
Profit/(loss) before tax	(15,383,577)		(28,977,534)	
Tax rate	20		20	
Taxes on reported profit per statutory tax rate	3,076,715	(20.00)	5,795,507	(20.00)
Non-deductible expenses	(280,101)	1.82	(1,368,502)	4.72
Tax exempt income	132,109	(0.86)	495,036	(1.71)
Tax exception on investment allowance	--	--	13,085,154	(45.16)
Recognition of previously unrecognized tax losses	--	--	4,117,304	(14.21)
Tax penalty charge	(3,734,431)	24.28	22,495	(0.08)
Statutory tax losses for which no deferred tax assets recognized	(6,728,996)	43.74	(5,217,176)	18.00
Other	(555,126)	3.04	1,750,805	(6.04)
Taxation credit/(charge)	(8,089,830)	52.02	18,680,623	(64.48)

Deferred tax assets and liabilities

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements prepared in accordance with the Communiqué No: XI-29 and the statutory tax financial statements. Related temporary differences are subject to different period records according to articles and to tax laws for profit and loss items.

According to the decision of the Turkish Constitutional Court promulgated in the Official Gazette no.27456 dated 8 January 2010, the investment allowances carried forward to the year 2006 due to the lack of taxable income and the investment allowances earned through the investments started before 1 January 2006 and continued after that date constituting economic and technical integrity will be used not only in 2006, 2007 and 2008, but also in the following years. In addition, 40% of investment expenditures that are realized between 1 January 2006 and 8 April 2006, within the context of the Article 19 of the Income Tax Law will have the right for investment allowance exemption. As per this decision, the Group has provided deferred tax asset amounting to TL 13,330,831 over the investments the started before 1 January 2006 and continued after that date constituting economic and technical integrity amounting to TL 66,654,156.

Deferred tax assets and liabilities deducted for the factors that there is a legally applicable right to deduct the current year tax assets and liabilities and there is intent of the occurrence of the current year tax assets and liabilities concurrently are valid.

The unrecorded deferred taxes are re-evaluated at every balance sheet date. If it is possible to make profits in the future the unrecorded deferred tax assets are reflected to the financial statements



Appendix I

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL, otherwise stated

24 Tax assets and liabilities (continued)

Deferred tax assets and liabilities (continued)

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

	31 December 2010	31 December 2009
	Deferred tax base	Deferred tax base
	Deferred tax asset/(liability)	Deferred tax asset/(liability)
Property, equipment and intangible assets	(6,063,145)	3,718,200
Financial liabilities	(2,435,875)	(1,000,616)
Employee benefits	2,111,554	1,863,930
Investment allowance	66,634,156	66,808,353
Trade and other receivables	(10,646,766)	(3,810,519)
Financial investments at fair value	4,396,119	2,618,813
Provisions	16,769,442	13,576,000
Tax loss carry-forwards	36,619,494	21,983,262
	107,404,981	105,757,423
	31 December 2010	31 December 2009
Deferred tax assets	25,441,111	22,113,712
Deferred tax liabilities	(3,960,115)	(962,227)
Deferred tax assets, net	21,480,996	21,151,485

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

	2010	2009
Beginning balance	21,151,485	1,892,379
Period tax credit/(expense)	329,511	19,259,106
Ending balance	21,480,996	21,151,485
Deferred tax charges from the acquisition of a subsidiary – for cash flows	7,776	--

Unrecognized deferred tax assets

Deferred tax asset amounting to TL 6,728,996 (31 December 2009: TL 5,217,176) has not been recognized in respect of the current year statutory tax losses, because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

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 anticipated that there will be taxable profits in the following years. Therefore, as at 31 December 2010, deferred tax asset is recognized in the accompanying consolidated financial statements for tax losses carried forward amounting to TL 36,619,494 (31 December 2009: TL 21,983,262).

Expiration dates of tax losses are as follows:

	31 December 2010	31 December 2009
2015	17,151,501	--
2014	17,853,331	18,792,954
2013	995,117	(1,033,252)
2012	37,985	7,929
2011	581,560	573,482
2010	--	1,575,645
	36,619,494	21,983,262

Appendix I

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements
As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL, otherwise stated

25 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:

	2010	2009
Net income/ (loss) for the year	(23,108,139)	(9,666,720)
Weighted average number of shares	668,000,000	668,000,000
Basic and Diluted Earnings/ (losses) per 1,000 Shares	(34.593)	(14.471)

26 Related parties

Since intra-group balances and transactions between the Company and its subsidiaries are eliminated at the preparation of the consolidated financial statements they are not disclosed in this note.

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

	31 December 2010	31 December 2009
Trade receivables	8,655,743	6,803,649
Other receivables	36,867	403,264
	8,692,610	7,206,913

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

	31 December 2010	31 December 2009
Trade payables	9,571,893	7,098,836
Other payables	503,601	2,025,806
	10,075,494	9,124,642



Appendix I

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements
As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL, otherwise stated

26 Related parties (continued)

Due from related parties

	31 December 2010		31 December 2009	
	Trade Receivable	Other Receivable	Trade Receivable	Other Receivable
Shareholders				
Mehmet Ali Aydınlar	--	149	--	--
Said Haifawi	--	--	--	155,751
Related companies				
Acibadem Sigorta	7,438,385	735	5,627,790	165,932
Çukurova Bilim	939,510	--	941,508	566
Acibadem Diş	185,569	13,068	195,925	33,647
Acibadem Holding	24,988	--	22,751	--
Acibadem Üniversitesi	5,312	--	8,385	--
Akademia	17,342	1,668	7,090	28,120
Aydınlar Sağlık Hizmetleri	24,637	882	--	--
Aplus	--	17,692	200	2,339
Telepati Tanıtım	--	2,141	--	--
BLAB	--	266	--	265
Kerem Aydınlar Vakfı	--	266	--	15,226
Acibadem Vakfı	--	--	--	1,268
Acibadem Proje	--	--	--	150
	8,655,743	36,867	6,803,649	403,264

Transactions with Acibadem Sigorta include receivables from the treatment of Acibadem Sigorta's customers at Acibadem hospitals and outpatient clinics.

Acibadem Proje pertains amounts billed to Acibadem Sağlık for planning, design and construction work of new Acibadem facilities including improvements for existing facilities

A Plus is related to the laundry, catering and cleaning services provided at various Acibadem hospitals and outpatient clinics.

Telepati Tanıtım is giving services for advertising services rendered to promote Acibadem brand on various media channels.

Due to related parties

	31 December 2010		31 December 2009	
	Trade Payable	Other Payable	Trade Payable	Other Payable
Shareholders				
Mehmet Ali Aydınlar	--	15,461	--	15,058
Hatice Seher Aydınlar	--	1,546	--	1,506
Said Haifawi	--	36,070	--	--
Other	--	1,755	--	1,729
Related companies				
Acibadem Projec (1)	1,373,412	38,277	3,284,209	7,513
Aplus (2)	6,454,852	--	2,484,234	--
Telepati Tanıtım (3)	912,545	--	689,902	--
Acibadem Diş	440,519	77,503	298,595	--
Acibadem Sigorta	278,768	332,536	209,584	--
Acibadem Holding	111,737	437	128,520	2,000,000
Acibadem Vakfı	--	16	--	--
Acibadem Üniversitesi	60	--	3,792	--
Çukurova Bilim	--	--	--	--
	9,571,893	503,601	7,098,836	2,025,806



Appendix I

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements
As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

26

Related parties (continued)

Related party transactions (Sales)

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

	2010		
	Services	Fixed Assets	Others
Acibadem Sigorta	52,252,824	--	499,616
Çukurova Bilim	935,132	--	3,600
Acibadem Holding	225,857	700	--
Aplus	41,614	--	145,343
Acibadem Proje Yönetimi	1,910	--	178,088
Akademia	128	--	--
Acibadem Diş	107	--	48,037
Aydımlar Sağlık Hizmetleri	--	--	90,920
Telepati Tanıtım	--	--	62,400
	53,457,572	700	1,028,004

	2009		
	Services	Fixed Assets	Others
Acibadem Sigorta	39,290,897	--	379,254
Çukurova Bilim	380,555	--	--
Acibadem Holding	201,096	--	--
Acibadem Diş	158,395	--	--
Aplus	69,638	--	453,952
Acibadem Proje Yönetimi	17,924	--	159,378
Telepati Tanıtım	70	--	60,000
	40,118,575	70	1,052,584

Related party transactions (Purchases)

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

	2010		
	Services	Fixed Assets	Others
Aplus	34,187,926	--	111,502
Acibadem Proje	30,773,162	76,494	--
Acibadem Sigorta	5,946,472	--	467,487
Telepati Tanıtım	5,261,870	--	--
Acibadem Diş	489,932	--	--
Acibadem Holding	182,808	--	--
Akademia	47	--	--
	76,842,217	76,494	578,989



Appendix I

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements
As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

26

Related parties (continued)

Related party transactions (Purchases) (continued)

	2009		
	Services	Fixed Assets	Others
Acibadem Proje	26,320,272	26,152	--
Aplus	20,253,392	--	--
Acibadem Sigorta	4,877,446	--	475,692
Telepati Tanıtım	2,998,289	--	--
Acibadem Diş	954,444	--	--
Çukurova Bilim	141,112	--	--
BLAB	105,258	--	--
Acibadem Holding	22,618	--	29,264
Akademia	3,327	--	80,397
	55,676,158	106,549	504,956

Guarantees and similar obligations

As at 31 December 2010, the details of the guarantees given as security for the credits used by the parties are as follows:

On behalf of	Date	Currency type	Amount (Foreign Currency)	Amount (TL)
Aplus	20.09.2006	TL	--	150,000
Aplus	06.09.2007	TL	--	420,000
Aplus	05.10.2007	TL	--	200,000
Aplus	12.02.2008	TL	--	500,000
Acibadem Proje	28.12.2005	TL	--	200,000
Acibadem proje	27.01.2005	USD	50,000	77,300
Acibadem Holding	12.04.2005	TL	--	2,850,000
				4,397,300

As at 31 December 2010, the Acibadem Poliklinikleri, consolidated subsidiary has given guarantees on behalf of Acibadem Holding A.Ş., one of the other related parties, regarding to cash credit line up to TL 2,850,000 from İş Bankası, on behalf of International Hospital regarding to cash credit line up to TL 4,089,858 and cash credit line up to USD 2,000,000 from İş Bankası; and on behalf of Acibadem Kayseri to cash credit line up to TL 3,024,000 from Vakıflar Bankası, which are available for use in the future.

As at 31 December 2010, Mehmet Ali Aydınlar, shareholder of Acibadem Sağlık and Acibadem Poliklinikleri, consolidated subsidiary gave guarantees on behalf of Acibadem Sağlık regarding to the cash credit line up to TL 1,760,181 and non-cash credit line up to USD 7,887,794 (LC) from İş Bankası which are available for use in the future.

Key management compensation

For the year ended 31 December 2010, sum of the compensation to key management is TL 7,412,679 (2009: TL 3,175,108). Total compensation amount contains wages and salaries paid to the key management.

Donations

For the year ended 31 December 2010 and 2009, the Group made donations to Acibadem University amounting to TL 1,372,777 and TL 441,020, respectively.



Appendix I

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

27 Nature and Level of Risks Arising from Financial Instruments

Financial Risk Management Policies

The main financial instruments of the Group are bank loans, receivables, payables, cash and short term bank deposits. 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 17, 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 previous period's.

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 6).



Appendix I

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

27 Nature and Level of Risks Arising from Financial Instruments

Credit risk (continued)

As at 31 December 2010, credit risk details are as follows:

	Receivables				Bank deposits	Other
	Trade receivables		Other receivables			
	Related party	Other party	Related party	Other party		
31 December 2010						
- Maximum exposure to credit risk at the reporting date (A+B+C+D+E)	8,655,743	69,570,714	36,867	1,464,090	23,269,309	2,325,072
- Secured portion of maximum credit risk with collateral	--	--	--	--	--	--
A. Carrying amount of financial assets that are not overdue and not impaired	8,655,743	60,015,507	36,867	1,464,090	23,269,309	2,325,072
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	--	9,555,207	--	--	--	--
- Carrying amount secured with collateral	--	--	--	--	--	--
D. Carrying amount of assets that are impaired	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	5,473,602	--	--	--	--
- Impairment (-)	--	(5,473,602)	--	--	--	--
- 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	--	--	--	--	--	--

13. ACCOUNTANTS' REPORT (cont'd)

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements
As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

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

Liquidity risk (continued)

The tables listed below are representing the maturities of non-derivative financial liabilities.

As at 31 December 2010, maturities of non-derivative financial liabilities are as follows:

Contractual maturities	Carrying value	Total cash outflow per agreement (=I+II+III+IV)	Less than 3	Between 3-12	Between 1-5	Over 5 years	Without maturity
			months (I)	months (II)	years (III)	(IV)	
Non-derivative financial liabilities							
Financial liabilities	758,725,304	828,186,531	46,029,958	47,167,258	623,544,420	111,444,895	--
Financial lease liabilities	97,810,592	129,403,083	2,934,928	18,828,820	94,671,661	12,967,674	--
Expected maturities	Carrying value	Expected total cash out flow (=I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	Over 5 years (IV)	Without maturity
Non-derivative financial liabilities							
Trade payables	79,107,904	79,709,086	60,878,704	12,037,193	6,793,189	--	--
Due to related parties	9,571,893	9,658,830	9,371,924	286,906	--	--	--
Other payables (*)	29,599,494	29,599,494	10,543,893	19,055,601	--	--	--

(*) Other payables comprise, other liabilities amounting to TL 23,514,055, other payables amounting to TL 20,527,300 excluding social security tax payables, deferred rent income and advances received.

Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

27 Nature and Level of Risks Arising from Financial Instruments (continued)

Credit risk (continued)

	Receivables				Bank deposits	Other
	Trade receivables Related party	Other receivables Related party	Other receivables Other party	Other receivables Other party		
31 December 2009	6,803,649	55,327,404	403,264	2,006,440	18,774,434	636,705
Maximum exposure to credit risk at the reporting date (A+B+C+D+E)	6,803,649	55,327,404	403,264	2,006,440	18,774,434	636,705
- Secured portion of maximum credit risk with collateral	--	--	--	--	--	--
A. Carrying amount of financial assets that are not overdue and not impaired	6,803,649	50,356,035	403,264	2,006,440	18,774,434	636,705
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	--	4,971,369	--	--	--	--
- Carrying amount secured with collateral	--	--	--	--	--	--
D. Carrying amount of assets that are impaired	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	4,396,956	--	--	--	--
- Impairment (-)	--	(4,396,956)	--	--	--	--
- 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.



Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements
As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

27

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, CHF 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 2010 and 2009, the net foreign currency position of the Group is TL 835,235,230, and TL 785,318,796 (short) position, respectively.

	31 December 2010	31 December 2009
Foreign currency denominated assets	3,644,951	2,213,435
Foreign currency denominated liabilities	(855,259,958)	(808,612,051)
Foreign currency derivatives	(851,615,007)	(806,398,596)
Net foreign currency position	16,379,777	21,079,800
	(835,235,230)	(785,318,796)

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements
As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

27

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

Liquidity risk (continued)

As at 31 December 2009, maturities of non-derivative financial liabilities are as follows:

Contractual maturities	Carrying value	Total cash outflow per agreement (=I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	Over 5 years (IV)	Without maturity
Non-derivative financial liabilities							
Financial liabilities	703,264,450	837,553,935	6,301,476	38,414,062	256,962,535	535,875,844	--
Financial lease liabilities	71,850,723	102,638,285	2,431,357	10,718,672	57,788,478	31,699,778	--
Expected maturities	Carrying value	Expected total cash out flow (=I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	Over 5 years (IV)	Without maturity
Non-derivative financial liabilities							
Trade payables	67,248,416	67,796,865	42,588,296	12,643,031	12,565,538	--	--
Due to related parties	7,098,836	7,142,727	4,486,883	1,332,004	1,323,840	--	--
Other payables (*)	28,919,599	28,919,599	8,015,423	2,025,806	18,878,370	--	--

(*) Other payables comprise, other liabilities amounting to TL 16,554,005, other payables amounting to TL 1,775,227, other non-current liabilities amounting to TL 18,878,370, excluding social security and tax payables, deferred rent income and advances received.



13. ACCOUNTANTS' REPORT (cont'd)

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements
As at and for the years ended 31 December 2010 and 2009
Amounts expressed in TL otherwise stated

KPMG

27 Nature and level of risks arising from financial instruments (continued)
Market risk (continued)

17. Non-Current Liabilities (14+15+16)	770,424,490	447,995,333	14,511,689	-	29,254,048	--
18. Total Liabilities (13+17)	855,259,958	488,619,450	21,434,076	547	34,026,291	--
19. Off balance sheet foreign currency denominated derivatives net assets/liabilities position (19a-19b)	16,379,777	10,594,940	--	--	--	--
19a. Off balance sheet foreign currency denominated derivatives assets amount	16,379,777	10,594,940	--	--	--	--
19b. Off balance sheet foreign currency denominated derivatives liabilities amount	--	--	--	--	--	--
20. Net foreign currency denominated assets/(liabilities) position (9-18+19)	(835,235,230)	(477,249,347)	(20,244,596)	2,126	(34,024,586)	--
21. Monetary accounts net foreign currency denominated assets/(liabilities) position (1+2a+5+6a-10-11-12a-14-15-16a)	(851,617,009)	(487,844,287)	(20,244,596)	2,126	(34,025,804)	--
22. Fair value of hedging financial instruments	--	--	--	--	--	--
23. Hedged foreign currency denominated assets	--	--	--	--	--	--
24. Hedged foreign currency denominated liabilities	--	--	--	--	--	--
25. Export	--	--	--	--	--	--
26. Import	--	--	--	--	--	--

67

13. ACCOUNTANTS' REPORT (cont'd)

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements
As at and for the years ended 31 December 2010 and 2009
Amounts expressed in TL otherwise stated

KPMG

27 Nature and level of risks arising from financial instruments (continued)
Market risk (continued)

FOREIGN CURRENCY POSITION						
CONSOLIDATED	31 December 2010					
	TL Equivalent (Functional currency)	USD	Euro	GBP	CHF	Other
1. Trade receivables	287	186	-	-	-	--
2a. Monetary financial assets (include cash and bank deposit)	2,904,708	774,977	829,344	2,673	487	--
2b. Non-monetary financial assets	-	-	-	-	-	--
3. Other	2,002	-	-	-	1,218	--
4. Current Assets (1+2+3)	2,906,997	775,163	829,344	2,673	1,705	--
5. Trade receivables	-	-	-	-	-	--
6a. Monetary financial assets	737,954	-	360,136	-	-	--
6b. Non-monetary financial assets	-	-	-	-	-	--
7. Other	-	-	-	-	-	--
8. Non Current Assets (5+6+7)	737,954	-	360,136	-	-	--
9. Total Assets (4+8)	3,644,951	775,163	1,189,480	2,673	1,705	--
10. Trade payables	10,452,615	3,077,757	2,778,340	547	-	--
11. Financial liabilities	55,830,853	25,546,360	4,144,047	-	4,772,243	--
12a. Other monetary liabilities	18,552,000	12,000,000	-	-	-	--
12b. Other non-monetary liabilities	-	-	-	-	-	--
13. Current Liabilities (10+11+12)	84,835,468	40,624,117	6,922,387	547	4,772,243	--
14. Trade payables	6,310,079	3,500,000	438,768	-	-	--
15. Financial liabilities	764,114,411	444,495,333	14,072,921	-	29,254,048	--
16a. Other monetary liabilities	-	-	-	-	-	--
16b. Other non-monetary liabilities	-	-	-	-	-	--

66

13. ACCOUNTANTS' REPORT (cont'd)

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements
As at and for the years ended 31 December 2010 and 2009
Amounts expressed in TL otherwise stated

27. Nature and level of risks arising from financial instruments (continued)						
Market risk (continued)						
18. Total Liabilities (13+17)	808,612,051	479,254,152	18,294,309	2,637	32,757,092	-
19. Off balance sheet foreign currency denominated derivatives net assets/liabilities position (19a-19b)	21,079,800	14,000,000	-	--	--	-
19a. Off balance sheet foreign currency denominated derivatives assets amount	21,079,800	14,000,000	--	-	-	-
19b. Off balance sheet foreign currency denominated derivatives liabilities amount	-	-	-	-	-	--
20. Net foreign currency denominated assets /(liabilities) position (9-18+19)	(785,318,796)	(464,760,745)	(17,629,774)	11,701	(32,756,622)	-
21. Monetary accounts net foreign currency denominated assets /(liabilities) position (1+2a+5+6a-10-11-12a-14-15-16a)	(806,398,596)	(478,760,745)	(17,629,774)	11,701	(32,756,622)	-
22. Fair value of hedging financial instruments	-	-	-	-	-	--
23. Hedged foreign currency denominated assets	-	-	-	-	-	--
24. Hedged foreign currency denominated liabilities	-	-	-	-	-	--
25. Export	-	-	-	-	-	--
26. Import	-	-	-	-	-	--

13. ACCOUNTANTS' REPORT (cont'd)

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements
As at and for the years ended 31 December 2010 and 2009
Amounts expressed in TL otherwise stated

27 Nature and level of risks arising from financial instruments (continued)
Market risk (continued)

	FOREIGN CURRENCY POSITION					
	TL Equivalent (Functional currency)	31 December 2009				
CONSOIDATED		USD	Euro	GBP	CHF	Other
1. Trade receivables	1,624	146	650	-	-	-
2a. Monetary financial assets (include cash and bank deposit)	915,651	493,261	63,885	14,338	470	-
2b. Non-monetary financial assets	-	-	-	-	-	--
3. Other	-	-	-	-	-	--
4. Current Assets (1+2+3)	917,275	493,407	64,535	14,338	470	-
5. Trade receivables	-	-	-	-	-	--
6a. Monetary financial assets	1,296,180	-	600,000	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	--
7. Other	-	-	-	-	-	--
8. Non Current Assets (5+6+7)	1,296,180	-	600,000	-	-	-
9. Total Assets (4+8)	2,213,455	493,407	664,535	14,338	470	--
10. Trade payables	18,335,426	4,295,132	5,490,879	2,637	-	-
11. Financial liabilities	27,428,720	13,239,109	3,347,557	-	181,387	-
12a. Other monetary liabilities	20,835,326	13,837,634	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-	-	--
13. Current Liabilities (10+11+12)	66,599,472	31,371,875	8,838,436	2,637	181,387	-
14. Trade payables	7,950,546	4,000,000	892,351	-	-	-
15. Financial liabilities	734,062,033	443,882,277	8,563,522	-	32,575,705	-
16a. Other monetary liabilities	--	-	-	-	-	--
16b. Other non-monetary liabilities	-	-	-	-	-	--
17. Non-Current Liabilities (14+15+16)	742,012,579	447,882,277	9,455,873	-	32,575,705	-



Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

27

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

Market risk (continued)

The foreign currency risk of the Group is 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. Furthermore, Acıbadem Sağlık hedges 18 months portion of principals and the related interest payments related to the long term bank loans of USD 200,000,000 used from Garanti Bankası at the "Future Transactions Market".

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

Foreign currency sensitivity analysis				
31 December 2010				
	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	(75,420,727)	75,420,727	--	--
2- Hedged amount against USD Dollar risk (-)	1,637,978	(1,637,978)	--	--
3- Net effect of USD (1+2)	(73,782,749)	73,782,749	--	--
Change of Euro exchange rate against TL by 10%:				
4- Euro denominated net assets/liabilities	(4,148,320)	4,148,320	--	--
5- Hedged amount against Euro risk (-)	--	--	--	--
6- Net effect of Euro (4+5)	(4,148,320)	4,148,320	--	--
Change of other currencies against TL by 10%:				
7- Other foreign currency denominated net assets/liabilities	(5,592,454)	5,592,454	--	--
8- Hedged amount against other foreign risk (-)	--	--	--	--
9- Net effect of other foreign currency (7+8)	(5,592,454)	5,592,454	--	--
TOTAL (3+6+9)	(83,523,523)	83,523,523	--	--



Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

27

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

Market risk (continued)

Foreign currency sensitivity analysis				
31 December 2009				
	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	(72,087,005)	72,087,005	--	--
2- Hedged amount against USD Dollar risk (-)	2,107,980	(2,107,980)	--	--
3- Net effect of USD (1+2)	(69,979,025)	69,979,025	--	--
Change of Euro exchange rate against TL by 10%:				
4- Euro denominated net assets/liabilities	(3,808,560)	3,808,560	--	--
5- Hedged amount against Euro risk (-)	--	--	--	--
6- Net effect of Euro (4+5)	(3,808,560)	3,808,560	--	--
Change of other currencies against TL by 10%:				
7- Other foreign currency denominated net assets/liabilities	(4,744,294)	4,744,294	--	--
8- Hedged amount against other foreign risk (-)	--	--	--	--
9- Net effect of other foreign currency (7+8)	(4,744,294)	4,744,294	--	--
TOTAL (3+6+9)	(78,531,880)	78,531,880	--	--



Appendix I

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

27 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 liabilities. As part of its fund management policy, the interest risk of interest bearing assets is 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.

Additionally, as at 31 December 2010, the Company has interest rate swap transactions which are hedging USD 88,200,000 portion of outstanding USD 196,000,000 credit used from Garanti Bankası from the risk of interest rate changes. The interest rate position table is as follows:

Interest rate position		31 December 2010	31 December 2009
Fixed interest bearing financial instruments			
Financial assets	Time deposits	18,249,666	17,363,607
Financial liabilities		136,307,040	85,698,905
Variable interest bearing financial instruments			
Financial assets		--	--
Financial liabilities		716,508,037	686,602,929

As at 31 December 2010, interest bearing assets and liabilities consist of bank loan, bank deposits and financial lease, after deducting the effect of the above-mentioned interest swap, if the interest rates applied to Group increase by 1 percent, the net profit of the period will decrease by TL 5,617,529; if the interest rates applied to Group decrease by 1 percent, the net profit of the period will increase by TL 5,617,529.

28 Financial Instruments: Fair Value Disclosure

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

	Note	2010		2009	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets					
Cash and cash equivalents(*)	4	25,594,381	25,594,381	19,411,139	19,411,139
Trade receivables	6	69,570,714	69,570,714	55,327,404	55,327,404
Trade receivables from related parties	26	8,655,743	8,655,743	6,803,649	6,803,649
Other receivables from related parties	26	36,867	36,867	403,264	403,264
Other receivables	7	1,109,405	1,109,405	1,732,906	1,732,906
Other current and non-current assets(**)	16	26,846,686	26,846,686	24,311,935	24,311,935
		132,204,652	132,204,652	107,990,297	107,990,297

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

(**) For the fair value measurement, various prepaid expenses, prepaid taxes and funds and income accruals are excluded from other current and non-current assets.



Appendix I

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amounts expressed in TL otherwise stated

28 Financial Instruments: Fair value disclosure (continued)

Financial liabilities	Note	2010		2009	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities	5	856,535,896	856,535,896	775,115,173	775,115,173
Trade payables	6	79,107,904	79,107,904	67,248,416	67,248,416
Trade payables to related parties	26	9,571,893	9,571,893	7,098,836	7,098,836
Other payables to related parties	26	503,601	503,601	2,025,806	2,025,806
Other payables	7	20,527,300	20,527,300	19,843,627	19,843,627
Other liabilities(*)	16	10,587,195	10,587,195	8,221,605	8,221,605
		976,833,789	976,833,789	879,553,458	879,553,458

(*) For the fair value measurement, social security and taxes payable 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 Company 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.

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).

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

	31 December 2010	Level 1	Level 2	Level 3
Fair value through profit/loss - Interest rate swap	--	--	4,299,190	--
Fair value through profit/loss - forward	--	--	96,928	--
Mutual funds	147,676	--	--	--
		Level 1	Level 2	Level 3
		Level 1	Level 2	Level 3
31 December 2009				
Fair value through profit/loss - Interest rate swap	--	--	1,625,746	--
Fair value through profit/loss - forward	--	--	1,141,180	--



Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amount expressed in TL, otherwise stated

29 Subsequent events

The Group has evaluated subsequent events through the date the financial statements were issued and determined that following subsequent events require disclosure:

On 23 December 2011, a share transfer agreement between owners of the Group, Integrated Healthcare Holdings SDN BHD ("IHH") and Bagan Lalang Ventures Sdn. Bhd. ("Bagan Lalang"), a subsidiary of Khazanah Nasional Berhad pertaining to the sale of 75% ownership shares of the Group. Following the completion of the acquisition on 24 January 2012, the new shareholder structure of the Group has come to 60% to be held by IHH, 25% to be held by Aydınlar Family and remaining 25% will be held by Bagan Lalang.

On 5 October 2011, Acıbadem Sağlık signed the final deal for the acquisition of %50.00 of Sistina Medical Kompani Dooel Skopje and %50.32 of PZU Clinical Hospital Sistina Skopje shares owned by Macedonian firm Orka Holding for Euro 20,000,000. The business purpose of Sistina Medical Kompani Dooel Skopje is to own and lease hospital building and medical equipment. The business purpose of PZU Clinical Hospital Sistina Skopje is to provide healthcare services with its know-how and personnel. There is no capital and management relationship between the Group and Orka Holding.

According to Board of Director resolution dated 22 March 2011, the Company will merge with Acıbadem Kayseri Hastanesi, consolidated subsidiary of the Company whose 99.99% of its capital owned by the Company, in terms of Turkish Commercial Code ("TCC") 146-151 and 451st Articles of Turkish Commercial Code, 19th and 20th Articles of Corporate Tax Law and Serial:1 No.31 and No.41 decrees of CMB. The merger has been completed on 29th July 2011 by using 31 December 2010 financial statements of Acıbadem Kayseri by taking whole assets and liabilities by the Company.

According to Board of Director resolution dated 9 March 2011, Acıbadem Poliklinikleri which is the consolidated subsidiary of the Company has increased its shares to 85% by acquiring additional 35% shares of its subsidiary Konur Sağlık. The determined price for shares is amounting to USD 945,000, the payment will be made in three equal instalments.

On 18 January 2011, Acıbadem Mobil which is the consolidated subsidiary of the Company has increased its paid in capital from TL 1,000,000 to TL 4,500,000 by additional payment amounting to TL 3,500,000. The total increase is committed by Acıbadem Poliklinikleri, consolidated subsidiary of the Company, in cash and as a result of the increase the share of the Group rose to 82.22%.

Based on the Board of Director's decision taken at 28 April 2011, 99.90% of the shares of Yeni Sağlık, which owns and operates Göztepe Şafak Hospital in Göztepe district of Istanbul John F. Kennedy Hospital ("JFK") in Bahçelievler district of Istanbul has been acquired. The agreed amount for the acquisition of these shares is amounting to USD 28,239,250 and the payments will be done from the end of the 11st month following the actual share transfer with the installments of USD 1,000,000. The acquisition completed on 1 June 2011.

On February 1, 2012, Acıbadem Sağlık executed the share purchase agreement regarding its acquisition for 65.00% shares of Jınemed Sağlık Hizmetleri ve Tıccaret A.Ş. ("Jınemed") for TL 13,650,000. The business purpose of Jınemed is to provide healthcare services at two different locations in Istanbul. There is no capital and management relationship between the Group and previous owners of Jınemed. Under current accounting guidance, Jınemed's financial position and results will be fully consolidated to Acıbadem Sağlık's financial statements. The closing of the transaction between two parties will take place following the approval of Competition Authority.



Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2010 and 2009

Amount expressed in TL, otherwise stated

29 Subsequent events (continued)

On 12 January 2011, New Turkish Commercial Code ("NTCC") has been accepted by the Grand National Assembly of Turkey. The majority of the clauses will be effective from July 1, 2012. NTCC is bringing changes into the business environment. One of the clauses brings statutory audit as mandatory for all companies starting from 2013 (2012 will be the opening year for financials) and the companies will start to keep their books in accordance with Turkish Financial Reporting Standards (the Turkish translation of IFRS). The Group's analysis is under process for the effects of NTCC however the Group management doesn't expect any material effect on Group's financial position and results.

Capital Market Board's communiqué regarding "Designation and Application of Corporate Governance Principles" (Serial: IV, No: 56) was promulgated on 30 December 2011 amended on 11 February 2012 sets "the Principles of Corporate Governance" which will be mandated by publicly traded companies.

This communiqué sets out regulations including use of shareholder rights, inquiry and inspection rights of shareholders, general assembly participation rights, voting rights, scope of minority rights, dividends policy, and transfer of shares and communication of these events to the public. In addition to these regulations; as explained under "Role of Board of Directors", this communiqué sets the requirement for independent directors on the Board of Directors to be at least one third of total members of the Board and brought a veto right on significant decisions. As our report date, the Group management is evaluating the impact of the regulations set by the Communiqué and related changes as a result of adoption by Acıbadem Sağlık, which is publicly traded.

On January 24, 2012, Lim Chock Peng, Kaichi Yokoyama, Ganendran Sarvananthan, Selçuk Yorgancıoğlu and Mohammed Azlan Bin Hashim appointed as new board members of ASYH replacing previous members, Arif Masood Naqvi, Mustafa Ahmed Talaat Abde Wadood, Waqar Hassan Siddique and Zeynep Aydınlar Eröğüt, effective immediately. In addition to the new members, total number members on the Board were increased from a total of six to seven members.



Appendix II



Appendix II

Acıbadem Sağlık Yatırımları Holding
Anonim Şirketi and Its Subsidiaries
Convenience Translation into English of
Consolidated Financial Statements as at
and for the year ended

31 December 2011

With Independent Auditor's Report
Thereon

Akıs Bağımsız Denetim ve Serbest Muhasebeci Mali
Müşavirlik Anonim Şirketi

15 March 2012

This report includes 2 pages of independent auditors'
report and 76 pages of consolidated financial statements
together with their explanatory notes

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Table of Contents

Independent Auditor's Report
Consolidated Statement of Financial Position
Consolidated Statement of Comprehensive Income
Consolidated Statement of Changes in Equity
Consolidated Statement of Cash Flows
Notes to Consolidated Financial Statements

Appendix II



Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik A.Ş.
Kavacık Bulvarı Bahçe Mah.
Kavak Sok. No: 23
Büyükdere 34805 İstanbul

Tel: +90 (216) 681 90 00
Faks: +90 (216) 681 90 00
İnternet: www.kpmg.com.tr

Independent Auditors' Report

To the Board of Directors of

Acebudem Sağlık Yatırımları Holding Anonim Şirketi

We have audited the accompanying consolidated statements of financial position of Acebudem Sağlık Yatırımları Holding Anonim Şirketi and its subsidiaries ("the Group") as at 31 December 2011 and the related consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended and significant accounting policies with the notes to the consolidated financial statements.

Group Management's Responsibility for the Consolidated Financial Statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the financial reporting standards of Capital Market Board ("CMB"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the auditing standards promulgated by CMB. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the 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, the auditor considers internal control relevant to the Group's preparation and fair presentation of the 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 Group'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 is sufficient and appropriate to provide a basis for our audit opinion.



Appendix II

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Acebudem Sağlık Yatırımları Holding Anonim Şirketi and its subsidiaries as at 31 December 2011 and the related consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended in accordance with the financial reporting standards (please see Note 2) promulgated by CMB.

Additional paragraph for convenience translation to English

Accounting policies applied by the Group may differ from the accounting principles generally accepted in countries other than Turkey in material aspects and the effects of such differences have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations, and changes in cash flow of the Group in accordance with the accounting principles generally accepted in such countries of the users of these financial statements.

İstanbul, 15 March 2012

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik A.Ş.

Özkan Günter
Özkan Günter
Partner



Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Consolidated Statement of Financial Position
As at 31 December 2011

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

	Audited	
	31 December 2011	31 December 2010
ASSETS		
Current Assets	243,595,411	164,787,728
Cash and Cash Equivalents	44,159,489	26,019,218
Financial Investments	7,663,242	--
Trade Receivables	120,167,051	78,226,457
- Due from Related Parties	9,514,653	8,655,743
- Other Trade Receivables	110,652,398	69,570,714
Other Receivables	1,323,665	512,974
- Other Receivables from Related Parties	251,970	36,807
- Other Receivables	1,071,695	476,167
Inventories	21,914,405	14,146,518
Other Current Assets	48,367,559	45,882,361
Non-Current Assets	1,520,019,865	1,382,367,536
Other Receivables	6,867,703	987,983
Property and Equipment	547,122,837	527,086,675
Intangible Assets	7,449,473	3,043,858
Goodwill	917,357,997	820,498,762
Deferred Tax Assets	26,231,493	25,441,111
Other Non-Current Assets	14,990,362	5,309,147
TOTAL ASSETS	1,763,615,276	1,547,155,264
LIABILITIES		
Current Liabilities	359,316,220	245,125,129
Financial Liabilities	115,814,216	91,803,086
Other Financial Liabilities	5,211,751	4,396,118
Trade Payables	152,241,445	81,992,737
- Due to Related Parties	29,136,434	9,571,893
- Other Trade Payables	123,085,011	72,420,844
Other Liabilities	21,983,557	21,030,901
- Due to Related Parties	578,943	503,607
- Other Payables	21,404,614	20,527,300
Tax Liability	374,769	2,653,826
Provisions	24,165,423	19,734,406
Other Liabilities	39,525,059	23,514,055
Non-Current Liabilities	1,004,169,320	777,991,936
Financial Liabilities	946,100,185	764,732,810
Trade Payables	8,399,726	6,687,060
Other Payables	36,860,388	--
Employee Benefits	1,933,424	2,111,563
Deferred Tax Liabilities	5,937,060	3,960,115
Other Non-Current Liabilities	4,938,537	500,388
EQUITY	400,129,736	524,038,199
Shareholders' Equity	385,402,162	508,528,916
Paid-in Capital	668,000,000	668,000,000
Share Premium	22,809,940	22,809,940
Legal Reserves	4,069,977	2,541,510
Accumulated Losses	(187,294,576)	(161,914,395)
Translation Reserves	(28,862)	--
Net Profit/(Loss) For The Year	(122,154,317)	(23,108,139)
Non-Controlling Interest	14,727,574	15,709,283
TOTAL LIABILITIES	1,763,615,276	1,547,155,264

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



Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Consolidated Statement of Comprehensive Income
As at and for the year ended 31 December 2011

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

	Note	Audited	
		2011	2010
Revenues	18	1,009,470,016	731,582,530
Cost of Revenue	18	(793,348,551)	(586,157,703)
GROSS PROFIT		216,121,465	145,424,827
Selling, Marketing and Distribution Expenses (-)	19	(30,793,586)	(32,596,131)
General Administrative Expenses (-)	19	(45,489,908)	(41,983,421)
Other Operating Income	21	8,152,887	5,496,659
Other Operating Expense (-)	21	(22,875,168)	(11,219,828)
OPERATING PROFIT		125,115,690	65,122,106
Finance Income	22	16,086,112	4,969,358
Finance Expense	23	(257,715,357)	(85,475,041)
LOSS FROM CONTINUING OPERATIONS BEFORE TAX		(116,513,555)	(15,383,577)
Tax (Expense)/ Benefit from Continuing Operations		(5,356,267)	(8,089,830)
Current Tax Expense	24	(4,169,704)	(8,419,341)
Deferred Tax Credit	24	(1,186,563)	329,511
LOSS FROM CONTINUING OPERATIONS AFTER TAX		(121,869,822)	(23,473,407)
NET LOSS FOR THE YEAR		(121,869,822)	(23,473,407)
Other Comprehensive Income		(28,862)	--
TOTAL COMPREHENSIVE INCOME/ (LOSS)		(121,898,684)	(23,473,407)
Distribution of Net Loss		(121,869,822)	(23,473,407)
Non-Controlling Interest		284,495	(365,268)
Owners of the Company		(122,154,317)	(23,108,139)
Earnings/ (Loss) per Share (for 1000 shares)	25	(182.866)	(34.593)
Diluted and Basic Earnings / (Losses) per Share (for 1000 shares)		(182.866)	(34.593)
Earnings/ (Loss) per Share from Continuing Operations (for 1000 shares)		(182.866)	(34.593)
Diluted and Basic Earnings / (Losses) per Share from Continuing Operations (for 1000 shares)		(182.866)	(34.593)

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

13. ACCOUNTANTS' REPORT (cont'd)

Appendix II


Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Consolidated Statements of Cash Flows
As at and for the years ended 31 December 2011
Amounts expressed in Turkish Lira ("TL") unless otherwise stated

	<i>Audited</i>	
	2011	2010
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	(121,869,822)	(23,473,407)
Adjustments:		
Amortisation and depreciation expense	77,613,807	71,734,319
Provision for employee termination benefits	2,499,437	2,861,478
Provision on doubtful receivables	3,197,914	2,166,622
Unrealized finance income / (loss)	(417,553)	58,224
Income accruals on intangibles	(3,591,363)	(2,440,238)
Expense accruals on doctors	18,587,294	13,564,343
Deferred tax expense	807,100	(321,735)
Provision on corporate taxes	4,169,704	4,369,409
Provision for legal cases	1,139,307	2,966,263
Accruals related to forward transactions	(7,663,242)	(1,044,252)
Change in fair value of interest rate swap	815,633	2,673,444
Interest income	(1,203,181)	(812,766)
Interest expense	48,112,764	39,162,844
Gain on sale of property and equipment (net)	(213,216)	(234,933)
Net operating profit before changes in assets and liabilities	21,933,885	111,229,615
Change in trade receivables	(32,239,233)	(16,630,682)
Change in inventory	(4,206,510)	(2,170,553)
Change in financial investments	--	4,396,118
Change in other receivables	(6,890,233)	914,042
Change in other current assets	(169,949)	(10,591,595)
Change in other non-current assets	(9,681,216)	(5,715,996)
Change in trade payables	22,128,002	11,138,951
Change in due to related parties	19,705,220	2,430,103
Change in provisions	774,078	(2,323,157)
Corporate taxes paid	(6,448,761)	(2,572,709)
Change in other trade payables	(8,618,848)	(17,384,737)
Change in other liabilities	18,989,797	6,182,294
Employee severance indemnity paid	(3,003,714)	(2,629,722)
Provisions paid	(16,069,662)	(12,667,211)
Net cash from operating activities	(3,597,144)	63,604,261
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Acquisition of property and equipment	(91,855,678)	(91,403,282)
Proceeds from sale of property and equipment	13,941,575	3,075,860
Acquisition of intangible assets	(4,616,262)	(910,254)
Proceeds from sale of intangible assets	6,656	--
Cash outflow from acquisition of subsidiaries	(51,248,727)	(2,359,370)
Interest received	1,206,633	861,290
Net cash (used in)/from investing activities	(132,565,803)	(90,735,756)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings	293,265,263	144,941,195
Repayment of bank borrowings	(93,657,243)	(112,576,169)
Finance lease liabilities	5,976,360	26,821,547
Proceeds from borrowings obtained from related parties	75,342	(1,531,731)
Acquisition of non-controlling interest	(1,861,103)	(8,263,435)
Interest paid	(48,318,638)	(16,091,478)
Change in restricted cash	(14,176,303)	(10,387,214)
Dividends paid	(1,176,763)	--
Net cash (used in)/from financing activities	140,178,915	22,718,515
Net decrease (increase) in cash and cash equivalents	4,013,968	(4,412,980)
Cash and cash equivalents at 1 January	9,507,004	13,919,984
Cash and cash equivalents 31 December	13,520,972	9,507,004

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

4

821

13. ACCOUNTANTS' REPORT (cont'd)

Company No.: 901914-V

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Consolidated Statement of Changes in Equity
As at and for the year ended 31 December 2011
Amounts expressed in Turkish Lira ("TL") unless otherwise stated

	Note	Paid-in Capital	Share Premium	Legal Reserves	Translation Reserve	Accumulated Loss	Net Income/(Loss)	Total before Non-Controlling Interest	Non-Controlling Interest	Total
Total Comprehensive Income										
Net Loss		--	--	--	--	--	(23,108,139)	(23,108,139)	(365,268)	(23,473,407)
Other Comprehensive Income		--	--	--	--	--	--	--	--	--
Total Other Comprehensive Income										
Total Comprehensive Income							(23,108,139)	(23,108,139)	(365,268)	(23,473,407)
Acquisition of Subsidiary with Non-Controlling Interest		--	--	692,638	--	--	--	692,638	618,363	1,311,001
Acquisition of Non-Controlling Interest without a change in control		--	--	--	--	(5,761,782)	--	(5,761,782)	(3,194,287)	(8,956,069)
Transfers		--	--	--	--	(9,666,720)	9,666,720	--	--	--
As of 31 December 2010	17	668,000,000	22,809,940	2,541,510	--	(161,914,395)	(23,108,139)	508,328,916	15,709,283	524,038,199
As of 1 January 2011	17	668,000,000	22,809,940	2,541,510	--	(161,914,395)	(23,108,139)	508,328,916	15,709,283	524,038,199
Total Comprehensive Income										
Net Loss		--	--	--	--	--	(122,154,317)	(122,154,317)	284,495	(121,869,822)
Total Other Comprehensive Income		--	--	--	(28,862)	--	--	(28,862)	--	(28,862)
Total Comprehensive Income					(28,862)		(122,154,317)	(122,183,179)	284,495	(121,898,684)
Acquisition of Subsidiary with Non-Controlling Interest		--	--	--	--	--	--	--	560,507	560,507
Acquisition of Non-Controlling Interest without a change in control		--	--	--	--	(743,575)	--	(743,575)	(649,948)	(1,393,523)
Dividends paid in cash		--	--	--	--	--	--	--	(1,176,763)	(1,176,763)
Transfers		--	--	1,528,467	--	(24,636,606)	23,108,139	--	--	--
As of 31 December 2011	17	668,000,000	22,809,940	4,069,977	(28,862)	(187,294,576)	(122,154,317)	385,402,162	14,727,574	400,129,736

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



Appendix II



Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL otherwise stated

TABLE OF CONTENTS

	PAGE
1 Organization and nature of business	6
2 Basis of presentation of the consolidated financial statements	10
3 Segment reporting	24
4 Cash and cash equivalents	26
5 Financial liabilities	27
6 Trade receivables and payables	32
7 Other receivables and payables	33
8 Inventories	34
9 Property and equipment	35
10 Intangible assets	37
11 Acquisition of subsidiary and non controlling interests	38
12 Provisions	42
13 Commitments	43
14 Employee benefits	46
15 Post employment benefits	47
16 Other assets and liabilities	47
17 Equity	48
18 Revenues	51
19 Selling, marketing and distribution expenses, general administrative expenses	51
20 Expenses by nature	52
21 Other operating income and expenses	52
22 Financial income	52
23 Financial expenses	53
24 Tax assets and liabilities	53
25 Earnings per share	57
26 Related parties	57
27 Nature and level of risks arising from financial instruments	64
28 Financial Instruments: Fair value disclosure	75
29 Subsequent events	77



Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL otherwise stated

I Organization and nature of business

Acıbadem Sağlık Yatırımları Holding A.Ş. ("the Company") was incorporated in 2007 in İstanbul to invest into shares and assets of companies which operates in the Turkish insurance, advisory, hospital, healthcare and service sectors.

The head office is located at Fahrettin Kerim Gökay Caddesi, Altunizade Mahallesi, No: 49, Üsküdar-İstanbul.

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

Shareholder's Name	31 December		31 December 2010
	Share (%)		
Almond Holding Cooperative U A	50.00		50.00
Mehmet Ali Aydınlar	46.41		46.41
Hatice Seher Aydınlar	3.59		3.59
Ethem Erhan Aydınlar (*)	0.00		0.00
Zeynep Aydınlar (*)	0.00		0.00
	100.00		100.00

(*) Ethem Erhan Aydınlar and Zeynep Aydınlar hold shares less than 0.01%.

As at 31 December 2011 consolidated subsidiaries comprised the following:

- Almond Holding Anonim Şirketi ("Almond Holding")
- Acıbadem Sağlık Hizmetleri ve Ticaret A.Ş. ("Acıbadem Sağlık") and its subsidiaries

As at 31 December 2010 consolidated subsidiaries of Acıbadem Sağlık comprised the following:

- Acıbadem Poliklinikleri Anonim Şirketi ("Acıbadem Poliklinikleri")
- Acıbadem Labmed Sağlık Hizmetleri Anonim Şirketi ("Acıbadem Labmed")
- International Hospital İstanbul Anonim Şirketi ("International Hospital")
- Konur Sağlık Hizmetleri Anonim Şirketi ("Konur Sağlık")
- Yeni Sağlık Hizmetleri ve Ticaret Anonim Şirketi ("Yeni Sağlık")
- Acıbadem Mobil Sağlık Hizmetleri Anonim Şirketi ("Acıbadem Mobil")
- Gemtup Özel Sağlık Hizmetleri Sanayi ve Ticaret Limited Şirketi ("Gemtup")
- Acıbadem Sistina Medikal Kompani Doo Skopje ("Acıbadem Sistina Medikal")
- Clinical Hospital Acıbadem Sistina Skopje ("Acıbadem Sistina Hospital")

As at 31 December 2010 consolidated subsidiaries comprised the following:

- Almond Holding Anonim Şirketi ("Almond Holding")
- Acıbadem Sağlık Hizmetleri ve Ticaret A.Ş. ("Acıbadem Sağlık") and its subsidiaries

As at 31 December 2010 consolidated subsidiaries of Acıbadem Sağlık comprised the following:

- Acıbadem Poliklinikleri Anonim Şirketi ("Acıbadem Poliklinikleri")
 - Acıbadem Labmed Sağlık Hizmetleri Anonim Şirketi ("Acıbadem Labmed")
 - International Hospital İstanbul Anonim Şirketi ("International Hospital")
 - International Hospital Sağlık Yatırımları Anonim Şirketi ("International Hospital Sağlık Yatırımları")
 - Acıbadem Kayseri Hastanesi Anonim Şirketi ("Acıbadem Kayseri")
 - Acıbadem Mobil Sağlık Hizmetleri Anonim Şirketi ("Acıbadem Mobil")
 - Konur Sağlık Hizmetleri Anonim Şirketi ("Konur Sağlık")
 - Gemtup Özel Sağlık Hizmetleri Sanayi ve Ticaret Limited Şirketi ("Gemtup")
- Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and consolidated subsidiaries are collectively named as "Group".



Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL otherwise stated

1 Organization and nature of business (continued)

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

Almond Holding

Almond Holding was incorporated on 30 July 2007 in Istanbul. The purpose of Almond Holding's establishment is to invest into any type of healthcare related institutions, hospitals and companies which operate in the healthcare and real estate sectors.

Acıbadem Sağlık

Acıbadem Sağlık was incorporated in 1991 in Istanbul, and provides health services in ten general hospitals (Kadıköy, Bakırköy, Kozyatağı, Fulya, Eskişehir, Bursa, Kocaeli, Maslak, Kayseri, Adana). 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, diabetes, smokeless living and infant care.

Acıbadem Sağlık is subject to Capital Market Board ("CMB") regulations and its shares have been traded on the Istanbul Stock Exchange ("ISE") since 15 June 2000.

Acıbadem Sağlık also has Joint Commission International accreditation standards and ISO 9001 Quality Management System standards.

The head office is located at Fahrettin Kerim Gökay Caddesi, Altunizade Mahallesi, No: 49, Üsküdar-İstanbul.

Acıbadem Kayseri (which was a wholly owned subsidiary of Acıbadem Sağlık) was established on 23 March 2009 in Kayseri and merged with Acıbadem Sağlık on 29 July 2011.

