

**GENESIS HOLDING A.Ş.  
CONSOLIDATED  
FINANCIAL STATEMENTS  
TOGETHER WITH INDEPENDENT  
AUDITOR'S REPORT  
AS OF 31.12.2009**

**GENESIS HOLDING A.Ş. CONSOLIDATED FINANCIAL STATEMENTS  
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT  
AS OF 31.12.2009**

To the Shareholders and the Board of Directors of  
Genesis Holding A.Ş.  
İstanbul

**Introduction**

1. We have audited the accompanying consolidated financial statements of Genesis Holding A.Ş. and its subsidiaries ("the Group") which comprise the consolidated balance sheet as at 31.12.2009, the consolidated statement of income, changes in equity and cash flow for the year of 01.01.-31.12.2009, and a summary of significant accounting policies and other notes to the combined financial statements.

**Management's Responsibility for the Financial Statements**

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. 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.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Qualifications**

4. The initial share purchase agreement signed between Genesis Holding A.Ş. and the shareholders as of 31.03.2008, has later been revised by a second share purchase agreement signed on of 25.06.2009 and the sale price has thus been adjusted by increasing by an amount of TL 38.366.810. Accordingly, in the accompanying financial statements, the original goodwill computation has been revised by increasing by an amount of TL 38.366.810 based on the revised price of the shares. The effect of this change has been reflected in the accompanying financial statements of the Group as from the date of 31.12.2008.

Consequently of 31.12.2009 of goodwill amounting TL 58.188.757 is related to the cash generation ability of the Group in the future. The accompanying financial statements do not include any adjustments related to the impairment of goodwill.

### **Opinion**

6. In our opinion, except for the probable effects on the financial statements of the matters referred to in paragraphs 4 above, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Genesis Holding A.Ş. as of 31.12.2009, and of its consolidated financial performance and its consolidated cash flows for the year of 01.01.-31.12.2009 in accordance with International Financial Reporting Standards.

İstanbul, 29.01.2010

EREN Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.  
Member Firm of Grant Thornton International

Nazım Hikmet, FCCA  
Partner

Abide-i Hürriyet Caddesi,  
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Şişli – İstanbul



**GENESIS HOLDING A.Ş.**  
**CONSOLIDATED BALANCE SHEETS AT 31.12.2009 AND 31.12.2008**

( All amounts in Turkish Lira ("TL") unless indicated otherwise. )

<b>Assets</b>	<b>Note</b>	<b>31/12/2009</b>	<b>Restated 31/12/2008</b>
<b>Current assets</b>			
Cash and cash equivalents	4	1,503,476	984,685
Trade receivables	5	15,654,702	19,589,202
Due from related parties	6	-	128,789
Inventories	7	2,137,455	3,006,153
Other assets	8	1,778,208	1,333,113
<b>Total current assets</b>		<b>21,073,841</b>	<b>25,041,942</b>
<b>No n-current assets</b>			
Due from shareholders	9	-	21,222,487
Property, plant and equipment, net	10	14,946,625	13,692,612
Goodwill	11	58,188,757	58,188,757
Intangible assets, net	12	326,164	131,832
Other assets	8	14,870	8,924
Deferred tax asset	16	1,870,195	2,197,014
<b>Total non-current assets</b>		<b>75,346,611</b>	<b>95,441,626</b>
<b>Total assets</b>		<b>96,420,452</b>	<b>120,483,568</b>

**GENESIS HOLDING A.Ş.**  
**CONSOLIDATED BALANCE SHEETS AT 31.12.2009 AND 31.12.2008**

( All amounts in Turkish Lira ("TL") unless indicated otherwise. )

<b>Liabilities and equity</b>	<b>Note</b>	<b>31/12/2009</b>	<b>Restated 31/12/2008</b>
<b>Current liabilities</b>			
Borrowings	13	12,823,166	4,589,944
Customer deposits			--
Due to banks			--
Trade payables	14	10,323,479	23,055,460
Due to related parties	6	294,003	6,001,550
Due to shareholders		--	--
Taxation on income	16	--	648,651
Current taxes and social security payment liabilities	13	--	--
Overdue taxes payables	13	--	--
Other liabilities	15	9,960,896	10,590,834
<b>Total current liabilities</b>		<b>33,401,544</b>	<b>44,886,439</b>
<b>No n-current liabilities</b>			
Borrowings	13	8,851,198	366,360
Customer deposits		--	--
Due to shareholders	9	--	4,714,224
Trade payables		--	--
Reserve for retirement pay	17	1,363,047	938,177
Other liabilities		--	--
Deferred tax liability	16	1,569,148	1,310,670
<b>Total non-current liabilities</b>		<b>11,783,393</b>	<b>7,329,431</b>
<b>Equity</b>			
Share capital	18	60,000	60,000
Share premium	18	65,610,000	65,610,000
Minority interest	19	6,334	9,435
General reserves		2,867,728	--
Net profit for the period		(17,308,547)	2,588,263
<b>Total equity</b>		<b>51,235,515</b>	<b>68,267,698</b>
<b>Commitments and contingencies</b>			
<b>Total liabilities and equity</b>		<b>96,420,452</b>	<b>120,483,568</b>

**GENESIS HOLDİNG A.Ş.**  
**CONSOLIDATED INCOME STATEMENT**  
**FOR THE PERIODS OF 01.01.-31.12.2009 AND 01.04.-31.12.2008**

( All amounts in Turkish Lira ("TL") unless indicated otherwise.)

		<b>01.01.- 31.12.2009</b>	<b>01.04.- 31.12.2008</b>
Net sales	20	87,903,140	70,760,458
Cost of sales	20	(95,837,346)	(65,089,919)
<b>Gross profit / (loss)</b>		<b>(7,934,206)</b>	<b>5,670,539</b>
Selling expenses	21	(1,851,604)	(1,992,905)
General and administrative expenses	22	(5,788,531)	(4,552,931)
Other income (expense), net	23	1,283,211	(115,788)
<b>Operating profit / (loss)</b>		<b>(14,291,130)</b>	<b>(991,085)</b>
Financing income (expense), net	24	(2,435,212)	2,561,964
<b>Profit / (loss) before taxation</b>		<b>(16,726,342)</b>	<b>1,570,879</b>
Taxation charge			
Current		--	(1,429,051)
Deferred		(585,297)	2,446,358
<b>Taxation on income</b>	16	<b>(585,297)</b>	<b>1,017,307</b>
<b>Profit / (loss) after taxation</b>		<b>(17,311,639)</b>	<b>2,588,186</b>
Minority interest	19	3,092	78
<b>Net profit / (loss) for the period</b>		<b>(17,308,547)</b>	<b>2,588,264</b>
Earnings before interest, tax, depreciation and amortization (EBITDA) (Operating profit/(loss)+depreciation)		(9,064,435)	3,167,458

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

**GENESIS HOLDİNG A.Ş.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE PERIODS OF 01.01.-31.12.2009 AND 01.04.-31.12.2008**

( All amounts in Turkish Lira ("TL") unless indicated otherwise.)