Acıbadem Poliklinikleri

Acıbadem Poliklinikleri has six polyclinics at Etiler, Bağdat Caddesi, Ataşehir, Göktaş, Beylikdüzü and Uludağ locations for outpatients.

Acıbadem Göz Sağlığı Hizmetleri Anonim Şirketi was established in June 2003 in İstanbul and merged with Acıbadem Poliklinikleri, on 24 October 2008.

Acıbadem Ayaktan Tedavi Merkezleri Anonim Şirketi was established on 17 April 2006 in Beylikdüzü, İstanbul and merged with Acıbadem Poliklinikleri on 24 October 2008.

Acıbadem Labmed

Acıbadem Labmed was established on 28 August 2001 under the name of Acıbadem Sağlık Yönetimi Anonim Şirketi, in İstanbul. On 24 February 2004 the name of the Company was changed to Acıbadem Labmed Sağlık, and a partnership was established with Labmed Dortmund GmbH (located in Germany) to engage in laboratory services. There are 2 branches in Adana and Antalya.

International Hospital

International Hospital was established in 1989 on 19,300 m² indoor area and engaged in providing inpatient, outpatient and emergency care services with 5 intensive care units with 26 beds rendering services in 1 coronary, 1 internal diseases, 1 general surgery, 1 cardio surgery and 1 new born units at its hospital located in Yeşilköy, İstanbul. The hospital has 6 surgery rooms, 22 follow up beds, 99 patient beds and total inpatient bed availability of the hospital is 121. Acıbadem Sağlık acquired International Hospital, on 20 August 2005 (50%) and on 27 March 2009 (40%) and increased its shares to 90% of total shares.

International Hospital Sağlık Yatırımları A.Ş. (which was a wholly owned subsidiary of International Hospital) was established in December 2001 in İstanbul and merged with International Hospital on 31 March 2011.



Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL otherwise stated

1 Organization and nature of business (continued)

Acıbadem Mobil

Acıbadem Mobil has been providing emergency healthcare services and ambulance services since 7 July 2008. It is fully consolidated in the accompanying consolidated financial statements.

Yeni Sağlık

On 1 June 2011, Acıbadem Sağlık has acquired 99.90% of the shares of Yeni Sağlık which owns and operates Göztepe Şafak Hospital in Göztepe district of İstanbul and John F. Kennedy Hospital ("JFK") in Bahçelievler district of İstanbul. Yeni Sağlık's core business is to provide health services with its health premises. Yeni Sağlık is fully consolidated in the accompanying consolidated financial statements.

Gemtip Özel Sağlık Hizmetleri Sanayi ve Ticaret Limited Şirketi

Konur Sağlık, which is subsidiary of Acıbadem Poliklinikleri has acquired 58% shares of Gemtip Özel Sağlık Hizmetleri which operates in Gemlik/Bursa district for outpatient. The consolidated financial statements of Acıbadem Poliklinikleri as at 31 December 2011, which are consolidated to accompanying consolidated financial statements of the Group, include the consolidated financial statements of Konur Sağlık and Gemtip.

Acıbadem Sistina Medikal / Acıbadem Sistina Skopje Hospital

Acıbadem 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. Acıbadem 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.



Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL unless otherwise stated

1 Organization and nature of business (continued)

The related parties of the Group are as follows:

- Acıbadem Holding Anonim Şirketi ("Acıbadem Holding")
- Acıbadem Sağlık ve Hayat Sigorta Anonim Şirketi ("Acıbadem Sigorta")
- Acıbadem Grubu Sigorta Araçlık Hizmetleri Anonim Şirketi ("Acıbadem Sigorta Araçlık")
- Acıbadem Proje Yönelimi Anonim Şirketi ("Acıbadem Proje")
- Aplus Hastane ve Otelcilik Hizmetleri Anonim Şirketi ("Aplus Otelcilik")
- Abraj Capital Limited ("Abraj Capital")
- Akademia Sağlık Hizmet ve Sistemleri Yönetim ve Danışmanlık Anonim Şirketi ("Akademia")
- Çamlıca Turizm ve Yaçılık Anonim Şirketi ("Çamlıca Turizm")
- Acıbadem Dış Sağlık Hizmetleri Anonim Şirketi ("Acıbadem Dış")
- Acıbadem Eğitim ve Sağlık Vakfı ("Acıbadem Vakfı")
- Telepati Tanıtım Hizmetleri Anonim Şirketi ("Telepati Tanıtım")
- Çukurova Bilim Laboratuvarları Anonim Şirketi ("Çukurova Bilim")
- Acıbadem Üniversitesi ("Acıbadem Üniversitesi")
- Kerem Aydınlar Vakfı ("Kerem Aydınlar")
- BLAB Laboratuvar Hizmetleri Anonim Şirketi ("BLAB")
- Aydınlar Sağlık Hizmetleri Limited Şirketi ("Aydınlar Sağlık")

These companies have neither direct nor indirect capital and management relationships with the Group and accordingly are excluded from consolidation in the accompanying financial statements.

As at 31 December 2011, the Group employed 9,383 personnel (31 December 2010: 7,883), consisting of 966 (31 December 2010: 777) administrative personnel, 6,788 (31 December 2010: 5,953) doctors, nurses and medical personnel and 1,629 (31 December 2010: 1,153) personnel employed on contractual basis.

The hospital certifications owned by the Group are indefinite.



Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL unless otherwise stated

2 Basis of presentation of the consolidated financial statements

2.1 Basis of presentation

2.1.1 Statement of compliance

The Group maintains its book of accounts and prepares its statutory financial statements in TL in accordance with the Turkish Uniform Chart of Accounts promulgated by Capital Markets Board of Turkey ("CMB"), Turkish Commercial Code and Turkish Tax Code.

According to the reflection the truth principle of financial statements, the accompanying consolidated financial statements, classification and adjustments based on the legal records are prepared in conformity with the principle of CMB accounting and reporting published by the appropriate authorities. The Group's accompanying consolidated financial statements was prepared in accordance with the provisions of Capital Market Board ("CMB") 9 April 2008, and 26842 of the Official Gazette Series XI, 29 No. "Basis for Financial Reporting in the Capital Markets" ("Communiqué No: XI-29").

According to the Article 5 of the Communiqué, companies will apply The International Accounting/Financial Reporting Standards ("IAS / IFRS") adopted by the European Union. However, according to the Transitional Article 2 included in the same Communiqué, IAS/IFRS will be applied until the differences between IAS/IFRS that are adopted by European Union and IAS/IFRS that are adopted by International Accounting Standards Board ("IASB"), are announced by Turkey Accounting Standards Board ("TASB").

With the governing decree law numbered 660 published in official gazette on 2 November 2011, the establishment article of TASB stated in the 2499 numbered law with an additional article number one has been superseded and the Council of Ministers decided to establish Public Oversight Accounting and Auditing Standards Agency ("Oversight Agency"). In accordance with the transitional article number one of the governing decree law, until the date of the issuing of standards and regulations by Oversight Agency, the existing regulations will be applied. Accordingly, as of reporting date, the Basis of Presentation has not been changed.

The accompanying consolidated financial statements of the Group have been approved by the Board of Directors of the Group on 15 March 2012. The general assembly of the shareholders and legal authorities has the authority to change the accompanying consolidated financial statements.

Additional paragraph for convenience translation to English:

The accompanying financial statements are not intended to present the financial position and results of its operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.



Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL otherwise stated

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

2.2 Basis of presentation (continued)

2.2.1 Basis of measurement

The CMB announced that, effective from 1 January 2005, the application of IAS 29 "Financial Reporting in Hyperinflationary Economies" issued by IASB is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Accounting Standards on 17 March 2005. The equity items including paid-in capital, share premium, legal reserves and special reserves are presented in accordance with the Turkish Commercial Code basis amounts and the effects of inflation over those equity items as at 31 December 2004 were reflected in retained earnings. The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value and balance sheet items affected by the implementation of IAS 29.

2.2.1.3 Functional and presentation currency

These consolidated financial statements 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.

2.2.1.4 Basis of consolidation

The accompanying consolidated financial statements include the accounts of the parent Company, ASYH, 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 financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that 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 controls their operations and the ownership interests are given below:

Title of the Partnership Indirect Ownership Interest on the Subsidiary	Ownership Interest (%)	
	31 December 2011	31 December 2010
Almond Holding A.Ş.	99.99	99.99
Acıbadem Sağlık	91.96	91.96
Acıbadem Politikimleri	91.96	91.96
Acıbadem Labmed	45.97	45.97
International Hospital	82.76	82.76
Konur Sağlık	85.06	45.98
Acıbadem Mobil	91.95	91.95
Sistina Hospital	46.27	--
Sistina Medikal	45.98	--
Yeni Sağlık	99.90	--
Gemup	58.00	--
Acıbadem Kayseri	--	91.95
International Hospital Sağlık Yatırımları	--	82.76

As at 31 December 2011 and 2010, subsidiaries are fully consolidated with non-controlling interest's ownership reflected as a non-controlling interest.



Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL otherwise stated

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

2.1.4 Basis of consolidation

(ii) Acquisition of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

(iii) Acquisitions through business combinations:

The effects of such acquisition are presented as "acquisitions through business combinations" in the notes to the consolidated financial statements.

(iv) Loss of control

On the loss of control, the Group derecognises 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.

2.2 Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In preparation of the consolidated financial statements, the significant estimates and judgments used by the Group are as follows:

Note 2.6.3- 2.6.4	- Useful life of property and equipment and intangible assets
Note 2.6.6	- Derivative financial instruments
Note 6	- Provision for impairment on trade receivables
Note 12	- Provisions
Note 14	- Employee benefits
Note 24	- Tax assets and liabilities
Note 28	- Financial instruments: Fair value disclosures



Appendix II

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL otherwise stated

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

2.3 Errors and changes in accounting policies

The accounting policies set out in 2.6 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.

2.4 Changes in accounting estimates

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.

2.4 Changes in IFRS

2.5.1 New Standards and Interpretations Adopted in 2011

The International Accounting Standards Board (IASB) issued two narrow amendments to IFRS 1. The first amendment replaces references to a fixed transition date of '1 January 2004' with 'the date of transition to IFRSs'; thus eliminating the need for companies adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The amendment is effective for annual periods beginning on or after 1 January 2011 and it is not expected to have any impact on the consolidated financial statements.

The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. The amendment is effective for annual periods beginning on or after 1 July 2011 and it is not expected to have any impact on the consolidated financial statements.

IFRS 7 "Financial Instruments" is amended to add an explicit statement that the interaction between qualitative and quantitative disclosures better enables users to evaluate an entity's exposure to risks arising from financial instruments. The amendment is effective for annual periods beginning on or after 1 January 2011 and it does not have any impact on the consolidated financial statements.

IFRIC 13 "Customer Loyalty Programmes - Fair Value of Award Credit" amended to state that the fair value of award credits takes into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits. The amendment is effective for annual periods beginning on or after 1 January 2011 and it does not have any impact on the consolidated financial statements.

IAS 34 "Interim Financial Reporting - Significant Events and Transactions" A number of examples have been added to the list of events or transactions that require disclosure under IAS 34. The amendment is effective for annual periods beginning on or after 1 January 2011 and it does not have any impact on the consolidated financial statements.

IASB issued interpretations about prepayments of a minimum funding (interpretations for IFRIC 14) on 26 November 2009. The amendments to IFRIC 14, which is itself an interpretation of IAS 19 applies in the limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendment permits such an entity to treat the benefit of such an early payment as an asset. The amendment, *Prepayments of a Minimum Funding Requirement*, has an effective date for mandatory adoption on or after 1 January 2011 and it does not have any impact on the consolidated financial statements.

The revised IAS 24 "Related Party Disclosures" amends the definition of a related party and modifies certain related party disclosure requirements government-related entities. The main changes to IAS 24 are:



Appendix II

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL otherwise stated

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

2.5 Changes in IFRS

2.5.1 New Standards and Interpretations Adopted in 2011 (continued)

A partial exemption from the disclosure requirements for transactions between a government-controlled reporting entity and that government or other entities controlled by that government; and IASB agreed that the partial exemption from the disclosure requirements should be required to be made retrospectively, because this should result in a reduction of 'clutter' in the footnotes and an identification of better information about the nature and extent of significant transactions with the government.

In addition, IASB agreed that the definition of a related party should also be applied retrospectively from the effective date. In addition, the Board agreed that an entity should be permitted to adopt the partial exemption for government-controlled entities before the effective date even if it does not adopt the amended definition of related party until a later date. The amendment is effective for annual periods beginning on or after 1 January 2011.

2.5.2 New Standards and Interpretations Not Yet Adopted As At 31 December 2011

A number of new standards, amendments to standards and interpretations are not yet effective as at 31 December 2011, and have not been applied in preparing these consolidated financial statements. The Group management is assessing the effects of these standards which will be effective on or after the periods beginning 1 January 2012.

2.6 Summary of significant accounting policies

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

2.6.1 Revenue

Revenue of the Group comprised the income from the inpatient/outpatient services given at the hospitals, polyclinics, laboratories and ambulance services of the Group. 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. The difference between the nominal value of the sale price and the fair value obtained by this way is reflected as interest income to the related periods.

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.

2.6.2 Inventories

Inventories are stated 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 selling expenses.



Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL, otherwise stated

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

2.6 Summary of significant accounting policies (continued)

2.6.3 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 if any. The costs of property and equipment purchased after 1 January 2005 are carried at cost less accumulated depreciation and impairment losses if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, 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 property and equipment 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 property and equipment from the date of acquisition or assembly. Leasehold improvements are depreciated on a straight-line basis over the lease period.

Depreciation expenses are presented mainly under cost of sales, general and administrative expenses and selling, marketing expense in the consolidated statement of comprehensive income.

Land is not depreciated, since useful life 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	During the lease period

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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.



Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL, otherwise stated

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

2.6 Summary of significant accounting policies (continued)

2.6.4 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 income statement over their estimated useful lives for a period.

The estimated useful lives for the current periods are as follows:

Software	3-10 year
Other intangible assets	3-10 year

Amortization method and economic useful lives values of intangible assets are revised at each reporting date end and adjusted if appropriate.

2.6.5 Goodwill

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



Appendix II

Aeibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL, otherwise stated

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

2.6 Summary of significant accounting policies (continued)

2.6.6 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 derecognises 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 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 realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets: loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise of cash, deposits with maturity periods of less than three-months and highly liquid investments with maturity periods of less than three-months and having no conversion risk exposure other than the impact of foreign currency changes.

ii) Non derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

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 realise the asset and settle the liability simultaneously.



Appendix II

Aeibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL, otherwise stated

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

2.6 Summary of significant accounting policies (continued)

2.6.6 Financial instruments (continued)

ii) Non derivative financial liabilities (continued)

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

iii) Paid-in capital and dividends

Ordinary shares are classified as paid-in capital. Dividends distributed on ordinary shares are offset with retained earnings in the period in which they are declared.

iv) Derivative financial instruments

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

Derivatives are recognized initially at acquisition cost; attributable transaction costs are recognized 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 IAS 39.

2.6.7 Impairment of assets

i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy.

The Group considers evidence of impairment for loans and receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant loans and receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.



Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL otherwise stated

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

2.6 Summary of significant accounting policies (continued)

2.6.7 Impairment of assets (continued)

ii) Financial assets (continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Impairment losses are recognized in the profit or loss.

The recoverable amount of an asset or CGU 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 the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

Impairment losses recognized in respect of the cash generating units are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets, impairment losses recognised 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 amortisation, if no impairment loss had been recognised.



Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL otherwise stated

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

2.6 Summary of significant accounting policies (continued)

2.6.8 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.

As at 31 December, Central Bank of the Republic of Turkey ("Central Bank")'s buying foreign currency rates are as follows:

	31 December 2011	31 December 2010
American Dollar ("USD")	1.8889	1.5460
European Union Currency ("EUR")	2.4438	2.0491

2.6.9 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. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issued without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and each earlier year.

2.6.10 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.



Appendix II

Aerbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL otherwise stated

2 Basis of presentation of the consolidated financial statements (Continued)

2.6 Summary of significant accounting policies (Continued)

2.6.11 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.

2.6.12 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. Operational lease payments are recorded as expense in the consolidated statement of comprehensive income on a linear basis.

2.6.13 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 according to IAS 24 – Related party disclosures.



Appendix II

Aerbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL otherwise stated

2 Basis of presentation of the consolidated financial statements (Continued)

2.6 Summary of significant accounting policies (Continued)

2.6.14 Segment reporting

IFRS 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, healthcare and non-healthcare branches. All Group revenues have been realized in domestic basis except newly acquired subsidiaries in Macedonia which have immaterial revenues compared to Group total revenue; accordingly no geographical classification has been presented.

The operating segments of the Group are presented in Note 3.

2.6.15 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 realised 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 utilised. 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.

13. ACCOUNTANTS' REPORT (cont'd)



Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL otherwise stated

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

2.6 Summary of significant accounting policies (continued)

2.6.16 Employee Benefits

In accordance with the existing Labor Law in Turkey, the Group entities operating in Turkey are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire, are called up for military service or die.

In the accompanying consolidated financial statements, the Group has used actuarial valuation method to estimate its obligation.

As at 31 December, the following assumptions were used in the calculation of the total liability:

	31 December 2011	31 December 2010
Discount Rate	3.91%	4.66%
Turnover Rate for the calculation of retirement	72%	77%

Reserve for employee termination benefits is calculated based on the ceiling amount which is determined by the Government. The management of the Group used some assumptions in the calculation of the retirement pay provision. As at 31 December 2011 and 31 December 2010, the ceiling amount has been limited to TL 2,732 and TL 2,517 per year of employment, respectively. The liability is not funded, as there is no funding requirement.

2.6.17 Financial incomes and expenses

Finance income comprises interest income on funds invested; fair value gains on financial assets at fair value through profit or loss and gains on derivative instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Finance costs comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, (other than trade receivables) and losses on derivative instruments that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

13. ACCOUNTANTS' REPORT (cont'd)



Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL otherwise stated

3 Segment reporting

The Group's reportable segments are based on Hospital, Healthcare and Non-Healthcare segments.

As at 31 December 2011 Hospital segment includes the following:

- Acıbadem Sağlık
- International Hospital
- Yeni Sağlık
- Acıbadem Sistina Hospital
- Acıbadem Sistina Medikal

As at 31 December 2011 Non-Healthcare segment includes the following:

- Almond Holding
- Acıbadem Sağlık Yatırımları Holding Anonim Şirketi

As at 31 December 2011 Healthcare segment includes the following:

- Acıbadem Labmed
- Acıbadem Poliklinikleri
- Acıbadem Mobil
- Konur Sağlık
- Gemitip

As at 31 December 2010 Hospital segment includes the following:

- Acıbadem Sağlık
- International Hospital
- Acıbadem Kayseri

As at 31 December 2010 Non-Healthcare segment includes the following:

- Almond Holding
- Acıbadem Sağlık Yatırımları Holding Anonim Şirketi

As at 31 December 2010 Healthcare segment includes the following:

- Acıbadem Labmed
- Acıbadem Poliklinikleri
- International Hospital Sağlık Yatırımları
- Acıbadem Mobil
- Konur Sağlık

Almond Holding and Acıbadem Sağlık Yatırımları Holding Anonim Şirketi are holding companies and do not have any activity.

13. ACCOUNTANTS' REPORT (cont'd)



Appendix II

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL otherwise stated

3 Segment reporting (continued)

1 January-31 December 2011

	Hospital	Healthcare	Non-healthcare	Eliminations	Total
Revenues	965,489,942	115,268,242	--	(71,288,168)	1,009,470,016
Cost of sales (-)	(629,828,593)	(96,865,106)	--	(66,654,852)	(793,348,551)
Gross Profit					216,121,465
Operating expenses					(76,283,494)
Other operating income/expense (net)					(14,722,281)
Financial income/expense (net)					(241,629,245)
Tax expense					(5,356,267)
Net loss for the period					(121,869,822)

	Hospital	Healthcare	Non-healthcare	Eliminations	Total
Reportable segment assets	946,946,311	58,313,964	777,666,341	(19,311,340)	1,763,615,276
Capital expenditures	(95,393,653)	(1,078,287)	--	--	(96,471,940)
Reportable segment liabilities	852,681,203	29,962,806	500,152,871	(19,311,340)	1,363,485,540
Amortization and depreciation	(72,545,759)	(5,068,048)	--	--	(77,613,807)

1 January-31 December 2010

	Hospital	Healthcare	Non-healthcare	Eliminations	Total
Revenues	697,205,081	80,824,161	--	(46,446,712)	731,582,530
Cost of sales (-)	(561,954,026)	(68,607,148)	--	44,403,471	(586,157,703)
Gross Profit					145,424,827
Operating expenses					(74,579,552)
Other operating income/expense (net)					(5,723,169)
Financial income/expense (net)					(8,505,683)
Tax expense					(8,089,830)
Net loss for the period					(23,473,407)

	Hospital	Healthcare	Non-healthcare	Eliminations	Total
Reportable segment assets	744,175,456	44,052,178	777,585,253	(18,657,623)	1,547,155,264
Capital expenditures	(90,161,902)	(2,151,634)	--	--	(92,313,536)
Reportable segment liabilities	635,904,596	21,026,553	384,843,539	(18,657,623)	1,023,117,065
Amortization and depreciation	(67,230,783)	(4,503,536)	--	--	(71,734,319)

13. ACCOUNTANTS' REPORT (cont'd)



Appendix II

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL otherwise stated

4 Cash and cash equivalents

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

	31 December 2011	31 December 2010
Cash on hand	982,282	424,837
Banks - demand deposits	2,958,393	5,019,643
Banks - time deposits	35,839,887	18,249,666
Mutual fund (B type liquid fund)	484,910	147,676
Credit card receivables	3,894,017	2,177,996
	44,159,489	26,019,218

As at 31 December 2011, maturity of time deposits is between 2-87 days (31 December 2010: 3-11 days). The effective interest rates for the time deposits in TL is between 8.00% and 9.75% (31 December 2010: 6.00% - 7.00%), in USD is 4.25% and in MKD is 3.50%.

As at 31 December 2011, the Group has blocked deposits at an amount of TL 30,638,517 (31 December 2010: TL 16,512,214) in Türkiye Garanti Bankası Anonim Şirketi ("Garanti Bankası") in purpose of a guarantee for six month-period interest payments of bank borrowing amounting to USD 182,000,000.

As at 31 December 2011, the interest and maturity details of time deposits at banks are as follows:

31 December 2011	Interest Rate (%)	Maturity	Currency Type	Principal Amount (TL)	Interest Accruals	Total
Time deposit	8.75	10.01.2012	TL	30,039,668	14,387	30,054,055
Time deposit	8.00	02.01.2012	TL	1,795,000	787	1,795,787
Time deposit	8.00	01.01.2012	TL	1,650,000	723	1,650,723
Time deposit	9.75	02.01.2012	TL	1,000,000	4,541	1,004,541
Time deposit	8.00	02.01.2012	TL	280,000	123	280,123
Time deposit	4.25	27.01.2012	USD	598,850	155	599,005
Time deposit	3.5	21.03.2012	MKD	338,276	651	338,927
Time deposit	4.25	02.01.2012	USD	100,029	155	100,184
Time deposit	4.25	02.01.2012	USD	16,387	155	16,542
				21,677	35,839,887	

31 December 2010	Interest Rate (%)	Maturity	Currency Type	Principal Amount (TL)	Interest Accruals	Total
Time deposit	7.00	10.01.2011	TL	16,512,214	3,167	16,515,381
Time deposit	6.00	03.01.2011	TL	1,234,000	203	1,234,203
Time deposit	6.00	03.01.2011	TL	500,000	82	500,082
				3,452	18,249,666	

13. ACCOUNTANTS' REPORT (cont'd)



Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL otherwise stated

4 Cash and cash equivalents (continued)

For purposes of the statement of cash flows, cash and cash equivalents include bank deposits and short-term investments that are easily convertible to cash with high liquidity and with a maturity of up to three months.

Cash and cash equivalents included in the statement of cash flows for the years ended 31 December is comprised of the followings:

	31 December 2011	31 December 2010
Cash on hand	982,282	424,837
Banks – demand deposits	2,958,393	5,019,643
Banks – time deposits	35,839,887	18,249,666
Mutual fund (B type liquid fund)	484,910	147,676
Credit card receivables	3,894,017	2,177,396
Restricted cash	(30,638,517)	(16,512,214)
	13,520,972	9,507,004

5 Financial liabilities

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

	31 December 2011	31 December 2010
Short term bank borrowings and short term portion of long term bank borrowings	95,339,861	77,722,338
Financial lease liabilities, net	20,474,355	14,080,748
	115,814,216	91,803,086

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

	31 December 2011	31 December 2010
Long term bank borrowings	862,787,588	681,002,966
Financial lease liabilities, net	83,312,597	83,729,844
	946,100,185	764,732,810

13. ACCOUNTANTS' REPORT (cont'd)



Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL otherwise stated

5 Financial liabilities (continued)

Bank borrowings

As at 31 December 2011, the details of bank borrowings comprised the following:

Type	Secured	Currency	Nominal Interest Rate (%)	Year of Maturity	Face Value	Carrying amount
Investment	Secured	USD	Libor + 3,90	2018	352,504,913	350,877,294
Investment	Secured	USD	Libor + 4,25	2014	14,195,006	14,195,006
Investment*	Secured	USD	6,35	2018	53,607,592	53,607,592
Investment	Secured	MKD	5,50 – 7,40	2016	15,981,905	15,981,905
Investment	Secured	Euro	Euribor +0,625	2012	3,886,050	3,874,450
Investment	Secured	Euro	7,50	2012	2,601,883	2,601,883
Operating	Secured	TL	10,5 – 15,25	2012	11,953,841	11,953,841
Operating	Secured	USD	6,70	2012	3,814,361	3,814,361
Operating	Secured	MKD	9,75	2012	802,493	802,493
Tax	Unsecured	TL	--	2012	315,268	315,268
Investment	Secured	USD	Libor + 5,75	2015	500,103,356	500,103,356
					959,766,668	958,127,449

*As part of acquisition of Acıbadem Sistina Hospital and Acıbadem Sistina Medikal, the Group obtained bank loan amounting to USD 28,062,000 with an interest rate of 6.35% via utilizing its credit facility at Garanti Bankası for the whole acquisition price of Euro 20,000,000.

As at 31 December 2011, repayment schedule of the long term bank borrowings Group is as follows:

Years	Currency	Original Currency Amount	TL Amount
2013	USD	34,815,936	65,763,821
2014	USD	34,815,936	65,763,821
2015	USD	297,074,978	561,144,926
2016	USD	32,315,936	61,041,571
2017	USD	32,315,936	61,041,571
2018	USD	18,324,354	34,612,873
2013	MKD	105,302,901	4,240,647
2014	MKD	108,609,263	4,373,797
2015	MKD	82,558,019	3,324,689
2016	MKD	36,747,879	1,479,872
			862,787,588

13. ACCOUNTANTS' REPORT (cont'd)



Appendix II

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL otherwise stated

5 Financial liabilities (continued)

As at 31 December 2011, the maturities of bank borrowings are as follows:

Maturity	31 December 2011
0 - 3 months	36,021,899
3 months - 1 year	59,317,962
1 - 5 years	767,133,145
Above 5 years	95,654,443
	958,127,449

31 December 2011, the guarantees given related to the bank borrowings are as follows:

Type of Guarantee	31 December 2011	
	Original Currency Amount	TL Amount
Mortgages	164,865,000	311,413,499
Blocked deposit	317,036	598,849
Commercial pledge	--	30,039,668
Share pledge	--	600,000,000
	165,182,036	1,632,052,016

Garaniti Bankası has a pledge on Almond's shares amounting to TL 690,000,000 as a guarantee for the USD 200,000,000 loan obtained from Garanti Bankası.

As at 31 December 2010, the details of bank borrowings comprised the following:

Type	Currency	Nominal Interest Rate (%)	Year of Maturity	Face Value	Carrying amount
Operating	TL	7.35-7.60	2011	35,346,251	35,346,251
Tax	TL	--	2011	3,720,819	3,720,819
Vehicle	TL	11.5	2011	40,908	40,908
Investment	USD	3.3	2011	3,109,289	3,109,289
Investment	USD	Libor + 3.90	2018	310,958,875	309,725,109
Investment	USD	Libor + 4.25	2014	15,491,920	15,491,920
Investment	USD	Libor + 5.75	2015	384,801,732	384,801,732
Investment	Euro	Euribor+ 0.625	2012	6,493,943	6,489,276
				759,963,737	758,725,304

13. ACCOUNTANTS' REPORT (cont'd)



Appendix II

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL otherwise stated

5 Financial liabilities (continued)

As at 31 December 2010, repayment schedule of the long term bank borrowings Group is as follows:

Years	Currency		TL Amount
	Type	Original Currency Amount	
2012	USD	38,024,863	58,786,438
2013	USD	30,500,000	47,153,000
2014	USD	30,500,000	47,153,000
2015	USD	269,378,375	416,458,968
2016	USD	28,000,000	43,288,000
2017	USD	28,000,000	43,288,000
2018	USD	14,000,000	21,644,000
2012	EURO	1,577,063	3,231,560
			681,002,966

As at 31 December 2010, the maturities of bank borrowings are as follows:

Maturity	31 December 2010
0 - 3 months	38,826,706
3 months - 1 year	38,895,632
1 - 5 years	572,782,966
Above 5 years	108,220,000
	758,725,304

As at 31 December 2010, the guarantees given related to the bank borrowings are as follows:

Type of Guarantee	Currency Type	31 December 2010	
		Original Currency Amount	TL Amount
Mortgages	USD	164,865,000	254,881,290
Commercial pledge	TL	--	600,000,000
Share pledge	TL	--	690,000,000
Blocked deposit	TL	--	16,512,214
		164,865,000	1,561,393,504



Appendix II

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL, otherwise stated

5 Financial liabilities (continued)

Finance lease liabilities:

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

	31 December 2011	31 December 2010
Financial lease liabilities	25,638,695	21,763,748
Deferred financial lease liabilities (-)	(5,164,340)	(7,683,000)
	20,474,355	14,080,748

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

	31 December 2011	31 December 2010
Financial lease liabilities	94,505,526	107,639,335
Deferred financial lease liabilities (-)	(11,192,929)	(23,909,491)
	83,312,597	83,729,844

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

	2011		2010	
	Future minimum lease payments	Interest payments	Present value of minimum lease payments	Future minimum lease payments
Less than 1 year	25,638,695	5,164,340	20,474,355	21,763,748
1 - 5 years	80,980,612	10,133,149	70,847,463	94,671,661
5 years and more	13,524,914	1,059,780	12,465,134	12,967,674
	120,144,221	16,357,269	103,786,952	129,403,083
			31,592,491	97,810,592



Appendix II

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL, otherwise stated

6 Trade receivables and payables

As at 31 December, trade receivable comprised the following:

	31 December 2011	31 December 2010
Trade receivable	109,984,583	68,529,646
Notes receivable	667,815	1,041,068
Doubtful receivables	8,387,210	5,473,602
Allowance for doubtful receivables(-)	(8,387,210)	(5,473,602)
	110,652,398	69,570,714

Acbadem Sağlık has borrowed a loan amounting to USD 200,000,000 based on an agreement signed between Garanti Bankası on 10 January 2008. The purpose of the loan was funding the constructions in progress and the repayment of existing loans at that time. Acbadem Sağlık has provided 80% of the trade receivables as a guarantee for the outstanding bank loan of USD 182,000,000 of the USD 200,000,000 loan.

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

	31 December 2011	31 December 2010
Overdue receivables	15,248,945	9,555,207
Up to 3 month	95,403,453	60,015,507
	110,652,398	69,570,714

As at 31 December 2011, overdue receivables are amounting to TL 15,248,945 (31 December 2010: TL 9,555,207). No allowance has been recorded for these receivables as they were found to be overdue due to commercial reasons and were expected to be collected within a time period. Additionally 90 days overdue is accepted as normal trade term in the sector which the Group operates.

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

	31 December 2011	31 December 2010
Between 1-30 days	5,495,533	3,666,678
Between 31-60 days	2,728,839	1,440,137
61 days and more	7,024,573	4,448,392
	15,248,945	9,555,207



Appendix II

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL otherwise stated

6 Trade receivables and payables (continued)

The Group records allowance for doubtful receivable on customer terms. Allowances comprised the customers which are not expected to repay. For the years ended 31 December, the movement of the allowances for doubtful receivable is as follows:

	2011	2010
Beginning balance	5,473,602	4,396,956
Additions	3,197,914	2,166,622
Collections (-)	(283,163)	(1,088,806)
Write-offs (-)	(1,143)	(1,170)
	8,387,210	5,473,602

As at 31 December, short term trade payable comprised the following:

	31 December 2011	31 December 2010
Payable to suppliers	114,324,389	66,160,933
Notes payable	8,760,622	6,259,911
	123,085,011	72,420,844

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

	31 December 2011	31 December 2010
Payable to suppliers	6,200,306	6,255,212
Notes payable	2,199,420	431,848
	8,399,726	6,687,060

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

	31 December 2011	31 December 2010
0 - 3 months	92,091,598	60,419,545
3 months - 1 year	30,993,413	12,001,299
1 year-5 years	8,399,726	6,687,060
	131,484,737	79,107,904

7 Other receivables and payables

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

	31 December 2011	31 December 2010
Receivables from tax office	452,507	341,238
Advances given to personnel	204,320	--
Deposits and guarantees given	181,773	84,148
Other	233,095	50,721
	1,071,695	476,107



Appendix II

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL otherwise stated

7 Other receivables and payables (continued)

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

	31 December 2011	31 December 2010
Orka Holding AD ("Orka Holding")	6,267,210	--
Receivables from personnel	396,289	737,954
Deposits and guarantees given	204,204	250,029
	6,867,703	987,983

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

	31 December 2011	31 December 2010
Payables arising from acquisition of Yeni Sağlık	16,892,910	--
Advances received from patients	3,776,828	1,936,570
Orka Holding AD ("Orka Holding")	303,113	--
Hospimed Health Corporation*	--	18,552,000
Other	431,763	38,730
	21,404,614	20,527,300

(*) Acibadem Sağlık has increased its shares to 90% by acquiring 40% of International Hospital's shares from Hospimed Health Corporation on 27 March 2009 and fully paid in 2011

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

	31 December 2011	31 December 2010
Payables arising from acquisition of Yeni Sağlık	35,597,523	--
Orka Holding AD ("Orka Holding")	1,262,865	--
	36,860,388	--

8 Inventories

As at 31 December, inventories comprised the following:

	31 December 2011	31 December 2010
Medical materials and medicine	20,612,271	13,917,132
Other inventories	1,328,438	268,984
Provision for slow moving inventories	(26,304)	(39,598)
	21,914,405	14,146,518

At 31 December, inventories are accounted at cost and no inventory was recognized at its net realizable value.

13. ACCOUNTANTS' REPORT (cont'd)

Appendix II



Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL otherwise stated

9 Property and equipment (continued)

For the period ended 31 December 2010, the movement in property and equipment is as follows:

Cost	Land	Buildings	Machinery and equipments	Vehicles	Furniture and fixture	Leased assets	Leasehold improvements	Other tangible assets	Construction in progress	Total
1 January 2010	19,766,070	179,814,683	284,811,244	3,118,204	68,284,502	81,499,234	161,167,019	563,536	25,930,836	824,955,329
Additions from acquisitions	--	--	339,368	77,301	705,917	--	543,244	--	--	1,665,830
Additions	11,879,632	1,709,133	6,344,514	1,238,025	4,717,402	17,771,669	14,897,262	--	32,845,645	91,403,282
Disposals	--	--	(2,463,145)	(98,432)	(99,266)	(627,478)	(2,291,352)	--	(280,630)	(5,860,503)
Transfer	--	--	5,709,747	53,128	3,604,697	18,840,215	27,937,277	--	(56,246,487)	(101,423)
As at 31 December 2010	31,645,702	181,523,816	294,741,728	4,388,225	77,213,251	117,483,640	202,253,250	563,536	2,249,366	912,062,515
Accumulated depreciation										
1 January 2010	--	16,657,419	192,580,106	1,797,643	39,861,937	19,165,151	45,861,195	57,881	--	316,011,332
Additions from acquisitions	--	--	12,548	25,683	443,838	--	223,214	--	--	705,283
Charge for period	--	4,154,184	25,273,572	572,295	7,887,346	17,392,554	15,977,811	21,036	--	71,278,798
Disposals	--	--	(2,389,633)	(22,311)	(80,675)	(480,754)	(46,201)	--	--	(3,019,574)
As at 31 December 2010	--	20,841,603	215,476,593	2,373,310	48,112,446	36,076,951	62,016,019	78,917	--	384,975,839
Net book value										527,086,675

36

13. ACCOUNTANTS' REPORT (cont'd)

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL otherwise stated

9 Property and equipment

For the year ended 31 December 2011, the movement in property and equipment is as follows:

Cost	Land	Buildings	Machinery and equipments	Vehicles	Furniture and fixture	Leased assets	Leasehold improvements	Other tangible assets	Construction in progress	Total
1 January 2011	31,645,702	181,523,816	294,741,728	4,388,225	77,213,252	117,483,640	202,253,250	563,536	2,249,366	912,062,515
Additions from acquisitions	--	38,428	14,642,780	143,806	2,304,409	112,794	--	1,256,204	--	18,498,421
Additions	2,134,795	2,340,610	24,608,622	869,108	10,483,130	3,906,195	19,940,632	251,021	27,319,565	91,855,678
Disposals	--	--	(2,463,976)	(319,246)	(521,249)	--	(15,896,639)	--	--	(19,203,110)
As at 31 December 2011	33,780,497	183,902,854	331,527,154	5,081,893	89,481,542	121,502,629	206,297,243	2,070,761	29,568,931	1,003,213,504
Accumulated depreciation										
1 January 2011	--	20,841,603	215,476,593	2,373,310	48,112,446	36,076,951	62,016,019	78,917	--	384,975,839
Additions from acquisitions	--	--	--	17,598	6,039	20,444	--	--	--	44,081
Charge for period	--	4,191,005	24,374,345	745,800	8,476,399	21,451,409	17,700,376	20,361	--	76,959,695
Disposals	--	--	(2,078,472)	(222,147)	(490,426)	--	(3,097,903)	--	--	(5,888,948)
As at 31 December 2011	--	25,032,608	237,772,466	2,914,561	56,104,458	57,548,804	76,618,492	99,278	--	456,090,667
Net book value										547,122,837

Advances given to suppliers for the hospital construction projects of the Group.

As at 31 December 2011, property and equipment have been insured to the extent of TL 974,520,407 (2010: TL 848,276,863).

For the year ended 31 December 2011, depreciation expenses amounting to TL 72,914,412 has been recognised under cost of sales and TL 3,913,307 has been included under administrative expenses and TL 131,976 has been included under selling, marketing and distribution expenses. (31 December 2010: TL 68,595,744 has been recognised under cost of revenue, TL 2,576,656 has been recognised under administrative expenses and TL 106,398 has been included under selling, marketing and distribution expenses.)

As at 31 December 2011, property and equipment are pledged to the extent of TL 311,413,499. (31 December 2010: TL 254,881,290).

For the year ended 31 December 2011, the Company utilizes property and equipment which have nil net book value on its accounts (31 December 2011: TL 226,783,910, Accumulated Depreciation: TL 226,783,910) (31 December 2010 Cost: TL 184,658,966 Accumulated Depreciation: TL 184,658,966).



13. ACCOUNTANTS' REPORT (cont'd)

Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2011

Amounts expressed in TL otherwise stated

9 Property and equipment (continued)

Construction in progress

Project	31 December 2011	
	Expenditure Amount (TL)	Total Cost of Project (USD)
Acıbadem Ankara Hospital	16,052,616	30,000,000
Acıbadem Bodrum Hospital	13,516,315	20,000,000
	29,568,931	50,000,000

Acıbadem Ankara Hospital

According to the agreement on 23 July 2010, the hospital project, which is located in Dikmen District Çankaya in Ankara, will have 16 floors and closed area of 10,000 m². The hospital is planned to be opened in July 2012.

Acıbadem Bodrum Hospital

Acıbadem Sağlık has a hospital project, which is located Ortaokul District in the town of Bodrum in Muğla province with closed area of 11,500 m². The hospital is planned to be opened in June 2012.

10 Intangible assets

For the year ended 31 December 2011, movement in the intangible assets is as follows:

Cost	Rights		Other intangible assets		Total
1 January 2011	2,428,831	5,424,893	3,455,903	4,809,866	7,853,724
Acquisition through business combination	36,867	414,728	1,474	1,474	451,595
Additions	2,921,783	1,694,479	365,716	654,112	4,616,262
Disposals	(800)	(6,000)	(100)	(144)	(6,800)
31 December 2011	5,386,681	7,528,100	3,822,993	5,465,308	12,914,781
Accumulated Amortization					
1 January 2011	1,353,963	3,455,903	1,474	1,474	4,809,866
Acquisition through business combination	--	--	--	--	--
Charge for year	288,396	365,716	365,716	654,112	654,112
Disposals	(44)	(100)	(100)	(144)	(144)
31 December 2011	1,642,315	3,822,993	3,822,993	5,465,308	7,449,473
Net Book Value					

13. ACCOUNTANTS' REPORT (cont'd)



Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2011

Amounts expressed in TL otherwise stated

10 Intangible assets (continued)

For the year ended 31 December 2010, movement in the intangible assets is as follows:

Cost	Rights		Other intangible assets		Total
1 January 2010	2,041,462	4,737,282	4,737,282	6,778,744	6,778,744
Additions	315,502	594,752	594,752	910,254	910,254
Acquisition through business combination	61,058	2,245	2,245	63,303	63,303
Transfer	10,809	90,614	90,614	101,423	101,423
31 December 2010	2,428,831	5,424,893	5,424,893	7,853,724	7,853,724
Accumulated Amortization					
1 January 2010	1,173,011	3,146,573	3,146,573	4,319,584	4,319,584
Charge for year	146,654	308,867	308,867	455,521	455,521
Additions from acquisitions	34,298	463	463	34,761	34,761
31 December 2010	1,353,963	3,455,903	3,455,903	4,809,866	3,043,858
Net Book Value					

For the year ended 31 December 2011, amortization expenses amounting to TL 654,112 (31 December 2010: TL 455,521) have been included in administrative expenses.

As at 31 December 2011 and 2010, Acıbadem Sağlık utilizes intangible assets which have nil net book value on its accounts (31 December 2011 Cost: TL 4,062,829, Accumulated Amortization: TL 4,062,829; 31 December 2010 Cost: TL 3,900,693, Accumulated Amortization: TL 3,900,693).

11 Acquisition of subsidiary and non controlling interests

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

	31 December 2011		31 December 2010	
Acıbadem Sağlık	773,424,095	773,424,095	--	--
Acıbadem Sistine Hospital and Medikal	50,441,978	50,441,978	--	--
Yeni Sağlık	46,417,257	46,417,257	--	--
International Hospital	39,292,955	39,292,955	--	--
Acıbadem Poliklinikleri	6,234,605	6,234,605	--	--
Konur Sağlık	1,547,107	1,547,107	--	--
	917,357,997	917,357,997	820,498,762	820,498,762

Appendix II



Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2011

Amounts expressed in TL otherwise stated

11 Acquisition of subsidiary and non controlling interests (continued)

Acıbadem Sağlık

Following the formation of its Almond Holding subsidiary in July 2007, the Group entered into several share purchase agreements with the investors of Acıbadem Sağlık and acquired equity shares in the Company to provide the Group with a controlling interest in Acıbadem Sağlık. Goodwill resulting from the acquisition in stages was calculated based on the net assets of Acıbadem Sağlık on each acquisition date and the consideration paid by the Group. The payments for the share purchases were completed via capital increases by the Group based on the fair value of the shares at each acquisition date.

On 16 August 2007, the Group acquired 24.99% of the outstanding equity shares of Acıbadem Sağlık. On 10 January 2008 (on which the control was acquired) and 27 May 2008, the Group acquired additional 49.19% and 17.79% of the outstanding equity shares respectively. As a result of these share purchases, the Group became Acıbadem Sağlık's parent company.

The following summarizes the Group's holdings in Acıbadem Sağlık, the subsequent increases in its holdings and the computation of goodwill at each acquisition date:

1st Acquisition	
Consideration transferred	244,297,803
Subsidiary's net book value (24.99 percent)	(33,224,485)
Goodwill (1st acquisition in year 2007)	211,073,318
2nd Acquisition	
Consideration transferred	471,324,121
Subsidiary's net book value (49.19 percent)	(64,991,646)
Goodwill (2nd acquisition in year 2008)	406,332,475
3rd Acquisition	
Consideration transferred	177,157,252
Subsidiary's net book value (17.79 percent)	(21,138,950)
Goodwill (3rd acquisition in year 2008)	156,018,302
Total	773,424,095

Appendix II



Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2011

Amounts expressed in TL otherwise stated

11 Acquisition of subsidiary and non controlling interests (continued)

International Hospital

In the accompanying consolidated financial statements, details of the goodwill according to acquisition dates for International Hospital is given below:

1st Acquisition	
Consideration transferred	33,182,500
Subsidiaries net book value (50 percent)	(10,054,636)
Fair value adjustment of land	(8,983,435)
Fair value adjustment of buildings	(6,842,863)
Goodwill (1st acquisition on 20 August 2005)	7,301,566
2nd Acquisition	
Consideration transferred	53,462,129
Subsidiaries net book value (additional 40%)	(5,535,407)
Fair value adjustment of buildings	(11,281,569)
Fair value adjustment of furniture and fixtures	(2,032,335)
Fair value adjustment of machinery and equipment	(2,142,673)
Fair value adjustment of vehicles	(50,008)
Fair value adjustment of rights	(428,748)
Goodwill (2nd acquisition on 27 March 2009)	31,991,389
Total	39,292,955
Acıbadem Politiklinkleri	
Under the growth strategies of the 'Group', Acıbadem Sağlık acquired 736,802 shares of Acıbadem Politiklinkleri amounting to USD 5,710,217 and those shares correspond 36.84 % of the share capital. Before the acquisition, Acıbadem Sağlık owned 63.15 % of the share capital, so the company increased its share to 99.95% in Acıbadem Politiklinkleri.	
The detail of the goodwill computed is as below:	
Consideration transferred	6,948,763
Subsidiaries net book value (additional 36.84 percent)	(714,158)
Goodwill (10 July 2008)	6,234,605

13. ACCOUNTANTS' REPORT (cont'd)



Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2011

Amounts expressed in TL otherwise stated

11 Acquisition of subsidiary and non controlling interests (continued)

Konur Sağlık

As at 13 February 2010, Acıbadem Poliklinikleri, the consolidated subsidiary of the Acıbadem Sağlık purchased the 50 % of the shares of Konur Sağlık Hizmetleri Anonim Şirketi, a medical center operating in Bursa, Turkey. The detail of the goodwill computed is as follows:

Acquisition cost	2,046,814
Subsidiaries net book value (50.00 %)	(499,707)
Goodwill (13 February 2010)	1,547,107

Yeni Sağlık

Based on the Board of Director's decision of Acıbadem Sağlık taken on 28 April 2011, 99.90% of the shares of Yeni Sağlık which owns and operates Göztepe Şifak Hospital in Göztepe district of İstanbul and John F. Kennedy Hospital ("JFK") in Bahçelievler district of İstanbul have been acquired. The agreed amount for the acquisition of these shares is amounting to USD 28,239,250 and the payments will be done from the end of the 11st month following the actual share transfer with the installments of USD 1,000,000. The control of the shares is taken on 1 June 2011. Goodwill arising from the acquisition of shares is shown in the following table.

Acquisition cost	47,823,972
Subsidiaries net book value (99.90 %)	(1,406,715)
Goodwill (1 June 2011)	46,417,257

Acıbadem Sistina Hospital / Acıbadem Sistina Medikal

On 21 October 2011, Acıbadem Sağlık acquired 50.32% of Acıbadem Sistina Hospital and 50.00% of Acıbadem Sistina Medikal's by a total cash consideration of Euro 20,000,000. Both companies together meet the definition of a business in accordance with IFRS 3. Accordingly, the goodwill has been computed on the total net asset of both companies. The detail of goodwill computed is as follows:

Acquisition cost	50,950,000
Subsidiaries net book value of Acıbadem Sistina Medikal (50.00%)	(6,514)
Subsidiaries net book value of Acıbadem Sistina Hospital (50.32 %)	(501,508)
Goodwill (21 October 2011)	50,441,978

13. ACCOUNTANTS' REPORT (cont'd)



Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2011

Amounts expressed in TL otherwise stated

12 Provisions

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

	31 December 2011	31 December 2010
Provision for doctor payments	18,587,294	13,564,343
Lawsuit provisions	4,816,801	3,677,494
Accrued Social Security Institution ("SGK") expenses	506,515	286,608
Provisions for miscellaneous expenses	101,493	264,311
Consultancy commission provisions	--	669,953
Other	153,320	1,271,697
	24,165,423	19,734,406

There are 95 lawsuits (31 December 2010: 72) against the Group amounting to TL 17,560,461 (31 December 2010: TL 15,132,129) and 164 related to personnel (31 December 2010: 118) amounting to TL 951,933 (31 December 2010: TL 706,034). The Group has provided provisions for the lawsuits which the probability of losing is greater than the probability of winning in the accompanying consolidated financial statements.

The movement of provisions for year ended 31 December 2011 is as follows:

	1 January 2011	Additions	Payments	Reversals	31 December 2011
Provision for doctor payments	13,564,343	18,587,294	(13,564,343)	--	18,587,294
Lawsuit provisions	3,677,494	1,344,109	(12,750)	(192,052)	4,816,801
Accrued Social Security Institution ("SGK") expenses	286,608	506,515	(286,608)	--	506,515
Provisions for miscellaneous expenses	264,311	101,493	(264,311)	--	101,493
Consultancy commission provisions	669,953	--	(669,953)	--	--
Provisions for invoices returned from contracted institutions	326,491	--	(326,491)	--	--
Other	945,206	153,320	(945,206)	--	153,320
	19,734,406	20,692,731	(16,069,662)	(192,052)	24,165,423

13. ACCOUNTANTS' REPORT (cont'd)

Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2011

Amounts expressed in TL otherwise stated

12 Provisions (continued)

The movement of provisions for year ended 31 December 2010 is as follows:

	1 January 2010	Additions	Payments	Reversals	31 December 2010
Provision for doctor payments	12,509,028	13,564,343	(12,509,028)	--	13,564,343
Lawsuit provisions	869,914	2,966,263	(158,683)	--	3,677,494
Consultancy commission provisions	--	669,953	--	--	669,953
Provisions for invoices returned from contracted institutions	146,250	180,241	--	--	326,491
Accrued Social Security Institution ("SGK") expenses	22,538	286,608	(22,538)	--	286,608
Provisions for miscellaneous expenses	194,415	264,311	(194,415)	--	264,311
Other	153,333	945,206	(153,333)	--	945,206
	13,895,478	18,876,925	(13,037,997)	--	19,734,406

Annotations

There is a decision which was given by the Bakırköy Municipality to demolish the supplement International Hospital building since the amount is immaterial the Group does not book any impairment. On the same property there are two annotations of 99 yearly rent statements in favor of Turkish Electricity Administration ("TEİAŞ"). Additionally, there are two annotations of 99 yearly rent statements in favor of İstanbul Public Transportation Administration ("İETT") and also two annotations in favor of Avcılar Municipality on the land owned by the Group at Avcılar District.