	Share capital	Share premium	Minority interest	General reserves	Net profit for the period	Total equity
<b>Balance at 31 March 2008</b>	--	--	--	--	--	--
Increase share capital	60,000	--	--	--	--	60,000
Increase share premium	--	65,610,000	--	--	--	65,610,000
Increase minority interest	--	--	9,435	--	--	9,435
Net profit for the period	--	--	--	--	2,588,263	2,588,263
<b>Balance at 31 December 2008</b>	<b>60,000</b>	<b>65,610,000</b>	<b>9,435</b>	<b>--</b>	<b>2,588,263</b>	<b>68,267,698</b>
Change in general reserves	--	--	--	279,465	--	279,465
Transfer to general reserves	--	--	--	2,588,263	(2,588,263)	--
Increase minority interest	--	--	(3,101)	--	--	(3,101)
Net loss for the period	--	--	--	--	(17,308,547)	(17,308,547)
<b>Balance at 30 Jun 2009</b>	<b>60,000</b>	<b>65,610,000</b>	<b>6,334</b>	<b>2,867,728</b>	<b>(17,308,547)</b>	<b>51,235,515</b>

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

**GENESIS HOLDING A.Ş.**  
**CONSOLIDATED CASH FLOW STATEMENTS**  
**FOR THE PERIODS OF 01.01.-31.12.2009 AND 01.04.-31.12.2008**

( All amounts in Turkish Lira ("TL") unless indicated otherwise.)

	<b>01.01-31.12.2009</b>	<b>01.04-31.12.2008</b>
<b>Net income for the period</b>	<b>(17,308,546)</b>	<b>2,588,263</b>
Adjustment to reconcile net income to net cash provided from operating activities:		
Deferred taxation, net	585,297	(2,446,358)
Reserve for retirement pay	424,870	259,697
Depreciation and amortisation charge	5,226,695	4,042,755
Minority interest	(3,101)	9,435
Change in general reserves	279,465	--
<b>Operating profit before changes in working capital</b>	<b>(10,795,320)</b>	<b>4,453,792</b>
<b>Changes in operating assets and liabilities</b>		
Trade receivables	3,934,500	(19,589,202)
Due from related parties	128,789	(128,789)
Inventories	868,698	(3,006,153)
Other assets	(445,095)	(1,342,037)
Trade payables	(12,731,981)	23,055,460
Due to related parties	(5,707,547)	6,001,550
Taxation on income	(648,651)	1,429,051
Other liabilities	(635,885)	12,048,928
<b>Net cash provided by operating activities</b>	<b>(26,032,492)</b>	<b>22,922,600</b>
<b>Cash flows from financing activities</b>		
Changes in borrowings, net	16,718,060	4,956,304
Due from shareholders	21,222,487	(21,222,487)
Due to shareholders	(4,714,224)	4,714,224
Increase in share capital	--	60,000
Fund to be added to share capital	--	--
Increase in share premium	--	65,610,000
<b>Net cash provided by (used in) financing activities</b>	<b>33,226,323</b>	<b>54,118,041</b>
<b>Cash flows from investing activities</b>		
Goodwill from acquisition of investments	--	(58,188,757)
Purchase of property, plant and equipment, net	(6,675,040)	(17,867,199)
<b>Net cash used in investing activities</b>	<b>(6,675,040)</b>	<b>(76,055,956)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>518,791</b>	<b>984,685</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>984,685</b>	<b>--</b>
<b>Cash and cash equivalents at end of period</b>	<b>1,503,476</b>	<b>984,685</b>

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



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**GENESİS HOLDİNG A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF 31.12.2009**  
(Currency- Turkish Lira unless indicated otherwise)

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**1. CORPORATE INFORMATION**

Genesis Holding A.Ş. (The Parent Company) was established in February 2008 under the Turkish Commercial Code. The Parent Company has acquired Özel Maya Sağlık Hizmetleri ve Ticaret A.Ş., Sevgi Sağlık Hizmetleri ve Ticaret A.Ş., Ten Medikal Turizm Tekstil Sanayi ve Ticaret A.Ş., Gürler Medikal ve Sağlık Ürünleri Pazarlama Sanayi ve Ticaret Ltd. Şti. as at 07.03.2008. Therefore the accompanying consolidated income statement for prior period is presented for the period of 07.03.2008 – 31.12.2008. The income statement for the period of 01.01.- 07.03.2008 is based on the figures of the income statement for the period of 01.01.-31.03.2008.

As of 04.12.2008, Hygeia Group has acquired 50% shares of the Parent Company.

As of 31.12.2009 the consolidated entities (the “Group”) include the following:

- Genesis Holding A.Ş.
- Özel Maya Sağlık Hizmetleri ve Ticaret A.Ş.
- Sevgi Sağlık Hizmetleri ve Ticaret A.Ş.
- Ten Medikal Turizm Tekstil Sanayi ve Ticaret A.Ş.
- Gürler Medikal ve Sağlık Ürünleri Pazarlama Sanayi ve Ticaret Ltd. Şti.

**Özel Maya Sağlık Hizmetleri ve Ticaret A.Ş.**

Özel Maya Sağlık Hizmetleri ve Ticaret A.Ş. was established in 2004 and is registered in İstanbul, Turkey under the Turkish Commercial Code. The company is engaged in health business. The company has two hospitals both in Gaziosmanpaşa/İstanbul.

The hospitals trade under the names of “İstanbul Şafak Hastanesi” and “Avrupa Şafak Hastanesi”. The hospital building of İstanbul Şafak is rented from Samir Hotelcilik Tur. İnş. San. Tic. A.Ş. (third party) as from the date of 01.01.2008 until 31.12.2022 at a yearly amount of USD 228.000+VAT. The hospital building of Avrupa Şafak is rented from Lokman Hekim Sağlık Hizmetleri ve Tic. A.Ş. (related party) as from the date of 01.01.2009 until 31.12.2009 at a yearly amount of USD 840.000+VAT. The rent agreement has been extended at the same rent amount.

As of 01.04.2009, the company has rented a head office building at the address of Flatofis İstanbul İş Merkezi Eyüp-İstanbul as from the date of 01.04.2009 and 30.03.2019 at a monthly amount of TL 10.560+VAT. The company will start to use this building as a head office as from the date of 01.09.2009.

The company has a responsibility insurance of TL 2.000.000 for the indemnity lawsuits filed against.

The registered address of the company is at Küçükköy Yolu Hamam Sokak No:2 Gaziosmanpaşa - İstanbul.

As of 31.12.2009, the number of personnel employed by the company was 644 (31.12.2008 : 646).

**Sevgi Sağlık Hizmetleri ve Ticaret A.Ş.**

Sevgi Sağlık Hizmetleri ve Ticaret A.Ş. was established in 2003 and is registered in İstanbul, Turkey under the Turkish Commercial Code. The company is engaged in health business. The company has a hospital in Göztepe/İstanbul. The hospital trades under the name of “Göztepe Şafak Hastanesi”. The hospital building of Göztepe Şafak is rented from Emin Tellioglu and Zeki Tellioglu (third party) as from the date of 01.08.2003 until 01.08.2018.

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**GENESİS HOLDİNG A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF 31.12.2009**  
(Currency- Turkish Lira unless indicated otherwise)

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The company has a responsibility insurance of TL 1.000.000 for the indemnity lawsuits filed against.

The registered address of the company is at Göztepe Çevenczar F. Kerim Gökay Caddesi No: 192 Kadıköy-İstanbul.

As of 31.12.2009, the number of personnel employed by the company was 283 (31.12.2008 – 310).

**Ten Medikal Turizm Tekstil Sanayi ve Ticaret A.Ş.**

Ten Medikal Turizm Tekstil Sanayi ve Ticaret A.Ş. was established in 1997 and is registered in İstanbul, Turkey under the Turkish Commercial Code. The company is engaged in health business. The company has a hospital in Bahçelievler/İstanbul. The hospital trades under the name of “JFK Hospital”. The hospital building of JFK is rented from Lokman Hekim Sağlık Hizmetleri ve Tic. A.Ş. (related party) as from the date of 10.07.2009 until 10.07.2010 at a yearly amount of USD 1.200.000+VAT.

Since 2006, Sevgi Sağlık Hizmetleri ve Ticaret A.Ş owns investment shares of 50 TL in Ten Medikal Turizm Tekstil Sanayi ve Ticaret A.Ş. At 31.08.2007, Ten Medikal transferred a hospital building with a net book value of TL 6,246,082 and equity totalling the same amount to a new company by partial division. On 31.08.2007, the Öztürk family acquired the majority shares of Ten Medikal and the Group become the main shareholder.

The company has a responsibility insurance of TL 1.000.000 for the indemnity lawsuits filed against.

The registered address of the company is at Talatpaşa Bulvarı Begonya Sokak No: 7-9 Bahçelievler - İstanbul.

As of 31.12.2009, the number of personnel employed by the company was 348 (31.12.2008 : 333).

**Gürler Medikal ve Sağlık Ürünleri Pazarlama Sanayi ve Ticaret Ltd. Şti.**

Gürler Medikal ve Sağlık Ürünleri Pazarlama Sanayi ve Ticaret Ltd. Şti. was established in 2002 in İstanbul Turkey under the Turkish Commercial Code. The company, provides other Group companies with services such as catering and cleaning.

The registered address of the company is at Merkez Mahallesi Çukurçeşme Cad. No: 57 Gaziosmanpaşa -İstanbul.

As of 31.12.2009, the number of personnel employed by the company was 116 (31.12.2008 – 111).

**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board and International Accounting Standards and Standing Interpretations Committee interpretations approved by the IASC that remain in effect.

The Group is incorporated in Turkey, maintain its books of account and prepare its statutory financial statements in accordance with the Turkish Commercial Code and Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The financial statements have been prepared from statutory financial statements of the Group presented in Turkish Lira (TL) with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS.

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**GENESIS HOLDİNG A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF 31.12.2009**  
(Currency- Turkish Lira unless indicated otherwise)

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies followed in the preparation of the accompanying financial statements are summarized below:

**Reporting Currency**

The currency used in these financial statements is Turkish Lira, which is denoted by the symbol TL.

**Cash and Cash Equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents include all short-term, highly liquid investments that are readily convertible to known amounts of cash and near to maturity that they present an insignificant risk of changes in value because of changes in interest rates.

**Trade receivables and allowance for doubtful receivables**

Trade receivables and notes receivable are recognized at original invoice amount and carried at amortized cost less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified. In case the provision decreases as a result of an event that occurs after write off, the amount is reflected on the income statement in the current period.

Based on an evaluation of its trade portfolio such as volume, character of outstanding loans, past loan experience and general economic conditions management provides a general reserve that it believes is adequate to cover possible losses and uncollectible amounts in the Group's receivables, in addition to specific reserves provided for receivables in legal follow-up.

**Trade payables**

Trade payables are stated at their nominal values, discounted as appropriate.

**Related parties**

For the purpose of the accompanying combined financial statements, the shareholders of the Group companies, its directors and the companies identified by the Group as being controlled by/affiliated with them are considered and referred to as related parties. Transactions with related parties have been carried out in normal course of business at arms length basis.

**Inventory**

Inventory (including finished goods and raw materials) are valued at the lower of cost and net realizable value. Cost is calculated using the average method. Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

**Property, Plant and Equipment**

Property, plant and equipment that were acquired before 01.01.2006 are carried at restated costs in equivalent purchasing power at 31.12.2005, less any accumulated depreciation and any impairment loss. Property, plant and equipment that were acquired after 01.01.2006 are carried at acquisition cost, less any accumulated depreciation and any impairment loss. Profit and loss arising out of the sale of property, plant and equipment are included in the relevant income and expense accounts. In cases when the carrying value of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Repair and maintenance expenditure related to property, plant and equipment is expensed as incurred.

**GENESIS HOLDİNG A.Ş.**  
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Depreciation is provided on straight-line basis over the useful lives of the assets. The estimated useful lives of property, plant, equipment are as follows:

	<u>Years</u>
Buildings and land improvements	4-50
Machinery and equipment	4-20
Furniture, fixtures and office equipment	4-10
Motor vehicles	3-5
Leasehold improvements	3-5

**Intangible assets and related amortization**

An intangible asset is recognized if it meets the identifiability criterion of intangibles, control exists over the asset; it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the costs can be measured reliably. Intangible assets are carried at cost less accumulated amortization and impairment. Amortization of intangible assets is allocated on a systematic pro-rata basis using the straight-line method. Intangible assets including acquired rights, information systems and computer software are amortized using the straight-line method over their estimated useful economic lives of 3-5 years.

**Taxation and deferred income taxes**

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax related to the equity items is carried under the equity and not reflected to income statement. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority are offset accordingly.

**GENESIS HOLDİNG A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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(Currency- Turkish Lira unless indicated otherwise)

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**Finance leases**

Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property after tax advantages or incentives have been deducted, or the present value of the minimum lease payments. Principal lease payments are recorded as a payable and are reduced as paid; the interest element is charged to the statement of income as expense during the lease period. Property, plant and equipment acquired under finance leases are depreciated over the estimated useful life of the asset.

**Employee Benefits / Retirement Pay Provision**

Under the Turkish law and union agreements, severance payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No: 19 (revised) "Employee Benefits" ("IAS 19"). The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a considerable time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned by the temporary investment of the part of the borrowing not yet used is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

**Foreign Currency Transactions and Translation**

Transactions in foreign currencies during the periods have been translated at the exchange rates prevailing at the dates of these transactions. Balance sheet items denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from settlement and translation of foreign currency items have been included in the income or expense accounts as appropriate. The foreign exchange rates used by the Group as of the balance sheet dates are as follows:

<u>Currency</u>	<u>31.12.2009</u>	<u>31.12.2008</u>
USD	1,5057	1,5123
EURO	2,1603	2,1408

**Revenue recognition**

Revenue involves the goods and service sales invoiced value. Revenues are recognized on an accrual basis at the time deliveries of goods and services or acceptances are made, the transfer of risks and benefits related to good are realized, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group, at the fair value of the consideration received or receivable. The significant risks and benefits in sales are transferred when the goods are delivered or legal proprietorship is transferred to the customer. Interest income and expenses are recognized in the income statement on an accrual basis. Net sales represent the invoiced value of goods shipped less sales returns and commission and excluding sales taxes.

Rendering of services: Revenue earned from rendering services is recognized by using a reference to the stage of completion of the contract.

**GENESIS HOLDİNG A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Dividend and interest revenue: Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Dividend revenue from investments is recognized when the shareholders' rights to receive payment have been established.

Rental income: Rental income from investment properties is recognized on a straight-line basis over the term of the relevant lease.

### **Commitments and Contingencies**

Transactions that may give rise to contingencies and commitments are those where the outcome and the performance of which will be ultimately confirmed only on the occurrence or non occurrence of certain future events, unless the expected performance is not very likely. Accordingly, contingent losses are recognized in the financial statements if a reasonable estimate of the amount of the resulting loss can be made. Contingent gains are reflected only if it is probable that the gain will be realized.

### **Use of Estimates**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the periods in which they become known.

### **Bank Loans**

Interest bearing bank loans are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accrual basis and shown in other liabilities and expense accruals to the extent they are not settled in the period in which they arise.

### **Commitments and contingencies**

Transactions that may give rise to contingencies and commitments are those where the outcome and the performance of which will be ultimately confirmed only on the occurrence or non-occurrence of certain future events, unless the expected performance is remote. Accordingly, contingent losses are recognized in the financial statements if a reasonable estimate of the amount of the resulting loss can be made. Contingent gains are reflected only if it is probable that the gain will be realized.