13 Commitments

According to the decision of CMB on 9 September 2009 related to the commitments of publicly owned companies given to the guaranteees third party's debts;

The commitments given;

- For their own corporate identities,
- In favor of consolidated subsidiaries,
- In favor of third parties to continue their operations will not be limited.

After the decision is published at the Public Disclosure Platform, publicly owned companies will not give commitments to real people or corporations other than mentioned at the bullets (i) and (ii) above or to third parties other than mentioned at the bullet (iii). If any commitments are already given they will be reduced to nil until 31 December 2014.

13. ACCOUNTANTS' REPORT (cont'd)

Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2011

Amounts expressed in TL otherwise stated

13 Commitments (continued)

As at 31 December 2011, commitments given are as follows:

	TL Equivalents	31 December 2011 TL	USD
A Commitments given on behalf of own corporate identities	--	--	--
B Commitments given on behalf of consolidated subsidiaries	1,685,237,697	1,356,215,805	174,187,036
C Commitments given on behalf of third parties to continue its operations			
D Other commitments given	1,564,445	1,470,000	50,000
- on behalf of parent company			
- on behalf of group companies other than mentioned in bullets B and C	1,564,445	1,470,000	50,000
- on behalf of third parties other than mentioned in bullet iii)	--	--	--
Total	1,686,802,142	1,357,685,805	174,237,036

As at 31 December 2010, commitments given are as follows:

	TL Equivalents	31 December 2010 TL	USD
A Commitments given on behalf of own corporate identities	--	--	--
B Commitments given on behalf of consolidated subsidiaries	1,621,403,205	1,342,371,849	180,486,000
C Commitments given on behalf of third parties to continue its operations			
D Other commitments given	4,397,300	4,320,000	50,000
- on behalf of parent company	--	--	--
- on behalf of group companies other than mentioned in bullets B and C	4,397,300	4,320,000	50,000
- on behalf of third parties other than mentioned in bullet iii)	--	--	--
Total	1,625,800,505	1,346,691,849	180,536,000

13. ACCOUNTANTS' REPORT (cont'd)



Appendix II

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements
As at and for the years ended 31 December 2011

Amount expressed in TL, otherwise stated

13 Commitments (continued)

The total value of mortgages and pledges on the Group's land and buildings are as follows:

Mortgages				31 December 2011 (USD)
Collateral type	Duration Relevance of the mortgage	Cause of collateral and pledge	Pledged asset	
Mortgage 1 st degree		Loan Collateral – Garanti Bankası	Acibadem Bursa Hospital	77,000,000
Mortgage 1 st degree		Loan Collateral – Garanti Bankası	International Hospital	32,000,000
Mortgage 1 st degree		Loan Collateral – Garanti Bankası	Acibadem Adana Hospital	24,000,000
Mortgage 1 st degree		Loan Collateral – Vakıfbank	Acibadem Kayseri	13,000,000
Mortgage 1 st degree		Loan Collateral – Garanti Bankası	Acibadem Küçükyaşı building	12,000,000
Mortgage 1 st degree		Loan Collateral – Garanti Bankası	Acibadem Küçükyaşı warehouse	2,000,000
Mortgage 1 st degree		Loan Collateral – Garanti Bankası	Ertan Apt. various flats and apartments	1,820,000
Mortgage 1 st degree		Loan Collateral – Garanti Bankası	Manolya Apt. No: 2-3	1,495,000
Mortgage 1 st degree		Loan Collateral – Garanti Bankası	Cumburyaköy Acibadem Eğitim ve Sosyal Tesisleri	1,350,000
				164,865,000
Collateral type	Duration Relevance of the mortgage	Cause of collateral and pledge	Pledged asset	31 December 2010 (USD)
Mortgage 1 st degree		Loan Collateral – Garanti Bankası	Acibadem Bursa Hospital	77,000,000
Mortgage 1 st degree		Loan Collateral – Garanti Bankası	International Hospital	32,000,000
Mortgage 1 st degree		Loan Collateral – Garanti Bankası	Acibadem Adana Hospital	24,000,000
Mortgage 1 st degree		Loan Collateral – Vakıfbank	Acibadem Kayseri	13,000,000
Mortgage 1 st degree		Loan Collateral – Garanti Bankası	Acibadem Küçükyaşı building	12,000,000
Mortgage 1 st degree		Loan Collateral – Garanti Bankası	Acibadem Küçükyaşı warehouse	2,000,000
Mortgage 1 st degree		Loan Collateral – Garanti Bankası	Ertan Apt. various flats and apartments	1,820,000
Mortgage 1 st degree		Loan Collateral – Garanti Bankası	Cumburyaköy Acibadem Eğitim ve Sosyal Tesisleri	1,350,000
Mortgage 1 st degree		Loan Collateral – Garanti Bankası	Manolya Apt. No: 2-3	1,495,000
				164,865,000

13. ACCOUNTANTS' REPORT (cont'd)



Appendix II

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements
As at and for the years ended 31 December 2011

Amount expressed in TL, otherwise stated

13 Commitments (continued)

Pledges

Acibadem Sağlık has ceded 80% of account receivable and blockage on the bank deposit amounting to TL 30,638,517 related with the bank borrowing from Garanti Bankası. The shares of Acibadem Sağlık owned by Almond Holding, which constitute 18.62% of Acibadem Sağlık's capital has been pledged at first degree and 63.82% of Acibadem Sağlık's shares has been pledged at second degree, 50% share of International Hospital has been pledged at first degree, 99.99% share of Acibadem Kayseri has been pledged at first degree, 49.99% share of Acibadem Labmed has been pledged at first degree, 99.99% share of Acibadem Poliklinikleri has been pledged at first degree.

The Group has given letter of guarantees to different institutions amounting to TL 13,681,887 (2010: TL 13,090,385).

14 Employee benefits

Reserve for Employment Termination Benefits

Under the Turkish Labour Law, the Company and its subsidiaries are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is 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 every employment year and as at 31 December 2011 the ceiling amount has been limited to TL 2,732 (31 December 2010: TL 2,517). Termination benefits is computed and reflected in the financial statements on a current basis. The reserve has been calculated by estimating the present value of future probable obligation of the Company and its Turkish subsidiaries and joint ventures arising from the retirement of the employees. The calculation was based upon the retirement pay ceiling announced by the government.

The provision has been calculated by estimating the present value of the future probable obligation of the Company and its subsidiaries arising from the retirement of employees. IFRSs 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. Consequently, in the accompanying consolidated financial statements as at 31 December 2011, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provision at 31 December 2011 has been calculated assuming an annual inflation rate of 5% and a discount rate of 9.11% resulting in a real discount rate of approximately 3.91% (31 December 2010: annual inflation rate of 5.10% and a discount rate of 10.00% resulting in a real discount rate of approximately 4.66%).

	31 December 2011	31 December 2010
Opening balance	2,111,563	1,863,931
Interest cost	134,998	3,519,952
Cost of services	238,260	653,881
Payments made during the period	(3,003,714)	(2,629,722)
Actuarial gains	2,452,317	(1,296,479)
	1,933,424	2,111,563
Provision for employee termination benefits from the acquisition of a subsidiary – for cash flows	(376,138)	(15,876)

13. ACCOUNTANTS' REPORT (cont'd)

Appendix II



Actbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2011

Amounts expressed in TL otherwise stated

14 Employee benefits (continued)

Reserve for Employment Termination Benefits (continued)

Actuarial gains or losses arise from the changes in interest rates and changes in expectations about the salary increases. Actuarial differences are recorded as incurred. As at 31 December 2011, TL 2,404,640 of interest cost, cost of services and actuarial gains or losses are recorded as cost of sales (31 December 2010: TL 2,711,499 expense), TL 350,498 is recorded as general administrative expenses (31 December 2010: TL 163,713 expense) and TL 2,769 is recorded as selling, marketing and distribution expenses (31 December 2010: TL 2,142).

15 Post employment benefits

None.

16 Other assets and liabilities

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

	31 December 2011	31 December 2010
Income accrual for SGK receivables	13,841,917	11,905,903
Income accrual for patients	9,246,137	5,654,774
Prepaid rent expenses	5,768,403	5,855,445
Value added tax receivable	5,726,677	10,471,935
Prepaid insurance expense	4,774,805	2,947,928
Prepaid taxes and funds	4,266,894	1,591,200
Advances given to personnel	2,250,868	2,399,761
Advances given for inventory	1,657,567	1,310,437
Prepaid maintenance expense	167,840	173,007
Job advances	91,136	69,103
Prepaid advertisement expenses	25,168	3,230,830
Prepaid subscription expense	17,434	22,402
Other	532,713	249,836
	48,367,559	45,882,561

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

	31 December 2011	31 December 2010
Prepaid rent	9,965,137	4,054,360
Advances given	2,677,500	--
Advances given for fixed assets	2,314,227	1,231,714
Prepaid insurance	15,012	15,590
Other	18,486	7,483
	14,990,362	5,309,147

(*) The Company has advances given amounting to TL 2,677,500 for a new operator agreement of a clinic.

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

	31 December 2011	31 December 2010
Social security and taxes payable	23,796,898	12,926,860
Payable to personnel	14,208,152	10,505,163
Deferred income (*)	1,520,009	82,032
	39,525,059	23,514,055

13. ACCOUNTANTS' REPORT (cont'd)



Appendix II

Actbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2011

Amounts expressed in TL otherwise stated

16 Other assets and liabilities (continued)

(*) This amount consists of short term portion of income according to the bank agreement related to transfer of salary payment rights in 2011.

As at 31 December 2011, other long term liabilities amounting to TL 4,938,537 (31 December 2010: TL 500,388) consists the income according to the bank agreement related to transfer of salary payment rights in year 2011.

17 Equity

Paid-in capital

As at 31 December 2011 paid-in capital of the Group is TL 668,000,000 (31 December 2010: TL 668,000,000) made up of 334,000,000 shares classified as A group and 334,000,000 shares classified as B group. As at 31 December 2010 and 2009, the composition of shareholders and their respective percentage of ownership are summarized as follows:

Shareholder's name	31 December 2011		31 December 2010	
	Share (%)	Amount	Share (%)	Amount
Almond Holding Cooperative U A	50.00	334,000,000	50.00	334,000,000
Mehmet Ali Aydınlar	46.41	310,010,990	46.41	310,010,990
Hatice Seher Aydınlar	3.59	23,989,008	3.59	23,989,008
Ethem Erhan Aydınlar	0.00	1	0.00	1
Zeynep Aydınlar	0.00	1	0.00	1
		100.00		668,000,000
		668,000,000		100.00

The favorable vote of Group A shares is required in order to decide on an 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.

Pledges on Shares

According to the Share Pledge Agreements which are signed on 10 January 2008 and additional amendments of the agreements which are signed on 6 February 2008 and 6 August 2008, the shares of Almond Holding, Actbadem Sağlık and its subsidiaries were pledged (1st and 2nd degree) on behalf of T. Garanti Bankası as the guarantee of the loans, amounted to USD 200,000,000 for Actbadem Sağlık and USD 200,000,000 for Almond Holding.

Reserves

(i) 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 CMB regulations, a further 1/10 of dividend distributions, in excess of 5 percent of paid-in capital is to be appropriated to increase second legal reserves. 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 capital are to be appropriated to increase second legal reserves. Under the TCC, 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. As at 31 December 2011, the Group's legal reserves amounting to TL 4,069,977 (31 December 2010: TL 2,541,510).

(ii) Share Premium

13. ACCOUNTANTS' REPORT (cont'd)



Appendix II

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2011

Amounts expressed in TL otherwise stated

Share premium arises from the initial public offering of Acibadem Sağlık in Istanbul Stock Exchange. Share premium cannot be distributed.

13. ACCOUNTANTS' REPORT (cont'd)



Appendix II

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2011

Amounts expressed in TL otherwise stated

17 Equity (continued)

Dividend distribution:

Publicly traded companies distribute dividends based on the Capital Market Board ("CMB") regulations as explained below:

According to CMB's decision on 27 January 2010 numbered 02/51 Companies traded on the stock exchange market are not obliged to distribute a specified amount of dividends (2010: 20 percent). For companies that will distribute dividends, in relation to the resolutions in their general meeting the dividends may be in cash, may be bonus shares by adding the profit into equity, or may be mixture of cash and bonus shares, it is also permitted not to distribute determined first party dividends falling below 5 percent of the paid-in capital of the company but, companies that increased capital before distributing the previous year's dividends and as a result their shares are separated as "old" and "new" are obliged to distribute first party dividends in cash.

There is no requirement for profit distribution in year 2011 for Acibadem Sağlık, which is publicly traded.

Retained Earnings / (Accumulated Losses)

	31 December 2011	31 December 2010
Extraordinary reserves	48,741,842	42,835,820
Retained earnings / (Accumulated losses)	(236,036,418)	(204,750,215)
	(187,294,576)	(161,914,395)

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

	31 December 2011	31 December 2010
Beginning balance	(161,914,395)	(146,485,893)
Change in non-controlling interest	(743,575)	(5,761,782)
Transfer to legal reserves	(1,528,467)	--
Transfer of period profit to retained earnings	(23,108,139)	(9,666,720)
	(187,294,576)	(161,914,395)

13. ACCOUNTANTS' REPORT (cont'd)



Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2011

Amounts expressed in TL otherwise stated

18 Revenues

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

	2011	2010
Domestic sales	1,103,595,853	812,136,178
Unearned finance expense	(4,675,533)	(3,151,060)
Sales returns and discounts	(89,450,304)	(77,402,588)
Net revenues	1,009,470,016	731,582,530
Cost of revenues	(793,348,551)	(586,157,703)
Gross profit	216,121,465	145,424,827

19 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:

	2011	2010
Advertisement and sponsorship expenses	15,142,285	19,225,656
Personnel expenses	5,863,774	4,208,630
Commission expenses	4,808,372	5,090,999
Representation expenses	1,110,039	1,006,434
Travel expenses	751,177	579,278
Consultancy expenses	675,528	871,289
Published material expenses	846,792	811,851
Vehicle rent expenses	295,520	210,190
Mail, newspaper, magazine expenses	219,816	180,096
Depreciation and amortization expenses	131,976	106,398
Other	948,307	305,310
	30,793,586	32,596,131

General administration expenses

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

	2011	2010
Personnel expenses	29,891,090	23,609,219
Depreciation and amortization	4,567,419	3,032,177
Rent expense	2,365,799	1,416,014
Consultancy, legal, notary expenses	1,951,584	5,151,724
Cleaning and meal expenses	1,474,402	1,240,902
Communication and other office expenses	1,330,273	2,358,418
Energy expenses	964,965	1,302,346
Representation and travel expenses	839,330	889,192
Repair and maintenance expenses	751,999	630,277
Other	1,353,047	2,353,152
	45,489,908	41,983,421

13. ACCOUNTANTS' REPORT (cont'd)



Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2011

Amounts expressed in TL otherwise stated

20 Expenses by nature

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

	2011	2010
Amortization and depreciation expenses		
Cost of revenue	72,914,412	68,595,744
General administrative expenses	4,567,419	3,032,177
Selling, marketing and distribution expenses	131,976	106,398
	77,613,807	71,734,319
Personnel expenses		
Cost of revenue	439,157,621	313,994,521
General administrative expenses	29,891,090	23,609,219
Selling, marketing and distribution expenses	5,863,774	4,208,630
	474,912,485	341,812,370

21 Other operating income and expenses

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

	2011	2010
Insurance compensation gain (*)	3,810,569	2,302,306
Premium from bank related salary payment right assignment (**)	699,433	468,007
Recovery of impairment for doubtful receivables	283,163	734,322
Gain on sale of property and equipment	269,789	325,761
Other income	3,089,933	1,666,263
	8,152,887	5,496,659

(*) The gain obtained from the insurance companies when equipments are damaged during transportation.

(**) The premium arose from the change of the bank from which salary payments are made.

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

	2011	2010
Donations	10,658,556	1,372,777
Damage loss (*)	5,788,104	3,034,808
Allowance for doubtful receivables	3,197,914	2,166,622
Provision for lawsuits	1,139,307	2,988,143
Tax expenses regarding law number 6111	405,822	--
Other	1,685,465	1,657,478
	22,875,168	11,219,828

(*) Losses incurred when equipments are damaged during transportation.

22 Financial income

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

	2011	2010
Net change in fair value of derivatives	8,737,186	--
Imputed interest on cost of revenue	4,636,138	3,058,162
Discount on trade payables	1,455,549	1,075,127
Interest income on time deposits	1,203,181	812,766
Other	54,058	23,303
	16,086,112	4,969,358

Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2011

Amounts expressed in TL otherwise stated

23 Financial expenses

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

	2011	2010
Foreign exchange loss	193,452,935	25,456,064
Interest expense on bank loans	48,112,764	39,162,844
Credit card commission expenses	6,968,991	5,411,959
Finance lease interest expense	6,202,183	5,877,668
Imputed interest on revenue	1,671,477	909,554
Net change in fair value of derivatives	912,560	4,299,190
Actuarial interest cost	134,998	3,519,952
Letter of credit and other bank commission expenses	73,476	622,195
Change in fair value of forward transactions	--	96,928
Other	185,973	118,687
	257,715,357	85,475,041

24 Tax assets and liabilities

Corporate tax

In Turkey

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilised. In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate at 31 December 2011 is 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 is no procedure for a final and definitive 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.

Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2011

Amounts expressed in TL otherwise stated

24 Tax assets and liabilities (continued)

Corporate tax (continued)

In Macedonia

Macedonian corporate income tax is levied at a rate of 10% on dividend distribution and tax on non-deductible 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, then the taxpayer shall declare tax loss. Tax losses can be carried forward for five years according to the amendment on tax legislation.

Investment allowance

The Temporary Article 69 added to the Income Tax Law no.193 with the Law no.5479, which became effective starting from 1 January 2006, upon being promulgated in the Official Gazette no.26133 dated 8 April 2006, stating that taxpayers can deduct the amount of the investment allowance exemption which they are entitled to according to legislative provisions effective at 31 December 2005 (including rulings on the tax rate) only from the taxable income of 2006, 2007 and 2008. Accordingly, the investment incentive allowance practice was ended as of 1 January 2006. At this perspective, an investment allowance which cannot be deducted partially or fully in three years time was not allowed to be carried forward to the following years and became unavailable as of 31 December 2008. On the other side, the Article 19 of the Income Tax Law was annulled and the investment allowance practice was ended as of 1 January 2006 with effectiveness of the Article 2 and the Article 15 of the Law no.5479 and the investment allowance rights on the investment expenditures incurred during the period of 1 January 2006 and 8 April 2006 became unavailable.

However, at 15 October 2009, the Turkish Constitutional Court decided to cancel the clause no.2 of the Article 15 of the Law no.5479 and the expressions of "2006, 2007, 2008" in the Temporary Article 69 related to investment allowance mentioned above that enables effectiveness of the Law as of 1 January 2006 rather than 8 April 2006, since it is against the Constitution. Accordingly, the time limitations for the carried forward investment allowances that were entitled to in the previous period of mentioned date and the limitations related with the investments expenditures incurred between the issuance date of the Law promulgated and 1 January 2006 were eliminated. According to the decision of Turkish Constitutional Court, cancellation related with the investment allowance became effective with promulgation of the decision on the Official Gazette and the decision of the Turkish Constitutional Court was promulgated in the Official Gazette no.27456 dated 8 January 2010.

According to the decision mentioned above, the investment allowances carried forward to the year 2006 due to the lack of taxable income and the investment allowances earned through the investments started before 1 January 2006 and continued after that date constituting economic and technical integrity will be used not only in 2006, 2007 and 2008, but also in the following years. In addition, 40% of investment expenditures that are realized between 1 January 2006 and 8 April 2006, within the context of the Article 19 of the Income Tax Law will have the right for investment allowance exemption.

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

	31 December 2011	31 December 2010
Corporate tax provision	4,169,704	8,419,341
Prepaid taxes and funds	(3,794,935)	(5,765,515)
	374,769	2,653,826

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

	2011	2010
Current year corporate tax provision	(4,169,704)	(8,419,341)
Deferred tax credit / (charge)	(1,186,563)	329,511
	(5,356,267)	(8,089,830)

Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2011

Amounts expressed in TL otherwise stated

24 Tax assets and liabilities (continued)

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:

	2011		2010	
		%		%
Profit/(loss) before tax				
Tax rate	(116,513,555)	20	(15,383,577)	20
Taxes on reported profit per statutory tax rate	23,302,711	(20.00)	3,076,715	(20.00)
Effect of tax rates in foreign jurisdictions	(8,362)	--	--	--
Non-deductible expenses	(2,352,654)	2.02	(280,101)	1.82
Donations	(2,131,662)	1.83	--	--
Tax exception on investment allowance	(325,036)	0.28	--	--
Tax exempt income	--	--	132,109	(0.86)
Recognition of previously unrecognized tax losses	(658,986)	0.57	--	--
Tax penalty charge	--	--	(3,734,431)	24.28
Statutory tax losses for which no deferred tax assets recognized	(23,094,070)	19.82	(6,728,996)	43.74
Other	(88,208)	0.08	(555,126)	3.61
Taxation credit/(charge)	(5,356,267)	4.60	(8,089,830)	52.59

Deferred tax assets and liabilities

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements prepared in accordance with the Communiqué No: XI-29 and the statutory tax financial statements. Related temporary differences are subject to different period records according to articles and to tax laws for profit and lost items.

According to the decision of the Turkish Constitutional Court promulgated in the Official Gazette no.27456 dated 8 January 2010, the investment allowances carried forward to the year 2006 due to the lack of taxable income and the investment allowances earned through the investments started before 1 January 2006 and continued after that date constituting economic and technical integrity will be used not only in 2006, 2007 and 2008, but also in the following years. In addition, 40% of investment expenditures that are realized between 1 January 2006 and 8 April 2006, within the context of the Article 19 of the Income Tax Law will have the right for investment allowance exemption. As per this decision, the Group has provided deferred tax asset amounting to TL 11,540,235 over the investments started before 1 January 2006 and continued after that date constituting economic and technical integrity amounting to TL 57,701,175.

Deferred tax assets and liabilities deducted for the factors that there is a legally applicable right to deduct the current year tax assets and liabilities and there is intent of the occurrence of the current year tax assets and liabilities concurrently are valid.

The unrecorded deferred taxes are re-evaluated at every balance sheet date. If it is possible to make profits in the future the unrecorded deferred tax assets are reflected to the financial statements



Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2011

Amounts expressed in TL otherwise stated

24 Tax assets and liabilities (continued)

Deferred tax assets and liabilities (continued)

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

	31 December 2011		31 December 2010	
	Deferred tax base	Deferred tax asset/(liability)	Deferred tax base	Deferred tax asset/(liability)
Property, equipment and intangible assets - <i>Deferred tax asset</i>	9,587,880	1,917,576	654,789	130,958
Property, equipment and intangible assets - <i>Deferred tax liability</i>	(14,437,018)	(2,887,404)	(6,717,934)	(1,343,587)
Financial liabilities	(1,639,220)	(327,843)	(2,435,875)	(487,175)
Employee benefits	1,933,425	386,685	2,111,554	422,311
Investment allowance	57,701,175	11,540,235	66,654,156	13,330,831
Trade and other receivables	(5,945,825)	(1,189,165)	(10,646,766)	(2,129,353)
Financial investments at fair value - <i>Interest rate swaps</i>	5,211,751	1,042,350	4,299,190	859,838
Financial investments at fair value - <i>Forwards</i>	(7,663,240)	(1,532,648)	96,928	19,386
Provisions	23,464,060	4,692,812	16,769,442	3,353,888
Tax loss carry-forwards	33,259,175	6,651,835	36,619,494	7,323,899
	101,472,163	20,294,433	107,404,978	21,480,996

	31 December 2011		31 December 2010	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Deferred tax assets	26,231,493		25,441,111	
Deferred tax liabilities		(5,937,060)		(3,960,115)
Deferred tax assets, net	20,294,433		21,480,996	

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

	2011		2010	
	Beginning balance	Period tax credit/(expense)	Beginning balance	Period tax credit/(expense)
Beginning balance	21,480,996		21,151,485	
Period tax credit/(expense)		(1,186,563)		329,511
Ending balance	20,294,433		21,480,996	
<i>Deferred tax charges from the acquisition of a subsidiary - for cash flows</i>		(379,463)		7,776

Unrecognized deferred tax assets

Deferred tax asset amounting to TL 23,094,070 (31 December 2010: TL 6,278,996) has not been recognized in respect of the current year statutory tax losses, because it is not probable that future taxable profit will be available against which the Company can utilize the benefits there from.

Under the Turkish taxation system, tax losses can be carried forward to 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 anticipated that there will be taxable profits in the following years. Therefore, as at 31 December 2011, deferred tax asset is recognized in the accompanying consolidated financial statements for tax losses carried forward amounting to TL 33,259,175 (31 December 2010: TL 36,619,494).



Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2011

Amounts expressed in TL, otherwise stated

24 Tax assets and liabilities (continued)

Expiration dates of tax losses are as follows:

	31 December 2011	31 December 2010
2016	12,545,733	--
2015	1,827,009	17,151,501
2014	17,853,331	17,853,331
2013	995,117	995,117
2012	37,985	37,985
2011	--	581,560
	33,259,175	36,619,494

25 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:

	2011	2010
Net income/ (loss) for the period	(122,154,317)	(23,108,139)
Weighted average number of shares	668,000,000	668,000,000
Basic and Diluted Earnings/ (losses) per 1.000 Shares	(182.866)	(34.593)

26 Related parties

Since intra-group balances and transactions between the Company and its subsidiaries are eliminated at the preparation of the consolidated financial statements they are not disclosed in this note.

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

	31 December 2011	31 December 2010
Trade receivables	9,514,653	8,655,743
Other receivables	251,970	36,867
	9,766,623	8,692,610

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

	31 December 2011	31 December 2010
Trade payables	29,156,434	9,571,893
Other payables	578,943	503,601
	29,735,377	10,075,494



Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2011

Amounts expressed in TL, otherwise stated

26 Related parties (continued)

Due from related parties

	31 December 2011		31 December 2010	
	Trade Receivables	Other Receivables	Trade Receivables	Other Receivables
Shareholders	--	--	--	149
Mehmet Ali Aydınlar Receivables from other shareholders	--	11	--	--
Related Companies				
Acıbadem Sigorta	9,289,246	160,910	7,458,385	735
Acıbadem Proje	80,648	--	--	--
Acıbadem Diş	55,419	389	185,569	13,068
Acıbadem Holding	52,578	1,170	24,988	--
Aydınlar Sağlık Hizmetleri	25,537	92	24,637	882
Akademia	7,282	731	17,342	1,668
Kerem Aydınlar Vakfı	3,064	11	--	266
Acıbadem Sigorta Araçlık	879	--	--	--
Acıbadem Üniversitesi	--	12,616	5,312	--
Aplus	--	73,038	--	17,692
Telepati Tamtim	--	2,466	--	2,141
BLAB	--	416	--	266
Acıbadem Yatırım	--	60	--	--
Almond Holding	--	60	--	--
Çukurova Bilim	--	--	939,510	--
	9,514,653	251,970	8,655,743	36,867

Acıbadem Sigorta transactions with this company include receivables from the treatment of Acıbadem Sigorta's customers at Acıbadem hospitals and outpatient clinics.

Acıbadem Proje pertains to amounts billed by Acıbadem Sağlık for the sale of Acıbadem Sağlık's fixed assets.

A Plus transactions are related to the laundry, catering and cleaning services provided at various Acıbadem hospitals and outpatient clinics.

Acıbadem Proje pertain to amounts billed to Acıbadem Sağlık for planning, design and construction work of new Acıbadem facilities including improvements for existing facilities.

Acıbadem Sigorta Araçlık transactions represent the commissions paid to the company in regards to the customers of Acıbadem Sigorta Araçlık being exclusively at Acıbadem hospitals and outpatient clinics only.

Telepati Tamtim transactions are for advertising services rendered to promote Acıbadem brand on various media channels.

13. ACCOUNTANTS' REPORT (cont'd)

Appendix II

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2011

Amounts expressed in TL otherwise stated

26 Related parties (continued)

Due to related parties

	31 December 2011		31 December 2010	
	Trade Payables	Other Payables	Trade Payables	Other Payables
Shareholders				
Mehmet Ali Aydınlar	--	18,888	--	15,461
Hatice Seher Aydınlar	--	1,889	--	1,546
Said Haifawi	--	520,798	--	36,070
Other	--	2,098	--	1,755
Related Companies				
A Plus	13,872,341	--	6,454,852	--
Acibadem Proje	8,938,931	18,478	1,373,412	38,277
Acibadem Sağlık Araçılık	3,238,720	--	--	--
Telepati Tanıtım	1,206,912	--	912,545	--
Acibadem Sigorta	1,080,179	325	278,768	332,536
Aydınlar Sağlık Hizmetleri	455,556	--	--	--
Acibadem Diş	288,617	13,522	440,519	77,503
Acibadem Üniversitesi	51,770	--	60	--
Acibadem Holding	21,137	437	111,737	437
Acibadem Vakfı	--	2,508	--	16
Akademia	2,271	--	--	--
	29,156,434	578,943	9,571,893	503,601

13. ACCOUNTANTS' REPORT (cont'd)



Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2011

Amounts expressed in TL otherwise stated

26 Related parties (continued)

Related party transactions (Sales)

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

	2011			2010		
	Service	Fixed Asset	Other	Services	Fixed Assets	Others
Acibadem Sigorta	66,035,990	--	524,008	52,252,824	--	499,616
Aplus	103,313	10,300	4,049,200	935,132	--	3,600
Acibadem Proje Yönetimi	16,591	--	239,123	225,857	700	--
Acibadem Üniversitesi	12,262	--	--	41,614	--	145,343
Acibadem Holding	1,179	--	259,040	1,910	--	178,088
Acibadem Diş	--	--	37,424	128	--	--
Aydınlar Sağlık	--	--	112,711	107	--	48,037
Telepati Tanıtım Hizmetleri	--	--	73,786	--	--	--
Akademia	--	--	9,900	--	--	--
Çukurova Bilim	--	--	3,300	--	--	--
Acibadem Sağlık Yatırımları	--	--	3,240	--	--	62,400
	66,169,335	10,300	5,311,732	53,457,572	700	1,028,004

13. ACCOUNTANTS' REPORT (cont'd)

Appendix II

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2011

Amounts expressed in TL otherwise stated

26

Related parties (continued)**Related party transactions (Purchases)**

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

	2011		
	Service	Fixed Asset	Other
Aplus	45,002,029	2,514	683,233
Acibadem Proje	27,642,794	26,942	--
Acibadem Sigorta	13,547,288	--	56,124
Telepati Tanıtım	2,188,909	--	--
Aydınlar Sağlık	1,102,417	--	--
Acibadem Diş	557,267	--	--
Acibadem Üniversitesi	47,796	--	--
Akademia	11,393	--	--
	90,099,893	29,456	739,357

2010

	2010		
	Services	Fixed Assets	Others
Aplus	34,187,926	--	111,502
Acibadem Proje	30,773,162	76,494	--
Acibadem Sigorta	5,946,472	--	467,487
Telepati Tanıtım	5,261,870	--	--
Acibadem Diş	489,932	--	--
Acibadem Holding	182,808	--	----
Akademia	47	--	--
	76,842,217	76,494	578,989

13. ACCOUNTANTS' REPORT (cont'd)

Appendix II

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the years ended 31 December 2011

Amounts expressed in TL otherwise stated

26

Related parties (continued)**Guarantees and similar obligations**

As at 31 December 2011, the details of the guarantees given as security for the credits used by related parties are as follows:

On behalf of	Date	Bank Name	Currency Type	TL	
				Original Amount	Amount
Aplus	12.02.2008	Garanti Bankası	TL	--	500,000
Aplus	06.09.2007	Garanti Bankası	TL	--	420,000
Aplus	05.10.2007	Garanti Bankası	TL	--	200,000
Acibadem Proje	28.12.2005	Garanti Bankası	TL	--	200,000
Aplus	20.09.2006	Garanti Bankası	TL	--	150,000
Acibadem Proje	27.01.2005	Garanti Bankası	USD	50,000	94,445
					1,564,445

Guarantees and similar obligations (continued)

As at 31 December 2011, the Acibadem Politiklikleri, consolidated subsidiary has given guarantees on behalf of International Hospital regarding to cash credit line up to TL 6,000,000 and on behalf of Acibadem Sağlık regarding to cash credit line up to TL 14,134,500 and Euro 5,289,899 from İş Bankası, which are available for use in the future.

As at 31 December 2011, Mehmet Ali Aydınlar, shareholder of Acibadem Sağlık and Acibadem Politiklikleri, consolidated subsidiary gave guarantees on behalf of Acibadem Sağlık regarding to the cash credit line up to TL 1,760,181 and non-cash credit line up to USD 7,887,794 (TL) from İş Bankası which are available for use in the future.

Key management compensation

For the year ended 31 December 2011, sum of the compensation to key management is amounting to TL 8,045,686 (2010: TL 7,412,679). Total compensation amount contains wages and salaries paid to the key management.

Donations

For the year ended 31 December 2011, the Group made donations to Acibadem University amounting to TL 4,067,054 (2010: TL 1,372,777), Kerem Aydınlar Vakfı TL 6,591,258 (2010: None).

13. ACCOUNTANTS' REPORT (cont'd)



Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements
As at and for the years ended 31 December 2011

Amounts expressed in TL unless otherwise stated

27 Nature and level of risks arising from financial instruments

Financial Risk Management Policies

The main financial instruments of the Group are bank loans, receivables, payables, cash and short term bank deposits. 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 18, 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 previous period's.

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 6).

13. ACCOUNTANTS' REPORT (cont'd)



Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements
As at and for the years ended 31 December 2011

Amounts expressed in TL unless otherwise stated

27 Nature and Level of Risks Arising from Financial Instruments

Credit risk (continued)

As at 31 December 2011, credit risk details are as follows:

	Receivables				Bank deposits	Other
	Trade receivables		Other receivables			
	Related party	Other party	Related party	Other party		
31 December 2011						
Maximum exposure to credit risk at the reporting date (A+B+C+D+E)	9,514,653	110,652,398	251,970	7,939,398	38,798,280	4,378,927
- Secured portion of maximum credit risk with collateral	--	--	--	--	--	--
A. Carrying amount of financial assets that are not overdue and not impaired	9,514,653	95,403,453	251,970	7,939,398	38,798,280	4,378,927
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	--	15,248,945	--	--	--	--
- Carrying amount secured with collateral	--	--	--	--	--	--
D. Carrying amount of assets that are impaired	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	8,387,210	--	--	--	--
- Impairment (-)	--	(8,387,210)	--	--	--	--
- Carrying amount secured with collateral	--	--	--	--	--	--
- Net overdue (gross carrying amount)	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
- Carrying amount secured with collateral	--	--	--	--	--	--
E. Factors that include off balance sheet credit risks	--	--	--	--	--	--

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements
As at and for the years ended 31 December 2011
Amounts expressed in TL, otherwise stated

Appendix II



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

Liquidity risk (continued)

The tables listed below are representing the maturities of non-derivative financial liabilities.

As at 31 December 2011, maturities of non-derivative financial liabilities are as follows:

Contractual maturities	Carrying value	Total cash outflow per agreement (=I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (II)	Over 5 years (III)	Without maturity
Non-derivative financial liabilities							
Financial liabilities	958,127,449	1,005,309,986	40,642,053	61,054,293	803,391,751	100,221,889	--
Financial lease liabilities	103,786,952	120,144,221	4,218,123	21,420,572	80,980,612	13,524,914	--
Expected maturities	Carrying value	Expected total cash out flow (=I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (II)	Over 5 years (III)	Without maturity
Non-derivative financial liabilities							
Trade payables	131,484,737	132,645,804	92,904,807	31,267,098	8,473,899	--	--
Due to related parties	29,156,434	29,278,050	20,660,244	8,617,806	--	--	--
Other payables (*)	69,275,269	69,275,269	14,208,152	18,206,729	36,860,388	--	--

(*) Other payables comprise; other liabilities amounting to TL 39,525,059, due to related parties TL 578,943, other payables amounting to TL 21,404,614, other non-current liabilities amounting to TL 4,938,537 excluding social security and tax payables, deferred income and advances received from patients.

Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements
As at and for the years ended 31 December 2011

Amounts expressed in TL, otherwise stated

27 Nature and Level of Risks Arising from Financial Instruments (continued)

Credit risk (continued)

As at 31 December 2010, credit risk details are as follows:

	Receivables				Bank deposits	Other
	Trade receivables		Other receivables			
	Related party	Other party	Related party	Other party		
31 December 2010						
Maximum exposure to credit risk at the reporting date (A+B+C+D+E)	8,655,743	69,570,714	36,867	1,464,090	23,269,309	2,325,072
- Secured portion of maximum credit risk with collateral	--	--	--	--	--	--
A, Carrying amount of financial assets that are not overdue and not impaired	8,655,743	60,015,507	36,867	1,464,090	23,269,309	2,325,072
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	--	9,555,207	--	--	--	--
- Carrying amount secured with collateral	--	--	--	--	--	--
D, Carrying amount of assets that are impaired	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	5,473,602	--	--	--	--
- Impairment (-)	--	(5,473,602)	--	--	--	--
- 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.



Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements
As at and for the years ended 31 December 2011
Amounts expressed in TL otherwise stated

27 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, CHF 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 2011 and 2010, the net foreign currency position of the Group is TL 1,050,430,059 and TL 835,235,230 (short) position, respectively.

	31 December 2011	31 December 2010
Foreign currency denominated assets	1,843,518	3,644,951
Foreign currency denominated liabilities	(1,121,218,427)	(855,259,958)
Foreign currency derivatives	(1,119,374,909)	(851,615,007)
Net foreign currency position	68,944,850	16,379,777
	(1,050,430,059)	(835,235,230)

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements
As at and for the years ended 31 December 2011
Amounts expressed in TL otherwise stated

Appendix II



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

Liquidity risk (continued)

As at 31 December 2010, maturities of non-derivative financial liabilities are as follows:

Contractual maturities	Carrying value	Total cash outflow per agreement (=I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (II)	Over 5 years (II)	Without maturity
Non-derivative financial liabilities							
Financial liabilities	758,725,304	828,186,531	46,029,958	47,167,258	623,544,420	111,444,895	--
Financial lease liabilities	97,810,592	129,403,083	2,934,928	18,828,820	94,671,661	12,967,674	--
Expected maturities	Carrying value	Expected total cash out flow (=I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	Over 5 years (IV)	Without maturity
Non-derivative financial liabilities							
Trade payables	79,107,904	79,709,086	60,878,704	12,037,193	6,793,189	--	--
Due to related parties	9,571,893	9,658,830	9,371,924	286,906	--	--	--
Other payables (*)	29,599,494	29,599,494	10,543,893	19,055,601	--	--	--

(*) Other payables comprise, other liabilities amounting to TL 23,514,055, other payables amounting to TL 20,527,300 excluding social security tax payables, deferred rent income and advances received.

13. ACCOUNTANTS' REPORT (cont'd)

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements
As at and for the year ended 31 December 2011
Amounts expressed in TL otherwise stated

Appendix II



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

Market risk (continued)

As at 31 December 2011, market risk details are as follows:

17. Non-Current Liabilities (14+15+16)	985,405,797	475,454,267	10,045,841	333,622,773	--	24,591,218	--
18. Total Liabilities (13+17)	1,121,218,427	528,898,707	18,604,671	464,456,226	18,503	28,889,194	--
19. Off balance sheet foreign currency denominated derivatives							
net assets/liabilities position (19a-19b)	68,944,850	36,500,000	--	--	--	--	--
19a. Off balance sheet foreign currency denominated derivatives assets amount	68,944,850	36,500,000	--	--	--	--	--
19b. Off balance sheet foreign currency denominated derivatives liabilities amount	--	--	--	--	--	--	--
20. Net foreign currency denominated assets/(liabilities) position (9-18+19)	(1,050,430,059)	(491,958,964)	(18,191,317)	(464,456,226)	(18,278)	(28,888,159)	(1,050,430,059)
21. Monetary accounts net foreign currency denominated assets/(liabilities) position (1+2a+5+6a-10-11-12a-14-15-16a)	(1,119,374,909)	(528,458,964)	(18,191,317)	(464,456,226)	(18,278)	(28,888,159)	(1,119,374,909)
22. Fair value of hedging financial instruments	--	--	--	--	--	--	--
23. Hedged foreign currency denominated assets	--	--	--	--	--	--	--
24. Hedged foreign currency denominated liabilities	--	--	--	--	--	--	--
25. Export	--	--	--	--	--	--	--
26. Import	--	--	--	--	--	--	--

70

13. ACCOUNTANTS' REPORT (cont'd)

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements
As at and for the year ended 31 December 2011
Amounts expressed in TL otherwise stated

Appendix II



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

Market risk (continued)

As at 31 December 2011, market risk details are as follows:

CONSOLIDATED	31 December 2011						
	TL Equivalent (Functional currency)	USD	Euro	MKD	GBP	CHF	Other
1. Trade receivables	57,380	7,620	17,590	--	--	--	--
2a. Monetary financial assets (include cash and bank deposit)	1,582,112	432,123	312,277	--	225	1,035	--
2b. Non-monetary financial assets	--	--	--	--	--	--	--
3. Other	--	--	--	--	--	--	--
4. Current Assets (1+2+3)	1,639,492	439,743	329,867	--	225	1,035	--
5. Trade receivables	--	--	--	--	--	--	--
6a. Monetary financial assets	204,026	--	83,487	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--	--	--	--
7. Other	--	--	--	--	--	--	--
8. Non Current Assets (5+6+7)	204,026	--	83,487	--	--	--	--
9. Total Assets (4+8)	1,843,518	439,743	413,354	--	225	1,035	--
10. Trade payables	16,674,007	3,093,216	4,410,041	--	18,503	--	--
11. Financial liabilities	102,245,713	41,407,971	4,148,789	130,833,453	--	4,297,976	--
12a. Other monetary liabilities	16,892,910	8,943,253	--	--	--	--	--
12b. Other non-monetary liabilities	--	--	--	--	--	--	--
13. Current Liabilities (10+11+12)	135,812,630	53,444,440	8,558,830	130,833,453	18,503	4,297,976	--
14. Trade payables	5,451,602	2,876,000	7,826	--	--	--	--
15. Financial liabilities	944,356,671	453,732,630	10,038,015	333,622,773	--	24,591,218	--
16a. Other monetary liabilities	35,597,524	18,845,637	--	--	--	--	--
16b. Other non-monetary liabilities	--	--	--	--	--	--	--

69

13. ACCOUNTANTS' REPORT (cont'd)

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements
As at and for the year ended 31 December 2011
Amounts expressed in TL otherwise stated

Appendix II



17. Non-Current Liabilities (14+15+16)	770,424,490	447,995,333	14,511,689	--	--	29,254,048	--
18. Total Liabilities (13+17)	855,259,958	488,619,450	21,434,076	--	547	34,026,291	--
19. Off balance sheet foreign currency denominated derivatives	--	--	--	--	--	--	--
net assets/liabilities position (19a-19b)	16,379,777	10,594,940	--	--	--	--	--
19a. Off balance sheet foreign currency denominated derivatives assets amount	16,379,777	10,594,940	--	--	--	--	--
19b. Off balance sheet foreign currency denominated derivatives liabilities amount	--	--	--	--	--	--	--
20. Net foreign currency denominated assets /(liabilities) position (9-18+19)	(835,235,230)	(477,249,347)	(20,244,596)	--	2,126	(34,024,586)	--
21. Monetary accounts net foreign currency denominated assets /(liabilities) position (1+2a+5+6a-10-11-12a-14-15-16a)	(851,617,007)	(487,844,287)	(20,244,596)	--	2,126	(34,025,804)	--
22. Fair value of hedging financial instruments	--	--	--	--	--	--	--
23. Hedged foreign currency denominated assets	--	--	--	--	--	--	--
24. Hedged foreign currency denominated liabilities	--	--	--	--	--	--	--
25. Export	--	--	--	--	--	--	--
26. Import	--	--	--	--	--	--	--

13. ACCOUNTANTS' REPORT (cont'd)

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements
As at and for the year ended 31 December 2011
Amounts expressed in TL otherwise stated

Appendix II



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

Market risk (continued)

As at 31 December 2010, market risk details are as follows:

CONSOLIDATED	TL Equivalent (Functional currency)	31 December 2010					
		USD	Euro	MKD	GBP	CHF	Other
1. Trade receivables	287	186	--	--	--	--	--
2a. Monetary financial assets (include cash and bank deposit)	2,904,708	774,977	829,344	--	2,673	487	--
2b. Non-monetary financial assets	--	--	--	--	--	--	--
3. Other	2,002	--	--	--	--	1,218	--
4. Current Assets (1+2+3)	2,906,997	775,163	829,344	--	2,673	1,705	--
5. Trade receivables	--	--	--	--	--	--	--
6a. Monetary financial assets	737,954	--	360,136	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--	--	--	--
7. Other	--	--	--	--	--	--	--
8. Non Current Assets (5+6+7)	737,954	--	360,136	--	--	--	--
9. Total Assets (4+8)	3,644,951	775,163	1,189,480	--	2,673	1,705	--
10. Trade payables	10,452,615	3,077,757	2,778,340	--	547	--	--
11. Financial liabilities	55,830,853	25,546,360	4,144,047	--	--	4,772,243	--
12a. Other monetary liabilities	18,552,000	12,000,000	--	--	--	--	--
12b. Other non-monetary liabilities	--	--	--	--	--	--	--
13. Current Liabilities (10+11+12)	84,835,468	40,624,117	6,922,387	--	547	4,772,243	--
14. Trade payables	6,310,079	3,500,000	438,768	--	--	--	--
15. Financial liabilities	764,114,411	444,495,333	14,072,921	--	--	29,254,048	--
16a. Other monetary liabilities	--	--	--	--	--	--	--
16b. Other non-monetary liabilities	--	--	--	--	--	--	--



Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL otherwise stated

27

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

Market risk (continued)

The foreign currency risk of the Group is 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. Furthermore, Acıbadem Sağlık hedges 18 months portion of principals and the related interest payments related to the long term bank loans of USD 200,000,000 used from Garanti Bankası at the "Future Transactions Market".

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

Foreign currency sensitivity analysis				
31 December 2011				
	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	(99,820,614)	99,820,614	--	--
2- Hedged amount against USD Dollar risk (-)	6,894,485	(6,894,485)	--	--
3- Net effect of USD (1+2)	(92,926,129)	92,926,129	--	--
Change of Euro exchange rate against TL by 10%:				
4- Euro denominated net assets/liabilities	(4,445,594)	4,445,594	--	--
5- Hedged amount against Euro risk (-)				
6- Net effect of Euro (4+5)	(4,445,594)	4,445,594	--	--
Change of other currencies against TL by 10%:				
7- Other foreign currency denominated net assets/liabilities	(7,671,283)	7,671,283	--	--
8- Hedged amount against other foreign risk (-)				
9- Net effect of other foreign currency (7+8)	(7,671,283)	7,671,283	--	--
TOTAL (3+6+9)	(105,043,006)	105,043,006	--	--

73

856



Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL otherwise stated

27

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

Market risk (continued)

Foreign currency sensitivity analysis				
31 December 2010				
	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	(75,420,727)	75,420,727	--	--
2- Hedged amount against USD Dollar risk (-)	1,637,978	(1,637,978)	--	--
3- Net effect of USD (1+2)	(73,782,749)	73,782,749	--	--
Change of Euro exchange rate against TL by 10%:				
4- Euro denominated net assets/liabilities	(4,148,320)	4,148,320	--	--
5- Hedged amount against Euro risk (-)				
6- Net effect of Euro (4+5)	(4,148,320)	4,148,320	--	--
Change of other currencies against TL by 10%:				
7- Other foreign currency denominated net assets/liabilities	(5,592,454)	5,592,454	--	--
8- Hedged amount against other foreign risk (-)				
9- Net effect of other foreign currency (7+8)	(5,592,454)	5,592,454	--	--
TOTAL (3+6+9)	(83,523,523)	83,523,523	--	--

74



Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL otherwise stated

Appendix II

27 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 liabilities. As part of its fund management policy, the interest risk of interest bearing assets is 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.

Additionally, as at 31 December 2011, the Company has interest rate swap transactions which are hedging USD 88,200,000 portion of outstanding USD 196,000,000 credit used from Garanti Bankası from the risk of interest rate changes. The interest rate position table is as follows:

Interest rate position		31 December 2011	31 December 2010
Fixed interest bearing financial instruments			
Financial assets	Time deposits	35,839,887	18,249,666
Variable interest bearing financial instruments		192,549,027	136,307,040
Financial assets		--	--
Financial liabilities		869,050,106	716,508,037

As at 31 December 2011, interest bearing assets and liabilities consist of bank loan, bank deposits and financial leases, if the interest rates applied to Group increase by 1 percent, the net profit of the period will decrease by TL 6,808,694; if the interest rates applied to Group decrease by 1 percent, the net profit of the period will increase by TL 6,808,694.

28 Financial Instruments: Fair Value Disclosure

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

	Note	2011		2010	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets					
Cash and cash equivalents (*)	4	43,177,207	43,177,207	25,594,381	25,594,381
Trade receivables	6	110,652,398	110,652,398	69,570,714	69,570,714
Trade receivables from related parties	26	9,514,653	9,514,653	8,655,743	8,655,743
Other receivables from related parties	26	251,970	251,970	36,867	36,867
Other receivables	7	7,553,421	7,553,421	1,109,405	1,109,405
Other current and non-current assets (**)	16	568,632	568,632	26,846,686	26,846,686
		171,718,281	171,718,281	131,813,796	131,813,796

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

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



Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL otherwise stated

Appendix II

28 Financial Instruments: Fair value disclosure (continued)

Financial liabilities	Note	2011		2010	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities	5	1,061,914,401	1,061,914,401	856,535,896	856,535,896
Trade payables	6	131,484,737	131,484,737	79,107,904	79,107,904
Trade payables to related parties	26	29,156,434	29,156,434	9,571,893	9,571,893
Other payables to related parties	26	578,943	578,943	503,601	503,601
Other payables (*)	7	54,488,174	54,488,174	20,527,300	20,527,300
Other liabilities (**)	17	14,208,152	14,208,152	10,587,195	10,587,195
		1,291,830,841	1,291,830,841	976,833,789	976,833,789

(*) 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 Company 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.

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).

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

	31 December 2011	Level 1	Level 2	Level 3
Fair value through profit/loss - Interest rate swap	--	--	5,211,731	--
Fair value through profit/loss -forward	--	--	7,663,242	--
Mutual funds	484,910	484,910	--	--
		Level 1	Level 2	Level 3
31 December 2010				
Fair value through profit/loss - Interest rate swap	--	--	4,299,190	--
Fair value through profit/loss -forward transactions	--	--	96,928	--
Mutual funds	147,676	147,676	--	--

13. ACCOUNTANTS' REPORT (cont'd)

13. ACCOUNTANTS' REPORT (cont'd)



Appendix II

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2011

Amounts expressed in TL otherwise stated



Appendix III

29 Subsequent events

The Group has evaluated subsequent events through the date the financial statements were issued and determined that following subsequent events require disclosure:

On 23 December 2011, a share transfer agreement between owners of the Group, Integrated Healthcare Holdings SDN BHD ("IHH") and Bagan Lalang Ventures Sdn. Bhd. ("Bagan Lalang"), a subsidiary of Khazanah Nasional Berhad pertaining to the sale of 75% ownership shares of the Group. Following the completion of the acquisition on 24 January 2012, the new shareholder structure of the Group has come to 60% to be held by IHH, 25% to be held by Aydınlar Family and remaining 15% will be held by Bagan Lalang.