### **Provisions**

A provision is recognized when, and only when an enterprise has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

### **Cash Flow Statement**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at banks.

### **EBITDA**

EBITDA is defined as earnings before interest expense, income tax expense (benefit), depreciation and amortization. This information should be read with the statements of cash flows contained in the accompanying financial statements.

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**4. CASH AND CASH EQUIVALENTS**

	<b>31.12.2009</b>	<b>31.12.2008</b>
Cash in hand	664.088	212.551
Cash at banks		
- Demand deposit	831.489	753.567
- Credit card receivables	7.899	18.567
<b>Total</b>	<b>1.503.476</b>	<b>984.685</b>

**5. TRADE RECEIVABLES, NET**

	<b>31.12.2009</b>	<b>31.12.2008</b>
Social Security Institution	12.864.932	17.727.169
Public institutions	677.293	1.167.846
Private social security institutions	994.372	926.979
Other	612.908	25.228
Doubtful receivables	3.175.092	4.617.114
	18.324.597	24.464.336
Notes receivable	168.295	18.800
Other receivables and deposits given	447.523	271.927
	615.818	290.727
Unearned interest on receivables (-)	(110.621)	(548.747)
Allowance for doubtful receivables (-)	(3.175.092)	(4.617.114)
<b>Total</b>	<b>15.654.702</b>	<b>19.589.202</b>

As of 31.12.2009 trade receivables from current accounts comprised as follows:

	Özel Maya Sağlık Hiz. Tic. A.Ş.	Sevgi Sağlık Hizmetleri ve Tic. A.Ş.	Ten Medikal Tur. Teks. San. ve Tic. A.Ş.	31.12.2009 Total
Social Security Institution	7.239.231	1.941.319	3.684.382	12.864.932
Public/Semi public officers	387.112	68.541	221.640	677.293
Private social security institutions	482.007	247.922	264.443	994.372
Other	415.202	96.960	100.746	612.908
<b>Total</b>	<b>8.523.552</b>	<b>2.354.742</b>	<b>4.271.211</b>	<b>15.149.505</b>
SSI share in total %	85%	82%	86%	85%

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As of 31.12.2008 trade receivables from current accounts comprised as follows:

	Özel Maya Sağlık Hiz. Tic. A.Ş.	Sevgi Sağlık Hizmetleri ve Tic. A.Ş.	Ten Medikal Tur. Teks. San. ve Tic. A.Ş.	31.12.2008 Total
Social Security Institution	8.853.973	3.201.977	5.671.219	17.727.169
Public/Semi public officers	705.564	157.250	305.032	1.167.846
Private social security institutions	348.743	323.194	255.042	926.979
Other institutions	8.042	--	17.186	25.228
<b>Total</b>	<b>9.916.322</b>	<b>3.682.421</b>	<b>6.248.479</b>	<b>19.847.222</b>
SSI share in total %	89%	87%	91%	89%

**6. DUE FROM / DUE TO RELATED PARTIES**

As of 31.12.2009 and 31.12.2008 due from related parties was as follows:

	31.12.2009	31.12.2008
Atılım Sağlık Hizmetleri San. Tic. A.Ş.	--	101.947
Maya Görüntüleme Ltd. Şti.	--	24.536
Anadolu Kuyumculuk Müc.San.Tic.A.Ş.	--	2.306
<b>Total</b>	<b>--</b>	<b>128.789</b>

As of 31.12.2009 and 31.12.2008 due to related parties was as follows:

Lokman Hekim Sağlık Hiz. Tic. A.Ş.	291.643	5.014.968
Maya Görüntüleme Ltd. Şti.	--	415.623
Atılım Sağlık Hizmetleri San. Tic. A.Ş.	--	3.744
Özel İdeal Sağ.Hiz.İnş.Tur.San.A.Ş.	2.360	567.215
<b>Total</b>	<b>294.003</b>	<b>6.001.550</b>



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**Related party transactions for the period ended 31.12.2009**

	Sevgi Sağlık Hizmetleri A.Ş.	Ten Medikal Sağlık Hiz. A.Ş.	Özel Maya Sağ. Hiz ve Tic. A.Ş.	Gürler Medikal A.Ş.	01.01- 31.12.2009
Lokman Hekim Sağlık Hizmetleri ve Ticaret A.Ş.	--	5.475	622.358	--	627.833
Maya Görüntüleme Ltd.Şti.	--	1.855.250	1.342.872	--	3.198.122
Özel İdeal Sağ.Hiz.İnş.Tur.San.A.Ş.	--	321.560	30.000	24.000	375.560
Total amount of purchases from related parties	--	<b>2.182.285</b>	<b>1.995.230</b>	<b>24.000</b>	<b>4.201.515</b>
Maya Görüntüleme Ltd.Şti.	--	--	11.751	121	11.872
Lokman Hekim Sağlık Hizmetleri ve Ticaret A.Ş.	6.900	--	59.921	--	66.821
Total amount of sales to related parties	<b>6.900</b>	--	<b>71.672</b>	<b>121</b>	<b>78.693</b>

**Nature of transactions**

	Sevgi Sağlık Hizmetleri A.Ş.	Ten Medikal Sağlık Hiz. A.Ş.	Özel Maya Sağ. Hiz ve Tic. A.Ş.	Gürler Medikal A.Ş.	01.01- 31.12.2009
Rent expenses - Hospital building, equipment and vehicle rentals	--	2.176.810	1.372.872	24.000	3.573.682
Other outsourced medical services	--	5.475	622.358	--	627.833
Total amount of purchases from related parties	--	<b>2.182.285</b>	<b>1.995.230</b>	<b>24.000</b>	<b>4.201.515</b>
Price difference income	--	--	--	--	--
Rent income	6.900	--	--	--	6.900
Other outsourced medical services	--	--	71.672	121	71.793
Total amount of purchases from related parties	<b>6.900</b>	--	<b>71.672</b>	<b>121</b>	<b>78.693</b>

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**Related party transactions for the period ended 31.12.2008**

	Sevgi Sağlık Hizmetleri A.Ş.	Ten Medikal Sağlık Hiz. A.Ş.	Özel Maya Sağ. Hiz ve Tic. A.Ş.	Gürler Medikal A.Ş.	01.04- 31.12.2008
Atılım Sağlık Hizmetleri ve Ticaret A.Ş.	74.600	86.500	217.000	--	378.100
Lokman Hekim Sağlık Hizmetleri ve Ticaret A.Ş.	3.630	833.030	871.044	--	1.707.704
Maya Görüntüleme Ltd.Şti.	922	4.566	619.470	--	624.958
Özel İdeal Sağ.Hiz.İnş.Tur.San.A.Ş.	--	216.000	27.000	18.000	261.000
<b>Total amount of purchases from related parties</b>	<b>79.152</b>	<b>1.140.096</b>	<b>1.734.514</b>	<b>18.000</b>	<b>2.971.762</b>
Maya Görüntüleme Ltd.Şti.	--	--	9.493	21.397	30.890
Lokman Hekim Sağlık Hizmetleri ve Ticaret A.Ş.	--	60.845	--	--	60.845
<b>Total amount of sales to related parties</b>	<b>--</b>	<b>60.845</b>	<b>9.493</b>	<b>21.397</b>	<b>91.735</b>

**Nature of transactions**

	Sevgi Sağlık Hizmetleri A.Ş.	Ten Medikal Sağlık Hiz. A.Ş.	Özel Maya Sağ. Hiz ve Tic. A.Ş.	Gürler Medikal A.Ş.	01.04.- 31.12.2008
Medical consulting expenses	74.600	86.500	217.000	--	378.100
Rent expenses - Hospital building, equipment and vehicle rentals	3.630	1.049.030	898.044	18.000	1.968.704
Other outsourced medical services	922	4.566	619.470	--	624.958
<b>Total amount of purchases from related parties</b>	<b>79.152</b>	<b>1.140.096</b>	<b>1.734.514</b>	<b>18.000</b>	<b>2.971.762</b>
Price difference income	--	60.845	--	--	60.845
Sales return	--	--	9.493	--	9.493
Other outsourced medical services	--	--	--	21.397	21.397
<b>Total amount of purchases from related parties</b>	<b>--</b>	<b>60.845</b>	<b>9.493</b>	<b>21.397</b>	<b>91.735</b>

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7. INVENTORIES

	31.12.2009	31.12.2008
Medical supplies	2.137.455	3.006.153
<b>Total</b>	<b>2.137.455</b>	<b>3.006.153</b>

8. OTHER CURRENT ASSETS

Prepaid insurance expenses	244.475	275.637
Personnel advances	28.202	3.605
Advances given	150.892	618.578
VAT carried forward	455.144	--
Doubtful receivables	105.722	133.543
Allowance for doubtful receivables (-)	(105.722)	(133.543)
Income accruals for the services to the inpatients that were invoiced in the following year	317.261	422.662
Sales income accrual on advances received from patients	264.031	--
Prepaid taxes and funds	243.817	--
Other	74.386	12.631
<b>Total</b>	<b>1.778.208</b>	<b>1.333.113</b>

As of 31.12.2009 other non-current assets of TL 14.870 (31.12.2008 – TL 8.924) comprised of the deposits given.

9. DUE FROM / DUE TO SHAREHOLDERS

As of 31.12.2009 and 31.12.2008 due from shareholders comprised as follows:

	31.12.2009	31.12.2008
Ayşe Bayramgürler	--	4.271.565
İlken Öztürk	--	6.679.764
Ömer Fidan	--	5.606.725
Ümit Fidan	--	3.604.962
Şükrü Türkmen	--	864.895
Mehmet Özçelik	--	194.576
<b>Total</b>	<b>--</b>	<b>21.222.487</b>

As of 31.12.2009 and 31.12.2008 due to shareholders comprised as follows:

	31.12.2009	31.12.2008
İlken Öztürk	--	639.977
Ayşegül Özge Öztürk	--	120.357
Seçim Öztürk	--	1.374.997
Mehmet Öztürk	--	2.578.893
<b>Total</b>	<b>--</b>	<b>4.714.224</b>

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**10. PROPERTY, PLANT AND EQUIPMENT, NET**

	01.01.2009	Additions	Disposals (-)	Impairment (-)	31.12.2009
<b>Cost</b>					
Land (*)	--	8.000.000	--	(8.000.000)	--
Buildings	21.736	--	--	--	21.736
Leasehold improvements	7.931.047	2.180.724	--	--	10.111.771
Machinery and equipment	27.034.642	4.053.186	(4.589.935)	(4.589.935)	26.497.893
Motor vehicles	480.436	204.769	(32.714)	(32.714)	652.491
Furniture and fixtures	3.080.634	205.231	--	--	3.285.865
Other tangible assets	9.497	--	--	--	9.497
Advances received (*)	--	11.800.000	--	(11.800.000)	--
	<b>38.557.992</b>	<b>26.443.910</b>	<b>(4.622.649)</b>	<b>(4.622.649)</b>	<b>40.579.253</b>
<b>Accumulated depreciation</b>					
Buildings	906	435	--	--	1.341
Leasehold improvements	3.575.066	1.732.791	--	--	5.307.857
Machinery and equipment	18.956.704	2.808.831	(4.335.731)	(4.335.731)	17.429.804
Motor vehicles	247.853	89.788	(20.735)	(20.735)	316.906
Furniture and fixtures	2.077.979	491.299	--	--	2.569.278
Other tangible assets	6.872	570	--	--	7.442
	<b>24.865.380</b>	<b>5.123.714</b>	<b>(4.356.466)</b>	<b>(4.356.466)</b>	<b>25.362.628</b>
<b>Net book value</b>					<b>14.946.625</b>

(\*): Three of the Group companies, Özel Maya Sağlık Hizmetleri ve Tic. A.Ş., Sevgi Sağlık Hizmetleri ve Tic. A.Ş. and Ten Medikal Turizm Tekstil San. ve Tic. A.Ş. have applied to the Tax Office in March 2009 for the 1<sup>st</sup> Asset Peace and in December 2009 for the 2<sup>nd</sup> Asset Peace, for a total amount of TL 19.800.000.

	<b>Amount</b>
1 <sup>st</sup> Asset Peace	11.800.000
2 <sup>nd</sup> Asset Peace	8.000.000
<b>Total</b>	<b>19.800.000</b>

The legal procedures have not been completed yet and the book value of these assets contributed to the companies differs from their fair value. Accordingly, the current year additions of "Land" and "Advances Received" related to Asset Peace Law were eliminated with "The funds to be added to share capital" in Equity.

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	<b>01.01.2008</b>	<b>Transfer from acquisitions as of 31.03.2008</b>	<b>Additions</b>	<b>31.12.2008</b>
<b>Cost</b>				
Buildings	--	21.736	--	21.736
Leasehold improvements	--	6.688.474	1.242.573	7.931.047
Machinery and equipment	--	26.287.485	740.647	27.028.132
Motor vehicles	--	405.436	75.000	480.436
Furniture and fixtures	--	2.854.145	233.000	3.087.145
Other tangible assets	--	9.497	--	9.497
	--	<b>36.266.773</b>	<b>2.291.220</b>	<b>38.557.993</b>
<b>Accumulated depreciation</b>				
Buildings	--	580	326	906
Leasehold improvements	--	2.469.998	1.105.068	3.575.066
Machinery and equipment	--	16.563.725	2.392.925	18.956.650
Motor vehicles	--	185.131	62.722	247.853
Furniture and fixtures	--	1.691.775	386.259	2.078.034
Other tangible assets	--	5.539	1.333	6.872
	--	<b>20.916.748</b>	<b>3.948.633</b>	<b>24.865.381</b>
<b>Net book value</b>		<b>15.350.025</b>		<b>13.692.612</b>

As of 31.12.2009, there has been a pledge on the building (warehouse) in favour of Gaziosmanpaşa Tax Office at an amount of TL 3.215.395 (31.12.2008 – TL 3.215.395).

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**GENESIS HOLDİNG A.Ş.**  
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**11. GOODWILL**

As of 31.12.2009 and 31.12.2008 the goodwill computed for the above subsidiaries based on the equity as of 07.03.2008 is shown below:

<b>Özel Maya</b>	<b><u>31.12.2009</u></b>	<b><u>31.12.2008</u></b>
Acquisition cost	72.103.466	72.103.466
Net book value (99,995%)	<u>(25.573.944)</u>	<u>(25.573.944)</u>
Goodwill at acquisition date (07.03.2008)	46.529.522	46.529.522
<b>Ten Medikal</b>		
Acquisition cost	5.546.381	5.546.381
Net book value (99,994%)	<u>(6.881.377)</u>	<u>(6.881.377)</u>
Negative goodwill at acquisition date (07.03.2008)	(1.334.996)	(1.334.996)
<b>Sevgi Sağlık</b>		
Acquisition cost	25.535.372	25.535.372
Net book value (99,95%)	<u>(12.021.094)</u>	<u>(12.021.094)</u>
Goodwill at acquisition date (07.03.2008)	13.514.278	13.514.278
<b>Gürler</b>		
Acquisition cost	791.592	791.593
Net book value (99,95%)	<u>(1.311.639)</u>	<u>(1.311.639)</u>
Negative goodwill at acquisition date (07.03.2008)	(520.047)	(520.046)
Total goodwill, net (*)	<b><u>58.188.757</u></b>	<b><u>58.188.757</u></b>

(\*): The initial share purchase agreement signed between Genesis Holding A.Ş. and the shareholders as of 31.03.2008, has been revised by a second share purchase agreement signed in June 2009 and the sale price has thus been adjusted by increasing by an amount of TL 38.366.810. Accordingly, in the accompanying financial statements, the original goodwill computation has been revised by increasing by an amount of TL 38.366.810 based on the revised price of the shares. The effect of this change has been reflected in the financial statements of the Group as from the date of 31.12.2008.