On February 1, 2012, Acıbadem Sağlık executed the share purchase agreement regarding its acquisition for 65.00% shares of Jinemed Sağlık Hizmetleri ve Ticaret A.Ş. ("Jinemed") for TL 13,650,000. The business purpose of Jinemed is to provide healthcare services at two different locations in Istanbul. There is no capital and management relationship between the Group and previous owners of Jinemed. The closing of the transaction between two parties will take place following the approval of Competition Authority.

The Company has increased its share capital by TL 36,085,765 and Integrated Healthcare Holdings (IHH) and Bagan Lalang have paid TL 82,868,612 and 20,717,153 TL respectively on 24 January 2012. The amount between the share capital increase and payments made by IHH and Bagan Lalang has been recorded as share premium.

The Company has acquired 100% shares of A Plus and Acıbadem Proje on 24 January 2012. The total amount of this acquisition has been paid in cash.

Capital Market Board's Communiqué regarding "Designation and Application of Corporate Governance Principles" (Serial: IV, No: 56) has been amended on 11 February 2012.

This communiqué sets out regulations including use of shareholder rights, inquiry and inspection rights of shareholders, general assembly participation rights, voting rights, scope of minority rights, dividends policy, and transfer of shares and communication of these events to the public. In addition to these regulations; as explained under "Role of Board of Directors", this communiqué sets the requirement for independent directors on the Board of Directors to be at least one third of total members of the Board and brought a veto right on significant transactions. As our report date, the Company is evaluating the impact of the regulations set by the communiqué and related changes as a result of adoption by the Acıbadem Sağlık, which is publicly traded and subject to Capital Market Board regulations.

On January 24, 2012, Lim Cheok Peng, Kaichi Yokoyama, Garandran Sarvananthan, Selçuk Yorgancıoğlu and Mohammad Azlan Bin Hashim appointed as new board members of ASYH replacing previous members, Arif Masood Naqvi, Mustafa Ahmed Talat Abde Wadood, Waqar Hassan Siddique and Zeynep Aydınlar Eröğüt, effective immediately. In addition to the new members, total number members on the Board were increased from a total of six to seven members.

Acıbadem Sağlık Yatırımları Holding Anonim
Şirketi and Its Subsidiaries

Convenience Translation into English of Consolidated
Financial Statements as at and

For The Three-Month Period Ended

31 March 2012

With Independent Auditor's Report Thereon

Akıs Bağımsız Denetim ve Serbest Muhasebeci Mali
Müşavirlik Anonim Şirketi

22 May 2012

This report includes 2 pages of independent
auditors' report and 74 pages of consolidated
financial statements together with their explanatory
notes



Appendix III

Aeibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries



Akıs Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik A.Ş.
Kavaklı Sok. No: 29
Beşiktaş 34065 İstanbul

Telephone +90 (216) 381 90 00
Fax +90 (216) 381 90 90
Internet www.kpmg.com.tr

Independent Auditors' Report on Interim Consolidated Financial Statements

To the Board of Directors of

Aeibadem Sağlık Yatırımları Holding Anonim Şirketi

Introduction

We have audited the accompanying interim consolidated financial statements of Aeibadem Sağlık Yatırımları Holding Anonim Şirketi and its subsidiaries (collectively "the Group"), which comprise the consolidated statement of financial position as at 31 March 2012, the consolidated statements of comprehensive income, changes in equity and cash flows for the three month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information (the "Interim Financial Information").

Management's Responsibility for the Interim Financial Information

Management is responsible for the preparation and fair presentation of the Interim Financial Information in accordance with the financial reporting standards promulgated by Capital Market Board ("CMB"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Interim Financial Information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the Interim Financial Information based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Interim Financial Information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Interim Financial Information. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the Interim Financial Information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Group's preparation and fair presentation of the Interim Financial Information 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 Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Group management, as well as evaluating the overall presentation of the Interim Financial Information.

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

Table of Contents

Independent Auditor's Report	
Consolidated Statement of Financial Position	
Consolidated Statement of Comprehensive Income	
Consolidated Statement of Changes in Equity	
Consolidated Statement of Cash Flows	
Notes to the Consolidated Financial Statements	

13. ACCOUNTANTS' REPORT (cont'd)



Opinion

In our opinion, the Interim Financial Information gives a true and fair view of the consolidated financial position of the Group as at 31 March 2012, and of its consolidated financial performance and its consolidated cash flows for the three month period ended in accordance with the financial reporting standards promulgated by Capital Markets Board of Turkey (see Note 2).

Corresponding Interim Financial Information

We have reviewed the unaudited corresponding interim financial information of the Group comprising of consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the three month period ended 31 March 2011, and other explanatory notes (the "Corresponding Interim Financial Information").

The Management of the Group is responsible for the preparation of the Corresponding Interim Financial Information in accordance with the financial reporting standards promulgated by Capital Market Board, of Turkey. Our responsibility is to express a conclusion on the Corresponding Interim Financial Information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Corresponding Interim Financial Information is not prepared, in all material respects, in accordance with the financial reporting standards promulgated by Capital Markets Board of Turkey (see Note 2).

Additional paragraph for convenience translation to English

Accounting policies applied by the Group may differ from the accounting principles generally accepted in countries other than Turkey in material aspects and the effects of such differences have not been quantified in the accompanying interim consolidated financial statements. Accordingly, the accompanying interim consolidated financial statements are not intended to present the financial position and results of operations, and changes in cash flow of the Group in accordance with the accounting principles generally accepted in such countries of the users of these financial statements.

Istanbul, 22 May 2012

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik A.Ş.

Özkan Genç
Partner

13. ACCOUNTANTS' REPORT (cont'd)



Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Consolidated Statement of Financial Position as at 31 March 2012

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

Appendix III

	31 March 2012	31 December 2011
ASSETS		
Current Assets	428,792,541	243,595,411
Cash and Cash Equivalents	178,536,501	44,159,489
Financial Investments	1,754,116	7,663,242
Trade Receivables	142,864,773	120,167,051
- Due from Related Parties	12,426,807	9,374,653
- Other Trade Receivables	130,437,966	110,652,398
Other Receivables	1,235,225	1,323,665
- Other Receivables from Related Parties	1,946,464	251,970
- Other Receivables	10,186,761	1,071,695
Inventories	24,752,451	21,914,405
Other Current Assets	68,749,475	48,367,559
Non-Current Assets	1,636,599,927	1,620,019,865
Other Receivables	6,561,343	6,867,703
Property and Equipment	555,349,134	547,122,837
Intangible Assets	7,517,704	7,449,473
Goodwill	1,031,292,588	917,357,997
Deferred Tax Assets	17,254,966	26,231,493
Other Non-Current Assets	18,124,192	14,990,362
TOTAL ASSETS	2,065,392,468	1,763,615,276
LIABILITIES		
Current Liabilities	402,551,121	359,316,320
Financial Liabilities	131,856,261	115,814,216
Other Financial Liabilities	3,715,464	5,211,751
Trade Payables	133,339,788	152,241,445
- Due to Related Parties	13,204,826	29,156,434
- Other Trade Payables	120,134,962	123,085,011
Other Liabilities	28,475,697	21,983,557
- Due to Related Parties	707,419	578,943
- Other Payables	27,766,278	21,404,614
Tax Liability	5,618,370	374,769
Provisions	54,655,839	24,165,423
Other Liabilities	44,891,702	39,525,059
Non-Current Liabilities	907,734,191	1,004,169,320
Financial Liabilities	855,616,766	946,100,185
Trade Payables	6,081,033	8,399,726
Other Payables	29,851,688	36,860,388
Employee Benefits	4,107,912	1,933,424
Deferred Tax Liabilities	7,138,257	5,937,060
Other Non-Current Liabilities	4,938,535	4,938,537
EQUITY		
Shareholders' Equity	755,107,156	400,129,736
Paid-in Capital	738,538,280	385,402,162
Capital Advances	704,085,765	668,000,000
Share Premium	153,612,315	-
Legal Reserves	112,809,940	22,809,940
Accumulated Losses	4,069,977	4,069,977
Transition Reserves	(315,499,568)	(187,294,576)
Net Profit/(Loss) For The Period/Year	(48,392)	(28,862)
Non-Controlling Interest	76,508,243	(122,154,317)
TOTAL LIABILITIES	2,065,392,468	1,763,615,276

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

13. ACCOUNTANTS' REPORT (cont'd)

Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
 Consolidated Statement of Changes in Equity For the Three-Month Period Ended 31 March 2012
 Amounts expressed in Turkish Lira ("TL") unless otherwise stated.



Note	Paid-in Capital	Share Premium	Capital Advances	Legal Reserves	Translation Reserves	Accumulated Losses	Net Profit/(Loss)	Total before Non-Controlling Interest	Non-Controlling Interest	Total
As of 1 January 2011	668,000,000	22,809,940	--	2,541,510	--	(161,914,395)	(23,108,139)	509,329,916	15,709,283	524,038,199
Total Comprehensive Income (Unaudited)	--	--	--	--	--	--	--	--	--	--
Net Loss (Unaudited)	--	--	--	--	--	--	17,098,023	17,098,023	2,485,070	19,583,093
Other Comprehensive Income	--	--	--	--	--	--	--	--	--	--
Total Other Comprehensive Income	--	--	--	--	--	--	--	--	--	--
Total Comprehensive Income (Unaudited)	--	--	--	--	--	--	17,098,023	17,098,023	2,485,070	19,583,093
Acquisition of Non-Controlling Interest Without a Change in Control (Unaudited)	--	--	--	--	--	--	--	--	--	--
Transfers (Unaudited)	--	--	--	--	--	(611,485)	--	(611,485)	(538,603)	(1,150,088)
As of 31 March 2011 (Unaudited)	668,000,000	22,809,940	--	2,810,970	--	(185,903,479)	17,098,023	524,815,454	17,655,750	542,471,204
As of 1 January 2012	668,000,000	22,809,940	--	4,069,977	(28,862)	(187,294,576)	(122,154,317)	385,402,162	14,727,574	400,129,736
Total Comprehensive Income	--	--	--	--	--	--	--	--	--	--
Net Profit	--	--	--	--	--	--	76,508,243	76,508,243	5,229,772	81,738,015
Total Other Comprehensive Income	--	--	--	--	(19,530)	--	--	(19,530)	--	(19,530)
Total Comprehensive Income	--	--	--	--	(19,530)	--	76,508,243	76,488,713	5,229,772	81,718,485
Issuance of ordinary shares	36,085,765	90,000,000	--	--	--	--	--	126,085,765	--	126,085,765
Capital Advances Received	--	--	153,612,315	--	--	--	--	153,612,315	--	153,612,315
Acquisition of Non-Controlling Interest Without a Change in Control	--	--	--	--	--	(6,050,675)	--	(6,050,675)	(388,470)	(6,439,145)
Transfers	--	--	--	--	--	(122,154,317)	122,154,317	--	--	--
As of 31 March 2012	704,085,765	112,809,940	153,612,315	4,069,977	(48,392)	(315,499,568)	76,508,243	735,538,280	19,568,876	755,107,156

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

3

13. ACCOUNTANTS' REPORT (cont'd)



Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
 Consolidated Statement of Comprehensive Income for the Three-Month Period Ended
 31 March 2012

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

Note	31 March 2012	Unaudited 31 March 2011
Revenues	338,988,196	245,344,263
Cost of Revenue	(259,953,985)	(187,911,998)
GROSS PROFIT	79,034,211	57,432,265
Selling, Marketing and Distribution Expenses (-)	(5,102,828)	(7,243,427)
General Administrative Expenses (-)	(14,795,934)	(12,024,166)
Other Operating Income	4,177,656	2,779,277
Other Operating Expense (-)	(4,075,794)	(1,076,532)
PROFIT FROM OPERATIONS	59,237,311	39,867,417
Finance Income	68,567,185	4,048,942
Finance Expense	(30,857,688)	(16,355,261)
INCOME FROM CONTINUING OPERATIONS BEFORE TAX	96,946,808	27,561,098
Tax Expense from Continuing Operations	(15,208,793)	(7,978,005)
Current Tax Expense	(5,640,290)	(5,806,781)
Deferred Tax Expense	(9,568,503)	(2,171,224)
INCOME FROM CONTINUING OPERATIONS AFTER TAX	81,738,015	19,583,093
NET INCOME FOR THE PERIOD	81,738,015	19,583,093
Other Comprehensive Income	(19,530)	--
TOTAL COMPREHENSIVE INCOME	81,718,485	19,583,093
Distribution of Net Income	81,738,015	19,583,093
Non-Controlling Interest	5,229,772	2,485,070
Owners of the Company	76,508,243	17,098,023
Earnings/ (Loss) per Share (for 1000 shares)	110.152	25.596
Diluted and Basic Earnings/ (Losses) per Share (for 1000 shares)	110.152	25.596
Earnings/ (Loss) per Share from Continuing Operations (for 1000 shares)	110.152	25.596
Diluted and Basic Earnings/ (Losses) per Share from Continuing Operations (for 1000 shares)	110.152	25.596

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

2

13. ACCOUNTANTS' REPORT (cont'd)

13. ACCOUNTANTS' REPORT (cont'd)



Appendix III

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Consolidated Statements of Cash Flows For the Three-Month Period Ended

31 March 2012

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

	31 March 2012	31 March 2011
A. CASH FLOWS FROM OPERATING ACTIVITIES		<i>Unaudited</i>
Net income	81,738,015	19,583,093
Adjustments:		
Amortization and depreciation expense	20,645,345	19,561,169
Provision for employee termination benefits	1,292,240	899,171
Provision on doubtful receivables	1,154,045	388,776
Unrealized finance income / (loss)	(724,464)	(572,962)
Income accruals on inpatients	(10,313,761)	(3,283,041)
Expense accruals on doctors	46,159,383	15,889,024
Deferred tax expense	9,568,303	2,171,224
Provision on corporate taxes	5,640,290	5,806,781
Provision for legal cases	1,267,542	(3,677,494)
Change in fair value of forward transactions	5,909,126	-
Change in fair value of interest rate swap	(1,496,287)	330,113
Interest income	(313,988)	(126,622)
Interest expense	15,304,973	954,585
Unrealized foreign exchange (gain)/losses	(61,953,100)	3,808,769
Gain on sale of property and equipment (net)	(195,146)	-
Net operating profit before changes in assets and liabilities	113,772,706	61,932,586
Change in trade receivables	12,337,737	(15,828,243)
Change in inventory	(1,911,667)	(408,639)
Change in other receivables	(16,697,275)	(2,210,120)
Change in other current assets	(3,148,820)	(4,590,511)
Change in other non-current assets	(3,861,090)	(12,176,731)
Change in trade payables	(26,377,607)	(1,895,832)
Change in due to related parties	(19,101,632)	2,708,857
Change in provisions	2,594,323	6,741,455
Corporate taxes paid	(396,689)	(2,669,208)
Change in other trade payables	(647,037)	(3,304,082)
Change in other liabilities	5,366,640	3,992,502
Employee severance indemnity paid	(936,830)	(701,304)
Provisions paid	(19,530,832)	(17,506,148)
Net cash from operating activities	41,459,927	14,901,860
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Acquisition of property and equipment	(26,360,121)	(13,723,211)
Proceeds from sale of property and equipment	420,536	12,777,422
Acquisition of intangible assets	(296,567)	(263,115)
Proceeds from sale of intangible assets	-	2,267
Cash outflow from acquisition of subsidiaries	(126,796,279)	-
Interest received	335,673	126,622
Net cash (used in)/from investing activities	(152,696,756)	(1,130,015)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of ordinary shares	126,085,767	-
Capital advances received	153,612,315	-
Proceeds from bank borrowings	14,443,133	10,618,022
Repayment of bank borrowings	(42,447,637)	(34,660,309)
Finance lease liabilities	4,103,900	3,120,014
Proceeds from borrowings obtained from related parties	128,476	(25,603)
Acquisition of non-controlling interest	(6,393,942)	(1,493,100)
Interest paid	(3,918,051)	(954,585)
Change in restricted cash	13,980,189	6,687,797
Net cash (used in)/from financing activities	259,594,030	(16,707,764)
Net decrease (increase) in cash and cash equivalents	148,357,201	(2,935,919)
Cash and cash equivalents at 1 January	13,520,972	9,507,004
Cash and cash equivalents 31 March	161,878,173	6,571,085

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



Appendix III

TABLE OF CONTENTS

PAGE

1	Organization and nature of business	6
2	Basis of presentation of the consolidated financial statements	12
3	Segment reporting	24
4	Cash and cash equivalents	26
5	Financial liabilities	27
6	Trade receivables and payables	31
7	Other receivables and payables	32
8	Inventories	33
9	Property and equipment	35
10	Intangible assets	36
11	Acquisition of subsidiary and non controlling interests	40
12	Provisions	41
13	Commitments	41
14	Employee benefits	44
15	Post employment benefits	45
16	Other assets and liabilities	45
17	Equity	46
18	Revenues	48
19	Selling, marketing and distribution expenses, general administrative expenses	48
20	Expenses by nature	49
21	Other operating income and expenses	49
22	Financial income	50
23	Financial expenses	50
24	Tax assets and liabilities	51
25	Earnings per share	55
26	Related parties	55
27	Nature and level of risks arising from financial instruments	59
28	Financial Instruments: Fair value disclosure	71
29	Subsequent events	73

13. ACCOUNTANTS' REPORT (cont'd)



Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

1 Organization and nature of business

Acıbadem Sağlık Yatırımları Holding A.Ş. ("the Company") was incorporated in 2007 in İstanbul to invest into shares and assets of companies which operates in the Turkish insurance, advisory, hospital, healthcare and service sectors.

The head office is located at Fahretin Kerim Gökay Caddesi, Altunizade Mahallesi, No: 49, Üsküdar-İstanbul.

Merger with IHH Healthcare Berhad

According to the share purchase agreement between Mehmet Ali Aydınlar, Halice Seher Aydınlar, Almond Holding Cooperative U.A., IHH Healthcare Berhad (known as *Integrated Healthcare Holdings Sdn. Bhd.* at the time of the acquisition), for 60% and 15% of the shares of the Company were acquired by Integrated Healthcare Hastaneleri Turkey Sdn. Bhd. ("*IHH Turkey Sdn. Bhd.*") which is a subsidiary of *IHH Healthcare Berhad* and Bagan Lalang Ventures Sdn. Bhd.

At 31 March 2012 and 31 December 2011, shareholder structure of the Company is as follows:

Shareholder's Name	31 March 2012 Share (%)	31 December 2011 Share (%)
Almond Holding Cooperative	0.00	50.00
Mehmet Ali Aydınlar	23.20	46.41
IHH Turkey Sdn. Bhd.	60.00	0.00
Bagan Lalang Ventures Sdn. Bhd.	15.00	0.00
Halice Seher Aydınlar	1.80	3.59
Ethem Erhan Aydınlar (*)	0.00	0.00
Zeynep Aydınlar (*)	0.00	0.00
	100.00	100.00

(*) Ethem Erhan Aydınlar and Zeynep Aydınlar hold shares less than 0.01%.

As part of the transaction, the paid-up capital of the Group has been increased from TL 668,000,000 to TL 704,085,765 along with the acquisition of Aplus Hastane Örelcilik Hizmetleri Anonim Şirketi ("Aplus") and Acıbadem Proje Anonim Şirketi Anonim Şirketi ("Acıbadem Proje") by the Group concurrently. Refer to Footnote 11 "Goodwill" for further details on the acquisition of these companies.

At 31 March 2012 consolidated subsidiaries comprised the following:

- Almond Holding Anonim Şirketi ("Almond Holding")
- Acıbadem Sağlık Hizmetleri ve Ticaret A.Ş. ("Acıbadem Sağlık") and its subsidiaries
- Aplus
- Acıbadem Proje

13. ACCOUNTANTS' REPORT (cont'd)



Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

1 Organization and nature of business (Continued)

At 31 March 2012 consolidated subsidiaries of Acıbadem Sağlık comprised the following:

- Acıbadem Poliklinikleri Anonim Şirketi ("Acıbadem Poliklinikleri")
- Acıbadem Labmed Sağlık Hizmetleri Anonim Şirketi ("Acıbadem Labmed")
- International Hospital İstanbul Anonim Şirketi ("International Hospital")
- Konur Sağlık Hizmetleri Anonim Şirketi ("Konur Sağlık")
- Yeni Sağlık Hizmetleri ve Ticaret Anonim Şirketi ("Yeni Sağlık")
- Acıbadem Mobil Sağlık Hizmetleri Anonim Şirketi ("Acıbadem Mobil")
- Gemtup Özel Sağlık Hizmetleri Sanayi ve Ticaret Limited Şirketi ("Gemtup")
- Acıbadem Sistina Medikal Kompani Doo Skopje ("Acıbadem Sistina Medikal")
- Clinical Hospital Acıbadem Sistina Skopje ("Acıbadem Sistina Hospital")

At 31 December 2011 consolidated subsidiaries comprised the following:

- Almond Holding Anonim Şirketi ("Almond Holding")
- Acıbadem Sağlık Hizmetleri ve Ticaret A.Ş. ("Acıbadem Sağlık") and its subsidiaries

At 31 December 2011 consolidated subsidiaries of Acıbadem Sağlık comprised the following:

- Acıbadem Poliklinikleri Anonim Şirketi ("Acıbadem Poliklinikleri")
- Acıbadem Labmed Sağlık Hizmetleri Anonim Şirketi ("Acıbadem Labmed")
- International Hospital İstanbul Anonim Şirketi ("International Hospital")
- Konur Sağlık Hizmetleri Anonim Şirketi ("Konur Sağlık")
- Yeni Sağlık Hizmetleri ve Ticaret Anonim Şirketi ("Yeni Sağlık")
- Acıbadem Mobil Sağlık Hizmetleri Anonim Şirketi ("Acıbadem Mobil")
- Gemtup Özel Sağlık Hizmetleri Sanayi ve Ticaret Limited Şirketi ("Gemtup")
- Acıbadem Sistina Medikal Kompani Doo Skopje ("Acıbadem Sistina Medikal")
- Clinical Hospital Acıbadem Sistina Skopje ("Acıbadem Sistina Hospital")

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and consolidated subsidiaries are collectively named as "Group".

13. ACCOUNTANTS' REPORT (cont'd)



Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

Organization and nature of business (continued)

1

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

Almond Holding

Almond Holding was incorporated on 30 July 2007 in İstanbul. The purpose of Almond Holding's establishment is to invest into any type of healthcare related institutions, hospitals and companies which operate in the healthcare and real estate sectors.

Acıbadem Sağlık

Acıbadem Sağlık was incorporated on 19 February 1990 in İstanbul, and provides health services in ten general purpose hospitals (Kadıköy, Bakırköy, Kozyatağı, Fulya, Eskişehir, Bursa, Kocaeli, Maslak, Kayseri, Adana). 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, diabetes, smokeless living and infant care.

Acıbadem Sağlık is subject to Capital Market Board ("CMB") regulations and its shares have been traded on the İstanbul Stock Exchange ("ISE") since 15 June 2000.

Acıbadem Sağlık also has Joint Commission International accreditation standards and ISO 9001 Quality Management System standards.

The head office is located at Fehrettin Kerim Gökay Caddesi, Altunizade Mahallesi, No: 49, Üsküdar-İstanbul.

Acıbadem Kayseri (which was a wholly owned subsidiary of Acıbadem Sağlık) was established on 23 March 2009 in Kayseri and merged with Acıbadem Sağlık on 29 July 2011.

The hospital certifications owned by the Group are indefinite.

Acıbadem Poliklinikleri

Acıbadem Poliklinikleri has six polyclinics at Etiler, Bağdat Caddesi, Ataşehir, Göktürk, Beylikdüzü and Uludağ locations for outpatients.

Acıbadem Göz Sağlığı Hizmetleri Anonim Şirketi was established on 16 March 1993 in İstanbul and merged with Acıbadem Poliklinikleri, on 24 October 2008.

Acıbadem Ayaktan Tedavi Merkezleri Anonim Şirketi was established on 17 April 2006 in Beylikdüzü, İstanbul and merged with Acıbadem Poliklinikleri on 24 October 2008.

Acıbadem Labmed

Acıbadem Labmed was established on 28 August 2001 under the name of Acıbadem Sağlık Yönetimi Anonim Şirketi, in İstanbul. On 24 February 2004 the name of the Company was changed to Acıbadem Labmed Sağlık, and a partnership was established with Labmed Dortmund GmbH (located in Germany) to engage in laboratory services. There are 2 branches in Adana and Antalya.

International Hospital

International Hospital was established on 12 December 1983 and was engaged in providing inpatient, outpatient and emergency care services in its hospital located in Yeşilköy, İstanbul. Acıbadem Sağlık acquired International Hospital, on 20 August 2005 (50%) and on 27 March 2009 (40%) and increased its shares to 90% of total shares.

International Hospital Sağlık Yatırımları A.Ş. (which was a wholly owned subsidiary of International Hospital) was established in December 2001 in İstanbul and merged with International Hospital on 31 March 2011.

13. ACCOUNTANTS' REPORT (cont'd)



Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

Organization and nature of business (continued)

1

Acıbadem Mobil

Acıbadem Mobil was established on 7 July 2008 and providing emergency healthcare services and ambulance services.

Yeni Sağlık

On 1 June 2011, Acıbadem Sağlık has acquired 99.90% of the shares of Yeni Sağlık which owns and operates Aile Hospital Göztepe (previously known as "Göztepe Şafak Hospital") in Göztepe district of İstanbul and Aile Hospital Bahçelievler (previously known as "John F. Kennedy Hospital ("JFK")") in Bahçelievler district of İstanbul. Yeni Sağlık's core business is to provide health services with its health premises.

Konur Sağlık

Konur Sağlık was acquired by Acıbadem Poliklinikleri in 2010 and conducts its operations in Bursa region. The Medical services provided at the medical center are internal medicine, general surgery, neurology, neuropsychiatry, neurosurgery, pediatrics, pediatric surgery, cardiovascular surgery, gynecological and delivery surgery, plastic surgery, micro and hand surgery, urology, otorhinolaryngology diseases, eye, orthopaedics, traumatology, dermatology, physiotherapy, microbiology, infectious diseases, pathology, nuclear medicine, radiology, biochemistry, algology, acupuncture, anaesthesiology and reanimation.

Gemtip

Konur Sağlık, which is subsidiary of Acıbadem Poliklinikleri has acquired on 14 March 2011, 58% shares of Gemtip which operates in Gemlik/Bursa district for outpatient.

Acıbadem Sistina Medikal / Acıbadem Sistina Hospital

Acıbadem Sistina Medikal was incorporated on 31 August 2011 and Acıbadem Sistina 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 Hospital whose business purpose is to provide healthcare services for inpatients and outpatients. Acıbadem Sistina Medikal also has a 20-year sub-lease agreement with Acıbadem Sistina Hospital regarding hospital building beginning 18 October 2011. On 21 October 2011, Acıbadem Sağlık has acquired 50.00% of Acıbadem Sistina Medikal and 50.32% of Acıbadem Sistina Hospital.

Aplus

Çamlıca Sağlık Organizasyon Hizmetleri Anonim Şirketi ("Çamlıca") was established in 30 December 1996 by Mehmet Ali Aydınlar and Hatice Seher Aydınlar to operate as a catering company. The name of the Çamlıca was changed as Aplus Hastane Otelcilik Hizmetleri Anonim Şirketi ("Aplus") on 8 August 2006.

Aplus's main operation is catering and laundry services rendered to Hospitals owned by the Group and operating cafeterias, restaurants in the hospitals. The catering services comprised both cooking and serving services. In 2009, Aplus started giving cleaning services.

The registered address of Aplus is Acıbadem, Tekin Sk. No: 8 Kadıköy, İstanbul, Turkey.

On 24 January 2012, the Group acquired 100.00% of Aplus.



Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended 31 March 2012

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

1 Organization and nature of business (continued)

Acıbadem Proje

Acıbadem Proje was incorporated on 20 July 2004 to operate in the construction and contracting industry. Acıbadem Proje is mainly providing construction services to the Group.

On 24 January 2012, the Group acquired 100.00% of Acıbadem Proje as part of the merger transaction between the Group, İHH Turkey and Bagan Lalang as explained above.

The related parties of the Group are as follows:

- SZA Gayrimenkul Yatırım İnşaat ve Ticaret ("SZA") (Previously known as "Acıbadem Holding")
- Acıbadem Sağlık ve Hayat Sigorta Anonim Şirketi ("Acıbadem Sigorta")
- Acıbadem Grubu Sigorta Aracılık Hizmetleri Anonim Şirketi ("Acıbadem Sigorta Aracılık")
- Akademia Sağlık Hizmet ve Sistemleri Yönetim ve Danışmanlık Anonim Şirketi ("Akademia")
- Çamlıca Turizm ve Yataylık Anonim Şirketi ("Çamlıca Turizm")
- Acıbadem Dış Sağlık Hizmetleri Anonim Şirketi ("Acıbadem Dış")
- Acıbadem Eğitim ve Sağlık Vakfı ("Acıbadem Vakfı")
- Telepati Tanıtım Hizmetleri Anonim Şirketi ("Telepati Tanıtım")
- Çukurova Bilim Laboratuvarları Anonim Şirketi ("Çukurova Bilim")
- Acıbadem Üniversitesi ("Acıbadem Üniversitesi")
- Kerem Aydınlar Vakfı ("Kerem Aydınlar")
- BLAB Laboratuvar Hizmetleri Anonim Şirketi ("BLAB")
- Aydınlar Sağlık Hizmetleri Limited Şirketi ("Aydınlar Sağlık")
- Abraj Capital Limited (*) ("Abraj")
- Integrated Healthcare Holdings Sdn. Bhd. ("IHH") (**)
- Bagan Lalang Ventures Sdn. Bhd. ("Bagan Lalang") (**)

These companies have neither direct nor indirect capital and management relationships with the Group and accordingly are excluded from consolidation in the accompanying financial statements.

At 31 March 2012, the Group employed 11,659 personnel (31 December 2011: 9,383), consisting of 2,885 (31 December 2011: 966) administrative personnel, 7,086 (31 December 2011: 6,788) doctors, nurses and medical personnel and 1,688 (31 December 2011: 1,629) personnel employed on contractual basis.

(*) Abraj was a related party until 24 January 2012.

(**) IHH and Bagan Lalang became related parties on 24 January 2012.



Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended 31 March 2012

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

2 Basis of presentation of the consolidated financial statements

2.1 Basis of presentation

2.1.1 Statement of compliance

The Group maintains its book of accounts and prepares its statutory financial statements in TL in accordance with the Turkish Uniform Chart of Accounts promulgated by Capital Markets Board of Turkey ("CMB"), Turkish Commercial Code and Turkish Tax Code.

According to the reflection the truth principle of financial statements, the accompanying consolidated financial statements, classification and adjustments based on the legal records are prepared in conformity with the principle of CMB accounting and reporting published by the appropriate authorities. The Group's accompanying consolidated financial statements was prepared in accordance with the provisions of Capital Market Board ("CMB") 9 April 2008, and 26842 of the Official Gazette Series XI, 29 No. "Basis for Financial Reporting in the Capital Markets" ("Communiqué No:XI-29").

According to the Article 5 of the Communiqué, companies will apply The International Accounting/Financial Reporting Standards ("IAS / IFRS") adopted by the European Union. However, according to the Transitional Article 2 included in the same Communiqué, IAS/IFRS will be applied until the differences between IAS/IFRS that are adopted by European Union and IAS/IFRS that are adopted by International Accounting Standards Board ("IASB"), are announced by Turkey Accounting Standards Board ("TASB").

With the governing decree law numbered 660 published in official gazette on 2 November 2011, the establishment article of TASB stated in the 2499 numbered law with an additional article number one has been superseded and the Council of Ministers decided to establish Public Oversight Accounting and Auditing Standards Agency ("Oversight Agency"). In accordance with the transitional article number one of the governing decree law, until the date of the issuing of standards and regulations by Oversight Agency, the existing regulations will be applied. Accordingly, as of reporting date, the Basis of Presentation has not been changed.

The accompanying consolidated financial statements of the Group have been approved by the Board of Directors of the Group on 22 May 2012. The general assembly of the shareholders and legal authorities has the authority to change the accompanying consolidated financial statements.

Additional paragraph for convenience translation to English:

The accompanying financial statements are not intended to present the financial position and results of its operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

2.1.2 Basis of Measurement

The CMB announced that, effective from 1 January 2005, the application of IAS 29 "Financial Reporting in Hyperinflationary Economies" issued by IASB is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Accounting Standards on 17 March 2005. The equity items including paid-in capital, share premium, legal reserves and special reserves are presented in accordance with the Turkish Commercial Code basis amounts and the effects of inflation over those equity items as at 31 December 2004 were reflected in retained earnings. The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value and balance sheet items affected by the implementation of IAS 29.

2.1.3 Functional and presentation currency

These consolidated financial statements 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.

13. ACCOUNTANTS' REPORT (cont'd)



Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

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

2.1 Basis of presentation (continued)

2.1.4 Basis of consolidation

The accompanying consolidated financial statements include the accounts of the parent Company, ASYH, and its subsidiaries and the basis set out in sections below. The financial statements of the entities included in the consolidation have been prepared at the date of the consolidated financial statements.

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that 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. At 31 March 2012 and 31 December 2011, the subsidiaries in which the Group owns direct or indirect controls their operations and the ownership interests are given below:

Direct Ownership Interest on the Subsidiary	Ownership Interest (%)	
	31 March 2012	31 December 2011
Almond Holding A.Ş.	99.99	99.99
Aplus	99.99	-
Acıbadem Proje	99.99	-
Acıbadem Sağlık	92.21	91.96

Ownership Interest (%)

Effective Indirect Ownership Interest on the Subsidiaries of Acıbadem Sağlık	Ownership Interest (%)	
	31 March 2012	31 December 2011
Acıbadem Poliklinikleri	92.20	91.96
Acıbadem Labmed	46.09	45.97
International Hospital	82.99	82.76
Konur Sağlık	87.60	85.06
Acıbadem Mobil	92.19	91.95
Sistina Hospital	46.40	46.27
Sistina Medikal	46.11	45.98
Yeni Sağlık	92.12	91.87
Gemtrp	50.80	49.47

13. ACCOUNTANTS' REPORT (cont'd)



Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

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

2.1 Basis of presentation (continued)

2.1.4 Basis of consolidation

(ii) Acquisition of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

(iii) Acquisitions through business combinations:

The effects of such acquisition are presented as "acquisitions through business combinations" in the notes to the consolidated financial statements.

(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.

2.2 Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In preparation of the consolidated financial statements, the significant estimates and judgments used by the Group are as follows:

Note 2.6.3-2.6.4	- Useful life of property and equipment and intangible assets
Note 2.6.6-iv	- Derivative financial instruments
Note 6	- Provision for impairment on trade receivables
Note 12	- Provisions
Note 14	- Employee benefits
Note 24	- Tax assets and liabilities
Note 28	- Financial instruments: Fair value disclosures



Appendix III

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended
31 March 2012

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

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

- 2.3 Errors and changes in accounting policies
The accounting policies set out in 2.6 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.
- 2.4 Changes in accounting estimates
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.
- 2.5 Changes in IFRS
- 2.5.1 New standards and interpretations adopted in the three-month period ended 31 March 2012 that have no effect on the Group's financials
There are no new standards or interpretations adopted in the three-month period ended 31 March 2012.
- 2.5.2 New Standards and Interpretations Not Yet Adopted At 31 March 2012
A number of new standards, amendments to standards and interpretations are not yet effective At 31 March 2012, and have not been applied in preparing these consolidated financial statements. The Group management is assessing the effects of these standards which will be effective on or after the periods beginning 1 April 2012.

2.6 Summary of significant accounting policies

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

2.6.1 Revenue

Revenue of the Group comprised the income from the inpatient/outpatient services given at the hospitals, polyclinics, laboratories and ambulance services of the Group. 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. The difference between the nominal value of the sale price and the fair value obtained by this way is reflected as interest income to the related periods.

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.

2.6.2 Inventories

Inventories are stated 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 selling expenses.



Appendix III

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended
31 March 2012

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

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

- 2.6 Summary of significant accounting policies (continued)
- 2.6.3 Property and equipment
- i) Recognition and measurement
The costs of property and equipment purchased before 1 January 2005 are restated for the effects of the inflation current at 31 December 2004 less accumulated depreciation and impairment losses if any. The costs of property and equipment purchased after 1 January 2005 are carried at cost less accumulated depreciation and impairment losses if any.
Cost includes expenditure that is directly attributable to the acquisition of the asset. 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 recognized 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 property and equipment are recognized 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 property and equipment from the date of acquisition or assembly. Leasehold improvements are depreciated on a straight-line basis over the lease period.
Depreciation expenses are presented mainly under cost of sales, general and administrative expenses and selling, marketing expense in 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	During the lease period

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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.



Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended
31 March 2012

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

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

2.6 Summary of significant accounting policies (continued)

2.6.4 Intangible assets

Intangible assets consist of acquired software and other 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 income statement over their estimated useful lives for a period.

The estimated useful lives for the current periods are as follows:

Software	3-10 year
Other intangible assets	3-10 year

Amortization method and economic useful lives values of intangible assets are revised at each reporting date end and adjusted if appropriate.

2.6.5 Goodwill

After 1 January 2005, in accordance with IFRS 3 "Business Combinations", the excess amount of fair value of identified assets, liabilities and conditional liabilities that are acquired over purchasing price 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.



Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended
31 March 2012

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

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

2.6 Summary of significant accounting policies (continued)

2.6.6 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 recognized as a separate asset or liability.

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.

The Group classifies non-derivative financial assets; loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise of cash, deposits with maturity periods of less than three-months and highly liquid investments with maturity periods of less than three-months and having no conversion risk exposure other than the impact of foreign currency changes.

Non derivative financial liabilities

The Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

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.



Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

Basis of presentation of the consolidated financial statements (continued)

- 2.6 Summary of significant accounting policies (continued)
- 2.6.6 Financial instruments (continued)
- i) Non derivative financial liabilities (continued)
- The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.
- iii) Paid-in capital and dividends
- Ordinary shares are classified as paid-in capital. Dividends distributed on ordinary shares are offset with retained earnings in the period in which they are declared.

iv) Derivative financial instruments

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

Derivatives are recognized initially at acquisition cost; attributable transaction costs are recognized 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 IAS 39.

2.6.7 Impairment of assets

i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy.

The Group considers evidence of impairment for loans and receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant loans and receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.



Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

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

2.6 Summary of significant accounting policies (continued)

2.6.7 Impairment of assets (continued)

ii) Financial assets (continued)

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 asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

iii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Impairment losses are recognized in the profit or loss.

The recoverable amount of an asset or CGU 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 the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

Impairment losses recognized in respect of the cash generating units are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

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.



Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as of and For the Three-Month Period Ended
31 March 2012

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

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

2.6 Summary of significant accounting policies (continued)

2.6.8 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 March 2012 and 31 December 2011, Central Bank of the Republic of Turkey ("Central Bank")'s buying foreign currency rates are as follows:

	31 March 2012	31 December 2011
American Dollar ("USD")	1.7729	1.8889
European Union Currency ("EUR")	2.3664	2.4438

2.6.9 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. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issued without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and each earlier year.

2.6.10 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.



Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as of and For the Three-Month Period Ended
31 March 2012

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

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

2.6 Summary of significant accounting policies (continued)

2.6.11 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.

2.6.12 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 instalments 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. Operational lease payments are recorded as expense in the consolidated statement of comprehensive income on a linear basis.

2.6.13 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 according to IAS 24 – Related party disclosures.



Appendix III

Açbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

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

2.6 Summary of significant accounting policies (continued)

2.6.14 Segment reporting

IFRS 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, healthcare and non-healthcare branches. All Group revenues have been realized in domestic basis except newly acquired subsidiaries in Macedonia which have immaterial revenues compared to Group total revenue; accordingly no geographical classification has been presented.

The operating segments of the Group are presented in Note 3.

2.6.15 Income taxes

Income tax comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized 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 recognized 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 recognized 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 recognized 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 recognized 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.



Appendix III

Açbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

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

2.6 Summary of significant accounting policies (continued)

2.6.16 Employee Benefits

In accordance with the existing Labor Law in Turkey, the Group entities operating in Turkey are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire, are called up for military service or die.

In the accompanying consolidated financial statements, the Group has used actuarial valuation method to estimate its obligation.

At 31 March 2012 and 31 December 2011, the following assumptions were used in the calculation of the total liability:

	31 March 2012	31 December 2011
Discount Rate	3.91%	3.91%
Turnover Rate for the calculation of retirement	72%	72%

Reserve for employee termination benefits is calculated based on the ceiling amount which is determined by the Government. The management of the Group used some assumptions in the calculation of the retirement pay provision. At 31 March 2012 and 31 December 2011, the ceiling amount has been limited to TL 2,805 and TL 2,732 per year of employment, respectively. The liability is not funded, as there is no funding requirement.

2.6.17 Financial incomes and expenses

Finance income comprises interest income on funds invested; fair value gains on financial assets at fair value through profit or loss and gains on derivative instruments that are recognized in profit or loss. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established.

Finance costs comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognized on financial assets, (other than trade receivables) and losses on derivative instruments that are recognized in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

13. ACCOUNTANTS' REPORT (cont'd)

13. ACCOUNTANTS' REPORT (cont'd)



Appendix III

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

Segment reporting

The Group's reportable segments are based on Hospital, Healthcare and Non-Healthcare segments.

At 31 March 2012 Hospital segment includes the following:

- Acibadem Sağlık
- International Hospital
- Yeni Sağlık
- Acibadem Sistina Hospital
- Acibadem Sistina Medikal

At 31 March 2012 Non-Healthcare segment includes the following:

- Almond Holding
- Acibadem Sağlık Yatırımları Holding Anonim Şirketi

At 31 March 2012 Healthcare segment includes the following:

- Aplus
- Acibadem Proje
- Acibadem Labmed
- Acibadem Poliklinikleri
- Acibadem Mobil
- Konur Sağlık
- Gemtup

At 31 March 2011 Hospital segment includes the following:

- Acibadem Sağlık
- International Hospital
- Acibadem Kayseri

At 31 March 2011 Non-Healthcare segment includes the following:

- Almond Holding
- Acibadem Sağlık Yatırımları Holding Anonim Şirketi

At 31 March 2011 Healthcare segment includes the following:

- Acibadem Labmed
- Acibadem Poliklinikleri
- International Hospital Sağlık Yatırımları
- Acibadem Mobil
- Konur Sağlık
- Gemtup

Almond Holding and Acibadem Sağlık Yatırımları Holding Anonim Şirketi are holding companies and do not have any revenue generating activity.



Appendix III

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

Segment reporting (continued)

1 January-31 March 2012:

	Hospital	Healthcare	Non-healthcare	Eliminations	Total
Revenues	312,670,162	59,279,477	--	(32,961,443)	338,988,196
Cost of revenue (-)	(243,186,324)	(47,816,284)	--	31,048,623	(259,953,985)
Gross Profit					79,034,211
Operating expenses					(19,898,762)
Other operating income/expense (net)					101,862
Financial income/expense (net)					37,709,497
Tax expense					(15,208,793)
Net income for the period					81,738,015

	Hospital	Healthcare	Non-healthcare	Eliminations	Total
Reportable segment assets	1,032,941,769	35,339,064	2,022,556,250	(1,025,444,615)	2,065,392,468
Capital expenditures	(25,222,921)	(1,433,767)	--	--	(26,656,688)
Reportable segment liabilities	797,028,491	87,202,698	486,286,294	(60,232,171)	1,310,285,312
Amortization and depreciation	(18,242,031)	(2,403,314)	--	--	(20,645,345)

1 January-31 March 2011 (Unaudited)

	Hospital	Healthcare	Non-healthcare	Eliminations	Total
Revenues	232,370,171	27,323,128	--	(14,349,036)	245,344,263
Cost of revenue (-)	(177,349,518)	(21,907,281)	--	11,344,801	(187,911,998)
Gross Profit					57,432,265
Operating expenses					(19,267,593)
Other operating income/expense (net)					1,702,745
Financial income/expense (net)					(12,306,319)
Tax expense					(7,978,005)
Net income for the period					19,583,093

1 January-31 December 2011

	Hospital	Healthcare	Non-healthcare	Eliminations	Total
Reportable segment assets	946,946,311	58,313,964	777,666,341	(19,311,340)	1,763,615,276
Capital expenditures	(95,393,653)	(1,078,287)	--	--	(96,471,940)
Reportable segment liabilities	852,681,203	29,962,806	500,152,871	(19,311,140)	1,363,485,540
Amortization and depreciation	(72,545,759)	(5,068,048)	--	--	(77,613,807)



Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended
31 March 2012

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

4 Cash and cash equivalents

	31 March 2012	31 December 2011
Cash on hand	1,052,426	982,282
Banks – demand deposits	6,113,128	2,958,393
Banks – time deposits	166,065,252	35,839,887
Mutual fund (B type liquid fund)	963,587	484,910
Credit card receivables	4,342,108	3,894,017
	178,536,501	44,159,489

At 31 March 2012, maturity of time deposits is between 2-30 days (31 December 2011: 2-87 days). The effective interest rates for the time deposits in TL is between 8.00% and 10.50% (31 December 2011: 8.00% - 9.75%), in USD is between 3.50% and 4.00% (31 December 2011: 4.25%) and there are no time deposits available in MKD (31 December 2012: 3.50%).

At 31 March 2012, the Group has blocked deposits at an amount of TL 16,658,328 (31 December 2011: TL 30,638,517) in Türkiye Garanti Bankası Anonim Şirketi ("Garanti Bankası") in purpose of a guarantee for six month-period interest and principle payments of bank borrowing amounting to USD 168,000,000.

At 31 March 2012, the interest and maturity details of time deposits at banks are as follows:

31 March 2012	Interest Rate (%)	Maturity	Currency Type	Principal Amount (TL)	Interest Accruals	Total
Time deposit	10.50	30.04.2012	TL	15,253,144	8,749	15,261,893
Time deposit	8.00	02.04.2012	TL	386,000	169	386,169
Time deposit	8.25	02.04.2012	TL	350,000	158	350,158
Time deposit	8.50	02.04.2012	TL	1,028,000	2,625	1,030,625
Time deposit	8.00	02.04.2012	TL	1,440,000	631	1,440,631
Time deposit	8.00	02.04.2012	TL	25,000	11	25,011
Time deposit	8.00	02.04.2012	TL	500,000	394	500,394
Time deposit	3.50	27.04.2012	USD	1,405,184	674	1,405,858
Time deposit	8.57	02.04.2012	TL	145,142,653	57,957	145,200,610
Time deposit	8.00	02.04.2012	TL	64,979	21	65,000
Time deposit	4.00	09.04.2012	USD	398,899	4	398,903
					71,393	166,065,252



Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended
31 March 2012

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

4 Cash and cash equivalents (continued)

31 December 2011	Interest Rate (%)	Maturity	Currency Type	Principal Amount (TL)	Interest Accruals	Total
Time deposit	8.75	10.01.2012	TL	30,039,668	14,387	30,054,055
Time deposit	8.00	02.01.2012	TL	1,795,000	787	1,795,787
Time deposit	8.00	01.01.2012	TL	1,650,000	723	1,650,723
Time deposit	9.75	02.01.2012	TL	1,000,000	4,541	1,004,541
Time deposit	8.00	02.01.2012	TL	280,000	123	280,123
Time deposit	4.25	27.01.2012	USD	598,850	155	599,005
Time deposit	3.50	21.03.2012	MKD	338,276	651	338,927
Time deposit	4.25	02.01.2012	USD	100,029	155	100,184
Time deposit	4.25	02.01.2012	USD	16,387	155	16,542
					21,677	35,839,887

For purposes of the statement of cash flows, cash and cash equivalents include bank deposits and short-term investments that are easily convertible to cash with high liquidity and with a maturity of up to three months.

Cash and cash equivalents included in the statement of cash flows for the years ended 31 March is comprised of the followings:

	31 March 2012	31 March 2011
Cash on hand	1,052,426	440,703
Banks – demand deposits	6,113,128	2,331,381
Banks – time deposits	166,065,252	10,396,597
Mutual fund (B type liquid fund)	963,587	287,853
Credit card receivables	4,342,108	2,938,968
Restricted cash	(16,658,328)	(9,824,417)
	161,878,173	6,571,085

5 Financial liabilities

At 31 March 2012 and 31 December 2011, short term financial liabilities comprised the following:

	31 March 2012	31 December 2011
Short term bank borrowings and short term portion of long term bank borrowings	109,938,006	95,339,861
Financial lease liabilities, net	21,918,255	20,474,355
	131,856,261	115,814,216



Appendix III

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

5 Financial liabilities (continued)

At 31 March 2012 and 31 December 2011, long term financial liabilities comprised the following:

	31 March 2012	31 December 2011
Long term bank borrowings	769,644,268	862,787,588
Financial lease liabilities, net	85,972,498	83,312,597
	855,616,766	946,100,185

Bank borrowings

At 31 March 2012, the details of bank borrowings comprised the following:

Type	Currency	Nominal Interest Rate (%)	Year of Maturity	Face Value	Carrying amount
Investment(*)	Secured USD	Libor + 5.75	2015	462,657,495	462,657,495
Investment(**)	Secured USD	Libor + 3.90	2018	301,559,296	300,983,728
Investment(***)	Secured USD	6.35	2018	51,116,833	51,116,833
Operating	Secured TL	11.5 - 13.5	2012	27,057,640	27,057,640
Investment	Secured MKD	5.50 - 7.40	2016	14,940,046	14,940,046
Investment	Secured USD	Libor + 4.25	2014	12,214,246	12,212,518
Investment	Secured Euro	Euribor +0.625	2012	3,774,631	3,774,366
Operating	Secured USD	6.70	2012	3,640,168	3,640,168
Investment	Secured Euro	7.50	2012	2,370,599	2,370,599
Operating	Secured MKD	9.75	2012	828,881	828,881
				880,159,835	879,582,274

(*) a. Repayments of interest on semi-annual basis commenced from 10 January 2012. Principal amount will be paid in 2015.

b. Secured by total value of TL 690,000,000 pledge over Almond's shares.

(**) a. Repayments of both capital and interest on semi-annual basis, commencing from July 2008 with final repayment in January 2018;

b. Secured by 1st degree mortgages over certain land and buildings owned by the Group with a total value of USD164.8 million and blocked deposits of TL 16.6 million as at 31 March 2012. (For other pledges refer to Note 13).

c. According to the loan agreement; the Group has committed to comply with some financial covenants. As at 31 March 2012 and 31 December 2011 the Group complies with those covenants.

(***) a. Repayments of both capital and interest on semi-annual basis, commencing from October 2011 with final repayment in October 2018;

At 31 March 2012, repayment schedule of the long term bank borrowings Group is as follows:

Years	Currency	Original Currency Amount	TL Amount
2013	USD	20,190,936	35,796,510
2014	USD	34,815,936	61,725,173
2015	USD	289,433,706	513,137,017
2016	USD	32,315,936	57,292,922
2017	USD	32,315,936	57,292,922
2018	USD	18,324,354	32,487,247
2013	MKD	80,429,859	3,123,465
2014	MKD	109,820,853	4,264,854
2015	MKD	71,910,386	2,792,615
2015	MKD	44,587,550	1,731,542
			769,644,268



Appendix III

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

5 Financial liabilities (continued)

At 31 December 2011, the details of bank borrowings comprised the following:

Type	Secured	Currency	Nominal Interest Rate (%)	Year of Maturity	Face Value	Carrying amount
Investment	Secured USD	Libor + 5.75	2015	500,103,356	500,103,356	
Investment	Secured USD	Libor + 3.90	2018	352,504,913	350,877,294	
Investment	Secured USD	6.35	2018	53,607,592	53,607,592	
Investment	Secured USD	Libor + 4.25	2014	14,195,006	14,195,006	
Investment	Secured MKD	5.50 - 7.40	2016	15,981,905	15,981,905	
Investment	Secured Euro	Euribor +0.625	2012	3,886,050	3,874,450	
Investment	Secured Euro	7.50	2012	2,601,883	2,601,883	
Operating	Secured TL	10.5 - 15.25	2012	11,953,841	11,953,841	
Operating	Secured USD	6.70	2012	3,814,361	3,814,361	
Operating	Secured MKD	9.75	2012	802,493	802,493	
Tax	Unsecured TL	--	2012	315,268	315,268	
				959,766,668	958,127,449	

At 31 December 2011, repayment schedule of the long term bank borrowings Group is as follows:

Years	Currency Type	Original Currency Amount	TL Amount
2013	USD	34,815,936	65,763,821
2014	USD	34,815,936	65,763,821
2015	USD	297,074,978	561,144,926
2016	USD	32,315,936	61,041,571
2017	USD	32,315,936	61,041,571
2018	USD	18,324,354	34,612,873
2013	MKD	105,302,901	4,240,647
2014	MKD	108,609,263	4,373,797
2015	MKD	82,558,019	3,324,689
2016	MKD	36,747,879	1,479,872
			862,787,588



Appendix III

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended
31 March 2012

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

5 Financial liabilities (continued)

Finance lease liabilities:

At 31 March 2012 and 31 December 2011, short term finance lease liabilities are as follows:

	31 March 2012	31 December 2011
Financial lease liabilities	27,256,512	25,638,695
Deferred financial lease liabilities (-)	(5,338,257)	(5,164,340)
	21,918,255	20,474,355
At 31 March 2012 and 31 December 2011, long term finance lease liabilities are as follows:		
Financial lease liabilities	97,183,757	94,505,526
Deferred financial lease liabilities (-)	(11,211,259)	(11,192,929)
	85,972,498	83,312,597

At 31 March 2012 and 31 December 2011, the maturities of finance lease liabilities are as follows:

	31 March 2012		31 December 2011	
	Future minimum lease payments	Present value of minimum lease payments	Future minimum lease payments	Present value of minimum lease payments
Less than 1 year	27,256,512	21,918,255	25,638,695	20,474,355
1 - 5 years	85,532,591	75,290,272	80,980,612	70,847,463
5 years and more	11,651,166	10,682,226	13,524,914	12,465,134
	124,440,269	107,890,753	120,144,221	103,786,952



Appendix III

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended
31 March 2012

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

6 Trade receivables and payables

At 31 March 2012 and 31 December 2011, trade receivable comprised the following:

	31 March 2012	31 December 2011
Trade receivable	129,633,218	109,984,583
Notes receivable	804,748	667,815
Doubtful receivables	8,622,596	8,387,210
Allowance for doubtful receivables(-)	(8,622,596)	(8,387,210)
	130,437,966	110,652,998
At 31 March 2012 and 31 December 2011, the aging analysis of the trade receivable is as follows:		
Overdue receivables	26,920,654	15,248,945
Not due receivables	103,517,312	95,403,453
	130,437,966	110,652,998

At 31 March 2012, overdue receivables amounted to TL 26,920,654 (31 December 2011: TL 15,248,945). No allowance has been recorded for these receivables as they were found to be overdue due to commercial reasons and were expected to be collected within a time period. Additionally 90 days overdue is accepted as normal trade term in the sector which the Group operates.

The Group records allowance for doubtful receivable on customer terms. Allowances comprised the customers which are not expected to repay. For the period ended 31 March 2012 and the year ended 31 December 2011, the movement of the allowances for doubtful receivable is as follows:

	31 March 2012	31 December 2011
Beginning balance	8,387,210	5,473,602
Additions	1,154,045	3,197,914
Acquisition of a subsidiary	107,302	-
Collections (-)	(1,024,818)	(283,163)
Write-offs (-)	(1,143)	(1,143)
	8,622,596	8,387,210

At 31 March 2012 and 31 December 2011, short term trade payable comprised the following:

	31 March 2012	31 December 2011
Payable to suppliers	114,692,137	114,324,389
Notes payable	5,442,825	8,760,622
	120,134,962	123,085,011

At 31 March 2012 and 31 December 2011, long term trade payable comprised the following:

	31 March 2012	31 December 2011
Payable to suppliers	4,897,833	6,200,306
Notes payable	1,183,200	2,199,420
	6,081,033	8,399,726

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended
31 March 2012

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

9 **Property and equipment**

For the three-month period ended 31 March 2012, the movement in property and equipment is as follows:

Cost	Land	Buildings	Machinery and equipments	Vehicles	Furniture and fixture	Leased assets	Leasehold improvements	Other tangible assets	Construction in progress	Total
1 January 2012	33,780,497	183,902,854	331,527,154	5,081,893	89,481,542	121,502,629	206,297,243	2,070,761	29,568,931	1,003,213,504
Additions from acquisitions	--	17,324	629,296	587,527	2,797,674	1,501,389	1,925,510	--	--	7,458,720
Effect of movements in exchange rates	--	(1,941)	(626,700)	(6,154)	(99,828)	(4,827)	--	(53,757)	--	(793,207)
Additions	--	136,843	1,623,295	275,121	2,104,076	10,408,455	4,739,344	--	7,072,987	26,360,121
Disposals	--	--	(15,330)	(767,888)	(27,652)	(106,071)	--	--	--	(916,941)
At 31 March 2012	33,780,497	184,055,080	333,137,715	5,170,499	94,255,812	133,301,575	212,962,097	2,017,004	36,641,918	1,035,322,197
Accumulated depreciation										
1 January 2012	--	25,032,608	237,772,466	2,914,561	56,104,458	57,548,804	76,618,492	99,278	--	456,090,667
Additions from acquisitions	--	11,454	279,836	127,058	1,283,358	758,472	1,770,099	--	--	4,230,277
Effect of movements in exchange rates	--	(8)	(20,904)	(850)	(3,696)	(1,973)	--	--	--	(27,431)
Charge for the period	--	1,058,661	6,663,778	191,701	2,410,767	5,356,529	4,684,571	5,094	--	20,371,101
Disposals	--	--	(11,398)	(633,248)	(23,922)	(22,983)	--	--	--	(691,551)
At 31 March 2012	--	26,102,715	244,683,778	2,599,222	59,770,965	63,638,849	83,073,162	104,372	--	479,973,063
Net book value										555,349,134

For the three-month period ended 31 March 2012, property and equipment have been insured to the extent of TL 950,813,487 (31 December 2011: TL 974,520,407).

For the three month period ended 31 March 2012, depreciation expenses amounting to TL 19,646,222 has been recognized under cost of revenue and TL 703,050 has been included under administrative expenses and TL 21,829 has been included under selling, marketing and distribution expenses ((Unaudited)31 March 2011: TL 18,897,413 has been recognized under cost of revenue, TL 488,872 has been recognized under administrative expenses and TL 29,601 has been included under selling, marketing and distribution expenses).

At 31 March 2012, property and equipment are pledged to the extent of TL 292,289,159 (31 December 2011: TL 311,413,499).

For the three month period ended 31 March 2012, the Group utilizes property and equipment which have net book value on its accounts (31 March 2012: TL 232,908,522, Accumulated Depreciation: TL 232,908,522), (31 December 2011 Cost: TL 226,783,910 Accumulated Depreciation: TL 226,783,910).



Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended
31 March 2012

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

7 **Other receivables and payables**

At 31 March 2012 and 31 December 2011, other short-term receivables comprised the following:

	31 March 2012	31 December 2011
Advances given to subcontractors (*)	3,571,928	--
Deposits and guarantees given	322,131	181,773
Receivables from ongoing construction projects	707,271	--
Receivables from tax office	536,529	452,507
Advances given to personnel	310,858	204,320
Other	4,740,044	233,095
	10,188,761	1,071,695

(*) Advances given to subcontractors comprise advances given by Acıbadem Proje for construction projects.

At 31 March 2012 and 31 December 2011, other long-term receivables comprised the following:

	31 March 2012	31 December 2011
Orka Holding AD ("Orka Holding") (*)	6,040,967	6,267,210
Deposits and guarantees given	333,337	204,204
Receivables from personnel	187,039	396,289
	6,561,343	6,867,703

(*) Amounts represent receivables from the minority shareholder of Acıbadem Sisiına Hospital, Orka Holding AD.

At 31 March 2012 and 31 December 2011, other short-term payables comprised the following:

	31 March 2012	31 December 2011
Payables arising from acquisition of Yeni Sağlık	21,181,819	16,892,910
Advances received from patients	6,100,690	3,776,828
Orka Holding	442,470	303,113
Other	41,299	431,763
	27,766,278	21,404,614

At 31 March 2012 and 31 December 2011, other long-term payables comprised the following:

	31 March 2012	31 December 2011
Payables arising from acquisition of Yeni Sağlık	28,278,983	35,597,523
Orka Holding	1,092,325	1,262,865
Other	480,380	--
	29,851,688	36,860,388

Inventories

At 31 March 2012 and 31 December 2011, inventories comprised the following:

	31 March 2012	31 December 2011
Medical materials and medicine	23,403,619	20,612,271
Other inventories	1,348,832	1,328,438
Provision for slow moving inventories	--	(26,304)
	24,752,451	21,914,405

At 31 March 2012 and 31 December 2011, inventories are accounted at cost and no inventory was recognized at its net realizable value

13. ACCOUNTANTS' REPORT (cont'd)

Appendix III


Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended
31 March 2012
Amounts expressed in Turkish Lira ("TL") unless otherwise stated.
9 Property and equipment (continued)
Construction in progress

	31 March 2012	
	Expenditure Amount (TL)	Total Cost of Project (USD)
Project		
Acıbadem Ankara Hospital	19,281,939	30,000,000
Acıbadem Bodrum Hospital	17,359,979	20,000,000
	36,641,918	50,000,000

Acıbadem Ankara Hospital

According to the agreement on 23 July 2010, the hospital project, which is located in Dikmen District Çankaya in Ankara, will have 16 floors and closed area of 10,000 m². The hospital is planned to be opened in second half of 2012.

Acıbadem Bodrum Hospital

Acıbadem Sağlık has a hospital project, which is located Ortakent District in the town of Bodrum in Muğla province with closed area of 11,500 m². The hospital is planned to be opened in June 2012.

10 Intangible assets

For the three-month period ended 31 March 2012, movement in the intangible assets is as follows:

Cost	Rights		Other Intangible Assets		Total
1 January 2012			7,528,100		12,914,781
Acquisition through business combination	5,386,681	7,880	279,753		287,633
Effect of movements in exchange rates	--	--	(17,814)		(17,814)
Additions	164,945		131,622		296,567
31 March 2012	5,559,506	7,921,661	7,921,661		13,481,167
Accumulated Amortization					
1 January 2012			3,822,993		5,465,308
Acquisition through business combination	1,642,315	2,720	221,711		224,431
Effect of movements in exchange rates	--	--	(520)		(520)
Charge for the period	100,624		173,620		274,244
31 March 2012	1,745,659	4,217,804	4,217,804		5,963,463
Net Book Value					7,517,704

For the three-month period ended 31 March 2012, amortization expenses amounting to TL 274,244 (Unaudited) 31 March 2011: TL 145,283) have been included in administrative expenses.

At 31 March 2012 and 31 December 2011, Acıbadem Sağlık utilizes intangible assets which have nil net book value on its accounts (31 March 2012 Cost: TL 4,289,236, Accumulated Amortization: TL 4,289,236; 31 December 2011 Cost: TL 4,062,829, Accumulated Amortization: TL 4,062,829).

13. ACCOUNTANTS' REPORT (cont'd)

Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended
31 March 2012
Amounts expressed in Turkish Lira ("TL") unless otherwise stated.
9 Property and equipment (continued)

For the year ended 31 December 2011, the movement in property and equipment is as follows:

Cost	Land	Buildings	Machinery and equipments	Vehicles	Furniture and fixture	Leased assets	Leasehold improvements	Other intangible assets	Construction in progress	Total
1 January 2011	31,645,702	181,523,816	294,741,728	4,388,225	77,213,252	117,483,640	202,253,250	563,536	2,249,366	912,062,515
Additions from acquisitions	--	38,428	14,642,780	143,806	2,304,409	112,794	--	1,256,204	--	18,498,421
Additions	2,134,795	2,340,610	24,608,622	869,108	10,485,130	3,906,195	19,940,632	251,021	27,319,565	91,855,678
Disposals	--	--	(2,465,976)	(319,246)	(521,249)	--	(15,896,639)	--	--	(19,203,110)
At 31 December 2011	33,780,497	183,902,854	331,527,154	5,081,893	89,481,542	121,502,629	206,297,243	2,070,761	29,568,931	1,003,213,504
Accumulated depreciation										
1 January 2011	--	20,841,603	215,476,593	2,373,310	48,112,446	36,076,951	62,016,019	78,917	--	384,975,839
Additions from acquisitions	--	--	--	17,598	6,039	20,444	--	--	--	44,081
Charge for period	--	4,191,005	24,374,345	745,800	8,476,399	21,451,409	17,700,376	20,361	--	76,959,695
Disposals	--	--	(2,078,472)	(222,147)	(490,426)	--	(3,097,903)	--	--	(5,888,948)
At 31 December 2011	--	25,032,608	237,772,466	2,914,561	56,104,458	57,548,804	76,618,492	99,278	--	456,090,667
Net book value										547,122,837



Appendix III

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

10 Intangible assets (continued)

For the year ended 31 December 2011, movement in the intangible assets is as follows:

Cost	Rights	Other intangible assets	Total
1 January 2011	2,428,831	5,424,893	7,853,724
Acquisition through business combination	36,867	414,728	451,595
Additions	2,921,783	1,694,479	4,616,262
Disposals	(800)	(6,000)	(6,800)
31 December 2011	5,386,681	7,528,100	12,914,781
Accumulated Amortization			
1 January 2011	1,353,963	3,455,903	4,809,866
Acquisition through business combination	--	1,474	1,474
Charge for year	288,396	365,716	654,112
Disposals	(44)	(100)	(144)
31 December 2011	1,642,315	3,822,993	5,465,308
Net Book Value			7,449,473

11 Acquisition of subsidiary and non controlling interests

At 31 March 2012 and 31 December 2011, the goodwill was recognized as a result of the acquisitions shown below:

	31 March 2012	31 December 2011
Acibadem Sağlık	773,424,095	773,424,095
Aplus	76,290,045	--
Acibadem Sifina Hospital and Medikal	50,441,978	50,441,978
Yeni Sağlık	46,417,257	46,417,257
International Hospital	39,292,955	39,292,955
Acibadem Proje	37,644,546	--
Acibadem Poiliklinikleri	6,234,605	6,234,605
Konur Sağlık	1,547,107	1,547,107
Total	1,031,292,588	917,357,997



Appendix III

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

11 Acquisition of subsidiary and non controlling interests (continued)

Acibadem Sağlık

Following the formation of its Almond Holding subsidiary in July 2007, the Group entered into several share purchase agreements with the investors of Acibadem Sağlık and acquired equity shares in the Company to provide the Group with a controlling interest in Acibadem Sağlık. Goodwill resulting from the acquisition in stages was calculated based on the net assets of Acibadem Sağlık on each acquisition date and the consideration paid by the Group. The payments for the share purchases were completed via capital increases by the Group based on the fair value of the shares at each acquisition date.

On 16 August 2007, the Group acquired 24.99% of the outstanding equity shares of Acibadem Sağlık. On 10 January 2008 (on which the control was acquired) and 27 May 2008, the Group acquired additional 49.19% and 17.79% of the outstanding equity shares respectively. As a result of these share purchases, the Group became Acibadem Sağlık's parent company.

The following summarizes the Group's holdings in Acibadem Sağlık, the subsequent increases in its holdings and the computation of goodwill at each acquisition date:

1st Acquisition		
Consideration transferred	244,297,803	
Subsidiary's net book value (24.99 percent)	(33,224,485)	
Goodwill (1st acquisition in year 2007)	211,073,318	
2nd Acquisition		
Consideration transferred	471,324,121	
Subsidiary's net book value (49.19 percent)	(64,991,646)	
Goodwill (2nd acquisition in year 2008)	406,332,475	
3rd Acquisition		
Consideration transferred	177,157,252	
Subsidiary's net book value (17.79 percent)	(21,138,950)	
Goodwill (3rd acquisition in year 2008)	156,018,302	
Total	773,424,095	



Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

11 Acquisition of subsidiary and non controlling interests (continued)

International Hospital

In the accompanying consolidated financial statements, details of the goodwill according to acquisition dates for International Hospital is given below:

1st Acquisition	
Consideration transferred	33,182,500
Subsidiaries net book value (50 percent)	(10,054,636)
Fair value adjustment of land	(8,983,435)
Fair value adjustment of buildings	(6,842,863)
Goodwill (1st acquisition on 20 August 2005)	7,301,566
2nd Acquisition	
Consideration transferred	53,462,129
Subsidiaries net book value (additional 40%)	(5,535,407)
Fair value adjustment of buildings	(11,281,569)
Fair value adjustment of furniture and fixtures	(2,032,335)
Fair value adjustment of machinery and equipment	(2,142,673)
Fair value adjustment of vehicles	(50,008)
Fair value adjustment of rights	(428,748)
Goodwill (2nd acquisition on 27 March 2009)	31,991,389
Total	39,292,955

Acıbadem Poliklinikleri

Under the growth strategies of the 'Group', Acıbadem Sağlık acquired 736,802 shares of Acıbadem Poliklinikleri amounting to USD 5,710,217 and those shares correspond 36.84 % of the share capital. Before the acquisition, Acıbadem Sağlık owned 63.15 % of the share capital, so the company increased its share to 99.95% in Acıbadem Poliklinikleri.

The detail of the goodwill computed is as below:

Consideration transferred	6,948,763
Subsidiaries net book value (additional 36.84 percent)	(714,158)
Goodwill (10 July 2008)	6,234,605



Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

11 Acquisition of subsidiary and non controlling interests (continued)

Konur Sağlık

At 13 February 2010, Acıbadem Poliklinikleri, the consolidated subsidiary of the Acıbadem Sağlık purchased the 50 % of the shares of Konur Sağlık Hizmetleri Anonim Şirketi, a medical center operating in Bursa, Turkey. The detail of the goodwill computed is as follows:

Acquisition cost	2,046,814
Subsidiaries net book value (50.00 %)	(499,707)
Goodwill (13 February 2010)	1,547,107

Yeni Sağlık

Based on the Board of Director's decision of Acıbadem Sağlık taken on 28 April 2011, 99.90% of the shares of Yeni Sağlık which owns and operates Aile Hospital Göztepe (previously known as "Göztepe Şafak Hospital") in Göztepe district of İstanbul and Aile Hospital Bahçelievler (previously known as "John F. Kennedy Hospital ("JFK")") in Bahçelievler district of İstanbul have been acquired. The agreed amount for the acquisition of these shares is amounting to USD 28,239,250 and the payments will be done from the end of the 1st month following the actual share transfer with the installments of USD 1,000,000. The control of the shares is taken on 1 June 2011. Goodwill arising from the acquisition of shares is shown in the following table.

Acquisition cost	47,823,972
Subsidiaries net book value (99.90 %)	(1,406,715)
Goodwill (1 June 2011)	46,417,257

Acıbadem Sistina Hospital / Acıbadem Sistina Medikal

On 21 October 2011, Acıbadem Sağlık acquired 50.32% of Acıbadem Sistina Hospital and 50.00% of Acıbadem Sistina Medikal's by a total cash consideration of Euro 20,000,000. Both companies together meet the definition of a business in accordance with IFRS 3. Accordingly, the goodwill has been computed on the total net asset of both companies. The detail of goodwill computed is as follows:

Acquisition cost	50,950,000
Subsidiaries net book value of Acıbadem Sistina Medikal (50.00%)	(6,514)
Subsidiaries net book value of Acıbadem Sistina Hospital (50.32 %)	(501,508)
Goodwill (21 October 2011)	50,441,978

Aplus

On 24 January 2012, the Group acquired 100.00% of Aplus by a total consideration of TL 84,717,370 through a capital increase from the shareholders of the Company. Accordingly, the goodwill has been computed on the total net assets. The detail of goodwill computed is as follows:

Acquisition cost - Aplus	84,717,370
Subsidiary net book value of Aplus (100.00%)	(8,427,325)
Goodwill - Aplus (24 January 2012)	76,290,045

Acıbadem Proje

On 24 January 2012, the Group acquired 100.00% of Acıbadem Proje by a total consideration of TL 43,672,678 through a capital increase from the shareholders of the Company. Accordingly, the goodwill has been computed on the total net asset of the company. The detail of goodwill computed is as follows for each company:

Acquisition cost - Acıbadem Proje	43,672,678
Subsidiaries net book value of Proje (100.00%)	(6,028,132)
Goodwill - Acıbadem Proje (24 January 2012)	37,644,546

13. ACCOUNTANTS' REPORT (cont'd)



Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

12 Provisions

At 31 March 2012 and 31 December 2011, short-term provisions comprised the following:

	31 March 2012	31 December 2011
Provision for doctor payments	46,159,383	18,587,294
Lawsuit provisions	6,084,343	4,816,801
Provisions for miscellaneous expenses	1,281,211	101,493
Other	1,130,902	659,835
	54,655,839	24,165,423

There are 105 lawsuits (31 December 2011: 95) against the Group amounting to TL 18,039,079 (31 December 2011: TL 17,560,461) and 179 related to personnel (31 December 2011: 164) amounting to TL 1,210,237 (31 December 2011: TL 951,933). The Group has provided provisions for the lawsuits which the probability of losing is greater than the probability of winning in the accompanying consolidated financial statements.

The movement of provisions for the three-month period ended 31 March 2012 is as follows:

	1 January 2012	Additions	Payments	Reversals	31 March 2012
Provision for doctor payments	18,587,294	46,159,383	(18,587,294)	--	46,159,383
Lawsuit provisions	4,816,801	1,862,703	(182,210)	(412,951)	6,084,343
Provisions for miscellaneous expenses	101,493	1,281,211	(101,493)	--	1,281,211
Other	659,835	1,130,902	(659,835)	--	1,130,902
	24,165,423	50,434,199	(19,530,832)	(412,951)	54,655,839

13. ACCOUNTANTS' REPORT (cont'd)



Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

12 Provisions (continued)

The movement of provisions for year ended 31 December 2011 is as follows:

	1 January 2011	Additions	Payments	Reversals	31 December 2011
Provision for doctor payments	13,564,343	18,587,294	(13,564,343)	--	18,587,294
Lawsuit provisions	3,677,494	1,344,109	(12,750)	(192,052)	4,816,801
Provisions for miscellaneous expenses	264,311	101,493	(264,311)	--	101,493
Consultancy commission provisions	669,953	--	(669,953)	--	--
Provisions for invoices returned from contracted institutions	326,491	--	(326,491)	--	--
Other	1,231,814	659,835	(1,231,814)	--	659,835
	19,734,406	20,692,731	(16,069,662)	(192,052)	24,165,423

13 Commitments

According to the decision of CMB on 9 September 2009 related to the commitments of publicly owned companies given to the guarantee third party's debts;

The commitments given;

- i) For their own corporate identities,
- ii) In favor of consolidated subsidiaries,
- iii) In favor of third parties to continue their operations will not be limited.

After the decision is published at the Public Disclosure Platform, publicly owned companies will not give commitments to real people or corporations other than mentioned at the bullets (i) and (ii) above or to third parties other than mentioned at the bullet (iii). If any commitments are already given they will be reduced to nil until 31 December 2014.

Announcements

There is a decision which was given by the Bakırköy Municipality to demolish the supplement International Hospital building since the amount is immaterial the Group does not book any impairment. On the same property there are two annotations of 99 yearly rent statements in favor of Turkish Electricity Administration ("TEİAŞ"). Additionally, there are two annotations of 99 yearly rent statements in favor of Istanbul Public Transportation Administration ("İETT") and also two annotations in favor of Avcılar Municipality on the land owned by the Group at Avcılar District.

13. ACCOUNTANTS' REPORT (cont'd)



Appendix III

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended
31 March 2012

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

13 Commitments (continued)

At 31 March 2012, commitments given are as follows:

	31 March 2012	
	TL Equivalents	USD
A Commitments given on behalf of own corporate identities	--	--
B Commitments given on behalf of consolidated subsidiaries	1,637,516,723	175,645,000
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 B and C	--	--
- on behalf of third parties other than mentioned in bullet iii	--	--
Total	1,637,516,723	175,645,000

At 31 December 2011, commitments given are as follows:

	31 December 2011	
	TL Equivalents	USD
A Commitments given on behalf of own corporate identities	--	--
B Commitments given on behalf of consolidated subsidiaries	1,685,237,697	174,187,036
C Commitments given on behalf of third parties to continue its operations	--	--
D Other commitments given	1,564,445	50,000
- on behalf of parent company	--	--
- on behalf of group companies other than mentioned in B and C	--	--
- on behalf of third parties other than mentioned in bullet iii	1,564,445	50,000
Total	1,686,802,142	174,237,036

13. ACCOUNTANTS' REPORT (cont'd)



Appendix III

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended
31 March 2012

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

13 Commitments (continued)

The total value of mortgages and pledges on the Group's land and buildings are as follows:

Mortgages

Collateral type	Duration	Cause of collateral and place	Pledged asset	31 March 2012 (USD)
Mortgage 1 st degree	Relevance of the mortgage	Loan collateral-Garanti Bankası	Acibadem Bursa Hospital	77,000,000
Mortgage 1 st degree	Relevance of the mortgage	Loan collateral-Garanti Bankası	International Hospital	32,000,000
Mortgage 1 st degree	Relevance of the mortgage	Loan collateral-Garanti Bankası	Acibadem Adana Hospital	24,000,000
Mortgage 1 st degree	Relevance of the mortgage	Loan collateral-Vakıfbank	Acibadem Kayseri Hospital	13,000,000
Mortgage 1 st degree	Relevance of the mortgage	Loan collateral-Garanti Bankası	Küçükyalı Building	12,000,000
Mortgage 1 st degree	Relevance of the mortgage	Loan collateral-Garanti Bankası	Küçükyalı Warehouse	2,000,000
Mortgage 1 st degree	Relevance of the mortgage	Loan collateral-Garanti Bankası	Erkan Apt. various flats and apartments	1,820,000
Mortgage 1 st degree	Relevance of the mortgage	Loan collateral-Garanti Bankası	Manolya apt. no:2-3	1,695,000
Mortgage 1 st degree	Relevance of the mortgage	Loan collateral-Garanti Bankası	Cumhuriyetkoy Facilities	1,350,000
				164,865,000

Collateral type	Duration	Cause of collateral and place	Pledged asset	31 December 2011 (USD)
Mortgage 1 st degree	Relevance of the mortgage	Loan collateral-Garanti Bankası	Acibadem Bursa Hospital	77,000,000
Mortgage 1 st degree	Relevance of the mortgage	Loan collateral-Garanti Bankası	International Hospital	32,000,000
Mortgage 1 st degree	Relevance of the mortgage	Loan collateral-Garanti Bankası	Acibadem Adana Hospital	24,000,000
Mortgage 1 st degree	Relevance of the mortgage	Loan collateral-Vakıfbank	Acibadem Kayseri Hospital	13,000,000
Mortgage 1 st degree	Relevance of the mortgage	Loan collateral-Garanti Bankası	Küçükyalı Building	12,000,000
Mortgage 1 st degree	Relevance of the mortgage	Loan collateral-Garanti Bankası	Küçükyalı Warehouse	2,000,000
Mortgage 1 st degree	Relevance of the mortgage	Loan collateral-Garanti Bankası	Erkan Apt. various flats and apartments	1,820,000
Mortgage 1 st degree	Relevance of the mortgage	Loan collateral-Garanti Bankası	Manolya apt. no:2-3	1,695,000
Mortgage 1 st degree	Relevance of the mortgage	Loan collateral-Garanti Bankası	Cumhuriyetkoy Facilities	1,350,000
				164,865,000



Appendix III

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

13 Commitments (continued)

Pledges

Related with the bank borrowing from Garanti Bankası Acbadem; Sağlık has ceded 80% of its account receivables and has blockage on the bank deposits which is accrued at the end of each month equal to the 1/6th of the total of next interest plus capital payment as the loan payments are semiannual.

The shares of the Almond Holding owned by the Company which constitute 100 % of Almond Holding's capital has been pledged at first degree, the shares of the Acbadem Sağlık owned by Almond Holding which constitute 91.79 % Acbadem Sağlık's capital has been pledged at first degree by Garanti Bankası Luxembourg branch.

The shares of the Acbadem Sağlık owned by Almond Holding which constitute 91.79 % Acbadem Sağlık's capital has been pledged at second degree, the shares of the Acbadem Labmed owned by Acbadem Sağlık which constitute 50 % Acbadem Labmed's capital has been pledged at first degree, the shares of the International Hospital owned by Acbadem Sağlık which constitute 37.59 % International Hospital's capital has been pledged at first degree, the shares of the Acbadem Poliklinikleri owned by Acbadem Sağlık which constitute 99.93 % Acbadem Poliklinikleri's capital has been pledged at first degree by Garanti Bankası Almuzade branch.

The Group has given letter of guarantees to different institutions amounting to TL 15,209,705 (31 December 2011: TL 13,681,887).

14 Employee benefits

Reserve for Employment Termination Benefits

Under the Turkish Labour Law, the Company and its subsidiaries are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is 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 every employment year and at 31 March 2012 the ceiling amount has been limited to TL 2,805 (31 December 2011: TL 2,732). Termination benefits is computed and reflected in the financial statements on a current basis. The reserve has been calculated by estimating the present value of future probable obligation of the Company and its Turkish subsidiaries and joint ventures arising from the retirement of the employees. The calculation was based upon the retirement pay ceiling announced by the government.

The provision has been calculated by estimating the present value of the future probable obligation of the Company and its subsidiaries arising from the retirement of employees. IFRSs 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. Consequently, in the accompanying consolidated financial statements At 31 March 2012, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provision at 31 March 2012 has been calculated assuming an annual inflation rate of 5 % and a discount rate of 9.11% resulting in a real discount rate of approximately 3.91% (31 December 2011: annual inflation rate of 5% and a discount rate of 9.11 % resulting in a real discount rate of approximately 3.91%).



Appendix III

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

14 Employee benefits (continued)

Reserve for Employment Termination Benefits (continued)

	31 March 2012	31 December 2011
Opening balance	1,933,424	2,111,563
Provision for employee termination benefits from the acquisition of a subsidiary	1,819,078	376,138
Interest cost	66,396	134,998
Cost of services	203,366	238,260
Payments made during the period	(936,830)	(3,003,714)
Actuarial gains	1,022,478	2,076,179
	4,107,912	1,933,424

Actuarial gains or losses arise from the changes in interest rates and changes in expectations about the salary increases. Actuarial differences are recorded as incurred. At 31 March 2012, TL 2,722,326 of interest cost, cost of services and actuarial gains or losses are recorded as cost of sales (31 December 2011: TL 2,404,640 expense), TL 385,943 is recorded as general administrative expenses (31 December 2011: TL 350,498 expense) and TL 3,049 is recorded as selling, marketing and distribution expenses (31 December 2011: TL 2,769).

15 Post employment benefits

None.

16 Other assets and liabilities

At 31 March 2012 and 31 December 2011, other current assets comprised the following:

	31 March 2012	31 December 2011
Income accrual for patients	19,559,899	9,246,138
Income accrual for SGK receivables	13,789,489	13,841,917
Prepaid insurance expense	11,918,328	5,386,306
Value added tax receivable	6,019,484	5,726,677
Prepaid taxes and funds	4,248,748	4,266,894
Prepaid rent expenses	4,209,043	5,768,403
Advances given to personnel	2,089,887	1,639,367
Advances given for a new operator (*)	2,677,500	--
Advances given for inventory	2,402,094	1,657,567
Prepaid maintenance expense	425,404	167,840
Prepaid advertisement expense	315,174	91,136
Job Advances	251,990	25,168
Prepaid subscription expense	32,368	17,434
Other	810,067	532,712
	68,749,475	48,367,559

(*) The Company has advances given amounting to TL 2,677,500 for a new operator agreement of a clinic.

At 31 March 2012 and 31 December 2011, other non-current assets comprised the following:

	31 March 2012	31 December 2011
Prepaid rent	9,930,808	9,965,137
Advances given for fixed assets	4,810,343	2,314,227
Prepaid taxes from progress billings	1,950,239	--
Advances given	1,420,063	2,677,500
Prepaid insurance	--	15,012
Other	12,739	18,486
	18,124,192	14,990,362



Appendix III

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

Other assets and liabilities (continued)

At 31 March 2012 and 31 December 2011, other current liabilities comprised the following:

	31 March 2012	31 December 2011
Social security and taxes payable	25,459,103	23,796,898
Payable to personnel	17,437,071	14,208,152
Deferred income (*)	1,519,106	1,520,009
Other	476,422	--
	44,891,702	39,525,059

(*) This amount consists of short term portion of income according to the bank agreement related to transfer of salary payment rights in 2011.

At 31 March 2012, other long term liabilities amounting to TL 4,938,535 (31 December 2011: TL 4,938,537) consists the income according to the bank agreement related to transfer of salary payment rights.

Equity

Paid-in capital

At 31 March 2012, paid-in capital of the Group is TL 704,085,765 (31 December 2011: TL 668,000,000) made up of 176,021,442 shares classified as A group and 528,064,323 shares classified as B group. At 31 March 2012 and 31 December 2011, the composition of shareholders and their respective percentage of ownership are summarized as follows:

Shareholder's name	31 March 2012		31 December 2011	
	Share (%)	Amount	Share (%)	Amount
Almond Holding Cooperative U.A.	--	--	50.00	334,000,000
IHH Turkey Sdn Bhd	60.00	422,451,458	--	--
Bagan Laliang Ventures Sdn Bhd	15.00	105,612,865	--	--
Mehmet Ali Aydınlar	23.20	163,378,986	46.41	310,010,990
Hatice Seher Aydınlar	1.80	12,642,454	3.59	23,989,008
Ethem Erhan Aydınlar	--	1	--	1
Zeynep Aydınlar	--	1	--	1
	100.00	704,085,765	100.00	668,000,000

All shareholders have a pre-emptive right in the event of a capital increase. In the event of a non-participation by a shareholder for capital increase transaction, the remaining shareholders are entitled to exercise for the shares in proportion to their total percentage of ownership in the Company's total capital.

Group's operations and administration are executed by Board of Directors who are nominated by Group A shareholders and Group B shareholders in accordance with the each group's proportionate share in the Company with a maximum number of 10 directors. Group A shareholders have the right to nominate at least two shareholders as long as total shares owned by Group A shareholders represent at least 5% of the Company's total capital or, Group A shares which represent at least 5 % of the total capital of the Company are held by Aydınlar Family. The remaining directors are selected from the candidates nominated by Group B shareholders. Each group of shares is entitled to one vote for one share owned.



Appendix III

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

Equity (continued)

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 CMB regulations, a further 1/10 of dividend distributions, in excess of 5 percent of paid-in capital is to be appropriated to increase second legal reserves. 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, 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 March 2012, the Group's legal reserves amounting to TL 4,069,977 (31 December 2011: TL 4,069,977).

Share Premium

Share premium arises from the initial public offering of Acbadem Sağlık in Istanbul Stock Exchange along with the acquisition transaction occurred on 24 January 2012 as discussed in Note 1. Share premium cannot be distributed.

Capital advances

The Company has obtained share capital advances amounting to TL 153,612,315 from its shareholders to be used in Mandatory Tender Offering for the shares of Acbadem Sağlık, which is publicly traded.

Dividend distribution:

Publicly traded companies distribute dividends based on the Capital Market Board ("CMB") regulations as explained below:

According to CMB's decision on 27 January 2010 numbered 02/51 Companies traded on the stock exchange market are not obliged to distribute a specified amount of dividends (2010: 20 percent). For companies that will distribute dividends, in relation to the resolutions in their general meeting the dividends may be in cash, may be bonus shares by adding the profit into equity, or may be mixture of cash and bonus shares, it is also permitted not to distribute determined first party dividends falling below 5 percent of the paid-in capital of the company but, companies that increased capital before distributing the previous year's dividends and as a result their shares are separated as "old" and "new" are obliged to distribute first party dividends in cash.

There is no requirement for profit distribution at 31 March 2012 for Acbadem Sağlık, which is publicly traded.

Retained Earnings / (Accumulated Losses)

	31 March 2012	31 December 2011
Extraordinary reserves	55,964,353	48,741,842
Retained earnings / (Accumulated losses)	(371,463,921)	(236,036,418)
	(315,499,568)	(187,294,576)

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

	31 March 2012	31 December 2011
Beginning balance	(187,294,576)	(161,914,395)
Change in non-controlling interest	(6,050,675)	(743,575)
Transfer to legal reserves	--	(1,528,467)
Transfer of period profit to retained earnings	(122,154,317)	(23,108,139)
	(315,499,568)	(187,294,576)



Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

18 Revenues

	2012	2011	(Unaudited)
Domestic sales	359,679,073	264,576,120	
Imputed interest on revenue	(1,883,194)	(1,146,273)	
Sales returns and discounts	(18,807,683)	(18,085,584)	
Net revenues	338,988,196	245,344,263	
Cost of revenues	(259,953,985)	(187,911,998)	
Gross profit	79,034,211	57,432,265	

19 Selling, marketing and distribution expenses, general administrative expenses

Selling, marketing and distribution expenses

	2012	2011	(Unaudited)
Personnel expenses	2,002,271	1,292,871	
Advertisement and sponsorship expenses	1,499,604	4,087,854	
Commission expenses	576,568	706,423	
Representation expenses	246,149	143,190	
Travel expenses	166,015	157,292	
Consultancy expenses	143,086	145,653	
Published material expenses	103,002	115,465	
Vehicle rent expenses	93,282	59,045	
Depreciation expenses	21,829	29,601	
Other	251,022	506,033	
	5,102,828	7,243,427	

General administration expenses

	2012	2011	(Unaudited)
Personnel expenses	9,509,895	7,400,396	
Consultancy, legal, notary expenses	1,006,709	358,575	
Depreciation and amortization	977,294	634,155	
Rent expenses	520,730	381,328	
Cleaning and meal expenses	432,960	367,580	
Representation and travel expenses	409,819	155,366	
Energy expenses	326,284	249,810	
Communication and other office expenses	283,608	295,820	
Repair and maintenance expenses	229,349	214,451	
Other	1,099,286	1,966,685	
	14,795,934	12,024,166	

For the three-month periods ended 31 March, general administrative expenses comprised the following:



Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

20 Expenses by nature

For the three-month periods ended 31 March, expenses by nature comprised the following:

	2012	2011	(Unaudited)
Amortization and depreciation expenses	19,646,222	18,897,413	
Cost of revenue	977,294	634,155	
General administrative expenses	21,829	29,601	
Selling, marketing and distribution expenses	20,645,345	19,561,169	
Personnel expenses	143,866,355	100,852,120	
Cost of revenue	9,509,895	7,400,396	
General administrative expenses	2,002,271	1,292,871	
Selling, marketing and distribution expenses	155,378,521	109,545,387	

21 Other operating income and expenses

For the three-month periods ended 31 March, other operating income comprised the following:

	2012	2011	(Unaudited)
Insurance compensation gain (*)	1,025,327	1,279,215	
Recovery of impairment for doubtful receivables	1,024,818	789	
Rent income	853,489	858,124	
Premium from bank related salary payment right assignment	264,831	--	
Income from communication services	230,215	--	
Gain on sale of property and equipment	230,621	76,698	
Other income	528,355	564,451	
	4,177,656	2,779,277	

(*) The gain obtained from the insurance companies when equipments are damaged during transportation.

For the three-month periods ended 31 March, other operating expense comprised the following:

	2012	2011	(Unaudited)
Damage loss (*)	1,402,474	818,109	
Provision for lawsuits	1,267,542	--	
Allowance for doubtful receivables	1,154,045	--	
Loss on sale of property and equipment	35,475	13,554	
Donations	30,784	--	
Other	185,474	244,869	
	4,075,794	1,076,532	

(*) Losses incurred when equipments are damaged during transportation.



Appendix III

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended
31 March 2012

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

22 Financial income

For the three-month periods ended 31 March, financial income comprised the following:

	2012	2011
Foreign exchange gain (*)	62,736,170	--
Imputed interest on cost of revenue	3,991,567	2,211,758
Change in fair value of derivatives	1,496,287	633,892
Interest income on time deposits	313,998	127,770
Premium on swap transactions	--	1,073,944
Other	29,163	1,578
	68,567,185	4,048,942

(*) Foreign exchange gain and losses are presented on net basis.

23 Financial expenses

For the periods ended 31 March, financial expenses comprised the following:

	2012	2011
Interest expense on bank loans	15,394,973	7,048,989
Change in fair value of derivatives	5,909,126	1,164,005
Letter of credit and other bank commission expenses	4,474,376	239,540
Imputed interest on revenue	2,569,762	1,428,777
Credit card commission expenses	1,636,719	1,314,189
Finance lease interest expense	847,406	857,851
Foreign exchange loss (*)	--	4,282,068
Other	25,326	19,842
	30,857,688	16,355,261

(*) Foreign exchange gain and losses are presented on net basis.



Appendix III

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended
31 March 2012

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

24 Tax assets and liabilities

Corporate tax

In Turkey

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by 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 March 2012 is 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 is no procedure for a final and definitive 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 non-deductible 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, then the taxpayer shall declare tax loss. Tax losses can be carried forward for five years according to the amendment on tax legislation.

13. ACCOUNTANTS' REPORT (cont'd)



Appendix III

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended
31 March 2012

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

24 Tax assets and liabilities (continued)
Investment allowance

The Temporary Article 69 added to the Income Tax Law no.193 with the Law no.5479, which became effective starting from 1 January 2006, upon being promulgated in the Official Gazette no.26133 dated 8 April 2006, stating that taxpayers can deduct the amount of the investment allowance exemption which they are entitled to according to legislative provisions effective at 31 December 2005 (including rulings on the tax rate) only from the taxable income of 2006, 2007 and 2008. Accordingly, the investment allowance practice was ended as of 1 January 2006. At this perspective, an investment allowance which cannot be deducted partially or fully in three years time was not allowed to be carried forward to the following years and became unavailable as of 31 December 2008. On the other side, the Article 19 of the Income Tax Law was annulled and the investment allowance practice was ended as of 1 January 2006 with effectiveness of the Article 2 and the Article 15 of the Law no.5479 and the investment allowance rights on the investment expenditures incurred during the period of 1 January 2006 and 8 April 2006 became unavailable.

However, at 15 October 2009, the Turkish Constitutional Court decided to cancel the clause no.2 of the Article 15 of the Law no.5479 and the expressions of "2006, 2007, 2008" in the Temporary Article 69 related to investment allowance mentioned above that enables effectiveness of the Law as of 1 January 2006 rather than 8 April 2006, since it is against the Constitution. Accordingly, the time limitations for the carried forward investment allowances that were entitled to in the previous period of mentioned date and the limitations related with the investments expenditures incurred between the issuance date of the Law promulgated and 1 January 2006 were eliminated. According to the decision of Turkish Constitutional Court, cancellation related with the investment allowance became effective with promulgation of the decision on the Official Gazette and the decision of the Turkish Constitutional Court was promulgated in the Official Gazette no.27456 dated 8 January 2010.

According to the decision mentioned above, the investment allowances carried forward to the year 2006 due to the lack of taxable income and the investment allowances earned through the investments started before 1 January 2006 and continued after that date constituting economic and technical integrity will be used not only in 2006, 2007 and 2008, but also in the following years. In addition, 40% of investment expenditures that are realized between 1 January 2006 and 8 April 2006, within the context of the Article 19 of the Income Tax Law will have the right for investment allowance exemption.

For the three month period ended 31 March 2012 and for the year ended 31 December 2011, current period corporate tax payable comprised the following:

	31 March 2012	31 December 2011
Corporate tax provision	5,640,290	4,169,704
Prepaid taxes and funds	(21,920)	(3,794,935)
Tax payable	5,618,370	374,769

For the three-month periods ended 31 March, tax expenses comprised the following:

	2012	2011
Current year corporate tax provision	(5,640,290)	(5,806,781)
Deferred tax credit / (charge)	(9,568,503)	(2,171,224)
	(15,208,793)	(7,978,005)

13. ACCOUNTANTS' REPORT (cont'd)



Appendix III

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended
31 March 2012

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

24 Tax assets and liabilities (continued)

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

	2012	2011
Profit/(loss) before tax	96,946,808	27,561,098
Tax rate		20
Taxes on reported profit per statutory tax rate	(19,389,362)	(5,512,220)
Effect of tax rates in foreign jurisdictions	103,381	--
Non-deductible expenses	(635,240)	(1,317,279)
Donations	6,157	200,000
Tax exemption on investment allowance	1,255,997	0.01
Tax exempt income	72,904	1,30
Recognition of previously unrecognized tax losses	3,698,812	0.08
Statutory tax losses for which no deferred tax assets recognized	(292,740)	3.82
Other	(28,702)	(0.30)
Taxation credit/ (charge)	(15,208,793)	(15.67)
		(7,978,005)
		(28.94)

Deferred tax assets and liabilities

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements prepared in accordance with the Communiqué No: XI-29 and the statutory tax financial statements. Related temporary differences are subject to different period records according to articles and to tax laws for profit and lost items.

According to the decision of the Turkish Constitutional Court promulgated in the Official Gazette no.27456 dated 8 January 2010, the investment allowances carried forward to the year 2006 due to the lack of taxable income and the investment allowances earned through the investments started before 1 January 2006 and continued after that date constituting economic and technical integrity will be used not only in 2006, 2007 and 2008, but also in the following years. In addition, 40% of investment expenditures that are realized between 1 January 2006 and 8 April 2006, within the context of the Article 19 of the Income Tax Law will have the right for investment allowance exemption. As per this decision, the Group has provided deferred tax asset amounting to TL 83,303 over the investments started before 1 January 2006 and continued after that date constituting economic and technical integrity amounting to TL 416,517.

Deferred tax assets and liabilities deducted for the factors that there is a legally applicable right to deduct the current year tax assets and liabilities and there is intent of the occurrence of the current year tax assets and liabilities concurrently are valid.

The unrecorded deferred taxes are re-evaluated at every balance sheet date. If it is possible to make profits in the future the unrecorded deferred tax assets are reflected to the financial statements



Appendix III

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

24 Tax assets and liabilities (continued)

Deferred tax assets and liabilities (continued)

At 31 March 2012 and 31 December 2011, deferred tax assets and deferred tax liabilities were attributable to the items detailed in the table below:

	31 March 2012		31 December 2011	
	Deferred tax base	Deferred tax asset/(liability)	Deferred tax base	Deferred tax asset/(liability)
Property, equipment and intangible assets - Deferred tax asset	15,383,581	3,076,716	9,587,880	1,917,576
Property, equipment and intangible assets - Deferred tax liability	(29,729,110)	(5,945,822)	(14,437,018)	(2,887,404)
Financial liabilities	(156,720)	(31,344)	(1,639,220)	(327,843)
Employee benefits	4,107,912	821,582	1,933,425	386,685
Investment allowance	416,517	83,303	57,701,175	11,540,235
Trade and other receivables	145,468	29,093	(5,945,825)	(1,189,165)
Financial investments at fair value - Interest rate swaps	3,715,464	743,093	5,211,751	1,042,350
Financial investments at fair value - Forwards	(1,754,116)	(350,823)	(7,663,240)	(1,532,648)
Provisions	47,583,263	9,516,653	21,464,060	4,692,812
Deferred taxes recognized on IAS11 applications	(4,051,340)	(810,268)	--	--
Tax loss carry-forwards	17,422,625	3,484,526	33,259,175	6,651,835
	53,083,544	10,616,709	101,472,163	20,294,433

	31 March 2012	31 December 2011
Deferred tax assets	17,754,966	26,231,493
Deferred tax liabilities	(7,138,257)	(5,937,060)
Deferred tax assets, net	10,616,709	20,294,433

For the three-month period ended 31 March 2012 and for the year ended 31 December 2011, the movement of the deferred tax assets/ (liabilities) is as follows:

	31 March 2012	31 December 2011
Beginning balance	20,294,433	21,480,996
Period tax credit/ (expense)	(9,568,503)	(807,100)
Deferred tax charges from the acquisition of a subsidiary	(109,221)	(379,463)
Ending balance	10,616,709	20,294,433

Unrecognized deferred tax assets

Deferred tax asset amounting to TL 40,769,665 (31 December 2011: TL 44,175,736) has not been recognized in respect of the statutory tax losses, because it is not probable that future taxable profit will be available against which the Company can utilize the benefits there from.

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 anticipated that there will be taxable profits in the following years. Therefore, at 31 March 2012, deferred tax asset is recognized in the accompanying consolidated financial statements for tax losses carried forward amounting to TL 17,422,625 (31 December 2011: TL 33,259,175).



Appendix III

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

24 Tax assets and liabilities (continued)

Expiration dates of tax losses are as follows:

	31 March 2012	31 December 2011
2017	2,548,956	--
2016	215,128,072	233,424,415
2015	4,012,658	1,827,009
2014	1,962,667	17,853,331
2013	--	995,117
2012	--	37,985
	223,652,353	254,137,857

25 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:

	31 March 2012	31 December 2011
Net income for the period	76,508,243	17,098,023
Weighted average number of shares	694,568,640	668,000,000
Basic and Diluted Earnings per 1.000 Shares	110,152	25,596

26 Related parties

Since intra-group balances and transactions between the Company and its subsidiaries are eliminated at the preparation of the consolidated financial statements they are not disclosed in this note.

At 31 March 2012 and 31 December 2011, short-term trade receivables from related parties as follow:

	31 March 2012	31 December 2011
Trade receivables	12,426,807	9,514,653
Other receivables	1,946,464	251,970
	14,373,271	9,766,623

At 31 March 2012 and 31 December 2011, short-term trade payables to related parties as follow:

	31 March 2012	31 December 2011
Trade payables	13,204,826	29,156,434
Other payables	707,419	578,943
	13,912,245	29,735,377

Appendix III

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended
31 March 2012
Amounts expressed in Turkish Lira ("TL") unless otherwise stated.