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**12. INTANGIBLE ASSETS, NET**

	01.01.2009	Additions	Disposals (-)	31.12.2009
<b>Cost</b>				
Rights	52.153	--	--	52.153
Other intangible assets	452.477	297.313	--	749.790
	<b>504.630</b>	<b>297.313</b>	<b>--</b>	<b>801.943</b>
<b>Accumulated amortization</b>				
Rights	43.460	8.692	--	52.152
Other intangible assets	329.338	94.289	--	423.627
	<b>372.798</b>	<b>102.981</b>	<b>--</b>	<b>475.779</b>
<b>Net book value</b>	<b>131.832</b>			<b>326.164</b>

	01.01.2008	Transfer from acquisitions as of 31.03.2008	Additions	31.12.2008
<b>Cost</b>				
Rights	--	52.153	--	52.153
Other intangible assets	--	446.547	5.930	452.477
		<b>498.700</b>	<b>5.930</b>	<b>504.630</b>
<b>Accumulated amortization</b>				
Rights	--	30.423	13.037	43.460
Other intangible assets	--	248.253	81.085	329.338
	<b>--</b>	<b>278.676</b>	<b>94.122</b>	<b>372.798</b>
<b>Net book value</b>		<b>220.024</b>		<b>131.832</b>

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**13. BORROWINGS**

	<b>31.12.2009</b>	<b>31.12.2008</b>
<b>Current</b>		
Bank loans	12.447.901	4.555.868
Finance lease liabilities, net	375.265	34.076
<b>Total</b>	<b>12.823.166</b>	<b>4.589.944</b>
<b>Non-current</b>		
Bank loans	7.825.153	--
Finance lease liabilities, net	1.026.045	366.360
<b>Total</b>	<b>8.851.198</b>	<b>366.360</b>

As of 31.12.2009 effective interest rate varied between 14% - 17% (31.12.2008 - 19,8% - 30,5%) for TL bank loans.

The bank loans and leasing obligations of the Group companies have been collateralized by personal guarantees and own property of shareholders.

**14. TRADE PAYABLES, NET**

	<b>31.12.2009</b>	<b>31.12.2008</b>
<b>Current</b>		
Suppliers' current accounts	5.495.477	9.454.385
Notes payable	4.884.768	14.096.974
	10.380.245	23.551.359
Unearned interest on payables (-)	(56.766)	(495.899)
<b>Total</b>	<b>10.323.479</b>	<b>23.055.460</b>

The maturity of notes payable is as follows:

Overdue	178.907	1.151.871
0-3 months	4.538.802	10.975.120
3 - 6 months	85.925	1.919.784
6 - 12 months	65.964	11.368
More than 12 months	15.170	38.831
<b>Total</b>	<b>4.884.768</b>	<b>14.096.974</b>



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**15. OTHER CURRENT LIABILITIES**

	<b>31.12.2009</b>	<b>31.12.2008</b>
Social security premiums payable	724.483	686.509
Taxes payable	1.528.122	1.442.568
Overdue withholding taxes payable	604.548	1.925.279
Overdue VAT payable	8.348	68.982
Overdue prepaid income tax payable	--	81.302
Interest expense accrual on overdue taxes payable	137.200	205.478
Advances received	301.883	76.290
Expense accrual for doctor payments	4.233.335	4.052.502
Expense accrual for sales return from SSI	312.638	647.181
Due to personnel	1.834.673	964.012
Other	275.666	440.731
<b>Total</b>	<b>9.960.896</b>	<b>10.590.834</b>

**16. TAXATION ON INCOME**

The corporation tax rate on the profits for the calendar year 2009 is 20% (2008 – 20%). Taxable profits are calculated by addition of tax disallowed expenses to and deduction of tax exemptions (investment income exemption) and deductions (investment incentive deductions) from the profit disclosed in the statutory income. No other taxes are paid unless profits are distributed.

Advance (prepaid) corporation taxes are payable on quarterly profits at the rate of 20%. Such taxes after deduction of the taxes prepaid quarterly must be declared by the 10<sup>th</sup> of the second month following any tax period and paid by the 17<sup>th</sup>. Advance corporation tax may be offset against others debts to the government.

Tax losses that are reported in the Corporation Tax return can be carried forward and deducted from the corporation tax base for a maximum of five consecutive years.

The Turkish Tax Procedural Law does not include a procedure for formally agreeing tax assessments. Tax returns must be filed within three and half months of the year-end and may be subject to investigation, together with their underlying accounting records, by the tax authorities at any stage during the following five years.

The legal accounts of the consolidated entities of Gürler Medikal ve Sağlık Ürünleri Pazarlama Sanayi ve Ticaret Ltd. Şti. (for the years of 2005, 2006, 2007 and 2008) and Özel Maya Sağlık Hizmetleri ve Tic. A.Ş. (for the years of 2007, 2008 and 2009) which are included in the Group, are under the investigation of the Ministry of Finance. The investigation continues as of the audit date.

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The tax liabilities included in the accompanying financial statements comprised:

<b>Provision for taxes per income statement</b>	<b>01.01.- 31.12.2009</b>	<b>01.04.- 31.12.2008</b>
Deferred tax charge / (income)	(585.297)	2.446.358
Corporation and income taxes - current	--	(1.429.051)
<b>Income tax charge</b>	<b>(585.297)</b>	<b>1.017.307</b>

<b>Provision for taxes per balance sheet :</b>	<b>31.12.2009</b>	<b>31.12.2008</b>
Corporation and income taxes	--	2.942.871
Prepaid taxes (-)	--	(2.294.220)
Taxation on income	--	648.651
Deferred tax asset	1.870.195	2.197.014
Deferred tax liability	(1.569.148)	(1.310.670)

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes.

	<b>31.12.2009</b>		<b>31.12.2008</b>	
	<b>Cumulative temporary difference</b>	<b>Deferred tax</b>	<b>Cumulative temporary difference</b>	<b>Deferred tax</b>
<b>Deferred tax asset</b>				
Temporary differences arising				
Unearned interest on receivables	110.621	22.124	548.747	109.749
Doubtful debt provision	3.198.236	639.647	4.688.524	937.705
Retirement pay provision	1.363.047	272.609	938.177	187.635
Expense accruals for doctor payments	4.233.336	846.666	4.052.502	810.500
Expense accruals for sales return from SSI	251.695	50.339	647.181	129.437
Other expense accruals	137.277	27.456	109.926	21.988
Adjustment of uncertified expenses	56.772	11.354	--	--
<b>Total</b>	<b>9.350.984</b>	<b>1.870.195</b>	<b>10.985.057</b>	<b>2.197.014</b>
<b>Deferred tax liability</b>				
Temporary differences arising				
from depreciation of fixed assets and impairment	(3.294.588)	(657.920)	(342.814)	(68.763)
Unpaid interest on payables	(56.766)	(11.353)	(495.899)	(99.179)
Foreign exchange gains	--	--	(44.638)	(8.926)
Income accrual for sales cut off from SSI	(4.296.051)	(859.209)	(5.277.833)	(1.049.268)
Income accrual for services given to inpatients	(198.327)	(39.666)	(422.662)	(84.534)
<b>Total</b>	<b>(7.845.732)</b>	<b>(1.568.148)</b>	<b>(6.583.846)</b>	<b>(1.310.670)</b>

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**17. RETIREMENT PAY PROVISION**

In accordance with existing social legislation in Turkey, companies are required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days' pay limited to a maximum of TL 2.365 (historic) (31.12.2008 – TL 2.131) per year of employment at the rate of pay applicable at the date of retirement or termination.

The liability is not funded, as there is no funding requirement.

As of 30.09.2009, in the accompanying combined financial statements in accordance with revised IAS 19 (Employee Benefits) the Group reflected a liability for termination benefits based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted to present value at the balance sheet date by using average market yield, expected inflation rate (5,4%) (31.12.2008 - 5,5%) and an appropriate discount rate (12%) (31.12.2008 – 11%). As of 31.12.2009, retirement pay provision of the Group is amounted to TL 1.363.047 (31.12.2008 – TL 938.177).

**18. SHARE CAPITAL**

	<b>31.12.2009</b>		
	<b>Shareholding %</b>	<b>Shareholding amount</b>	<b>Type of the share</b>
Diagnostiko Kai Therapeytiko Kentro Athinan Vgeia Anonymi			
Etareia	50	60.000	A
Ömer Fidan	10	11.770	A
İlken Öztürk	--	110	A
İlkem Öztürk	--	50	A
Cem Türker Öztürk	--	50	A
Saim Öztürk	--	60	A
Seçim Öztürk	10	11.990	B
Mehmet Öztürk	10	11.990	B
Saim Öztürk	10	11.990	B
Ayşegül Özge Öztürk	10	11.990	B
Share capital	100	120.000	
Capital commitments (-)		(60.000)	
<b>Restated share capital</b>		<b>60.000</b>	

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	<b>31.12.2008</b>		
	<b>Shareholding %</b>	<b>Shareholding amount</b>	<b>Type of the share</b>
Diagnostiko Kai Therapeytiko Kentro Athinan Vgeia Anonymi			
Etareia	50	59.960	A
Ömer Fidan	10	11.770	A
İlken Öztürk	--	110	A
İlkem Öztürk	--	50	A
Cem Türker Öztürk	--	50	A
Sevgi Sağlık	--	60	A
Diagnostiko Kai Therapeytiko Kentro Athinan Vgeia Anonymi			
Etareia	--	40	B
Seçim Öztürk	10	11.990	B
Mehmet Öztürk	10	11.990	B
Saim Öztürk	10	11.990	B
Ayşegül Özge Öztürk	10	11.990	B
Share capital	100	120.000	
Capital commitments (-)		(60.000)	
<b>Restated share capital</b>		<b>60.000</b>	

**Share premium:**

As of 31.12.2009 the share premium of the Group is amounted to TL 65.610.000 (31.12.2008 TL 65.610.000).

**Funds to be added to share capital:**

	<b><u>31.12.2009</u></b>	<b><u>31.12.2008</u></b>
Funds to be added to share capital	19.800.000	--
Elimination (-) (Note 10)	(19.800.000)	--
<b>Total</b>	<b>--</b>	<b>--</b>

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**19. MINORITY INTEREST**

	<b>31.12.2009</b>	<b>31.12.2008</b>
Share capital	6.880	6.880
Legal reserves	76	76
General reserves	2.470	2.557
Net profit/(loss) for the period	(3.092)	(78)
<b>Total</b>	<b>6.334</b>	<b>9.435</b>

**20. NET SALES, COST OF SALES**

The breakdown of net sales and cost of sales for the period of 01.01.-31.12.2009 is as follows:

	Özel Maya Sağlık Hizmetleri A.Ş.	Sevgi Sağlık Hizmetleri A.Ş.	Ten Medikal A.Ş.	Gürler Medikal Ltd. Şti	Eliminations	Consolidated
<b>Sales</b>						
Healthcare revenues	49.386.310	17.939.433	22.966.739	3.138.854	(3.958.427)	89.472.909
Other revenues	253.581	155.837	575.228	--	--	984.646
Gross sales	49.639.891	18.095.270	23.541.967	3.138.854	(3.958.427)	90.457.555
Sales return and discount	(1.265.345)	(626.596)	(1.045.627)	(51.709)	434.862	(2.554.415)
Net sales	48.374.546	17.468.674	22.496.340	3.087.145	(3.523.565)	87.903.140
<b>Cost of sales</b>						
Medical supplies	12.757.806	4.923.586	7.978.517	2.203.803	(1.882.323)	25.981.389
Personnel salaries and social charges	23.039.546	8.841.538	12.885.059	1.423.647	(1.423.647)	44.766.143
Overheads	5.966.282	2.516.849	3.003.796	216.672	(216.672)	11.486.927
Outsourced medical services and personnel	4.960.019	2.906.194	1.548.467	--	--	9.414.680
Depreciation	2.241.154	759.120	1.382.804	43.629	(238.500)	4.188.207
Cost of sales	<b>48.964.807</b>	<b>19.947.287</b>	<b>26.798.643</b>	<b>3.887.751</b>	<b>(3.761.142)</b>	<b>95.837.346</b>
<b>Gross profit</b>	<b>(590.261)</b>	<b>(2.478.613)</b>	<b>(4.302.303)</b>	<b>(800.606)</b>	<b>237.577</b>	<b>(7.934.206)</b>

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The breakdown of net sales and cost of sales for the period of 01.04.-31.12.2008 is as follows:

	Özel Maya Sağlık Hizmetleri A.Ş.	Sevgi Sağlık Hizmetleri A.Ş.	Ten Medikal A.Ş.	Gürler Medikal Ltd. Şti	Eliminations	Consolidated
<b>Sales</b>						
Healthcare revenues	50.634.604	24.142.472	27.642.577	7.189.011	(36.652.226)	72.956.438
Other revenues	159.696	--	789.075	--	(348.435)	600.336
<b>Gross sales</b>	<b>50.794.300</b>	<b>24.142.472</b>	<b>28.431.652</b>	<b>7.189.011</b>	<b>(37.000.661)</b>	<b>73.556.774</b>
Sales returns and discounts	(983.517)	(1.169.990)	(865.444)	(5.529)	228.164	(2.796.316)
<b>Net sales</b>	<b>49.810.783</b>	<b>22.972.482</b>	<b>27.566.208</b>	<b>7.183.482</b>	<b>(36.772.497)</b>	<b>70.760.458</b>
<b>Cost of sales</b>						
Medical supplies	14.233.242	9.901.100	10.262.504	4.871.769	(11.744.671)	27.523.944
Personnel salaries and social charges	12.119.819	2.590.975	6.279.734	857.723	(5.884.570)	15.963.681
Overheads	7.264.360	3.489.716	4.519.433	155.501	(4.935.315)	10.493.695
Outsourced medical personnel	2.195.152	655.074	773.601	--	(966.258)	2.657.569
Outsourced medical services	1.663.847	2.973.676	767.458	--	(876.527)	4.528.454
Medical consulting	736.250	334.446	173.000	--	(854.845)	388.851
Depreciation	1.965.873	1.375.364	1.429.436	12.284	(1.249.232)	3.533.725
<b>Cost of sales</b>	<b>40.178.543</b>	<b>21.320.351</b>	<b>24.205.166</b>	<b>5.897.277</b>	<b>(26.511.418)</b>	<b>65.089.919</b>
<b>Gross profit</b>	<b>9.632.240</b>	<b>1.652.131</b>	<b>3.361.042</b>	<b>1.286.205</b>	<b>(10.261.079)</b>	<b>5.670.539</b>