26 Related parties (continued)

Due from related parties

	31 March 2012			31 December 2011		
	Trade Receivables	Other Receivables	Trade Receivables	Other Receivables	Trade Receivables	Other Receivables
Shareholders						
Said Haifawi	--	303,885	--	--	--	--
Receivables from other shareholders	--	11	--	--	11	--
Related Companies						
Acibadem Sigorta	10,916,052	1,635,740	9,289,246	160,910	160,910	
SZA	539,360	3,328	52,578	1,170	1,170	
Acibadem Üniversitesi	792,886	301	--	12,616	12,616	
Kerem Aydınlar Vakfı	63,532	92	3,064	11	11	
Aydınlar Sağlık Hizmetleri	47,329	--	25,537	92	92	
Acibadem Diş	44,896	36	55,419	389	389	
Telepati Tanıtım	8,030	2,591	--	2,466	2,466	
Tolga Sağlık	7,219	--	--	--	--	
Alfa Pazarlama	4,599	--	--	--	--	
Acibadem Sigorta Aracılık	2,904	--	879	--	--	
Acibadem Proje	--	--	80,648	--	--	
Almond Holding	--	--	--	60	60	
Acibadem Vakfı	--	9	--	--	--	
Akademia	--	55	7,282	731	731	
Aplus	--	--	--	73,038	73,038	
BLAB	--	416	--	416	416	
Acibadem Yatırım	--	--	--	60	60	
	12,426,807	1,946,464	9,514,653	251,970	251,970	

Acibadem Sigorta transactions include receivables from the treatment of Acibadem Sigorta's customers at Acibadem hospitals and outpatient clinics.

Acibadem Sigorta Aracılık transactions represent the commissions paid to the company in regards to the customers of Acibadem Sigorta Aracılık being exclusively at Acibadem hospitals and outpatient clinics only.

Telepati Tanıtım transactions are for advertising services rendered to promote Acibadem brand on various media channels.
 SZA Gayrimenkul (Previously known as "Acibadem Holding") transactions comprises of construction services rendered and rent payables.



Appendix III

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended
31 March 2012
Amounts expressed in Turkish Lira ("TL") unless otherwise stated.

26 Related parties (continued)

Due to related parties

	31 March 2012			31 December 2011		
	Trade Payables	Other Payables	Trade Payables	Other Payables	Trade Payables	Other Payables
Shareholders						
Mehmet Ali Aydınlar	--	689,007	--	--	--	18,888
Hatice Scher Aydınlar	--	1,773	--	--	--	1,889
Zeynep Aydınlar	--	1,773	--	--	--	520,798
Other	--	209	--	--	--	2,098
Related Companies						
Acibadem Sigorta	7,922,983	384	1,080,179	325	325	
Acibadem Sigorta Aracılık	4,264,256	--	3,238,720	--	--	
Telepati Tanıtım	499,141	--	1,206,912	--	--	
SZA Gayrimenkul	421,021	317	--	--	--	
Acibadem Diş	57,104	11,438	288,617	13,522	13,522	
Aydınlar Sağlık Hizmetleri	32,617	--	455,556	--	--	
Akademia	4,893	--	2,271	--	--	
Acibadem Sağlık ve Eğitim Vakfı	--	--	--	--	--	
İktisadi İşletmesi	2,811	--	13,872,341	--	--	
A Plus	--	--	--	--	--	
Acibadem Proje	--	--	8,938,931	--	--	18,478
Acibadem Üniversitesi	--	--	51,770	--	--	
Acibadem Holding	--	--	21,137	--	--	437
Acibadem Vakfı	--	2,518	--	--	--	2,508
	13,204,826	707,419	29,156,434	578,943	578,943	

13. ACCOUNTANTS' REPORT (cont'd)

13. ACCOUNTANTS' REPORT (cont'd)



Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

26 Related parties (continued)

Related party transactions (Sales)

For the three-month periods ended 31 March, sales and services to related parties are as follows:

	2012		
	Service	Fixed Asset	Other
Acıbadem Sigorta	23,673,982	--	46,822
SZA	3,336,091	--	--
Acıbadem Üniversitesi	715,250	--	--
Telepati Tanıtım Hizmetleri	4,998	--	17,550
Tolga Sağlık	1,852	20,000	--
Aydımlar Sağlık	841	--	37,641
SZA Holding	--	--	72,448
	27,733,014	20,000	174,461

(Unaudited)

	2011	
	Service	Other
Acıbadem Sigorta	16,327,104	130,686
SZA	--	65,807
Acıbadem Proje Yönetimi	11,058	48,221
Telepati Tanıtım Hizmetleri	--	32,400
Acıbadem Dış	41	9,356
Acıbadem Üniversitesi	--	9,051
Cukurova Bilim	--	900
A Plus	9,161	--
	16,347,364	296,421

Related party transactions (Purchases)

For the three-month period ended 31 March, the purchases from related parties are as follows:

	2012	
	Service	Other
Acıbadem Sigorta	11,415,800	--
Acıbadem Üniversitesi	754,529	--
Telepati Tanıtım	298,783	--
Aydımlar Sağlık	145,694	--
Acıbadem Vakfı	2,479	--
	12,617,285	--

(Unaudited)

	2011	
	Service	Other
A Plus	9,947,627	11,580
Acıbadem Sigorta	6,641,961	12,600
Acıbadem Proje Yönetimi	3,587,201	--
Acıbadem Üniversitesi	1,000,000	--
Telepati Tanıtım	519,710	--
Acıbadem Dış	100,720	--
Akademia	2,500	--
	21,799,719	24,180



Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

26 Related parties (continued)

Key management compensation

For the three month period ended 31 March 2012, sum of the compensation to key management is amounting to TL 2,273,422 ((Unaudited) 31 March 2011: TL 2,086,227). Total compensation amount contains wages and salaries paid to the key management.

Donations

For the three month period ended 31 March 2012, the Group have donations amounting to TL 30,784 to other governmental institutions (31 March 2011: Acıbadem University amounting to (Unaudited) TL 1,000,000).

27 Nature and level of risks arising from financial instruments

Financial Risk Management Policies

The main financial instruments of the Group are bank loans, receivables, payables, cash and short term bank deposits. 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 17, 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 previous periods'.

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 6).

13. ACCOUNTANTS' REPORT (cont'd)



Appendix III

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

27 Nature and Level of Risks Arising from Financial Instruments

Credit risk (continued)

At 31 March 2012, credit risk details are as follows:

	Receivables				Bank deposits	Other
	Trade receivables Related party	Other party	Related party	Other party		
31 March 2012						
Maximum exposure to credit risk at the reporting date (A+B+C+D+E)	12,426,807	130,437,966	1,946,464	10,188,761	172,178,380	5,305,695
- Secured portion of maximum credit risk with collateral	--	--	--	--	--	--
A. Carrying amount of financial assets that are not overdue and not impaired	12,426,807	103,517,312	1,946,464	10,188,761	172,178,380	5,305,695
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	--	26,920,654	--	--	--	--
- Carrying amount secured with collateral	--	--	--	--	--	--
D. Carrying amount of assets that are impaired	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	8,622,596	--	--	--	--
- Impairment (-)	--	(8,622,596)	--	--	--	--
- 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	--	--	--	--	--	--

13. ACCOUNTANTS' REPORT (cont'd)



Appendix III

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

27 Nature and Level of Risks Arising from Financial Instruments (continued)

Credit risk (continued)

At 31 December 2011, credit risk details are as follows:

	Receivables				Bank deposits	Other
	Trade receivables Related party	Other party	Related party	Other party		
31 December 2011						
Maximum exposure to credit risk at the reporting date (A+B+C+D+E)	9,514,653	110,652,398	251,970	1,071,695	38,798,280	4,378,927
- Secured portion of maximum credit risk with collateral	--	--	--	--	--	--
A. Carrying amount of financial assets that are not overdue and not impaired	9,514,653	95,403,453	251,970	1,071,695	38,798,280	4,378,927
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	--	15,248,945	--	--	--	--
- Carrying amount secured with collateral	--	--	--	--	--	--
D. Carrying amount of assets that are impaired	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	8,387,210	--	--	--	--
- Impairment (-)	--	(8,387,210)	--	--	--	--
- 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.

13. ACCOUNTANTS' REPORT (cont'd)

Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended
31 March 2012

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

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

Liquidity risk (continued)

At 31 December 2011, maturities of non-derivative financial liabilities are as follows:

Contractual maturities	Carrying value	Total cash outflow per agreement (=I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (II)	Over 5 years (III)	Without maturity
Non-derivative financial liabilities							
Financial liabilities	958,127,449	1,005,309,986	40,642,053	61,054,293	803,391,751	100,221,889	--
Financial lease liabilities	103,786,952	120,144,221	4,218,123	21,420,572	80,980,612	13,524,914	--
Expected maturities	Carrying value	Expected total cash out flow (=I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (II)	Over 5 years (III)	Without maturity
Non-derivative financial liabilities							
Trade payables	131,484,737	132,645,804	92,904,807	31,267,098	8,473,899	--	--
Due to related parties	29,156,434	29,278,050	20,660,244	8,617,806	--	--	--
Other payables (*)	69,275,269	69,275,269	14,208,152	18,206,729	36,860,388	--	--

(*) Other payables comprise; other liabilities amounting to TL 39,525,059, due to related parties TL 578,943, other payables amounting to TL 21,404,614, other non-current liabilities amounting to TL 4,938,537 excluding social security and tax payables, deferred income and advances received from patients.

13. ACCOUNTANTS' REPORT (cont'd)

Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended
31 March 2012

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

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

Liquidity risk (continued)

The tables listed below are representing the maturities of non-derivative financial liabilities.

At 31 March 2012, maturities of non-derivative financial liabilities are as follows:

Contractual maturities	Carrying value	Total cash outflow per agreement (=I+II+III)	Less than 3 months (I)	Between 3-12 months (III-)	Between 1-5 years (II)	Over 5 years (V)	Without maturity
Non-derivative financial liabilities							
Financial liabilities	879,582,274	997,525,129	80,195,665	99,324,746	752,364,277	65,640,441	--
Financial lease liabilities	107,890,753	124,440,269	4,275,005	22,981,507	85,532,590	11,651,167	--
Contractual maturities	Carrying value	Total cash outflow per agreement (=I+II+III)	Less than 3 months (I)	Between 3-12 months (III-)	Between 1-5 years (II)	Over 5 years (V)	Without maturity
Non-derivative financial liabilities							
Trade payables	126,215,995	127,927,231	90,591,863	27,611,851	9,723,517	--	--
Due to related parties	13,204,826	13,957,064	9,643,052	4,314,012	--	--	--
Other payables (*)	71,110,213	71,110,213	19,150,468	22,108,057	29,851,688	--	--

(*) Other payables comprise; other liabilities amounting to TL 44,891,702, other short-term payables amounting to TL 27,766,277 and long term other payables amounting to 29,851,688; excluding social security and tax payables, deferred income and advances received from patients.

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended
31 March 2012

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

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

Market risk (continued)

At 31 March 2012, foreign currency position details are as follows:

CONSOLIDATED	TL Equivalent (Functional currency)	31 March 2012					
		USD	Euro	MKD	GBP	CHF	Other
1. Trade receivables	208,301	13,368	78,009	--	--	--	--
2a. Monetary financial assets (include cash and bank deposit)	5,070,078	2,279,797	428,061	--	4,465	1,324	--
2b. Non-monetary financial assets	--	--	--	--	--	--	--
3. Other	4,397,924	2,423,424	42,865	--	--	--	--
4. Current Assets (1+2+3)	9,676,303	4,716,589	548,935	--	4,465	1,324	--
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)	9,676,303	4,716,589	548,935	--	4,465	1,324	--
10. Trade payables	16,876,562	5,248,678	3,192,757	--	5,584	--	--
11. Financial liabilities	100,336,584	43,947,883	5,900,229	--	--	4,313,876	--
12a. Other monetary liabilities	21,829,812	12,065,271	185,263	--	--	--	--
12b. Other non-monetary liabilities	--	--	--	--	--	--	--
13. Current Liabilities (10+11+12)	139,042,957	61,262,332	9,278,249	--	5,584	4,313,876	--
14. Trade payables	4,301,846	2,416,000	7,826	--	--	--	--
15. Financial liabilities	842,105,320	431,149,960	12,650,106	--	--	24,368,578	--
16a. Other monetary liabilities	29,361,276	15,950,692	457,359	--	--	--	--
16b. Other non-monetary liabilities	--	--	--	--	--	--	--

65



Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended
31 March 2012

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

27 Nature and level of risks arising from financial instruments

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 the Group mainly results from liabilities denominated in USD, CHF 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.

At 31 March 2012 and 31 December 2011, the net foreign currency position of the Group is TL 909,398,493 and TL 1,050,430,059 (short) position, respectively.

	31 March 2012	31 December 2011
Foreign currency denominated assets	9,676,303	1,843,518
Foreign currency denominated liabilities	(1,014,813,999)	(1,121,218,427)
Foreign currency derivatives	(1,005,135,096)	(1,119,374,909)
Net foreign currency position	95,736,600	68,944,850
	(909,398,496)	(1,050,430,059)

13. ACCOUNTANTS' REPORT (cont'd)

Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended
31 March 2012

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

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

Market risk (continued)

At 31 December 2011, foreign currency position details are as follows:

CONSOLIDATED	31 December 2011						
	TL Equivalent (Functional currency)	USD	Euro	MKD	GBP	CHF	Other
1. Trade receivables	57,380	7,620	17,590	--	--	--	--
2a. Monetary financial assets (include cash and bank deposit)	1,582,112	432,123	312,277	--	225	1,035	--
2b. Non-monetary financial assets	--	--	--	--	--	--	--
3. Other	--	--	--	--	--	--	--
4. Current Assets (1+2+3)	1,639,492	439,743	329,867	--	225	1,035	--
5. Trade receivables	--	--	--	--	--	--	--
6a. Monetary financial assets	204,026	--	83,487	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--	--	--	--
7. Other	--	--	--	--	--	--	--
8. Non Current Assets (5+6+7)	204,026	--	83,487	--	--	--	--
9. Total Assets (4+8)	1,843,518	439,743	413,354	--	225	1,035	--
10. Trade payables	16,674,007	3,093,216	4,410,041	--	18,503	--	--
11. Financial liabilities	102,245,713	41,407,971	4,148,789	130,833,453	--	4,297,976	--
12a. Other monetary liabilities	16,892,910	8,943,253	--	--	--	--	--
12b. Other non-monetary liabilities	--	--	--	--	--	--	--
13. Current Liabilities (10+11+12)	135,812,630	53,444,440	8,558,830	130,833,453	18,503	4,297,976	--
14. Trade payables	5,451,602	2,876,000	7,826	--	--	--	--
15. Financial liabilities	944,356,671	453,732,630	10,038,015	333,622,773	--	24,591,218	--
16a. Other monetary liabilities	35,597,524	18,845,637	--	--	--	--	--
16b. Other non-monetary liabilities	--	--	--	--	--	--	--

67

13. ACCOUNTANTS' REPORT (cont'd)

Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended
31 March 2012

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

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

Market risk (continued)

At 31 March 2012, foreign currency position details are as follows:

17. Non-Current Liabilities (14+15+16)	875,768,438	449,516,652	13,115,291	--	--	24,368,578	--
18. Total Liabilities (13+17)	1,014,811,399	510,778,984	22,393,540	--	5,584	28,682,454	--
19. Off balance sheet foreign currency denominated derivatives net assets/liabilities position (19a-19b)	95,736,600	54,000,000	--	--	--	--	--
19a. Off balance sheet foreign currency denominated derivatives assets amount	95,736,600	54,000,000	--	--	--	--	--
19b. Off balance sheet foreign currency denominated derivatives liabilities amount	--	--	--	--	--	--	--
20. Net foreign currency denominated assets/(liabilities) position (9-18+19)	(909,398,493)	(452,062,395)	(21,844,605)	--	(1,119)	(28,681,130)	--
21. Monetary accounts net foreign currency denominated assets/(liabilities) position (1+2a+5+6a-10-11-12a-14-15-16a)	(1,009,533,020)	(508,485,819)	(21,887,470)	--	(1,119)	(28,681,130)	--
22. Fair value of hedging financial instruments	--	--	--	--	--	--	--
23. Hedged foreign currency denominated assets	--	--	--	--	--	--	--
24. Hedged foreign currency denominated Liabilities	--	--	--	--	--	--	--
25. Export	--	--	--	--	--	--	--
26. Import	--	--	--	--	--	--	--

66

13. ACCOUNTANTS' REPORT (cont'd)



Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended
31 March 2012

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

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

Market risk (continued)

The foreign currency risk of the Group is arising from bank loans and financial lease liabilities and other transactions realized in currencies other than functional currency of the Group. Acıbadem Sağlık hedges a portion of principals and the related interest payments related to the long term bank loan in USD. National amount of forward contracts are USD 54,000,000.

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

	Foreign currency sensitivity analysis			
	Profit/Loss		Equity	
	Increase of foreign currency	Decrease of foreign currency	Increase of foreign currency	Decrease of foreign currency
31 March 2012				
Change of USD exchange rate against TL by 10%:				
1- USD denominated net assets/liabilities	(89,719,802)	89,719,802	--	--
2- Hedged amount against USD Dollar risk (-)	9,573,660	(9,573,660)	--	--
3- Net effect of USD (1+2)	(80,146,142)	80,146,142	--	--
Change of Euro exchange rate against TL by 10%:				
4- Euro denominated net assets/liabilities	(5,169,307)	5,169,307	--	--
5- Hedged amount against Euro risk (-)	--	--	--	--
6- Net effect of Euro (4+5)	(5,169,307)	5,169,307	--	--
Change of other currencies against TL by 10%:				
7- Other foreign currency denominated net assets/liabilities	(5,624,400)	5,624,400	--	--
8- Hedged amount against other foreign risk (-)	--	--	--	--
9- Net effect of other foreign currency (7+8)	(5,624,400)	5,624,400	--	--
TOTAL (3+6+9)	(90,939,849)	90,939,849	--	--

13. ACCOUNTANTS' REPORT (cont'd)

Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended
31 March 2012

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

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

Market risk (continued)

At 31 December 2011, foreign currency position details are as follows:

17. Non-Current Liabilities (14+15+16)	985,405,797	475,454,267	10,045,841	333,622,773	--	24,591,218	--
18. Total Liabilities (13+17)	1,121,218,427	528,898,707	18,604,671	464,456,226	18,503	28,889,194	--
19. Off balance sheet foreign currency denominated derivatives							
net assets/liabilities position (19a-19b)	68,944,850	36,500,000	--	--	--	--	--
19a. Off balance sheet foreign currency denominated derivatives assets amount	68,944,850	36,500,000	--	--	--	--	--
19b. Off balance sheet foreign currency denominated derivatives liabilities amount	--	--	--	--	--	--	--
20. Net foreign currency denominated assets/(liabilities) position (9-18+19)	(1,050,430,059)	(491,958,964)	(18,191,317)	(464,456,226)	(18,278)	(28,888,159)	(1,050,430,059)
21. Monetary accounts net foreign currency denominated assets/(liabilities) position (1+2a+5+6a-10-11-12a-14-15-16a)	(1,119,374,909)	(528,458,964)	(18,191,317)	(464,456,226)	(18,278)	(28,888,159)	(1,119,374,909)
22. Fair value of hedging financial instruments	--	--	--	--	--	--	--
23. Hedged foreign currency denominated assets	--	--	--	--	--	--	--
24. Hedged foreign currency denominated liabilities	--	--	--	--	--	--	--
25. Export	--	--	--	--	--	--	--
26. Import	--	--	--	--	--	--	--





Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended
31 March 2012

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

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

Market risk (continued)

Foreign currency sensitivity analysis			
31 December 2011			
	Profit/Loss		Equity
	Increase of foreign currency	Decrease of foreign currency	Increase of foreign currency
Change of USD exchange rate against TL by 10%:			
1- USD denominated net assets/liabilities	(99,820,614)	99,820,614	--
2- Hedged amount against USD Dollar risk (-)	6,894,485	(6,894,485)	--
3- Net effect of USD (1+2)	(92,926,129)	92,926,129	--
Change of Euro exchange rate against TL by 10%:			
4- Euro denominated net assets/liabilities	(4,445,594)	4,445,594	--
5- Hedged amount against Euro risk (-)	--	--	--
6- Net effect of Euro (4+5)	(4,445,594)	4,445,594	--
Change of other currencies against TL by 10%:			
7- Other foreign currency denominated net assets/liabilities	(7,671,283)	7,671,283	--
8- Hedged amount against other foreign risk (-)	--	--	--
9- Net effect of other foreign currency (7+8)	(7,671,283)	7,671,283	--
TOTAL (3+6+9)	(105,043,006)	105,043,006	--



Appendix III

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended
31 March 2012

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

27 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 liabilities. As part of its fund management policy, the interest risk of interest bearing assets is 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.

Additionally, at 31 March 2012, the Company has interest rate swap transactions which are hedging USD 69,300,000 portion of outstanding USD 168,000,000 loan obtained from Garanti Bankası from the risk of interest rate changes. The interest rate position table is as follows:

Interest rate position	31 March 2012	31 December 2011
Fixed interest bearing financial instruments		
Financial assets - Time deposits	166,065,252	35,839,887
Financial liabilities	207,844,920	192,549,027
Variable interest bearing financial instruments		
Financial assets	--	--
Financial liabilities	779,628,107	869,050,106

At 31 March 2012, interest bearing assets and liabilities consist of bank loan, bank deposits and financial leases, if the interest rates applied to Group increase by 1 percent, the net profit of the period will decrease by TL 1,616,875; if the interest rates applied to Group decrease by 1 percent, the net profit of the period will increase by TL 1,674,620.

28 Financial Instruments: Fair Value Disclosure

At 31 March 2012 and 31 December 2011, fair value of financial assets and liabilities are as below:

	Note	31 March 2012		31 December 2011	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets					
Cash and cash equivalents (*)	4	177,484,075	177,484,075	43,177,207	43,177,207
Trade receivables	6	130,437,966	130,437,966	110,652,398	110,652,398
Trade receivables from related parties	26	12,426,807	12,426,807	9,514,653	9,514,653
Other receivables from related parties	26	1,946,464	5,852,163	251,970	251,970
Other receivables	7	10,188,761	6,283,062	1,071,695	1,071,695
Other current and non-current assets (**)	16	842,436	842,436	568,632	568,632
		333,326,509	333,326,509	165,236,555	165,236,555

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

(**) For the fair value measurement, various prepaid expenses, prepaid taxes and funds and income accruals, advances given are excluded from other current and non-current assets.



Appendix III

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

28 Financial Instruments: Fair value disclosure (continued)

Financial liabilities	Note	31 March 2012		31 December 2011	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities	5	987,473,027	987,473,027	1,061,914,401	1,061,914,401
Trade payables	6	126,215,995	126,215,995	131,484,737	131,484,737
Trade payables to related parties	26	13,204,826	13,204,826	29,156,434	29,156,434
Other payables to related parties	26	707,419	707,419	578,943	578,943
Other payables (*)	7	51,517,275	51,517,275	54,488,174	54,488,174
Other liabilities (*)	17	17,437,071	17,437,071	14,208,152	14,208,152
		1,196,555,613	1,196,555,613	1,291,830,841	1,291,830,841

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

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 Company has used available market information in estimating the fair value, 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.

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).

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

31 March 2012	Level 1	Level 2	Level 3
Fair value through profit/loss -forward	--	1,754,116	--
Mutual funds	963,587	--	--
31 December 2011	Level 1	Level 2	Level 3
Fair value through profit/loss -Interest rate swap	--	5,211,751	--
Fair value through profit/loss -forward	--	7,663,242	--
Mutual funds	484,910	--	--



Appendix III

Acibadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended

31 March 2012

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

29 Subsequent events

The Group has evaluated subsequent events through the date the financial statements were issued and determined that following subsequent events require disclosure:

Mandatory Tender Offer

Communiqué Serial: IV No: 44 on the principles regarding the collection of corporation shares through takeover bid, requires mandatory tender offer ("MTO") and the Group's application was approved by the Capital Market Board during the meeting on 23 March 2012. The price for the offering was determined at TL 24.81 per each B class share with a nominal value of TL 1 each.

Prior to the offering, there were 8,038,878 B class shares available and held by third parties. MTO look place for 10 business days between 27 March 2012 and 9 April 2012. Almond Holding which is the subsidiary of the Group was the offering company for the collection shares on behalf of the Group.

As a result of the transaction, Almond Holding has increased its ownership in Acibadem Sağlık's capital from TL 91,969,122 (91.97%) to TL 97,334,081 (97.33%). The ownership structure before and after the MTO was shown as below;

Shareholder	Class	Pre-MTO			Post-MTO		
		Capital (TL)	Ownership %	Capital (Unit)	Capital (TL)	Ownership %	Capital (Unit)
Almond Holding A.Ş.	A	4,249,973	4.25	4,249,973	4,249,973	4.25	
Almond Holding A.Ş.	B	87,719,149	87.72	93,084,108	93,084,108	93.09	
Mehmet Ali Aydınlar	B	395,826	0.40	30,001	30,001	0.03	
Halice Seher Aydınlar	B	1	0.00	1	1	0.00	
Yunus Ergülz	B	1,000,000	1.00	20,000	20,000	0.02	
Armağan Özel	B	998,314	1.00	50,000	50,000	0.05	
Günhan Uğurlu	B	998,320	1.00	50,000	50,000	0.05	
Other Real Persons	B	2,524,640	2.52	1,252,421	1,252,421	1.25	
Floating shares	B	2,113,777	2.11	1,263,496	1,263,496	1.26	
Total		100,000,000	100.00	100,000,000	100,000,000	100.00	

Suspension of Göztepe Şifak Hastaneleri

Effective from 17 April 2012, Göztepe Şifak Hospital which is under Yeni Sağlık Hizmetleri Ticaret ve A.Ş. has suspended its hospital operations according to an evaluation study on the static carriage system of hospital building which is leased from third parties. As a result of the study, the reinforcement work is required in order to continue hospital's ongoing operations.

Delisting of Acibadem Sağlık from Istanbul Stock Exchange ("ISE") Quotation

As a result of MTO explained above, the Group's subsidiary, Almond Holding A.Ş., has increased its ownership shares in Acibadem Sağlık to 97.33% from 91.97%. Group applied to Istanbul Stock Exchange and CMB for the acknowledgement and authorization of delisting of Acibadem Sağlık in accordance with the CMB's decision at the meeting dated on 30 July 2010 and No. 22/675 and Principles of Delisting Transactions for Public Companies.

13. ACCOUNTANTS' REPORT (cont'd)



Appendix III

Acbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries
*Notes to the Consolidated Financial Statements as at and For the Three-Month Period Ended 31 March 2012**Amounts expressed in Turkish Lira ("TL") unless otherwise stated.*29 **Subsequent Events (continued)*****Acbadem Maslak Hospital Expansion Project***

During April 2012, Acbadem Sağlık commenced an expansion project for an additional building to Maslak Hospital for the improvement of the hospital's ongoing operations and efficiency. Total estimated cost of the project is amounting to USD 56 million with a planned facility area of 50,000 square meters. As part of the project, current lease signed with Türkiye İşveren Sendikaları Konfederasyonu Mikrocerahi ve Rekonstrüksiyon Vakfı has been amended effective from 9 April 2012. Existing lease agreement for the building has been extended until 2031.

14. DIRECTORS' REPORT



IHH Healthcare Berhad

Registered office:

Suite 17-01, Level 17
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

Date: 29 JUN 2012

The Shareholders

IHH Healthcare Berhad (formerly known as Integrated Healthcare Holdings Berhad)

Dear Sir/Madam,

On behalf of the Board of Directors of IHH Healthcare Berhad (formerly known as Integrated Healthcare Holdings Berhad) ("IHH"), I report after due inquiry that during the period from 31 March 2012 (being the date which the last audited combined financial statements of IHH and its subsidiaries ("IHH Group") have made been made up to) to the date herein (being a date not earlier than 14 days before the issue of this Prospectus):

- (a) the business of the IHH Group has, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since the last audited combined financial statements of the IHH Group which have adversely affected the trading or the value of the assets of the IHH Group;
- (c) the current assets of the IHH Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in Section 12.3.7 of this Prospectus, there are no contingent liabilities by reason of any guarantee or indemnity given by the IHH Group;
- (e) there has been, since the last audited combined financial statements of the IHH Group, no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums in respect of any borrowings; and
- (f) save as disclosed in Section 12.16 of this Prospectus, there has been, since the last audited combined financial statements of the IHH Group, no material change in the published reserves or any unusual factor affecting the profits of the IHH Group.

Yours faithfully

For and on behalf of the Board of Directors of

IHH HEALTHCARE BERHAD (formerly known as Integrated Healthcare Holdings Berhad)

Dr. Lim Cheok Peng
Managing Director

IHH HEALTHCARE BERHAD (901914-V)

(Formerly known as Integrated Healthcare Holdings Berhad)

Address: Suite 17-01, Level 17, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia.

Tel: 603 2298 1000 (Main Hunting Line) Fax: 603 2298 1001/1002

15. STATUTORY AND OTHER GENERAL INFORMATION

15.1 SHARE CAPITAL

- (i) No securities will be allotted or issued or offered on the basis of this Prospectus later than six months after the date of this Prospectus.
- (ii) We have no founder, management or deferred shares. As at the date of this Prospectus, we have one class of shares in our Company, namely ordinary shares of RM1.00 each, all of which rank equally with one another.
- (iii) Save as disclosed in Sections 4.3 and 15.6 of this Prospectus, no shares, stocks or debentures of our Group have been issued or proposed to be issued as fully or partly paid-up in cash or otherwise, within the two years from the date of this Prospectus.
- (iv) Save as disclosed below, as at the LPD, none of the share capital of our Company or any of our subsidiaries is under option, or agreed conditionally or unconditionally to be put under option:

(a) **Shareholders' agreement dated 8 February 2012 and supplemental letters dated 31 May 2012 and 13 June 2012 respectively among IHT Yatirimlari, Symphony, IHH and IHH Turkey ("Shareholders' Agreement with Symphony")**

- (1) As at LPD, Symphony currently holds 152,500,000 shares in IHH Turkey, representing approximately 6.2% equity interest in IHH Turkey, whilst IHH holds the remaining 93.8% equity interest via its wholly-owned subsidiary, IHT Yatirimlari. Under the Shareholders' Agreement with Symphony, Symphony must convert all of its IHH Turkey shares into IHH Shares if there is an IPO by IHH ("**Symphony Conversion**"). Further, all of the IHH Shares to be issued to Symphony pursuant to the Symphony Conversion cannot be sold, transferred or disposed of for a period of 180 days from the date on which they were allotted and issued to Symphony. Please refer to Section 15.6(iii) of this Prospectus for further details of the share acquisition agreement that was entered into.
- (2) The Symphony Conversion is to be implemented by way of IHH (or another IHH subsidiary) acquiring Symphony's shares in IHH Turkey, in consideration of which IHH will issue IHH Shares to Symphony. The conversion ratio is based on Symphony's original acquisition price for its shares in IHH Turkey of RM1.00 per share and the Institutional Price to be determined for IHH Shares under IHH's IPO.
- (3) Completion of the Symphony Conversion is to occur on the seventh business day after the Institutional Price is determined, or such longer period as may be prescribed by the applicable listing rules, but in any case no later than the date of the listing of IHH Shares.
- (4) For so long as Symphony holds IHH Turkey shares, if Acibadem Holding or any Acibadem Holding's subsidiary were to undertake any IPO, based on a structure and terms to be agreed, Symphony would be entitled to convert its IHH Turkey shares into shares in the corporation that is undertaking the IPO.

The illustrative number of IHH Shares to be issued to Symphony pursuant to the Symphony Conversion is set out and taken into consideration in the enlarged share capital upon Listing in Section 4.3.7 of this Prospectus.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

- (5) A supplemental letter of agreement was executed by the parties on 31 May 2012 in relation to the Shareholders' Agreement with Symphony to fix the applicable foreign exchange rate between RM and USD to be USD1.0000 : RM3.1760, and to confirm that Symphony's share of costs in relation to the Shareholders' Agreement with Symphony shall be no more than USD650,000.00.
- (6) A supplemental letter of agreement dated 13 June 2012 was executed among IHH, Symphony, IHT Yatirimlari and IHH Turkey to confirm that the number of IHH Shares to be allotted and issued to Symphony pursuant to the Symphony Conversion shall be not more than 57,851,648 IHH Shares. In the event that the number of IHH Shares to which Symphony is entitled pursuant to the Symphony Conversion as computed under the Shareholders' Agreement with Symphony exceeds 57,851,648 IHH Shares, IHH shall pay to Symphony, in cash, an amount in USD which is equal to the total acquisition consideration paid by Symphony under the share acquisition agreement dated 1 February 2012 (subject to Symphony's effective share of costs) less the value of the shares. This arrangement is to apply only on an IPO occurring on or prior to a certain agreed date.
- (b) **Shareholders' agreement dated 23 December 2011 among IHH, IHH Turkey, Bagan Lalang and Mehmet Ali Aydinlar ("Shareholders' Agreement with Aydinlar and Bagan Lalang")**
- (1) Under this shareholders' agreement, Aydinlar have, in consideration of mutual covenants, an option to convert such number of Acibadem Holding shares that they hold representing up to 15.0% equity interest in Acibadem Holding into IHH Shares during a period of ten years from 24 January 2012, but provided that such option is exercisable only after an IPO of IHH (i.e. this has been defined in this Prospectus as the "Aydinlar Option").
- (2) Pursuant to any exercise of the Aydinlar Option, this conversion is implemented by way of IHH (or another IHH subsidiary) acquiring Aydinlar's Acibadem Holding shares in consideration of which IHH will issue new IHH Shares to Aydinlar.
- (3) The relative prices at which the Acibadem Holding shares are sold, and the IHH Shares are issued, are based on the fair market values of these shares at the time the option is exercised, which are to be assessed by international investment banks to be engaged by each of Aydinlar and IHH.
- (4) If the fair market valuation will result in a conversion of Aydinlar's Acibadem Holding shares into 20.0% or more above the number of IHH Shares that the Acibadem Holding shares would have converted into using the consideration paid under the Share Purchase Agreement referred to in Section 15.6(ii)(a) of this Prospectus (and not the fair market value) ("Original Number"), then the number of IHH shares which the Acibadem Holding shares will convert into will be not more than 20.0% above the Original Number. Likewise if the conversion would result in 20.0% or more below the Original Number, then the number of IHH shares converted into will be not less than 20.0% below the Original Number.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

Based on the consideration paid, as well as taking into account the said 20.0% minimum and maximum threshold, the total number of IHH Shares that may be issued to Aydinlar upon full exercise of the Aydinlar Option would be between 203,681,288 and 305,521,933 IHH Shares.

- (5) Subject to Aydinlar exercising the Aydinlar Option, Bagan Lalang will have a similar option to convert such number of Acibadem Holding shares held by Bagan Lalang, representing up to 15.0% equity in Acibadem Holding, into new IHH Shares (i.e. this is defined in this Prospectus as the "**Bagan Lalang Option**"). Bagan Lalang's right of conversion shall mirror exactly the Aydinlar Option and shall be subject to identical terms and procedures. Consequently, the total number of IHH Shares that may be issued to Bagan Lalang upon full exercise of the Bagan Lalang Option would be between 203,681,288 and 305,521,933 IHH Shares.

In relation to the above, the SC has via its letter dated 10 April 2012 granted a waiver such that the conversion price of the Aydinlar Option and the Bagan Lalang Option can be determined at fair value after the Listing and the issue price of IHH Shares under the Aydinlar Option may be lower than the price of the ordinary shares offered to the general public under the IPO. Please refer to Section 10.1 for further details on the SC waiver.

(c) **Shareholders' agreement dated 22 March 2010 among Mitsui, Parkway Healthcare and Gleneagles CRC ("Shareholders' Agreement with Mitsui")**

- (1) Mitsui currently holds 49.0% of the issued share capital of Gleneagles CRC. Under the Shareholders' Agreement with Mitsui, Gleneagles CRC has granted Mitsui an option to subscribe for such number of additional ordinary shares in the capital of Gleneagles CRC so as to increase Mitsui's shareholding percentage by two per cent ("**Mitsui Option Shares**") to result in Mitsui's shareholding percentage reaching 51.0% ("**Mitsui Option**").
- (2) Mitsui may at any time, no later than 31 December 2012, issue a written notice ("**Mitsui Initial Option Notice**") to Gleneagles CRC expressing its desire to consider exercising the Mitsui Option and requiring the Company to allot and issue the Mitsui Option Shares.
- (3) Upon the delivery of the Mitsui Initial Option Notice to Gleneagles CRC, Mitsui and Parkway Healthcare shall agree on a firm of independent valuers or auditors ("**Appointed Valuer**") to be appointed to determine the fair value of each Mitsui Option Share as at the date of the Mitsui Initial Option Notice (the "**Mitsui Option Price**").
- (4) Upon the delivery of the fair value certificate by the Appointed Valuer to Gleneagles CRC and Mitsui, Mitsui shall be entitled (but not obliged) to exercise the Mitsui Option and subscribe for the Mitsui Option Shares at the Mitsui Option Price no later than 31 December 2012.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)**(d) LTIP and EPP**

We have in place, four separate LTIP plans established at our Company, Parkway, Pantai and IMU Health, under which we may grant LTIP units to eligible employees of the Company, Parkway, Pantai, IMU Health and their subsidiaries. We also have in place the EPP under which we may grant EPP options to eligible employees and Directors of our Group. Further information on the LTIP and EPP is set out in Section 15.4 and Annexure I of this Prospectus.

- (v) Our Company did not have any outstanding convertible debt securities as at the LPD.
- (vi) Except as disclosed in the Prospectus, and save as provided under the Articles of Association of our Company, Articles of Association of our subsidiaries and the Malaysian Companies Act, there are no other restrictions upon the holding or voting or transfer of the Share or the interests in any of the Company or its subsidiaries or upon the declaration or payment of any dividend or distribution thereon.

15.2 Extracts of our Articles of Association

The following is extracted from our Company's Articles of Association and is qualified in its entirety by the remainder of the provisions of our Company's Articles of Association and by applicable law.

"Act" means the Companies Act, 1965 and any statutory modification, amendment or re-enactment thereof and any and every other legislation made thereunder for the time being in force.

"Authorised Nominee" shall have the meaning ascribed thereto in the Central Depositories Act.

"beneficial owner" shall have the meaning ascribed thereto in the Central Depositories Act.

"Central Depository" means the Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W) and its successors-in-title.

"Central Depositories Act" means the Securities Industry (Central Depositories) Act 1991 and any statutory modification, amendment or re-enactment thereof and any and every other legislation made thereunder for the time being in force.

"Chief Executive" means the chief executive of the Company (as defined in accordance with the Listing Requirements).

"Deposited Security" means a security, as defined in Section 2 of the Central Depositories Act, in the Company standing to the credit of a Securities Account and includes security in a Securities Account that is in suspense.

"Depositor" means a holder of a Securities Account established by the Central Depository (as defined in Section 2 of the Central Depositories Act) or a Foreign Depository (as the case may be).

"Exchange" means Bursa Malaysia Securities Berhad (Company No. 635998-W) and if not inconsistent with the subject or context, includes the Foreign Exchange.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

"Exempt Authorised Nominee" means an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.

"Foreign Depository" means a foreign depository which operates a system for the deposit and custody of securities or which permits or facilitates the settlement of securities transactions or dealings in securities without the physical delivery of scrips which includes the Central Depository (Pte) Limited, a company incorporated in Singapore and a wholly-owned subsidiary of SGX-ST.

"Foreign Exchange" means SGX-ST (for so long as the securities of the Company are listed on the SGX-ST) and/or such other foreign stock exchange on which the Company is listed or approved to be listed.

"Malaysian Register" means the register of securities holders maintained by the registrar of the Company in Malaysia.

"member" or "holder of shares" or any like expression means any person for the time being holding shares in the Company and whose name appears in the Register including Depositors, who may be authorised nominees, whose names appear on the Record of Depositors except Central Depository or Foreign Depository or their nominees in their capacity as *baré* trustees.

"Office" means the registered office for the time being of the Company.

"Omnibus Account" means Securities Account in which ordinary shares of the Company are held for multiple beneficial owners in one securities account and includes a Securities Account maintained by an Exempt Authorised Nominee on behalf of a Foreign Depository.

"Principal Registrar" means such person, firm or company which for the time being maintains in Malaysia the Malaysian Register.

"Record of Depositors" means the record provided by the Central Depository to the Company or its Principal Registrar or its issuing house under Chapter 24.0 of the Rules and/or a record provided by the Foreign Depository to the Company.

"Register" means the Register of Members to be kept pursuant to the Act.

"Relevant Regulations" means all relevant rules, regulations, guidelines, directives, practice notes, guidance notes passed or issued by any relevant authority for the time being in force applying to or affecting the Company and/or these Articles which shall include where applicable, the Act, the Central Depositories Act, the Listing Requirements, the Rules and the legislation, rules, regulations, guidelines, directives, practice notes, guidance notes and other requirements of such Exchange in respect of which the securities of the Company are listed or traded, as the case may be.

"Rules" means the Rules of the Central Depository as defined under the Central Depositories Act and any modification or amendment thereto for the time being in force.

"Seal" means the Common Seal of the Company.

"Secretary" means any person or persons appointed to perform the duties of the secretary of the Company and shall include a joint, temporary, assistant or deputy secretary.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

"Securities Account" means an account established by the Central Depository for a Depositor for the recording of deposit of securities and for dealings in such securities by the Depositor as permitted under the Central Depositories Act and/or the Rules.

"securities" means securities as defined in Section 2(1) of the Capital Markets and Services Act 2007 or any modification, amendment or re-enactment thereof for the time being in force.

"share seal" means the share seal of the Company.

"shares" means shares in the Company.

(i) Changes in capital and variation of class rights**Article 24****Class rights may be modified**

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of not less than three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two (2) persons holding or representing by proxy not less than one-tenth of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution the provisions of Section 152 of the Act shall, with such adaptations as are necessary, apply.

Article 25**Rights on creation or issue of further shares**

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards to participation in the profits or assets of the Company in some or in all respects pari passu therewith.

(ii) Remuneration of the Directors**Article 121****Remuneration of Directors**

The total fees of all of the Directors in any year shall be a fixed sum as shall from time to time be determined by an ordinary resolution of the Company in general meeting) such fee shall be divisible (unless such resolution otherwise provide) among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fee related to the period during which he has held office provided always that:

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

- (a) fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;
- (b) remuneration payable to Director(s) holding executive position(s) under Article 150(1) may not include a commission on or percentage of turnover;
- (c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and
- (d) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Article 122**Payment of expenses**

- (1) The Directors (including alternate Directors) shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors. In addition to the foregoing, a Director shall be entitled to such reasonable fixed allowance as may be determined by the Directors in respect of any attendance at any meeting and/or the performance of any duty or other thing required of him as a Director of the Company.
- (2) If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged.
- (3) In case the Company be wound up for any reason or purpose whatsoever, a Director shall not be entitled to any compensation in respect of the period which elapses between the date of the said winding up and the date at which, if the Company has not been wound up, he would have retired under these Articles.
- (4) Any extra remuneration payable to:
 - (a) a non-executive Director shall not include a commission on or percentage of profits or turnover; and
 - (b) an executive Director shall not include a commission on or percentage of turnover.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

(iii) Retirement/non-retirement of directors under age limit requirement**Article 113****Rotation and retirement of Directors**

- (1) At the first annual general meeting of the Company all the Directors shall retire from office, and at the annual general meeting in every subsequent year, one-third (1/3) of the Directors for the time being or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third, shall retire from office PROVIDED ALWAYS that all Directors including Managing Director and Executive Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires. An election of Directors shall take place each year.
- (2) The Directors to retire in every year shall be those who have been longest in office since their last election, but as between Directors of equal seniority, the Directors to retire shall (unless they otherwise agree among themselves) be determined from among them by lot.

Article 114**Nomination of Director**

A retiring Director shall be eligible for election but save as aforesaid and as provided in Article 120 no person shall be eligible for election as a Director at a general meeting unless a notice of intention to propose his election signed by a member or a notice of his consent signed by himself have been left at the Office not more than thirty (30) days nor less than eleven (11) clear days before the date appointed for the meeting PROVIDED THAT in the case of a person recommended by the Directors for election nine (9) clear days' notice only shall be necessary and notice of every candidate for election shall be served on all members at least seven (7) days prior to the meeting at which the election is to take place.

Article 115**When retiring Directors deemed re-elected**

The Company at the meeting at which a Director retires may fill the vacated office by electing a person thereto. Unless at that meeting it is expressly resolved not to fill the vacated office or a resolution for re-election of the Director retiring at that meeting is put to the meeting and lost or some other person is elected a Director in place of the retiring Director, the retiring Director shall, if offering himself for re-election and not being disqualified under the Act from holding office as a Director, be deemed to have been re-elected. A retiring Director shall be deemed to have offered himself for re-election unless he has given notice in writing to the Company that he is unwilling to be re-elected.

Article 116**Election of Directors**

At a general meeting at which more than one (1) Director is to be elected, each candidate shall be the subject of a separate motion and vote unless a motion for the appointment of two (2) or more persons as Directors by a single resolution shall have first been agreed to by the meeting without any vote being given against it.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)**Article 123****Vacation of office of Directors**

The office of Director shall, ipso facto, be vacated:

- (a) upon his attainment of the age of seventy (70) years, subject to Section 129 of the Act;
- (b) if he ceases to be a Director by virtue of the Act;
- (c) if he resigns his office by notice in writing under his hand sent to or left at the Office;
- (d) if he shall have been absent from more than fifty per cent (50%) of the total meetings of the Directors held from the date of his election or appointment to the end of any financial year of the Company (whether or not an alternate Director appointed by him attended) unless otherwise exempted by the Exchange on application by the Company;
- (e) if he has absented himself (such absence not being absence with leave or by arrangement with the Directors) from meeting of the Directors for three (3) months in succession, and his alternate Director (if any) shall not during such period have attended in his stead and the Directors pass a resolution that he has by reason of such absence vacated office;
- (f) if he is removed from his office of Director by resolution of the Company in general meeting of which special notice has been given;
- (g) if he becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder;
- (h) if he has a Receiving Order in Bankruptcy made against him or makes any arrangement or composition with his creditors generally or becomes bankrupt; or
- (i) if he becomes prohibited from being a Director by reason of any order made under the provisions of the Act or contravenes Section 130 of the Act.

If the office of a Director is vacated for any reason, he shall cease to be a member of any committee or sub-committee of the Board.

(iv) Transfer of securities**Article 50****Form of transfer**

Subject to the provisions of the Act, these Articles, the Central Depositories Act, the Rules and the Relevant Regulations with respect to transfer of Deposited Security, all transfers of securities which are shares:

- (a) to the Central Depository or Foreign Depository or their nominee company which includes a Foreign Depositor's Exempt Authorised Nominee; or
- (b) prior to the listing and quotation of such shares on the Exchange,

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

may be effected by transfer in writing in the usual common form conforming with the Act and/or approved by the relevant Exchange, or such form as may from time to time, be prescribed under the Act or approved by the relevant Exchange. Subject to these Articles, there shall be no restriction on the transfer of fully paid-up shares except where required by law.

Article 51

Transfer of shares by book entry

- (1) The transfer of any Deposited Security shall be by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding sections 103 and 104 of the Act, but subject to subsection 107C(2) of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such Deposited Security.
- (2) The transfer of the beneficial ownership of any Deposited Security held by any Exempt Authorised Nominee which includes a Foreign Depository's Exempt Authorised Nominee which does not result in a transfer of any Deposited Security to or from an Omnibus Account shall be in accordance with the Relevant Regulations of such Foreign Exchange.
- (3) There shall be no restriction on the transfer of fully paid up ordinary shares of the Company, except where required by law or the Relevant Regulations or where the Company has a lien and no shares shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

Article 52

Transmission of securities

- (1) Subject to the Relevant Regulations, where:
 - (a) the securities of the Company are listed on another stock exchange other than Bursa Malaysia Securities Berhad; and
 - (b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be, under the Rules in respect of such securities,

the Company shall, upon request by a Depositor, permit a transmission of securities held by such Depositor from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange to the Malaysian Register and vice versa provided that there shall be no change in the ownership of such securities.

- (2) The procedures for the transmission of the securities between the Exchange and any other Foreign Exchange and for the deposition and withdrawal of any securities held under scripless system shall be determined by the Directors from time to time subject to and in accordance with the Relevant Regulations.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

Article 53**Obligation to keep register not affected**

Nothing in these Articles shall be construed as affecting the obligation of the Company to keep a Register under Section 158 of the Act and a register of option holders under Section 68A of the Act and to open them for inspection in accordance with the provisions of the Act except that the Company shall not be obliged to enter in such registers the names and particulars of Depositors who are deemed to be members or option holders.

Article 54**Instrument of transfer**

Subject to the Central Depositories Act, the Rules, and the Relevant Regulations, the instrument of transfer of any Deposited Security lodged with the Company for registration must be signed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register.

Article 55**Restriction of transfer**

No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

Article 56**Maintenance of Register of Transfers**

Subject to Article 51, the Company shall maintain a book called "Register of Transfers" which shall be kept by the Secretary or such other person authorised by the Directors. Subject to the provisions of the Central Depositories Act and the Rules and Article 51, particulars of the transfer or transmission of every share shall be entered into the Register of Transfers.

Article 57**Directors may refuse registration of transfer**

- (1) With the exception of transfer in favour of the Central Depository and Foreign Depository or their nominee company (including a Foreign Depository's Exempt Authorised Nominee), as the case may be, save and except for the transfer of beneficial ownership of any Deposited Security held through an Omnibus Account and subject to the provisions of the Central Depositories Act and the Rules and the Relevant Regulations, as the case may be, the Directors may subject to Article 57(4) decline to register the transfer of any share (not being a fully paid share) and may also decline to register the transfer of any share on which the Company has a lien or if the registration of the transfer would result in a contravention of or failure to observe the provisions of a law in Malaysia.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

- (2) The Directors may decline to recognise any instrument of transfer, unless:
- (a) Such fee, not exceeding Ringgit Malaysia Three (RM3.00) per transfer or such other sum as may be permitted by the relevant Exchange plus the amount of the proper duty with which each certificate is chargeable under the law relating to stamp duty as the Directors may from time to time require, is paid to the Company in respect thereof; and
 - (b) The instrument of transfer together with the certificate is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and if the instrument of transfer is executed by some other person on his behalf, the authority of that person to do so.
- (3) All instruments of transfers which are registered may be retained by the Company or its agents.
- (4) Subject to the provisions of the Central Depositories Act and the Rules, if the Directors decline to register any transfer they shall within ten (10) Market Days (or such other period specified by the relevant Exchange) after the date on which the transfer was lodged with the Company send to the transferor, lodging broker and to the transferee written notice of refusal and the precise reasons thereof. Any instrument of transfer which the Directors may decline to register shall be returned to the person who tendered the same for registration save and except in cases where the Directors suspect fraud.

Article 58**Suspension of registration of transfers**

The registration of transfers (including transfers of beneficial ownership of any Deposited Security held through an Omnibus Account) may be suspended at such time and for such period as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty (30) days in any year. At least ten (10) Market Days' (or such other period specified by the relevant Exchange) notice of such closure shall be given to the relevant Exchange stating the period and the purpose or purposes of such closure. In relation to such closure, the Company shall give notice, in accordance with the Central Depositories Act and the Rules and the Relevant Regulations, as the case may be, to the Central Depository or Foreign Depository, as the case may be, to enable the Central Depository or Foreign Depository to prepare the appropriate Record of Depositors.

Article 59**Record of Depositors by Central Depository or Foreign Depository considered final**

A Record of Depositors requested by the Company as at any specified date and/or for any specified purpose when made available to the Company may be treated as the final Record of Depositors as at the specified date and/or for the specified purpose. If there shall be more than one Record of Depositors made available to the Company as at the specified date and/or for the specified purpose then the later or last of the Record of Depositors prepared by the Central Depository and Foreign Depository shall be the final Record of Depositors as at the specified date and/or for the specified purpose.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

Article 60**Fees**

There shall be paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title of any shares, such fee, not exceeding Ringgit Malaysia Three (RM3.00) or such other sum as may be permitted from time to time by the Exchange.

Article 61**Recognition of renunciation of allotment**

Nothing in these Articles shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person or otherwise.

Article 62**Limitation of liability**

Neither the Company or the Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to, the Company or the Directors or other officers, be legally inoperative or insufficient to pass the property in the securities proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner. And in every such case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

(v) Voting and borrowing powers of Directors**Article 140****Directors may elect and remove a Chairman**

The Directors may from time to time elect and remove a Chairman and Deputy Chairman of the Board and determine the period for which they are respectively to hold the office. The Chairman so elected, or in his absence the Deputy Chairman, shall preside at all meetings of the Directors but if no such Chairman or Deputy Chairman be elected, or if at any meeting the Chairman or Deputy Chairman be not present within fifteen (15) minutes after the time appointed for holding the same, the Directors present shall choose one of their number to act as Chairman of such meeting.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

Article 142**Director not to vote in contracts where he has an interest**

No Director may vote in respect of any other contract or proposed contract or arrangement in which he is directly or indirectly interested nor any contract or proposed contract or arrangement with any other company in which he is interested either as an officer of that company or as a holder of shares or other securities in that other company.

Article 144**Voting right of Director**

A Director may be or become or continue to be a director, managing director, manager or other officer or member of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise, or any corporation, which is directly or indirectly interested in the Company as shareholder or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a director, managing director, manager or other officer of or member of, or from his interest in, such corporation, whether as a nominee of the Company or otherwise, unless the Company otherwise directs at the time of his appointment. The Director may, provided that he has complied with Section 131 and all other relevant provisions of the Act and of these Articles, exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by him as director of such other corporation in such manner and in all respects as he thinks fit but a Director may not vote in favour of the exercise of such voting rights in the manner as aforesaid, if he may be, or is about to be appointed, a director, managing director, manager or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in manner aforesaid.

Article 126**Power of Directors to borrow money**

- (1) The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.
- (2) The Directors shall cause a proper register to be kept in accordance with Section 115 of the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of Section 108 of the Act in regard to the registration of mortgages and charges therein specified and otherwise.
- (3) If the Directors or any of them, or any other person, shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

(vi) Voting rights of members**Article 83****Entitlement to appoint proxy**

In every notice calling a meeting of the Company, there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him, and that a proxy need not also be a member or has any qualification but subject to the following provisions:

- (1) Save as provided in Articles 83(2) or 83(3), each member shall not be permitted to appoint more than two (2) proxies.
- (2) Notwithstanding Article 83(1), any member who is also a substantial shareholder (within the meaning of the Act) per the Record of Depositors referred to in Article 81 shall be entitled to appoint up to (but not more than) five (5) proxies.
- (3) Notwithstanding Articles 83(1) and 83 (2), where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company in an Omnibus Account including on behalf of a Foreign Depository, there is no limit to the number of proxies which such Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
- (4) Where an appointed proxy is a corporation, such proxy may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative.

Article 100**Rights and votes of members**

- (1) Subject to Article 59 and any special rights or restrictions for the time being attached to any class or classes of shares, at meetings of members or classes of members, each member shall be entitled to be present and to vote at any general meeting of the Company either personally or by proxy or by attorney and to be reckoned in a quorum in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid.
- (2) Subject to Article 59 and any special rights or restrictions as to voting attached to any class or classes of shares by or in accordance with these Articles, on a show of hands every person present who is a member or a member's representative, or holder of preference shares or proxy or attorney shall have one (1) vote and in the case of a poll every member present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for every share held by him upon which all calls due to the Company have been paid. A person entitled to more than one (1) vote need not use all his votes or cast all the votes he uses on a poll in the same way. Subject to Article 59, the shares held or represented by a member present in person or by proxy or by attorney or other duly authorised representative shall, in relation to shares of a Depositor, be the number of shares entered against his name in the Record of Depositors.
- (3) Where the capital of the Company consists of shares of different monetary denominations, voting rights shall be prescribed in such manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right is exercisable.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

Article 101**Corporation as member**

Any corporation which is a member of the Company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative either at a particular meeting of the Company, or at all meetings of the Company or any class of members and the person so authorised shall, in accordance with his authority and until his authority is revoked by the corporation, be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company.

Article 102**Votes of joint-holders**

Subject to the Central Depositories Act and the Rules, when there are joint-holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, and if more than one of such joint-holders be present at any meeting personally or by proxy, the person whose name stands first on the Register or to the extent permissible under the Central Depositories Act and the Rules, on the Record of Depositors in respect of such share shall alone be entitled to vote in respect thereof.

Article 103**Votes of lunatic, deceased or bankrupt member**

- (1) Any member being of unsound mind or whose person or estate is liable to be dealt with in any way under the law relating to mental disorder may vote by his committee, receiver curator bonis, or other legal guardian or such other person as properly has the management of his estate. Any one of such person may vote either personally or by proxy or by attorney Provided such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the Office not less than four (4) days before the time appointed for holding the meeting.
- (2) The legal personal representative of a deceased member or the person entitled under the Articles 55 to 58 to any share in consequence of the death of bankruptcy of any member may vote at any general meeting in respect thereof in the same manner as if he was the registered holder of such shares provided that forty eight (48) hours at least before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote he shall satisfy the Directors of his right to any share in consequence of the death or bankruptcy of any member unless the Directors shall have previously admitted his right to vote in respect thereof.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

(vii) Limitation on the right to hold securities and/or exercise voting rights**Article 103****Votes of lunatic, deceased or bankrupt member**

- (1) Any member being of unsound mind or whose person or estate is liable to be dealt with in any way under the law relating to mental disorder may vote by his committee, receiver curator bonis, or other legal guardian or such other person as properly has the management of his estate. Any one of such person may vote either personally or by proxy or by attorney Provided such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the Office not less than four (4) days before the time appointed for holding the meeting.
- (2) The legal personal representative of a deceased member or the person entitled under the Articles 55 to 58 to any share in consequence of the death of bankruptcy of any member may vote at any general meeting in respect thereof in the same manner as if he was the registered holder of such shares provided that forty eight (48) hours at least before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote he shall satisfy the Directors of his right to any share in consequence of the death or bankruptcy of any member unless the Directors shall have previously admitted his right to vote in respect thereof.

Article 104**Member in default**

No member shall be entitled to be present or to vote at any general meeting or to exercise any privilege as a member nor be counted as one of the quorum unless all calls or other sums immediately payable by him in respect of shares in the Company have been paid.

Article 105**Time for objection**

No objection shall be raised as to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the Chairman at the meeting, whose decision shall be final and conclusive.

(viii) Rights, preferences and restrictions attached to each class of shares**Article 9****Preference Shares**

- (1) Without prejudice to any special rights previously conferred on the holders of any share or class of shares already issued, any shares in the Company (whether forming part of the original capital or not) may be issued or have attached thereto such preferred, deferred or other special rights, or such restrictions, whether in regard to dividend, return of capital, voting or otherwise, as the Company may from time to time by special resolution determine provided that:

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

- (a) the holders of preference shares shall have the same rights as the holders of ordinary shares as regards receiving notices, reports and audited accounts and attending general meetings of the Company but shall only have the right to vote in each of the following circumstances:
- (i) where the dividend or part of the dividend on such shares is in arrears for more than six (6) months;
 - (ii) on a proposal to reduce the Company's share capital;
 - (iii) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
 - (iv) on a proposal that affects rights attached to the share;
 - (v) on a proposal to wind up the Company; and
 - (vi) during the winding up of the Company.
- (b) the Company shall not unless with the consent of the existing preference shareholders at a class meeting or pursuant to Article 23 hereof issue further preference capital ranking in priority above preference shares already issued but may issue preference shares ranking equally therewith; and
- (c) subject to the Act, any preference shares may be issued on the terms that they are, or at the option of the Company are liable, to be redeemed.

(ix) Modification of rights**Article 23****Modification of Rights**

Notwithstanding Article 24 hereof, the repayment of preference share capital other than redeemable preference share capital, or any other alteration of preference shareholders' rights, shall only be made pursuant to a special resolution of the preference shareholders concerned PROVIDED ALWAYS that where the necessary majority for such special resolution is not obtained at the meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

(x) Issue of Shares/changes in capital**Article 5****Issue of Shares**

- (1) Subject to the Act, the Central Depositories Act, the Rules, the Relevant Regulations and the conditions, restrictions and limitations expressed in these Articles, the Directors may allot, grant options over or otherwise dispose of the unissued share capital of the Company to such persons, at such time and on such terms as they think proper, PROVIDED ALWAYS THAT:

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

- (a) no shares shall be issued at a discount except in compliance with the provision of the Act;
 - (b) no shares shall be issued which shall have the effect of transferring a controlling interest in the Company without the prior approval of the members in general meeting;
 - (c) in the case of shares other than ordinary shares, no special rights shall be attached until the same have been expressed in these Articles;
 - (d) subject to Article 5(2) and notwithstanding the existence of a resolution pursuant to Section 132D of the Act, no shares or convertible securities shall be issued if the nominal value of those shares or convertible securities, when aggregated with the nominal value of any such shares or convertible securities issued during the preceding 12 months, exceeds 10% of the nominal value of the issued and paid-up capital (excluding treasury shares) of the Company, except where the shares or convertible securities are issued with the prior approval of the members in general meeting of the precise terms and conditions of the issue; and
 - (e) every issue of shares or options to employees and/or Directors shall be approved by the members in general meeting and in relation to a Director such approval shall specifically detail the amount of shares or options to be issued to such Director.
- (2) Except in the case of an issue of securities on a pro rata basis to members, there shall be no issue of shares or other convertible securities to a Director, major shareholder, Chief Executive or person connected with any Director, major shareholder or Chief Executive (hereinafter referred to as "the interested Director", "interested major shareholder", "interested Chief Executive" or "interested person connected with a Director, major shareholder or Chief Executive" respectively) unless members in general meeting have approved of the specific allotment to be made to such aforesaid persons.
- (3) In a meeting to obtain members' approval in respect of the allotment referred to under Article 5(2) above:
- (a) the interested Director, interested major shareholder, interested Chief Executive or interested person connected with a Director, major shareholder or Chief Executive; and
 - (b) where the allotment is in favour of an interested person connected with a Director, major shareholder or Chief Executive, such Director, major shareholder or Chief Executive, must not vote on the resolution approving the said allotment. An interested Director, interested major shareholder or interested Chief Executive must ensure that persons connected with him abstain from voting on the resolution approving the said allotment.
- (4) The notice of the meeting referred to in Article 5(2) shall state:-
- (a) the number of securities to be allotted;
 - (b) the purpose of allotment;

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

- (c) the precise terms and conditions of the allotment; and
 - (d) the identity and relationship of the persons connected with the Director, major shareholder or Chief Executive, where applicable.
- (5) In this Article, "major shareholder", "Chief Executive" and "person connected with any Director, major shareholder or Chief Executive" shall have the meaning ascribed thereto in the Listing Requirements.

(xi) Dividends**Article 158****Payment of dividends**

The profits of the Company available for dividend and determined to be distributed shall be applied in the payment of dividends to the members in accordance with their respective rights and priorities. The Company in general meeting may declare dividends accordingly.

Article 159**Amount of dividend**

No dividend shall be paid otherwise than out of profits of the Company and no dividend shall be paid in excess of the amount recommended by the Directors.

Article 160**Apportionment of dividends**

Subject to the rights of persons (if any) entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividends is paid, but amount paid up on a share in advance of calls shall not, whilst carrying interest pursuant to Article 33, be treated for the purpose of this Article as paid up in the share. All dividends shall be apportioned and paid pro-rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid except that if any share is issued on terms providing that it shall rank for dividend as if paid up (in whole or in part) as from a particular date, such share shall rank for dividend accordingly.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

Article 161**Interim dividends**

The Directors may if they think fit from time to time pay to the members such interim dividends as appear to the Directors to be justified by the profits of the Company. If at any time the share capital of the Company is divided into different classes the Directors may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Directors act bona fide they shall not incur any responsibility to the holder of shares conferring any preferential rights for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferential rights. The Directors may also pay half-yearly or at other suitable intervals to be determined by them any dividend which may be payable at a fixed rate if they are of the opinion that the profits justify the payment.

Article 169**Payment procedure**

Any dividend or other sum payable by the Company in respect of a share may be paid by cheque or warrant sent by post addressed to the holder at his registered address as it appears in the Register or the Record of Depositors or, in the case of joint-holders, addressed to the holder whose name stands first in the Register in respect of the share at his address as it appears in the Register or addressed to such person and at such address as the holder or joint-holders may in writing direct or by way of telegraphic transfer or electronic transfer or remittance to the nominated bank account of the holder or person entitled to such payment. Every such cheque or warrant or telegraphic transfer or electronic transfer or remittance shall, unless the holder or joint-holders otherwise direct, be made payable to the order of the holder whose name stands first in the Register or the Record of Depositors in respect of the shares, and shall be sent at his or their risk and payment of the cheque or warrant or telegraphic transfer or electronic transfer or remittance by a bank on which it is drawn shall constitute a good discharge to the Company. In addition, any such dividend or other sum may (subject to any restrictions which may be imposed by applicable law) be paid by any bank or other funds transfer system or such other means and to or through such person as the holder or joint-holders may in writing direct, and the Company shall have no responsibility for any sums lost or delayed in the course of any such transfer or where it has acted on any such directions. Any one of two or more joint-holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by them. Where a person is entitled by transmission to a share, any dividend or other sum payable by the Company in respect of the share may be paid as if he were the holder of the share and his address noted in the Register or Record of Depositors were his registered address.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

(xii) Winding-up**Article 188****Distribution of assets in specie**

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company, divide amongst the members in specie or in kind the whole or any part of the assets of the Company (whether they consist of property of the same kind or not) and may for that purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of any such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, thinks fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

Article 189**Proportionate distribution of assets**

Save that this Article shall be without prejudice to the rights of holders of shares issued upon special terms and conditions the following provisions shall apply:

- (1) If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up at the commencement of the winding-up, on the shares held by them respectively; and
- (2) If in a winding-up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding-up, the excess shall be distributed among the members in proportion to the capital paid up, or which ought to have been paid up at the commencement of the winding up, on the shares held by them respectively.

(xiii) Calls**Article 26****Directors may make calls**

The Directors may from time to time make such calls upon the members as the Directors may think fit in respect of the amounts unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium), and not by the conditions of allotment made payable at fixed times. Except in the case of calls payable at fixed times pursuant to the conditions of allotment, each member shall be entitled to receive at least seven (7) days notice specifying the time or times and place of payment.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)**(xiv) Acquisition of own Shares****Article 11****Purchase of Own Shares**

- (1) Subject to the provisions of the Act and any regulations made thereunder and to any rights previously conferred on the holders of any class of shares and to any requirements imposed by the relevant Exchange in respect of securities admitted to listing, and any rules or guidelines of any relevant authorities (whether having the force of law or not) issued from time to time whether by way of amendment, modification or variation or in replacement thereof (other than any such of the rules and guidelines compliance with which by the Company is waived by the relevant authority), the Company may purchase or may enter into a contract under which it will or may purchase any of its shares of any class, including any redeemable shares.
- (2) Neither the Company nor the Board shall be required to select the shares to be purchased rateably or in any other particular manner as between the holders of shares of the same class or as between them and the holders of shares of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares.

15.3 Deposited securities and rights of depositors

Upon Listing, we will have a dual listing on both the Main Market of Bursa Securities and the Main Board of the SGX-ST, with the Main Market of Bursa Securities being the primary exchange and the SGX-ST being the secondary exchange on which our Shares may be traded.

In Malaysia, as our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his Shares with Bursa Depository on or before the date fixed, failing which our share registrar will be required to transfer the Shares to the MOF, and such Shares may not be traded on Bursa Securities.

Under the Malaysian Companies Act, persons whose names are entered into the register of members of a company are members with rights to attend and vote at general meetings. However, the SICDA provides that depositors whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares traded on the Main Market of Bursa Securities shall be deemed to be members of our Company and shall be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

In connection with our Company's listing on the Main Board of the SGX-ST, CDP has appointed an EAN in Malaysia to hold Shares for CDP depositors. As we will also be dual listed on the Main Board of the SGX-ST, such of our Shares which are proposed to be listed and traded on the Main Board of the SGX-ST, will be deposited with CDP's EAN in Malaysia. No share certificate will be issued to CDP depositors whose name appears in the Depository Registry maintained by the CDP and CDP depositor will not be deemed to be a member under the Malaysian Companies Act. CDP's EAN shall be the registered member of our Company in respect of such Shares.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

Under Malaysian law, the depositors whose name appears in the Depository Registry maintained by the CDP are not members of our Company and therefore would be unable to exercise the rights of members of our Company. These rights may only be exercised by CDP's EAN in Malaysia, depositors whose name appears in the Depository Registry maintained by the CDP and CDP depository agents holding Shares through the CDP system may only be accorded such rights as may be accorded to CDP by CDP's EAN in Malaysia and which CDP may make available in accordance with the terms and conditions for the operation of securities accounts with CDP, the terms and conditions for CDP to act as depository for foreign securities as amended from time to time. Accordingly, investors who hold Shares through the CDP system will not be able to attend such shareholders' meetings in their own names. CDP has made arrangements for its EAN in Malaysia to split the votes of Shares held through the CDP system and to appoint CDP depositors who wish to attend and vote at general meetings of our Company as proxies in accordance with Malaysian law and our Articles of Associations. CDP depositors who are not individuals can only be represented at a general meeting of our Company if their nominees are appointed by CDP's EAN as proxies. CDP depositors who are unable to personally attend general meetings of our Company may enable their nominees to attend as proxies of CDP's EAN's or forward their completed proxy forms to our Share Transfer Agent in Singapore. Depositors that desire to personally attend Shareholders' meetings and exercise their voting rights under their names with regard to the Shares that are credited to their Securities Account with CDP, will be required to transfer their Shares out of the CDP System in Singapore into the Bursa Depository system in Malaysia at their own costs.

Please refer to Section 5.3 (xiv) of this Prospectus for Risks related to the Global Offering – CDP depositors whose names appear in the Depository Registry maintained by the CDP will not be recognised as members of our Company and will have a limited ability to attend general meetings.

15.4 Employee Share Schemes

As at the date of this Prospectus, save as disclosed below, there is no other scheme involving the employees of our Group in the share capital of our Group.

(i) LTIP

Pursuant to four separate LTIPs that were established at our Company, Pantai, Parkway and IMU Health which came into effect on 25 March 2011, 24 May 2011, 21 April 2011 and 25 August 2011 respectively, we will make available new Shares, not exceeding in aggregate 2.0% of the issued and paid-up share capital of our Company during the subsistence of the LTIPs, to be issued under the LTIP units granted under the respective LTIP to eligible employees of our Company, Pantai, Parkway and IMU Health and their subsidiaries. Shareholders' approval of our Company for the LTIPs was obtained on 25 March 2011. The terms of the LTIP bye law was amended on 18 April 2012 which was duly approved by the shareholder of our Company on 18 April 2012.

The purpose of the LTIP is to promote ownership of Shares by eligible employees of our Group, thereby motivating eligible employees to work towards achieving our business goals and objectives and to enable us to attract, retain and reward eligible employees of our Group by permitting them to participate in our Company's growth. The LTIP units are granted to eligible employees in lieu of a cash bonus as part of the annual compensation package and upon the meeting of performance targets based on the annual financial results of our Group.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

Our Board (or the board of Pantai, Parkway and IMU Health administering their respective LTIP) may, at its discretion, within the duration of the LTIPs, grant LTIP units to eligible employees of our Group. Since August 2011, the LTIPs as established by Pantai and Parkway have been administered by PPL.

Eligible employees do not have to pay for the LTIP units granted to them. LTIP units granted in each year will vest over a three year period in equal proportions each year. If our Company is successfully listed within three years from 25 March 2011, all LTIP units that have been granted and vested in the eligible employees must be surrendered to our Company and our Company shall issue and allot new Shares to the eligible employees on the basis of one Share for each LTIP unit. In respect of all LTIP units that have been granted and vested in the eligible employees before Listing, the eligible employees must surrender these LTIP units to our Company before the closing of the Malaysia Public Offering and Singapore Offering, and such Shares will be listed at the same time as the IPO Shares.

Each LTIP unit issued by our Company at any time until 31 December 2011 is based on the value of RM2.00. Each LTIP unit issued by our Company at any time from 1 January 2012 up to the date immediately preceding the Listing is based on the value of RM2.50. This rate will increase by ten per cent over each subsequent 12 month period based on a compounded annual growth rate. Each LTIP unit issued by the Company at any time on or after the date of Listing is based on the value to be determined by the Board which shall be based on the five-day weighted average market price of the underlying shares at the time the LTIP unit is issued, with a discount of not more than ten per cent.

As at 31 December 2011, a total of 11,898,305 LTIP units have been granted to the eligible employees of our Group and were still outstanding, whereby these LTIP units were granted on a base value of RM2.00 for each LTIP unit. During the period between 1 January 2012 and 31 March 2012, an additional 11,975,230 LTIP units have been granted to the eligible employees of our Group, whereby these LTIP units were granted on a base value of RM2.50 for each LTIP unit.

Out of the 11,898,305 LTIP units that have been granted and were still outstanding as at 31 December 2011, a total of 3,786,299 would be vested in the relevant eligible employees prior to the Listing, based on the LTIP records as at 31 March 2012. These LTIP units vested prior to the Listing will be surrendered to our Company and a total of 3,786,299 new Shares in our Company prior to the Listing will be allotted and issued to such relevant eligible employees prior to the Listing. The balance of 7,743,650 LTIP units that have not been vested in the relevant eligible employees and not cancelled based on the LTIP records as at 31 March 2012, will vest in them according to the vesting dates as prescribed on the certificate of LTIP units held by such eligible employees. No LTIP units that have been granted to the eligible employees of our Group during the period between 1 January 2012 and the LPD have been vested yet in such eligible employees prior to the date of this Prospectus.

Subsequent to the Listing, all LTIP units that have been vested must be surrendered to the Company and the Company shall allot and issue to the eligible employee such number of Shares on the basis of one Share for each LTIP unit. There is no price payable by the eligible employee for the allotment and issuance of our Shares to them upon surrender of the LTIP units.

No Shares will be allotted and issued upon the surrender of LTIP units if such allotment and issuance would violate any provision of applicable laws, nor shall any LTIP units be exercisable more than ten years from the date on which the LTIP becomes effective. No LTIP unit shall be granted pursuant to the LTIP on or after the tenth anniversary of the date on which the LTIP becomes effective.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

The new Shares issued upon the surrender of LTIP units will be subjected to all the provisions of our Memorandum and Articles of Association and shall rank equally in all respects with the then existing issued Shares, save that they will not entitle the holders thereof to receive any rights or bonus issue or dividends or distributions the entitlement date of which precedes the date of the issue of such new Shares.

Our Board may make or provide for such adjustments in the LTIP units and/or the number of Shares covered by outstanding LTIP units as our Board in its discretion may in good faith determine to be equitably required in order to prevent dilution or enlargement of the rights of the participants that would otherwise result from any of the following events:

- (a) occurrence of Listing whereby the bye laws for the LTIPs are required to comply with the minimum requirements of the applicable laws as are applicable at the time of Listing;
- (b) share dividend, share split, combination of shares, recapitalisation, rights issue, capital reduction or other change in the capital structure of our Company;
- (c) merger, consolidation, separation, reorganisation, partial or complete liquidation; or
- (d) other corporate transaction or event having an effect similar to any of the foregoing.

Moreover, in the event of any such transaction or event, our Board, in its discretion, subject to applicable laws, may provide in substitution for any or all outstanding LTIP units under the LTIP such alternative consideration as it, in good faith, may determine to be equitable in the circumstances and may require in connection therewith the surrender of all LTIP units so replaced. Any adjustments made shall be confirmed in writing by the external auditor of our Company. However, no adjustment is required to be made in the LTIP units and/or the number of Shares covered by outstanding LTIP units where the alteration in the capital structure of our Company arises from:

- (a) the issue of new Shares or other securities as consideration (or part consideration) for an acquisition of any other securities, assets or business, as part of initial public offering, or pursuant to a special issue;
- (b) a special issue of new Shares or other securities to Bumiputera investors nominated by the Malaysian government and/or any other relevant authority of the Malaysian government to comply with the Malaysian government's policy on Bumiputera capital participation;
- (c) a private placement or restricted issue of new Shares or other securities by our Company;
- (d) the implementation of a Share buy-back arrangement by our Company under the Malaysian Companies Act;
- (e) any issue of warrants, convertible loan stocks or other instruments by our Company that gives a right of conversion into Shares or other securities, and any issue of new Shares or other securities arising from the exercise of any conversion rights attached to such convertible securities; or
- (f) any issue of new Shares upon the surrender of LTIP units granted under the LTIP.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

All LTIP units granted but not yet vested in the eligible employees shall be cancelled with immediate effect if their employment is terminated, or if they are disqualified by law from holding their position in our Group, or if they resign from their employment in our Group, or if they become bankrupt or if our Company is liquidated. However, our Board may, in its discretion, approve the vesting of the LTIP units in the eligible employees whose services have been terminated from our Group by reason of, amongst others; retirement, redundancy, ill-health, injury, physical or mental disability.

In relation to the above, the SC has via its letter dated 10 April 2012 granted a waiver such that the conversion price of the LTIP units which have been granted before the IPO may be lower than the price of the ordinary shares offered to the general public under the IPO.

(ii) EPP

Pursuant to the EPP which came into effect on 25 March 2011, we will make available new Shares not exceeding 5.0% of the issued and paid-up share capital of our Company during the subsistence of the EPP, to be issued under the EPP options granted under the EPP to the eligible employees (including any Director (executive and non-executive)) of our Group whom our Board expects will contribute to the growth of our Group. Shareholder's approval of our Company for the EPP was obtained on 25 March 2011. The terms of the EPP bye law were amended on 18 April 2012, which was duly approved by the shareholders of our Company on 18 April 2012.

The primary objective of the EPP is to give selected employees of our Group whom our Board expects will contribute to the growth of our Group the opportunity to participate in the equity of our Company. The EPP seeks to retain key executives of the Group and to draw their commitment by incentivising them through equity participation. The EPP also aims to align the interest of the selected employees with that of the shareholder of our Company. The EPP is also designed to be a key attraction for potential executives to join our Group.

Our Board may, at its discretion, within the duration of the EPP, offer EPP options to eligible employees of our Group. An eligible employee who accepts the offer of EPP options shall pay a sum of RM0.01 for each EPP option granted at any time from 25 March 2011 until the date immediately preceding the Listing or 0.5% of the exercise price of the EPP option at the time of the date of the offer for each option granted by the Company at any time on or after the Listing, as consideration for acceptance of that offer. EPP options that have been granted shall vest over a four year period, with two-thirds of the grant to be vested in equal proportions on a yearly basis on each anniversary of the date of grant over such four year period; and the remainder one-third to be vested in equal proportions on the same basis upon the Group meeting the performance target for each grant.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

As at 31 December 2011, our Company has made a total grant of 149,000,000 EPP options to the relevant eligible employees. Out of the 149,000,000 EPP options, a total of 36,999,998 would be vested in the relevant eligible employees prior to the Listing, based on the EPP records as at 31 March 2012. The balance of 112,000,002 will be vested post-Listing, subject to and in accordance with the manner aforesaid. Subject to the EPP options having vested in the eligible employees in the manner aforesaid and the Listing occurring within the period of five years from 31 March 2011 or such other longer period as our Board may decide at its discretion, the EPP options may be exercised at any time from the date falling six months from the Listing until the expiry of the duration of the EPP or such later date as the Board may determine in its sole discretion. The duration of the EPP is from 25 March 2011 until the expiry of five years thereafter.

To exercise an EPP option, the eligible employees shall give written notice to our Company specifying the number of our Shares to be subscribed for and provide sufficient payment of the exercise price. The exercise price as at the initial grant of the EPP option shall be RM2.00 only, which shall be increased by 10.0% over each subsequent 12 month-period based on a CAGR calculation. The exercise price shall be adjusted in such manner as our Board may determine at its discretion if dividends declared at our Company exceeds 3.0% per annum. Notwithstanding the above, the exercise price of the EPP options granted by the Company at any time on or after the date of Listing shall be determined by our Board which shall be based on the five-day weighted average market price of the underlying shares at the time the EPP option is granted, with a discount of not more than ten per cent.

No EPP option shall be exercisable if the exercise of such EPP option would violate any provision of applicable laws, nor shall any EPP option be exercisable upon expiry of the EPP.

The new Shares issued upon the conversion of an EPP option will be subjected to all the provisions of our Memorandum and Articles of Association and shall rank equally in all respects with the then existing issued Shares, save that they will not entitle the holders thereof to receive any rights or bonus issue or dividends or distributions the entitlement date of which precedes the date of the issue of such new Shares.

Our Board may make or provide for such adjustments in the EPP options, the exercise price and/or the number of Shares covered by outstanding EPP options as our Board in its discretion may in good faith determine to be equitably required in order to prevent dilution or enlargement of the rights of the participants that would otherwise result from any of the following events:

- (a) occurrence of Listing whereby the bye laws for the EPP are required to comply with the minimum requirements of the applicable laws as are applicable at the time of Listing;
- (b) share dividend, share split, combination of shares, recapitalisation, rights issue, capital reduction or other change in the capital structure of our Company;
- (c) merger, consolidation, separation, reorganisation, partial or complete liquidation; or
- (d) other corporate transaction or event having an effect similar to any of the foregoing.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

Moreover, in the event of any such transaction or event, our Board, in its discretion, subject to applicable laws, may provide in substitution for any or all outstanding EPP options under this EPP such alternative consideration as it, in good faith, may determine to be equitable in the circumstances and may require in connection therewith the surrender of all EPP options so replaced. Any adjustments made shall be confirmed in writing by the external auditor of our Company. However, no adjustment is required to be made in the EPP options, the exercise price and/or the number of Shares covered by outstanding EPP options where the alteration in the capital structure of our Company arises from:

- (a) the issue of new Shares or other securities as consideration (or part consideration) for an acquisition of any other securities, assets or business, as part of initial public offering, or pursuant to a special issue;
- (b) a special issue of new Shares or other securities to Bumiputera investors nominated by the Malaysian government and/or any other relevant authority of the Malaysian government to comply with the Malaysian government's policy on Bumiputera capital participation;
- (c) a private placement or restricted issue of new Shares or other securities by our Company;
- (d) the implementation of a Share buy-back arrangement by our Company under the Malaysian Companies Act;
- (e) any issue of warrants, convertible loan stocks or other instruments by our Company that gives a right of conversion into Shares or other securities, and any issue of new Shares or other securities arising from the exercise of any conversion rights attached to such convertible securities; or
- (f) any issue of new Shares upon the exercise of EPP options granted under the EPP.

All unexercised EPP options held by the eligible employees shall be cancelled with immediate effect if their employment is terminated, or if they are disqualified by law from holding their position in our Group, or if they resign from their employment in our Group, or if they become bankrupt or if our Company is liquidated. However, our Board may, in its discretion, approve the vesting or exercise of the EPP options by the eligible employees whose services have been terminated from our Group by reason of, amongst others, retirement, redundancy, ill-health, injury, physical or mental disability.

In relation to the above, the SC has via its letter dated 10 April 2012 granted a waiver such that the exercise price of the EPP options which have been granted before the IPO may be lower than the price of the ordinary shares offered to the general public under the IPO.

15.5 General

- (i) Save as disclosed in Sections 4.9, 15.4 and 15.1(iv) of this Prospectus, no commissions, discounts, brokerages or other special terms have been paid or is payable by our Group within the two years immediately preceding the LPD for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any share in or debenture of our Group and in connection with the issue or sale of any capital of our Group and no Director or promoter or expert is or are entitled to receive any such payment or any other benefits.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

- (ii) During the last financial year and the current financial period up to the LPD, there were no:
 - (a) public take-over offers by third parties in respect of our Company's securities; and
 - (b) public take-over offers by our Company and our subsidiaries in respect of any other company's securities, save for the mandatory tender offer of Acibadem by Almond (Turkey), details of which are set out in Section 8.1.1 of this Prospectus.
- (iii) Except as disclosed in Section 11.7 of this Prospectus, no expert is employed on a contingent basis by our Company or any of our subsidiaries, or has a material interest, whether direct or indirect, in the shares of our Company or our subsidiaries, or has a material economic interest, whether direct or indirect, in our Company including an interest in the success of the Listing.
- (iv) Except as disclosed in Sections 1, 4 and 11.8 of this Prospectus, our Company does not have any material relationship with the Principal Adviser, Managing Underwriter, Joint Underwriters, Sole Coordinator and Joint Bookrunners for the MITI Tranche, Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers, Co-Lead Managers, Singapore Issue Managers, Singapore Underwriters, or any other financial adviser in relation to the Listing.
- (v) Except as disclosed under Sections 5, 8 and 12.2 of this Prospectus and barring any unforeseen circumstances, our Directors are not aware of any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material and adverse effect on our revenue, profitability, liquidity or capital resources, or that would cause our financial information disclosed in this Prospectus to be not necessarily indicative of our future operating results or financial condition.
- (vi) Save as disclosed in Section 15.2 of this Prospectus, there is no limitation on the right to own securities, including any limitation on the right of a non-resident or non-Malaysian shareholder to hold or exercise voting rights on such securities, which is imposed by Malaysian law or by the constituent documents of the Company.

15.6 Material contracts

Save as disclosed below, our Company and our subsidiaries have not entered into any material contract with parties outside of our Group which is not in the ordinary course of our Group's business during the two years preceding 15 June 2012, being the date of lodgement of the Singapore Prospectus with the MAS:

- (i) In respect of the investment by Mitsui in our Company, the following agreements were entered into:
 - (a) A share acquisition agreement dated 7 April 2011 was entered into among Pulau Memutik, our Company and Mitsui, pursuant to which Mitsui agreed to acquire a total of 1,650,000,000 IHH Shares representing 30.0% of the issued and paid-up share capital of our Company as at the date of the share acquisition agreement, comprising:
 - (1) 661,000,000 IHH Shares purchased from Pulau Memutik for a cash consideration of RM1,322,000,000.00; and
 - (2) 989,000,000 IHH Shares allotted and issued by our Company for a cash consideration of RM1,978,000,000.00.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

- (b) On completion of the abovementioned share acquisition agreement, a shareholders' agreement dated 16 May 2011 ("Original SHA") was entered into among Pulau Memutik, MBK Healthcare and our Company to govern the relationship between Pulau Memutik and MBK Healthcare as the shareholders of our Company in the proportion of 70:30. This agreement has been superseded in its entirety by an amended and restated shareholders' agreement dated 23 December 2011 described in item 15.6(ii)(c) below.
- (ii) In respect of the investment by our Company in Acibadem Holding the following agreements were entered into:
- (a) A deed dated 23 December 2011 was entered into among Mehmet Ali Aydinlar, Hatice Seher Aydinlar, Almond (Netherlands) (collectively, "Sellers", and each a "Seller"), Abraaj 44, our Company, IHH Turkey, Bagan Lalang and Acibadem Holding ("Share Purchase Agreement"), whereby (subject to later adjustment of the final total purchase consideration in accordance with the terms of the Share Purchase Agreement):
- (1) Almond (Netherlands) agreed to sell, and IHH Turkey and Bagan Lalang agreed to purchase 267,200,000 and 66,800,000 issued shares respectively in Acibadem Holding, representing 40.0% and 10.0% equity interests in Acibadem Holding respectively to be satisfied at the closing of the transaction, in the following manner:
- (aa) the issue and allotment by our Company to Almond (Netherlands), credited as fully paid-up, of 434,651,434 IHH Shares, representing 7.0% equity interest in our Company at an issue price of USD0.79 for each share;
- (bb) the cash payment of USD178,215,913.04 by IHH Turkey to Almond (Netherlands);
- (cc) the cash payment of USD130,566,035.72 by Bagan Lalang to Almond (Netherlands); and
- (2) Mehmet Ali Aydinlar and Hatice Seher Aydinlar have agreed to sell, and IHH Turkey and Bagan Lalang have agreed to purchase 126,382,846 and 31,595,712 issued shares, respectively, in Acibadem Holding, representing 18.9% and 4.7% equity interests in Acibadem Holding respectively to be satisfied at the closing of the transaction in the following manner:
- (aa) the issue and allotment by our Company to Mehmet Ali Aydinlar and Hatice Seher Aydinlar, credited as fully paid-up, of 260,790,861 IHH Shares representing 4.2% equity interests in our Company at an issue price of USD0.79 for each share;
- (bb) the cash payment of USD40,596,617.98 by IHH Turkey to Mehmet Ali Aydinlar and Hatice Seher Aydinlar; and
- (cc) the cash payment of USD61,756,390.10 by Bagan Lalang to Mehmet Ali Aydinlar and Hatice Seher Aydinlar.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

- (3) The final total purchase consideration is subject to the following adjustment:
- (aa) An adjustment based on the final determination of the respective equity values of our Company and Acibadem Holding, after the completion of Acibadem Holding's and our Company's audit for the year ended 31 December 2011. If, after the adjustment, the respective equity value of our Company is higher, or the respective equity value of Acibadem Holding is less, than those values provided by the consideration paid by us as described in section 15.6(ii)(a)(2), then the Sellers shall repay the excess value to us. If, after the adjustment, the respective equity value of our Company is less, or the respective equity value of Acibadem Holding is higher, than those values provided by the consideration paid by us as described in section 15.6(ii)(a)(2), then we shall pay the Sellers the excess value.
- (bb) In this regard:
- if the amount to be paid by IHH Turkey to the Sellers after such determination is USD50,000,000.00 or less, then IHH Turkey shall pay the amount in cash; and
 - if the amount to be paid by IHH Turkey to the Sellers after such determination exceeds USD50,000,000.00, then the amount up to USD50,000,000.00 shall be paid in cash, and the excess can be paid in cash or new Shares to be issued by our Company, or a combination of both cash and new shares to be issued by our Company.
- (cc) If the TL has appreciated in value against the USD on 31 December 2012, as compared with the relevant exchange rate used in the Share Purchase Agreement, subject to a cap of TL1.65/USD1.00, then IHH Turkey and Bagan Lalang shall pay the differential sum to the Sellers in cash in the proportion of 80.0% and 20.0% between IHH Turkey and Bagan Lalang. The maximum adjustment amount that may be required to be paid by IHH Turkey and Bagan Lalang is estimated to be approximately USD74.9 million in aggregate. Any payment by us in relation to the above may substantially be recognised in our income statement.

Please refer to Section 15.1(iv)(b) of this Prospectus for details of certain put options in respect of shares in our Company in connection with the foregoing transaction.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

(b) A deed dated 23 December 2011 was entered into among Mehmet Ali Aydinlar, Acibadem Holding, Ahmet Sedat Artukoglu, Walnut Holding Cooperatie U.A., IHH Turkey and Acibadem Holding whereby Acibadem Holding agreed to purchase 1,299,996 shares in APlus (representing 99.99% of the share capital of APlus) or 100.0% of the share capital of APlus including the nominee shares from the shareholders of APlus; and 1,499,996 shares in Acibadem Proje (representing 99.99% of the share capital of Acibadem Proje) or 100.0% of the share capital of Acibadem Proje including the nominee shares from the shareholders of Acibadem Proje, for an initial cash consideration of USD70,532,563.36 ("Estimated APlus/Proje Price") which is subject to later adjustment after the completion of Acibadem Holding's audit for the year ended 31 December 2011 ("APlus/Proje Price"). In this regard:

- (1) if the APlus/Proje Price is greater than the Estimated APlus/Proje Price, then Acibadem Holding shall be liable to pay to the sellers an amount equal to the APlus/Proje Price less the Estimated APlus/Proje Price; and
- (2) if the Estimated APlus/Proje Price is greater than the APlus/Proje Price, then the sellers shall be liable to pay to Acibadem Holding an amount equal to the Estimated APlus/Proje Price less the APlus/Proje Price.

(c) An amended and restated shareholders' agreement dated 23 December 2011 was entered into among Pulau Memutik, MBK Healthcare, Almond (Netherlands), Abraaj 44, Hatice Seher Aydinlar, Mehmet Ali Aydinlar, Acibadem Holding (collectively, "Shareholders") and our Company to amend and restate the Original SHA in its entirety with effect from the closing of the transaction under the Share Purchase Agreement, and to govern the relationship among the Shareholders as holders of the Shares of our Company, with effect from the closing of the transaction under the Share Purchase Agreement. The shareholdings of the shareholders in our Company as at the closing of the transaction under the Share Purchase Agreement are as set forth:

- (1) 3,850,000,000 Shares (representing 62.1% of the issued share capital of our Company) held by Pulau Memutik;
- (2) 1,650,000,000 Shares (representing 26.6% of the issued and paid up share capital our Company) held by MBK Healthcare;
- (3) 434,651,434 Shares (representing 7.0% of the issued and paid up share capital of our Company) held by Almond (Netherlands), and Abraaj 44; and
- (4) 260,790,861 Shares (representing 4.2% of the issued and paid up share capital of our Company) held by Mehmet Ali Aydinlar and Hatice Seher Aydinlar.

In the event of the IPO of IHH, Aydinlar is permitted to sell up to 50% of its Shares as part of the IPO, subject to a right of first refusal for Pulau Memutik and Mitsui. Thereafter, Aydinlar is not permitted to sell the remainder of its Shares, or in the event that Aydinlar is not selling any of its Shares as part of IHH's IPO, Aydinlar is not permitted to sell any of its Shares, until the first anniversary of the Listing Date. If any of Abraaj 44's Shares is not disposed of in IHH's IPO, then the same restriction would apply in respect of Abraaj 44's unsold shares.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

This agreement shall terminate upon the completion of the admission of any part of the share capital in our Company or any of our Company's subsidiaries to listing and trading on certain stock exchanges, including Bursa Securities and the SGX-ST. However, the said restriction on Aydinlar and Abraaj 44 against the sale of its remainder IHH Shares will survive the termination of this agreement.

- (d) A shareholders' agreement dated 23 December 2011 was entered into among our Company, IHH Turkey, Bagan Lalang and Mehmet Ali Aydinlar whereby the parties have agreed on the rights and obligations of the parties regarding the governance of Acibadem Holding, and any company under the control of Acibadem Holding (including without limitation, Almond Turkey, APlus, Acibadem Proje, Acibadem and their subsidiaries), upon the closing of the transactions described in Sections 15.6(ii)(a) and (b) above. The shareholdings of the shareholders in Acibadem Holding, as of the closing of the transaction under the Share Purchase Agreement are as set forth:
- (1) IHH Turkey and Bagan Lalang hold class B shares representing 60.0% and 15.0% of the share capital of Acibadem Holding, respectively; and
 - (2) Mehmet Ali Aydinlar, Hatice Seher Aydinlar and certain relatives or heirs of these individuals hold class A shares representing 25.0% of the share capital of Acibadem Holding.

Please refer to Section 15.1(iv)(b) of this Prospectus for details of the rights to convert the shares of Acibadem Holding into IHH Shares under the Aydinlar Option and the Bagan Lalang Option in connection with the foregoing transaction.

- (e) A facility agreement dated 13 January 2012 ("Facilities Agreement") was entered into among:
- (1) IHT Yatirimlari and IH Capital, as the borrowers;
 - (2) Bank of America National Association; CIMB Bank Berhad; Credit Suisse AG (Singapore Branch), DBS Bank Ltd., Labuan Branch, Deutsche Bank AG, Singapore Branch and Goldman Sachs Lending Partners LLC; as the mandated lead arrangers and original lenders; and
 - (3) CIMB Bank Berhad as the lead coordinator, facility agent and security agent,

whereby the borrowers agreed to borrow from the lenders, SGD470,000,000.00 and RM450,000,000.00 at an interest rate to be calculated and determined in accordance with the terms of the agreement, to (among others) finance the acquisition of 60.0% shareholding interest in Acibadem Holding pursuant to the Share Purchase Agreement.

- (f) A guarantee agreement dated 13 January 2012 was entered into between our Company as the guarantor and CIMB Investment Bank Berhad as the security agent whereby we agreed to irrevocably and unconditionally guarantee the punctual performance by IHT Yatirimlari and IH Capital of their respective obligations pursuant to the Facilities Agreement.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

(iii) In respect of the investment by Symphony (wholly-owned subsidiary of Symphony International Holdings Ltd., a strategic investment company which is currently listed on the Main Market of the London Stock Exchange) in IHH Turkey, the following agreements were entered into:

(a) A share acquisition agreement dated 1 February 2012 was entered into among IHT Yatirimlari, Symphony, and IHH Turkey pursuant to which:

- (1) IHT Yatirimlari agreed to sell, and Symphony agreed to purchase, 109,448,659 ordinary shares of nominal value RM1.00 each in IHH Turkey representing 4.6% of the issued share capital of IHH Turkey at the time of the acquisition, for a cash consideration of USD0.32787 per share;
- (2) subject to terms to be agreed, Symphony may purchase and IHT Yatirimlari may sell such additional number of ordinary shares of nominal value RM1.00 each in IHH Turkey as may be mutually determined among the parties for a cash consideration to be calculated and determined in accordance with the terms of the agreement. This right expired on 8 April 2012;
- (3) Symphony agreed to subscribe for, and IHH Turkey agreed to allot and issue 43,051,341 new ordinary shares of nominal value RM1.00 each in IHH Turkey representing 1.8% of the issued share capital of IHH Turkey at the time of the acquisition, for a subscription price of RM1.00 per share; and
- (4) Symphony may subscribe for, and IHH Turkey may allot and issue such number of additional new ordinary shares of nominal value RM1.00 each in IHH Turkey as may be mutually determined among the parties for a cash consideration to be calculated and determined in accordance with the terms of the agreement. This right expired on 8 April 2012.

The aggregate consideration paid by Symphony under this share acquisition agreement was USD50,000,000.00.

(b) A shareholders' agreement dated 8 February 2012 was entered into among IHT Yatirimlari, Symphony, our Company, and IHH Turkey to:

- (1) regulate the relationship between IHH Turkey and Symphony as the shareholders of IHH Turkey, in connection with which their respective shareholdings are as follows:
 - (aa) 2,248,528,724 shares in IHH Turkey (representing 93.7% of the issued share capital of IHH Turkey) at the time of this agreement are held by IHT Yatirimlari; and
 - (bb) 152,500,000 shares in IHH Turkey (representing 6.3% of the issued share capital of IHH Turkey) at the time of this agreement are held by Symphony;
- (2) govern the rights and obligations of IHT Yatirimlari, Symphony, our Company and IHH Turkey in respect of certain arrangements, including (but not limited to):
 - (aa) options to convert the shares of IHH Turkey into the shares of our Company; and

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

- (bb) options requiring IHT Yatirimlari to acquire the IHH Turkey shares held by Symphony;

in accordance with the terms of the agreement.

Please refer to Section 15.1(iv)(a) of this Prospectus for details of these options.

- (c) A supplemental letter dated 31 May 2012 among IHT Yatirimlari, Symphony, IHH and IHH Turkey. Please refer to Section 15.1(iv)(a)(5) of this Prospectus for details of this supplemental letter.
- (d) A supplemental letter of agreement dated 13 June 2012 among IHH, Symphony, IHT Yatirimlari and IHH Turkey. Please refer to Section 15.1(iv)(a)(6) of this Prospectus for details of this supplemental letter.
- (iv) In respect of the acquisition by our Company of the remaining 32.5% equity interest in IMU Health, the following agreements were entered into:
- (a) A share sale agreement dated 13 August 2010 (amended by a letter of amendment dated 7 September 2010) entered into between SEASAF Education Sdn Bhd and our Company whereby SEASAF Education Sdn Bhd agreed to sell and our Company agreed to purchase 200,000 ordinary shares of RM1.00 each (representing 20.0% of the entire issued and paid-up share capital of IMU Health) for a cash consideration of RM77,128,371.40.
- (b) A share sale agreement dated 25 October 2010 was entered into between Dr Mei Ling Young and our Company whereby Dr Mei Ling Young agreed to sell and our Company agreed to purchase 110,000 ordinary shares of RM1.00 each (representing 11.0% of the entire issued and paid-up share capital of IMU Health) for a cash consideration of RM42,420,604.27.
- (c) A share sale agreement dated 25 October 2010 between Tan Sri Dato' Dr Abu Bakar Bin Suleiman and our Company, whereby Tan Sri Dato' Dr Abu Bakar Bin Suleiman agreed to sell and our Company agreed to purchase, 15,000 ordinary shares of RM1.00 each (representing 1.5% of the entire issued and paid-up share capital of IMU Health) for a cash consideration of RM5,784,627.85.

The acquisition by our Company for the 20.0% equity interest in IMU Health was completed on 22 September 2010 while the acquisition for the remaining 12.5% equity interest was completed on 26 November 2010.

- (v) A share purchase agreement dated 28 April 2011 was entered into between Acibadem, as the purchaser, and five individual shareholders of Yeni Saglik, currently the owners of John F. Kennedy Hospital (currently known as Aile Hospital Bahcelievler) and Goztepe Safak Hospital (currently known as Aile Hospital Goztepe) (namely Saim Ozturk, Secim Ozturk, Mehmet Ozturk, Meleksan Ozturk and Zeynep Ozturk as sellers), concerning the sale of shares corresponding to 100.0% of Yeni Saglik for a consideration of USD28,239,250. As at the LPD, the consideration for this agreement has not been paid in full and such consideration will be paid in monthly instalments of USD1,000,000.00 starting as of April 2012. The share transfer to Acibadem contemplated in this agreement was completed on 31 May 2011.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

- (vi) An asset transfer agreement dated 31 May 2011 was entered into between Yeni Saglik, as the purchaser, and Ten Medikal Turizm Tekstil Sanayive Ticaret A.S. and Sevgi Saglik Hizmetlerive Ticaret A.S., as sellers, concerning the transfer of John F. Kennedy Hospital (currently known as Aile Hospital Bahcelievler) and Goztepe Safak Hospital (currently known as Aile Hospital Goztepe) to Yeni Saglik for a consideration of USD10,000,000.00. As at the LPD, the consideration for this agreement had been paid in full.
- (vii) A share purchase agreement dated October 2011 was entered into between Acibadem, as purchaser, and Orka Holding AD Skopje, as seller, concerning the purchase of shares corresponding to 50.3% of Acibadem Sistina for a consideration of Euro20,000,000.00. The share transfer to Acibadem contemplated in this agreement was completed on 21 October 2011. Furthermore, as at the same date a share purchase agreement was entered into between Acibadem, as purchaser, and Orka Holding AD Skopje, as seller, concerning the purchase of shares corresponding to 50.0% of Acibadem Sistina Medikal's share capital for a consideration of Euro1.00. The share transfer to Acibadem contemplated in this agreement was also completed on 21 October 2011. As at the LPD, the consideration for both agreements had been paid in full.
- (viii) Malaysia Underwriting Agreement dated 21 June 2012 entered into between our Company, the Managing Underwriter and Joint Underwriters to underwrite, subject to clawback and reallocation provisions, 208.51 million IPO Shares under the Malaysia Public Offering, on terms and conditions contained therein. Further details of the Malaysia Underwriting Agreement are set out in Sections 4.9 and 4.10 of this Prospectus.
- (ix) Singapore Offer Agreement dated 29 June 2012 entered into between our Company, the Singapore Issue Managers and the Singapore Underwriters pursuant to which the Singapore Underwriters will procure the subscription and payment of, or failing which, to subscribe and pay for, subject to clawback and reallocation provisions 104.64 million IPO Shares under the Singapore Public Offering, on terms and conditions contained therein. Further details of the Singapore Offer Agreement are set out in Sections 4.9 and 4.10 of this Prospectus.
- (x) Cornerstone Placement Agreements dated 13 June 2012 entered into between our Company, Joint Global Coordinators, Joint Bookrunners and Cornerstone Investors, whereby the Cornerstone Investors have agreed to purchase at the Institutional Price and subject to the terms of their respective Cornerstone Placement Agreements, an aggregate of 1,387.50 million IPO Shares, representing approximately 17.22% of the enlarged issued and paid-up share capital of our Company. Further details of the Cornerstone Placement Agreements are set out in Sections 4.3.4 and 4.10 of this Prospectus.
- (xi) Trust deed dated 27 June 2012 entered into between our Company and the Joint Global Coordinators in relation to the lock-up arrangement on our Company. Further details of the trust deed are set out in Section 4.10 of this Prospectus.