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**21. SELLING EXPENSES**

	<b>01.01.- 31.12.2009</b>	<b>01.04.- 31.12.2008</b>
Exhibition and advertising expenses	1.753.606	1.291.831
Representation and accommodation expenses	93.179	531.477
Other	4.819	169.597
<b>Total</b>	<b>1.851.604</b>	<b>1.992.905</b>

**22. GENERAL ADMINISTRATIVE EXPENSES**

Personnel expenses	3.899.567	2.732.720
Retirement pay provision expense	424.870	259.697
Electricity, water and natural gas expenses	11.796	135.745
Communication expense	--	8.353
Consulting expenses	144.240	60.775
Repair and maintenance expenses	16.360	32.170
Rent expenses	295.544	162.279
Depreciation and amortisation expense	799.988	509.030
Provision for doubtful receivables	--	574.815
Taxes paid	43.915	4.312
Other	152.251	73.035
<b>Total</b>	<b>5.788.531</b>	<b>4.552.931</b>

**23. OTHER INCOME / (EXPENSE), NET**

Profit on sale of available for sale investments	120.541	--
Reversal of doubtful receivables	1.404.225	--
Tax law number 5510	121.683	--
Rent income	262.622	60.782
Insurance compensation income	144.958	37.180
Premium turnover income	265.484	--
Other income	113.342	41.659
<b>Other income</b>	<b>2.432.855</b>	<b>139.621</b>
The loss realized on the application of the law of "Asset Peace"	(945.000)	--
Expenses on tax deductions	(173.129)	--
Interest and penalties paid and accrued for overdue tax payable	--	(154.453)
Other taxes and penalties paid	--	(86.532)
Loss on sale of available for sale investments	--	(1.107)
Other expenses	(31.515)	(13.317)
<b>Other expense</b>	<b>(1.149.644)</b>	<b>(255.409)</b>
<b>Other income/(expense), net</b>	<b>1.283.211</b>	<b>(115.788)</b>

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**24. FINANCING INCOME / (EXPENSES), NET**

	<b>01.01.- 31.12.2009</b>	<b>01.04.- 31.12.2008</b>
Foreign exchange gains	700.688	103.107
Interest income	1.714.822	4.685.544
Unpaid interest on payables	605.514	66.693
<b>Financing income</b>	<b>3.021.024</b>	<b>4.855.344</b>
Foreign exchange losses	(748.323)	(138.056)
Interest expense	(2.439.383)	(1.657.038)
Commissions on letters of guarantee	(5.263)	(22.154)
Commission expenses	(53.516)	(137.321)
Unearned interest on receivables	(595.946)	(330.809)
Tax penalties and interest paid	(1.541.742)	--
Other financial expenses	(72.063)	(8.002)
<b>Financing expense</b>	<b>(5.456.236)</b>	<b>(2.293.380)</b>
<b>Financing income/(expense), net</b>	<b>(2.435.212)</b>	<b>2.561.964</b>

**25. COMMITMENTS AND CONTINGENCIES**

**Legal matters:**

Claims filed by 12 (31.12.2008 – 10) number of patients against the Group for medical malpractice incidents amounted to TL 537.000 (31.12.2008 – TL 1.084.900) and claims filed by 8 number of other parties against the Group related to fee damage and accidents for indemnity amounted to TL 265.065 (31.12.2008 – TL 353.597). The Management believes that these claims arising in the course of business will not result in any liability to the Group and therefore has not set aside any provision against them. As explained in Note 1, the Group has also responsibility insurance policies of totally amounted to TL 4.000.000 (31.12.2008 – TL 4.000.000) as a guarantee of such cases.

Claims filed by 16 (31.12.2008 – 7) number of personnel against the Group for indemnity amounted to TL 82.097 (31.12.2008 – TL 30.605) which of TL 82.097 (31.12.2008 – TL 57.766) was provided a provision for in the financial statements.

The Group has 5 (31.12.2008 – 55) continuing court cases as of 31.12.2009. Lawsuits filed by the Group in respect of receivables claimed amounted to TL 106.029 (31.12.2008 – TL 309.068) which was fully provided a provision for in the financial statements.



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**Guarantees given:**

As of 31.12.2009, the breakdown of the letters of guarantee given by the Group is as follows:

<u>Given by</u>	<u>Given to</u>	<u>Amount (TL)</u>	<u>Date of given</u>	<u>Maturity</u>
Özel Maya	Ak Enerji Elektrik A.Ş.	180.000	18.02.2009	Indefinite
Özel Maya	Boğaziçi Elektrik A.Ş.	1.091	24.03.2008	Indefinite
Özel Maya	Boğaziçi Elektrik A.Ş.	3.790	29.02.2008	Indefinite
Özel Maya	Boğaziçi Elektrik A.Ş.	3.573	28.12.2004	Indefinite
Özel Maya	Boğaziçi Elektrik A.Ş.	5.800	28.12.2004	Indefinite
Özel Maya	Boğaziçi Elektrik A.Ş.	2.460	29.12.2005	Indefinite
Sevgi Sağlık	Ak Enerji Elektrik A.Ş.	70.000	19.02.2009	Indefinite
Sevgi Sağlık	İstanbul Sağlık İşleri İl Müdürlüğü	1.000	27.05.2004	Indefinite
Sevgi Sağlık	İstanbul Sağlık İşleri İl Müdürlüğü	40.000	27.05.2004	Indefinite
Sevgi Sağlık	İstanbul Sağlık İşleri İl Müdürlüğü	2.000	28.07.2004	Indefinite
Sevgi Sağlık	İstanbul Sağlık İşleri İl Müdürlüğü	2.000	28.07.2004	Indefinite
Sevgi Sağlık	TC Çalışma ve Sosyal Güvenlik Bakanlığı	5.000	30.03.2007	Indefinite
Ten Medikal	İstanbul Eğitim ve Araştırma Hastanesi	9.000	17.09.2009	31.12.2010
Ten Medikal	İstanbul Eğitim ve Araştırma Hastanesi	27.000	03.02.2009	04.01.2010
Ten Medikal	İstanbul Eğitim ve Araştırma Hastanesi	14.000	13.02.2009	01.04.2010
<b>Total</b>		<b>366.714</b>		

**26. FINANCIAL INSTRUMENTS**

**Financial Risk Management Objectives and Policies**

The Group's principal financial instruments comprise bank loans, finance leases, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk, and credit risk. The board / management reviews and agrees policies for managing each of these risks and they are summarized below. The Group also monitors the market price risk arising from all financial instruments.

**Interest Rate Risk**

The Group's operating income and operating cash flows are subject to changes in market interest rates. As of report date the Group's loans are both at variable and fixed interest rates.

**Foreign Currency Risk**

The Group has transactional currency exposures. Such exposures arise from sales or purchases or borrowings by the Group in currencies other than the Group's measurement currency. The Group manages foreign currency risk by matching foreign currency denominated assets with foreign currency denominated liabilities.

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**Credit Risk**

The Group trades only with recognized, creditworthy third parties. It is the Group policy that all customers who wish to trade on credit terms are subject to credit screening procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, comprising cash and cash equivalents, the Group's exposure to credit risk arises from default of the other party, with a maximum exposure equal to the carrying amount of these instruments. There are no significant concentrations of credit risk within the Group.

**Liquidity Risk**

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, finance leases and other funds. The Group raises funds mostly by liquidating its short term financial instruments, mainly by collecting receivables. The Group's proceeds from these instruments generally approximate their fair values.

**27. SUBSEQUENT EVENTS**

In effect from 01.01.2010 the employment termination benefits pay ceiling was increased to TL 2.427,04 per annum.