15. STATUTORY AND OTHER GENERAL INFORMATION *(cont'd)*

15.7 Material litigation

We are subject to claims, lawsuits and legal proceedings in the ordinary course of business, including those arising from medical malpractice or labour disputes. Where such claims, lawsuits and legal proceedings are not, or are not sufficiently, covered by insurance policies maintained by our Group, the resolution of any such claims, lawsuits or legal proceedings could materially and adversely affect the results of operations and financial position of our Group.

Save as disclosed below, neither our Company nor our subsidiaries is involved in any litigation or arbitration, either as plaintiff or defendant, which may have, individually or taken as a whole, a material adverse effect on the business or financial position of our Group during the 12 months immediately preceding 15 June 2012, being the date of lodgment of the Singapore Prospectus with the MAS and our Directors are not aware of any legal proceedings, pending or threatened, or of any fact likely to give rise to any legal proceeding, which may have a material adverse effect on the business or financial position of our Group.

On 15 April 2008, Tan Sri Dato' Dr Awang Bin Had Salleh and Konsortium Bersatu Perkhidmatan Kesihatan Sdn Bhd (collectively the "Plaintiffs") filed a suit in the High Court of Malaya at Kuala Lumpur (Suit No.: D11-22-510-2008) against Pantai Support Services Sdn Bhd ("PSS") and Pantai (collectively the "Defendants"). At all material times PSS was a wholly-owned subsidiary of Pantai. PSS was sold on 18 March 2011. The suit itself relates to the acquisition of the entire issued and paid-up capital in Anjur Dinamik Sdn Bhd ("ADSB") (which effected a change of name to Pantai Fomema & Systems Sdn Bhd and thereafter to Unitab Medic Sdn Bhd) vide an agreement dated 28 February 2000 between PSS (acting as purchaser) and, among others, the Plaintiffs and Dato' Dr Mohammed Haniffa bin Haji Abdullah ("Haniffa") (acting as sellers) ("ADSB Share Sale Agreement").

On the date of the ADSB Share Sale Agreement, PSS had also entered into an agreement to acquire the entire issued and paid-up capital in Healthpac Industries Sdn Bhd ("HISB") from the previous shareholders of HISB ("HISB Vendors") ("HISB Share Sale Agreement") and in Pengkalan Usaha (M) Sdn Bhd ("PUSB") from Usha Rani a/p Govindasamy and Revathy a/p K. Adakalam ("PUSB Vendors") ("PUSB Share Sale Agreement"). At all material times, the company then known as ADSB owned 75.0% of the issued and paid-up capital of Fomema Sdn Bhd, a company which had been granted with the concession for Systematic and Standardised Medical Examination of Foreign Workers in Malaysia by the Government of Malaysia (the "Concession"). The Plaintiffs' suit is based on a claim that: (1) Haniffa was their agent in respect of negotiations and sale of their shares in ADSB to the defendants; and (2) that without their knowledge the Defendants had entered into collateral arrangements with Haniffa confirming promises of varying kinds for helping the Defendants with the injection of the Concession into the 'Pantai Group', an action which allegedly amounted to a breach of duty of care and fiduciary duty on the part of the Defendants. Amongst the alleged collateral arrangements which the Plaintiffs claimed Haniffa had benefitted from is quantifiable in the amount of RM208,883,039.37, plus the value of 16 million new Pantai shares issued and allotted by Pantai to Haniffa at the request of the HISB Vendors which were entitled to the same as consideration shares payable by PSS under the HISB Share Sale Agreement and all the profits of ADSB from 1 December 1997 to 22 March 2002. The term 'the profits of ADSB' may include the profits of PUSB for the same period as the Plaintiffs are also claiming that PUSB Vendors had held their shares in PUSB for the beneficial interest of the vendors of ADSB (the former shareholders of ADSB).

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

The Defendants are relying on the following defences:

- (i) the Defendants did not enter into any collateral arrangement between the Defendants and Haniffa;
- (ii) there is no duty of care or fiduciary duty is owed by the Defendants to the Plaintiffs;
- (iii) the Plaintiffs do not have legal standing to file the suit;
- (iv) the suit is time-barred as the right of action had accrued more than six years before the date the suit is filed; and
- (v) the suit is an abuse of the court's process and/or has already been subject to judicial determination and/or has resulted in multiplicity of actions because the Plaintiffs had filed another suit against Haniffa for the same collateral arrangements, which has been partially settled.

Therefore, Pantai believes, following consultation with its solicitors that there is a good chance of defending the suit. The current status is that the Defendants have completed adducing evidence on 17 February 2012. The Plaintiffs' and the Defendants' closing submissions have been scheduled for 9 July 2012 for written submissions and 16 July 2012 for oral submissions.

15.8 Letters of consent

The written consents of the Principal Adviser, Managing Underwriter, Joint Underwriters, Sole Coordinator and Joint Bookrunners for the MITI Tranche, Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers, Co-Lead Managers, Singapore Issue Managers, Singapore Underwriters, Legal Advisers, Principal Bankers, Share Registrar, Share Transfer Agent and Issuing House as set out in Section 1 of this Prospectus to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors and Reporting Accountants to the inclusion of its name, Accountants' Report, and Reporting Accountants' letter on our Pro Forma Financial Information in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of Frost & Sullivan to the inclusion of its name and the Independent Market Research Report in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of Millward Brown to the inclusion of its name in the form and context in which it is contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)**15.9 Documents available for inspection**

Copies of the following documents may be inspected at our registered office at Suite 17-01, Level 17, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra 59200 Kuala Lumpur Malaysia and at 111 Somerset Road #15-01 Singapore 238164 during normal working hours for a period of 12 months from the date of this Prospectus:

- (i) Memorandum and Articles of Association of our Company;
- (ii) Directors' Report referred to in Section 14 of this Prospectus;
- (iii) Bye laws governing the LTIP and EPP referred to in Section 15.4 of this Prospectus;
- (iv) the letters of consent referred to in Section 15.8 of this Prospectus;
- (v) material contracts referred to in Section 15.6 of this Prospectus;
- (vi) cause papers for material litigation referred to in Section 15.7 of the Prospectus;
- (vii) service agreements referred to in Section 9.7 of this Prospectus;
- (viii) audited combined financial statements of our Group for the 3 years ended 31 December 2009, 2010 and 2011 and 3 months ended 31 March 2012;
- (ix) audited financial statements of IHH for the period from 21 May 2010 to 31 December 2010 and the year ended 31 December 2011;
- (x) audited financial statements of Parkway Pantai for the period from 21 March 2011 to 31 December 2011;
- (xi) audited financial statements of Parkway for the 3 years ended 31 December 2009, 2010 and 2011;
- (xii) audited financial statements of Pantai Irama for the 3 years ended 31 December 2009, 2010 and 2011;
- (xiii) audited financial statements of Acibadem Holding for the 3 years ended 31 December 2009, 2010 and 2011 and 3 months ended 31 March 2012;
- (xiv) audited financial statements of IMU Health for the 3 years ended 31 December 2009, 2010 and 2011;
- (xv) Our Reporting Accountants' Letter on the Pro Forma Financial Information as referred to in Section 12.16 of this Prospectus;
- (xvi) Accountants' Report as referred to in Section 13 of this Prospectus; and
- (xvii) Independent Market Researcher's Report as included in Section 7 of this Prospectus.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

15.10 Responsibility statements

Our Directors, the Promoter, the Selling Shareholder and the Over-Allotment Option Provider collectively and individually accept full responsibility for the accuracy of the information given in this document and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this document constitutes full and true disclosure of all material facts about the IPO and the Company and its subsidiaries, and our Directors, the Promoter, Selling Shareholder and the Over-Allotment Option Provider are not aware of any facts the omission of which would make any statement in this document misleading. Where information in this document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors, the Promoter, the Selling Shareholder and the Over-Allotment Option Provider have been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this document in its proper form and context.

CIMB as the Principal Adviser for our IPO, Managing Underwriter, Sole Coordinator and Joint Bookrunner for the MITI Tranche, Joint Underwriter for the Malaysia Public Offering and Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager for the Global Institutional Tranche, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

(The rest of this page is intentionally left blank)

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE

16.1 Opening and closing of applications

OPENING OF THE MALAYSIA PUBLIC OFFERING: 10.00 A.M., 3 July 2012

CLOSING OF THE MALAYSIA PUBLIC OFFERING: 5.00 P.M., 11 July 2012

Our Directors, the Selling Shareholder and our Managing Underwriter may decide in their absolute discretion to vary the closing time and date for applications under the Malaysia Public Offering to such other date or dates. If they decide to vary the closing date and time for the applications, the Price Determination Date and dates for the balloting and allotment or transfer of the IPO Shares and our Listing may be varied accordingly. Any variation will be announced in widely circulated Bahasa Malaysia and English daily newspapers within Malaysia.

Late applications will not be accepted.

16.2 Methods of application and category of investors

(i) Application for IPO Shares under the Malaysia Public Offering

Applications for the IPO Shares pursuant to the Malaysia Public Offering may be made using either of the following:

<u>Type of Application Form</u>	<u>Category of investors</u>
WHITE Application Form or Electronic Share Application ⁽¹⁾ or Internet Share Application ⁽²⁾	Malaysian public (for individuals)
WHITE Application Form only	Malaysian public (for non individuals e.g. corporations, institutions, etc)
PINK Application Form only	Eligible Directors and eligible employees of the Group
BLUE Application Form only	Business associates and persons who have contributed to the success of the Group, including doctors

Notes:

(1) *The following processing fee per Electronic Share Application will be charged by the respective Participating Financial Institutions:*

- (i) *Affin Bank Berhad – No fee will be charged for application by their account holders;*
- (ii) *Ambank (M) Berhad – RM1.00;*
- (iii) *CIMB Bank Berhad – RM2.50;*
- (iv) *HSBC Bank Malaysia Berhad – RM2.50;*
- (v) *Malayan Banking Berhad – RM1.00;*
- (vi) *Public Bank Berhad – RM2.00;*
- (vii) *RHB Bank Berhad – RM2.50; or*
- (viii) *Standard Chartered Bank Malaysia Berhad (at selected branches only) – RM2.50*

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

(2) *The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution:*

- (i) *CIMB (www.eipocimb.com) – RM2.00 for payment via CIMB Bank Berhad or RM5.00 for payment via Malayan Banking Berhad;*
- (ii) *CIMB Bank Berhad (www.cimbclicks.com.my) – RM2.00 for applicants with CDS accounts held with CIMB and RM2.50 for applicants with CDS accounts with other ADAs;*
- (iii) *Malayan Banking Berhad (www.maybank2u.com.my) – RM1.00;*
- (iv) *RHB Bank Berhad (www.rhb.com.my) – RM2.50; and*
- (v) *Affin Bank Berhad (www.affinOnline.com) – No fees will be charged for application by their account holders.*

An eligible Director or employee of our Group who has made an application using a PINK Application Form or a business associate or person who has contributed to the success of our Group, including doctors who has made an application using a BLUE Application Form may still apply for the IPO Shares offered to the Malaysian public using the WHITE Application Form, Electronic Share Application or Internet Share Application.

However, applicants using the PINK, BLUE and WHITE Application Forms are not allowed to submit multiple applications in the same category of application. Further, applicants who have submitted their applications using WHITE Application Forms are not allowed to make additional applications using the Electronic Share Applications and Internet Share Applications, and vice versa.

(ii) **Application by institutional investors and selected investors under the Institutional Placement**

Institutional investors under the Institutional Placement (other than the Bumiputera institutional and selected investors approved by the MITI) will be contacted directly by the Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers and should follow the instructions as communicated by the Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers. Bumiputera institutional and selected investors approved by the MITI who have been allocated IPO Shares will be contacted directly by the MITI and should follow the instructions as communicated through the MITI.

16.3 **Procedures for application and acceptance**

(i) **Application by the eligible Directors and employees of the Group (PINK Application Form)**

The eligible Directors and employees of the Group will be provided with PINK Application Forms and letters by us detailing their respective allocation. The applicants must follow the notes and instructions in the said document and where relevant, in this Prospectus.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)

(ii) **Application by the business associates and persons who have contributed to the success of our Group, including doctors (BLUE Application Form)**

The business associates and persons who have contributed to the success of our Group, including doctors will be provided with BLUE Application Forms and letters by us detailing their respective allocation. The applicants must follow the notes and instructions in the said document and where relevant, in this Prospectus.

(iii) **Application by the Malaysian public under the Malaysia Public Offering (WHITE Application Form, Electronic Share Application or Internet Share Application)**

Eligibility

You can only apply for the IPO Shares if you fulfill all the following:

- (a) You must have a CDS account. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs listed in Section 17 of this Prospectus;
- (b) You must be one of the following:
 - (1) a Malaysian citizen who is at least 18 years old as at the closing date of the Malaysia Public Offering with a Malaysian address; or
 - (2) a corporation/institution incorporated in Malaysia where there is a majority of Malaysian citizens on your board of directors/trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (3) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

We will not accept applications from trustees, persons under 18 years of age, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations/institutions referred to in (b)(2) or (3) above or the trustees thereof; and

- (c) You must not be a director or employee of the Issuing House or their immediate family members.

16.4 Procedures for application by way of Application Forms

Each application for the IPO Shares under the Malaysia Public Offering must be made on the correct Application Form for the relevant category of investors issued together with this Prospectus and must be completed in accordance with the notes and instructions contained therein in the respective category of the Application Form. The Application Form together with the notes and instructions shall constitute an integral part of this Prospectus. Applications which do not conform **STRICTLY** to the terms of this Prospectus or the respective category of Application Form or Notes and Instructions or which are illegible may not be accepted at the absolute discretion of our Directors.

Full instructions for the application for the IPO Shares and the procedures to be followed are set out in the Application Forms. All applicants are advised to read the Application Forms and the notes and instructions therein carefully.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)

Malaysian public should follow the following procedures in making their applications under the Malaysia Public Offering.

Step 1: Obtain application documents

Obtain the relevant Application Form together with the Official "A" and "B" envelopes and this Prospectus.

The **WHITE** Application Forms can be obtained subject to availability from the following:

- (i) CIMB;
- (ii) Participating organisations of Bursa Securities;
- (iii) Members of the Association of Banks in Malaysia;
- (iv) Members of the Malaysian Investment Banking Association; and
- (v) Issuing House; and
- (vi) Company

Step 2: Read the Prospectus

In accordance with Section 232(2) of the CMSA, the Application Forms are accompanied by this Prospectus. You are advised to read and understand the Prospectus before making your application.

Step 3: Complete the relevant Application Form

Complete the relevant Application Form legibly and **STRICTLY** in accordance with the notes and instructions printed on it and in this Prospectus.

(i) Personal particulars

You must ensure that your personal particulars submitted in your application are identical with the records maintained by the Bursa Depository. You are required to inform the Bursa Depository promptly of any changes to their personal particulars.

If you are an individual and you are not a member of the armed forces or police, the name and national registration identity card ("**NRIC**") numbers must be the same as:

- (a) your NRIC;
- (b) any valid temporary identity document issued by the National Registration Department from time to time; or
- (c) your "Resit Pengenalan Sementara (JPN KP09)" issued pursuant to Peraturan 5(5), Peraturan-Peraturan Pendaftaran Negara 1990.

If you are a member of the armed forces or police, your name and your armed forces or police personnel number, as the case may be, must be exactly as that stated in your authority cards.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)

For corporations/institutions, the name and certificate of incorporation numbers must be the same as that stated in the certificate of incorporation or the certificate of change of name, where applicable.

If you are a non-Malaysian (in the case of PINK or BLUE Forms), your name and passport number must be exactly as that stated in your passport.

(ii) CDS account number

You must state your CDS account number in the space provided in the Application Form. Invalid or nominee or third party CDS accounts will **not** be accepted.

(iii) Details of payment

You must state the details of your payment in the appropriate boxes provided in the Application Form.

(iv) Number of IPO Shares applied

Applications must be for at least 100 IPO Shares or multiples of 100 IPO Shares for applicants using the PINK, BLUE and WHITE Application Forms.

Step 4 : Prepare appropriate form of payment

You must prepare the correct form of payment in RM for the FULL amount payable for the IPO Shares based on the Retail Price, which is RM2.85 per IPO Share.

Payment must be made out in favour of "**MIH SHARE ISSUE ACCOUNT NO. 529**" and crossed "**A/C PAYEE ONLY**" (excluding ATM statements) and endorsed on the reverse side with your name and address. Only the following forms of payment will be accepted:

- (i) banker's draft or cashier's order purchased within Malaysia only and drawn on a bank in Kuala Lumpur (differentiated by a special red band for Bumiputera applicants);
- (ii) money order or postal order (for applicants from Sabah and Sarawak only);
- (iii) Guaranteed Giro Order ("**GGO**") from Bank Simpanan Nasional Malaysia Berhad (differentiated by a special red band for Bumiputera applicants); or
- (iv) ATM statement obtained only from any of the following:
 - (a) Affin Bank Berhad;
 - (b) Alliance Bank Malaysia Berhad;
 - (c) AmBank (M) Berhad;
 - (d) CIMB Bank Berhad;
 - (e) Hong Leong Bank Berhad;
 - (f) Malayan Banking Berhad; or
 - (g) RHB Bank Berhad.

We will not accept applications with excess or insufficient remittances or inappropriate forms of payment.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)**Step 5: Finalise application**

Insert the relevant Application Form together with payment and a legible photocopy of your identification document (NRIC/valid temporary identity document issued by the National Registration Department/"Resit Pengenalan Sementara (JPN KP09)"/authority card for armed forces or police personnel/certificate of incorporation or certificate of change of name for corporate or institutional applicant or passport (where applicable)) into the Official "A" envelope and seal it. You must write your name and address on the outside of the Official "A" and "B" envelopes.

The name and address written must be identical to your name and address as per your NRIC/valid temporary identity document issued by the National Registration Department/"Resit Pengenalan Sementara (JPN KP09)"/authority card for armed forces or police personnel/certificate of incorporation or the certificate of change of name for corporate or institutional applicant or passport (where applicable).

Affix an 80 sen stamp on the Official "A" envelope and insert the Official "A" envelope into the Official "B" envelope.

Step 6: Submit application

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (i) despatched by **ORDINARY POST** in the official envelopes provided, to the following address:

Malaysian Issuing House Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
P.O.Box 8269
Pejabat Pos Kelana Jaya
46785 Petaling Jaya

- (ii) **DELIVERED BY HAND AND DEPOSITED** in the Drop-in Boxes provided at the front portion of Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan,

so as to arrive not later than 5.00 p.m. on 11 July 2012, or such later date or dates as our Directors and our Managing Underwriter in their absolute discretion may decide.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)**16.5 Procedures for applications by way of Electronic Share Application**

Only Malaysian individuals may apply for our Shares by way of Electronic Share Application in respect of the IPO Shares made available to the Malaysian public.

(i) Steps for Electronic Share Application through a Participating Financial Institution's ATM

- (a) You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for IPO Shares at an ATM belonging to other Participating Financial Institutions;
- (b) You must have a CDS account;
- (c) You are advised to read and understand the Prospectus before making the application; and
- (d) You may apply for the IPO Shares via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application are set out in Section 16.5(iii) of the terms and conditions for Electronic Share Application. You are to submit the following information through the ATM, where the instructions on the ATM screen, require you to do so:
 - (1) Personal Identification Number (PIN);
 - (2) MIH Share Issue Account No. 529;
 - (3) CDS account number;
 - (4) Number of IPO Shares applied for and/or the RM amount to be debited from the account; and
 - (5) Confirmation of several mandatory statements as set out in Section 16.5(iii) of this Prospectus.

(ii) Participating Financial Institutions

Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches:

- (a) Affin Bank Berhad;
- (b) AmBank (M) Berhad;
- (c) CIMB Bank Berhad;
- (d) HSBC Bank Malaysia Berhad;
- (e) Malayan Banking Berhad;
- (f) Public Bank Berhad
- (g) RHB Bank Berhad; or
- (h) Standard Chartered Bank Malaysia Berhad (at selected branches only).

(iii) Terms and Conditions of Electronic Share Applications

The procedures for Electronic Share Applications at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions ("**Steps**"), similar to the steps set out in Section 16.5(i) of this Prospectus. The Steps set out the actions that the applicant must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Share Applications set out below before making an Electronic Share Application.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)

You must have a CDS account to be eligible to use the Electronic Share Application. The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted.

Upon the completion of your Electronic Share Application transaction at the ATM, you will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of your Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or the Issuing House. The Transaction Record is for your records and should not be submitted with any Application Form.

Upon the closing of the Malaysia Public Offering on 11 July 2012 at 5.00 p.m. ("**Closing Date and Time**"), the Participating Financial Institutions shall submit a magnetic tape containing their respective customers' applications for the IPO Shares to the Issuing House as soon as practicable but not later than 12.00 p.m. of the second business day after the Closing Date and Time.

You will be allowed to make only one application and shall not make any other application for the IPO Shares under the Malaysia Public Offering to the Malaysian public, whether at the ATMs of any Participating Financial Institution or using the WHITE Application Forms.

YOU MUST ENSURE THAT YOU USE YOUR OWN CDS ACCOUNT NUMBER WHEN MAKING AN ELECTRONIC SHARE APPLICATION. IF YOU OPERATE A JOINT ACCOUNT WITH ANY PARTICIPATING FINANCIAL INSTITUTION, YOU MUST ENSURE THAT YOU ENTER YOUR OWN CDS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO YOU IN YOUR OWN NAME. YOUR APPLICATION WILL BE REJECTED IF YOU FAIL TO COMPLY WITH THE ABOVE.

The Electronic Share Application shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below and in Section 16.7 of this Prospectus:

- (a) The Electronic Share Application shall be made in relation to and subject to the terms of this Prospectus and the Memorandum and Articles of Association of our Company.
- (b) You are required to confirm the following statements (by pressing predesignated keys (or buttons) on the ATM keyboard) and undertake that the following information given are true and correct:
 - (1) You have attained 18 years of age as at the Closing Date and Time;
 - (2) You are a Malaysian citizen residing in Malaysia;
 - (3) You have read the relevant Prospectus and understood and agreed with the terms and conditions of the application;
 - (4) This is the only application that you are submitting; and
 - (5) You hereby give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to the Issuing House and other relevant authorities.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)

The application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the steps required by the Participating Financial Institutions. By doing so, you shall be deemed to have confirmed each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 97 of the Banking and Financial Institutions Act, 1989 and Section 45 of the SICDA to the disclosure by the relevant Participating Financial Institutions or Bursa Depository, as the case may be, of any of your particulars to the Issuing House, or any relevant regulatory bodies.

- (b) **You confirm that you are not applying for IPO Shares as a nominee of any other person and that the Electronic Share Application that you make is made by you as the beneficial owner. You shall only make one Electronic Share Application and shall not make any other application for the IPO Shares under the Malaysia Public Offering to Malaysian public, whether at the ATMs of any Participating Financial Institution or using the WHITE Application Forms.**
- (c) You must have sufficient funds in your account with the relevant Participating Financial Institution at the time the Electronic Share Application is made, failing which the Electronic Share Application will not be completed. Any Electronic Share Application, which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made, will be rejected.
- (d) You agree and undertake to purchase and to accept the number of IPO Shares applied for as stated on the Transaction Record or any lesser number of IPO Shares that may be allotted to you in respect of the Electronic Share Application. In the event that we and the Selling Shareholder decide to allot or allocate a lesser number of such IPO Shares or not to allot or allocate any IPO Shares to you, you agree to accept any such decision as final. If the Electronic Share Application is successful, your confirmation (by your action of pressing the predesignated keys (or buttons) on the ATM keyboard) of the number of IPO Shares applied for shall signify, and shall be treated as, your acceptance of the number of IPO Shares that may be allotted to you and to be bound by the Memorandum and Articles of Association of our Company.
- (e) We reserve the right not to accept any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting the IPO Shares to a reasonable number of applicants with a view to establishing an adequate market for the IPO Shares.
- (f) Where an Electronic Share Application is not successful or successful in part only, the relevant Participating Financial Institution will be informed of the non-successful or partially successful applications. If your Electronic Share Application is not successful the relevant Participating Financial Institution will credit the full amount of the application monies without interest into your account with that Participating Financial Institution within two Market Days after the receipt of confirmation from the Issuing House. The Issuing House shall inform the Participating Financial Institutions of the non-successful or partially successful applications within two Market Days after the balloting date. You may check your account on the fifth Market Day from the balloting date.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)

If your Electronic Share Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into your account with the Participating Financial Institution within two Market Days after the receipt of confirmation from the Issuing House. A number of applications will, however, be held in reserve to replace any successfully balloted applications, which are subsequently rejected. For such applications, which are subsequently rejected, the application monies without interest will be refunded to applicants by the Issuing House by crediting into your account with the Participating Financial Institution not later than ten Market Days from the day of the final ballot of the application list.

Should you encounter any problems in your application, you may refer to the Participating Financial Institutions.

- (g) You request and authorise us:
- (1) to credit the IPO Shares allotted to you into your CDS account; and
 - (2) to issue share certificate(s) representing such shares allotted in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (h) You acknowledge that your Electronic Share Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond our control, the Issuing House, Bursa Depository or the Participating Financial Institution and irrevocably agree that if:
- (1) our Company, the Selling Shareholder or the Issuing House does not receive your Electronic Share Application; and
 - (2) the data relating to your Electronic Share Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company or Issuing House,
- you shall be deemed not to have made an Electronic Share Application and shall not make any claim whatsoever against our Company, Selling Shareholder, Issuing House or the Participating Financial Institution for the Shares applied for or for any compensation, loss or damage.
- (i) All of your particulars in the records of the relevant Participating Financial Institution at the time of making the Electronic Share Application shall be deemed to be true and correct, and our Company, Issuing House and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (j) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. Otherwise, your Electronic Share Application is liable to be rejected. You must inform Bursa Depository promptly of any change in address, failing which the notification letter of successful allotment will be sent to your registered address last maintained with Bursa Depository.
- (k) By making and completing an Electronic Share Application, you agree that:
- (1) in consideration of us agreeing to allow and accept the making of any application for shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, your Electronic Share Application is irrevocable;

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)

- (2) we, the Participating Financial Institutions, Bursa Depository and the Issuing House shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond their control;
 - (3) notwithstanding the receipt of any payment by or on behalf of our Company, the acceptance of your offer to subscribe for and purchase the IPO Shares for which the Electronic Share Application has been successfully completed shall be constituted by the issue of notices of allotment in respect of the said IPO Shares;
 - (4) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of the IPO Shares allocated to you; and
 - (5) you agree that in relation to any legal action, proceedings or disputes arising out of or in relation to the contract between the parties and/or the Electronic Share Application and/or any terms herein, all rights, obligations and liabilities of the parties to the Malaysia Public Offering shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies of Malaysia and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (l) If you are successful in your application, our Directors reserve the right to require you to appear in person at the registered office of the Issuing House within 14 days of the date of the notice issued to you to ascertain your application is genuine and valid. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.
 - (m) The Issuing House, on the authority of our Directors reserves the right to reject applications which do not conform to these instructions.

16.6 Procedures for applications by way of Internet Share Applications

Only Malaysian individuals may use the Internet Share Application to apply for the IPO Shares made available to the Malaysian public.

Please read carefully and follow the terms of this Prospectus, the procedures, terms and conditions for Internet Share Application and the procedures set out on the internet financial services website of the Internet Participating Financial Institution before making an Internet Share Application.

Step 1: Set up of account

Before making an application by way of Internet Share Application, you **must have all** of the following:

- (i) an existing account with access to internet financial services with **CIMB** at www.eipocimb.com or **CIMB Bank Berhad** at www.cimbclicks.com.my or **Malayan Banking Berhad** at www.maybank2u.com.my or **RHB Bank Berhad** at www.rhb.com.my or **Affin Bank Berhad** at www.affinOnline.com or **Public Bank Berhad** at www.pbepbank.com. You need to have your user identification and PIN/password for the internet financial services facility; and

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)

- (ii) an individual CDS account registered in your name (and not in a nominee's name) and in the case of a joint account an individual CDS account registered in your name which is to be used for the purpose of the application if you are making the application instead of a CDS account registered in the joint account holder's name.

Step 2 : Read the Prospectus

You are advised to read and understand the Prospectus before making your application.

Step 3 : Apply through internet

The following steps for an application of the IPO Shares via Internet Share Application have been set out for illustration purposes only.

PLEASE NOTE THAT THE ACTUAL STEPS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION MAY DIFFER FROM THE STEPS OUTLINED BELOW.

- (i) Connect to the internet financial services website of the Internet Participating Financial Institution with which you have an account;
- (ii) Log in to the internet financial services facility by entering your user identification and PIN/password;
- (iii) Navigate to the section of the website on applications in respect of IPO;
- (iv) Select the counter in respect of the IPO Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application;
- (v) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions;
- (vi) At the next screen, complete the online application form;
- (vii) Check that the information contained in the online application form, such as the share counter, NRIC number, CDS account number, number of IPO Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form;
- (viii) After selecting the designated hyperlink on the screen, you will have to confirm and undertake that the following mandatory statements are true and correct:
 - (a) You are at least 18 years of age as at the Closing Date and Time;
 - (b) You are a Malaysian citizen residing in Malaysia;
 - (c) You have, prior to making the Internet Share Application, received and/or have had access to a printed/electronic copy of the Prospectus, the contents of which you have read and understood;
 - (d) You agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus, before making the Internet Share Application;
 - (e) The Internet Share Application is the only application that you are submitting for the IPO Shares under the offering to the Malaysian public;

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)

- (f) You authorise the financial institution with which you have an account to deduct the full amount payable for the IPO Shares from your account with the said financial institution ("Authorised Financial Institution");
- (g) You give express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the SICDA) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of information pertaining to you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to the Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
- (h) You are not applying for the IPO Shares as a nominee of any other person and the application is made in your own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
- (i) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, Bursa Securities or other relevant parties in connection with the Malaysia Public Offering, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with the Malaysia Public Offering. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services;
- (ix) Upon submission of the online application form, you will be linked to the website of the Authorised Financial Institution to effect the online payment for the Malaysia Public Offering;
- (x) You must pay for the IPO Shares through the website of the Authorised Financial Institution, failing which the Internet Share Application is **not completed**, despite the display of the Confirmation Screen. "Confirmation Screen" refers to the screen which appears or is displayed on the internet financial services website, which confirms that the Internet Share Application has been completed and states the details of your Internet Share Application, including the number of IPO Shares applied for, which can be printed out by you for record purposes;
- (xi) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment for the IPO Shares is being made. Subsequently, the Internet Participating Financial Institution shall confirm that the Internet Share Application has been completed, via the Confirmation Screen on its website; and
- (xii) You are advised to print out the Confirmation Screen for reference and retention.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

16.7 Terms and conditions

The terms and conditions outlined below supplement the additional terms and conditions for Internet Share Application contained in the Internet Financial Services website of the Internet Participating Financial Institution. Please refer to the Internet Financial Services website of the Internet Participating Financial Institution for the exact terms and conditions and instructions.

- (i) You are required to pay the Retail Price of RM2.85 for each IPO Share applied for.
- (ii) You can submit only one (1) application for the IPO Shares offered to the Malaysian public. For example, if you submit an application using a WHITE Application Form, you cannot submit an Electronic Share Application or Internet Share Application.

However, if you have made an application using the PINK or BLUE Application Form, you may still apply for the IPO Shares offered to the Malaysian public using the WHITE Application Form, Electronic Share Application or Internet Share Application.

The Issuing House, acting under the authority of our Directors has the discretion to reject applications that appear to be multiple applications under each category of applicants.

We wish to caution you that if you submit more than one (1) application in your own name or by using the name of others, with or without their consent, you will be committing an offence under Section 179 of the CMSA and may be punished with a minimum fine of RM1,000,000 and a jail term of up to 10 years under Section 182 of the CMSA.

- (iii) Each application under the PINK, BLUE and WHITE Application Forms, Electronic Share Application and Internet Share Application must be for at least 100 IPO Shares or multiples of 100 IPO Shares.
- (iv) Each application must be made in connection with and subject to this Prospectus and the Memorandum and Articles of Association of our Company. You agree to be bound by the Memorandum and Articles of Association of our Company should you be allotted any Shares.
- (v) Your submission of an application does not necessarily mean that your application will be successful. Any submission of application is irrevocable.
- (vi) We, the Selling Shareholder or the Issuing House will not issue any acknowledgement of the receipt of your application or application monies.
- (vii) You must ensure that your personal particulars submitted in your application and/or your personal particulars as recorded by the Internet Participating Financial Institution are correct and accurate and identical with the records maintained by the Bursa Depository. Otherwise, your application is liable to be rejected. You will have to promptly notify the Bursa Depository of any change in your address failing which the notification letter of successful allocation will be sent to your registered/correspondence addresses last maintained with the Bursa Depository.
- (viii) No application shall be deemed to have been accepted by reason of the remittances having been presented for payment.

Our acceptance of your application to subscribe for or purchase the IPO Shares shall be constituted by the issue of notices of allotment for the IPO Shares to the applicants.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)

- (ix) Submission of your CDS account number in your application includes your authority/consent in accordance with Malaysian laws of the right of the Bursa Depository, the Participating Financial Institution and Internet Participating Financial Institution (as the case may be) to disclose information pertaining to your CDS account and other relevant information to us, the Issuing House and any relevant authorities (as the case may be).
- (x) **You agree to accept our decision as final should we decide not to allot any IPO Shares to you.**
- (xi) Additional terms and conditions for Electronic Share Application are as follows:
- (a) You agree and undertake to subscribe for or purchase and to accept the number of IPO Shares applied for as stated in the Transaction Record or any lesser amount that may be allotted to you.
 - (b) Your confirmation by pressing the key or button on the ATM shall be treated as your acceptance of the number of IPO Shares allotted to you.
 - (c) Should you be allotted any IPO Shares, you shall be bound by the Memorandum and Articles of Association of our Company.
 - (d) You confirm that you are not applying for IPO Shares as a nominee of other persons and that your Electronic Share Application is made on your own account as a beneficial owner.
 - (e) You request and authorise us to credit the IPO Shares allotted to you into your CDS account and to issue share certificate(s) representing those Shares allotted in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send them to the Bursa Depository.
 - (f) You acknowledge that your application is subject to electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events which are not in the control of our Company, the Issuing House, the Participating Financial Institution or the Bursa Depository. You irrevocably agree that you are deemed not to have made an application if we or the Issuing House do not receive your application or your application data is wholly or partially lost, corrupted or inaccessible to us or the Issuing House. You shall not make any claim whatsoever against us, the Issuing House, the Participating Financial Institution or the Bursa Depository.
 - (g) You irrevocably authorise the Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the transfer of our IPO Shares allotted to you.
 - (h) You agree that in the event of legal disputes arising from the use of Electronic Share Applications, the mutual rights, obligations and liabilities of the parties to the Malaysia Public Offering shall be determined under the laws of Malaysia and be bound by decisions of the Courts of Malaysia.
- (xii) Additional terms and conditions for Internet Share Application are as follows:
- (a) Your application will not be successfully completed and cannot be recorded as a completed application unless you have completed all relevant application steps and procedures for the Internet Share Application which would result in the internet financial services website displaying the Confirmation Screen. You are required to complete the Internet Share Application by the close of the Malaysia Public Offering mentioned in Section 16.1 of this Prospectus.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)

- (b) You irrevocably agree and undertake to subscribe for or purchase and to accept the number of IPO Shares applied for as stated on the Confirmation Screen or any lesser amount that may be allotted to you. Your confirmation by clicking the designated hyperlink on the relevant screen of the website shall be treated as your acceptance of the number of IPO Shares allotted to you.
- (c) You request and authorise us to credit the IPO Shares allotted to you into your CDS account and to issue share certificate(s) representing those Shares allotted in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send them to the Bursa Depository.
- (d) You irrevocably agree and acknowledge that the Internet Share Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond the control of our Company, the Issuing House, the Internet Participating Financial Institution and/or the Authorised Financial Institution. If, in any such event, our Company, the Issuing House and/or the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive your Internet Share Application and/or payment, or in the event that any data relating to the Internet Share Application or the tape or any other devices containing such data is wholly or partially lost, corrupted, destroyed or otherwise not accessible for any reason, you shall be deemed not to have made an Internet Share Application and you shall have no claim whatsoever against our Company, the Issuing House or the Internet Participating Financial Institution and the Authorised Financial Institution.
- (e) You irrevocably authorise the Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the transfer of the IPO Shares allotted to you.
- (f) You agree that in the event of legal disputes arising from the use of Internet Share Application, the mutual rights, obligations and liabilities of the parties to the Malaysia Public Offering shall be determined under the laws of Malaysia and be bound by the decisions of the Courts of Malaysia.
- (g) You shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of your Internet Share Application by our Company, the Issuing House and/or the Internet Participating Financial Institution for reasons of multiple application, suspected multiple application, inaccurate and/or incomplete details provided by the applicant, or any other cause beyond the control of the Internet Participating Financial Institution.
- (h) You are not entitled to exercise any remedy of rescission for misrepresentation at any time after we have accepted your Internet Share Application.
- (i) In making the Internet Share Application, you have relied solely on the information contained in this Prospectus. Our Company, the Promoter, the Selling Shareholder Managing Underwriter, Joint Underwriters and Principal Adviser and any other person involved in the Malaysia Public Offering shall not be liable for any information not contained in this Prospectus which may have been relied by you in making the Internet Share Application.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

16.8 Authority of our Directors and the Issuing House

Applicants will be selected in a manner to be determined by our Directors. Due consideration will be given to the desirability of allotting our IPO Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

The Issuing House, on the authority of our Directors and the Selling Shareholder, reserves the right to:

- (i) reject applications which do not conform to the instructions in this Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable) or are illegible, incomplete or inaccurate;
- (ii) reject or accept any application, in whole or in part, on a non-discriminatory basis without assigning any reason therefor; and
- (iii) bank in all application monies (including those from unsuccessful/partially successful applicants) which would subsequently be refunded (where applicable) without interest by registered post.

If you are successful in your application, our Directors and the Selling Shareholder reserve the right to require you to appear in person at the registered office of the Issuing House within 14 days of the date of the notice issued to you to ascertain that your application is genuine and valid. Our Directors are not responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

16.9 Over/Under-subscription

In the event of over-subscription in the Malaysia Public Offering, the Issuing House will conduct a ballot in the manner approved by our Directors and the Selling Shareholder to determine the acceptance of applications in a fair and equitable manner. In determining the manner of balloting, our Directors and the Selling Shareholder will consider the desirability of distributing the IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing an adequate market in the trading of our Shares. Pursuant to the Listing Requirements and as permitted by Bursa Securities via its letter dated 14 March 2012, we need to have a minimum of 20.0% of the Shares for which Listing is sought to be held by at least 1,000 public shareholders holding not less than 100 Shares each upon completion of this IPO and at the time of Listing. In the event that the above requirement is not met, we may not be allowed to proceed with the Listing. In the event thereof, monies paid in respect of all applications will be returned in full without interest.

In the event of an under-subscription, subject to the clawback and reallocation as set out in Section 4.3.5 of this Prospectus, all the IPO Shares not applied for under the Malaysia Public Offering will be underwritten by our Managing Underwriter and Joint Underwriters.

Where your successfully balloted application under White Application Form is subsequently rejected, the full amount of your application monies, will be refunded without interest to you within ten Market Days from the date of the final ballot of the application list to your address registered with the Bursa Depository.

Where your successfully balloted application under Electronic Share Application or Internet Share Application is subsequently rejected, the full amount of your application monies, will be refunded without interest to you by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions respectively.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)

16.10 Unsuccessful/Partially successful applicants

Application monies in respect of the unsuccessful/partially successful applicants will be returned without interest in the following manner.

(i) For applications by way of application forms

- (a) The application monies or the balance of it, as the case may be, will be returned to you via the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by registered post to your last address maintained with the Bursa Depository (for partially successful applications) within ten Market Days from the date of the final ballot.
- (b) If your application was rejected because you did not provide a CDS account number, your application monies will be sent to your address as stated in the NRIC or "Resit Pengenalán Sementara" (JPN KP09) or any valid temporary identity document issued by the National Registration Department from time to time at your own risk.
- (c) The Issuing House reserves the right to bank in all application monies from unsuccessful applicants. These monies will be refunded within ten Market Days from the date of the final ballot by registered post to your last address maintained with the Bursa Depository or as per item (ii) above (as the case may be).

(ii) For applications by way of Electronic Share Application

- (a) The Issuing House shall inform the Participating Financial Institutions of the non-successful or partially successful applications within two Market Days after the balloting date. The application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution within two Market Days after the receipt of confirmation from the Issuing House.
- (b) You may check your account on the fifth Market Day from the balloting day.
- (c) A number of applications will be reserved to replace any balloted applications which are rejected. The application monies relating to these applications which are subsequently rejected will be refunded without interest by the Issuing House by crediting into your account with the Participating Financial Institution not later than ten Market Days from the date of the final ballot. For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Participating Financial Institution will credit the application monies (or any part thereof) into your account without interest within two Market Days after receiving confirmation from the Issuing House.

(iii) For applications by way of Internet Share Application

- (a) The Issuing House shall inform the Internet Participating Financial Institutions of the non-successful or partially successful application within two Market Days after the balloting date. The Internet Participating Financial Institution will arrange with the Authorised Financial Institution to credit the application monies or the balance of it without interest into your account with the Authorised Financial Institution within two Market Days after the receipt of confirmation from the Issuing House.
- (b) You may check your account on the fifth Market Day from the balloting day.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)

- (c) A number of applications will be reserved to replace any balloted applications which are rejected. The application monies relating to these applications which are subsequently rejected will be refunded without interest by the Issuing House by crediting into your account with the Internet Participating Financial Institution not later than ten Market Days from the date of the final ballot. For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institution will credit the application monies (or any part thereof) into your account without interest within two Market Days after receiving confirmation from the Issuing House.

16.11 Successful applicants

If you are successful in your application:

- (i) The IPO Shares allotted to you will be credited into your CDS account. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as the Shares are listed on Bursa Securities.
- (ii) A notice of allotment will be despatched to you at the address last maintained with the Bursa Depository, at your own risk, before the Listing. This is your only acknowledgement of acceptance of the application.
- (iii) In the event that the Final Retail Price is lower than the Retail Price, the difference will be refunded without any interest thereon. The refund in the form of cheques will be despatched by ordinary post to the address maintained with Bursa Depository for applications made via White Application Form or by crediting into your account with the Participating Financial Institution for applications made via the Electronic Share Application or by crediting into your account with the Internet Participating Financial Institution for applications made via the Internet Share Application, within ten market days from the date of the final ballot of application, at your own risk.

16.12 Enquiries

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Forms	Issuing House at telephone no. +603 7841 8000 or +603 7841 8289
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

You may also check the status of your application on the Issuing House's website at www.mih.com.my, or by calling your respective ADA at the telephone number as stated in Section 17 of this Prospectus or the Issuing House at telephone no. +603 78418000 or +603 7841 8289 between five to ten Market Days (during office hours only) after the balloting date.

17. LIST OF ADAs

The list of ADAs and their respective addresses, telephone numbers and broker codes are as follows:

Name	Address and telephone number	Broker code
KUALA LUMPUR		
A.A. ANTHONY SECURITIES SDN BHD	N3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Telephone no.: +603 6201 1155	078-004
AFFIN INVESTMENT BANK BERHAD	Ground Mezzanine & 3rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Telephone no.: +603 2143 8668	028-001
AFFIN INVESTMENT BANK BERHAD	38A & 40A Jalan Midah 1 Taman Midah Cheras 56000 Kuala Lumpur Telephone no.: +603 9130 8803	028-005
ALLIANCE INVESTMENT BANK BERHAD	17 th Floor, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Telephone no.: +603 2697 6333	076-001
AMINVESTMENT BANK BERHAD	15th Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Telephone no.: +603 2697 6333	086-001
BIMB SECURITIES SDN BHD	32 nd Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Telephone no.: +603 2691 8887	024-001
CIMB INVESTMENT BANK BERHAD	9th Floor, Commerce Square Jalan Semantan, Damansara Heights 50490 Kuala Lumpur Telephone no.: +603 2084 9999	065-001
ECM LIBRA INVESTMENT BANK BERHAD	1st Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Telephone no.: +603 2178 1133	052-009
ECM LIBRA INVESTMENT BANK BERHAD	Bangunan ECM Libra 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Telephone no.: +603 2089 1888	052-001

17. LIST OF ADAs (cont'd)

Name	Address and telephone number	Broker code
KUALA LUMPUR (cont'd)		
HONG LEONG INVESTMENT BANK BERHAD	Level 8, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Telephone no.: +603 2168 1168	066-001
HWANGDBS INVESTMENT BANK BERHAD	2nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Telephone no.: +603 7710 6688	068-009
HWANGDBS INVESTMENT BANK BERHAD	7th, 22nd, 23rd & 23A Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Telephone no.: +603 2711 6888	068-014
HWANGDBS INVESTMENT BANK BERHAD	No. 57-10 Level 10 The Boulevard, Mid Valley City Lingkar Syed Putra 59000 Kuala Lumpur Telephone no.: +603 2287 2273	068-017
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Telephone no.: +603 2117 1888	054-001
INTER-PACIFIC SECURITIES SDN BHD	Ground Floor, 7-0-8 Jalan 3/109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Telephone no.: +603 7984 7796	054-003
INTER-PACIFIC SECURITIES SDN BHD	Stesyen Minyak SHELL Jalan 1/116B, Off Jalan Kuchai Lama Kuchai Entrepreneur Park 58200 Kuala Lumpur Telephone no.: +603 7981 8811	054-005
JUPITER SECURITIES SDN BHD	7th-9th Floor, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Telephone no.: +603 2034 1888	055-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	11th-14th Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Telephone no.: +603 2168 8800	053-001

17. LIST OF ADAs (cont'd)

Name	Address and telephone number	Broker code
KUALA LUMPUR (cont'd)		
KENANGA INVESTMENT BANK BERHAD	8th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Telephone no.: +603 2164 9080	073-001
MAYBANK INVESTMENT BANK BERHAD	5-13 Floor, Maybanlife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Telephone no.: +603 2297 8888	098-001
M & A SECURITIES SDN BHD	Level 1-3, No. 45 & 47 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Telephone no.: +603 2282 1820	057-002
MERCURY SECURITIES SDN BHD	L-7-2, No. 2 Jalan Solaris Solaris Mont Kiara 50480 Kuala Lumpur Telephone no.: +603 6203 7227	093-002
MIDF AMANAH INVESTMENT BANK BERHAD	11th & 12th Floor, Menara MIDF 82 Jalan Raja Chulan 50200 Kuala Lumpur Telephone no.: +603 2173 8888	026-001
MIMB INVESTMENT BANK BERHAD	Level 18-21, Menara EON Bank 288, Jalan Raja Laut 50350 Kuala Lumpur Telephone no.: +603 2691 0200	061-001
OSK INVESTMENT BANK BERHAD	20th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Telephone no.: +603 2333 8333	056-001
OSK INVESTMENT BANK BERHAD	No. 62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Telephone no.: +603 6257 5869	056-028
OSK INVESTMENT BANK BERHAD	Ground Floor No. M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Telephone no.: +603 4280 4798	056-054

17. LIST OF ADAs (cont'd)

Name	Address and telephone number	Broker code
KUALA LUMPUR (cont'd)		
OSK INVESTMENT BANK BERHAD	Ground, 1st, 2nd & 3rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Telephone no.: +603 9058 7222	056-058
PM SECURITIES SDN BHD	Ground, Mezzanine, 1st & 10th Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Telephone no.: +603 2146 3000	064-001
PUBLIC INVESTMENT BANK BERHAD	27th Floor, Public Bank Building No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Telephone no.: +603 2031 3011	051-001
RHB INVESTMENT BANK BERHAD	Level 9, Tower One RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Telephone no.: +603 9287 3888	087-001
TA SECURITIES HOLDINGS BERHAD	Floor 13-16, 23, 28-30, 34 & 35 Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Telephone no.: +603 2072 1277	058-003
SELANGOR DARUL EHSAN		
AFFIN INVESTMENT BANK BERHAD	2nd, 3rd & 4th Floor Wisma Amsteel Securities No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Telephone no.: +603 3343 9999	028-002
AFFIN INVESTMENT BANK BERHAD	1st Floor, 20-22 Jalan 21/22 SEA Park 46300 Petaling Jaya Selangor Darul Ehsan Telephone no.: +603 7877 6229	028-006
AFFIN INVESTMENT BANK BERHAD	No.79-1 & 79-C Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Telephone no.: +603 3322 1999	028-007

17. LIST OF ADAs (cont'd)

Name	Address and telephone number	Broker code
SELANGOR DARUL EHSAN (cont'd)		
AFFIN INVESTMENT BANK BERHAD	Lot 229, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Telephone no.: +603 7729 8016	028-003
AMINVESTMENT BANK BERHAD	4th Floor, Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Telephone no.: +603 7710 6613	086-003
CIMB INVESTMENT BANK BERHAD	Level G & Level 1 Tropicana City Office Tower No.3 Jalan SS20/27 47400 Petaling Jaya Selangor Darul Ehsan Telephone no.: +603 7717 3388	065-009
ECM LIBRA INVESTMENT BANK BERHAD	35 (Ground & 1 st Floor) Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Telephone no.: +603 3348 8080	052-015
ECM LIBRA INVESTMENT BANK BERHAD	Level 1 East Wing Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Telephone no.: +603 5621 2118	052-017
HONG LEONG INVESTMENT BANK BERHAD	Level 10 1 First Avenue Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan Telephone no.: +603 7724 6888	066-002
HWANGDBS INVESTMENT BANK BERHAD	16th, 18th-20th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Telephone no.: +603 5513 3288	068-002
HWANGDBS INVESTMENT BANK BERHAD	East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Telephone no.: +603 5635 6688	068-010